CBSE Class 12 Business Studies Question Paper 2023 with Solution PDF-Set 66/1/1

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 **34** questions. All questions are **compulsory**.
(ii) Marks are indicated against each question.
(iii) Answers should be brief and to the point.
(iv) Answers to questions carrying **3** marks may be from 50 to 75 words.
(v) Answers to questions carrying **4** marks may be in about 150 words.
(vi) Answers to questions carrying **6** marks may be in about 200 words.
(vii) Attempt all parts of a question together.

Questions 1 to 20 are Multiple Choice Questions (MCQs), carrying 1 mark each. $20 \times 1 = 20$

1. 'Coordination integrates the efforts of different departments and at different levels.'
Identify the characteristic of coordination highlighted in the above statement. [1 mark]

(A) Coordination ensures unity of action.
(B) Coordination is an all pervasive function.
(C) Coordination is a deliberate function.
(D) Coordination is the responsibility of all managers.

Correct Answer: (B) Coordination is an all pervasive function.

Solution:

Concept:

- Coordination is the process of integrating the efforts of individuals and departments towards common organisational objectives.
- Its all-pervasive character means that coordination is needed in every department and at every level of management.

Step 1: Identify the scope highlighted The statement says that coordination integrates efforts of 'different departments and at different levels'. These words stress its presence throughout the organisation, so they identify coordination as an all-pervasive function.

Step 2: Distinguish the other characteristics Unity of action concerns a common direction for collective efforts, rather than the range of departments and levels. Deliberateness means managers consciously coordinate activities. Responsibility of all managers specifies who must coordinate; the quoted statement instead emphasises where coordination is needed.

Step 3: Conclusion Coordination is an all-pervasive function. Hence, the correct option is (B).

Quick Tip to Solve: Associate 'every department and every level' with all-pervasiveness; associate 'common direction' with unity of action.

2. Which of the following are the examples of Legal Environment ?

(i) Advertisement of alcoholic beverages is prohibited

(ii) Decrease in interest rate on loans

(iii) Increase in demand for organic foods

(iv) Digilockers for storing documents

(v) In 1993, the Supreme Court passed an order to close the iron foundries around 'Taj Mahal' at Agra [1 mark]

(A) (i) and (iv)

(B) (i) and (ii)

(C) (ii) and (iii)

(D) (i) and (v)

Correct Answer: (D) (i) and (v)

Solution:

Concept:

- The legal environment consists of laws, regulations and judicial decisions within which business enterprises must operate.
- Economic, social and technological changes are separate dimensions of the business environment.

Step 1: Select the legal restrictions Statement (i), 'Advertisement of alcoholic beverages is prohibited', describes a legal restriction on business promotion. Statement (v) describes the Supreme Court's order closing iron foundries around the Taj Mahal, which is a judicial decision. Both therefore belong to the legal environment.

Step 2: Eliminate the other combinations A decrease in interest rates, statement (ii), is an economic change. Increased demand for organic foods, statement (iii), reflects social preferences and health awareness. Digilockers, statement (iv), are a technological development for storing documents. Thus (A) includes a technological example, (B) an economic example and (C) economic and social examples.

Step 3: Conclusion The legal-environment examples are (i) and (v). Hence, the correct option is (D).

Quick Tip to Solve: Look for a prohibition, law, regulation or court order when identifying the legal environment.

3. _____ refers to retention of decision-making authority by higher management levels.

[1 mark]

(A) Decentralisation

(B) Departmentalisation

(C) Span of Control

(D) Centralisation

Correct Answer: (D) Centralisation

Solution:

Concept:

- Centralisation means the concentration or retention of decision-making authority at higher levels of management.
- Decentralisation systematically disperses decision-making authority throughout the organisation.

Step 1: Locate the decision-making authority The question specifies 'retention of decision-making authority by higher management levels'. Authority remains concentrated with senior managers instead of being spread to lower levels. This is the defining feature of centralisation.

Step 2: Rule out the other organising concepts Decentralisation is the opposite arrangement because it disperses authority. Departmentalisation groups related activities into departments; it does not describe retention of authority at the top. Span of control refers to the number of subordinates a manager can effectively supervise, rather than the location of decision-making power.

Step 3: Conclusion Centralisation refers to retention of decision-making authority by higher management levels. Hence, the correct option is (D).

Quick Tip to Solve: Ask where authority rests: concentration at the top indicates centralisation, while dispersal indicates decentralisation.

4. Umang was working as a 'Production Manager' at 'LG Papers Ltd.' The company had launched new eco-friendly paper straws in the market. He was given a target of producing 5,000 straws a day, by the General Manager. In spite of making the employees work overtime, Umang could not meet the target.

On investigation, it was found that the employees had not received the right training to manufacture these eco-friendly paper straws. So the employees were sent for special training.

The function of management which helped Umang in identifying that he could not meet the target is : [1 mark]

(A) Planning

(B) Organising

(C) Directing

(D) Controlling

Correct Answer: (D) Controlling

Solution:

Concept:

- Controlling compares actual performance with predetermined standards, identifies deviations and enables corrective action.
- A target provides a standard against which actual performance can be measured.

Step 1: Connect the shortfall with controlling The target of '5,000 straws a day' is the performance standard. The statement that Umang 'could not meet the target' shows a deviation of actual production from that standard. Identifying this shortfall is part of controlling. The investigation and special training then address its cause.

Step 2: Separate controlling from other functions Planning sets the target and decides future action, but the question asks about identifying failure to meet it. Organising arranges duties and resources. Directing guides and motivates employees during work. Comparing the production achieved with the target and detecting the shortfall specifically belongs to controlling.

Step 3: Conclusion The function that helped Umang identify the failure to meet the target is controlling. Hence, the correct option is (D).

Quick Tip to Solve: In a case, distinguish setting a target from checking achievement: the first is planning and the second is controlling.

5. Statement I : Management is multi-dimensional.

Statement II : The activities involved in managing an enterprise are common to all organisations whether economic, social or political.

Choose the correct option from the options given below : [1 mark]

(A) Statement I is true and II is false.

(B) Statement II is true and I is false.

(C) Both the statements are false.

(D) Both the statements are true.

Correct Answer: (D) Both the statements are true.

Solution:

Concept:

- Management is multidimensional because it involves management of work, people and operations.
- Management is all-pervasive: managerial activities are common to economic, social and political organisations.

Step 1: Evaluate Statement I Management deals with work that must be completed, the people who perform it and operations that transform inputs into outputs. These interconnected dimensions make management multidimensional. Statement I is therefore true.

Step 2: Evaluate Statement II and compare the choices Economic enterprises, social organisations and political organisations all require managerial activities such as planning, organising, staffing, directing and controlling, although their objectives differ. Statement II is therefore also true. Options (A) and (B) each incorrectly reject one true statement, while (C) incorrectly rejects both.

Step 3: Conclusion Both Statement I and Statement II are true. Hence, the correct option is (D).

Quick Tip to Solve: Keep the two characteristics distinct: work, people and operations show multiple dimensions; different kinds of organisations show all-pervasiveness.

6. Which of the following is not a step in the process of 'Controlling' function of management ? [1 mark]

(A) Setting performance standards

(B) Assignment of duties

(C) Taking corrective action

(D) Comparing actual performance with standards

Correct Answer: (B) Assignment of duties

Solution:

Concept:

- The controlling process includes setting standards, measuring actual performance, comparison, analysis of deviations and corrective action.
- Assignment of duties is a step in organising, after activities have been identified and grouped.

Step 1: Identify the activity belonging to organising Assignment of duties means allocating identified work to individuals or positions. It establishes who will perform each activity, so it belongs to organising rather than to the process of controlling.

Step 2: Check the remaining options Setting performance standards establishes the benchmarks for control. Comparing actual performance with standards identifies deviations. Taking corrective action removes the causes of significant deviations. Therefore (A), (D) and (C) are all genuine steps in controlling and cannot answer a question asking for the activity that is not a step.

Step 3: Conclusion Assignment of duties is not a step in controlling. Hence, the correct option is (B).

Quick Tip to Solve: Underline the word 'not' and identify the function to which each activity belongs before choosing an option.

