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

Question Paper with Solutions

Conducted by the Central Board of Secondary Education (CBSE)

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

General Instructions

(i) This question paper contains **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. _____ is a standing plan. [1 mark]

(A) Rule

(B) Budget

(C) Programme

(D) Strategy

Correct Answer: (A) Rule

Solution:

Concept:

- A standing plan guides activities that occur repeatedly over a period of time.
- A rule states precisely what must or must not be done in a particular situation; it leaves no discretion.

Step 1: Identify the recurring guide A rule applies whenever the specified situation arises. For example, a rule prohibiting smoking applies every time employees are at the workplace. It therefore provides a continuing guide rather than a plan exhausted after one project.

Step 2: Eliminate the other plans A budget is a numerical statement of expected results, normally prepared for a specified period or undertaking. A programme combines several plans for a particular project. A strategy gives a comprehensive direction for achieving an objective. Among the choices, the rule is the standard example of a standing plan.

Step 3: Conclusion A rule is a standing plan. Hence, the correct option is (A).

Quick Tip to Solve: Ask whether the same direction applies each time a situation recurs: a rule does.

2. Which of the following consumer rights under Consumer Protection Act, 2019 gives the freedom to consumers to access variety of products at competitive prices ? [1 mark]

(A) Right to be informed

(B) Right to be assured/Right to choose

(C) Right to consumer education

(D) Right to be heard

Correct Answer: (B) Right to be assured/Right to choose

Solution:

Concept:

- The right to be assured, also called the right to choose, gives consumers access to a variety of goods and services at competitive prices.
- Different consumer rights address choice, information, education and representation separately.

Step 1: Match the words in the question The decisive words are “access variety of products at competitive prices. They describe the consumer’s freedom to compare available alternatives and select

a suitable product without being forced to accept one seller's offering.

Step 2: Distinguish the other rights The right to be informed concerns details such as quality, quantity, price and ingredients. The right to consumer education concerns knowledge of rights and remedies. The right to be heard ensures that consumer interests and complaints receive consideration. These do not specifically describe access to competing alternatives.

Step 3: Conclusion The right to be assured/right to choose is the relevant right. Hence, the correct option is (B).

Quick Tip to Solve: Match "variety and "competitive prices with choice; match product details with information.

3. From 2003, all transactions in securities are to be settled within two days after the trade date. This system is known as : [1 mark]

(A) Rolling settlement system

(B) Rotational settlement system

(C) Automatic settlement system

(D) Mutual settlement system

Correct Answer: (A) Rolling settlement system

Solution:

Concept:

- Under rolling settlement, each trading day has its own settlement date after a fixed time interval.
- The period stated in the question is two days after the trade date, conventionally expressed as T+2.

Step 1: Identify the settlement pattern The question states that transactions are settled "within two days after the trade date. The settlement date is linked to the date of each trade rather than to a common account-period closing date. This is the defining feature of rolling settlement.

Step 2: Select the recognised term Rolling settlement is the textbook name for this arrangement. Rotational settlement, automatic settlement and mutual settlement are not the names of the securities settlement system described. The question asks for the historical arrangement specified in its statement.

Step 3: Conclusion The system described is the rolling settlement system. Hence, the correct option is (A).

Quick Tip to Solve: For rolling settlement, count the fixed settlement interval separately from each trade date.

4. Which of the following is not a disadvantage of functional structure of organisation ? [1 mark]

(A) Less emphasis on overall enterprise objectives than the objectives pursued by a functional head.

(B) A conflict of interests may arise when the interests of two or more departments are not compatible.

(C) May lead to increase in costs since there may be duplication of activities across products.

(D) It may lead to problems in coordination as information has to be exchanged across functionally differentiated departments.

Correct Answer: (C) May lead to increase in costs since there may be duplication of activities across products.

Solution:

Concept:

- A functional structure groups similar activities into departments such as production, finance and marketing.
- A divisional structure groups activities by products and can duplicate functional resources across product divisions.

Step 1: Locate the feature of divisional structure Option (C) mentions "duplication of activities across products. Separate product divisions may each maintain their own finance, personnel and other facilities, increasing costs. This is a disadvantage of divisional structure rather than functional structure.

Step 2: Verify the functional disadvantages Option (A) describes departmental objectives taking priority over enterprise objectives. Option (B) describes conflicts between departments with incompatible interests. Option (D) describes coordination difficulties across specialised functional departments. All three can arise in a functional structure and therefore cannot answer a question asking what is not its disadvantage.

Step 3: Conclusion Duplication of activities across products is not a disadvantage of functional structure. Hence, the correct option is (C).

Quick Tip to Solve: Read "not carefully: duplication across product divisions points to divisional structure.

5. Ashita works in a company where her basic task is to integrate diverse elements and co-ordinate the activities of different departments according to the overall objectives of the organisation. At which level of management is Ashita working ? [1 mark]

(A) Top level management

(B) Middle level management

(C) Supervisory level management

(D) Both (b) and (c)

Correct Answer: (A) Top level management

Solution:

Concept:

- Top management integrates diverse elements and coordinates different departments in pursuit of overall organisational objectives.
- Middle management implements top management plans, while supervisory management oversees the work of operatives.

Step 1: Use the case evidence Ashita's basic task is to "integrate diverse elements and "co-ordinate the activities of different departments according to the overall objectives. This organisation-wide responsibility identifies top level management.

Step 2: Distinguish the remaining levels Middle managers interpret policies, ensure departmental resources and guide lower managers. Supervisors directly oversee workers and day-to-day operations. Neither level has the stated basic task of integrating the enterprise as a whole, so middle level, supervisory level and their combination do not fit the case.

Step 3: Conclusion Ashita is working at the top level of management. Hence, the correct option is (A).

Quick Tip to Solve: Use the scope of responsibility: integrating the whole enterprise indicates top management.

6. Statement I : Financial planning is essentially the preparation of financial blueprint of an organisation's future operations.

Statement II : Financial planning is done only for long-term and focuses on capital expenditure programmes only.

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

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

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

(C) Both the statements are true.

(D) Both the statements are false.

Correct Answer: (A) Statement I is true and Statement II is false.

Solution:

Concept:

- Financial planning prepares a financial blueprint for future operations by estimating fund requirements and their sources.
- It covers both long-term investment needs and short-term financial requirements.

Step 1: Evaluate Statement I Statement I correctly calls financial planning the preparation of the financial blueprint of an organisation's future operations. It helps ensure that adequate funds are available at the right time and that unnecessary excess funding is avoided. Statement I is true.

Step 2: Evaluate Statement II and the combinations Statement II is false because of the word "only. Financial planning is undertaken for both long-term and short-term requirements; it is not restricted to capital expenditure programmes. Consequently, the combinations stating that II alone is true, that both are true, or that both are false must be rejected.

Step 3: Conclusion Statement I is true and Statement II is false. Hence, the correct option is (A).

Quick Tip to Solve: Treat "only as a warning: financial planning also covers short-term requirements.

7. _____ are detailed statements about a project which outline the objectives, policies, procedures, rules, tasks, budgets, etc. to implement any course of action.

[1 mark]

(A) Methods

(B) Budgets

(C) Programmes

(D) Procedures

Correct Answer: (C) Programmes

Solution:

Concept:

- A programme is a detailed statement about a project that brings together objectives, policies, procedures, rules, tasks and budgets.
- Individual plans provide particular kinds of guidance; a programme coordinates them to implement

a course of action.

Step 1: Recognise the comprehensive project plan The question lists "objectives, policies, procedures, rules, tasks, budgets together. A programme combines these components into a detailed project plan, specifying what must be done to implement the proposed course of action.

Step 2: Rule out narrower plans A method prescribes the manner in which a task is performed. A budget expresses expected results in numerical terms. A procedure lays down the sequence of steps for recurring activities. Each is narrower than the complete package described, and each can be one component of a programme.

Step 3: Conclusion Programmes are the detailed statements described. Hence, the correct option is (C).

Quick Tip to Solve: A project plan that combines objectives, rules, tasks and budgets is a programme.

8. Project 'Nanhi Kali' run by Shivam and Sohan Ltd. was started in 1998 and is one of the largest programmes that enables underprivileged girls to complete 10 years of schooling. The project has impacted the lives of over 5 lakh girls from low income group families across the country.

