# CBSE Class 12 Business Studies Question Paper 2024 with Solution PDF-Set 66/5/1

## Question Paper with Solutions

Conducted by the Central Board of Secondary Education (CBSE)

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

### General Instructions

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

**1. 'Vanguard Inc.', a company manufacturing footwear for men, women and children has been earning consistent profits for the last many years. It has a democratic style of working. Workers are encouraged to develop and carry out plans for improvement in the organisation. Varun who is working in the production department gave a suggestion which resulted in 10% reduction in the cost of production of shoes. He was rewarded for his suggestion. Identify the principle of management followed by 'Vanguard Inc.' in the above case :** [1 mark]

(A) Esprit De Corps

(B) Subordination of Individual Interest to General Interest

(C) Initiative

(D) Equity

**Correct Answer:** (C) Initiative

**Solution:**

**Concept:**

- Initiative is Fayol's principle of encouraging employees to think out and execute plans for improvement.
- An organisation should welcome useful suggestions and recognise employees who contribute ideas.

**Step 1:** Identify the decisive case evidence Workers are encouraged to 'develop and carry out plans for improvement'. Varun suggested a change that reduced shoe production cost by 10%, and was rewarded. These actions give employees scope to think and act on ideas: the essence of initiative.

**Step 2:** Eliminate the other principles Esprit de corps stresses team spirit and unity. Subordination of individual interest to general interest gives organisational interest priority over personal interest. Equity means fair and kind treatment. None of these identifies the specific encouragement to develop and implement suggestions described here.

**Step 3:** Conclusion Vanguard Inc. follows the principle of Initiative. Hence, the correct option is (C).

**Quick Tip to Solve:** Link freedom to suggest and execute improvements with initiative; link team unity with esprit de corps.

**2. 'Child-O' is a garment manufacturing company which makes clothes with unique and stylish designs for children. Naisha was working as the Human Resource Manager with 'Child-O'. Inspite of good pay and many other benefits offered, the company is facing problem of high turnover of its employees. Naisha tried to find out the reason but could not. She appointed a person with the permission of the Chief Executive Officer to find out the reason. It was found that other organisations were giving more autonomy and authority to their employees which made them feel that their jobs were important. This was attracting the employees of 'Child-O' to other organisations. The incentive which attracted the employees of 'Child-O' to other organisations is :** [1 mark]

(A) Employee Recognition programmes

(B) Employee Participation

(C) Career Advancement Opportunity

(D) Employee Empowerment

**Correct Answer:** (D) Employee Empowerment

**Solution:**

**Concept:**

- Employee empowerment means giving employees greater autonomy and authority in their work.
- It is a non-financial incentive that makes employees feel their jobs are important and that they can contribute meaningfully.

**Step 1:** Read the reason employees leave The case says other organisations give 'more autonomy and authority to their employees', making them feel 'that their jobs were important'. These are direct indicators of empowerment, rather than an increase in pay.

**Step 2:** Distinguish the alternatives Employee recognition programmes acknowledge good work through appreciation or awards. Employee participation involves employees in decision-making, such as through committees. Career advancement opportunities concern promotion and growth. The decisive feature here is greater authority and freedom in performing the job, so employee empowerment is the most precise choice.

**Step 3:** Conclusion The incentive is Employee Empowerment. Hence, the correct option is (D).

**Quick Tip to Solve:** When autonomy and authority are the clues, choose empowerment; participation focuses on involvement in decisions.

**3. 'Since business environment consists of numerous interrelated and dynamic conditions or forces which arise from different sources, it becomes difficult to comprehend at once what exactly constitutes a given environment'. Thus it is relatively easier to understand the environment in parts but difficult to grasp in its totality. Identify the feature of business environment highlighted above :** [1 mark]

(A) Uncertainty

(B) Complexity

(C) Relativity

(D) Dynamic nature

**Correct Answer:** (B) Complexity

**Solution:**

**Concept:**

- Complexity means the business environment comprises many interrelated forces that are difficult to understand as a whole.
- Studying separate environmental factors is easier than grasping all their interactions together.

**Step 1:** Identify the central difficulty The quotation describes 'numerous interrelated and dynamic conditions or forces' from different sources and says the environment is easier to understand 'in parts' than 'in its totality'. This difficulty in understanding the whole system indicates complexity.

**Step 2:** Reject the other features Uncertainty refers to difficulty predicting future events. Relativity means the environment differs between countries or regions. Dynamic nature means environmental forces keep changing. Although the statement mentions dynamic conditions, its main emphasis is the many interacting forces and difficulty comprehending them together, which establishes complexity.

**Step 3:** Conclusion The highlighted feature is Complexity. Hence, the correct option is (B).

**Quick Tip to Solve:** Identify the emphasis: many interacting forces suggest complexity; inability to predict suggests uncertainty.

**4. Naman and Vineet were childhood friends and both were working in 'Sunshine Crockery.' Naman was working as the Chief Executive Officer while Vineet was the Production Manager. They would generally discuss company related issues over lunch-time or while travelling together.**

**The company had recently received an order for supply of 5,000 dinner sets from Shaurya Hotel. It was an unexpected order and would increase the revenue of the company. This order was communicated by Naman to Vineet over intercom. Vineet executed the order within the given time period. For this, he was appreciated by Naman.**

**The type of communication used by Naman to communicate the order to Vineet was :** [1 mark]

(A) Formal Communication

(B) Informal Communication

(C) Online Communication

(D) Visual Communication

**Correct Answer:** (A) Formal Communication

**Solution:**

**Concept:**

- Formal communication flows through prescribed organisational channels and official superior-subordinate relationships.
- A message may be spoken or sent by intercom and still be formal; the channel is classified by the relationship and purpose, not merely the device.

**Step 1:** Focus on the communication asked about Naman, the Chief Executive Officer, communicated the order for '5,000 dinner sets' to Vineet, the Production Manager, over intercom. It was an official instruction for execution through their organisational relationship, so it is formal downward communication.

**Step 2:** Separate the distracting information Their discussions over lunch or while travelling are informal exchanges arising from friendship. The question instead asks about conveying the order. An intercom call is not necessarily online communication, and no visual message or display is used. Thus neither their friendship nor the means of speaking changes the official nature of this instruction.

**Step 3:** Conclusion The order was conveyed through Formal Communication. Hence, the correct option is (A).

**Quick Tip to Solve:** Classify the particular message asked about: an official superior-to-subordinate instruction is formal even between friends.

**5. Statement-I : The basic function of a Stock Exchange is the creation of a continuous market where securities are bought and sold.**

**Statement-II : The Stock Exchange provides both liquidity and easy marketability to already existing securities in the market.**

**Choose the correct option from the following :** [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:** (C) Both the Statements are true.

**Solution:**

**Concept:**

- A stock exchange provides a continuous market for buying and selling existing securities.
- Liquidity and marketability allow investors to convert their investments into cash through transactions in the secondary market.

**Step 1:** Evaluate Statement-I Statement-I is true. An organised stock exchange brings buyers and sellers together continuously during trading sessions. This creates a market in which investors can buy and sell securities rather than having to locate a buyer privately whenever they want to sell.

**Step 2:** Evaluate Statement-II and compare the options Statement-II is also true. By facilitating trading in already existing securities, the exchange provides liquidity and easy marketability. It does not require a company to issue new securities each time an investor wants cash. Options (A) and (B) wrongly reject one true statement, while option (D) rejects both. Only option (C) accepts both correct descriptions.

**Step 3:** Conclusion Both the Statements are true. Hence, the correct option is (C).

**Quick Tip to Solve:** Remember that stock-exchange trading in existing securities gives investors liquidity without withdrawing the company's capital.

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**6. As per Plastic Waste Management Rule 2022, single use plastic items were prohibited in Delhi from 1st July, 2022. The dimension of business environment referred to here is _____.** [1 mark]

(A) Economic environment

(B) Legal environment

(C) Technological environment

(D) Political environment

**Correct Answer:** (B) Legal environment

**Solution:**

**Concept:**

- The legal environment includes laws, rules, regulations and judicial decisions that businesses must comply with.

- A prohibition imposed through a rule directly changes what businesses are legally allowed to produce, sell or use.

**Step 1:** Identify the operative clue The question explicitly refers to the 'Plastic Waste Management Rule 2022' and says single-use plastic items 'were prohibited'. The key influence is a binding rule restricting business conduct, which belongs to the legal environment.

**Step 2:** Distinguish the other dimensions The economic environment concerns factors such as income, interest rates and inflation. The technological environment concerns scientific developments and production techniques. The political environment concerns political conditions, government attitudes and stability. A rule can originate in government policy, but an explicit legal prohibition is classified most directly under the legal environment.

**Step 3:** Conclusion The dimension is Legal environment. Hence, the correct option is (B).

**Quick Tip to Solve:** Use the immediate clue: an Act, rule or statutory ban points to the legal environment.

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**7. Statement-I : Motivation can be either positive or negative.**

**Statement-II : Motivation is a complex process as the individuals are heterogeneous in their expectations, perceptions and reactions.**

**Choose the correct option from the following :** [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:** (C) Both the Statements are true.

**Solution:**

**Concept:**

- Motivation stimulates people to act towards organisational goals and may use positive or negative methods.
- Motivation is complex because individuals differ in their needs, expectations, perceptions and reactions.

**Step 1:** Evaluate Statement-I Statement-I is true. Positive motivation uses rewards, appreciation or other incentives to encourage desired behaviour. Negative motivation uses fear of an adverse consequence, such as a penalty, to induce action. Both can influence behaviour, although they operate differently.