7. _____ as an element of marketing mix includes the activities that make the firm's products available to the target customers. [1 mark]

(A) Promotion

(B) Place

(C) Product

(D) Price

Correct Answer: (B) Place

Solution:

Concept:

- The marketing mix consists of product, price, place and promotion.
- Place, or physical distribution, covers the activities that make a product available to target customers, including channels of distribution and movement of goods.

Step 1: Match the activity with the marketing element The phrase 'make the firm's products available to the target customers' concerns distribution and accessibility. Selecting suitable distribution channels and arranging movement of products enable customers to obtain them. These activities are covered by place.

Step 2: Eliminate the other elements Promotion communicates product information and persuades customers to buy. Product concerns the offering itself, including its features, quality, branding and packaging. Price concerns the amount customers pay and related pricing decisions. None of these directly names the distribution activity described in the question.

Step 3: Conclusion Place is the element that makes products available to target customers. Hence, the correct option is (B).

Quick Tip to Solve: Match availability and distribution with place; match communication and persuasion with promotion.

8. The process of defining and grouping the activities of the enterprise and establishing authority relationship among them is : [1 mark]

(A) Directing

(B) Staffing

(C) Management

(D) Organising

Correct Answer: (D) Organising

Solution:

Concept:

- Organising is the management function of identifying and grouping activities, assigning duties and establishing authority relationships.
- Its purpose is to provide a structure within which people can work together to implement plans.

Step 1: Identify the function described The phrases "defining and grouping the activities" and "establishing authority relationship" describe the creation of an organisational structure. Grouping related work and deciding who reports to whom are essential parts of organising.

Step 2: Eliminate the other functions Directing concerns instructing, guiding, motivating and leading people. Staffing concerns obtaining and developing the right personnel. Management is the broader process that includes all these functions; organising is the specific function defined in the question.

Step 3: Conclusion The process described is organising. Hence, the correct option is (D).

Quick Tip to Solve: Look for grouping work, assigning duties and reporting relationships to recognise organising; recruiting people points to staffing.

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9. Sangeeta visited 'Smile Dental Clinic' for treatment of toothache. She observed that the receptionist was seated at the reception desk, the place fixed for her. Dental instruments were laid neatly in dental instrument trays and the used instruments were placed in the sterilisation area. There was a fixed place for everything and it was present there. There was no hindrance in the work of the dentist and she was working with her maximum efficiency.

The principle of management followed at the 'Smile Dental Clinic' was : [1 mark]

(A) Equity

(B) Discipline

(C) Order

(D) Initiative

Correct Answer: (C) Order

Solution:

Concept:

- Fayol's principle of order requires the right person and the right material to be in the right place.
- A fixed and suitable place for people and materials prevents unnecessary delays and improves

efficiency.

Step 1: Link the clinic arrangement to order The decisive case line is "There was a fixed place for everything and it was present there." The receptionist occupies her designated desk, instruments are kept in trays, and used instruments go to the sterilisation area. This is order applied to both people and materials.

Step 2: Rule out the remaining principles Equity concerns fair and kind treatment of employees. Discipline concerns obedience to rules and agreements. Initiative encourages employees to formulate and carry out plans. The case emphasises proper placement, rather than any of these practices.

Step 3: Conclusion The clinic follows the principle of order, which allows the dentist to work without hindrance. Hence, the correct option is (C).

Quick Tip to Solve: The clue "a place for everything and everything in its place" identifies order, even when improved efficiency is also mentioned.

10. Match the various characteristics of Business environment given in Column I with their respective explanations in Column II :

Column I	Column II
A. Dynamic nature	(i) Environment is a phenomenon that is relatively easier to understand in parts but difficult to grasp in its totality.
B. Complexity	(ii) Business environment differs from country to country and even region to region.
C. Relativity	(iii) Business environment keeps on changing, whether in terms of technological improvement or shifts in consumer preferences.

[1 mark]

(A) A–(iii), B–(ii), C– (i)

(B) A–(ii), B–(iii), C–(i)

(C) A–(iii), B–(i), C–(ii)

(D) A–(i), B–(ii), C–(iii)

Correct Answer: (C) A–(iii), B–(i), C–(ii)

Solution:

Concept:

- Dynamic nature means that the business environment continually changes, including changes in technology and consumer preferences.
- Complexity means that the interacting environmental forces are difficult to understand as a whole; relativity means that the environment varies across countries and regions.

Step 1: Match each characteristic with its meaning Dynamic nature matches (iii), which explicitly describes continuing changes. Complexity matches (i), because the environment may be understood in parts yet is difficult to grasp in its totality. Relativity matches (ii), which describes differences between countries and regions.

Step 2: Check the offered combinations The resulting combination is A–(iii), B–(i), C–(ii). Option (A) interchanges complexity and relativity. Option (B) wrongly assigns geographic differences to dynamic nature. Option (D) wrongly assigns difficulty of understanding to dynamic nature. Only option (C) has all three matches correct.

Step 3: Conclusion The correct matching is A–(iii), B–(i), C–(ii). Hence, the correct option is (C).

Quick Tip to Solve: Use three cues: change means dynamic nature, difficulty grasping the whole means complexity, and geographic differences mean relativity.

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11. 'Management has its own vocabulary of terms and concepts. Managers need to communicate with one another with the help of a common vocabulary for the better understanding of their work situation.'

Which characteristic of 'Management as a Science' is highlighted in the above statement ? [1 mark]

(A) Principles based on experimentation

(B) Systematised body of knowledge

(C) Universal validity

(D) Personalised application

Correct Answer: (B) Systematised body of knowledge

Solution:

Concept:

- A science has a systematised body of knowledge, including concepts, principles and a recognised vocabulary.
- Management has developed its own organised knowledge and terminology, although its principles are applied to human behaviour and are not as exact as those of the physical sciences.

Step 1: Connect the statement with scientific knowledge The statement says management has "its own vocabulary of terms and concepts" and managers use a "common vocabulary". These expressions show the existence of a systematised body of knowledge that enables managers to understand and communicate about their work.

Step 2: Distinguish the other characteristics Principles based on experimentation would require a reference to observation or repeated experiments. Universal validity would concern applicability in different situations, not vocabulary. Personalised application is a characteristic of management as an art, involving individual skill and creativity.

Step 3: Conclusion The highlighted characteristic is a systematised body of knowledge. Hence, the correct option is (B).

Quick Tip to Solve: A common vocabulary and an organised collection of concepts indicate a systematised body of knowledge; experiments and applicability are separate clues.

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12. 'Alfanzo Ltd.' is achieving all its objectives in an effective and efficient manner. It is earning enough revenue to cover costs and the risks of the business. Now the company wants to increase the sales volume, the capital investment, the number of employees and the number of products also. By doing this, the management wants to achieve its following objective : [1 mark]

(A) Survival

(B) Profit

(C) Personal

(D) Growth

Correct Answer: (D) Growth

Solution:

Concept:

- The organisational objectives of management are survival, profit and growth.
- Growth means increasing the scale of operations, reflected in indicators such as sales, capital investment, workforce and product range.

Step 1: Identify the objective sought now The company wants to "increase the sales volume, the capital investment, the number of employees and the number of products". All these are measures of expansion in the scale of business, so the objective now sought is growth.

Step 2: Separate growth from the other objectives Survival means earning enough revenue to cover costs, while profit provides a reward for risk and supports business continuity. The case already states that revenue covers costs and business risks. Personal objectives relate to employees' needs, such as fair remuneration and development; increasing the overall workforce here is an expansion indicator, not a personal objective.

Step 3: Conclusion Alfanzo Ltd. seeks growth by expanding its sales, investment, employment and products. Hence, the correct option is (D).

Quick Tip to Solve: Identify the objective being pursued in the final decision: larger sales, investment and operations point to growth rather than merely survival.

13. During the Covid-19 pandemic, the restaurant industry faced many challenges. The slowdown led to huge decrease in demand. From April 2022, the effect of Covid started reducing. The economy started picking up and a boom was noticed in the restaurant industry. As a result, larger amount of working capital was required with increased production and sales.

The factor affecting the working capital requirement discussed above is : [1 mark]

(A) Seasonal factor

(B) Production cycle

(C) Operating efficiency

(D) Business cycle

Correct Answer: (D) Business cycle

Solution:

Concept:

- The business cycle consists of phases such as boom and recession, which affect demand, production and sales.
- During a boom, higher activity generally requires more working capital for inventories, receivables and day-to-day operations; a slowdown generally reduces this requirement.