The objective achieved by Shivam and Sohan Ltd. by doing so is : [1 mark]

(A) Organizational objective

(B) Social objective

(C) Personal objective

(D) Both (a) and (c)

Correct Answer: (B) Social objective

Solution:

Concept:

- Social objectives concern the welfare of society and the contribution a business makes to the community.
- Organisational objectives concern survival, profit and growth; personal objectives concern the needs of employees.

Step 1: Identify the beneficiaries The project enables 'underprivileged girls to complete 10 years of schooling' and has reached 'over 5 lakh girls from low income group families'. The beneficiaries are disadvantaged members of society, so the activity promotes social welfare through education.

Step 2: Compare the objectives This contribution fulfils a social objective. Option (A) concerns the organisation's own survival, profit or growth. Option (C) concerns employees' individual needs, rather than the education of girls in the wider community. Option (D) combines those two objectives and therefore does not describe the stated purpose of this project.

Step 3: Conclusion The company achieves a social objective by supporting education for underprivileged girls. Hence, the correct option is (B).

Quick Tip to Solve: Identify who benefits: welfare of the wider community points to a social objective of management.

9. From the following, identify the Incorrect Statement as per Consumer Protection Act, 2019 :

[1 mark]

(A) National Commission has territorial jurisdiction over the whole country for consumer protection.

(B) District Commission entertains complaints where value of goods or services paid as consideration does not exceed ₹ 1 crore.

(C) Appeal against District Commission's order can be filed in National Commission.

(D) District Commission and State Commission are set by the State Governments.

Correct Answer: (C) Appeal against District Commission's order can be filed in National Commission.

Solution:

Concept:

- The three-tier consumer redressal machinery comprises District, State and National Commissions.
- In the textbook framework tested here, an appeal against an order of a District Commission goes to the State Commission, the next higher tier.

Step 1: Trace the appeal route Option (C) sends an appeal against a District Commission's order directly to the National Commission. The ordinary appeal route is District Commission to State Commission, and then State Commission to National Commission. Thus the stated route skips the immediate appellate tier.

Step 2: Check the remaining statements Option (A) correctly describes the National Commission's countrywide territorial jurisdiction. Option (B) states the District Commission's pecuniary limit in the Consumer Protection Act, 2019 textbook framework used in this question. Option (D) correctly states that the State Government establishes the District and State Commissions. The question asks for the incorrect statement, so these are not selected.

Step 3: Conclusion The incorrect statement is the direct appeal from the District Commission to the National Commission; the appeal lies with the State Commission. Hence, the correct option is (C).

Quick Tip to Solve: For the ordinary appeal route, move up one tier: District to State, then State to National.

10. From the following, identify the statement which is correct about capital budgeting decision :

[1 mark]

(A) These decisions are reversible.

(B) These decisions include committing huge amounts of finance on a long-term basis, therefore need to be taken with utmost care.

(C) These decisions do not affect the earning capacity of the business in the long run.

(D) Size of assets, profitability and competitiveness are not affected by capital budgeting decisions.

Correct Answer: (B) These decisions include committing huge amounts of finance on a long-term basis, therefore need to be taken with utmost care.

Solution:

Concept:

- Capital budgeting is a long-term investment decision concerning investment in fixed assets or projects.
- Such decisions commit substantial funds, affect future earning capacity and are difficult or costly to reverse.

Step 1: Identify the financial commitment Option (B) recognises that a capital budgeting decision commits huge amounts of finance for a long period. Since the funds remain tied up and the consequences continue for several years, proposals require careful evaluation before acceptance.

Step 2: Eliminate the incorrect claims Option (A) is incorrect because these decisions are generally irreversible or reversible only at a substantial cost. Option (C) is incorrect because the chosen assets and projects determine long-term earning capacity. Option (D) is incorrect because capital budgeting directly affects the scale of assets, profitability and competitiveness of the business.

Step 3: Conclusion Capital budgeting decisions require utmost care because they involve a large, long-term commitment of finance. Hence, the correct option is (B).

Quick Tip to Solve: Associate capital budgeting with large fixed-asset investments and long-term consequences, including costly reversal.

11. Which of the following statements is Incorrect with respect to Autocratic Leadership style ?

[1 mark]

(A) Subordinates are expected to obey the orders of the leader.

(B) An autocratic leader does not wish to be contradicted.

(C) Subordinates are given high degree of independence.

(D) Quick decision-making is facilitated.

Correct Answer: (C) Subordinates are given high degree of independence.

Solution:

Concept:

- An autocratic leader centralises decision-making and expects subordinates to follow orders.
- A high degree of freedom for subordinates is characteristic of free-rein leadership rather than autocratic leadership.

Step 1: Examine the claim about independence Option (C) states that subordinates receive a high degree of independence. Under autocratic leadership, the leader exercises authority and determines what is to be done, so substantial subordinate independence contradicts the style described.

Step 2: Verify the other characteristics Option (A) fits this style because obedience to the leader's orders is expected. Option (B) also fits because the leader does not wish decisions to be contradicted. Option (D) is correct because concentration of decision-making authority can allow quick decisions without lengthy consultation. Since the question asks for the incorrect statement, only (C) is selected.

Step 3: Conclusion Giving subordinates a high degree of independence is not a feature of autocratic leadership. Hence, the correct option is (C).

Quick Tip to Solve: First notice the word incorrect; an autocratic leader retains control, whereas a free-rein leader gives extensive freedom.

12. Providing job security and pension plan, etc. will satisfy which of the following needs of employees ?

[1 mark]

(A) Basic physiological needs

(B) Safety/Security needs

(C) Belongingness needs

(D) Esteem needs

Correct Answer: (B) Safety/Security needs

Solution:

Concept:

- Safety or security needs involve protection from threats and stability of employment and income.
- Job security protects present employment, while pension arrangements provide financial security after retirement.

Step 1: Connect the benefits to the need Job security reduces the fear of losing employment and

income. A pension plan reduces uncertainty about income after retirement. Both protect employees against future economic insecurity and therefore satisfy safety/security needs.

Step 2: Distinguish the remaining needs Option (A), basic physiological needs, concerns essentials such as food, clothing and shelter. Option (C), belongingness needs, concerns acceptance, friendship and social relationships. Option (D), esteem needs, concerns recognition, status and respect. Although income can help meet other needs, the distinctive purpose of the benefits named in this question is protection and stability.

Step 3: Conclusion Job security and pension plans satisfy employees' safety/security needs. Hence, the correct option is (B).

Quick Tip to Solve: Look for protection against future uncertainty: secure employment and retirement income indicate safety needs.

13. Which of the following is not a factor affecting price of a product or service ? [1 mark]

(A) Product cost

(B) Extent of competition in the market

(C) Government and legal regulations

(D) Standardization and Grading

Correct Answer: (D) Standardization and Grading

Solution:

Concept:

- Price determination is affected by product cost, competition, demand and utility, government regulation and other pricing considerations.
- Standardisation and grading are marketing functions concerned with product uniformity and classification.

Step 1: Identify the separate marketing function Standardisation establishes specifications for characteristics such as quality, size and design. Grading classifies products into groups according to specified characteristics. Option (D) names these marketing functions rather than a listed factor directly governing price determination.

Step 2: Check the actual pricing factors Option (A) is a pricing factor because costs influence the price required to cover expenditure. Option (B) is a pricing factor because competitors' offers limit or influence the price a firm can charge. Option (C) is a pricing factor because government and legal regulations can restrict pricing. These three therefore cannot answer the question asking which is not a factor.

Step 3: Conclusion Standardization and Grading is the option that is not a factor affecting price determination in the stated classification. Hence, the correct option is (D).

Quick Tip to Solve: Separate the marketing function of classifying products from the costs, competition and rules that determine their price.

