CBSE Class 12 Business Studies Question Paper 2023 with Solution PDF-Set 66/3/3

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.*

1. Government of India demonetised notes of ₹ 500 and ₹ 1000 on November 8, 2016. Demonetisation means : [1 mark]

(A) They ceased to be legal tender except for a few specified purposes.

(B) These notes could not be banked but could be freely used otherwise.

(C) These notes could be converted into gold coins from Reserve Bank of India.

(D) These notes could be used for household purposes but not for business purposes.

Correct Answer: (A) They ceased to be legal tender except for a few specified purposes.

Solution:

Concept:

- Demonetisation is the withdrawal of the legal-tender status of a currency denomination by the government.
- Legal tender is money recognised by law for settling payments. Withdrawal of this status affects its lawful use in transactions.

Step 1: Apply the meaning of demonetisation On November 8, 2016, the specified notes of Rs 500 and Rs 1000 ceased to be legal tender, except for a few purposes specifically permitted by the government. The key change was their legal status, rather than a restriction on just one category of spending.

Step 2: Eliminate the other meanings Option (B) reverses the position: demonetised notes could not continue to be freely spent merely because they were not banked. Option (C) wrongly suggests a right to conversion into gold coins. Option (D) wrongly distinguishes household and business spending; demonetisation is not defined by that distinction.

Step 3: Conclusion They ceased to be legal tender except for a few specified purposes. Hence, the correct option is (A).

Quick Tip to Solve: For demonetisation, look for withdrawal of legal-tender status, rather than withdrawal of notes from one particular use.

2. Taylor called for complete mental revolution on the part of both management and workers. It meant that management and workers should transform their thinking. Management should share the gains of the company, if any, with the workers. At the same time, workers should work hard and be willing to embrace change for the good of the company. The principle of management highlighted above is : [1 mark]

(A) Science, not the Rule of Thumb

(B) Cooperation, not Individualism

(C) Harmony, not Discord

(D) Development of Each and Every Person to His or Her Greatest Efficiency and Prosperity

Correct Answer: (C) Harmony, not Discord

Solution:

Concept:

- Taylor advocated harmony between management and workers in place of conflict over their respective interests.
- A complete mental revolution changes the attitudes of both sides: they recognise that their prosperity depends on each other.

Step 1: Identify the decisive case clue The case explicitly calls for a 'complete mental revolution' and says management and workers should 'transform their thinking'. Sharing gains and accepting beneficial change establish harmony by replacing antagonism with mutual understanding.

Step 2: Distinguish the other principles Science, not the Rule of Thumb concerns scientific methods instead of personal judgement. Cooperation, not Individualism emphasises working jointly, but the specific mental-revolution description here identifies Harmony, not Discord. Development of Each and Every Person concerns selecting and training workers to achieve their greatest efficiency, which is not the focus of this passage.

Step 3: Conclusion The principle is Harmony, not Discord. Hence, the correct option is (C).

Quick Tip to Solve: Treat Taylor's phrase 'mental revolution' as a direct clue to Harmony, not Discord; distinguish it from scientific methods and worker training.

3. Keya Ltd. is a large organisation manufacturing a popular brand of desi ghee and supplying it to various states of India. They manufacture 10,000 litres of desi ghee every day and pack in cartons of 250 ml, 500 ml and 1 litre sizes. The production manager ensures that one out of every ten cartons of each size is checked for quality control everyday.

The step of the controlling process discussed in the above para is : [1 mark]

(A) Setting performance standards

(B) Measurement of actual performance

(C) Comparison of actual performance with standards

(D) Analysing deviations

Correct Answer: (B) Measurement of actual performance

Solution:

Concept:

- Controlling involves setting standards, measuring actual performance, comparing it with standards, analysing deviations and taking corrective action.
- Actual performance can be measured through sample checking when inspecting every unit is impractical.

Step 1: Identify what the manager does The manager ensures that 'one out of every ten cartons of each size is checked for quality control everyday'. These sample checks obtain information about the actual quality of the ghee being produced and packed. This is measurement of actual performance.

Step 2: Rule out later and earlier steps Setting standards would prescribe the desired quality beforehand. Comparison would explicitly match measured quality against that standard. Analysing deviations would investigate why a difference occurred. The paragraph describes checking the output itself, rather than prescribing a standard, making a stated comparison or investigating causes.

Step 3: Conclusion The step is Measurement of actual performance. Hence, the correct option is (B).

Quick Tip to Solve: Quality sampling collects actual-performance information; a stated comparison or investigation is needed before selecting the later controlling steps.

4. Prateek Singh opened a jewellery store 'Fashion Jewels' offering workwear, light jewellery with modern designs for young working women. Good jewellery designs not only made the jewellery attractive for young working women, but also gave him a competitive edge in the market. The jewellery was a hit with working women and 'Fashion Jewels' was able to report a profit of ₹ 3 crore in the first year itself. The function of marketing performed by Prateek Singh in the above case was : [1 mark]

(A) Packaging and labelling

(B) Promotion

(C) Customer support service

(D) Product designing and development

Correct Answer: (D) Product designing and development

Solution:

Concept:

- Product designing and development determine product features and appearance to meet the needs of the target customers.
- A suitable design can improve a product's appeal and provide a competitive advantage in the market.

Step 1: Link the design to customer needs Prateek offered 'workwear, light jewellery with modern designs for young working women'. The case adds that 'Good jewellery designs' made it attractive and gave him a competitive edge. These clues concern the jewellery itself and its suitability for the target market.

Step 2: Distinguish the remaining functions Packaging and labelling concern the container and information displayed on it, rather than jewellery design. Promotion communicates and persuades customers through activities such as advertising. Customer support service assists customers, for example with after-sales service. None describes developing the attractive product features highlighted here.

Step 3: Conclusion The function is Product designing and development. Hence, the correct option is (D).

Quick Tip to Solve: When a case stresses the appearance or features of the product itself, select product designing; packaging refers to its container.

5. The process that initiates implementation of plans by clarifying jobs and working relationships and effectively deploying resources for attainment of identified and desired results is known as : [1 mark]

(A) Organising

(B) Controlling

(C) Staffing

(D) Planning

Correct Answer: (A) Organising

Solution:

Concept:

- Organising identifies and groups activities, assigns duties and establishes reporting relationships for achieving objectives.
- It translates plans into a workable structure and deploys the resources needed to implement them.

Step 1: Match the definition to the function The words 'clarifying jobs and working relationships' refer to defining duties and authority relationships. Effective deployment of resources then enables the implementation of plans. Together these describe organising, which creates the structure through which planned work is carried out.

Step 2: Distinguish the other management functions Controlling checks performance against standards and corrects deviations. Staffing fills positions with suitable people and develops them. Planning determines objectives and courses of action in advance. Here the emphasis is on structuring work and relationships to implement the plan, rather than selecting people, deciding a plan or checking its results.

Step 3: Conclusion The process is Organising. Hence, the correct option is (A).

Quick Tip to Solve: Use the sequence: planning decides what to do; organising arranges jobs, resources and relationships to put that plan into action.

6. Identify the correct sequence of two-level-channel of distribution : [1 mark]

(A) Manufacturer → Retailer → Agent → Customer

(B) Manufacturer → Consumer → Retailer → Wholesaler

(C) Manufacturer → Agent → Customer → Retailer

(D) Manufacturer → Wholesaler → Retailer → Consumer

Correct Answer: (D) Manufacturer → Wholesaler → Retailer → Consumer

Solution:

Concept:

- A distribution channel connects the manufacturer with the final consumer through intermediaries.
- The number of intermediary stages determines its level; a two-level channel normally contains a wholesaler and a retailer.

Step 1: Trace the normal movement of goods The manufacturer sells to the wholesaler, who buys in

bulk and supplies retailers. The retailer then sells smaller quantities to the final consumer. Thus the sequence is Manufacturer, Wholesaler, Retailer, Consumer, with two intermediary stages between the producer and the final buyer.

Step 2: Check the alternative sequences Option (A) puts an agent after the retailer instead of following the standard wholesale-retail route. Option (B) places the consumer before the retailer and wholesaler, even though the consumer is the endpoint. Option (C) likewise puts the customer before the retailer and substitutes an agent for the standard wholesaler. Only option (D) gives the correct order.

Step 3: Conclusion The sequence is Manufacturer to Wholesaler to Retailer to Consumer. Hence, the correct option is (D).