Step 1: Find the factor indicated by the case The case describes a "slowdown" followed by the economy "picking up" and a "boom" in the restaurant industry. It also directly links increased production and sales with a larger working capital requirement. These are business-cycle conditions.

Step 2: Eliminate factors not described Seasonal factors refer to recurring changes associated with particular seasons, not a general economic recovery. The production cycle is the time required to convert inputs into finished products. Operating efficiency concerns efficient use of resources and cash flows. Neither a changed production duration nor improved operating efficiency is stated.

Step 3: Conclusion The factor affecting working capital here is the business cycle. Hence, the correct option is (D).

Quick Tip to Solve: Distinguish a general boom or recession from a recurring seasonal peak; the former is a business-cycle effect on working capital.

14. Adapting to a change in consumer preference towards online shopping, 'Fast-Service' started a grocery delivery app. It is a platform that ensures 10-minute deliveries of groceries. Because of this service, 'Fast-Service' earned huge profit within a year. It planned to expand its operations and decided to raise funds by directly issuing its securities to investors.

The market through which 'Fast-Service' has decided to raise funds for its expansion is : [1 mark]

(A) Money market

(B) Primary market

(C) Secondary market

(D) Both Primary and Secondary markets

Correct Answer: (B) Primary market

Solution:

Concept:

- The primary market, also called the new issue market, deals with securities issued by companies to investors to raise fresh funds.
- The secondary market trades existing securities between investors; it provides liquidity but does not directly provide fresh issue proceeds to the company.

Step 1: Use the method of raising funds The decisive line is "raise funds by directly issuing its securities to investors". Fast-Service is making a new issue to finance expansion. The proceeds will go to the company, so the transaction belongs to the primary market.

Step 2: Reject the other markets The money market deals in short-term funds and instruments with a maturity of up to one year; the stated clue is a direct new issue for expansion, not a short-term instrument. The secondary market involves resale of existing securities. The answer cannot be both primary and secondary because only direct issuance, not subsequent trading, is described.

Step 3: Conclusion Fast-Service will raise the funds through the primary market. Hence, the correct option is (B).

Quick Tip to Solve: Ask who receives the money: a company receiving fresh issue proceeds indicates the primary market, while resale between investors indicates the secondary market.

15. 'Capital Market instruments are riskier both with respect to returns and principal repayment as compared to Money Market instruments.'

This highlights the following point of difference between 'Capital Market' and 'Money Market' :

[1 mark]

(A) Instruments

(B) Duration

(C) Safety

(D) Liquidity

Correct Answer: (C) Safety

Solution:

Concept:

- Safety refers to the risk of losing investment income or the amount originally invested.
- Money market instruments are generally safer than capital market instruments, since their short maturity and issuers reduce default risk.

Step 1: Identify the comparison in the statement The words 'riskier both with respect to returns and principal repayment' directly compare the safety of the two markets. A possibility of not receiving the expected return or recovering the principal makes an investment less safe.

Step 2: Eliminate the other bases of comparison Instruments concerns the securities traded, such as shares or treasury bills; duration concerns their maturity; and liquidity concerns the ease of converting them into cash. None of these directly describes the risk to returns and repayment highlighted here.

Step 3: Conclusion The highlighted difference is safety. Hence, the correct option is (C).

Quick Tip to Solve: Look for the words risk, return uncertainty and principal repayment to identify safety; maturity identifies duration and ease of sale identifies liquidity.

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16. Which of the following statements does not highlight the importance of financial planning ?

[1 mark]

(A) Detailed plans of action prepared under financial planning increase waste, duplication of efforts and gaps in planning.

(B) It helps in forecasting what may happen in future under different business situations.

(C) It provides a link between investment and financing decisions on a continuous basis.

(D) It helps in avoiding business shocks and surprises and helps the company in preparing for the future.

Correct Answer: (A) Detailed plans of action prepared under financial planning increase waste, duplication of efforts and gaps in planning.

Solution:

Concept:

- Financial planning estimates the funds required and decides their sources so that suitable funds are available when needed.

- A coordinated financial plan reduces waste and duplication, anticipates future situations and links investment requirements with financing choices.

Step 1: Identify the statement that reverses the benefit Option (A) says that detailed plans 'increase waste, duplication of efforts and gaps in planning'. Financial planning actually reduces these problems by providing an integrated plan of action. It therefore does not describe the importance of financial planning.

Step 2: Check the remaining statements Forecasting under different business situations in (B) helps the business prepare for uncertainty. Linking investment and financing decisions in (C) ensures that proposed investments have suitable funding. Avoiding shocks and preparing for the future in (D) are also recognised benefits. These three statements highlight its importance.

Step 3: Conclusion The statement about increasing waste and duplication is incorrect as a benefit of financial planning. Hence, the correct option is (A).

Quick Tip to Solve: In a negative MCQ, underline 'does not': select the statement that contradicts the benefit, rather than a statement that correctly describes it.

17. 'Roma Ltd.' identified the needs of the customers for the successful marketing of their products. This was important for making an analysis of the available opportunities, threats, weaknesses and strengths of the organisation and help in deciding what opportunities can best be pursued by it. By doing so, which of the following functions of marketing is being performed by 'Roma Ltd.' ?

[1 mark]

(A) Standardisation and grading

(B) Product designing and development

(C) Marketing planning

(D) Gathering and analysing market information

Correct Answer: (D) Gathering and analysing market information

Solution:

Concept:

- Gathering and analysing market information identifies customer needs and assesses the business environment.
- Information about opportunities, threats, strengths and weaknesses helps a business decide which market opportunities it should pursue.

Step 1: Connect the case clues with the function Roma Ltd. 'identified the needs of the customers' and analysed 'opportunities, threats, weaknesses and strengths'. These phrases describe collecting and interpreting market information to understand customers and evaluate the opportunities available to the organisation.

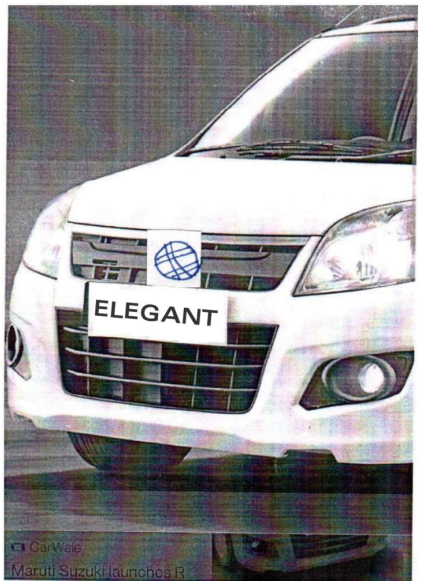
Step 2: Distinguish the other marketing functions Standardisation and grading in (A) establish product standards and classify output by quality. Product designing and development in (B) decide product features and develop products. Marketing planning in (C) prepares a plan to achieve

marketing objectives. The case emphasises information and analysis that support such decisions, rather than these later activities.

Step 3: Conclusion Roma Ltd. is gathering and analysing market information. Hence, the correct option is (D).

Quick Tip to Solve: Customer needs together with analysis of opportunities and threats signal market information; a programme of targets and actions signals marketing planning.

18. The symbol which appears on all the 'Elegant' cars and which is not utterable is known as its : [1 mark]



(A) Brand

(B) Brand name

(C) Brand mark

(D) Trade mark

Correct Answer: (C) Brand mark

Solution:

Concept:

- A brand identifies a seller's product and distinguishes it from competing products; it may include a name, symbol, design or their combination.
- The brand name is the utterable part, while a brand mark is the recognisable symbol or design that cannot be spoken.

Step 1: Identify the non-verbal part of the brand The case specifies a 'symbol' on the cars 'which is not utterable'. This is precisely a brand mark: the visual element recognised by customers without being pronounced as a word. The pictured symbol is distinct from the spoken name Elegant.

Step 2: Rule out the other branding terms Brand in (A) is the wider identifying combination, not

specifically its non-utterable part. Brand name in (B) is the part that can be spoken. A trade mark in (D) is a brand or part of it given legal protection; the question provides no legal-registration clue. Its emphasis is on the visual symbol.

Step 3: Conclusion The non-utterable symbol is the brand mark. Hence, the correct option is (C).

Quick Tip to Solve: Separate the clues: speakable name means brand name, recognisable symbol means brand mark, and legal protection means trade mark.