14. Match the features of planning given in Column I with their respective explanation given in Column II.

Column I	Column II
A. Planning is a mental exercise	(i) Planning involves thorough examination and evaluation of each alternative and choosing the most appropriate one
B. Planning is all-pervasive	(ii) Planning is required at all levels of management as well as in all departments of the organisation
C. Planning involves decision-making	(iii) Planning requires logical and systematic thinking rather than guess work or wishful thinking

[1 mark]

(A) A-(i), B-(ii), C-(iii)

(B) A-(iii), B-(ii), C-(i)

(C) A-(ii), B-(iii), C-(i)

(D) A-(i), B-(iii), C-(ii)

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

Solution:

Concept:

- Planning is a mental exercise because it requires logical and systematic thinking.
- Planning is all-pervasive because every management level and department needs it; it involves decision-making because alternatives must be evaluated and selected.

Step 1: Match each feature with its defining phrase A matches (iii): a mental exercise uses logical and systematic thinking rather than guesswork. B matches (ii): all-pervasive means planning is needed at all management levels and in all departments. C matches (i): decision-making involves evaluating alternatives and choosing the most appropriate one.

Step 2: Select the complete matching set The complete sequence is A-(iii), B-(ii), C-(i), which is option (B). Option (A) swaps the explanations for mental exercise and decision-making. Option (C) wrongly links mental exercise to coverage across levels and all-pervasiveness to logical thinking. Option (D) also assigns those defining explanations to the wrong features. All three links must agree, not just one.

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

Quick Tip to Solve: Use the keywords: mental means thinking, pervasive means everywhere, and decision means choosing an alternative.

15. With rising pollution levels, consumers are becoming conscious about the harmful effects of polluted air, so the demand for home air-purifiers is increasing day-by-day. Which dimension of business environment is discussed here ? [1 mark]

(A) Political Environment

(B) Technological Environment

(C) Economic Environment

(D) Social Environment

Correct Answer: (D) Social Environment

Solution:

Concept:

- Social environment comprises social values, attitudes, beliefs, lifestyles and expectations that influence business demand.
- Consumer awareness of health and environmental harm can change preferences and create opportunities for businesses.

Step 1: Identify the change in consumer attitudes Consumers are becoming 'conscious about the harmful effects of polluted air'. This growing health awareness changes what people value and seek for their homes. The increasing demand for air-purifiers follows this change in attitudes, so the dimension described is the social environment.

Step 2: Eliminate the other dimensions Political environment concerns government stability and political attitudes, which are not mentioned. Technological environment concerns new techniques and inventions; the passage does not describe a technological development. Economic environment concerns matters such as income, interest rates and economic conditions, rather than the change in consumer awareness stated here.

Step 3: Conclusion The dimension is Social Environment. Hence, the correct option is (D).

Quick Tip to Solve: Identify the change that causes demand: health awareness and consumer attitudes point to the social environment.

16. In advertising 'there is no direct face-to-face contact between the prospect and the advertiser'. The feature of advertising stated here is : [1 mark]

(A) Paid form

(B) Impersonality

(C) Economical

(D) Identified sponsor

Correct Answer: (B) Impersonality

Solution:

Concept:

- Advertising is a paid, impersonal form of communication by an identified sponsor to promote goods, services or ideas.
- Impersonality means that the advertiser does not communicate with each prospective buyer through direct face-to-face contact.

Step 1: Match the statement to impersonality The statement explicitly says 'there is no direct face-to-face contact between the prospect and the advertiser'. An advertisement reaches people through a medium rather than through a salesperson speaking personally to each buyer. This is the feature of impersonality.

Step 2: Distinguish the remaining features Paid form means that the advertiser pays for the message; it does not describe the absence of personal contact. Economical refers to the low cost per person reached when an advertisement reaches a large audience. Identified sponsor means that the source paying for and issuing the message is known. Neither cost nor the identity of the sponsor is the feature specified in the quotation.

Step 3: Conclusion The feature stated is Impersonality. Hence, the correct option is (B).

Quick Tip to Solve: No face-to-face contact signals impersonality; payment and a named advertiser identify different features.

17. In organising process, which of the following step is performed just before establishing reporting relationship between individuals ? [1 mark]

(A) Assignment of duties

(B) Identification and division of work

(C) Departmentalization

(D) Imparting training to employees

Correct Answer: (A) Assignment of duties

Solution:

Concept:

- Organising proceeds through identification and division of work, departmentalisation, assignment of duties, and establishment of reporting relationships.

- Duties are allocated to suitable individuals before authority and reporting relationships are clearly defined.

Step 1: Recall the sequence First, the work required to achieve the objectives is identified and divided into manageable activities. Similar activities are then grouped into departments. Next, duties are assigned to individuals according to their abilities. Only after allocating these responsibilities does management establish who reports to whom.

Step 2: Select the immediately preceding step Assignment of duties directly precedes establishing reporting relationships, so it is the required step. Identification and division of work is the first step, while departmentalisation is the second; neither immediately precedes reporting relationships. Imparting training to employees belongs to the staffing function rather than this sequence of organising steps.

Step 3: Conclusion Assignment of duties is performed immediately before establishing reporting relationships. Hence, the correct option is (A).

Quick Tip to Solve: Remember the order: divide work, group activities, assign duties, then establish reporting relationships.

18. Which of the following functions of management completes one cycle of management process and improves planning in the next cycle ? [1 mark]

(A) Organising

(B) Staffing

(C) Directing

(D) Controlling

Correct Answer: (D) Controlling

Solution:

Concept:

- Controlling compares actual performance with planned standards and initiates corrective action when deviations arise.
- Feedback from controlling helps managers improve the plans and standards used in the next management cycle.

Step 1: Identify the feedback function At the end of a management cycle, managers must determine whether the intended objectives have been achieved. Controlling measures actual performance, compares it with standards, analyses deviations and takes corrective action. Its findings reveal difficulties and provide information for preparing more effective plans in the next cycle.

Step 2: Rule out the other functions Organising arranges work and establishes relationships. Staffing obtains, develops and maintains the required workforce. Directing guides, motivates and leads employees during implementation. Although these functions support achievement of objectives, controlling specifically closes the cycle by checking results and feeding the learning back into planning.

Step 3: Conclusion Controlling completes one cycle and improves planning in the next cycle. Hence, the correct option is (D).

Quick Tip to Solve: Look for comparison with standards and feedback to future plans: both indicate controlling.

19. The picture given below depicts important information related to a decision that a marketer has to take in the area of product.

Identify from the following the correct option : [1 mark]

Manufacturing Date : 10/3/23	Organic Honey :	Quantity : 500 ml
Expiry Date : 10/3/25		No added sugar 100% pure
Max. Retail Price : ₹ 500		Manufacturer : Organic Agro products ---------- Uttarakhand

(A) Branding

(B) Labelling

(C) Packaging

(D) None of the above

Correct Answer: (B) Labelling

Solution:

Concept:

- Labelling is the product decision concerned with designing and displaying information on a product or its package.
- A label describes the product and communicates details such as quantity, manufacturer, price and manufacturing or expiry dates.

Step 1: Read the information shown The picture specifies 'Manufacturing Date', 'Expiry Date', 'Max. Retail Price', 'Quantity : 500 ml' and the manufacturer, alongside the honey illustration. These details describe the product and inform the buyer about its contents and use. Providing such particulars is the function of labelling.

Step 2: Distinguish related product decisions Branding gives the product a distinctive name, symbol or design for identification and differentiation. Packaging concerns designing and producing the container or wrapper that holds and protects it. Although a label may appear on the package and carry a brand, the emphasis here is the information communicated. Therefore labelling, rather than branding or packaging, is the precise decision depicted; none of the above is consequently incorrect.

Step 3: Conclusion The picture depicts Labelling. Hence, the correct option is (B).

Quick Tip to Solve: Dates, quantity, price and manufacturer information identify labelling; the physical container identifies packaging.

20. 'Managing public opinion of an organisation is an important task performed by the marketing department.' It is included under which of the following element of marketing mix ? [1 mark]

(A) Product mix

(B) Place mix

(C) Price mix

(D) Promotion mix

Correct Answer: (D) Promotion mix

Solution:

Concept:

- Promotion mix comprises the communication tools used to inform and persuade customers and develop a favourable image.
- Public relations manages relationships and public opinion concerning the organisation and forms part of promotion.

Step 1: Identify public relations in the statement The words 'Managing public opinion of an organisation' describe public relations. This activity builds goodwill, communicates with stakeholders and helps maintain a favourable image of the organisation. Because it concerns communication and public perceptions, it falls within promotion mix.