Quick Tip to Solve: Count intermediaries, not arrows: wholesaler and retailer are the two levels between the manufacturer and consumer.

7. _____ has been established with the specific objective of providing a ready market for money market instruments. [1 mark]

(A) Discount Finance House of India

(B) Securities and Exchange Board of India

(C) Reserve Bank of India

(D) State Bank of India

Correct Answer: (A) Discount Finance House of India

Solution:

Concept:

- The money market deals in short-term funds and instruments with maturities generally up to one year.
- A ready market helps holders buy and sell money-market instruments, supporting liquidity and active trading.

Step 1: Identify the specialised institution The Discount Finance House of India was established specifically to provide a ready market for money-market instruments. Its role facilitates dealing in these instruments and improves their liquidity. The question asks for this specialised objective rather than a broad banking or regulatory responsibility.

Step 2: Exclude institutions with different roles The Securities and Exchange Board of India regulates the securities market and protects investors. The Reserve Bank of India is the central bank with wider monetary and banking responsibilities. State Bank of India is a commercial bank. Although banks participate in financial markets, neither broad banking role is the specific institution identified by this description.

Step 3: Conclusion The institution is the Discount Finance House of India. Hence, the correct option is (A).

Quick Tip to Solve: Associate a ready market for money-market instruments with DFHI; associate securities-market regulation with SEBI.

8. Rahul wants to buy shares of 'Rexter Ltd.' which are being traded at the National Stock Exchange. He feels that the share prices will go up in the future. Which market should he approach for this purpose ? [1 mark]

(A) Money market

(B) Primary market

(C) Secondary market

(D) Both (b) and (c)

Correct Answer: (C) Secondary market

Solution:

Concept:

- The secondary market deals in the purchase and sale of existing securities among investors.
- The primary market concerns new issues; a stock exchange provides an organised secondary market.

Step 1: Identify the transaction Rahul wants shares which are already "being traded at the National Stock Exchange". He is buying existing shares from another holder, rather than subscribing to a fresh issue by Rexter Ltd. His expectation of a future price rise explains his investment motive but does not change the market classification.

Step 2: Eliminate the other markets The money market deals in short-term funds and instruments, so (A) does not fit shares. The primary market in (B) is for newly issued securities. Therefore (D) also fails: this particular stock-exchange purchase is a secondary-market transaction, even though a company may originally have issued its shares in the primary market.

Step 3: Conclusion Rahul should approach the secondary market through the stock exchange. Hence, the correct option is (C).

Quick Tip to Solve: Look for whether shares are newly issued or already traded: existing shares on a stock exchange mean the secondary market.

9. Statement I : Values are general rules for behaviour of individuals in society formed on the basis of common practice and principles after research in work situations.

Statement II : While practising principles of management, values cannot be neglected as businesses have to fulfil social and ethical responsibilities towards society.

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 true.

(D) Both the statements are false.

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

Solution:

Concept:

- Values are general rules governing individual behaviour in society and develop through common practice.
- Management principles are formed through observation, experimentation and research in work situations; their application must respect social and ethical values.

Step 1: Evaluate Statement I Statement I contrasts the origins of values and management principles: values arise from common practice, while principles arise after research in work situations. The words "and principles after research carry the second part of this comparison. Thus Statement I is true; it does not mean that values alone are developed through management research.

Step 2: Evaluate Statement II and compare options Statement II is true because managerial decisions affect society and must meet social and ethical responsibilities. A principle cannot justify ignoring values while pursuing efficiency. Thus (A) wrongly rejects Statement II, (B) wrongly rejects Statement I, and (D) wrongly rejects both statements.

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

Quick Tip to Solve: Keep the origins separate: common social practice produces values; research in work situations develops management principles.

10. Which of the following is a development function of Securities and Exchange Board of India ? [1 mark]

(A) Training of intermediaries of the securities market

(B) Promotion of fair practices and code of conduct in the securities market

(C) Undertaking steps for investor protection

(D) Prohibition of fraudulent and unfair trade practices

Correct Answer: (A) Training of intermediaries of the securities market

Solution:

Concept:

- SEBI performs protective, regulatory and development functions in the securities market.
- Development functions improve the market and the competence of its participants, including training intermediaries.

Step 1: Identify the developmental activity Training intermediaries builds their knowledge and professional ability to serve the securities market. It develops the market infrastructure and its participants rather than merely preventing a particular malpractice. Therefore training of intermediaries in (A) is a development function.

Step 2: Distinguish the protective functions Promotion of fair practices and a code of conduct in (B), investor-protection steps in (C), and prohibition of fraudulent and unfair trade practices in (D) protect investors and market integrity. These are protective functions in the NCERT classification, so they do not answer the question asking for a development function.

Step 3: Conclusion Training of intermediaries of the securities market is the development function. Hence, the correct option is (A).

Quick Tip to Solve: Classify SEBI activities by purpose: training develops participants, while stopping fraud and protecting investors are protective functions.

11. The element of promotion mix which involves a variety of programmes designed to promote or protect a company's image and its individual products in the eyes of the public is : [1 mark]

(A) Personal selling

(B) Public relations

(C) Marketing

(D) Sales promotion

Correct Answer: (B) Public relations

Solution:

Concept:

- Public relations comprises programmes designed to promote or protect a company's image and its individual products in the eyes of the public.
- The promotion mix also includes advertising, personal selling and sales promotion; each has a

distinct method and immediate purpose.

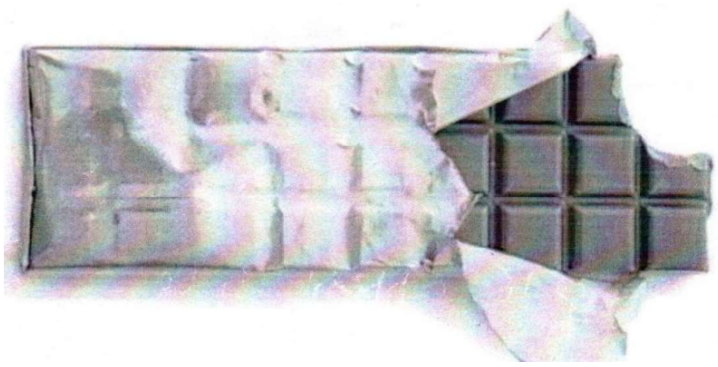
Step 1: Match the wording to the element The decisive words are "promote or protect a company's image and "in the eyes of the public. These describe public relations, which seeks a favourable impression and good relations with the public through suitable programmes and communications.

Step 2: Rule out the alternatives Personal selling in (A) is direct personal interaction with prospective buyers. Marketing in (C) is the broader process of satisfying needs and includes many activities beyond promotion. Sales promotion in (D) uses short-term incentives such as discounts, contests and free samples. None is the specific image-building element defined in the question.

Step 3: Conclusion The element of the promotion mix is public relations. Hence, the correct option is (B).

Quick Tip to Solve: When a question stresses company image and public opinion, identify public relations rather than a short-term sales incentive.

12. The level of packaging of the chocolate shown in the picture below is : [1 mark]



(A) Secondary packaging

(B) Transportation packaging

(C) Designer packaging

(D) Primary packaging

Correct Answer: (D) Primary packaging

Solution:

Concept:

- Primary packaging is the product's immediate container or wrapper, remaining with it until consumption or use.
- Secondary packaging provides additional protection; transportation packaging supports storage, handling and transport of quantities of goods.

Step 1: Inspect the chocolate wrapper The picture shows a wrapper immediately surrounding a chocolate bar, with part of the chocolate exposed as the wrapper is opened. This is the packaging directly containing and protecting the product that the consumer removes to eat it. It is therefore primary packaging.

Step 2: Compare the other descriptions Secondary packaging in (A) would be an additional outer layer, such as a carton around an already wrapped product. Transportation packaging in (B) would normally group goods for storage and shipment. Designer packaging in (C) is not one of the three NCERT levels of packaging. The photograph shows the immediate wrapper, not either outer level.

Step 3: Conclusion The chocolate wrapper is primary packaging. Hence, the correct option is (D).

Quick Tip to Solve: Identify the layer nearest to the product: the wrapper directly around a chocolate bar is its primary packaging.

