CBSE Class 12 Business Studies Question Paper 2025 with Solution PDF-Set 66/1/2

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. Statement – I : Motivation is a complex process as individuals are heterogeneous in their expectations, perceptions and reactions.

Statement – II : Motivation can be either positive or negative.

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 Statement I and Statement II are true.

(D) Both Statement I and Statement II are false.

Correct Answer: (C) Both Statement I and Statement II are true.

Solution:

Concept:

- Directing: motivation stimulates people to act towards organisational objectives.
- Motivation is complex and may use positive or negative incentives.

Step 1: Examine Statement I Statement I is true. Individuals differ in their expectations, perceptions and reactions. Consequently, the same incentive need not motivate every person equally; managers must recognise individual needs rather than apply one uniform inducement.

Step 2: Examine Statement II Statement II is also true. Positive motivation offers rewards such as appreciation or promotion. Negative motivation uses fear of an undesirable consequence, such as a warning, to influence behaviour. Therefore (A) and (B) each wrongly reject one true statement, while (D) wrongly rejects both.

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

Quick Tip to Solve: Judge each statement independently; different responses make motivation complex.

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2. Organising provides a clear description of jobs and related duties. This helps to avoid confusion and duplication.

The point of importance of organizing described above is : [1 mark]

(A) Adaptation to change

(B) Effective administration

(C) Development of personnel

(D) Expansion and growth

Correct Answer: (B) Effective administration

Solution:

Concept:

- Organising: effective administration rests on clear jobs and duties.
- Defining responsibilities avoids confusion and duplication of effort.

Step 1: Identify the clue The words “clear description of jobs and related duties” indicate that organising specifies who is responsible for each activity. Avoiding “confusion and duplication” enables

work to proceed systematically and provides a sound basis for administration.

Step 2: Compare the alternatives Effective administration is therefore the relevant benefit. Adaptation to change concerns flexibility in a changing environment; development of personnel concerns opportunities to learn through delegation; expansion and growth concern scaling operations. These three benefits do not specifically describe the clarity of jobs highlighted here.

Step 3: Conclusion The importance described is effective administration. Hence, the correct option is (B).

Quick Tip to Solve: Match clear jobs and absence of duplication with effective administration.

3. 'High inflation rates generally result in constraints on business enterprises as they increase the various costs of business such as the purchase of raw materials and payment of wages and salaries to employees etc.' The dimension of business environment referred to above is : [1 mark]

(A) Political Environment

(B) Technological Environment

(C) Social Environment

(D) Economic Environment

Correct Answer: (D) Economic Environment

Solution:

Concept:

- Business Environment: the economic dimension includes inflation, interest rates and economic conditions.
- Inflation can raise input costs and constrain business decisions.

Step 1: Read the economic indicator The case explicitly refers to "High inflation rates" and increased costs of raw materials, wages and salaries. Inflation is a change in the general price level, so its impact on business costs belongs to the economic environment.

Step 2: Eliminate the other dimensions Political environment concerns political conditions and government attitudes; technological environment concerns innovations and production techniques; social environment concerns customs, values and social trends. None of these is the dimension directly represented by inflation and rising business costs in this statement.

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

Quick Tip to Solve: Use the named indicator: inflation and interest rates point to the economic environment.

4. In an informal organisation, authority arises out of _____. [1 mark]

(A) Virtue of position in management

(B) Company's rules and policies

(C) Scalar chain

(D) Personal qualities

Correct Answer: (D) Personal qualities

Solution:

Concept:

- Organising: informal organisation develops through social interactions among people.
- Informal influence arises from personal qualities rather than officially assigned positions.

Step 1: Identify the source of influence Members accept an informal leader because of personal qualities such as trustworthiness, experience, ability to communicate or influence over the group. Such acceptance develops through interpersonal relations and is not conferred by a formal appointment.

Step 2: Separate formal sources Virtue of position in management, company rules and policies, and the scalar chain all belong to the officially designed formal organisation. Thus (A), (B) and (C) describe formal sources or arrangements, whereas the question asks where authority arises in an informal organisation.

Step 3: Conclusion In an informal organisation, authority arises out of personal qualities. Hence, the correct option is (D).

Quick Tip to Solve: For informal authority, look for acceptance by people and personal influence.

5. Which of the following statement is correct about personal selling : [1 mark]

(A) It is an impersonal form of communication.

(B) Personal selling does not allow a sales person to develop personal relationships with the prospective customers.

(C) Personal selling involves oral presentation of message in the form of conversation with one or more prospective customers for the purpose of making a sale.

(D) Personal selling refers to short-term incentives, which are designed to encourage the buyers to make immediate purchase of a product or service.

Correct Answer: (C) Personal selling involves oral presentation of message in the form of conversation with one or more prospective customers for the purpose of making a sale.

Solution:

Concept:

- Marketing Management: personal selling is personal communication with prospective customers.
- It involves oral presentation and conversation intended to make a sale.

Step 1: Identify the definition Personal selling involves an oral presentation of a message through conversation with one or more prospective buyers for the purpose of making sales. The salesperson

can respond to questions and adapt the presentation according to the buyer's reaction, so option (C) states the correct meaning.

Step 2: Check the remaining statements Option (A) is false because personal selling is personal, rather than impersonal, communication. Option (B) is false because direct interaction can build personal relationships with prospective customers. Option (D) describes sales promotion: short-term incentives designed to encourage immediate purchases, rather than personal selling.

Step 3: Conclusion The correct statement is the oral presentation of a message through conversation for making a sale. Hence, the correct option is (C).

Quick Tip to Solve: Conversation and direct buyer interaction identify personal selling; incentives identify sales promotion.

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6. Sadhna, a graduate of a reputed institute of management, is a successful manager. She applies her acquired knowledge in a personalised and skillful manner in difficult situations at work. She uses her imagination and creativity in handling these situations.

The aspect of the nature of management highlighted in the above case is : [1 mark]

(A) Management as an Art

(B) Management as a Science

(C) Management as a Profession

(D) Management both as a Science and as a Profession

Correct Answer: (A) Management as an Art

Solution:

Concept:

- Nature and Significance of Management: art involves skilful and personal application of knowledge.
- Management as an art involves creativity and practice in applying principles.