Step 2: Distinguish the other elements Product mix concerns the goods or services offered and decisions about their features, quality, branding and related matters. Place mix concerns distribution and making products available to customers. Price mix concerns the amount charged and pricing decisions. These do not directly describe managing public opinion. Promotion mix is the element that includes public relations along with advertising, personal selling and sales promotion.

Step 3: Conclusion Managing public opinion is a public-relations activity included in Promotion mix. Hence, the correct option is (D).

Quick Tip to Solve: Public opinion, goodwill and corporate image point to public relations, a tool within promotion mix.

21. 'Burgers and Fudge' was among the first fast food chains in India which pioneered the concept of family-style restaurants. However, over the years it started losing business to multinational food chains like McDonalds and Pizza Hut, etc. and soon had to shut down.

The reason to shut down was the inability of managers to identify, understand, evaluate and to react to the forces external to their firm.

In the light of the above situation, explain with the help of any two points, how understanding of business environment is important for managers. [3 marks]

Solution:

Concept:

- Business environment comprises the external forces that influence an enterprise's operations and performance.

- Understanding these forces helps managers recognise competitive threats and cope with rapid changes instead of continuing with an outdated way of doing business.

Step 1: Identify threats and obtain early warning signals **Identifying threats and early warning signals:** Environmental awareness enables managers to identify developments that may obstruct the firm's performance and take timely action to reduce their effect. The case says the chain was 'losing business to multinational food chains like McDonalds and Pizza Hut'. Entry and growth of these competitors were threats. Recognising their competitive impact early could have helped managers review their service and competitive strategy before the loss of business became severe.

Step 2: Cope with rapid changes **Coping with rapid changes:** Markets, consumer preferences and competitive conditions change continuously. Managers need to understand these changes and develop suitable responses, rather than assume that an earlier successful approach will always work. The firm's managers were unable 'to identify, understand, evaluate and to react to the forces external to their firm'. Monitoring the changing restaurant market would have helped them adapt their business practices to the new conditions. Being a pioneer alone could not protect the chain when its environment changed.

Step 3: Conclusion Understanding the business environment helps managers detect threats early and cope with rapid changes. In this case, both were necessary to respond to growing multinational competition and protect the chain's business.

Quick Tip to Solve: Link each importance point to a case clue: growing competitors signal a threat, while failure to respond signals the need to cope with change.

22(a). Explain any two points that highlight the importance of 'controlling' function of management.

[3 marks]

Solution:

Concept:

- Controlling means ensuring that organisational activities are performed according to the plans and that resources are used effectively.
- The process compares actual performance with standards, identifies deviations and leads to corrective action. Its importance can be explained through its contribution to goals and resource use.

Step 1: Explain the achievement of organisational goals **Accomplishing organisational goals:** Controlling measures progress towards organisational goals and brings to light deviations between actual and desired performance. Managers analyse significant deviations and take corrective action so that operations return to the planned course. Thus, controlling guides the organisation and keeps it on the right track. For example, if actual output falls below the production target, managers identify the cause and correct it instead of allowing the shortfall to continue unnoticed.

Step 2: Explain efficient use of resources **Making efficient use of resources:** Controlling requires activities to be performed according to predetermined standards. These standards make clear the level of performance expected from employees and the resources allowed for the task. Regular comparison

with standards helps reduce wastage and spoilage of materials, time and effort. Corrective action against excessive consumption or idle time allows the organisation to obtain better output from its available resources and improves operational efficiency.

Step 3: Conclusion Controlling is important because it helps accomplish organisational goals and makes efficient use of resources. It does this by revealing deviations from standards and ensuring that appropriate corrective action follows.

Quick Tip to Solve: For each importance point, explain the link from standards and comparison to the benefit; simply naming the benefit is incomplete.

OR

22(b). Explain 'Supervision' and 'Communication' as elements of 'directing' function of management.

[3 marks]

Solution:

Concept:

- Directing involves instructing, guiding, motivating and leading people to achieve organisational objectives. Supervision and communication are two of its elements.
- Supervision provides direct guidance and oversight, while communication creates the common understanding needed for people to carry out their work.

Step 1: Explain supervision **Supervision:** Supervision means overseeing the work of subordinates by their superiors. It involves direct, personal contact with employees, observing their work, guiding them and helping them overcome difficulties in performing assigned tasks. The supervisor ensures that instructions are understood and that the work proceeds according to expectations. Supervision is therefore more than merely watching employees: it includes support, direction and maintaining day-to-day contact so that their efforts contribute to organisational goals.

Step 2: Explain communication **Communication:** Communication is the process of exchange of ideas, views, facts, feelings and other information between or among people to create common understanding. In directing, managers communicate instructions and expectations, while employees communicate doubts, difficulties and suggestions. The message must be understood by the receiver in the sense intended by the sender; merely sending information is insufficient. Feedback helps confirm understanding and makes it possible to clarify a message. Effective communication enables employees to know what is expected and to coordinate their efforts.

Step 3: Conclusion Supervision directs employees through personal oversight and guidance. Communication directs them through the exchange and understanding of information. Together, these elements help translate managerial instructions into coordinated action.

Quick Tip to Solve: Distinguish the central ideas: supervision is overseeing and guiding work; communication is exchanging information to create common understanding.

23. Ananta Ltd. is a firm manufacturing electronic goods. To increase its sales and earn profits, its General Manager, Kamal is thinking in advance what to do and how to do it. He is also preparing forecasts to reduce the risk of uncertainty and to achieve its targets.

By doing so Kamal is performing an important function of management.

Identify and state the function of management highlighted above. Also state any two points of importance of this function. [3 marks]

Solution:

Concept:

- Planning means setting objectives and deciding in advance the appropriate course of action for achieving them. It determines what is to be done and how it is to be done.
- Planning is forward-looking: forecasts help managers prepare for future conditions, although they cannot eliminate uncertainty completely.

Step 1: Identify and state the management function The function is **planning**. Kamal is "thinking in advance what to do and how to do it", which directly expresses planning. He is deciding the future course of action to achieve Ananta Ltd.'s objectives of increasing sales and earning profits. His preparation of forecasts also shows that he is considering future conditions before taking action.

Step 2: State two points of importance **Provides directions:** Planning states objectives and the actions required to achieve them. Employees know what the organisation expects and can direct their efforts towards the common targets. In this case, the sales and profit targets give a clear focus to the firm's activities.

Reduces the risks of uncertainty: Planning requires managers to look ahead, anticipate changes and prepare suitable responses. Forecasts help them assess possible future events and reduce avoidable surprises. Kamal is "preparing forecasts to reduce the risk of uncertainty". This reduces risk; it does not mean that the future becomes completely certain.

Step 3: Conclusion Kamal is performing planning: deciding objectives and the future course of action in advance. Two points of its importance are that it provides directions and reduces the risks of uncertainty.

Quick Tip to Solve: In a case, connect "what to do and how to do it in advance" with planning, then distinguish its definition from its benefits.

24(a). State any three benefits of 'staffing' function of management to the organisation. [3 marks]

Solution:

Concept:

- Staffing is the managerial function concerned with obtaining, utilising and maintaining a satisfactory and satisfied workforce. It places the right people in the right jobs.
- Human resources perform all organisational activities, so the quality of staffing directly affects performance and the efficient use of other resources.

Step 1: Explain how staffing obtains competent employees **Helps in discovering and obtaining**

competent personnel: Staffing identifies the manpower requirements of the organisation and attracts suitable applicants through recruitment. Selection then assesses their qualifications and abilities against job requirements. Thus the organisation acquires capable employees for its various jobs instead of filling vacancies without considering suitability.

Step 2: Explain its effects on performance and resource use **Ensures higher performance:** Proper selection and placement put the right person in the right job. Training develops the knowledge and skills needed to perform the work effectively. Employees who are suited to their duties can deliver better quality and productivity, helping the organisation achieve its objectives.

Ensures optimum utilisation of human resources: Manpower planning and correct placement help avoid both overstaffing and understaffing. Employees' abilities are used where they are most useful, and unnecessary labour costs and disruption from shortages are reduced. This enables the organisation to use its workforce efficiently.