**Step 2:** Evaluate Statement-II and select the combination Statement-II is also true. Employees are heterogeneous, so the same incentive does not affect everyone equally. A manager must understand individual needs and responses rather than assume a single universal motivator. Options (A) and (B) each incorrectly treat one statement as false, and option (D) treats both as false. Option (C) alone agrees with both recognised features.

**Step 3:** Conclusion Both the Statements are true. Hence, the correct option is (C).

**Quick Tip to Solve:** For two-statement questions, judge each independently before matching the true-false combination to an option.

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**8. Navya went to a supermarket for grocery shopping. She bought one kg of bajra flour from the supermarket. On reaching home when she opened the packet she found worms inside it. She was disappointed and told her son about the same. Her son asked her to check the label. When she checked the label of the packet, she found that bajra flour was stale and beyond the expiry date. She approached the sales-person at the supermarket who replaced the bajra flour immediately. When she thanked the sales-person, she was told that it was the policy of the supermarket to satisfy the customers. He further told that satisfied customers not only lead to repeat sales but they also provide good feedback to prospective customers which helps in increasing the customer base of business. Identify the point of importance of consumer protection from the point of view of the supermarket which is helping them to increase the customer base :** [1 mark]

(A) Long term interest of the business

(B) Moral justification

(C) Social responsibility

(D) Government intervention

**Correct Answer:** (A) Long term interest of the business

**Solution:**

**Concept:**

- Consumer protection serves the long-term interest of business by creating satisfied customers and encouraging repeat purchases.
- A satisfied customer also recommends the business to others, helping it retain goodwill and enlarge its customer base.

**Step 1:** Identify the benefit described in the case The salesperson says that satisfied customers lead to 'repeat sales' and 'provide good feedback to prospective customers'. Both outcomes help the supermarket earn continuing business. Its prompt replacement of the stale flour therefore protects its own long-term interest.

**Step 2:** Rule out the other grounds Moral justification concerns the ethical duty to avoid exploitation. Social responsibility concerns the obligation towards consumers as a social group. Government intervention concerns avoiding coercive regulation or legal action. None of these specifically names the repeat sales and favourable recommendations emphasised here.

**Step 3:** Conclusion The point is long term interest of the business. Hence, the correct option is (A).

**Quick Tip to Solve:** When a consumer-protection case stresses repeat sales, goodwill and recommendations, identify the long-term interest of business.

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**9. Which of the following is not an element of social environment ?** [1 mark]

(A) Composition of family

(B) Consumption habits

(C) Rates of saving and investment

(D) Educational system and literacy rates

**Correct Answer:** (C) Rates of saving and investment

**Solution:**

**Concept:**

- The social environment consists of social forces such as customs, traditions, values, social trends and society's expectations.
- The economic environment includes economic conditions affecting business, including rates of saving and investment.

**Step 1:** Classify the financial indicator Rates of saving and investment indicate how income is saved and how funds are committed to productive activity. They influence the availability of capital and the level of economic activity, so they belong to the economic environment.

**Step 2:** Check the remaining elements Composition of family describes social organisation. Consumption habits reflect lifestyles and social preferences. The educational system and literacy rates describe characteristics of society. These three are elements of the social environment and therefore cannot answer a question asking which element is not social.

**Step 3:** Conclusion Rates of saving and investment are an element of the economic environment. Hence, the correct option is (C).

**Quick Tip to Solve:** Distinguish social habits and institutions from economic indicators: saving and investment rates belong to the economic dimension.

**10. Read the following statements :**

**Assertion (A) and Reason (R). Choose the correct alternative from those given below :**

**Assertion (A) : Availability of leasing facilities may reduce the funds required to be invested in fixed assets thereby reducing the fixed capital requirements.**

**Reason (R) : When an asset is taken on lease, the firm pays lease rentals to use it and avoids to invest huge sums required to purchase it.** [1 mark]

(A) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A).

(B) Both Assertion (A) and Reason (R) are true but Reason (R) is not the correct explanation of Assertion (A).

(C) Assertion (A) is true but Reason (R) is false.

(D) Assertion (A) is false but Reason (R) is true.

**Correct Answer:** (A) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A).

**Solution:**

**Concept:**

- Fixed capital is the investment in long-term assets such as plant and machinery.
- Leasing permits a firm to use an asset in return for rentals instead of purchasing it outright, reducing the immediate investment needed in fixed assets.

**Step 1:** Evaluate the assertion The assertion is true. If leasing facilities are available, the firm may obtain the use of machinery without committing the large capital sum required to purchase it. Its requirement of funds for investment in fixed assets can consequently fall.

**Step 2:** Evaluate the reason The reason is also true. Under a lease the firm pays lease rentals for the use of the asset. It avoids the huge initial purchase outlay, although rentals remain a financial obligation.

**Step 3:** Establish the explanatory link The avoidance of the purchase outlay is precisely why leasing reduces the fixed capital requirement. Thus the reason explains the assertion. Option (B) wrongly denies the link; (C) wrongly calls the reason false; and (D) wrongly calls the assertion false.

**Step 4:** Conclusion Both Assertion (A) and Reason (R) are true, and Reason (R) correctly explains Assertion (A). Hence, the correct option is (A).

**Quick Tip to Solve:** For assertion-reason questions, check truth first and then ask whether the reason states the actual mechanism behind the assertion.

**11. Match the terms given in Column-I with their meaning in Column-II.**

| | Column-I | | Column-II |
|---|---|---|---|
| a. | Trademark | (i) | A name, term, sign, symbol, design or some combination of them used to identify the products and differentiate them from the competitors. |
| b. | Brand name | (ii) | A brand or a part of the brand that is given legal protection. |
| c. | Brand | (iii) | That part of the brand which can be recognised but which is not utterable. |
| d. | Brand mark | (iv) | That part of the brand which can be spoken. |

**Choose the correct option from the following :** [1 mark]

(A) a-(i), b-(ii), c-(iii), d-(iv)

(B) a-(ii), b-(iii), c-(i), d-(iv)

(C) a-(ii), b-(iv), c-(i), d-(iii)

(D) a-(ii), b-(i), c-(iv), d-(iii)

**Correct Answer:** (C) a-(ii), b-(iv), c-(i), d-(iii)

**Solution:**

**Concept:**

- A brand identifies and differentiates a product through a name, term, sign, symbol, design or a combination of these.
- A brand name is the speakable part, a brand mark is the recognisable but non-utterable part, and a trademark is a legally protected brand or part of it.

**Step 1:** Match each term with its definition Trademark matches (ii), because legal protection is its distinguishing feature. Brand name matches (iv), because it can be spoken. Brand matches (i), the overall identifying and differentiating name, sign, symbol or design. Brand mark matches (iii), because it can be recognised but is not utterable.

**Step 2:** Compare the complete sequence The resulting sequence is a-(ii), b-(iv), c-(i), d-(iii), which is option (C). Option (A) misidentifies all four terms. Option (B) interchanges brand name and brand mark. Option (D) assigns the definition of brand to brand name and the speakable part to brand, so it is also incorrect.

**Step 3:** Conclusion The correct matching is a-(ii), b-(iv), c-(i), d-(iii). Hence, the correct option is (C).

**Quick Tip to Solve:** Remember: name is spoken, mark is recognised, trademark is protected, and brand is the umbrella identity.

**12. 'Kanand Ltd.' is an automobile manufacturing company started in 2014 under 'Make in India' initiative of the Government of India. Expecting higher growth in future, it developed higher capacity in the current year taking advantage of the subsidies provided by the government. This would enable 'Kanand Ltd.' to meet anticipated higher demand quickly, For this, 'Kanand Ltd.' invested large amounts in fixed assets leading to higher requirements of fixed capital. Identify the factor affecting fixed capital requirements which 'Kanand Ltd.' kept in mind to meet higher anticipated demand quicker.** [1 mark]

(A) Scale of operations

(B) Nature of business

(C) Diversification

(D) Growth prospects

**Correct Answer:** (D) Growth prospects

**Solution:**

**Concept:**

- A business expecting higher growth must invest in additional fixed assets to provide capacity for future demand.
- Growth prospects therefore affect fixed capital requirements: stronger expected growth normally requires greater investment in fixed assets.

**Step 1:** Identify the forward-looking cue The case states 'Expecting higher growth in future' and says that the company developed higher capacity to meet 'anticipated higher demand quickly'. These phrases show that its present investment was planned in response to growth prospects.

**Step 2:** Distinguish the other factors Scale of operations concerns the size at which the business operates. Nature of business concerns the activity, such as manufacturing versus trading. Diversification concerns entering additional products or lines of business. Although the company manufactures automobiles and has increased capacity, the stated reason for this investment is expected future growth, making growth prospects the best answer.

**Step 3:** Conclusion The factor is growth prospects. Hence, the correct option is (D).

**Quick Tip to Solve:** When capacity is built today to meet anticipated future demand, link the fixed-capital decision to growth prospects.

**13. Many reputed business organisations keep a database of unsolicited applicants in their offices. Such job seekers can be a valuable source of manpower. A list of such job seekers can be prepared and can be screened to fill the vacancies as they arise. The source of recruitment discussed above is :** [1 mark]

(A) Direct recruitment

(B) Casual callers

(C) Labour contractors

(D) Campus recruitment

**Correct Answer:** (B) Casual callers

**Solution:**

**Concept:**

- Casual callers are unsolicited applicants whose applications may be kept on record by an organisation.
- The organisation can screen this database when vacancies arise, making it an external source of recruitment.

**Step 1:** Identify the source from its defining feature The organisation keeps a 'database of unsolicited applicants' and screens these job seekers 'to fill the vacancies as they arise'. This describes casual callers: applicants approach the organisation on their own, and their details are retained for future use.