---

13. The process of holding securities in electronic form is called dematerialisation. Which of the following statement does *not* relate to dematerialisation ? [1 mark]

(A) Smooth transfer and settlement of trade through a single account in shares

(B) Demat securities can be pledged or hypothecated to get loans

(C) No danger of loss, theft or forgery of share certificates

(D) Existing physical shares cannot be converted into electronic form

Correct Answer: (D) Existing physical shares cannot be converted into electronic form

Solution:

Concept:

- Dematerialisation converts physical share certificates into electronic records held through a depository participant.
- Electronic holding facilitates transfer and settlement and removes the risks associated with handling physical certificates.

Step 1: Test the statement about conversion Option (D) says that existing physical shares cannot be converted into electronic form. That contradicts the meaning of dematerialisation itself: conversion of eligible physical holdings into electronic balances is precisely what the process enables. Since the question asks which statement does not relate, this false restriction is the required choice.

Step 2: Check the remaining statements Option (A) correctly describes smooth transfer and settlement through a demat account. Option (B) correctly states that demat securities may be pledged or hypothecated to obtain loans. Option (C) correctly removes the danger of physical certificates being lost, stolen or forged. These genuine features cannot be the answer to the negative question.

Step 3: Conclusion The statement that existing physical shares cannot be converted into electronic form is incorrect. Hence, the correct option is (D).

Quick Tip to Solve: Underline the negative word first: dematerialisation means conversion into electronic form, so an option denying conversion contradicts the process.

---

14. Match the various communication barriers given in Column II with their respective categories given in Column I :

Column I	Column II
P. Semantic Barriers	(i) Distrust
Q. Psychological Barriers	(ii) Lack of proper incentives
R. Organisational Barriers	(iii) Symbols with different meanings
S. Personal Barriers	(iv) Status

[1 mark]

(A) P–(i), Q–(ii), R–(iii), S–(iv)

(B) P–(iv), Q–(iii), R–(i), S–(ii)

(C) P–(iii), Q–(i), R–(iv), S–(ii)

(D) P–(iii), Q–(ii), R–(iv), S–(i)

Correct Answer: (C) P–(iii), Q–(i), R–(iv), S–(ii)

Solution:

Concept:

- Semantic barriers concern the meaning of words and symbols; psychological barriers arise from the mental state of sender or receiver.
- Organisational barriers arise from structure and status, while personal barriers arise from individual motives and attitudes.

Step 1: Match meaning and mental-state barriers P matches (iii), symbols with different meanings, because the same symbol can be understood differently by sender and receiver. Q matches (i), distrust, because suspicion prevents a receiver from accepting or understanding a message with an open mind. Distrust is therefore psychological rather than the incentive-related personal barrier.

Step 2: Match structure and individual incentives R matches (iv), status: differences in organisational rank can obstruct free communication between superiors and subordinates. S matches (ii), lack of proper incentives: an individual may not communicate useful information when no personal encouragement or reward exists. Options (A) and (B) misclassify semantic barriers; (D) interchanges distrust and lack of incentives.

Step 3: Conclusion The correct matching is P–(iii), Q–(i), R–(iv), S–(ii). Hence, the correct option is (C).

Quick Tip to Solve: Match the clearest pair first: symbols concern semantics and status concerns organisational hierarchy; then place distrust and incentives.

15. Sarita bought a flat from Sugan Developers for ₹ 5 crore and was shocked to discover that the quality of construction was bad, roof leaked during the rainy season and plaster was coming off at various places. Which consumer forum should she approach for redressal of her grievance ? [1 mark]

(a) District Commission

(b) State Commission

(c) National Commission

(d) Supreme Court

Correct Answer: (b) State Commission

Solution:

Concept:

- Consumer Protection provides a three-tier redressal machinery: District, State and National Commissions. Original complaints are allocated according to the consideration paid for the goods or services.
- A complaint about deficient housing construction is a consumer complaint; the amount paid determines the appropriate original forum.

Step 1: Identify the grievance and its value Sarita paid Rs 5 crore for the flat. The words 'quality of construction was bad, roof leaked' show deficiency in the housing service supplied by the developer. She seeks an original remedy for that deficiency.

Step 2: Select the competent commission Under the Consumer Protection Act, 2019 framework used in the textbook for this paper, the State Commission hears original complaints where the consideration paid exceeds Rs 1 crore but does not exceed Rs 10 crore. Rs 5 crore lies within this range. The District Commission covers the lower range, while the National Commission covers consideration above Rs 10 crore. The Supreme Court is an appellate court rather than the initial forum for this complaint.

Step 3: Conclusion Sarita should approach the State Commission. Hence, the correct option is (b).

Quick Tip to Solve: For an original consumer complaint, identify the consideration paid before selecting the level of commission.

16. In a recent ruling, the Supreme Court of India has ordered an immediate stop on commercial activities in a 500-metre radius of the Taj Mahal and asked Agra Development Authority to ensure compliance of its directive. Which dimension of business environment is reflected here ? [1 mark]

(a) Social

(b) Technological

(c) Legal

(d) Political

Correct Answer: (c) Legal

Solution:

Concept:

- The legal environment includes laws, statutory rules and judicial decisions that regulate business activities.
- A binding court directive creates a legal requirement which businesses and implementing authorities must obey.

Step 1: Identify the binding direction The case says that the 'Supreme Court of India has ordered an immediate stop on commercial activities' and required compliance. The operative influence is a judicial order restricting where business can operate.

Step 2: Distinguish the other dimensions This is the legal dimension. Social environment concerns values, customs and lifestyles, so (a) is unsuitable. Technological environment concerns innovations and production techniques, absent here. Political environment concerns the government's attitudes and political conditions; a court ruling requiring compliance is specifically legal rather than political.

Step 3: Conclusion The legal dimension of business environment is reflected here. Hence, the correct option is (c).

Quick Tip to Solve: When a case turns on a court order or mandatory compliance, look for the legal dimension.

17. 'Compro Solutions' offers IT services to clients across the country. During Covid-19, to accommodate changes taking place in the business environment, it suitably modified its organisation structure in a way that work from home became the new way of working for all employees bringing cost benefits and flexibility in the organisation. The point of importance of organising discussed above is : [1 mark]

(a) Benefits of specialisation

(b) Adaptation to change

(c) Development of personnel

(d) Clarity in working relationships

Correct Answer: (b) Adaptation to change

Solution:

Concept:

- Organising helps an enterprise adapt its structure and working relationships to changes in its business environment.
- Adaptation to change allows continuity and flexibility when external conditions require a different way of working.

Step 1: Connect the case to structural adaptation The company 'suitably modified its organisation structure' during Covid-19 so that 'work from home became the new way of working'. These lines show a response to changed external circumstances, with cost benefits and flexibility.

Step 2: Rule out the other benefits The importance highlighted is adaptation to change. Specialisation concerns expertise gained through division and repetition of work, not the central issue here. Development of personnel concerns employee growth through delegation and opportunities. Clarity in working relationships concerns who reports to whom. Neither employee development nor reporting clarity explains the specific change described.

Step 3: Conclusion The point of importance is adaptation to change. Hence, the correct option is (b).

Quick Tip to Solve: Link a changed organisation structure responding to an external event with adaptation to change.

18. Which of the following is *not* a part of social environment of Business ? [1 mark]

(a) Life expectancy

(b) Education system and literacy rates

(c) Consumption habits

(d) Money supply in the economy

Correct Answer: (d) Money supply in the economy

Solution:

Concept:

- Social environment includes social conditions, educational patterns, lifestyles, customs and consumption habits.
- Economic environment includes monetary conditions such as money supply, interest rates, income and economic policy.

Step 1: Classify the monetary factor Money supply in the economy describes the availability of money and liquidity. It affects credit, spending and other economic conditions; therefore it belongs to the economic environment and is the exception asked for.

Step 2: Check the remaining options Life expectancy reflects social and demographic conditions. The education system and literacy rates describe society's educational conditions. Consumption habits reflect people's lifestyles and preferences. Thus (a), (b) and (c) are social factors, while (d) is not a part of the social environment.

Step 3: Conclusion Money supply in the economy is an economic factor. Hence, the correct option is (d).

Quick Tip to Solve: In a question asking what is not social, separate monetary conditions from people, education and lifestyles.

19. Which of the following is *not* a function of middle level management ? [1 mark]

(a) Analysing the business environment and its implications for survival of the firm

(b) Interpreting the policies framed by top management

(c) Ensuring that their department has necessary personnel

(d) Motivating people in their department to achieve desired objectives

Correct Answer: (a) Analysing the business environment and its implications for survival of the firm

Solution:

Concept:

- Top management is responsible for the organisation as a whole, including analysing the business environment and its implications for survival.
- Middle management connects top management with operational management: it interprets policies, organises departmental resources and motivates departmental employees.