Step 1: Apply the clues in the case Sadhna applies knowledge in a "personalised and skillful manner" and uses "imagination and creativity". These expressions show the practical, individual and creative application of knowledge, which are characteristic features of management as an art.

Step 2: Distinguish other aspects Management as a science stresses a systematic body of knowledge and principles. Management as a profession concerns specialised knowledge, professional associations and related attributes. Although her education is mentioned, the case highlights her creative application at work. Thus (B), (C) and the combined option (D) do not identify the aspect specifically illustrated.

Step 3: Conclusion The aspect highlighted is management as an art. Hence, the correct option is (A).

Quick Tip to Solve: Personalised, skilful and creative application of knowledge signals management as an art.

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7. Match the concepts of marketing in Column – I with their respective explanations in Column – II :

Column – I	Column – II
(a) Product concept	(i) Its main focus is on quality, performance and feature of the product.
(b) Selling concept	(ii) Its main focus is on satisfaction of customer needs.
(c) Marketing concept	(iii) Its main focus is on aggressively persuading buyer to purchase the existing product.
(d) Societal concept	(iv) Its main focus is on satisfaction of customer needs and society's well-being.

Choose the correct options from the following :

(a) (b) (c) (d) [1 mark]

(A) (iv) (iii) (ii) (i)

(B) (iii) (ii) (i) (iv)

(C) (ii) (i) (iii) (iv)

(D) (i) (iii) (ii) (iv)

Correct Answer: (D) (i) (iii) (ii) (iv)

Solution:

Concept:

- Marketing Management: marketing philosophies differ in their central focus.
- Product, selling, marketing and societal marketing concepts emphasise product quality, sales effort, customer needs and social welfare respectively.

Step 1: Match each concept Product concept focuses on quality, performance and features, so (a) matches (i). Selling concept stresses aggressive persuasion to sell the existing product, so (b) matches (iii). Marketing concept starts with satisfying customer needs, so (c) matches (ii). Societal concept adds society's well-being to customer satisfaction, so (d) matches (iv).

Step 2: Check the option sequences The sequence is (i), (iii), (ii), (iv). Option (A) wrongly gives the societal focus to product concept; (B) wrongly gives aggressive selling to product concept; and (C) wrongly gives customer satisfaction to product concept. Only (D) preserves all four correct matches.

Step 3: Conclusion The matching sequence is (i), (iii), (ii), (iv). Hence, the correct option is (D).

Quick Tip to Solve: Keep the focus words in order: quality, persuasion, customer needs, then social well-being.

8. Statement – I : Regulation of takeover bids by companies is one of the Regulatory functions of Securities and Exchange Board of India.

Statement – II : Training of intermediaries of securities market is one of the Development functions of Securities and Exchange Board of India.

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

(A) Statement I is correct and Statement II is incorrect.

(B) Statement II is correct and Statement I is incorrect.

(C) Both Statement I and Statement II are correct.

(D) Both Statement I and Statement II are incorrect.

Correct Answer: (C) Both Statement I and Statement II are correct.

Solution:

Concept:

- Financial Markets: SEBI performs protective, regulatory and developmental functions.
- Regulatory functions enforce market rules; developmental functions strengthen the securities market.

Step 1: Assess Statement I Statement I is correct. Regulation of takeover bids by companies is a regulatory function of SEBI because it places corporate acquisitions under an orderly framework of rules.

Step 2: Assess Statement II and the options Statement II is also correct. Training intermediaries of the securities market is a developmental function: it improves their competence and supports market development. Options (A) and (B) each incorrectly reject one true statement, while (D) incorrectly rejects both.

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

Quick Tip to Solve: Associate rules for takeover bids with regulation and training intermediaries with development.

9. Alfa Graphics Ltd. was a reputed Indian company which had been in business for many years. The Chief Executive Officer of the company, Rohit Gupta always believed in understanding the business environment as well as responding and adapting to it.

When he found that a foreign multinational company, Leno Graphics, is entering the Indian market with new substitutes, he prepared to meet this threat by reducing cost and creating good quality and aesthetically appealing layouts, advertisements, logos etc. As a result, Alfa Graphics Ltd. was not only able to retain its own customers, but also started getting new projects.

The point of importance of Business Environment discussed above is : [1 mark]

(A) Tapping useful resources.

(B) Identifying threats and early warning signals

(C) Improving performance

(D) Identifying opportunities and getting first mover advantage.

Correct Answer: (B) Identifying threats and early warning signals

Solution:

Concept:

- Business Environment: identifying threats and early warning signals enables a firm to prepare an appropriate response.
- A threat is an external change that can hinder business performance, such as the entry of a competitor with substitutes.

Step 1: Identify the threat and the warning The point is identifying threats and early warning signals. Rohit discovers that a foreign multinational is 'entering the Indian market with new substitutes'. He recognises a competitive threat early and 'prepared to meet this threat' by reducing costs and improving quality and design.

Step 2: Distinguish the other options Option (A) concerns obtaining resources, which the case does not discuss. Option (C) is tempting because customer retention and new projects are mentioned, but these are the consequences of responding to the identified warning. The explicit threat and preparedness make (B) the most direct answer. Option (D) requires an opportunity and first-mover advantage; the case describes defensive preparation against a new rival instead.

Step 3: Conclusion The importance illustrated is identifying threats and early warning signals. Hence, the correct option is (B).

Quick Tip to Solve: When a new rival is explicitly called a threat and the firm prepares a response, choose early warning signals.

10. The risk related to inability to meet fixed financial charges like interest payment and other repayment obligations is known as : [1 mark]

(A) Operating risk

(B) Financial risk

(C) Business risk

(D) None of the above

Correct Answer: (B) Financial risk

Solution:

Concept:

- Financial Management: financial risk is the possibility of failing to meet fixed financial obligations.
- Interest and repayment commitments arise from the financing of the business and must be met when due.

Step 1: Recognise the obligation in the question The question expressly mentions inability to meet fixed financial charges, including interest payments and repayment obligations. These commitments belong to the financing side of the business, so the risk is financial risk.