Step 3: Conclusion Three benefits of staffing to the organisation are obtaining competent personnel, ensuring higher performance through suitable placement and development, and achieving optimum utilisation of human resources.

Quick Tip to Solve: For organisational benefits of staffing, organise the answer around obtaining capable people, improving their performance and using their abilities efficiently.

OR

24(b). State any three benefits of training to employees. [3 marks]

Solution:

Concept:

- Training is the process of increasing employees' knowledge and skills for doing a particular job. It equips them to perform their assigned duties more effectively.
- Benefits to employees concern their own career, earnings and safety. These should be distinguished from benefits such as reduced organisational costs or the supply of future managers.

Step 1: Explain the career and earnings benefits **Improves career prospects:** Training improves employees' skills and knowledge and equips them to handle more demanding responsibilities. Better skills help them qualify for advancement and secure better career opportunities. Employees therefore gain capabilities that support their growth instead of remaining limited to their existing level of competence.

Helps employees earn more: Training develops efficiency and improves performance on the job. An employee who produces better results can earn higher remuneration, particularly where earnings or incentives are related to performance. The benefit is the opportunity to earn more through improved ability and productivity; training does not by itself guarantee a pay rise.

Step 2: Explain the safety benefit **Makes employees more efficient in handling machines:** Training teaches employees the correct methods of operating equipment and following safety procedures. They learn to recognise unsafe actions and avoid mistakes while doing their work. This reduces the risk of

accidents and protects them from injury, enabling them to work more confidently and safely.

Step 3: Conclusion Three benefits of training to employees are better career prospects, the opportunity for higher earnings through improved performance, and greater efficiency and safety in handling machines.

Quick Tip to Solve: When asked for benefits to employees, focus on the individual: career growth, earnings and safety, rather than the organisation's costs or profits.

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25. Srijan, after completing his bachelor's degree in culinary arts from a reputed institute, took over his family restaurant specialising in South Indian dishes. This business was promoted by his grandfather many years back in the form of a company. Now he wants to get the restaurant renovated to open a special section for bakery products. It is estimated that an investment of ₹ 5 crore will be required to execute this plan. At present the cash flow position of the company is not strong and fixed operating costs of business are also high.

Keeping in view the above situation, name with two reasons, the source of finance which Srijan should choose for modernization and expansion of his business. Also explain one more factor, apart from those stated above which Srijan should keep in mind while taking this decision. [4 marks]

Solution:

Concept:

- The financing decision chooses the proportion of owners' funds and borrowed funds used to meet a company's long-term financial requirements.
- Equity share capital is an owners' fund. Unlike debt, it carries neither compulsory interest payments nor an obligation to repay the principal on a fixed date.

Step 1: Select the suitable source **Equity share capital:** Srijan should raise the required Rs 5 crore by issuing equity shares. The renovation and bakery section need long-term funds, and the company's weak cash position and high existing fixed costs make additional compulsory financial commitments unsuitable.

Step 2: Link the choice to the two stated conditions **Cash flow position:** The case states that "the cash flow position of the company is not strong". Debt requires regular interest payments and repayment of principal, which need adequate cash inflows. Equity dividends are not compulsory; therefore, equity is more suitable when the company cannot confidently meet regular debt-service commitments.

Fixed operating costs: The case also says that "fixed operating costs of business are also high". High operating costs already create fixed obligations. Adding debt would add fixed interest charges and increase the company's total fixed-payment burden and financial risk. Equity avoids this additional compulsory interest burden.

Step 3: Explain an additional factor **Control:** Srijan should consider the effect of financing on the existing shareholders' control. A fresh equity issue can dilute their proportionate ownership and voting rights, whereas lenders normally do not acquire ownership voting rights. He should assess this dilution while choosing the amount and manner of the equity issue, rather than overlooking control merely because equity suits the company's cash-flow position.

Step 4: Conclusion Equity share capital is suitable because weak cash flows make debt servicing difficult and high fixed operating costs make further fixed interest obligations risky. The effect of issuing new shares on existing shareholders' control is an additional factor to consider.

Quick Tip to Solve: Weak cash flows plus high fixed operating costs point towards equity: explain both the cash-payment burden and the extra risk of debt, then add a separate factor such as control.

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26. Ankush bought a high end microwave on Diwali from a leading electronic store. The microwave had ISI mark and Ankush diligently went through the instruction manual so that he could use it properly. However, due to faulty wiring there was a short-circuit in the microwave. He called up the consumer helpline of the company many times but no solution was provided by the company. Ankush now decided to file a case in the consumer court.

(a) Identify and explain the right which Ankush will exercise.

(b) State two responsibilities which Ankush had fulfilled while purchasing and using the microwave.

[4 marks]

Solution:

Concept:

- Consumer rights protect buyers against defective goods and unfair treatment; consumer responsibilities require buyers to make informed purchases and use goods safely.
- The right to seek redressal enables a consumer to obtain relief against unfair trade practices, restrictive trade practices and unscrupulous exploitation, including relief for defective goods.

Step 1: Identify the right exercised in part (a) **Right to seek redressal:** Ankush exercises this right when he "decided to file a case in the consumer court" after repeated calls brought no solution. It gives him access to a remedy for the defective microwave and the loss or injury caused by it. Depending on the facts established, appropriate relief may include removal of the defect, replacement, refund or compensation. The faulty wiring also concerns safety, but the right exercised by approaching the consumer court is the right to seek redressal.

Step 2: State the purchasing responsibility fulfilled in part (b) **Buy standardised goods:** Consumers should purchase quality-assured goods bearing an appropriate standardisation mark, such as the ISI mark for relevant electrical goods. The case says, "The microwave had ISI mark". Ankush thus fulfilled the responsibility of checking for a standardisation mark while purchasing the appliance, instead of choosing a product without checking its quality assurance.

Step 3: State the responsibility fulfilled while using the product **Read and follow instructions and learn the risks:** Consumers should understand the risks associated with a product and follow the manufacturer's instructions for safe use. Ankush "diligently went through the instruction manual so that he could use it properly". This shows that he informed himself about correct operation and the precautions needed while using the microwave. Reading the manual is distinct from checking the ISI mark: one concerns safe use and the other concerns the quality assurance considered at purchase.

Step 4: Conclusion (a) Ankush will exercise the **right to seek redressal**. (b) He fulfilled the responsibilities of purchasing a standardised product bearing the ISI mark and reading the instruction

manual to understand proper and safe use.

Quick Tip to Solve: Identify the action asked about: a dangerous defect concerns safety, but filing a consumer complaint to obtain relief exercises the right to seek redressal.

27. Explain the following as factors affecting the fixed capital requirements of a business :

(i) Nature of business

(ii) Choice of technique [4 marks]

Solution:

Concept:

- Fixed capital refers to the funds invested in fixed assets such as land, buildings, plant, machinery and equipment. These assets serve the business for more than one accounting period.
- Fixed capital requirements depend on the assets needed to carry on the business and on the production technique selected. A comparison should explain why each factor increases or reduces investment in long-term assets.

Step 1: Explain the nature of business **Nature of business:** A manufacturing concern generally requires a larger investment in fixed assets than a trading concern. It must acquire plant, machinery, factory buildings and other production facilities to convert raw materials into finished products. Consequently, its fixed capital requirement is relatively high. A trading concern primarily purchases finished goods and resells them. It does not normally need the extensive production machinery required by a manufacturer, so its fixed capital requirement is comparatively lower. For example, a furniture manufacturer needs woodworking machines and a production workshop, whereas a furniture trader mainly requires a showroom and storage facilities.

Step 2: Explain the choice of technique **Choice of technique:** A capital-intensive organisation uses a greater amount of plant, machinery and automated equipment in relation to labour. Purchasing and installing this equipment requires substantial investment in fixed assets; therefore, the fixed capital requirement is high. A labour-intensive organisation relies more on human effort and comparatively less on sophisticated machinery. It needs a smaller investment in fixed assets and thus has a lower fixed capital requirement, other things remaining the same. For example, an automated production line generally needs more fixed capital than a production process using manual tools and more workers.

Step 3: Conclusion Manufacturing activities and capital-intensive techniques generally require more fixed capital. Trading activities and labour-intensive techniques generally require less because their dependence on long-term production assets is lower.