Step 1: Identify the organisation-wide responsibility Analysing the business environment and its

implications for the firm's survival involves broad strategic direction. This is a function of top management rather than a department-level responsibility of middle management.

Step 2: Check the departmental functions Interpreting policies framed by top management translates broad decisions into departmental action. Ensuring necessary personnel makes departmental implementation possible. Motivating people in the department helps achieve its objectives. Therefore (b), (c) and (d) are functions of middle management, while (a) is the required exception.

Step 3: Conclusion Analysing the business environment and its implications for survival is a top-management function. Hence, the correct option is (a).

Quick Tip to Solve: Associate firm-wide survival and strategic direction with top management, and departmental implementation with middle management.

20. These days consumers are making eco-friendly and healthy choices and are saying no to all things made of plastic and replacing it with stainless steel and ceramic containers, thus forcing business to change as well. Identify the feature of business environment highlighted above : [1 mark]

(a) Totality of external sources

(b) Specific and general forces

(c) Inter-relatedness

(d) Dynamic nature

Correct Answer: (d) Dynamic nature

Solution:

Concept:

- The business environment is dynamic: its elements change over time, requiring businesses to adjust their decisions and practices.
- Changes in consumer preferences and lifestyles are examples of environmental change that influence business behaviour.

Step 1: Locate the change described Consumers are 'making eco-friendly and healthy choices' and 'replacing it with stainless steel and ceramic containers'. Their preferences are moving away from plastic, 'thus forcing business to change as well'. This directly highlights the changing nature of the environment.

Step 2: Compare the alternatives Dynamic nature is therefore the best answer. Totality of external sources refers to the environment as the sum of outside influences. Specific and general forces classifies influences according to their reach. Inter-relatedness stresses connections among environmental elements. Although environmental changes may have links, this case specifically emphasises changing consumer choices and consequent business adjustment.

Step 3: Conclusion The feature highlighted is dynamic nature. Hence, the correct option is (d).

Quick Tip to Solve: Words showing preferences changing over time and businesses adjusting usually point to dynamic nature.

21(a). Distinguish between 'Capital market' and 'Money market' on the basis of :

(i) Participants

(ii) Investment outlay

(iii) Safety [3 marks]

Solution:

Concept:

- Financial markets bring suppliers and users of funds together. The capital market deals in medium- and long-term funds, while the money market deals in short-term funds with maturity up to one year.
- Participants, the amount normally invested, and the relative safety of instruments distinguish these markets. Safety concerns the risk of losing the investment or not receiving the promised return.

Step 1: Compare participants, outlay and safety

Basis	Capital market	Money market
Participants	Financial institutions, banks, corporate entities, foreign investors and individual retail investors participate.	Participants are mainly institutional, such as the RBI, commercial banks, financial institutions and finance companies.
Investment outlay	A relatively small investment is possible; securities can be bought in small lots, making participation accessible to individual investors.	Transactions generally require a large investment outlay because instruments are issued and traded in large denominations.
Safety	Investment is relatively riskier, owing to fluctuations in prices and the longer period over which the issuer's position may change.	Instruments are generally safer because of their short maturity and the financial standing of their issuers.

Step 2: Interpret the comparison correctly A retail investor can enter the capital market with a small amount, whereas the large transaction size of the money market mainly suits institutional investors. The safety comparison is relative: a short maturity reduces exposure to changes in the issuer's condition, but does not mean that every money-market instrument is completely risk-free.

Step 3: Conclusion The capital market has wider participation, permits smaller investment outlays and is relatively riskier. The money market is mainly institutional, requires large outlays and is relatively safer.

Quick Tip to Solve: Keep the comparison row-wise: identify who invests, how much is normally needed, and how much risk is involved.

OR

21(b). State any three regulatory functions of the Securities and Exchange Board of India. [3 marks]

Solution:

Concept:

- The Securities and Exchange Board of India regulates the securities market to promote orderly functioning and safeguard investors' interests.
- Regulatory functions establish rules for market participants, supervise their activities and ensure that trading and intermediary services follow the prescribed framework. They differ from developmental measures such as training intermediaries.

Step 1: State functions governing participants **Registration of brokers and other intermediaries:** SEBI registers stockbrokers, sub-brokers and other market intermediaries. Registration brings those who provide securities-market services within the regulatory framework and enables supervision of their conduct.

Regulation of stock exchanges and other securities markets: SEBI regulates their business so that securities transactions take place under prescribed rules. This supports an orderly and properly supervised trading system rather than leaving exchanges to operate without oversight.

Step 2: State a function governing investment institutions **Registration and regulation of collective investment schemes, including mutual funds:** SEBI registers and regulates schemes that pool investors' money for investment. It supervises their operation under the applicable securities-market rules, helping ensure that these institutions function within the regulatory framework.

These are regulatory functions because each concerns the formal control, registration or supervision of a securities-market participant or institution. Training intermediaries is a developmental function and is therefore not substituted for one of the regulatory functions requested here.

Step 3: Conclusion Any three regulatory functions are registration of brokers and other intermediaries, regulation of stock exchanges and other securities markets, and registration and regulation of collective investment schemes including mutual funds.

Quick Tip to Solve: For SEBI's regulatory functions, recall registration and supervision; distinguish these from training, which is developmental.

22. Praveen and Naveen are friends. Praveen became a professional after completing his MBBS from 'Hindu Medical College'. Naveen completed his MBA from IIM, Bangalore. In a discussion with Praveen, Naveen said that he too is a professional and is working with a multinational company as a senior manager getting a good package. Praveen was not convinced about the fact that Naveen was a professional in spite of being aware that nowadays there is increasing emphasis on managed business concerns. Praveen gave three reasons in support of his opinion. Explain the three reasons that Praveen might have given. [3 marks]

Solution:

Concept:

- A profession has a specialised body of knowledge, restricted entry, a professional association, an ethical code of conduct and a service motive.
- Management has a well-defined body of knowledge, but does not fully satisfy all the requirements of a profession. A management degree and a high salary alone do not establish that management is a full-fledged profession.

Step 1: Explain the absence of compulsory entry qualifications **No restricted entry:** The case says that Naveen "completed his MBA from IIM, Bangalore". This gives him specialised knowledge, but an MBA or another specified professional qualification is not legally compulsory for appointment as a manager. In contrast, Praveen's MBBS is part of the prescribed qualification route for medical practice. Naveen's own qualification therefore does not prove that entry into management as an occupation is restricted in the same way.

Step 2: Explain the other two incomplete professional features **Membership of a professional association is not compulsory:** Management associations exist, but managers are not required to join one before practising. The fact that Naveen is "working with a multinational company as a senior manager" establishes his employment position; it does not establish compulsory membership of a professional body regulating every manager.

No universally binding professional ethical code: Management associations prescribe codes of conduct, but their membership is voluntary and their codes are not binding on every manager in the way a professional regulatory code applies to members of a fully regulated profession. A company's own conduct rules do not by themselves create such an occupation-wide professional code. Thus, even the "good package" mentioned in the case cannot establish this missing requirement.

Step 3: Conclusion Praveen could argue that management lacks compulsory entry qualifications, compulsory membership of a professional association and a universally binding professional ethical code. It is therefore not a full-fledged profession, although it possesses some professional features and is moving towards professionalisation.

Quick Tip to Solve: Distinguish an individual's MBA from the occupation's entry rule: a qualified manager does not make that qualification compulsory for all managers.

23. Human resources are the most important asset of an organisation. The ability of an organisation to achieve its goal depends upon the quality of its human resources. The General Manager of 'Allied and Sons' appointed an IIM graduate, Pawan Rai, specialised in finance as Marketing Manager. On monthly evaluation, it was found that Pawan Rai's performance was not up to expectations and he was not able to meet the monthly targets of the organisation. The Chief Executive Officer (CEO) of the company asked for investigation into the matter. The CEO was told that Pawan Rai has a specialisation in finance but was appointed as a Marketing Manager. The CEO discussed this matter with the General Manager and explained to him the importance of putting the right person at the right job. He further explained that it would not only lead to higher performance but would also provide many other benefits. Besides the benefits of putting the right man at the right job, state the three other benefits which the CEO might have explained to the General Manager that are not given in the above para. [3 marks]

Solution:

Concept:

- Staffing is finding the right people for the right jobs through recruitment, selection, placement, training and development.
- The case already gives the benefit of higher performance through proper placement: the CEO stresses "putting the right person at the right job". The answer must state three other benefits of staffing.