Step 2: Eliminate the alternatives Operating risk in (A) concerns operations and operating costs. Business risk in (C) concerns uncertainty in operating earnings arising from business activities. Neither specifically describes failure to service financial commitments. Since (B) names the stated risk precisely, (D), none of the above, is also incorrect.

Step 3: Conclusion The risk is financial risk. Hence, the correct option is (B).

Quick Tip to Solve: When the clue is interest or repayment of borrowing, identify financial risk.

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11. Salim and Karim are good friends. They started a business of selling high quality seeds for growing organic vegetables. They are offering 200 varieties of vegetable seeds suitable for terrace gardens, balconies and backyards. Due to the growing trend towards healthy consumption habits, there is a huge demand for their seeds. The dimension of business environment being discussed above is : [1 mark]

(A) Economic Environment

(B) Political Environment

(C) Social Environment

(D) Legal Environment

Correct Answer: (C) Social Environment

Solution:

Concept:

- Business Environment: the social environment includes social trends, values, attitudes and consumption habits.
- Changes in lifestyle and preferences influence the demand for products offered by businesses.

Step 1: Connect the case to the dimension The decisive phrase is the 'growing trend towards healthy consumption habits'. This is a change in people's lifestyle and preferences. It raises demand for vegetable seeds suitable for home gardens, so the dimension is the social environment.

Step 2: Rule out the other dimensions Option (A), economic environment, would focus on factors such as income, inflation or interest rates. Option (B), political environment, concerns government attitudes and political conditions. Option (D), legal environment, concerns laws and regulations. None is the cause of demand given here: the cause is a social consumption trend.

Step 3: Conclusion The dimension is the social environment. Hence, the correct option is (C).

Quick Tip to Solve: Classify healthy-living preferences as a social trend even when they increase market demand.

12. Which of the following statement is correct with respect to 'Exchange Mechanism', a feature of Marketing ? [1 mark]

(A) For an exchange it is necessary that there should be involvement of atleast three parties.

(B) The parties do not have the freedom to reject other parties offer.

(C) The acceptance of the offer for each party has to take place on the basis of compulsion.

(D) For an exchange it is necessary that each party should be capable of offering something of value to the other.

Correct Answer: (D) For an exchange it is necessary that each party should be capable of offering something of value to the other.

Solution:

Concept:

- Marketing Management: exchange is the mechanism through which parties obtain what they need by offering something in return.
- An exchange requires at least two parties, something of value to offer, and freedom to accept or reject the offer.

Step 1: Apply the requirement of value Each party must be capable of offering something of value to the other. For example, the seller offers a product and the buyer offers payment. This makes an exchange possible and explains why the statement in option (D) is correct.

Step 2: Check the remaining statements Option (A) is incorrect because at least two parties are needed; a third party is not essential. Option (B) is incorrect because each party is free to reject the offer. Option (C) is incorrect because acceptance must be voluntary rather than compulsory. Together, these conditions distinguish marketing exchange from a forced transfer.

Step 3: Conclusion Each party must be capable of offering something of value to the other. Hence, the correct option is (D).

Quick Tip to Solve: Check exchange statements for two parties, mutual value and voluntary acceptance.

13. Which of the following is not a protective function of Securities and Exchange Board of India :

[1 mark]

(A) Prohibition of fraudulent and unfair trade practices.

(B) Controlling insider trading and imposing penalties for such practices.

(C) Promotion of fair practices and code of conduct in securities market.

(D) Undertaking measures to develop the capital markets by adapting a flexible approach.

Correct Answer: (D) Undertaking measures to develop the capital markets by adapting a flexible approach.

Solution:

Concept:

- Financial Markets: SEBI protects investors through measures against malpractice and promotes fair dealing.
- SEBI also performs developmental functions aimed at developing the capital market.

Step 1: Classify the protective activities Option (A), prohibition of fraudulent and unfair trade practices, protects investors from deception. Option (B), controlling insider trading and imposing penalties, protects investors against misuse of privileged information. Option (C), promoting fair practices and a code of conduct, also protects market participants.

Step 2: Identify the activity outside this category Option (D) concerns measures to develop capital markets by adopting a flexible approach. This is a developmental function of SEBI. The question asks which activity is not protective, so a genuine SEBI function can still be the correct choice when it belongs to another category.

Step 3: Conclusion Developing capital markets through a flexible approach is a developmental function, not a protective function. Hence, the correct option is (D).

Quick Tip to Solve: Notice the negative wording: classify all SEBI activities before choosing the one in a different category.

14. HG Air Conditioner Pvt. Ltd. is lagging behind its scheduled production target by a month. Despite a high demand, the company is struggling to meet its production target. Even after taking measures like training of employees and assigning additional workers and equipment to the project, the targets could not be met. The Production Manager, now, decided to revise the standards.

Identify the step of the controlling process under which the Production Manager decided to revise the standards. [1 mark]

(A) Setting performance standards

(B) Measurement of actual performance

(C) Analysing deviations

(D) Taking corrective action

Correct Answer: (D) Taking corrective action

Solution:

Concept:

- Controlling: taking corrective action removes the causes of deviations between actual performance and standards.
- Corrective action may include revising standards when they prove unrealistic despite efforts to improve performance.

Step 1: Locate the decision in the control process The company has already found that production is behind schedule and has tried training and additional resources. The manager 'decided to revise the standards' after these measures failed. Revision at this stage is part of taking corrective action.

Step 2: Distinguish the earlier steps Option (A) is initial setting of the benchmarks, whereas the case describes revising them after reviewing a persistent shortfall. Option (B) merely determines actual output. Option (C) investigates the extent and causes of deviations. The decision to change standards in response to the deviation belongs to the corrective-action stage, option (D).

Step 3: Conclusion The step is taking corrective action. Hence, the correct option is (D).

Quick Tip to Solve: A revision of unrealistic standards after a persistent deviation is corrective action, even though it changes the benchmark.