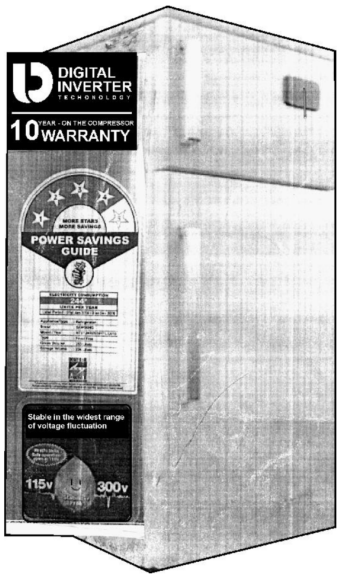
**Step 2:** Eliminate the alternatives Direct recruitment generally involves a notice at the workplace inviting candidates to appear for available jobs. Labour contractors supply workers through an intermediary. Campus recruitment involves approaching educational institutions for suitable candidates. None describes a retained database of unsolicited applications, so these alternatives do not fit.

**Step 3:** Conclusion The source of recruitment is casual callers. Hence, the correct option is (B).

**Quick Tip to Solve:** A stored list of unsolicited applicants points to casual callers; recruiting from colleges points to campus recruitment.

**14. Identify from the following – what is shown in the picture of refrigerator given below ?**

**Refrigerator** [1 mark]




(A) Brand name

(B) Brand mark

(C) Trademark

(D) Label

**Correct Answer:** (D) Label

**Solution:**

**Concept:**

- Labelling means attaching an identification tag or information panel to a product or its package.
- A label describes the product and provides information such as its features, quality, performance or use; it can be a detailed graphic panel.

**Step 1:** Read the information displayed on the refrigerator The refrigerator picture shows information panels mentioning features such as the warranty, power savings and operating voltage range. These panels describe attributes of the appliance and help the consumer understand or compare it. This is the informational role of a label.

**Step 2:** Distinguish the other branding terms A brand name is the speakable part of a brand. A brand mark is its recognisable but non-utterable symbol or design. A trademark is a brand or part of it that has legal protection. The question highlights the descriptive information attached to the appliance rather than merely a name, symbol or evidence of legal protection.

**Step 3:** Conclusion The picture shows a label on the refrigerator. Hence, the correct option is (D).

**Quick Tip to Solve:** When the display gives product features, warranty or performance information, identify labelling rather than just a brand name or symbol.

**15. Which of the following is NOT a factor affecting 'financing decision' ?** [1 mark]

(A) Fixed operating costs

(B) Cash flow position

(C) Control considerations

(D) Diversification

**Correct Answer:** (D) Diversification

**Solution:**

**Concept:**

- A financing decision determines the proportion of funds raised through owners' funds and borrowed funds.
- Cash flow, fixed operating costs and the desire to retain control influence the choice between debt and equity.

**Step 1:** Identify the decision being tested The financing decision concerns the sources from which a business obtains funds. Fixed operating costs matter because a firm already committed to high operating payments may avoid the additional fixed interest burden of debt. Cash flow position matters because debt requires timely interest and principal payments.

**Step 2:** Eliminate the relevant factors Control considerations are relevant because issuing equity may dilute existing owners' control, whereas borrowing normally does not. Thus options (A), (B) and (C) are all financing-decision factors. Diversification concerns spreading business activities or investments across different areas; it is not the listed NCERT factor affecting this choice of financing sources.

**Step 3:** Conclusion Diversification is NOT a factor affecting the financing decision. Hence, the correct option is (D).

**Quick Tip to Solve:** For financing decisions, connect each factor to the ability to service debt or to the cost and control consequences of debt versus equity.

**16. For holding securities in an electronic form, the investor has to open a demat account with an organisation called _____.** [1 mark]

(A) Depository

(B) Securities and Exchange Board of India

(C) Stock Exchange

(D) Mutual Fund

**Correct Answer:** (A) Depository

**Solution:**

**Concept:**

- A depository holds investors' securities in electronic form and facilitates their transfer.
- A demat account records electronic security holdings; it is accessed through a depository participant.

**Step 1:** Identify the electronic custodian The words "holding securities in an electronic form" describe

the depository system. A depository performs for securities a role similar to a bank holding money: it keeps the investor's securities electronically instead of as physical certificates. In practice, the investor opens and operates the demat account through a depository participant.

**Step 2:** Distinguish the other organisations SEBI is the securities-market regulator, not the institution that holds each investor's dematerialised securities. A stock exchange provides a platform for trading existing securities. A mutual fund pools investors' money and invests it according to its scheme. None of options (B), (C) or (D) names the electronic securities custodian required by the question.

**Step 3:** Conclusion The required organisation is a depository. Hence, the correct option is (A).

**Quick Tip to Solve:** Associate a depository with electronic custody, a stock exchange with trading, and SEBI with regulation.

**17. _____ means doing the task correctly and with minimum cost.** [1 mark]

(A) Efficiency

(B) Effectiveness

(C) Management

(D) Coordination

**Correct Answer:** (A) Efficiency

**Solution:**

**Concept:**

- Efficiency means doing a task correctly with minimum cost and optimum use of resources.
- Effectiveness means completing the right task and achieving the intended objective.

**Step 1:** Match the wording to the concept The decisive words are "correctly and with minimum cost". They refer to the relationship between resources used and the output achieved. Reducing unnecessary use of time, materials and money while carrying out the task correctly is efficiency.

**Step 2:** Rule out the other terms Effectiveness, option (B), concerns whether the desired result is achieved, even if excessive resources are used. Management, option (C), is the wider process of getting work done effectively and efficiently. Coordination, option (D), integrates the efforts of different people and departments. The precise definition given therefore matches only option (A).

**Step 3:** Conclusion Doing the task correctly and with minimum cost means efficiency. Hence, the correct option is (A).

**Quick Tip to Solve:** Use "minimum cost" as the clue for efficiency and "goal achieved" as the clue for effectiveness.

**18. Which of the following is the function of Top level management ?** [1 mark]

(A) They ensure that their department has the necessary personnel.

(B) They interact with the actual work force and pass on instructions of the middle management to the workers.

(C) They co-operate with other departments for smooth functioning of the organisation.

(D) They analyse the business environment and its implications for the survival of the firm.

**Correct Answer:** (D) They analyse the business environment and its implications for the survival of the firm.

**Solution:**

**Concept:**

- Top management is responsible for the overall direction, survival and long-term success of the enterprise.
- Middle management implements policies through departments; supervisory management directly guides the workforce.

**Step 1:** Locate the organisation-wide responsibility Analysing the business environment and its implications for the survival of the firm requires an overall view of the enterprise. Top managers assess external opportunities and threats and formulate broad objectives and strategies. This is the responsibility described in option (D).

**Step 2:** Assign the remaining functions to their levels Ensuring that a department has the necessary personnel, option (A), is a middle-management responsibility. Directly interacting with the workforce and passing on middle-management instructions, option (B), is supervisory or operational management. Cooperating with other departments for smooth functioning, option (C), is also a middle-management function. These narrower roles do not describe the overall environmental assessment of top management.

**Step 3:** Conclusion Top management analyses the business environment and its implications for the firm's survival. Hence, the correct option is (D).

**Quick Tip to Solve:** Match overall strategy and survival to top management, departmental implementation to middle management, and direct worker guidance to supervisors.

**19. The activities involved in managing the enterprise are common to all organisations whether economic, political or social. Identify the feature of management :** [1 mark]

(A) Management is multidimensional.

(B) Management is all pervasive.

(C) Management is a continuous process.

(D) Management is a dynamic function.

**Correct Answer:** (B) Management is all pervasive.

**Solution:**

**Concept:**

- Management is all pervasive: it is needed in all kinds of organisations and at all levels.
- The common need for managing activities is independent of whether the organisation pursues economic, political or social objectives.

**Step 1:** Identify the clue in the statement The statement says that managing activities are "common to all organisations whether economic, political or social". The emphasis is on the universal presence of management across different types of organisations. This is the feature called all pervasive.

**Step 2:** Differentiate the remaining features Multidimensional, option (A), refers to managing work, people and operations. Continuous process, option (C), means managerial functions are performed on an ongoing basis. Dynamic function, option (D), means management adapts to a changing environment. None of these expresses the statement's main point that every kind of organisation requires management.

**Step 3:** Conclusion The feature is that management is all pervasive. Hence, the correct option is (B).

**Quick Tip to Solve:** When a statement stresses all organisations, all places or all levels, look for the all-pervasive nature of management.

**20. Choose the incorrect statement about 'Money market' :** [1 mark]

(A) The main instruments traded in this market are Treasury bills, Trade bills, Commercial paper and Certificates of deposit.

(B) In this market, transactions entail huge sums of money as the instruments are quite expensive.

(C) Participation in this market is by and large undertaken by institutional participants such as the Reserve Bank of India, banks, financial institutions and finance companies.

(D) It deals in medium and long term securities.

**Correct Answer:** (D) It deals in medium and long term securities.

**Solution:**

**Concept:**

- The money market deals in short-term monetary assets with a maturity of up to one year.
- Money-market transactions generally involve large amounts and institutional participants; the capital market deals in medium- and long-term securities.

**Step 1:** Check the maturity claim The question asks for the incorrect statement. Money-market instruments are short-term instruments, normally having a maturity of up to one year. Therefore the claim that this market deals in "medium and long term securities" is false; that description belongs to the capital market.

**Step 2:** Verify the other statements Treasury bills, trade bills, commercial paper and certificates of deposit are money-market instruments, so option (A) is correct. Transactions generally involve huge sums because the instruments have large denominations, supporting option (B). Institutional participants such as the RBI, banks, financial institutions and finance companies dominate this market, supporting option (C). Since these three statements are true, they cannot be selected when an incorrect statement is required.