Step 1: Identify the benefit already stated Pawan Rai "has a specialisation in finance but was appointed as a Marketing Manager", and his performance was below expectations. This illustrates the importance of matching a person's abilities with the job. Since the question already states the resulting higher performance, do not repeat it among the additional benefits.

Step 2: State three further benefits of staffing

- **Obtaining competent personnel:** Staffing helps an enterprise discover and obtain competent persons for its various jobs. A systematic recruitment and selection process attracts suitable applicants and evaluates their qualifications and abilities before appointment.
- **Continuous survival and growth:** Staffing ensures the continued survival and growth of the enterprise by developing employees and preparing future managers through succession planning. A pool of trained people can take up greater responsibilities and fill important positions when needed.
- **Job satisfaction and morale:** Objective assessment of employees and fair rewards for their contributions improve job satisfaction and morale. Employees feel that their work is recognised and that opportunities and rewards are based on merit, strengthening their willingness to contribute.

Step 3: Conclusion Besides higher performance through correct placement, staffing helps obtain competent personnel, ensures continuity and growth through development and succession planning, and improves employees' job satisfaction and morale.

Quick Tip to Solve: When asked for benefits "not given", first cross out the benefit named in the case, then state distinct NCERT points rather than rephrasing it.

24(a). Explain any three points of importance of 'Controlling' function of management. [3 marks]

Solution:

Concept:

- Controlling means comparing actual performance with predetermined standards, analysing deviations and taking corrective action so that organisational objectives are achieved.
- A control system is useful because it provides feedback on results and enables managers to correct shortcomings in the use of resources and in employees' performance.

Step 1: Explain how control directs performance towards goals **Accomplishing organisational goals:** Controlling measures progress towards the objectives and brings deviations to the manager's attention. By comparing actual results with planned standards, managers identify where performance has fallen short. They can then take suitable corrective action, keeping activities on the right track and helping the organisation accomplish its goals.

Step 2: Explain two further points of importance

- **Making efficient use of resources:** When work is performed according to predetermined standards, resources are used effectively and waste and spoilage are reduced. Control identifies inefficient operations and unnecessary expenditure, allowing managers to correct the cause and obtain better results from available human and physical resources.
- **Improving employee motivation:** A good control system lets employees know clearly what they are expected to do and the standards against which their work will be appraised. Clear targets and objective performance assessment give direction to their efforts and encourage them to improve. Employees can understand the relationship between the expected level of work and their actual achievement.

Step 3: Conclusion Controlling helps accomplish organisational goals, makes efficient use of resources and improves employee motivation. Each benefit follows from setting clear standards, measuring actual work and using the feedback to improve performance.

Quick Tip to Solve: For each importance point, name the NCERT heading and explain how comparing performance with standards produces that benefit.

OR

24(b). 'Planning and Controlling are inseparable twins of management.' 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 sets the objectives and standards. Controlling checks whether actual performance conforms to those standards and takes corrective action where needed.
- The two functions are interdependent: plans provide the basis for control, while control provides feedback for future planning. This is why they are called inseparable twins of management.

Step 1: Explain how planning provides the basis for control **Planning is a prerequisite for controlling:** A manager can judge actual performance only when a desired level of performance has already been decided. Planning supplies these standards, such as the intended output or cost. Without plans there is no predetermined standard against which actual work can be compared, so meaningful control is not possible.

Step 2: Explain how controlling supports plans and future decisions

- **Controlling makes planning meaningful:** Even a good plan cannot ensure results by itself. Controlling checks its implementation, identifies deviations and enables corrective action. Planning without controlling is therefore of little use, as managers would not know whether activities were proceeding as intended or whether objectives were being achieved.
- **Both are forward-looking and backward-looking:** Planning is forward-looking because it prepares future action, but it also uses past experience. Controlling is backward-looking because it examines work already performed, yet its feedback improves future performance and future plans. Corrective measures and lessons from deviations make the next planning cycle more realistic.

Step 3: Conclusion Planning sets the standards needed for control; controlling ensures that plans are implemented and supplies feedback for new plans. Their shared links with past experience and future action show that they form a continuous, interdependent management cycle.

Quick Tip to Solve: Remember the cycle: plans set standards, control checks results, and the feedback improves the next plan. Explain both directions of dependence.

25(a). Identify and explain the following :

(i) It is a process which ensures that the organisation attracts potential employees with the necessary characteristics or qualifications, in adequate numbers for the jobs available.

(ii) It is a process which ensures that the organisation gets the best among the available candidates and enhances the self-esteem and prestige of those selected and conveys to them the seriousness with which things are done in the organisation. [4 marks]

Solution:

Concept:

- Staffing involves finding suitable people for jobs and placing the right person in the right job. Recruitment and selection are distinct, successive stages of this process.
- Recruitment searches for prospective employees and stimulates them to apply; selection identifies and chooses the most suitable candidates from those who apply.

Step 1: Identify and explain the first process **(i) Recruitment:** The clue is that the organisation "attracts potential employees" with the required qualifications "in adequate numbers for the jobs available." Recruitment is the process of searching for prospective employees and stimulating them to apply for jobs in the organisation. It identifies possible sources of manpower and invites qualified people to submit applications. Its immediate purpose is to create a sufficiently large pool of suitable applicants from which the organisation can subsequently choose. Thus, it is a positive process: it encourages more eligible persons to come forward rather than deciding who will finally receive a job.

Step 2: Identify and explain the second process **(ii) Selection:** The decisive words are "gets the best among the available candidates." Selection is the process of choosing from the applicants the person best suited to the job. The organisation assesses candidates against the job's requirements through appropriate screening, tests, interviews and other selection procedures. Candidates who do not meet the requirements are eliminated, so selection is described as a negative process. A carefully conducted selection procedure also enhances the self-esteem and prestige of those selected: being chosen after a serious assessment makes them value their appointment and communicates the organisation's seriousness. Recruitment therefore supplies the applicant pool, while selection makes the final choice from it.

Step 3: Conclusion The process in (i) is **recruitment**, which attracts eligible applicants; the process in (ii) is **selection**, which chooses the most suitable people from the applicants.

Quick Tip to Solve: Link "attract and apply" with recruitment and "best among applicants" with selection. Recruitment builds the pool; selection chooses from it.

OR

25(b). Identify and explain any three merits of the source of recruitment which is used when the existing staff is insufficient or does not fulfil the eligibility criteria of the jobs to be filled. [4 marks]

Solution:

Concept:

- External recruitment means filling vacancies by inviting applicants from outside the organisation. It is needed when the existing workforce cannot supply enough eligible people for the available jobs.
- Its merits arise from reaching a wider labour market: the organisation can obtain qualified personnel, choose from more applicants and introduce fresh talent.

Step 1: Identify the source of recruitment The source is **external sources of recruitment**. The question states that "the existing staff is insufficient or does not fulfil the eligibility criteria." Consequently, merely transferring or promoting existing employees cannot meet the requirement, and the organisation must invite suitable applicants from outside. Three merits of this source are explained below.

Step 2: Explain access to qualified personnel **Qualified personnel:** External recruitment enables management to attract qualified and trained people from the wider labour market. Applicants can be assessed for the specific educational qualifications, experience and skills required by the vacant job. This is particularly useful here because existing employees do not fulfil the eligibility criteria: the organisation can seek people who already possess the missing competence rather than restrict itself to its present workforce.

Step 3: Explain the wider choice **Wider choice:** Inviting applications from outside brings in a large number of potential candidates. Management can compare a broader range of abilities and experience and select the most suitable person for the job. The organisation is therefore less constrained by the limited number of existing employees, and has a better opportunity to fill its vacancies with people

who match the job requirements.

Step 4: Explain the infusion of fresh talent **Fresh talent:** New entrants bring fresh ideas, new ways of working and experience gained outside the organisation. This broadens the organisation's knowledge and may help improve its existing methods. External recruitment thus gives the enterprise an opportunity to introduce new skills and perspectives that may not be available among its current staff.

Step 5: Conclusion The identified source is **external recruitment**. Its three merits are access to qualified personnel, a wider choice of candidates and the infusion of fresh talent into the organisation.

Quick Tip to Solve: When existing staff cannot meet a vacancy's requirements, identify external recruitment first, then explain how looking outside improves qualifications, choice and fresh ideas.