19. 'A good physical distribution system should provide for an accurate and speedy processing of orders in the absence of which goods will reach the customers late or in wrong quantity.'

The component of physical distribution highlighted above is : [1 mark]

(A) Warehousing

(B) Order Processing

(C) Transportation

(D) Inventory Control

Correct Answer: (B) Order Processing

Solution:

Concept:

- Physical distribution makes products available to customers at the right place, at the right time and in the required quantity.
- Order processing handles customers' orders accurately and promptly so that dispatch corresponds to the goods and quantities requested.

Step 1: Identify the activity stressed in the case The statement asks for 'accurate and speedy processing of orders' and warns that otherwise goods arrive late or 'in wrong quantity'. These are direct clues to order processing: orders must be received, checked and acted upon correctly before fulfilment.

Step 2: Differentiate the other components Warehousing in (A) stores goods until required. Transportation in (C) physically moves goods from one location to another. Inventory control in (D) decides appropriate stock levels to balance availability and holding costs. These activities support distribution, but none specifically names the handling and accuracy of customer orders emphasised here.

Step 3: Conclusion The component highlighted is order processing. Hence, the correct option is (B).

Quick Tip to Solve: Match the action to the component: handling customer orders is order processing, movement is transportation, storage is warehousing, and stock levels concern inventory control.

20. _____ involves a variety of programmes designed to promote or protect a company's image and its individual products in the eyes of the public. [1 mark]

(A) Personal selling

(B) Public relations

(C) Sales promotion

(D) Advertising

Correct Answer: (B) Public relations

Solution:

Concept:

- Public relations involves programmes designed to promote or protect the image of an organisation and its products among the public.
- Its concern extends beyond immediate sales to the organisation's reputation and relationships with different public groups.

Step 1: Match the definition to the promotion tool The decisive words are 'promote or protect a company's image' and 'in the eyes of the public'. This describes public relations, which builds a favourable public image through suitable programmes and communication.

Step 2: Eliminate the other promotion tools Personal selling in (A) involves direct personal interaction with prospective buyers. Sales promotion in (C) uses short-term incentives, such as discounts or contests, to encourage purchases. Advertising in (D) is paid, non-personal promotion by an identified sponsor. These can support marketing, but the broad image-building and protective programmes in the definition specifically describe public relations.

Step 3: Conclusion Public relations completes the statement. Hence, the correct option is (B).

Quick Tip to Solve: Company image, goodwill and relationships with the public point to public relations; paid announcements point to advertising and temporary incentives to sales promotion.

21. Hitesh is the Chief Executive Officer of 'Kids Garments Ltd.' Due to festive season, Hitesh got an additional order of 10,000 garments which he had to supply within two days. Due to his goodwill in the market, he did not want to lose the order. So, he decided to achieve the target by operating on double shifts. He achieved the target and supplied the order within two days. But due to double shifts, his cost of production was higher than the regular production cost.

Identify and give the meaning of the two concepts of management discussed in the above para.

[3 marks]

Solution:

Concept:

- Management requires both effectiveness and efficiency. Effectiveness focuses on accomplishing the intended task and achieving the desired objective within the stipulated time.
- Efficiency focuses on performing the task correctly with minimum cost and optimum use of resources. A manager should achieve the target while avoiding unnecessary resource use.

Step 1: Identify effectiveness from the completed order **Effectiveness:** It means doing the right task, completing activities and achieving the desired goals. Hitesh "achieved the target and supplied the order within two days." He delivered the additional 10,000 garments within the required time, so he was effective. The test here is whether the required result was actually achieved, rather than how expensive production became.

Step 2: Assess efficiency from the production cost **Efficiency:** It means doing the task correctly and with minimum cost, by using resources optimally. The case states that his "cost of production was higher than the regular production cost" because of double shifts. Thus, efficiency is the second concept discussed, but Hitesh did not achieve it in this case. Completing the order alone does not establish efficiency; the cost and resources used must also be considered.

Step 3: Conclusion The two concepts are **effectiveness** and **efficiency**. Hitesh was effective because he met the delivery target, but was not efficient because the production cost was higher than the regular cost.

Quick Tip to Solve: Link meeting a target on time with effectiveness; link minimum cost and optimum resource use with efficiency. Always state whether the case achieves each one.

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22. 'The attitudes, skills and abilities of employees to perform specific jobs are increased by adopting a specific process.' This process benefits the organisation in many ways.
State any three benefits of this process to the organisation. [3 marks]

Solution:

Concept:

- Training is the process by which employees' attitudes, skills and abilities to perform specific jobs are increased. It equips people to perform their present work more competently.
- Benefits of training to the organisation include economical learning, higher productivity and fewer accidents. These are organisational gains, distinct from benefits such as an employee's improved career prospects.

Step 1: Recognise training and its economy The words "attitudes, skills and abilities of employees to perform specific jobs are increased" identify **training**.

Systematic learning and economy: Training gives employees an organised way of learning the correct work methods. It is better than learning only by trial and error. Employees make fewer avoidable mistakes and waste less material, time and effort, thereby saving the organisation's money.

Step 2: State the productivity and safety benefits **Higher productivity:** Trained employees perform their jobs with greater proficiency. This improves both the quantity and the quality of output. The organisation can therefore produce more effectively and earn higher profits from improved performance.

Fewer accidents: Training teaches employees how to handle machines, tools and equipment properly and how to follow safe methods of work. Correct handling reduces the risk of accidents and damage to equipment, helping the organisation avoid related losses and interruptions.

Step 3: Conclusion The process is training. Three benefits to the organisation are **systematic**

learning that saves costs, **higher productivity and profits**, and **reduced accidents through proper equipment handling**.

Quick Tip to Solve: When organisational benefits are asked, explain savings, output or safety for the enterprise; avoid substituting personal gains such as promotion prospects.

23(a). **(i) Name the process of holding securities in an electronic form.**
(ii) Name any two participants of Money Market.
(iii) Name the depositories that hold securities in electronic form. [3 marks]

Solution:

Concept:

- Dematerialisation allows securities to be held electronically in a demat account instead of as physical certificates. Depositories maintain these electronic holdings through their associated depository participants.
- The money market deals in short-term funds and monetary assets with a maturity of up to one year. Its major participants include the Reserve Bank of India and commercial banks.

Step 1: Name the electronic holding process **(i) Dematerialisation:** The process of holding securities in electronic form is called dematerialisation, commonly abbreviated as demat. Under this system, physical securities are converted into electronic records and holdings are reflected in the investor's demat account. It avoids the need to retain and transfer paper certificates whenever securities are bought or sold.

Step 2: Name two money market participants **(ii) Reserve Bank of India and commercial banks** are two participants of the money market. The RBI is the central bank and plays a major role in regulating liquidity; commercial banks borrow and lend short-term funds to meet their liquidity requirements. These are participants in the market, whereas treasury bills and commercial paper are instruments traded in it.

Step 3: Name the two depositories **(iii) National Securities Depository Limited (NSDL)** and **Central Depository Services (India) Limited (CDSL)** are the depositories that hold securities in electronic form in India. Investors access depository services through a depository participant, such as a registered bank or broker. The depository itself maintains the electronic securities records.

Step 4: Conclusion (i) **Dematerialisation**; (ii) **Reserve Bank of India and commercial banks**; (iii) **NSDL and CDSL**, namely National Securities Depository Limited and Central Depository Services (India) Limited.

Quick Tip to Solve: Keep the three categories separate: demat is the process, RBI and banks are money market participants, and NSDL and CDSL are depositories.

OR

23(b). State any three factors affecting the dividend decision. [3 marks]

Solution:

Concept:

- A dividend decision determines how much of the profit earned by a company is distributed to shareholders and how much is retained in the business for future requirements.
- The decision balances shareholders' desire for current income with the company's need for internal finance. Profits and available cash must both be considered before declaring a dividend.

Step 1: Consider the amount of earnings **Amount of earnings:** Dividends are paid out of current and past earnings. Therefore, the amount of earnings is a major determinant of the dividend decision. Other things remaining the same, a company with higher earnings can declare a higher dividend, whereas lower earnings restrict the amount available for distribution.