**Step 3:** Conclusion The incorrect statement is that the money market deals in medium- and long-term securities. Hence, the correct option is (D).

**Quick Tip to Solve:** First underline whether the question asks for a correct or an incorrect statement; then use maturity up to one year to recognise the money market.

**21. 'Cortico Fabrics' was started by Ashish in 2001 to sell bed sheets, towels, comforters, pillows, cushions, bath mats etc. It is now a famous name and its branches are across India. To manage the work all over India, it has eight teams-two each for North, South, East and West India. Ashish spends a considerable amount of time to develop an orderly pattern of group efforts among different teams and to secure unity of action in pursuit of a common purpose.**

**To ensure suitable allocation of tasks to the various members of the teams and to see that the tasks are performed with harmony among the members, he tries to balance the different teams at different locations.** [3 marks]

**21(a). Identify and explain the concept of management discussed in the above para.**

**Solution:**

**Concept:**

- Coordination is the process by which a manager synchronises the activities of different departments and people to achieve organisational goals.
- It integrates individual efforts into a unified effort and secures unity of action towards a common purpose.

**Step 1:** Identify the concept from the case **Coordination:** Ashish develops an 'orderly pattern of group efforts among different teams' and seeks 'unity of action in pursuit of a common purpose'. These are the defining clues of coordination. The case emphasises bringing the work of the eight regional teams into harmony.

**Step 2:** Explain how coordination integrates the work Coordination binds the activities of people and departments so that their efforts contribute to a common organisational goal. Ashish balances the teams at different locations and ensures that tasks are performed with harmony among their members. Thus, their separate activities become a unified effort. Coordination is the essence of management, since this integration is needed in planning, organising, staffing, directing and controlling.

**Step 3:** Conclusion The concept is coordination: synchronising the efforts of the regional teams to secure unity of action towards the common purpose of Cortico Fabrics.

**Quick Tip to Solve:** Look for 'group efforts', 'harmony' and 'unity of action' when identifying coordination in a management case.

**21(b). Also, explain any one point of importance of the concept identified in (a) above.**

**Solution:**

**Concept:**

- Coordination synchronises the work of people and departments in pursuit of common organisational objectives.
- Growth in size increases the number of people and the complexity of activities, making coordination necessary.

**Step 1:** Select the importance point shown by expansion **Growth in size:** As an organisation grows, its workforce and activities increase. Employees may differ in their backgrounds, methods of working and individual goals. Coordination becomes necessary to integrate their efforts and reconcile individual goals with organisational goals.

**Step 2:** Connect the explanation with Cortico Fabrics The business has 'branches ... across India' and 'eight teams-two each for North, South, East and West India'. Its activities are therefore spread across many locations. Ashish coordinates the regional teams so that their work is mutually supportive and directed towards the same organisational purpose. Without this integration, each team could pursue its own priorities, weakening the overall effort.

**Step 3:** Conclusion Growth in size is one importance point: coordination integrates the expanding workforce and activities so that all regional teams work towards common organisational goals.

**Quick Tip to Solve:** For growth in size, link expansion and a larger workforce to the need to integrate individual efforts; use the case's branches and teams as evidence.

**22. State any three points of importance of staffing function of management.** [3 marks]

**Solution:**

**Concept:**

- Staffing is the managerial function concerned with obtaining, utilising and maintaining a suitable and satisfied workforce to fill positions in the organisation structure.
- Its importance lies in securing competent people, placing them appropriately and developing their abilities so that human resources contribute effectively to organisational goals.

**Step 1:** State how staffing secures competent personnel **1. Obtains competent personnel:** Staffing helps in discovering and obtaining competent personnel for different jobs. Through recruitment, the organisation attracts suitable candidates, and through selection it identifies those whose qualifications

and abilities fit the job requirements. This gives the organisation the human resources needed to carry out its activities effectively.

**Step 2:** Explain performance and utilisation benefits **2. Ensures higher performance:** Staffing puts the right person on the right job. When an employee's abilities match the demands of the position, the employee can perform the assigned work more effectively, improving individual as well as organisational performance.

**3. Ensures optimum utilisation of human resources:** Proper manpower planning and placement avoid both overstaffing and understaffing. Staffing makes suitable use of employees' skills and talents instead of allowing them to remain underutilised or assigning work beyond the available capacity. Thus, it reduces wastage of human effort and helps the organisation use its workforce efficiently.

**Step 3:** Conclusion Three points of importance are obtaining competent personnel, ensuring higher performance through the right person on the right job, and ensuring optimum utilisation of human resources.

**Quick Tip to Solve:** For an importance question, give a distinct benefit as each heading and explain how staffing produces that benefit; do not merely list the stages of staffing.

**23. 'Caro', a car manufacturing company was manufacturing high cost, good quality luxury cars. For the last few years, the company was not earning good profits as the demand for the cars was very low. Chief Executive Officer of the company, Piyush had a meeting with the Production and Sales Managers to discuss how to increase the revenue of the company. They found that nowadays instead of purchasing luxury cars people prefer to have such cars on rental basis. So they decided to start 'Car rental service'. The Production Manager also suggested that as these cars were sophisticated and each spare part was very costly it would be better to provide these cars for rental service along with trained drivers so that there would be less wear and tear. Piyush agreed and a training unit was started. Two of the available cars were used for training the drivers. People were very happy as they were getting these cars on rental basis with trained drivers. The idea was a big hit and the company was able to surpass its profit targets of the last 20 years.** [3 marks]

**23(a). Identify and explain the method of training given by 'Caro' to its drivers.**

**Solution:**

**Concept:**

- A separate training unit uses the actual equipment of the job, duplicating the work environment away from normal operations.
- Training develops knowledge, skill and competence before or during employment; employee benefits differ from benefits to the employer.

**Step 1:** Identify the concept **Vestibule training:** The case states that 'a training unit was started' and 'Two of the available cars were used for training the drivers'. A separate unit with the actual equipment to be used in the job points to vestibule training.

**Step 2:** Explain its meaning and effect The drivers learn to handle the sophisticated cars under training conditions before undertaking the rental-service work. This reproduces the relevant work environment away from normal operations and allows practice without disrupting the service.

**Step 3:** Conclusion Caro uses vestibule training: a separate training unit with two cars prepares drivers to handle the sophisticated vehicles.

**Quick Tip to Solve:** Separate training unit plus real job equipment identifies vestibule training.

**23(b). Also, state any two advantages the drivers will get after this training.**

**Solution:**

**Concept:**

- Training increases employees' knowledge and skill, improving their performance and opportunities for advancement.
- Training develops knowledge, skill and competence before or during employment; employee benefits differ from benefits to the employer.

**Step 1:** Identify the concept **1. Better career prospects:** Improved driving skills and knowledge of sophisticated cars equip the drivers to handle more demanding responsibilities. Such development improves their opportunities for growth and advancement in their careers.

**Step 2:** Explain its meaning and effect **2. Higher earnings:** Training improves the drivers' efficiency and performance. Greater competence enhances their earning capacity and can help them earn more. These are benefits to the drivers themselves, distinct from the company's reduction in wear and tear or increase in profits.

**Step 3:** Conclusion The drivers benefit through better career prospects and increased earning capacity.

**Quick Tip to Solve:** Give benefits to the drivers: career prospects and earnings, rather than company profits.

**24. State any three protective functions of 'Securities and Exchange Board of India'.** [3 marks]

**Solution:**

**Concept:**

- SEBI's protective functions safeguard investors in the securities market against dishonest practices and exploitation.
- Protective functions include prohibiting fraudulent and unfair trade practices, controlling insider trading, and educating investors so that they can make informed decisions.

**Step 1:** State the protection against unfair practices **Prohibiting fraudulent and unfair trade practices:** SEBI prohibits practices such as price rigging and misleading statements intended to induce investors to trade. Price rigging artificially manipulates the market price of securities rather than allowing genuine demand and supply to determine it. Preventing such practices protects investors from deceptive transactions and losses caused by manipulation.

**Step 2:** Explain the control over insider trading **Controlling insider trading:** SEBI prohibits trading based on unpublished price-sensitive information available to insiders, such as directors or employees of a company. Such information gives them an unfair advantage over ordinary investors. Restricting

its misuse protects investors who do not have access to confidential information and helps maintain fairness in the market.

**Step 3:** Explain investor education **Undertaking investor education:** SEBI promotes awareness of investors' rights, responsibilities and the risks associated with securities. Educated investors can assess investment proposals more carefully and recognise misleading promises or fraudulent schemes. This helps them avoid exploitation and use the available protection and grievance mechanisms.

**Step 4:** Conclusion Three protective functions of SEBI are prohibiting fraudulent and unfair trade practices, controlling insider trading, and undertaking investor education. Each protects the interests of investors in the securities market.

**Quick Tip to Solve:** For protective functions, focus on investor safeguards: unfair practices, insider trading and investor education; keep these separate from registering intermediaries or developing the market.

**25. Kewalram started a sweets shop 'Karamati Sweets' in 1950. The sweets were famous all over India for their good quality and people would come from far and wide to purchase sweets from him. As he grew old, he could no longer run the shop. So, he sold the shop to one of his neighbours 'Bholaram'. After a few months, to further increase the revenue, 'Bholaram' started engaging in unfair trade practices like using adulterated khoya and paneer. He thought that no one would know about it as 'Karamati Sweets' had a good image in the eyes of the people.**

**Slowly, people started falling sick after consuming sweets purchased from 'Karamati Sweets' but they did not know where to go and to whom to complain. Raghav, a resident of the village had recently completed his studies. He was also a member of a non-governmental organisation 'Meri Voice'. He felt that the villagers should be made aware about the rights and reliefs available to them. He started creating awareness about consumer rights among the villagers to protect their interest through a series of talks and presentations in the village.** [4 marks]

**25(a). Identify and explain the consumer right discussed in the above para.**

**Solution:**

**Concept:**

- Consumer education enables buyers to acquire the knowledge and skills needed to become informed consumers throughout life.
- Consumer protection combines awareness of rights with remedies against exploitation; identify the right from the precise action described.