26(a). Identify and state any three features of the process of stimulating people to action to accomplish desired goals. [4 marks]

Solution:

Concept:

- Motivation is the process of stimulating people to action to accomplish desired goals. It is an element of directing that creates the willingness to work towards organisational objectives.
- Motivation connects a person's needs and desires with purposeful effort. An incentive is effective when it addresses what that person values.

Step 1: Identify the process The process is **motivation**. The defining words are 'stimulating people to action': the manager encourages employees to put effort into achieving desired goals. Merely giving an order does not necessarily create the willingness that motivation seeks to develop.

Step 2: State three features of motivation

- **Motivation is an internal feeling:** Needs, desires, aspirations and drives within an individual influence behaviour. A manager can offer incentives and encouragement, but the urge to act arises within the employee when these address an unsatisfied need.
- **Motivation produces goal-directed behaviour:** A motivated person directs effort towards a particular result. For example, an employee who desires promotion works to improve performance so that the desired goal can be attained. Thus motivation gives behaviour a purpose and direction.
- **Motivation is a complex process:** Individuals differ in their needs, expectations and reactions. The same incentive may motivate one employee strongly and have little effect on another. Managers must therefore understand people rather than assume that a single method will motivate everyone equally.

Step 3: Conclusion The process is motivation. Its three features are that it is an internal feeling, produces goal-directed behaviour and is a complex process because individuals differ.

Quick Tip to Solve: Link motivation with willingness to act; explain each feature through the employee's need, behaviour or individual differences.

OR

26(b). Identify and state three points of importance of the process of instructing, guiding, counselling, motivating and leading people in the organisation to achieve its objectives. [4 marks]

Solution:

Concept:

- Directing is the process of instructing, guiding, counselling, motivating and leading people in an organisation to achieve its objectives.
- Directing puts managerial decisions into action through people. Its importance lies in turning plans into performance and helping individual effort contribute to organisational goals.

Step 1: Identify the management function The function is **directing**. The words 'instructing, guiding, counselling, motivating and leading people' describe how managers influence employees while work is being performed. Planning decides what should be done, whereas directing guides people in actually doing it.

Step 2: Explain three points of importance

- **Directing initiates action:** Plans, the organisational structure and the appointment of staff prepare the organisation for work. By giving instructions and guidance, directing enables employees to begin the activities needed to achieve objectives. It therefore converts preparation into actual performance.
- **Directing integrates employees' efforts:** Individuals perform different activities at different levels. Through supervision, guidance and leadership, directing brings these efforts together so that they complement one another and contribute to the common organisational objectives, rather than remain isolated individual tasks.
- **Directing helps employees realise their potential:** Appropriate motivation and effective leadership encourage employees to use their abilities fully. A manager can recognise an employee's capability, guide its development and encourage better performance. This improves the employee's contribution while also supporting organisational goals.

Step 3: Conclusion The process is directing. It is important because it initiates action, integrates employees' efforts and helps employees realise their potential through motivation and leadership.

Quick Tip to Solve: Identify directing from its five action words, then explain importance through starting work, combining efforts and developing employee potential.

27. 'MVT Ltd.' is a leading cosmetic manufacturing company. It has its own consumer service and grievance redressal centre to address consumer concerns. The mobile phone number of the consumer service and grievance redressal cell is printed on the labels of all its products as a policy to get feedback or complaints from their consumers. It also runs various programmes to educate the consumers about their rights and reliefs available to them in case a product or service falls short of their expectations.

Explain the two rights of the consumers which are being promoted by the company. [4 marks]

Solution:

Concept:

- Consumer protection includes the right to be heard, so that consumers can voice dissatisfaction and have their complaints considered by the seller or an appropriate forum.
- The right to consumer education enables consumers to acquire knowledge about their rights, responsibilities and the remedies available against unfair practices.

Step 1: Explain the right to be heard **Right to be heard:** A consumer has the right to file a complaint and to be heard when dissatisfied with goods or services. Business firms should provide channels through which consumers can communicate grievances and obtain consideration of their concerns. In this case, MVT Ltd. has its own consumer service and grievance redressal centre. The words "the mobile phone number ... is printed on the labels of all its products" and "to get feedback or complaints from their consumers" show that customers have an accessible channel for expressing their complaints. Thus, the company is promoting the right to be heard by making it easier for consumers to bring problems to its notice.

Step 2: Explain the right to consumer education **Right to consumer education:** Consumers have the right to acquire knowledge and skills needed to become informed consumers throughout life. They should know the rights provided to them and the reliefs and procedures available when goods or services are unsatisfactory. MVT Ltd. "runs various programmes to educate the consumers about their rights and reliefs available to them". These programmes help consumers recognise a violation and understand how to seek a remedy rather than silently accepting an unsatisfactory product or service. This directly promotes the right to consumer education.

Step 3: Conclusion The two rights promoted by MVT Ltd. are the **right to be heard**, through its accessible complaint and feedback channel, and the **right to consumer education**, through programmes explaining consumer rights and available reliefs.

Quick Tip to Solve: Link a complaint or feedback channel with the right to be heard; link programmes teaching rights and remedies with the right to consumer education.

28. State any four factors affecting the requirements of the capital needed for day-to-day working of the business. [4 marks]

Solution:

Concept:

- Working capital is the capital needed for day-to-day business operations. It is invested in current assets such as cash, inventories and trade receivables.
- The amount required depends on the nature and volume of operations and on changes in the demand for the firm's products. A greater level of operating activity generally requires more funds for current assets.

Step 1: State the factors related to business operations

- **Nature of business:** A trading business generally requires less working capital than a manufacturing business because it need not process raw materials into finished goods. Manufacturing involves inventories of raw materials, work-in-progress and finished goods, which tie up funds. Service businesses may require comparatively little inventory and therefore less working capital.
- **Scale of operations:** A business operating on a large scale normally requires more working capital than a small business. It must maintain larger quantities of inventory and cash to support its transactions, and its larger sales volume may also result in more trade receivables. A smaller scale of operations generally needs a smaller investment in current assets.

Step 2: State the factors related to changes in demand

- **Business cycle:** During a boom, higher demand raises production and sales. The firm needs more inventory and funds to support the increased activity, so working capital requirements rise. During a depression, demand and operating activity decline, generally reducing the funds required for day-to-day operations.
- **Seasonal factors:** A business with seasonal demand needs more working capital during its peak season to maintain larger stocks and meet increased sales. During the lean season, the volume of activity is lower and less working capital is needed. Thus, seasonal variations cause working capital requirements to fluctuate during the year.

Step 3: Conclusion Four factors affecting working capital requirements are **nature of business, scale of operations, business cycle and seasonal factors**. Each influences the amount of current assets needed to sustain normal business operations.

Quick Tip to Solve: For working capital, connect each factor to day-to-day needs such as stocks, cash and receivables; do not explain investment in long-term fixed assets.

29. Managers in 'Galaxy Enterprises' faced lot of issues due to barriers in communication leading to creation of an environment of distrust and misunderstanding.

Suggest any four measures to improve communication effectiveness in 'Galaxy Enterprises'. [4 marks]

Solution:

Concept:

- Effective communication creates common understanding between the sender and receiver. A message has succeeded only when the receiver understands it in the intended sense.
- Barriers can be reduced by clarifying ideas, considering the receiver's needs, consulting others and obtaining feedback rather than merely sending more messages.

Step 1: Clarify the message and adapt it to the receiver The case says communication barriers created an "environment of distrust and misunderstanding". Managers should adopt these measures:

- **Clarify ideas before communication:** Managers must first identify the purpose and precise content of a message. They should arrange ideas logically so that employees receive clear instructions rather than conflicting or vague statements.
- **Communicate according to the receiver's needs:** Managers should consider employees' understanding, education and experience. They should use language familiar to the receiver, explain technical terms and avoid unnecessary jargon so that the intended meaning is understood.

Step 2: Involve others and confirm understanding

- **Consult others before communicating:** While developing a message or plan, managers should invite suggestions from the people concerned. Their participation improves the message, encourages acceptance and helps replace the distrust mentioned in the case with cooperation.
- **Ensure proper feedback:** Managers should encourage employees to ask questions and respond freely. They should check whether the message was understood correctly, listen without prejudice and clarify doubts promptly. Feedback completes the communication process and exposes misunderstandings before they affect work.

Step 3: Conclusion Galaxy Enterprises should clarify ideas, adapt communication to receivers, consult concerned employees and ensure proper feedback. Together these measures improve mutual understanding and address the distrust described in the case.