Step 2: Assess the stability of earnings **Stability of earnings:** A company with stable earnings can predict its future earnings with greater confidence and is better placed to pay higher dividends. A company whose earnings fluctuate generally maintains a lower dividend because it cannot be equally confident of sustaining the payment in future years.

Step 3: Examine the cash-flow position **Cash-flow position:** Payment of dividend involves an outflow of cash. A company needs sufficient cash to pay it even when its accounts show substantial profits. Thus, a sound cash-flow position supports a higher dividend, while a shortage of cash can restrict the dividend despite adequate earnings.

Step 4: Conclusion Three factors affecting the dividend decision are the amount of earnings, the stability of earnings and the cash-flow position of the company.

Quick Tip to Solve: Separate earning a profit from having cash: earnings determine the distributable amount, but cash availability determines whether payment can actually be made.

24(a). Explain the following as points of importance of 'Controlling' function of management :

(i) Judging accuracy of standards

(ii) Making efficient use of resources [3 marks]

Solution:

Concept:

- Controlling means ensuring that activities in an organisation are performed according to plans. It compares actual performance with predetermined standards, analyses deviations and enables corrective action.
- Standards are the benchmarks against which performance is judged. Control also helps managers ensure that resources are used in the desired manner instead of being wasted.

Step 1: Explain how control tests the accuracy of standards **Judging accuracy of standards:** A good control system enables management to verify whether the standards set are accurate and objective.

By comparing actual performance with the prescribed standards and analysing deviations, managers can judge whether the benchmarks remain appropriate. The system also keeps a check on changes in the organisation and its environment. In the light of such changes, standards can be reviewed and revised where necessary, so that performance continues to be assessed against realistic and relevant benchmarks.

Step 2: Explain how control prevents waste of resources **Making efficient use of resources:** Controlling helps a manager reduce wastage and spoilage of resources. Each activity is performed in accordance with predetermined standards and norms. Comparison with these norms brings inefficient use to management's attention and allows corrective action to be taken. Consequently, resources are used in the most effective and efficient manner, helping the organisation achieve its objectives with less avoidable waste.

Step 3: Conclusion Controlling helps management judge and revise standards when necessary, and promotes efficient resource use by ensuring that activities follow established norms and that wastage is corrected.

Quick Tip to Solve: For accuracy, explain how comparison leads to reviewing standards; for efficiency, explain how following norms and correcting deviations reduce waste.

OR

24(b). Explain the relationship between 'Planning' and 'Controlling' with the help of any three points.

[3 marks]

Solution:

Concept:

- Planning decides in advance what is to be done and how it is to be done. Controlling checks whether actual activities and results conform to the plans and initiates corrective action.
- Planning and controlling are inseparable functions of management. Standards link the two: planning establishes them, while controlling uses them to assess performance and provide feedback.

Step 1: Show how planning provides the basis for control **Planning is a prerequisite for controlling:** Plans provide the standards against which actual performance is measured. Without predetermined objectives and standards, a manager has no meaningful basis for judging whether performance is satisfactory. Therefore, controlling cannot be undertaken effectively without planning. A production target, for example, provides the benchmark against which actual production can be assessed.

Step 2: Show how controlling makes plans effective **Controlling ensures implementation of plans:** Merely preparing a plan does not ensure that the desired results will be achieved. Controlling compares actual performance with the plan, identifies deviations and enables corrective action. Thus, planning without controlling has little meaning, because managers would have no assurance that activities are progressing towards the planned objectives.

Step 3: Explain how feedback connects present control and future plans **Controlling provides feedback for future planning:** Control examines past performance to discover deviations and their

causes. This information helps managers make better future plans and revise standards where necessary. Hence, although planning looks ahead and control reviews actual results, both are forward-looking as well: control uses the lessons from past performance to improve future action.

Step 4: Conclusion Planning sets the standards, controlling ensures that activities conform to them, and feedback from controlling improves subsequent planning. The two functions therefore reinforce each other continuously.

Quick Tip to Solve: Link the functions in a cycle: plan and set standards, compare actual performance, correct deviations, then use the feedback in the next plan.

25. Nitya is a student of class XII of a well-known school. She has a preconceived notion that her teacher always finds fault in her work. One day while checking the project work of class XII, her teacher wanted to appreciate Nitya for her hard work and good performance, but before she could complete her sentence, Nitya left the room without listening to her teacher.

(a) Identify the 'barrier to communication' and also the type/category of barrier to which it is related.

(b) Explain two other communication barriers of the type/category identified in (a) above. [4 marks]

Solution:

Concept:

- Effective communication requires the receiver to understand the sender's complete message. Psychological barriers arise from the state of mind, attitudes and feelings of the sender or receiver.
- Premature evaluation means judging the meaning of a message before the sender has completed it. A preconceived opinion can prevent the receiver from interpreting the actual message correctly.

Step 1: Identify the barrier and its category **(a) Premature evaluation:** Nitya judges what her teacher is going to say before hearing the complete message. The case says that she has a "preconceived notion that her teacher always finds fault in her work" and that "before she could complete her sentence, Nitya left the room". The teacher actually wanted to appreciate her hard work and good performance. Thus Nitya's prior judgement prevents her from receiving the intended praise. Premature evaluation is a **psychological barrier** to communication.

Step 2: Explain two other psychological barriers **(b) Lack of attention:** When the receiver's mind is preoccupied with something else, the receiver does not listen attentively to the message. The message may therefore go unheard or may be understood only partly. For example, a listener worried about a personal problem may miss important information even though the sender communicates it clearly.

Distrust: Communication is hampered when the sender and receiver do not believe or trust each other. If the receiver doubts the sender's intentions or credibility, the receiver may reject or distort even a truthful message. Mutual confidence is therefore needed for a message to be accepted and understood in its intended sense.

Step 3: Conclusion Nitya's barrier is **premature evaluation**, belonging to the **psychological** category. Two other barriers in this category are **lack of attention** and **distrust**.

Quick Tip to Solve: Look for the sequence in the case: judging first and leaving before the speaker finishes indicates premature evaluation. Name both the specific barrier and its broader category.

26. 'X Ltd.' issued 14% Debentures of ₹ 4,00,000 and 10,000 Equity shares of ₹ 60 each. This investment resulted in a net profit of ₹ 2,00,000 before interest and tax. The tax rate was 50%.

(a) Calculate the 'Return on Investment' and 'Earning per Share' of 'X Ltd.'

(b) State with reason whether the above example is that of favourable or unfavourable financial leverage. [4 marks]

Solution:

Concept:

- Return on investment measures earnings before interest and tax as a percentage of the total capital employed. Both equity share capital and debentures finance this investment.
- Earnings per share is the profit available to equity shareholders after interest and tax, divided by the number of equity shares. Interest must be deducted before calculating income tax.
- Financial leverage is favourable when the return earned on the investment exceeds the rate of interest on debt. The surplus earned using borrowed funds increases the earnings available to equity shareholders.

Step 1: Find the total investment and return on investment **(a) Capital employed:** Equity share capital is 10,000 shares at Rs 60 each, or Rs 6,00,000. Adding debentures of Rs 4,00,000 gives total investment of Rs 10,00,000. The stated profit before interest and tax is Rs 2,00,000, so it is the return earned by the whole investment before paying the providers of debt capital.

$$\text{ROI} = \frac{\text{Earnings before interest and tax}}{\text{Total investment}} \times 100 = \frac{2,00,000}{10,00,000} \times 100 = 20\%.$$

Step 2: Deduct interest and tax to calculate earnings per share Annual debenture interest is 14% of Rs 4,00,000, which is Rs 56,000. Deduct this fixed financing charge from earnings before interest and tax to obtain taxable profit.

$$\text{Profit before tax} = 2,00,000 - 56,000 = \text{Rs } 1,44,000,$$
$$\text{Tax at } 50\% = 1,44,000 \times 0.50 = \text{Rs } 72,000,$$
$$\text{Profit after tax} = 1,44,000 - 72,000 = \text{Rs } 72,000.$$

There are no preference shares in the question, so this entire after-tax profit is available to the 10,000 equity shares.

$$\text{EPS} = \frac{72,000}{10,000} = \text{Rs } 7.20 \text{ per equity share.}$$

Step 3: Judge the effect of financial leverage **(b) Favourable financial leverage:** The ROI of 20% exceeds the debenture interest rate of 14%. Thus the company earns more on borrowed capital than the fixed interest it pays for that capital. On the debt-financed investment of Rs 4,00,000, the return at 20% is Rs 80,000, while interest is only Rs 56,000. The Rs 24,000 surplus before tax contributes to equity shareholders' earnings. Consequently, the use of debt improves their earnings per share; this is also called trading on equity.