**Step 1:** Identify the right promoted by Raghav **Right to consumer education:** The case says that Raghav felt the villagers should be "made aware about the rights and reliefs available to them" and started creating awareness through "a series of talks and presentations". These activities educate consumers about the protection available to them, so the right discussed is the right to consumer education.

**Step 2:** Explain the right to consumer education **Meaning and application:** Consumers have a right to acquire knowledge and skills that enable them to act as informed consumers. They should know their rights, the responsibilities involved in purchasing and using goods, and the remedies

available when they are exploited. The villagers "did not know where to go and to whom to complain". Raghav's awareness programme helps them overcome this lack of knowledge and understand how to seek relief.

**Step 3:** Conclusion Raghav promotes the right to consumer education by teaching villagers about their rights and remedies.

**Quick Tip to Solve:** Awareness talks about rights and reliefs indicate consumer education, rather than merely product information.

**25(b). Also, identify and explain the consumer right violated by 'Bholaram' in the above case.**

**Solution:**

**Concept:**

- The right to safety protects consumers against goods and services hazardous to life and health.
- Consumer protection combines awareness of rights with remedies against exploitation; identify the right from the precise action described.

**Step 1:** Identify the right violated by Bholaram **Right to safety:** Bholaram used "adulterated khoya and paneer", and people "started falling sick after consuming sweets". These details directly establish a threat to consumers' health. Therefore, the consumer right violated is the right to safety.

**Step 2:** Explain the right to safety **Meaning and application:** A consumer has a right to be protected against goods and services that are hazardous to life and health. Goods meant for consumption should meet the applicable safety requirements and should not expose consumers to avoidable injury or illness. By selling sweets made from adulterated ingredients, Bholaram supplied unsafe food and violated this protection, regardless of the shop's earlier reputation for good quality.

**Step 3:** Conclusion Bholaram violated the right to safety by selling adulterated sweets that caused illness.

**Quick Tip to Solve:** Adulteration followed by illness is direct evidence of a violation of the right to safety.

**26. A Business Process Outsourcing centre, 'Chromosome' which deals in conversion of voice reports dictated by physicians and other healthcare providers into text format has 40 employees. They ensure that their employees are well versed in at least one foreign language and one Indian language. The employees are also given the required training to ensure that the reports are processed correctly as they are the backbone of the patients' medical history. On frequent complaints about some of its employees, it was observed that they were facing problems in decoding the message as they were not very proficient with the language in which the voice message was received. As a result, they would make mistakes causing different meaning to the message. Not only this, sometimes there were technical words used in voice reports, the actual meaning of which was also not understood by the employees. Due to this, 'Chromosome' was slowly losing its business to competitors.**

**The above case highlights two communication barriers. Identify and explain these barriers.** [4 marks]

**Solution:**

**Concept:**

- Semantic barriers arise when the meaning of a message is not correctly understood because of words, language or symbols. They obstruct the accurate encoding or decoding of communication.
- Faulty translations and technical jargon are semantic barriers. A receiver must understand both the language used and any specialised terms to reproduce the intended meaning faithfully.

**Step 1:** Identify and explain faulty translations **Faulty translations:** When a message is translated from one language into another, an inaccurate translation may convey a meaning different from the original. This happens when the translator is not proficient in both languages or fails to understand the intended sense before translating. In the case, the employees were 'not very proficient with the language in which the voice message was received' and made mistakes 'causing different meaning to the message'. These words show that their conversion of the received communication into the required report failed to preserve its meaning. The problem is therefore faulty translations, rather than a lack of willingness to communicate.

**Step 2:** Identify and explain technical jargon **Technical jargon:** Specialists often use words peculiar to their profession. If the receiver does not understand these specialised words, the message is not decoded correctly even when the receiver knows the general language. The case states that 'there were technical words used in voice reports, the actual meaning of which was also not understood by the employees'. Physicians and other healthcare providers used medical terminology that the transcription employees did not understand. Their inability to interpret these terms accurately produced incorrect reports and impaired effective communication.

**Step 3:** Conclusion The two barriers are **faulty translations** and **technical jargon**. Both are semantic barriers: the first distorts meaning during language conversion, while the second prevents understanding of specialised medical terms.

**Quick Tip to Solve:** In a communication case, link inaccurate language conversion to faulty translations and unfamiliar professional terms to technical jargon; quote the separate clue for each.

**27(a). State any four limitations of planning.** [4 marks]

**Solution:**

**Concept:**

- Planning decides in advance what is to be done and how it is to be done. Although it guides action towards objectives, it has limitations arising from fixed plans, uncertainty and the resources used in preparing them.
- Limitations of planning explain why a plan cannot by itself guarantee effective performance. Managers must understand these limitations when applying plans to changing business conditions.

**Step 1:** State limitations relating to flexibility and change **Planning leads to rigidity:** A specific plan lays down the course of action to be followed. Managers and employees may be required to work within its predetermined framework even when circumstances call for a change. This rigidity can reduce the flexibility needed to respond effectively to a new situation.

**Planning may not work in a dynamic environment:** Business operates amid changing economic, social, political, technological and legal conditions. Plans depend on assumptions about the future, but managers cannot accurately anticipate every change in these external forces. Unexpected developments may therefore make an existing plan unsuitable or ineffective.

**Step 2:** State limitations relating to creativity and cost **Planning reduces creativity:** Plans are usually formulated by top management, while other managers and employees implement them. When those implementing the plan are expected only to follow instructions, they have less opportunity to use initiative, develop new ideas or introduce different ways of working.

**Planning involves huge costs:** Collecting information, conducting research, consulting experts and preparing and evaluating alternative plans require substantial expenditure. These costs must be justified by the benefits expected from planning; otherwise the exercise may consume resources without providing a corresponding advantage to the organisation.

**Step 3:** Conclusion Four limitations are that planning leads to rigidity, may not work in a dynamic environment, reduces creativity and involves huge costs. These limitations require managers to use plans thoughtfully and review them when conditions change.

**Quick Tip to Solve:** State each limitation using its NCERT heading and add one sentence showing precisely how it restricts planning; keep rigidity distinct from external uncertainty.

OR

**27(b). Explain the following types of plans :** [4 marks]

**27(b)(i). Strategy**

**Solution:**

**Concept:**

- A strategy is a comprehensive plan for accomplishing an organisation's objectives.
- It establishes long-term objectives, selects a course of action and allocates the resources needed to

achieve those objectives.

**Step 1:** Explain the scope of a strategy **Strategy:** It gives the broad direction of the business by determining its long-term objectives and the course of action to be followed. It is comprehensive because it links what the organisation wants to achieve with the actions and resources required to achieve it.

**Step 2:** Describe its essential decisions A strategy involves three dimensions: determining long-term objectives, adopting a particular course of action, and allocating the resources necessary to achieve the objectives. It is formulated after considering the business environment, including competitors and opportunities or threats, as well as the organisation's own strengths and limitations. For example, entering a new market requires decisions about the target customers, the method of entry and the resources to commit.

**Step 3:** Conclusion A strategy is a comprehensive plan that combines long-term objectives, a chosen course of action and resource allocation to accomplish organisational objectives.

**Quick Tip to Solve:** Remember strategy through three linked decisions: objectives, course of action and allocation of resources; explain how they guide the whole business.

**27(b)(ii). Procedure**

**Solution:**

**Concept:**

- A procedure is a routine sequence of steps that specifies the chronological manner in which an activity is to be performed.
- It is a standing plan used for recurring activities, ensuring that work is carried out in an orderly and consistent way.

**Step 1:** Define the prescribed sequence **Procedure:** It lays down the steps to be followed in performing an activity and the order in which those steps must be taken. Its emphasis is on the chronological sequence of actions. It provides a standard way of handling a recurring situation rather than leaving employees to decide the sequence afresh each time.

**Step 2:** Explain its use through an example For example, a recruitment procedure may specify receiving applications, screening them, conducting selection tests and interviews, checking references and then making an appointment. Each stage follows the preceding one in the prescribed order. Such a procedure gives employees clear guidance, helps different people handle similar work consistently and reduces uncertainty about what has to be done next. It is distinct from a policy, which provides a broad guide for decisions rather than a sequence of steps.

**Step 3:** Conclusion A procedure is a standing plan prescribing the chronological sequence of steps for performing a recurring activity.

**Quick Tip to Solve:** Use the words sequence, steps and chronological order to distinguish a procedure from a policy or a general objective.

**28. Differentiate between 'Production concept' and 'Marketing concept' of marketing management philosophies on the basis of :**

**(a) Meaning**

**(b) Main focus**

**(c) Means**

**(d) Ends** [4 marks]

**Solution:**

**Concept:**

- Marketing management philosophies guide a firm's decisions about what to offer and how to achieve its objectives. The production concept emphasises availability and affordability, whereas the marketing concept begins with the needs of the target market.
- A comparison should distinguish the starting idea, the main focus, the means used and the ultimate route to profitability. Producing more cheaply is different from creating an offering that satisfies customers better than competitors.