Quick Tip to Solve: For each factor, name the alternative requiring more machinery or premises, then explain why that raises investment in fixed assets. Keep fixed capital separate from funds for daily operating expenses.

28(a). Differentiate between 'Capital Market' and 'Money Market' on the basis of following :

(i) Instruments

(ii) Investment outlay

(iii) Duration

(iv) Liquidity [4 marks]

Solution:

Concept:

- The capital market provides a mechanism for mobilising and allocating medium- and long-term funds through instruments such as shares, debentures and bonds.
- The money market deals in short-term monetary assets with a maturity of up to one year. Its instruments are close substitutes for money because they can generally be converted into cash quickly.

Step 1: Distinguish the instruments and investment outlay Compare both markets on the same basis in each row. Investment outlay means the amount normally needed to participate in the market, rather than the total funds raised by the issuer.

Basis	Capital market	Money market
Instruments	Mainly deals in equity shares, preference shares, debentures, bonds and other long-term securities.	Deals in Treasury bills, commercial paper, certificates of deposit, call money and commercial bills.
Investment outlay	Investment need not involve a very large amount. Securities have relatively small unit values, making participation possible for small investors as well.	Transactions usually involve a large outlay because the instruments are issued in large denominations. It is mainly a wholesale market.

Step 2: Distinguish the duration and liquidity Duration concerns the period for which funds are provided. Liquidity concerns the ease and speed of converting an instrument into cash without a substantial loss in value.

Basis	Capital market	Money market
Duration	Provides medium- and long-term funds, generally for more than one year. Equity capital has no fixed maturity or repayment date.	Provides short-term funds for periods up to one year; some transactions, such as call money, may be for a single day.
Liquidity	Securities are liquid when actively traded on a stock exchange, but are comparatively less liquid than money-market instruments.	Instruments are highly liquid and can usually be converted into cash readily. Their short maturity and formal arrangements support liquidity.

Step 3: Conclusion The capital market deals mainly in long-term securities and permits relatively small investments. The money market deals in short-term instruments, usually requires a large outlay and offers comparatively greater liquidity.

Quick Tip to Solve: Pair each basis across the two markets: long-term versus up to one year, small versus large outlay, and comparatively lower versus higher liquidity. Always give examples under instruments.

OR

28(b). State any four regulatory functions of 'Securities and Exchange Board of India'. [4 marks]

Solution:

Concept:

- The Securities and Exchange Board of India (SEBI) regulates the securities market to ensure orderly functioning and protect investors' interests.
- Regulatory functions establish rules for market participants and supervise compliance. They are distinct from developmental measures such as training and protective measures such as prohibiting insider trading.

Step 1: State rules for market intermediaries and pooled investments

- **Registration of brokers and other intermediaries:** SEBI registers brokers, sub-brokers and other players in the securities market. Registration brings these intermediaries within its regulatory framework and makes them subject to the prescribed requirements for conducting securities business.
- **Registration and regulation of mutual funds:** SEBI registers mutual funds and collective investment schemes and regulates their operations. This places institutions pooling investors' money under an organised supervisory framework rather than leaving their securities-market activities unregulated.

Step 2: State supervision and takeover regulation

- **Inspection, inquiry and audit:** SEBI undertakes inspection and inquiries and conducts audits of stock exchanges and intermediaries. These checks enable it to examine their working and compliance with the securities-market regulatory framework.
- **Regulation of takeovers:** SEBI regulates substantial acquisition of shares and takeover bids of companies. Such regulation subjects major changes in ownership or control to prescribed procedures and disclosures, promoting orderly transactions in the securities market.

Step 3: Conclusion Four regulatory functions of SEBI are registration of brokers and other market players, registration and regulation of mutual funds and collective investment schemes, inspection and audit of exchanges and intermediaries, and regulation of substantial share acquisitions and takeover bids.

Quick Tip to Solve: For regulatory functions, recall registration, regulation and inspection. Keep training programmes and prohibitions on insider trading under their separate developmental and protective headings.

29(a). Explain any two features of 'motivation' as an element of directing function of management.

[4 marks]

Solution:

Concept:

- Motivation is the process of stimulating people to act in a desired manner so that organisational objectives can be achieved.
- It is an element of directing because managers must encourage employees to put their abilities into action. Two features are that motivation is an internal feeling and that it produces goal-directed behaviour.

Step 1: Explain motivation as an internal feeling **Motivation is an internal feeling:** Needs, wants, desires and aspirations exist within an individual and influence behaviour. When a need remains unsatisfied, it creates tension and an internal urge to take action to satisfy that need. A manager can offer suitable incentives, but the employee's own felt need gives the incentive its motivating force. For example, an employee who desires recognition may make extra efforts when good performance is appreciated. The same reward may not motivate every employee equally because their needs can differ. Thus motivation works through an individual's inner feelings rather than merely through the issuing of instructions.

Step 2: Explain the direction motivation gives to behaviour **Motivation produces goal-directed behaviour:** Motivation encourages an individual to behave in a way that helps attain a desired goal. The urge to satisfy a need channels effort towards an outcome that the individual values. For example, an employee seeking promotion may work more carefully and strive to achieve performance targets. Managers use this relationship to link satisfaction of employees' needs with the achievement of organisational objectives. When an appropriate incentive is connected with the required performance, the employee has a reason to direct effort towards that performance. Motivation therefore does more than create activity; it gives that activity a purposeful direction.

Step 3: Conclusion Motivation is an internal feeling arising from needs and desires, and it produces goal-directed behaviour by encouraging actions through which those needs and organisational objectives can be fulfilled.

Quick Tip to Solve: Link the two features as a chain: an inner unsatisfied need creates an urge, and that urge directs effort towards a goal. Explain each feature instead of only naming it.

OR

29(b). Explain the following as elements of communication process :

(i) Message

(ii) Encoding

(iii) Media

(iv) Decoding [4 marks]

Solution:

Concept:

- Communication is the process of exchanging information and understanding between people. A sender must express an idea in a form that can reach the receiver and be understood.
- Message, encoding, media and decoding perform different roles: they represent the content, its conversion into symbols, its channel of transmission and its interpretation respectively.

Step 1: Explain the content and its expression **(i) Message:** A message is the content of the ideas, feelings, suggestions, orders or information that the sender intends to communicate. It answers the question of what is being conveyed. For example, a manager's instruction asking employees to submit a report by Friday is the message; the report deadline is part of its content.

(ii) Encoding: Encoding is the process of converting the message into communicable symbols, such as words, pictures, gestures or other signs. The sender chooses symbols that can convey the intended meaning to the receiver. For example, the manager encodes the instruction by writing a clear sentence specifying the report and its deadline. Thus, encoding concerns the form given to the idea, rather than the idea itself.

Step 2: Explain transmission and interpretation **(iii) Media:** Media are the channels through which an encoded message is transmitted from the sender to the receiver. Examples include a face-to-face conversation, a telephone call, a letter and an email. The sender chooses an appropriate channel according to factors such as urgency and the need for a written record. Sending the report instruction by email uses email as the medium.

(iv) Decoding: Decoding is the process by which the receiver converts the symbols received into an understandable meaning. For example, an employee reads the email and understands which report must be submitted and by when. Communication is effective when the receiver interprets the message in the sense intended by the sender; unfamiliar words or unclear symbols can obstruct this understanding.

Step 3: Conclusion The message is the content to be conveyed; encoding puts that content into symbols; media carry those symbols; and decoding enables the receiver to interpret them. Together these elements connect the sender's idea with the receiver's understanding.

Quick Tip to Solve: Distinguish the four by asking: What is conveyed, how is it expressed, through which channel does it travel, and how is it understood?

30. Pallavi started a wedding planner company 'Dreams Unlimited' in 2016 and her target was to be amongst the top 10 companies in this field within the next three years. For this she employed people having different skills. She worked hard and united the efforts of different people to achieve this goal. The requirements of the customers in this industry changed very fast and the company adapted to keep pace with the changing environment. As planned, the company achieved its target within three years. All the employees of the organisation were happy and satisfied and the effect of management was noticeable in the organisation.