Step 4: Conclusion The return on investment is **20%** and earnings per equity share are **Rs 7.20**. Financial leverage is **favourable** because the ROI of 20% is greater than the debt interest rate of 14%.

Quick Tip to Solve: Calculate ROI from profit before interest and tax, but calculate EPS from profit after both deductions. For leverage, compare ROI with the interest rate on debt, using the same pre-tax basis.

27. 'Zeto Ltd.' offers its employees shares at a price which is less than the market price.

(a) Identify the incentive offered by the company and state the type of incentive discussed above.

(b) State two other incentives of the type of incentive identified in (a) above. [4 marks]

Solution:

Concept:

- Financial incentives are rewards that can be measured in money. They satisfy employees' financial needs and encourage them to contribute towards organisational objectives.
- Co-partnership or stock option is a financial incentive under which employees receive company shares at a price lower than the market price, giving them an ownership interest in the enterprise.

Step 1: Identify and classify the incentive in part (a) **Co-partnership or stock option:** The decisive words are that Zeto Ltd. offers employees "shares at a price which is less than the market price." This is the NCERT description of co-partnership or stock option. By becoming shareholders, employees participate in the ownership of the company and can benefit from its growth. This encourages a sense of belonging and a contribution to the company's performance.

Type of incentive: It is a financial incentive because the shares and the concession in their purchase price have a monetary value. The reward is therefore more than recognition or an improved job title.

Step 2: State two other financial incentives for part (b) **Pay and allowances:** Salary is the basic monetary incentive for employees. It includes basic pay, dearness allowance and other allowances. Increments in pay and allowances can reward employees and motivate them to work efficiently by improving their financial position.

Bonus: A bonus is an incentive offered over and above the wages or salary paid to employees. It is an additional monetary reward and can motivate employees to perform better. Unlike the stock option in the case, the reward is paid as extra remuneration rather than as a concession on shares.

Step 3: Conclusion In part (a), Zeto Ltd. is offering co-partnership or stock option, which is a financial incentive. For part (b), two other financial incentives are pay and allowances, and bonus.

Quick Tip to Solve: Link discounted company shares with co-partnership or stock option. After naming the broad type as financial, choose other rewards that have a monetary value.

28. Identify and give the meaning of the concepts highlighted in the following statements :

(a) **The process of finding possible candidates for a job.**

(b) An assessment of the number and types of human resources necessary for the performance of various jobs.

(c) Introducing the selected employees to other employees and familiarising them with the rules and policies of the organisation.

(d) It ensures that the organisation gets the best employees amongst the employees available.

[4 marks]

Solution:

Concept:

- Staffing involves finding the right people for the right jobs. Its process includes estimating manpower requirements, recruitment, selection, placement and orientation, and subsequent employee development.
- Each stage serves a different purpose: estimating requirements determines the workforce needed, recruitment attracts possible candidates, selection chooses suitable employees, and orientation familiarises new employees with the organisation.

Step 1: Identify recruitment and manpower estimation in parts (a) and (b) **(a) Recruitment:** The words "finding possible candidates for a job" refer to recruitment. It is the process of searching for prospective employees and stimulating them to apply for jobs in the organisation. It develops a pool of applicants from which suitable employees can subsequently be selected. Finding and encouraging candidates is distinct from making the final choice.

(b) Estimating manpower requirements: The words "an assessment of the number and types of human resources necessary" identify this first stage of staffing. It means determining how many employees the organisation needs and what qualifications, skills and experience those employees should possess to perform the various jobs. It considers both the quantity and the quality of personnel required.

Step 2: Identify orientation and selection in parts (c) and (d) **(c) Orientation:** "Introducing the selected employees to other employees and familiarising them with the rules and policies" is orientation, undertaken in the placement and orientation stage. Orientation means introducing the newly selected employee to colleagues and familiarising the employee with the organisation, its rules and its policies. It helps the newcomer adjust to the new work environment. Placement, by contrast, assigns the employee to the position for which the employee was selected.

(d) Selection: The words "gets the best employees amongst the employees available" refer to selection. It is the process of choosing, from the pool of prospective candidates, the person who is most suitable for a particular position. Applicants are assessed against job requirements so that the organisation appoints a suitable person rather than merely attracting more applications.

Step 3: Conclusion The concepts are (a) recruitment, (b) estimating manpower requirements, (c) orientation, and (d) selection. They respectively attract applicants, assess workforce needs, familiarise newcomers, and choose suitable employees.

Quick Tip to Solve: Use the action word to identify the staffing stage: finding candidates means recruitment; assessing needs means manpower estimation; familiarising means orientation; choosing the best means selection.

29(a). **'Stock Exchange not only provides liquidity and marketability to existing securities, but performs many other functions.'**

Explain any two such functions of Stock Exchange. [4 marks]

Solution:

Concept:

- A stock exchange is an organised secondary market in which existing securities are bought and sold under prescribed rules and regulations.
- Besides providing liquidity and marketability, it determines security prices and helps ensure the safety of transactions. These are distinct functions: one concerns valuation and the other concerns orderly, regulated dealing.

Step 1: Explain the determination of security prices **Pricing of securities:** A stock exchange enables the forces of demand and supply to operate through trading in securities. Buyers express the prices they are willing to pay and sellers express the prices they are willing to accept; their interaction determines the market price of a security. A company that is profitable and has good growth prospects generally attracts greater demand, which is reflected in its share price. Thus prices emerge from market transactions rather than being fixed arbitrarily by an individual investor. The quoted prices provide a useful basis for buyers and sellers to assess the value of their holdings and to make investment decisions.

Step 2: Explain how transactions are made safer **Safety of transactions:** Membership of a stock exchange is regulated, and trading is conducted within a well-defined legal framework. Securities are admitted to the official list only after the required scrutiny, and the exchange requires compliance with its rules and regulations. Such supervision promotes fair dealing and protects investors against dishonest practices in the conduct of transactions. Consequently, investors can transact with greater confidence through the regulated market. Safety here refers to the regulated trading process; it does not mean that a share's market price cannot fall or that an investor is guaranteed a profit.

Step 3: Conclusion Two other functions of a stock exchange are **pricing of securities through demand and supply** and **ensuring safety of transactions through a regulated legal framework**. The former guides investment decisions, while the latter promotes fair and reliable dealings.

Quick Tip to Solve: Since liquidity is already given in the question, select two different textbook functions and explain how each operates. Do not confuse safer trading with a guarantee against investment losses.

OR

29(b). Distinguish between primary market and secondary market on any four bases. [4 marks]

Solution:

Concept:

- The primary market is the market for new securities issued by a company to raise funds. The secondary market is the market for the purchase and sale of securities that have already been issued.
- Both are parts of the capital market, but a fresh issue transfers funds to the issuing company, whereas resale transfers funds between investors. This distinction explains their different roles in financing and investment.

Step 1: Identify what each market does In a primary-market transaction, an investor subscribes to a fresh issue and the company receives the subscription money. In a secondary-market transaction, an existing security changes hands: the buying investor pays the selling investor, and the company does not receive fresh funds from that resale. The following four bases distinguish the two markets.

Step 2: Compare the markets on four bases

Basis	Primary market	Secondary market
Nature of securities	New securities are issued and sold for the first time. It is therefore known as the new issue market.	Existing securities that have already been issued are bought and sold. It is also known as the stock market.
Parties to the transaction	Securities are sold by the company to investors, either directly or through intermediaries. The issue proceeds go to the company.	Securities are exchanged between investors. The sale proceeds go to the selling investor, rather than to the issuing company.
Determination of prices	For a fixed-price issue, the price is determined by the company's management before the offer; a book-built issue uses bids within its announced price band.	Prices are determined by the interaction of demand and supply for securities in the market and can change as market conditions change.
Role in capital formation	It directly promotes capital formation by transferring savings to companies for investment and productive use.	It indirectly promotes capital formation by providing liquidity and marketability to existing securities, encouraging investors to subscribe to new issues.

Step 3: Conclusion The primary market raises fresh funds for the issuer through new securities. The secondary market enables investors to trade existing securities. They differ in the nature of securities, parties involved, price determination and their direct or indirect contribution to capital formation.