**Step 1:** Compare meaning and main focus The first two bases distinguish the assumptions behind the philosophies and the activity receiving primary attention.

| Basis | Production concept | Marketing concept |
|---|---|---|
| **(a) Meaning** | Consumers prefer products that are widely available and affordable. Management should therefore improve production and distribution efficiency. | Organisational goals are achieved by identifying the needs and wants of target customers and satisfying them more effectively and efficiently than competitors. |
| **(b) Main focus** | Quantity of production: increasing output and making goods easily available at a low price. | Customer satisfaction: understanding the target market and developing an offering suited to its needs. |

**Step 2:** Compare means and ends Next distinguish the methods adopted and how each philosophy expects to earn profits. Both can seek profitability, but their routes differ.

| Basis | Production concept | Marketing concept |
|---|---|---|
| **(c) Means** | Availability and affordability of the product, achieved through large-scale production, lower costs and efficient distribution. | Integrated marketing efforts: coordinating product, price, promotion and distribution around the needs of the target customers. |
| **(d) Ends** | Profits through a large volume of production and sales, supported by low unit costs. | Profits through customer satisfaction; satisfied customers support repeat purchases and lasting relationships. |

**Step 3:** Conclusion The production concept concentrates on producing and distributing more at an affordable price. The marketing concept coordinates the firm's efforts around customer needs and earns profits through customer satisfaction.

**Quick Tip to Solve:** Remember the route to profits: production concept means volume and low cost; marketing concept means integrated efforts and satisfied customers. Use the four given bases as the table rows.

**29. Inspired by the success of Chandrayaan-3, the Chief Scientist at 'Space Rover' a private research group, decided to send some innovative ideas regarding the mission to the Chief Scientist of Chandrayaan-3.**

**The Chief Scientist at 'Space Rover' formed four groups for the same. As it was an intellectual activity of thinking rather than doing, these four groups started interacting with each other and friendships developed. On the basis of their interaction and friendship, some members from each group formed 'Entertainment Through Reading' group which showed conformity in terms of their interest. 'Entertainment Through Reading' group had no written rules, was unstable in form and scope and had no fixed lines of communication. The members of this group enhanced the morale of each other, enjoyed drinking coffee together, read books, served different issues of their work areas and provided support to each other. Ultimately this group developed some innovative ideas which were sent by 'Space Rover' to the Chief Scientist of Chandrayaan-3. Though this group was formed for recreation but it contributed towards fulfilment of organisational objectives.** [4 marks]

**29(a). Identify and explain the type of organization which emerged as 'Entertainment Through Reading'.**

**Solution:**

**Concept:**

- Informal organisation is a network of social relationships arising spontaneously through interaction among employees.
- Informal relationships develop within the formal organisation and can support its objectives without prescribed authority lines.

**Step 1:** Identify the concept 'Entertainment Through Reading' is an **informal organisation**. The case says that 'on the basis of their interaction and friendship, some members from each group formed' this group.

**Step 2:** Explain its meaning and effect Thus, although the Chief Scientist deliberately created the four original work groups, the reading group emerged spontaneously from personal relationships across those groups. Its 'no written rules' and 'no fixed lines of communication' further show that it was not a formally prescribed authority structure. Informal organisation is therefore a network of social relationships which emerges through employees' interaction within a formal organisation.

**Step 3:** Conclusion Entertainment Through Reading is an informal organisation based on friendship and common interests.

**Quick Tip to Solve:** Separate the deliberately formed work groups from the spontaneous friendship group.

**29(b). State any three advantages of the type of organisation identified in (a) above.**

**Solution:**

**Concept:**

- Informal relationships supplement the formal structure through rapid communication, social support and cooperation.

- Informal relationships develop within the formal organisation and can support its objectives without prescribed authority lines.

**Step 1:** Explain the meaning and first point

- **Faster communication:** Informal communication does not have to follow a prescribed chain of command. Information and feedback can therefore travel rapidly through personal contacts, helping members respond to issues quickly.

**Step 2:** Explain the effect and application

- **Fulfilment of social needs:** Informal groups provide friendship, acceptance and a sense of belonging. As the case states, members 'enhanced the morale of each other' and 'provided support to each other'. Such support can increase job satisfaction and morale.
- **Fulfilment of organisational objectives:** Informal groups can compensate for inadequacies in the formal structure by encouraging cooperation and mutual assistance. Here, although formed for recreation, the group 'developed some innovative ideas' which were sent to the Chief Scientist of Chandrayaan-3. Its social interaction thus contributed to the research group's objectives.

**Step 3:** Conclusion Three advantages are faster communication, fulfilment of social needs and support for organisational objectives.

**Quick Tip to Solve:** State three distinct benefits; explain how personal contacts, belonging and cooperation create them.

**30(a). Explain the following functions of marketing :** [4 marks]

**30(a)(i). Product Designing and Development.**

**Solution:**

**Concept:**

- Marketing creates customer value by offering goods that satisfy the needs of target buyers. Product designing and development determine the offering that will deliver those benefits.
- A product is judged by its design, shape, size, features and performance as well as its basic use. A good design can provide a competitive advantage.

**Step 1:** Explain product designing **Product designing:** It involves deciding the shape, size, style and features of a product in accordance with customer needs. A well-designed product is useful and attractive, and can be distinguished from competing products. For example, a bottle that is easy to hold and open offers convenience through its design.

**Step 2:** Explain product development **Product development:** The firm converts product ideas and knowledge of customer requirements into a suitable offering, and improves its features and performance when needs change. Design and development together help it provide the benefits that buyers value. The firm must consider usefulness and customer preference, rather than only the ease of manufacturing the article.

**Step 3:** Conclusion Product designing and development give the product suitable features, appearance and performance, helping it satisfy customers and gain a competitive advantage.

**Quick Tip to Solve:** Explain design through customer benefits: shape and features matter because they improve usefulness and distinguish the product.

**30(a)(ii). Standardisation and Grading**

**Solution:**

**Concept:**

- Standardisation and grading make products easier to describe, compare and market. They address uniformity of specifications and classification of output respectively.
- Standardisation fixes predetermined characteristics; grading separates goods into groups according to characteristics such as quality, size or weight.

**Step 1:** Explain standardisation **Standardisation:** It means producing goods of predetermined specifications, such as quality, size, weight or colour. Conformity to these specifications ensures uniformity and consistency. A buyer can rely on the stated specifications and goods can be sold by description, reducing the need to inspect every unit.

**Step 2:** Explain grading **Grading:** It means classifying products into different groups on the basis of characteristics such as quality, size and weight. Goods within a grade are broadly similar, which helps their valuation and pricing. Grading is particularly useful for agricultural produce, such as wheat, fruit and cotton, where output cannot be completely standardised. Different grades can be marketed to buyers seeking different qualities.

**Step 3:** Conclusion Standardisation establishes and maintains predetermined specifications, while grading sorts goods into uniform categories on the basis of their characteristics.

**Quick Tip to Solve:** Remember the sequence: standardisation fixes specifications; grading classifies the available goods into quality or size groups.

OR

**30(b). Explain the four important elements of marketing mix.** [4 marks]

**Solution:**

**Concept:**

- Marketing mix is the combination of controllable marketing variables a firm uses to achieve its marketing objectives in the target market.
- Its four important elements are Product, Price, Place and Promotion, commonly called the four Ps. They must be coordinated to satisfy customers profitably.

**Step 1:** Explain the offering and its price

- **Product:** This means the goods or services offered to customers to satisfy their needs. Product decisions cover quality, features, design, branding, packaging and labelling, as well as after-sales service. A marketer must decide what benefits the product will provide and how it will differ from competing offerings. For example, a durable appliance with reliable service offers benefits beyond its physical features.
- **Price:** This is the amount customers pay to obtain the product. Pricing decisions include the

basic price, discounts, credit terms and other payment conditions. A suitable price considers production and marketing costs, customer demand, competition and the firm's objectives. It should communicate the product's value while enabling the business to earn an appropriate return.

**Step 2:** Explain availability and communication

- **Place:** This concerns making the product available at the right place and time for customers. It includes selecting channels of distribution and intermediaries, together with physical distribution decisions such as transportation, warehousing, inventory management and order processing. An attractive product cannot satisfy customers if it is unavailable where they wish to buy it.
- **Promotion:** This includes activities that communicate the product's availability, features and merits and persuade customers to purchase it. The promotion mix includes advertising, personal selling, sales promotion and public relations. The firm selects an appropriate combination according to its target customers, product and resources, so that buyers understand the benefits being offered.

**Step 3:** Conclusion The four elements of marketing mix are Product, Price, Place and Promotion. Together they determine what is offered, what buyers pay, how they obtain it and how they learn about it.

**Quick Tip to Solve:** Recall the four Ps by asking: What is sold, at what price, through which outlets and with what communication?

**31(a). Explain the following characteristics of Principles of Management :** [6 marks]

**31(a)(i). General guidelines**

**Solution:**

**Concept:**

- Principles of management are broad and general guidelines for managerial decision-making and behaviour. They are developed through observation, experience and experimentation.
- They guide a manager towards suitable action, but do not supply ready-made solutions to every organisational problem.

**Step 1:** Explain the general direction provided **General guidelines:** A principle indicates how a manager may approach a situation. It is not a precise rule that automatically determines a complete solution. Business problems involve many interrelated factors, including people, resources and changing conditions, so a manager cannot apply a principle mechanically.

**Step 2:** Relate the guideline to managerial judgement The manager must examine the actual circumstances and use judgement when applying the principle. For example, unity of command suggests that an employee should receive orders from one superior to avoid confusion, but the manager must still establish suitable reporting relationships for the enterprise. The principle supplies direction while the specific decision depends on the situation.