The way Pallavi was managing her business highlights some of the features of management. By quoting lines from the above paragraph, explain any two such features. [4 marks]

Solution:

Concept:

- Management is a goal-oriented process: managerial activities direct people's efforts towards clearly identified organisational objectives.
- Management is a dynamic function: an organisation must adapt its activities to changes in its environment in order to achieve its objectives successfully.

Step 1: Identify and explain goal orientation **Management is a goal-oriented process.** The case states that Pallavi's "target was to be amongst the top 10 companies in this field within the next three years." It also states that she "united the efforts of different people to achieve this goal." These lines show that her managerial actions were directed towards a definite organisational objective, with a specified time period for its achievement.

Every organisation has objectives that provide a common purpose for its activities. Management integrates the efforts of different individuals so that their work contributes to those objectives. Pallavi did not merely employ people and allow them to work independently: she directed their different skills and efforts towards the company's target. The statement that "the company achieved its target within three years" further shows the achievement of the stated objective.

Step 2: Identify and explain adaptation to change **Management is a dynamic function.** The relevant line is: "The requirements of the customers in this industry changed very fast and the company adapted to keep pace with the changing environment." This identifies both the environmental change and the organisation's response to it.

An organisation interacts with its external environment, so management must modify its functioning as circumstances change. Customer preferences, competition, technology and other conditions can require new ways of working. In the given case, changing customer requirements made adaptation necessary. Pallavi's company kept its services and activities responsive to those requirements, rather than continuing with an unchanging approach. This flexibility illustrates the dynamic nature of management and helps explain how the company could continue progressing towards its target.

Step 3: Conclusion The two features are **management is a goal-oriented process**, shown by the top-10 target and the united efforts towards it, and **management is a dynamic function**, shown by the company's adaptation to rapidly changing customer requirements.

Quick Tip to Solve: In a case question, quote the specific clue before explaining the feature: a stated target signals goal orientation, while adaptation to changing conditions signals a dynamic function.

31. Abhishek studied management principles and techniques of Henri Fayol and F.W. Taylor when he was in class XII. Now he is trying to apply his knowledge while doing his business. By using different techniques and scientifically analysing work he found one best way of doing the job. By removing unproductive movements of the workers he reduces the time to complete the job. Not only this, to increase productivity and to regain stamina he started giving more rest intervals to his employees. He followed no discrimination policy on account of sex, religion, caste, etc. in his organisation. He ensured that the compensation should be fair to both, employees and the organisation.

Identify and explain any two techniques of scientific management and two principles of general management adopted by Abhishek. [6 marks]

Solution:

Concept:

- Taylor's scientific management techniques analyse work systematically to improve efficiency. Method study determines the best way to perform a job; motion study removes unnecessary movements.
- Fayol's principles guide managerial behaviour. Equity requires fair and impartial treatment, while remuneration of employees requires compensation that is fair to employees and the organisation.

Step 1: Identify and explain method study **Method study:** The case says that Abhishek "scientifically analysing work ... found one best way of doing the job". Method study identifies the best method of performing a particular task. It examines the operations involved, from obtaining materials to delivering the finished product, and compares possible ways of doing the work. Its objective is to minimise production costs and maximise quality and customer satisfaction. The emphasis here is on choosing the best overall method, rather than merely fixing the time allowed for a job.

Step 2: Identify and explain motion study **Motion study:** Abhishek acts "by removing unproductive movements of the workers". Motion study examines movements such as lifting, putting objects down, sitting and changing position while performing a job. It classifies movements as productive, incidental or unproductive and eliminates unnecessary ones. This helps workers complete their work efficiently with less wasted effort and time. Thus the reference to movements specifically identifies motion study, rather than time study. These are the two scientific management techniques selected for the answer.

Step 3: Identify and explain equity **Equity:** Abhishek "followed no discrimination policy on account of sex, religion, caste, etc." This applies Fayol's principle of equity. Managers should show kindness and justice in dealing with employees and should not discriminate on such grounds. Fair treatment encourages loyalty and devotion among workers. Equity does not mean ignoring misconduct; management can apply necessary discipline while remaining just and impartial.

Step 4: Identify and explain remuneration of employees **Remuneration of employees:** The statement that "the compensation should be fair to both, employees and the organisation" identifies this principle. Employees should receive fair pay sufficient to give them a reasonable standard of living, while the payment should remain within the organisation's paying capacity. Reasonable remuneration helps employees feel satisfied and supports harmonious relations between workers and management. Fairness to both parties, rather than exceptionally high pay regardless of resources, is the key requirement.

Step 5: Conclusion The two selected Taylor techniques are **method study** and **motion study**; the

two Fayol principles are **equity** and **remuneration of employees**. Each is directly supported by the quoted action in the case.

Quick Tip to Solve: Match "one best way" with method study and "unproductive movements" with motion study. Non-discrimination signals equity; fair compensation signals remuneration.

32. F.M. Tech Ltd. is one of the leading information technology service provider company in Delhi. To enable smooth functioning of the enterprise, job description and rules and procedures related to work processes are laid down. The company specifies clearly the boundaries of authority and responsibility and there is a systematic co-ordination among the various activities to achieve organisational goals.

(a) Identify and explain the 'Type of organisation' discussed above.

(b) State any two advantages and two limitations of the 'Type of organisation' identified in (a) above. [6 marks]

Solution:

Concept:

- A formal organisation is the structure of authority and responsibility deliberately designed by management to achieve organisational objectives. It specifies jobs, reporting relationships and rules for coordinated work.
- Formal structure provides clarity and stability, but dependence on prescribed procedures and official communication channels can reduce flexibility and overlook social relationships.

Step 1: Identify and explain the organisation in part (a) The type is **formal organisation**. The case states that "job description and rules and procedures related to work processes are laid down" and that the company "specifies clearly the boundaries of authority and responsibility". These are deliberately established arrangements rather than relationships that arise spontaneously among employees. The formal structure describes the work each person must perform, the authority available to perform it, and the person to whom that employee is responsible. The reference to "systematic co-ordination among the various activities to achieve organisational goals" further confirms its planned, goal-oriented nature.

Step 2: State two advantages for part (b) **1. Easy fixation of responsibility:** Since duties, authority and reporting relationships are clearly specified, responsibility for the performance of a task can be assigned to a particular employee. Clear accountability helps prevent employees from shifting responsibility to others when work is not completed.

2. Avoidance of duplication and clarity of work: Well-defined roles tell each employee what work is expected. Clear allocation reduces overlap and duplication of effort, allows activities to be coordinated, and makes effective use of organisational resources. At F.M. Tech Ltd., the laid-down job descriptions provide precisely this clarity.

Step 3: State two limitations for part (b) **1. Procedural delays:** Official communication may have to pass through the prescribed chain of command. Strict observance of these channels and established procedures can delay the exchange of information and decision-making, especially when quick action is needed.

2. Inadequate recognition of human relationships: Formal organisation places emphasis on structure, rules and work relationships. It does not give a complete picture of employees' social needs, friendships and informal interactions. Consequently, the formal structure alone cannot ensure a complete understanding of how people actually relate to one another at work.

Step 4: Conclusion F.M. Tech Ltd. has a **formal organisation**. Two advantages are clear responsibility and avoidance of duplicated work; two limitations are procedural delays and inadequate recognition of human relationships.

Quick Tip to Solve: Deliberately prescribed jobs, authority and procedures indicate formal organisation. Present its advantages and limitations separately so that two points are clear under each heading.

33(a). Explain any four semantic barriers to communication. [6 marks]

Solution:

Concept:

- Semantic barriers arise from problems in the meaning and interpretation of words, symbols and expressions used in a message. The sender may intend one meaning while the receiver understands another.
- In NCERT's treatment of communication under Directing, these barriers concern encoding and decoding the message. They can occur even when the communication channel works properly and the receiver is willing to listen.

Step 1: Explain difficulties in wording and interpretation **1. Badly expressed message:** A manager may fail to express the intended meaning clearly because of an inadequate vocabulary, the use of wrong words, the omission of needed words or sentences, or a poor arrangement of ideas. The receiver then has to guess what the sender wants. For example, an incomplete instruction to dispatch goods may not state the quantity or the delivery date, so it cannot guide the employee's action accurately.