Quick Tip to Solve: For a question asking measures, name each NCERT measure and explain the action the manager should take to remove a communication barrier.

30. Kaveri is busy in preparing the financial blueprint for her organisation's future operations. She feels that detailed plans of action reduce waste and duplication of efforts. However, her friend, Sana feels that in an uncertain and dynamic world, this type of planning may not work. Kaveri again stresses on her statement and explains why this financial blueprint is important.

Identify the concept and state three points of its importance in addition to those explained in the above para. [4 marks]

Solution:

Concept:

- Financial planning prepares the financial blueprint for an organisation's future operations. It involves estimating fund requirements and specifying the sources from which funds will be obtained.
- Its objective is to ensure that adequate funds are available at the right time, while avoiding unnecessary raising of funds and the associated cost of idle finance.

Step 1: Identify financial planning from the case The concept is **financial planning**. Kaveri is preparing the "financial blueprint for her organisation's future operations", which directly identifies this concept. It translates expected operations into financial requirements and arrangements for meeting them. Sana's reference to uncertainty does not change the identification: financial planning considers possible future circumstances instead of assuming that the future is completely predictable. The benefit of reducing waste and duplication is already given, so it should not be repeated as one of the additional points.

Step 2: State three additional points of importance

- **Helps in forecasting future situations:** Financial planning prepares the organisation to face different possible situations. By making clear what may happen under different circumstances, it enables managers to frame suitable financial responses for the future.
- **Helps in avoiding business shocks and surprises:** It anticipates financial requirements and possible shortages, allowing arrangements to be made in advance. The business is therefore better prepared to respond when actual conditions change, addressing Sana's concern about an uncertain environment.
- **Links the present with the future:** Financial planning connects present financial decisions with future requirements. Managers can assess how current financing and investment decisions will affect the availability and use of funds in later periods, instead of taking isolated short-term decisions.

Step 3: Conclusion Kaveri is undertaking financial planning. Besides reducing waste and duplication, it helps forecast future situations, avoid business shocks and surprises, and link present decisions with future financial requirements.

Quick Tip to Solve: The phrase "financial blueprint" identifies financial planning. When asked for additional benefits, exclude the benefit already explained in the case.

31(a). What is meant by 'Decentralisation' ? State any four points that highlight the importance of Decentralisation. [6 marks]

Solution:

Concept:

- Decentralisation is an organisational policy concerning the extent to which decision-making authority is distributed to lower levels of management.
- It extends delegation systematically throughout the organisation. Top management retains authority over major policies and overall control, while lower-level managers decide matters within their assigned jurisdiction.

Step 1: Define decentralisation **Meaning:** Decentralisation refers to the systematic delegation of authority through all levels of management and in all departments of an organisation. Decision-making authority is shared with lower levels instead of being concentrated mainly at the top. Thus, managers close to an activity can take decisions about it within the limits laid down by the organisation. It does not mean that top management gives up all authority or its responsibility for the enterprise.

Step 2: Explain four points of importance

- **Develops initiative among subordinates:** Decentralisation gives lower-level managers freedom to take decisions and act on them. They learn to exercise judgement rather than constantly wait for directions. Being trusted with authority makes them more confident, self-reliant and willing to take initiative in solving work problems.
- **Develops managerial talent for the future:** Managers gain practical experience by taking decisions and accepting responsibility for their consequences. This experience improves their ability to analyse situations, use their abilities and handle challenging assignments. It therefore provides training for employees who may later occupy higher managerial positions.
- **Facilitates quick decision-making:** Decisions can be taken near the point of action, where managers possess first-hand knowledge of local conditions and problems. A matter need not travel through a long chain of superiors for every approval. Shorter decision-making channels reduce delay and enable a prompt response to operational needs.
- **Provides relief to top management:** Lower-level managers are authorised to deal with routine operational matters. Senior managers consequently spend less time supervising such decisions and can concentrate on policy formulation, strategic planning and other major issues affecting the whole enterprise. Top management continues to guide and control overall performance.

Step 3: Conclusion Decentralisation systematically disperses decision-making authority across managerial levels and departments. Its importance is reflected in greater initiative, the development of future managers, quicker decisions and relief to top management.

Quick Tip to Solve: Begin with systematic delegation throughout the organisation, then explain each benefit by linking decision-making freedom to its practical result.

OR

31(b). What is meant by 'Delegation' ? State any four points that highlight the importance of Delegation. [6 marks]

Solution:

Concept:

- Delegation enables a manager to get work done through subordinates by assigning responsibility and granting the authority needed to perform the assigned work.
- Its elements are authority, responsibility and accountability. Authority can be delegated, but the superior's ultimate accountability for the work cannot be delegated away.

Step 1: Define delegation **Meaning:** Delegation refers to the transfer of authority from a superior to a subordinate to carry out an assigned task. The manager assigns responsibility for specified work and gives the subordinate sufficient authority to perform it, while creating accountability for satisfactory performance. It allows the manager to share work with others, but does not relieve the manager of ultimate accountability to a higher authority. The subordinate must exercise the delegated authority within the prescribed limits.

Step 2: Explain four points of importance

- **Effective management:** Delegation enables managers to reduce their workload by entrusting routine duties to subordinates. Managers can then devote more attention to important matters, while subordinates carry out the assigned tasks. This division of work helps the manager use time and abilities effectively and improves the performance of the managerial team.
- **Employee development:** A subordinate who receives authority gains opportunities to use knowledge, exercise judgement and make decisions. Handling unfamiliar assignments gives practical experience and develops new skills. Delegation therefore serves as training on the job and prepares employees to accept greater responsibilities in future.
- **Motivation of employees:** Entrusting employees with responsibility and authority shows the superior's confidence in them. Recognition of their ability increases self-esteem and makes them feel valued. The opportunity to take decisions encourages initiative and a willingness to put effort into completing the assigned work successfully.
- **Facilitation of growth:** Delegation helps create a reserve of competent and experienced managers. When an enterprise expands or undertakes new activities, these employees can take up higher responsibilities. Their readiness to manage new assignments makes it easier for the organisation to grow without depending on one senior manager for every decision.

Step 3: Conclusion Delegation transfers the authority needed for assigned work to a subordinate while preserving the superior's ultimate accountability. It supports effective management, employee development, employee motivation and organisational growth.

Quick Tip to Solve: State the transfer of authority in the definition, preserve the superior's accountability, and connect each importance point to how sharing work helps people or the organisation.

32(a). 'A mixture of tangible and intangible attributes which is capable of being exchanged for a value with the ability to satisfy customer needs is an important element of marketing mix.' Identify and state the concept. Also explain the three important decisions included in this element. [6 marks]

Solution:

Concept:

- The product element of the marketing mix concerns what a business offers to satisfy customers' needs. A product is a bundle of tangible and intangible attributes exchangeable for value.
- Product decisions include branding, packaging and labelling. These decisions give the offering an identity, protect and present it, and communicate information to buyers.

Step 1: Identify and state the product concept The concept is **product**. The expression 'a mixture of tangible and intangible attributes' shows that the offering includes more than a physical object: its quality, design, brand image and associated services also contribute to customer satisfaction. The words 'capable of being exchanged for a value' indicate an offering that a buyer obtains in return for a price or another consideration. Thus, a product is anything that can be offered to a market to satisfy a need or want; it may include goods, services or other valuable offerings.

Step 2: Explain the branding decision **Branding:** This is the process of giving a product a name, sign, symbol, design or a combination of these so that buyers can identify the seller's offering and distinguish it from competitors' products. The marketer decides whether to sell under a brand and selects an appropriate brand name and mark. A suitable name should be easy to pronounce and remember, distinctive and suggestive of the product's benefits or qualities. A recognisable brand helps repeat buying and creates a basis for differentiation, while consistent quality supports the reputation attached to that identity.

Step 3: Explain the packaging decision **Packaging:** This involves designing and developing the container or wrapper for a product. The marketer chooses suitable materials, size, shape and presentation, considering the product's nature and its handling requirements. Packaging protects the contents against damage, contamination or spoilage during storage and transport. It also makes handling and use convenient and helps identify and promote the product at the point of purchase. For example, a secure, easy-to-use container can both preserve the product and improve the customer's experience.