**Step 3:** Conclusion Management principles are general guidelines because they provide broad direction for decisions rather than exact, ready-made solutions to every business problem.

**Quick Tip to Solve:** Use the contrast between broad direction and an exact solution: a principle assists managerial judgement rather than replacing it.

**31(a)(ii). Flexible**

**Solution:**

**Concept:**

- Management principles guide managerial action in organisations that differ in their people, work and operating conditions.
- They are flexible rather than rigid prescriptions. Managers can modify their application to meet the requirements of a particular situation.

**Step 1:** Explain the scope for adaptation **Flexible:** The manner of applying a principle can be adjusted according to the circumstances. A practice suitable for a large enterprise may need to be applied differently in a smaller one. Managers therefore have discretion to consider the nature of work, employee capability and changing business conditions before deciding how to use a principle.

**Step 2:** Illustrate a suitable adjustment For example, the appropriate balance between centralisation and decentralisation may vary with the competence of subordinates and the needs of the organisation. A manager can delegate more decision-making authority where subordinates are capable of using it effectively. Such adaptation preserves the purpose of sound management while recognising that every situation is different; flexibility does not mean acting arbitrarily or disregarding the principle.

**Step 3:** Conclusion Management principles are flexible because their application can be modified by managers to suit the needs and circumstances of the organisation.

**Quick Tip to Solve:** State both elements of flexibility: discretion to adapt and a reason for adaptation based on the actual business situation.

**31(a)(iii). Cause and effect relationship**

**Solution:**

**Concept:**

- Management principles help managers understand relationships between managerial actions and their likely results.
- These relationships guide decisions, but are less exact than those in the physical sciences because they involve changing human behaviour and business conditions.

**Step 1:** Explain the action-result link **Cause and effect relationship:** Management principles indicate the likely outcome of a particular action in a given situation. By understanding this connection, a manager can anticipate the probable effects of decisions instead of acting only by guesswork. For example, division of work promotes specialisation, which can improve skill and efficiency.

**Step 2:** Explain the conditional nature of the result The effect is not guaranteed to be identical in every enterprise or at every time. Employee attitudes, available resources and external conditions may influence the outcome. Thus a principle indicates a likely cause and effect relationship when relevant conditions are comparable. Fair remuneration, for instance, can improve employee satisfaction, but satisfaction is also influenced by other aspects of the work environment. Managers must consider these factors when predicting results.

**Step 3:** Conclusion Management principles link actions with likely outcomes and help managers anticipate consequences, although the relationship is conditional because human behaviour and circumstances vary.

**Quick Tip to Solve:** Give an action and its likely result, then explain why human behaviour prevents an absolutely identical result in every situation.

OR

**31(b). Explain the following techniques of Scientific Management :** [6 marks]

**31(b)(i). Method Study**

**Solution:**

**Concept:**

- Method study is Taylor's systematic search for the one best way of performing a job.
- Scientific management improves productivity by systematically studying work methods, incentives and working conditions.

**Step 1:** Explain the meaning and first point

- **Meaning and objective:** Method study identifies the one best way of performing a job. It examines the entire process, from procuring raw materials until the finished product reaches the customer, and compares alternative methods of doing the work.

**Step 2:** Explain the effect and application

- **Application and benefit:** The arrangement of machines, movement of workers and materials, and sequence of operations are examined to eliminate unnecessary activities. The best method minimises production cost and maximises the quality of output and customer satisfaction. For example, a better plant layout may reduce the distance materials travel between operations.

**Step 3:** Conclusion Method study determines the best method to minimise cost and maximise quality and customer satisfaction.

**Quick Tip to Solve:** Method study asks how to do the job; time study instead asks how long it should take.

### 31(b)(ii). Differential Piece Wage System

**Solution:**

**Concept:**

- Taylor's differential piece wage system rewards achievement of scientifically determined performance standards through different rates per unit.
- Scientific management improves productivity by systematically studying work methods, incentives and working conditions.

**Step 1:** Explain the meaning and first point

- **Meaning and rates:** Workers are paid according to the number of units they produce, but two different piece rates are used. A standard level of performance is determined scientifically. Workers achieving or exceeding that standard receive a higher rate per unit, while workers producing below the standard receive a lower rate per unit.

**Step 2:** Explain the effect and application

- **Purpose and effect:** This distinguishes efficient workers from less efficient workers and rewards those who meet the standard. The possibility of earning at the higher rate motivates workers to improve their performance. The higher rate is a rate per unit of output, rather than merely a fixed addition to the wage of every worker.

**Step 3:** Conclusion Efficient workers receive a higher piece rate, while workers below the standard receive a lower piece rate.

**Quick Tip to Solve:** Remember two rates per unit, not a single wage rate plus an identical bonus for everyone.

### 31(b)(iii). Fatigue Study

**Solution:**

**Concept:**

- Fatigue study determines the amount and frequency of rest intervals needed to sustain efficient work.
- Scientific management improves productivity by systematically studying work methods, incentives and working conditions.

**Step 1:** Explain the meaning and first point

- **Meaning and investigation:** Fatigue study determines the amount and frequency of rest intervals needed while completing a task. Continuous work without suitable rest causes physical and mental tiredness and reduces a worker's capacity to perform efficiently.

**Step 2:** Explain the effect and application

- **Application and benefit:** The nature of the job and causes of fatigue, such as long working hours, unsuitable working conditions or lack of rest, are studied. Scientifically scheduled rest pauses help workers recover and resume work with greater energy. Appropriate rest therefore sustains efficiency and helps increase output rather than treating uninterrupted work as automatically

productive.

**Step 3:** Conclusion Fatigue study provides scientifically determined rest pauses to reduce tiredness and sustain productivity.

**Quick Tip to Solve:** Fatigue study concerns rest intervals; motion study concerns eliminating unnecessary movements.

**32(a). Explain the following factors affecting the working capital requirements of a business :**

[6 marks]

**32(a)(i). Operating efficiency**

**Solution:**

**Concept:**

- Working capital supports day-to-day operations; funds remain tied up until inventories and receivables are converted into cash.
- Inventory, receivables and cash are current assets; changes in the operating cycle affect the amount of finance required.

**Step 1:** Explain the meaning and first point

- **Efficient use of resources:** Operating efficiency means conducting business operations with less wastage and delay. Efficient production reduces unnecessary inventory holding, while effective collection of receivables brings cash back into the business sooner.

**Step 2:** Explain the effect and application

- **Effect on the requirement:** Greater efficiency shortens the period for which funds remain tied up in current assets and therefore reduces working capital requirements. Conversely, slow production, excess stocks, wastage and delayed collections keep funds blocked for longer and increase the amount needed to sustain the same level of activity.

**Step 3:** Conclusion Greater operating efficiency reduces working capital needs by reducing waste and the time funds remain blocked.

**Quick Tip to Solve:** Trace how production speed, inventory control and collections release cash sooner.

**32(a)(ii). Credit availed**

**Solution:**

**Concept:**

- Credit availed means supplier credit received by a business, providing short-term financing for its purchases.
- Inventory, receivables and cash are current assets; changes in the operating cycle affect the amount of finance required.

**Step 1:** Explain the meaning and first point

- **Supplier credit as finance:** Credit availed is the credit a business receives from suppliers when it purchases raw materials and other inputs without paying immediately. It permits the business to use those inputs before the payment falls due.

**Step 2:** Explain the effect and application

- **Effect on the requirement:** A larger amount of supplier credit, or a longer credit period, reduces the working capital that the firm must arrange from its own or other sources. If suppliers allow little credit or demand immediate payment, more funds must be available at once. This factor concerns credit received from suppliers; credit extended to customers has the opposite effect because it delays cash receipts.

**Step 3:** Conclusion More supplier credit reduces the working capital the business must arrange; limited supplier credit raises it.

**Quick Tip to Solve:** Credit availed is received from suppliers; credit allowed is given to customers.

**32(a)(iii). Level of competition**

**Solution:**

**Concept:**

- Working capital finances stocks and customer credit needed to maintain sales in a competitive market.
- Inventory, receivables and cash are current assets; changes in the operating cycle affect the amount of finance required.

**Step 1:** Explain the meaning and first point

- **Need to support sales:** In an intensely competitive market, a business may need to maintain larger inventories to fulfil customer orders promptly and avoid losing sales through shortages. It may also have to offer more liberal credit terms to attract and retain customers.

**Step 2:** Explain the effect and application

- **Effect on the requirement:** Additional inventory and greater receivables tie up funds and increase working capital requirements. A business facing less competition may operate with smaller stocks and stricter customer credit terms, reducing the requirement. The precise effect depends on its policies, but intense competition generally raises the funds needed to support sales.

**Step 3:** Conclusion Intense competition generally increases working capital requirements through

larger stocks and liberal customer credit.

**Quick Tip to Solve:** Connect competition to additional inventories and receivables, both of which tie up cash.

OR

**32(b). Explain the following factors affecting the dividend decision of a company :** [6 marks]

**32(b)(i). Stability of dividends**

**Solution:**

**Concept:**

- Companies generally seek stable dividends per share because shareholders value a dependable income.
- Dividend decision divides earnings between shareholder distributions and retention for the company's future needs.

**Step 1:** Identify the concept **(i) Stability of dividends:** Companies generally follow a policy of stabilising dividends per share. Shareholders value a reasonably regular income, so management does not normally alter the dividend merely because earnings change slightly from one year to another. A temporary rise in profit may therefore be retained instead of being fully distributed.

**Step 2:** Explain its meaning and effect An increase in dividend is generally made when the company is confident that its earnings potential has risen and it can maintain the higher dividend in future. Similarly, a reduction is avoided as far as possible because it may disappoint investors. Thus, dividend decisions take account of the sustainable level of earnings, rather than only the current year's profit.