Quick Tip to Solve: Ask who receives the money: the issuing company in a fresh issue points to the primary market; an existing investor selling a holding points to the secondary market.

30(a). State the role of consumer organisations and non-governmental organisations for the protection and promotion of consumers interests on the basis of any four points. [4 marks]

Solution:

Concept:

- Consumer protection includes making consumers aware of their rights and helping them act against unfair trade practices, defective goods and deficient services.
- Consumer organisations and non-governmental organisations are voluntary bodies that educate consumers, supply information and provide assistance in seeking redressal.

Step 1: State how these bodies educate and inform consumers

- **Educating the public:** They organise training programmes, seminars and workshops to educate the general public about consumer rights. Consumers learn to recognise exploitation, exercise their rights and fulfil responsibilities such as checking quality marks and retaining purchase receipts.
- **Publishing useful information:** They publish periodicals and other publications that give consumers information about products, services, their quality and market developments. Such information helps consumers compare alternatives and make informed purchasing decisions instead of relying only on sellers' claims.

Step 2: State how these bodies check quality and assist complainants

- **Testing consumer products:** They carry out comparative testing of consumer products in accredited laboratories to assess their relative quality. They publicise the results so that consumers know the merits and limitations of different brands and can identify unsafe or substandard products.
- **Providing legal assistance:** They help consumers obtain legal advice and aid when their rights have been violated. Assistance in understanding the complaint procedure and presenting relevant evidence enables an aggrieved consumer to seek redressal effectively.

Step 3: Conclusion Thus, consumer organisations and NGOs protect and promote consumers' interests by educating the public, publishing information, testing products and providing legal assistance to aggrieved consumers.

Quick Tip to Solve: Organise the four roles as awareness, information, quality testing and legal help; state what each organisation does and how that action benefits consumers.

OR

30(b). State any four reliefs available to the consumers if the consumer court is satisfied about the genuineness of the complaint. [4 marks]

Solution:

Concept:

- Consumer redressal protects a buyer against defective goods, deficient services and unfair trade practices. A consumer commission examines the complaint and supporting evidence before granting an appropriate remedy.

- If it is satisfied about the genuineness of the complaint, the consumer court can direct the opposite party to give suitable relief. The remedy depends on the nature of the loss or defect established.

Step 1: State reliefs that correct the defective product

- **Removal of defects:** The court may order the opposite party to remove the defect in the goods. This requires the seller or manufacturer to rectify the fault identified in the complaint so that the consumer receives a product meeting the promised standard.
- **Replacement of goods:** The court may direct replacement of the defective product with a new one that is free from defects. This relief gives the consumer a proper substitute rather than requiring the consumer to continue using faulty goods.

Step 2: State reliefs that restore money and compensate loss

- **Refund of the price or charges:** The court may order the opposite party to return the price paid for the goods, or the charges paid for the service. This restores the consumer's payment when the established complaint justifies a refund.
- **Compensation for loss or injury:** The court may order payment of a reasonable amount as compensation for loss or injury suffered by the consumer due to the opposite party's negligence. Unlike a refund, which returns the purchase payment, compensation addresses the additional loss or harm proved by the consumer.

Step 3: Conclusion Any four reliefs are removal of defects, replacement with defect-free goods, refund of the price or service charges, and reasonable compensation for loss or injury caused by negligence.

Quick Tip to Solve: Distinguish a refund from compensation: a refund returns what the consumer paid, while compensation addresses the loss or injury suffered.

31(a). Explain the following principles of management :

(i) Discipline

(ii) Unity of Command

(iii) Unity of Direction [6 marks]

Solution:

Concept:

- Fayol's principles are general guidelines for managerial behaviour. They help managers coordinate people's efforts and establish orderly working relationships.
- Discipline concerns obedience and conduct, unity of command concerns the source of an employee's orders, and unity of direction concerns the common plan for activities with the same objective.

Step 1: Explain discipline and its requirements **(i) Discipline: Meaning.** Discipline means obedience to organisational rules and the employment agreement, together with the good conduct necessary for the organisation to work smoothly. Both workers and management must honour their commitments; it does not mean merely punishing employees.

Conditions for discipline. Fayol emphasised good superiors at all levels, clear and fair agreements, and judicious application of penalties. For example, when workers agree to increase output in return

for an incentive, workers should fulfil the output commitment and management should pay the promised incentive. Such mutual observance supports cooperation and dependable performance.

Step 2: Explain unity of command **(ii) Meaning.** Each individual employee should receive orders from, and be responsible to, only one superior. This establishes a clear reporting relationship and fixes responsibility for the employee's work.

Purpose and consequence of violation. If two superiors issue conflicting orders to the same employee, the employee may be unable to satisfy either. Authority is undermined, discipline is disturbed and responsibility becomes difficult to determine. A sales employee, for instance, should not receive incompatible work instructions from two separate bosses. Unity of command prevents this confusion at the individual employee level.

Step 3: Explain unity of direction **(iii) Meaning.** All units and activities having the same objective should be directed by one head under one plan. Related efforts then move towards the common organisational goal instead of being pursued through competing plans.

Purpose and application. This principle ensures unity of action and coordination, avoids unnecessary duplication and promotes efficient use of resources. For example, all activities relating to a particular product line should follow its common plan under its designated head. Unlike unity of command, which concerns whom an employee reports to, unity of direction concerns the organisation and coordination of activities with a common objective.

Step 4: Conclusion Discipline secures observance of fair rules and agreements; unity of command gives each employee one superior; and unity of direction brings activities with the same objective under one head and one plan. Together they support orderly work, clear accountability and coordinated effort.

Quick Tip to Solve: Remember the focus of each principle: discipline = rules and agreements; unity of command = one employee, one boss; unity of direction = one objective, one head and one plan.

OR

31(b). Explain the following techniques of Scientific Management :

(i) Fatigue study

(ii) Motion study

(iii) Time study [6 marks]

Solution:

Concept:

- Taylor's scientific management applies systematic study to work methods and working conditions, replacing rule-of-thumb decisions with a scientifically determined approach.
- Fatigue study determines suitable rest intervals, motion study improves the movements used in a task, and time study determines the standard time required for a well-defined job.

Step 1: Explain fatigue study **(i) Meaning and purpose.** Fatigue study determines the amount and frequency of rest intervals required while completing a task. Continuous work without suitable breaks

causes physical and mental tiredness, reducing efficiency and increasing the likelihood of errors.

Application. The study examines causes such as long working hours, unsuitable working conditions and demanding work. Appropriate rest intervals are introduced so that workers can regain stamina and maintain efficient performance. The intervals depend on the nature and conditions of the job; rest is planned scientifically rather than left to an arbitrary routine. Its purpose is to reduce fatigue and sustain output without overstraining workers.

Step 2: Explain motion study **(ii) Meaning and purpose.** Motion study examines the movements involved in performing a job, such as lifting, putting objects down, sitting and changing position. Its aim is to eliminate unnecessary movements and find the most efficient sequence of necessary movements.

Application. The job is observed carefully, and its motions are analysed to distinguish productive movements from avoidable ones. Tools and materials may be arranged so that a worker does not repeatedly bend or reach unnecessarily. Simplifying movements saves time and effort, reduces fatigue and improves productivity. Motion study therefore concerns *how* a task is performed, rather than merely setting a target for how fast a worker should perform it.

Step 3: Explain time study **(iii) Meaning and purpose.** Time study determines the standard time that a worker of average skill and efficiency should take to perform a well-defined job under specified conditions. Time-measuring devices are used to observe and record the time taken for the elements of the task.

Application and uses. Several observations of the task are considered to establish a reliable time standard. This standard helps determine the number of workers required, frame suitable incentive schemes and calculate labour costs. Unlike motion study, which removes wasteful movements, time study establishes the expected duration of the task when the prescribed method and conditions are followed.

Step 4: Conclusion Fatigue study prescribes appropriate rest intervals; motion study eliminates unnecessary movements; and time study sets a standard duration for a defined job. The three techniques improve efficiency through suitable working conditions, an improved work method and a scientifically determined time standard.

Quick Tip to Solve: Separate the three questions: fatigue study asks when and how long to rest; motion study asks which movements to remove; time study asks how long the defined job should take.