15. Bimal Rai is working in Funny Bunny Ltd. The company manufactures games and toys for children. The basic task of Bimal Rai is to integrate diverse elements and coordinate the activities of different departments. He also analyses the business environment and its implications for the survival of the firm. The level of management at which Bimal Rai is working is : [1 mark]

(A) Top level

(B) Middle level

(C) Operational level

(D) Both Middle and Operational level

Correct Answer: (A) Top level

Solution:

Concept:

- Top management determines the overall direction of the organisation and integrates the efforts of different departments.
- Coordination across departments and assessment of the external environment are organisation-wide responsibilities.

Step 1: Identify the scope of the work Bimal Rai must 'integrate diverse elements and coordinate the activities of different departments'. He also 'analyses the business environment' for the survival of the firm. These responsibilities concern the enterprise as a whole.

Step 2: Eliminate the other levels Middle management implements top-level policies and coordinates departmental work within that framework. Operational management supervises employees and day-to-day production. Neither description, nor their combination, captures overall environmental analysis and organisational integration.

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

Quick Tip to Solve: Look for enterprise-wide survival and environmental analysis to identify top management.

16. Shridhan wanted to purchase an electric car. He visited a retail showroom of a car company where these cars were displayed. The Marketing Manager of this showroom told Shridhan that the company offers credit facilities, maintenance services and many other services that help in bringing repeat sales and developing brand loyalty for their cars. The marketing function being discussed by the Marketing Manager in the above case is [1 mark]

(A) Product Designing and Development

(B) Marketing Planning

(C) Customer Support Services

(D) Branding

Correct Answer: (C) Customer Support Services

Solution:

Concept:

- Customer support services make purchase and use convenient and help retain satisfied customers.
- Credit, maintenance and after-sales services are support activities that promote repeat purchases.

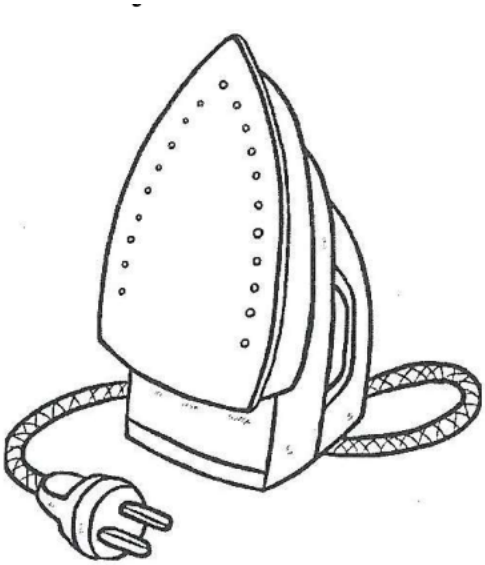
Step 1: Identify the services in the case The showroom offers 'credit facilities, maintenance services' and other assistance. These services support the customer before or after buying the car and help build repeat sales and brand loyalty.

Step 2: Distinguish the other functions Product designing and development concerns product features and improvement. Marketing planning determines marketing objectives and programmes. Branding gives a product a distinctive name or identity. Although loyalty may result, the activities described are services rather than the naming of a brand.

Step 3: Conclusion The function is customer support services. Hence, the correct option is (C).

Quick Tip to Solve: Identify the activity offered: credit and maintenance signal customer support services.

17. One of the responsibilities of an aware consumer is to buy only standardised goods as they provide quality assurance. Identify the quality certification mark to be seen by a consumer in the picture given below : [1 mark]



(A) ISI Mark

(B) Agmark

(C) Hallmark

(D) FPO/FSSAI Mark

Correct Answer: (A) ISI Mark

Solution:

Concept:

- An aware consumer should buy standardised goods and check the appropriate quality certification mark.
- The appropriate certification depends on the product category shown in the question.

Step 1: Identify the product The picture shows an electric iron, which is an electrical appliance. For such industrial products, the consumer should look for the ISI mark as the relevant assurance of conformity to quality standards.

Step 2: Compare the remaining marks Agmark applies to agricultural products, so it is unsuitable for an electric iron. Hallmark concerns the purity of precious-metal articles such as jewellery. FPO/FSSAI relates to food products and food standards, rather than electrical appliances.

Step 3: Conclusion The consumer should look for the ISI mark on the electric iron. Hence, the correct option is (A).

Quick Tip to Solve: First identify the pictured product: electrical appliances point to the ISI mark.

18. There are two Statements, Assertion (A) and Reason (R).

Assertion (A) : Larger the lead time, larger is the quantity of material required to be stored and larger shall be the amount of working capital required.

Reason (R) : If the raw material do not have a record of un-interrupted availability, higher stock levels may be required.

Choose the correct alternative from the alternatives given below : [1 mark]

(A) Assertion (A) is false and Reason (R) is true.

(B) Both Assertion (A) and Reason (R) are false.

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

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

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

Solution:

Concept:

- Availability of raw material and the procurement lead time influence the stock of material a business must hold.
- Larger stocks tie up more funds in current assets and increase working capital requirements.

Step 1: Evaluate Assertion (A) The assertion is true. Lead time is the time taken between placing an order and receiving the material. When this period is longer, a business must maintain a larger stock to continue production while awaiting replenishment. More funds are therefore tied up in inventory.

Step 2: Evaluate Reason (R) The reason is true. If raw material is not available without interruption, the business maintains higher stock levels to guard against shortages and disruption of production.

Step 3: Connect the reason with the assertion Both statements express the need to hold material to keep operations running when supplies cannot replenish stock promptly and continuously. The reason explains why material must be stored to protect production during the supply waiting period. Options (A), (B) and (C) incorrectly declare one or both true statements false.

Step 4: Conclusion Both statements are true, and the reason explains the assertion. Hence, the correct option is (D).

Quick Tip to Solve: Relate the supply waiting period to inventory held and then to funds tied up in stock.

19. There are two statements, Assertion (A) and Reason (R) :

Assertion (A) : Coordination ensures unity of action.

Reason (R) : Coordination act as a binding force between departments and ensures that all action is aimed at achieving the goals of the organisation.

Choose the correct alternative from the alternatives given below : [1 mark]

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

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

(C) Assertion (A) is correct, but Reason (R) is wrong.

(D) Assertion (A) is wrong, but Reason (R) is correct.