**Step 3:** Conclusion Dividends are changed cautiously and raised when a sustainable increase in earning capacity is expected.

**Quick Tip to Solve:** Distinguish sustainable earning potential from a temporary rise in this year's profit.

**32(b)(ii). Contractual constraints**

**Solution:**

**Concept:**

- Loan agreements can impose binding restrictions on dividend payments to protect lenders' interests.
- Dividend decision divides earnings between shareholder distributions and retention for the company's future needs.

**Step 1:** Identify the concept **(ii) Contractual constraints:** When a company obtains a loan, the lender may impose restrictions on the payment of dividends in the loan agreement. For example, the agreement may restrict the amount that can be distributed, so that adequate funds remain within the business to meet interest and repayment commitments.

**Step 2:** Explain its meaning and effect The company must honour these conditions while deciding its

dividend. Consequently, even a profitable company may have to retain a larger part of its earnings when its borrowing contract limits dividend payments. The board cannot freely distribute profits in disregard of a binding contractual condition.

**Step 3:** Conclusion A company must comply with borrowing-contract restrictions when determining its distributable dividend.

**Quick Tip to Solve:** Contractual constraints arise from agreements with lenders; legal constraints arise from law.

### 32(b)(iii). Stock market reaction

**Solution:**

**Concept:**

- Investors may interpret dividend changes as signals of a company's financial strength and prospects.
- Dividend decision divides earnings between shareholder distributions and retention for the company's future needs.

**Step 1:** Identify the concept **(iii) Stock market reaction:** Investors often regard a change in dividend as a signal about the company's financial position and future prospects. An increase in dividend is generally viewed positively and may cause the market price of the share to rise. A reduction may be viewed negatively and may lead to a fall in the share price.

**Step 2:** Explain its meaning and effect Management therefore considers the likely reaction of investors before changing the dividend rate. This is also a reason for caution about announcing a higher dividend that cannot be sustained: a later reduction may damage investor confidence. The expected effect on share prices influences the dividend decision, alongside the company's financial requirements.

**Step 3:** Conclusion Management considers likely share-price and investor-confidence effects before changing dividends.

**Quick Tip to Solve:** A dividend rise is generally viewed positively and a cut negatively; explain the signal investors perceive.

**33. The G20 Summit was organised in India. The government left no stone unturned to make G20 summit a success.**

**At the higher level, the work to be performed was identified and grouped to enable people to work most effectively together for accomplishing objectives. This involved building infrastructure, beautification of the city, hospitality, security arrangements etc. Duties were assigned to different job positions which led to establishment of clear relationships. This helped in creating a hierarchical structure and in co-ordination amongst all working for the summit.** [6 marks]

**33(a). Identify and explain the function of management discussed in the above para.**

**Solution:**

**Concept:**

- Organising identifies and divides work, groups related activities, assigns duties and establishes reporting relationships.
- An organisational structure clarifies duties, authority and responsibility, enabling different people to work towards a shared objective.

**Step 1:** Identify the concept **Organising:** The function described is organising. The case states that "the work to be performed was identified and grouped" and that "Duties were assigned to different job positions". It also refers to the "establishment of clear relationships". Grouping similar tasks forms departments or activity units; assigning duties makes each job position responsible for its allotted work.

**Step 2:** Explain its meaning and effect These are the essential activities of organising. Work is identified and divided, similar tasks are grouped, duties are allocated to suitable job positions, and authority and reporting relationships are established. In the G20 arrangements, activities such as infrastructure, hospitality and security were brought together in a coordinated structure so that the people concerned could work effectively towards the summit's objectives.

**Step 3:** Conclusion The function is organising: G20 tasks were identified, grouped and assigned within clear working relationships.

**Quick Tip to Solve:** Identify organising from work identification, grouping, assignment and reporting relationships.

**33(b). Explain any four points of importance of the function identified in (a) above.**

**Solution:**

**Concept:**

- Organising creates a structure that coordinates specialised activities and directs resources towards common objectives.
- An organisational structure clarifies duties, authority and responsibility, enabling different people to work towards a shared objective.

**Step 1:** Explain specialisation and clear relationships **Benefits of specialisation:** Organising divides work into manageable jobs. Repeated performance of a specific job allows an employee to acquire skill and expertise in it. This reduces duplication of effort and improves efficiency and productivity.

Thus, specialised jobs help people concentrate on the work assigned to them instead of each person attempting all activities.

**(ii) Clarity in working relationships:** Organising specifies who is responsible for a task, who may issue instructions and to whom an employee reports. Clear authority and responsibility relationships remove ambiguity, improve communication and help fix accountability for results. In the case, the statement "Duties were assigned to different job positions which led to establishment of clear relationships" directly illustrates this benefit.

**Step 2:** Explain resource use and adaptation **(iii) Optimum utilisation of resources:** By defining jobs and assigning them to suitable people, organising makes effective use of human, physical and financial resources. Clearly allocated work prevents overlapping activities and unnecessary duplication. Proper allocation also reduces waste and ensures that resources are directed towards the organisation's objectives.

**(iv) Adaptation to change:** A well-designed organisational structure provides a framework within which work and relationships can be adjusted when circumstances change. Management can regroup activities, modify jobs and reassign responsibilities to respond to new requirements. This flexibility helps the organisation maintain continuity and stability while adapting to changes in its environment.

**Step 3:** Conclusion Organising provides specialisation, clarity in working relationships, optimum resource use and adaptation to change.

**Quick Tip to Solve:** Explain four benefits, rather than merely listing the four steps in the organising process.

**34. 'Memo Builders' was constructing a five star hotel for a leading hotel chain. The hotel had to be given possession by next year but the construction of the hotel was running six months behind schedule. The Chief Executive Officer of 'Memo Builders' was concerned as Memo Builders was known for its quality and timely completion of projects. He asked Nitin, the senior of the Project Head for a thorough investigation. Nitin investigated and reported to the Chief Executive Officer that inspite of huge absenteeism of workers, additional workers were not called. Nitin also reported to the Chief Executive Officer that three of the ten machines being used by the workers were defective. Nitin ordered for repair of the machines and asked the Project Head to appoint additional workers with attractive wages to ensure that the deadline is met.** [6 marks]

**34(a). Identify the function of management. Quoting the lines from the above para, explain the steps of the process of the function of management discussed.**

**Solution:**

**Concept:**

- Controlling compares actual performance with standards, analyses deviations and takes corrective action to meet plans.
- Standards provide the basis for comparison; corrective action addresses the causes of significant deviations rather than merely recording them.

**Step 1:** Identify the management function The function in part (a) is **controlling**. The CEO is checking progress against the promised completion schedule, investigating the delay and arranging

action to remove its causes. Planning fixes what should be achieved; controlling checks whether the planned result is actually being achieved.

**Step 2:** Relate the schedule and delay to the control process **Setting performance standards:** Standards are the criteria against which performance is assessed. The line "The hotel had to be given possession by next year" provides the time standard for completion.

**Measurement of actual performance:** Actual progress is assessed to establish how much work has been completed and whether construction is proceeding on schedule. The case reports the actual position as "the construction of the hotel was running six months behind schedule".

**Comparison with standards:** Actual progress is compared with the promised completion schedule. The same statement, "running six months behind schedule", establishes an adverse deviation: work has progressed more slowly than the schedule requires. A delay is identified only by relating actual progress to the time standard.

**Step 3:** Explain the investigation of deviations **Analysing deviations:** The manager finds the causes of a significant departure from standards so that the remedy addresses the real problem. The CEO "asked Nitin, the senior of the Project Head for a thorough investigation". Nitin found that "inspite of huge absenteeism of workers, additional workers were not called" and that "three of the ten machines being used by the workers were defective". These findings explain the shortage of effective labour and usable machinery behind the delay.

**Step 4:** Explain the corrective action **Taking corrective action:** Management removes the causes of deviations and brings performance back towards the standard. The relevant line is: "Nitin ordered for repair of the machines and asked the Project Head to appoint additional workers with attractive wages to ensure that the deadline is met." Repairing defective equipment restores working capacity, while additional workers address the labour shortage. Thus the action follows directly from the investigation rather than merely changing the completion target.

**Step 5:** Conclusion The function is controlling: standards, actual progress, comparison, investigation and corrective action restore timely construction.

**Quick Tip to Solve:** Use the case sequence: target, actual progress, deviation, cause and corrective action, quoting each clue.

**34(b). Also explain any two points of importance of the function of management identified in (a) above.**

**Solution:**

**Concept:**

- Controlling monitors progress against standards and enables timely action when performance departs from plans.
- Standards provide the basis for comparison; corrective action addresses the causes of significant deviations rather than merely recording them.

**Step 1:** Identify the concept

**Accomplishing organisational goals:** Controlling measures progress towards organisational goals,

reveals deviations and guides corrective action. It keeps work directed towards the agreed objectives. In this case, identifying the delay and correcting its causes helps Memo Builders work towards timely completion of the hotel.

**Step 2:** Explain its meaning and effect **Making efficient use of resources:** Controlling helps reduce wastage and ensures that resources are used effectively according to established standards. It identifies inefficient use and enables managers to correct it. Here, defective machines and inadequate replacement labour reduce productive capacity; repairing the machines and arranging the required workforce improves the use of the project's resources. Timely control prevents small inefficiencies from becoming serious losses and keeps the planned completion objective in view.

**Step 3:** Conclusion Controlling helps accomplish organisational goals and ensures efficient use of resources.

**Quick Tip to Solve:** Link each importance point to its distinct result: meeting objectives or preventing resource waste.