32. 'Setting objectives is the first step in the process of one of the significant functions of management.'

(a) Identify the function of management referred above.

(b) State the next five steps of the process. [6 marks]

Solution:

Concept:

- Planning means deciding in advance what to do, how to do it, when to do it and who is to do it. It provides the course of action for achieving organisational objectives.
- The planning process starts with setting objectives. Its subsequent steps turn those objectives into a

chosen course of action and put that course into operation.

Step 1: Identify the management function **(a) Planning.** The clue is "Setting objectives is the first step". In planning, objectives specify the results to be achieved and give direction to all subsequent decisions. After determining the desired results, the manager considers the conditions, possible courses of action and their relative merits before deciding what will actually be done.

Step 2: State the next five steps in order **(b) The next five steps are:**

1. **Developing premises:** Establish assumptions about the future conditions in which the plan will operate, such as expected demand, government policy and the availability of resources. These planning premises provide a common basis for preparing realistic plans.
2. **Identifying alternative courses of action:** List the different ways in which the objectives may be achieved. Managers should consider the available possibilities rather than accept the first course suggested; new and innovative alternatives may also be identified.
3. **Evaluating alternative courses:** Examine the positive and negative aspects of each alternative in the light of the objectives and planning premises. Compare their likely results, costs, risks and feasibility to establish how well each alternative serves the organisation.
4. **Selecting an alternative:** Choose the best and most feasible course after comparing the alternatives. The selected course should help achieve the objectives efficiently; where appropriate, a combination of alternatives may be adopted rather than a single course.
5. **Implementing the plan:** Put the selected plan into action. Arrange the resources, assign responsibilities and carry out the necessary activities so that the decision becomes actual work directed towards the objectives.

Step 3: Conclusion The function is **planning**. After setting objectives, the five steps requested are developing premises, identifying alternative courses of action, evaluating alternative courses, selecting an alternative and implementing the plan, in that order.

Quick Tip to Solve: Link each step to a question: under what assumptions, what choices, how do they compare, which is best, and how will it be put into action? Follow-up comes after these five steps.

33. 'Sweets and More' is one of India's most popular brand for snacks and sweets. It offers a wide range of sweets, namkeens, cookies and frozen foods.

Its organisational structure comprises of separate business units in each of the above categories. Each of these units have a manager responsible for performance, having authority over the unit. Moreover, each of these units is multi-functional as within each unit, different functions like production, marketing, finance, etc. are performed. Though this kind of organisational structure leads to increased cost because of duplication of activities across products, but it provides a proper basis for performance measurement as revenues and costs related to each of these business units can be easily identified.

(a) Identify the organisational structure of 'Sweets and More'.

(b) State three advantages and two disadvantages of the organisational structure identified in (a) above which are not discussed in the above case. [6 marks]

Solution:

Concept:

- A divisional structure groups activities around distinct products or product lines. Each division has its own functional activities, such as production, marketing and finance, under a divisional manager.
- Divisional autonomy can improve product expertise and speed, but division managers must coordinate their decisions with the interests of the organisation as a whole.

Step 1: Identify the organisational structure from the case **(a) Divisional structure.** The case states that there are "separate business units in each of the above categories", namely sweets, namkeens, cookies and frozen foods. It also says that "within each unit, different functions like production, marketing, finance, etc. are performed". Thus activities are grouped by product category, with each division performing the necessary functions under its own manager, rather than all products sharing a single functional department.

Step 2: State three additional advantages **(b) Advantages not discussed in the case:**

1. **Product specialisation and managerial development:** A divisional head gains experience in the different functions connected with one product. This develops varied skills and prepares managers for higher positions, while enabling them to focus on the requirements of that product line.
2. **Flexibility and faster decision-making:** Each division functions as an autonomous unit. Its manager can take decisions within the division's authority without referring every matter to the head office, enabling a quicker response to changes affecting that product.
3. **Expansion and growth:** New divisions can be added for new products without disrupting the existing divisions. The organisation can therefore extend its product range and grow while its established business units continue their work.

Step 3: State two additional disadvantages

1. **Conflict over resource allocation:** Different divisions may compete for funds, staff and other organisational resources. Each may seek the maximum share for itself, creating conflicts and making it difficult to allocate resources in the organisation's overall interest.
2. **Divisional interests may supersede organisational interests:** Authority over a product

division may encourage its manager to pursue that division's objectives at the expense of the organisation's common goals. For example, a manager may resist decisions that benefit the organisation but reduce the apparent performance of that division.

These points exclude the increased cost through duplication and the ease of performance measurement already stated in the case.

Step 4: Conclusion 'Sweets and More' uses a **divisional structure**. Its additional advantages are product specialisation and managerial development, faster decisions and flexibility, and easier expansion. Its additional disadvantages are conflict over resources and the possible dominance of divisional interests over organisational interests.

Quick Tip to Solve: Identify divisions by separate product units that each contain several functions. When a case asks for other merits or limitations, first exclude those it has already explained.

34. 'X Ltd.' is engaged in the manufacturing of cars. The company surveyed the market and found that customers need a car which runs on eco-friendly fuel instead of petrol or diesel. Keeping the needs of customers as well as social, ethical and ecological aspects of marketing in mind, the company launched a new model of car that runs on bio-diesel. The launch event was covered by the top news channels and newspapers. This was done to disseminate information about the car and build goodwill of the business. 'X Ltd.' understands that it is imperative to manage public opinion and company's relations with the public on a regular basis.

(a) Identify and explain the marketing philosophy involved in the above case.

(b) Identify and explain the communication tool that was used by the company.

(c) Explain any two other promotional tools that can be used by 'X Ltd.' to achieve its objectives.

[6 marks]

Solution:

Concept:

- Marketing Management: the societal marketing concept balances customer satisfaction, the firm's objectives and the long-term welfare of society.
- The promotion mix consists of advertising, personal selling, sales promotion and public relations. These tools communicate with customers and other stakeholders to support the firm's marketing objectives.

Step 1: Identify and explain the marketing philosophy in part (a)

- **Societal marketing concept:** This philosophy holds that a business should identify the needs and wants of its target market and satisfy them effectively and efficiently, while also preserving or enhancing consumers' and society's long-term well-being. It therefore extends the marketing concept beyond immediate customer satisfaction to social responsibility.
- **Connect the philosophy to the case:** X Ltd. first surveyed customers and discovered their need for an eco-friendly car. It then considered "social, ethical and ecological aspects of marketing" and introduced a car running on bio-diesel. This combines the satisfaction of customer needs with

concern for society and the environment, which identifies the societal marketing concept.

Step 2: Identify and explain the communication tool in part (b)

- **Public relations:** Public relations comprises activities designed to promote and protect a company's image and the image of its products. It involves maintaining good relations with different sections of the public, monitoring public attitudes and communicating information that builds understanding and goodwill.
- **Connect the tool to the case:** The launch received coverage from "top news channels and newspapers" to "disseminate information about the car and build goodwill". The company also recognises the need to "manage public opinion" and its relations with the public regularly. Such news coverage is publicity within the wider public-relations effort; the continuing management of public relationships establishes public relations as the tool involved.

Step 3: Explain two other promotional tools for part (c)

- **Advertising:** Advertising is a paid form of non-personal presentation and promotion of ideas, goods or services by an identified sponsor. X Ltd. can purchase television, newspaper or digital advertisements to communicate the car's features to a large audience. Unlike news coverage, the company pays for the space or time and controls its advertising message. This can create awareness and persuade prospective buyers to consider the model.
- **Personal selling:** Personal selling involves personal communication with prospective customers for making sales. At its showrooms, X Ltd.'s salespersons can explain the new car's features, answer individual queries, demonstrate its operation and arrange test drives. Two-way communication allows immediate feedback and a message adapted to each customer's needs, helping buyers evaluate a major purchase and helping the company convert interest into sales.

Step 4: Conclusion (a) The philosophy is the **societal marketing concept**, as the company considers customer needs together with social and ecological welfare. (b) The communication tool is **public relations**, supported by news coverage and regular management of public opinion. (c) Two other suitable promotional tools are **advertising** and **personal selling**.

Quick Tip to Solve: Link "social, ethical and ecological" concerns to societal marketing, and "goodwill" plus regular management of public opinion to public relations. For the other tools, distinguish paid mass communication from a salesperson's two-way interaction.