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

Solution:

Concept:

- Coordination integrates group efforts and ensures unity of action towards common organisational objectives.
- It acts as a binding force that connects the activities of different departments.

Step 1: Evaluate Assertion (A) The assertion is correct. Coordination ensures that the activities of individuals and departments move towards a common purpose instead of pulling the organisation in conflicting directions.

Step 2: Evaluate Reason (R) The reason is also correct. By acting as a binding force between departments, coordination links their separate efforts and directs them towards the goals of the organisation.

Step 3: Check the explanatory link The reason describes the very mechanism by which unity of action is achieved: departmental activities are bound together around common goals. Thus, option (B) wrongly denies the explanatory link, while options (C) and (D) wrongly reject a correct statement.

Step 4: Conclusion Both statements are correct and the reason correctly explains the assertion. Hence, the correct option is (A).

Quick Tip to Solve: When binding departmental efforts produces common direction, the reason explains unity of action.

20. 'The principles of management do not provide readymade solutions to all managerial problems as real business situations are very complex and dynamic and are a result of many factors.' This statement highlights which of the following features of principles of management : [1 mark]

(A) General guidelines

(B) Flexible

(C) Contingent

(D) Mainly behavioural

Correct Answer: (A) General guidelines

Solution:

Concept:

- Management principles are general guidelines for managerial action rather than ready-made solutions.
- Managers interpret these broad guidelines in the light of complex and changing business situations.

Step 1: Identify the feature emphasised The decisive words are 'do not provide readymade solutions' and 'complex and dynamic'. Management principles guide the manager's thinking, but the manager must examine the actual situation before applying them.

Step 2: Distinguish the other features Flexibility means principles can be modified by managers according to circumstances. Contingency means their application depends on the prevailing situation. Mainly behavioural refers to their concern with human behaviour. These are valid features, but the quoted statement specifically emphasises the broad guidance offered rather than a ready-made solution.

Step 3: Conclusion The feature highlighted is general guidelines. Hence, the correct option is (A).

Quick Tip to Solve: Match the phrase no ready-made solutions with the textbook term general guidelines.

21(a). State any three points of importance of Financial Planning. [3 marks]

Solution:

Concept:

- Financial Management: Financial planning estimates financial requirements and determines the sources of funds to implement the organisation's plans.
- Its importance lies in preparing for future financial needs, ensuring an appropriate availability of funds and linking financial decisions to operating plans.

Step 1: Anticipating financial requirements **Helps in forecasting:** Financial planning helps a company foresee its future financial requirements under different business situations. By estimating the funds needed for proposed activities in advance, management can arrange suitable sources before the need actually arises. This helps the enterprise face likely future situations with better preparation.

Step 2: Maintaining the required funds **Avoids shortage and surplus of funds:** Financial planning attempts to ensure that sufficient funds are available when required. It also seeks to prevent unnec-

essary funds from remaining idle. A shortage can interrupt operations, while excessive idle funds impose an avoidable cost and reduce the efficiency with which resources are used.

Step 3: Coordinating business activities **Coordinates business functions:** Financial planning links the requirements of production, sales and other departments with the funds available to the enterprise. By connecting their operating plans with financial estimates, it helps the different functions work together towards common organisational objectives.

Step 4: Conclusion Three points of importance are forecasting future financial requirements, avoiding both shortage and surplus of funds, and coordinating the financial needs of different business functions.

Quick Tip to Solve: For an importance question, explain how each point improves the availability or use of funds; do not merely define financial planning.

OR

21(b). State any three factors that affect the fixed capital requirements of a company. [3 marks]

Solution:

Concept:

- Financial Management: Fixed capital refers to investment in long-term assets such as land, buildings, plant and machinery.
- Fixed capital requirements depend on the nature and scale of operations and on the technique used to produce goods or provide services.

Step 1: Nature of the business **Nature of business:** A trading concern generally needs less fixed capital because it mainly purchases and resells goods and usually does not require manufacturing plant. A manufacturing concern needs more fixed capital for factories, machinery and equipment. Thus the assets essential to the particular business determine its long-term investment needs.

Step 2: Scale of operations **Scale of operations:** A company operating on a large scale requires more fixed capital because it needs a larger production capacity, more machinery and generally more space and equipment. A small-scale company can work with a smaller asset base and therefore normally requires a lower investment in fixed assets.

Step 3: Choice of production technique **Choice of technique:** A capital-intensive organisation uses substantial machinery and equipment and therefore needs more fixed capital. A labour-intensive organisation relies more heavily on workers and comparatively less on machinery, so its fixed capital requirement is lower for comparable operations. The relevant consideration is investment in long-term productive assets.

Step 4: Conclusion Three factors affecting fixed capital requirements are the nature of business, the scale of operations and the choice between capital-intensive and labour-intensive techniques.

Quick Tip to Solve: For each factor, state which situation needs more fixed capital and connect that difference to investment in long-term assets.

22(a). Give the meaning of 'Directing' function of management. State any two features of Directing.

[3 marks]

Solution:

Concept:

- Directing: Meaning and features of the management function that guides, instructs, counsels, motivates and leads employees.
- The features discussed are that directing initiates action and takes place at every level of management.

Step 1: Meaning of directing **Meaning:** Directing is the process of instructing, guiding, counselling, motivating and leading people in the organisation to achieve its objectives. Through directing, managers influence employees to perform their assigned tasks willingly and effectively. It focuses on people and their work performance so that organisational plans are translated into purposeful activity.

Step 2: Directing initiates action **Initiates action:** Planning, organising and staffing prepare the framework and resources for work. Directing initiates action by telling employees what to do, guiding their efforts and encouraging them to perform. It therefore converts decisions and plans into actual work towards the achievement of organisational objectives.

Step 3: Directing occurs throughout the hierarchy **Takes place at every level of management:** Every manager directs subordinates within the scope of the manager's authority. Top managers direct departmental heads, while supervisors guide operating workers. Thus directing is performed wherever a superior-subordinate relationship exists; it is not confined to senior management or to one department.

Step 4: Conclusion Directing means instructing, guiding, counselling, motivating and leading people to achieve organisational objectives. Two features are that it initiates action and takes place at every level of management.