2. Symbols with different meanings: A word or symbol can carry several meanings. If the sender and receiver interpret it differently, the message becomes misleading. For example, the word 'value' can mean the price of an article or its importance. Unless the context makes the intended meaning clear, the receiver may act on a meaning that the sender did not intend. Thus, a familiar word is not necessarily an unambiguous word.

Step 2: Explain difficulties in translation and unstated assumptions **3. Faulty translations:** In an organisation, a message may need to be translated from one language into another so that employees can understand it. When the translator does not know both languages adequately, the translated message may omit, distort or change the original meaning. The recipient then receives an inaccurate instruction even though the original sender expressed the instruction correctly. Literal translation can also fail to convey an expression's intended meaning.

4. Unclarified assumptions: Some messages rest on assumptions that are not explicitly stated. The sender may believe that the receiver already knows the required circumstances, while the receiver assumes something different. For example, a direction to take care of a visitor may mean arranging refreshments to one employee and arranging travel to another. Because the expected action was left

unstated, the communication does not produce the response intended by the sender.

Step 3: Conclusion Four semantic barriers are badly expressed messages, symbols with different meanings, faulty translations and unclarified assumptions. Each can prevent the receiver from understanding the precise meaning intended by the sender.

Quick Tip to Solve: Link a semantic barrier to meaning: ask whether the problem lies in the wording, the meaning of a symbol, the translation or an assumption left unstated.

OR

33(b). Explain any four merits of internal sources of recruitment. [6 marks]

Solution:

Concept:

- Internal recruitment fills vacancies from among the organisation's existing employees. Its principal sources are transfers and promotions, rather than attracting applicants from outside the enterprise.
- A transfer shifts an employee to another job without a substantive change in status and responsibility; a promotion moves an employee to a higher position with greater responsibilities and usually higher pay. Internal sources offer benefits to both employees and the organisation.

Step 1: Explain the motivational and selection benefits **1. Greater motivation and better performance:** Employees see promotion as a reward for good performance. The prospect of advancement within the organisation encourages them to improve their work, develop their abilities and accept greater responsibility. It can increase their loyalty and commitment because they see a career ahead of them in the enterprise. Thus, the organisation gains an incentive for better performance while employees gain opportunities for growth.

2. Simpler selection and placement: Existing employees' abilities, experience and past performance are already known to the organisation. It can judge their suitability for a vacancy with greater confidence, making selection easier and more reliable. Employees also know the organisation and its working conditions, so adjusting to the new position is easier than it would be for a person entirely new to the enterprise. There is less uncertainty about both the employee and the employer.

Step 2: Explain the developmental and staffing benefits **3. Preparation for higher jobs through transfer:** Transfers allow employees to gain experience in different jobs or departments. By broadening their understanding of the enterprise's operations, these moves help prepare them for more responsible positions. For example, experience in several departments can develop the wider organisational knowledge required of a future manager. Internal movement therefore acts as a means of developing the organisation's existing employees.

4. Adjustment of surplus and shortage of staff: Through transfers, employees can be shifted from departments with surplus staff to departments facing a shortage. The enterprise can use the people it already employs more effectively instead of recruiting outsiders for one department while keeping excess staff in another. This improves the allocation of human resources and helps maintain smoother operations when departmental staffing needs change.

Step 3: Conclusion Internal sources motivate employees through advancement, simplify selection and placement, prepare employees for higher responsibilities through transfers, and help adjust staff surpluses and shortages between departments. These are four merits of recruiting from within the organisation.

Quick Tip to Solve: Use both internal sources in your answer: promotion explains motivation, while transfer explains broader experience and the adjustment of staff between departments.

34(a). Explain the following marketing philosophies :

(i) Product Philosophy

(ii) Production Philosophy

(iii) Marketing Philosophy [6 marks]

Solution:

Concept:

- Marketing management philosophies describe the guiding approach an enterprise follows in designing and selling its offerings. Each approach has a different starting point and emphasis.
- Product philosophy emphasises quality and product improvement; production philosophy emphasises availability and affordability; marketing philosophy emphasises satisfying the needs of a chosen target market.

Step 1: Explain product philosophy **(i) Product philosophy:** This philosophy assumes that consumers prefer products offering the best quality, performance and features. Therefore, the enterprise directs its efforts towards making superior products and continuously improving their quality and features. Its starting point is the existing product, and product improvement is the main means of attracting buyers and earning profits. For example, a manufacturer following this approach concentrates on improving the performance and durability of its offering. However, an exclusive focus on product excellence can lead to marketing myopia: a technically superior product may still fail if it does not satisfy what consumers actually need.

Step 2: Explain production philosophy **(ii) Production philosophy:** This philosophy assumes that consumers favour products which are widely available and affordable. Management therefore concentrates on improving production efficiency, increasing output and distributing the goods on a large scale. Economies arising from large-scale production can reduce the cost per unit and enable the firm to offer a lower price. Its emphasis is thus on quantity, lower costs and ready availability. The limitation is that merely making a product cheaper and more widely available does not ensure success when buyers also seek particular features, quality or suitability to their needs.

Step 3: Explain marketing philosophy **(iii) Marketing philosophy:** This philosophy holds that achieving organisational goals depends on identifying the needs and wants of the target market and satisfying them more effectively and efficiently than competitors. The enterprise first studies customers, then develops the appropriate product and coordinates its marketing activities around their requirements. Customer satisfaction is the means of earning profits, rather than simply pushing whatever the factory produces. For example, research into consumers' needs guides the design, price,

availability and communication of an offering. It takes an integrated, customer-oriented approach and seeks lasting demand through satisfied customers.

Step 4: Conclusion Product philosophy centres on superior quality and continuous improvement; production philosophy centres on efficient, low-cost production and widespread availability; marketing philosophy begins with target customers' needs and earns profits by satisfying them better than competitors.

Quick Tip to Solve: Remember the emphasis of each philosophy: product means quality, production means availability and low cost, and marketing means customer satisfaction.

OR

34(b). Explain the following as elements of marketing mix :

(i) Product

(ii) Place

(iii) Price [6 marks]

Solution:

Concept:

- The marketing mix is the combination of marketing tools an enterprise uses to achieve its marketing objectives in the target market. Its four elements are product, price, place and promotion.
- Product concerns the offering that satisfies a need, place concerns making it available to consumers, and price concerns the money buyers pay to obtain it. These decisions must support one another.

Step 1: Explain product as an element of the mix **(i) Product:** A product is the total offering of goods or services that provides value and satisfies the needs or wants of customers. It includes not merely the physical article but also the benefits and services connected with it. For instance, a consumer buying a washing machine seeks convenient washing as well as the machine itself. Product decisions include selecting the quality, design, features, brand name, packaging and labelling of the offering. They also include decisions concerning after-sales services, such as installation, repair and maintenance. The marketer must decide what to offer so that the product suits the target customers and is distinguishable from competing offerings.

Step 2: Explain place as an element of the mix **(ii) Place:** Place, or physical distribution, covers the activities that make a product available to target customers at the right location and time. Even a good product cannot be purchased if buyers cannot conveniently obtain it. Important decisions concern the channels of distribution, such as selling directly or using wholesalers and retailers, and the selection and support of these intermediaries. Physical movement and handling also require decisions about transportation, warehousing, inventory and order processing. Together these arrangements ensure that sufficient quantities reach the places where consumers want to buy them.

Step 3: Explain price as an element of the mix **(iii) Price:** Price is the amount of money a customer has to pay to obtain a product. It directly influences demand, the enterprise's sales revenue and the profitability of its offering. A price must therefore be chosen in relation to the value buyers perceive

and the enterprise's marketing objectives. Pricing decisions include determining the basic price, discounts, allowances and credit terms. While fixing price, management considers the product's cost, customer demand and purchasing power, competitors' prices and applicable government regulation. It should choose a price that attracts the intended buyers while enabling the enterprise to meet its objectives; a low price alone is not automatically the best policy.

Step 4: Conclusion Product determines the benefits and features offered, place makes that offering conveniently available, and price determines the amount and terms of payment. Coordinating these elements helps an enterprise serve its target market effectively.

Quick Tip to Solve: Organise the answer around three questions: What value is offered? Where and how can it be obtained? What amount and payment terms will the buyer face?