Step 4: Explain the labelling decision **Labelling:** This concerns designing the label attached to, or printed on, a product or its package. A label may range from a simple tag to detailed printed information. It identifies the product or brand and describes its contents, quantity, method of use and precautions. Labels can also grade products, support promotion and provide information required by law, such as manufacturing details or prescribed warnings. Thus, the label helps the customer make an informed choice and use the product properly.

Step 5: Conclusion The identified element is **product**, the total offering of tangible and intangible benefits that satisfies customer needs. Its three important decisions are **branding, packaging and labelling**, which respectively establish identity, provide a suitable container or wrapper, and communicate product information.

Quick Tip to Solve: For product decisions, remember identity, container and information: these lead directly to branding, packaging and labelling.

OR

32(b). 'It is a social process by which individual groups obtain what they need and want through creating offerings and freely exchanging products and services of value with others.' Identify and state the process. Also explain any three of its features. [6 marks]

Solution:

Concept:

- Marketing is a social process through which individuals and groups obtain what they need and want by creating, offering and freely exchanging products and services of value with others.
- Important features of marketing include a focus on needs and wants, creation of a market offering, customer value and an exchange mechanism. The following answer explains any three of these features.

Step 1: Identify and state the process The process is **marketing**. The quoted words 'creating offerings and freely exchanging products and services of value with others' identify marketing as a process extending beyond merely making a sale. Marketing links the needs and wants of people with suitable offerings and enables voluntary exchange. It is a social process because individuals and groups interact to obtain satisfaction through these exchanges.

Step 2: Explain the focus on needs and wants **Needs and wants:** Marketing starts with identifying the needs and wants of customers and seeks to satisfy them. A need is a state of felt deprivation, such as the need for food, clothing or shelter. A want is the particular form in which an individual wishes to satisfy that need, influenced by personal preferences and other factors. The words 'obtain what they need and want' directly reflect this feature. A marketer must discover what the target customers actually require rather than assume that whatever the firm produces will be purchased.

Step 3: Explain the creation of a market offering **Creating a market offering:** A market offering is a complete combination of a product or service and its features, quality, price, availability and associated benefits. Marketers develop this offering after analysing the needs and preferences of the target market. The phrase 'creating offerings' points to this activity. The offering must be designed to meet the buyers' requirements and provide a reason to choose it.

Step 4: Explain the exchange mechanism **Exchange mechanism:** Marketing operates through exchange: people obtain a desired product or service by giving something of value in return. The phrase 'freely exchanging products and services of value with others' directly expresses this feature. Exchange requires at least two parties, each possessing something valuable to the other; they must be able to communicate and deliver their offerings. Each party must also be free to accept or reject the exchange and willing to deal with the other. Thus, marketing seeks a voluntary transaction that satisfies the participants rather than a forced transfer.

Step 5: Conclusion The process is **marketing**: obtaining desired satisfaction through the creation, offering and free exchange of products and services of value. Its three features explained here are **focus on needs and wants, creation of a market offering, and an exchange mechanism**.

Quick Tip to Solve: Read the definition in sequence: needs and wants guide the offering, and the offering reaches the customer through voluntary exchange.

33. A famous cricket coach, Alam Raza was hired by Sports College, Indore to coach the college cricket team for a National level competition. In the first meeting itself, the Principal of the college announced that the players would enter into an agreement with the college. The agreement would state the reporting time for players on the field and other rules and regulations. Failure to obey the agreement and rules would lead to judicious application of penalties. It was also announced by the College Principal that the players would receive orders from the coach and they would all be responsible only to the coach, to prevent confusion regarding tasks to be done. The coach was very determined to train the players to win, as the entire responsibility was on his shoulders. He promoted the spirit of mutual trust and belongingness among the team members without which he felt it would be difficult to win. The players were also enthusiastic and the training started in full swing.

Identify and explain the three principles of management discussed in the above case. [6 marks]

Solution:

Concept:

- Fayol's principles provide general guidelines for managerial behaviour. A case is identified by the practice it describes, followed by the meaning of the corresponding principle.
- Discipline concerns obedience to agreed rules, unity of command concerns one superior for each subordinate, and esprit de corps concerns team spirit and unity.

Step 1: Identify and explain discipline **Discipline:** The agreement specifies "the reporting time for players on the field and other rules and regulations", and failure to obey leads to "judicious application of penalties". These lines show discipline. Discipline means obedience to organisational rules and employment agreements necessary for the working of the organisation. It requires good superiors at all levels, clear and fair agreements, and judicious application of penalties. Here, agreed reporting times establish the conduct expected from every player; fair enforcement helps the team train regularly and work towards its goal.

Step 2: Identify and explain unity of command **Unity of command:** The players "would receive orders from the coach and they would all be responsible only to the coach". According to this principle, each employee should receive orders from, and be accountable to, one superior only. If more than one superior gives instructions, conflicting orders can create confusion, undermine authority and make responsibility difficult to fix. In this case, the coach is the single reporting authority for the players. Consequently, the players know whose training instructions to follow and the coach can hold them responsible for their performance.

Step 3: Identify and explain esprit de corps **Esprit de corps:** The coach "promoted the spirit of mutual trust and belongingness among the team members". Esprit de corps means promoting team spirit, unity and harmony among employees. Management should replace a spirit of competition that divides members with cooperation, and encourage members to think in terms of "we" rather than "I". Mutual confidence and a sense of belonging enable individual efforts to contribute to a common objective. Here, the coach builds solidarity among the players so that they work together to win the national competition instead of pursuing only individual success.

Step 4: Conclusion The three principles are **Discipline**, **Unity of command**, and **Esprit de corps**. The agreement and fair penalties, the single coach giving orders, and the promotion of mutual trust provide the respective evidence.

Quick Tip to Solve: Match each case clue precisely: agreed rules and penalties indicate discipline; one reporting superior indicates unity of command; mutual trust and team spirit indicate esprit de corps.

34. 'Diamond Logistics Company' had a turnover of ₹ 25 lakh during the year ended 31st March, 2022. In a board meeting held on 15th April, 2022, it was decided to achieve a turnover of ₹ 45 lakh for the next year. To accomplish this objective after taking into consideration the business environment, a comprehensive plan was drawn. The Chief Executive Officer (CEO) of the company also released a plan that would not only guide the thinking of the managers and their decision-making but also channelise their energies towards achievement of this target.

Identify and explain the three types of plans discussed in the above para. [6 marks]

Solution:

Concept:

- Planning specifies the desired results and the course of action for achieving them. Different types of plans perform different roles within this process.
- Objectives state the ends to be achieved, strategies provide comprehensive plans in the light of the business environment, and policies guide managerial thinking and decisions.

Step 1: Identify and explain the objective **Objective:** The board decided "to achieve a turnover of ₹ 45 lakh for the next year". This is an objective because it states the specific result the company wants to achieve within a stated period. Objectives are the desired future positions that management seeks to reach; they provide the end point of planning and a direction for organisational effort. They should be clearly expressed, preferably in measurable terms, so that achievement can be assessed. Here, the turnover target of ₹ 45 lakh gives the managers a common measurable goal against which the next year's actual turnover can be compared.

Step 2: Identify and explain the strategy **Strategy:** The case states that, "after taking into consideration the business environment, a comprehensive plan was drawn". This identifies a strategy. A strategy is a comprehensive plan for accomplishing organisational objectives in the light of the business environment. It involves determining long-term objectives, adopting a course of action, and allocating the resources necessary to achieve those objectives. By considering the external environment, management connects the company's intended action with the opportunities and constraints it faces. Here, the comprehensive plan provides the broad course by which Diamond Logistics intends to achieve its turnover objective.

Step 3: Identify and explain the policy **Policy:** The CEO released a plan to "guide the thinking of the managers and their decision-making" and "channelise their energies towards achievement of this target". This identifies a policy. Policies are general statements that guide thinking or channelise energies towards a particular direction. They provide a framework within which managers exercise discretion and take decisions consistent with organisational objectives. Policies promote consistency when different managers face similar situations, while leaving room for judgement within the specified boundaries. Thus, the CEO's policy guides managerial decisions towards the turnover target rather than prescribing an exact sequence of activities.

Step 4: Conclusion The three types of plans are **Objective**, **Strategy**, and **Policy**. The turnover target is the objective, the comprehensive plan considering the business environment is the strategy, and the guideline for managerial thinking and decisions is the policy.

Quick Tip to Solve: In a planning case, ask three questions: what result is wanted (objective), what comprehensive route considers the environment (strategy), and what guides managerial decisions (policy)?