Quick Tip to Solve: Keep the definition people-focused, then state two distinct features rather than listing the elements of directing.

OR

22(b). State any three 'Semantic Barriers' to communication. [3 marks]

Solution:

Concept:

- Directing: semantic barriers to communication arise when words, symbols or the way a message is expressed prevent the receiver from understanding its intended meaning.
- The same words can convey different meanings to different people; clear encoding and interpretation are therefore necessary for effective communication.

Step 1: State the first semantic barrier **Badly expressed message:** A message may not convey its intended meaning when the manager uses inadequate vocabulary, incorrect words, omits necessary

words or frames sentences poorly. The receiver may consequently misunderstand what the sender wishes to communicate.

Step 2: State the second semantic barrier **Symbols with different meanings:** A word or symbol may have several meanings. When the sender and receiver interpret it differently, communication breaks down. For example, the word "value may refer to a price or to a principle, depending on the context.

Step 3: State the third semantic barrier **Faulty translations:** When the sender and receiver use different languages, a message may have to be translated. If the translator is not proficient in both languages or fails to convey the intended sense, the translated message may distort the original meaning.

Step 4: Conclusion Three semantic barriers are badly expressed messages, symbols with different meanings and faulty translations.

Quick Tip to Solve: For semantic barriers, focus on problems in words, meanings and translation, rather than fear, status or organisational rules.

23. Madhwan was appointed as a Human Resource Manager in 'Health Grow Ltd.' six months back. As a Human Resource Manager, he has to perform many specialised activities and duties like analyzing jobs by collecting information about jobs and prepare job descriptions, training and development of employees etc.

State three other specialized activities that Madhwan must perform in addition to the above as a Human Resource Manager of Health Grow Ltd. [3 marks]

Solution:

Concept:

- Staffing: Human Resource Management includes specialised activities concerned with obtaining suitable employees, rewarding them and evaluating their contribution.
- The question already includes job analysis and employee training and development; three other activities must therefore be stated.

Step 1: State recruitment as another activity **Recruitment:** Madhwan must search for prospective employees and stimulate them to apply for jobs in Health Grow Ltd. This develops a pool of suitable applicants from which the organisation can obtain the people it requires. It is distinct from analysing jobs and preparing job descriptions, which the case already mentions.

Step 2: State compensation as another activity **Developing compensation and incentive plans:** He must develop appropriate wage, salary and incentive plans for employees. These plans determine the rewards employees receive for their work and help the organisation attract, retain and motivate suitable personnel. This is a separate human resource duty from training employees.

Step 3: State performance appraisal as another activity **Appraising employee performance:** He must evaluate employees' performance against the expected standards. Such appraisal helps identify how effectively employees perform their duties and provides information for decisions relating to their development, rewards and future responsibilities. It assesses performance rather than merely providing training.

Step 4: Conclusion Madhwan may perform recruitment, develop compensation and incentive plans, and appraise employee performance, in addition to the activities given in the case.

Quick Tip to Solve: Exclude duties already named in the question; choose three distinct HR activities and state what each involves.

24. P. Madhav is the production manager of 'Trendy Style Pvt. Ltd.', a firm manufacturing office furniture. His objective is to increase production by 20% in the next one year. But the Sales Manager, R. Shetty does not approve of the increase in production, till changes are brought about in the quality of wood, locks, handles etc. to incorporate latest trends. This kind of conflict brings to light an important concept of management that can help to link the activities of various departments.

(i) Identify and explain the concept discussed above.

(ii) State any two points of importance of the concept identified in (i) above. [3 marks]

Solution:

Concept:

- Nature and Significance of Management: coordination integrates group efforts and ensures unity of action in pursuit of common organisational objectives.
- Its importance arises from growth in size, functional differentiation and specialisation; the case particularly illustrates conflict between departmental objectives.

Step 1: Identify and explain the concept in part (i) **Coordination:** It is the process by which a manager synchronises the activities of different departments. It provides unity of action and binds the efforts of departments into a purposeful whole to achieve organisational objectives. The case describes production seeking to "increase production by 20%" while sales seeks changes to "incorporate latest trends". These differing priorities require production and sales activities to be integrated into a common plan.

Step 2: State the first point of importance in part (ii) **Functional differentiation:** Departments have separate objectives and may develop conflicting priorities. Coordination integrates their activities and reconciles departmental interests with the overall interests of the organisation. Here, it can align the production manager's output target with the sales manager's requirements concerning the quality of wood, locks and handles.

Step 3: State the second point of importance in part (ii) **Growth in size:** As an organisation grows, the number of employees and the complexity of activities increase. Employees may differ in their backgrounds, attitudes and ways of working. Coordination harmonises their efforts and integrates individual goals with organisational goals so that everyone works towards a common purpose. This explains its general importance; it does not assume an additional fact about the firm in the case.

Step 4: Conclusion The concept is coordination. Its importance includes integrating functionally differentiated departments and harmonising efforts as an organisation grows in size.

Quick Tip to Solve: Identify the conflict between departmental targets as coordination, then use distinct NCERT headings for its importance.

25(a). State any four points of importance of controlling function of management. [4 marks]

Solution:

Concept:

- Controlling: Importance of the controlling function of management, as explained in NCERT.
- Controlling compares actual performance with established standards and ensures corrective action wherever necessary. This helps the organisation keep its activities directed towards its objectives.

Step 1: Accomplishing organisational goals **Accomplishing organisational goals:** Controlling measures progress towards organisational goals and brings to light deviations, if any. Managers can then take corrective action so that activities return to the planned course. In this way, controlling guides the organisation and keeps it on the right track towards achieving its objectives.

Step 2: Judging accuracy of standards **Judging accuracy of standards:** A good control system enables management to verify whether the standards set are accurate and objective. By checking changes in the organisation and its environment, it helps managers review and revise standards when necessary. Standards therefore remain realistic and useful for assessing performance.

Step 3: Making efficient use of resources **Making efficient use of resources:** Controlling requires each activity to be performed according to predetermined standards. Comparison with these standards helps managers identify waste, spoilage and inefficient practices and take corrective action. This reduces wastage and helps the organisation use human and physical resources efficiently.

Step 4: Improving employee motivation **Improving employee motivation:** A good control system makes employees aware of what they are expected to do and of the standards against which their performance will be judged. This clarity encourages them to perform better. Performance appraisal based on clearly stated standards also helps employees understand how to improve their work.

Step 5: Conclusion Four points of importance are accomplishing organisational goals, judging accuracy of standards, making efficient use of resources and improving employee motivation.

Quick Tip to Solve: State each NCERT heading and follow it with how controlling produces that benefit; keep goals, standards, resources and motivation distinct.

OR

25(b). State any four merits of external sources of recruitment. [4 marks]

Solution:

Concept:

- Staffing: Merits of external sources of recruitment, as explained in NCERT.
- External recruitment means seeking suitable applicants from outside the organisation. It enlarges the field of selection beyond existing employees and can bring additional qualifications, experience and ideas into the organisation.

Step 1: Qualified personnel **Qualified personnel:** By using external sources of recruitment, management can attract qualified and trained people from outside the organisation. It can therefore seek

applicants possessing the qualifications and skills required for a particular vacancy, especially when these are not adequately available among its existing employees.

Step 2: Wider choice **Wider choice:** External recruitment makes a large number of applicants available for consideration. Management can compare their qualifications, abilities and experience with the requirements of the job. This wider pool gives the organisation greater freedom in selecting the most suitable candidates instead of restricting its choice to its present workforce.

Step 3: Fresh talent **Fresh talent:** External sources provide an opportunity to bring fresh talent into the organisation. New employees can contribute new ideas, different experiences and fresh approaches to work. This is particularly useful when an enterprise wishes to improve its methods or introduce new ways of performing its activities.

Step 4: Competitive spirit **Competitive spirit:** When an organisation recruits from outside, existing employees may have to compete with outsiders for suitable positions. This can encourage current employees to improve their performance and develop their capabilities. The organisation can thus benefit from a stronger competitive spirit among its workforce.

Step 5: Conclusion The four merits of external recruitment are qualified personnel, wider choice, fresh talent and competitive spirit.

Quick Tip to Solve: Recall the four NCERT headings: qualified personnel, wider choice, fresh talent and competitive spirit; explain each separately.

26(a). Explain the following external sources of recruitment :

(i) Campus Recruitment

(ii) Recommendation of Employees [4 marks]

Solution:

Concept:

- Staffing: recruitment means searching for prospective employees and stimulating them to apply for jobs in the organisation.
- External sources of recruitment bring applicants from outside the existing workforce. Campus recruitment and recommendations of employees are two such sources.

Step 1: (i) Campus recruitment

- **Meaning and method:** Educational institutions such as colleges, universities, technical institutes and management institutes provide a useful source of recruitment. An organisation maintains contact with these institutions and recruits suitable students through their campus placement arrangements.
- **Suitability:** This source is particularly useful for recruiting qualified personnel for professional and technical positions, such as engineers and management trainees. Organisations may send recruiters to campuses to interview students and select suitable candidates for available jobs. It gives the organisation access to a pool of educated prospective employees at the beginning of their careers.

Step 2: (ii) Recommendation of employees

- **Meaning and method:** Existing employees may recommend their friends or relatives as applicants for vacancies in the organisation. The persons recommended are outside applicants; the existing employee acts as the link between them and the employer.
- **Usefulness:** Existing employees know both the organisation and the persons they recommend. This provides a form of preliminary screening and gives the employer some information about the applicants' background. Employees usually have an interest in making a suitable recommendation because their own reputation is involved. The recommended applicants must still meet the requirements of the job.

Step 3: Conclusion Campus recruitment obtains applicants through educational institutions, whereas recommendations of employees obtain outside applicants through contacts suggested by the existing workforce.

Quick Tip to Solve: For each source, identify where the applicant comes from and explain how the employer reaches that applicant.

OR

26(b). Explain the following non-financial incentives which motivate employees for higher performance :

(i) Employee recognition programmes

(ii) Status [4 marks]

Solution:

Concept:

- Directing: non-financial incentives motivate employees mainly by satisfying psychological, social and esteem needs rather than through direct monetary rewards.
- Employee recognition programmes and status acknowledge an employee's worth and position, encouraging better performance.

Step 1: (i) Employee recognition programmes

- **Meaning:** Recognition means acknowledging and appreciating an employee's work. People generally wish their efforts and achievements to be noticed and evaluated positively by others. Recognition of good performance satisfies this need for appreciation and respect.
- **Forms and motivation:** Recognition programmes may include congratulating an employee for good performance, displaying an achievement on a notice board or in a company newsletter, awarding a certificate for distinguished performance, or presenting a memento for a significant contribution. Appreciation, especially when given before colleagues, increases the employee's sense of achievement and encourages continued high performance. Other employees are also encouraged to perform well to earn similar recognition.

Step 2: (ii) Status

- **Meaning:** Status refers to an employee's ranking or position in the organisational hierarchy. The authority, responsibility, rewards, recognition and prestige associated with a job indicate the status

attached to it.

- **Motivational effect:** A higher position and the respect associated with it satisfy an employee's psychological, social and esteem needs. Recognition of the importance of the employee's position creates a sense of dignity and belonging. Employees may therefore work more effectively to attain a higher status and to maintain the reputation and responsibilities associated with their present position.

Step 3: Conclusion Recognition programmes motivate through appreciation of achievement, while status motivates through the rank, authority and prestige attached to a position in the organisation.

Quick Tip to Solve: Link recognition to appreciation of work, and status to the employee's position and prestige in the hierarchy.

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27. Ganesh Jain is the Marketing Manager at 'KL Foods Ltd'. He has a team of four employees working under him – Kavya, Ritesh, Pooja and Madhav. Kavya and Ritesh are temporary employees while Pooja and Madhav's job is permanent. All four of them have been working hard and consistently met all targets. Ganesh Jain wanted to reward them for their good performance. He understood that in all human beings, there exists a hierarchy of needs. So, he identified the need level of each of the employees to provide motivation to them.

Kavya and Ritesh were made permanent in the job with a good pension plan while Pooja and Madhav were given an autonomy status.

(i) Identify and state the need of employees recognized by Ganesh Jain in the above case.

(ii) State any two assumptions on which Maslow's Need Hierarchy Theory is based on. [4 marks]

Solution:

Concept:

- Directing: Maslow's Need Hierarchy Theory explains motivation through a hierarchy of human needs, from basic physiological needs to self-actualisation.
- Security needs concern protection and stability, while esteem needs concern self-respect, recognition, status and autonomy.

Step 1: (i) Identify the need of Kavya and Ritesh **Safety or security needs:** These needs refer to security and protection from physical and emotional harm. They include stability of income, job security and pension plans. The case states that Kavya and Ritesh "were made permanent in the job with a good pension plan". Permanency reduces uncertainty about continued employment, while the pension plan provides security of income after retirement. Hence, the reward addresses their safety or security needs.

Step 2: (i) Identify the need of Pooja and Madhav **Esteem needs:** These include self-respect, autonomy, status, recognition and attention. The case states that Pooja and Madhav "were given an autonomy status". Autonomy allows them greater independence in their work and recognises their standing in the organisation. It therefore satisfies esteem needs. Although greater responsibility can help personal development, the specific clue here is autonomy and status, which NCERT places under esteem needs.

Step 3: (ii) State two assumptions of the theory **Behaviour is based on needs:** People's behaviour is based on their needs, and satisfaction of those needs influences their behaviour. A reward motivates when it addresses a need that the employee experiences.

Needs follow a hierarchy: People's needs are arranged in a hierarchical order, starting with basic needs and moving to higher-level needs. A person moves to the next higher-level need only when the lower-level need is satisfied. These assumptions explain why Ganesh identifies each employee's need level before choosing a reward.

Step 4: Conclusion Kavya and Ritesh's safety or security needs and Pooja and Madhav's esteem needs are recognised. The two assumptions are that behaviour is based on needs and that needs occur in a hierarchy.

Quick Tip to Solve: Link permanent employment and pensions to security; link autonomy and status to esteem, even when both rewards recognise good performance.

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28. 'Tech Work' an Artificial Intelligence (AI) startup started in 2024. It was earning good profits. It wanted to expand its business and for its research and development, it required ₹ 100 crores.

The Chief Executive Officer of 'Tech Work' consulted the Finance Manager who suggested that there is a market which facilitates transfer of investible funds from savers to entrepreneurs seeking to establish new enterprises or expand existing ones through the issue of securities.

The management of 'Tech Work' decided to raise funds from the investors by issuing equity shares @ ₹ 200 per share for the first time.

(i) Name the type of capital market through which 'Tech Work' decided to raise funds for its expansion.

(ii) State three features of the market identified in (i) above. [4 marks]

Solution:

Concept:

- Financial Markets: The primary market is the new issue segment of the capital market, through which companies raise funds by issuing new securities.
- The primary market channels savings into productive investment; the secondary market deals in the subsequent purchase and sale of existing securities.

Step 1: (i) Identify the type of capital market **Primary market, also called the new issue market:** Tech Work decides to raise funds by issuing new equity shares to investors. The decisive words are "issuing equity shares ... for the first time". Investors subscribe to the company's new securities, so the funds reach the company for expansion and research and development. This is a primary-market transaction. It is distinct from trading existing shares between investors in the secondary market, where the company does not receive the sale proceeds.

Step 2: (ii) State three features of the primary market **Deals in new securities:** The primary market deals with securities being issued for the first time. It is therefore also known as the new issue market. Tech Work's first issue of equity shares is an example of such a new issue.

Direct flow of funds to the issuer: Securities are issued by a company to investors, and the funds raised flow from subscribers to the issuing company. This channel transfers investible funds from

savers to entrepreneurs. Thus, the money subscribed finances Tech Work's own business rather than being paid to an existing shareholder selling shares.

Finances establishment and expansion of enterprises: Companies use the primary market to raise long-term capital for setting up new enterprises or expanding existing ones, including modernisation and diversification. Tech Work's proposed expansion and research and development illustrate the use of new capital for business growth. Both new and existing companies can raise funds through this market.

Step 3: Conclusion Tech Work will raise funds through the primary market. It deals in new securities, channels investors' funds to the issuing company and provides capital for the establishment or expansion of enterprises.

Quick Tip to Solve: Ask who receives the investors' money: a company issuing new shares indicates the primary market; an investor selling existing shares indicates the secondary market.

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29. VK Ltd. is a fast moving consumer goods company. It has shareholders spread all over India. Most of its shareholders depend upon a regular income from their investment.

VK Ltd. has been earning consistent profits. The management of the company keeps in mind the preference of the shareholders regarding payment of dividend. Since its shareholders, in general, desire that atleast a certain amount is paid as dividend to them every year, the company declares dividend every year.

Atul, the Finance Manager of the company identified promising growth opportunities. He suggested to the Chief Executive Officer to retain the earnings to finance the required investments instead of declaring dividend every year. For this, the Chief Executive Officer decided to call a General Body Meeting of the shareholders.

(i) Identify two factors affecting dividend decision discussed above.

(ii) State two other factors that affect the dividend decision of a company. [4 marks]

Solution:

Concept:

- Financial Management: A dividend decision determines how much of the profit is distributed to shareholders and how much is retained for investment in the business.
- Shareholders' preference and growth opportunities influence this allocation. Cash flow position and legal constraints also affect the ability to declare dividends.

Step 1: (i) Shareholders' preference **Shareholders' preference:** Management considers shareholders' preference for current dividend income when deciding the dividend. Here, "most of its shareholders depend upon a regular income from their investment" and shareholders desire that "atleast a certain amount is paid as dividend to them every year". This preference supports the company's policy of declaring a dividend each year. The proposed general body meeting also enables management to consider shareholders' views before changing that policy.

Step 2: (i) Growth opportunities **Growth opportunities:** Companies with promising growth opportunities generally retain a larger portion of their earnings to finance investment and therefore distribute a

smaller portion as dividend. Atul "identified promising growth opportunities" and suggested retaining earnings "to finance the required investments". This directly identifies growth opportunities as the second factor affecting the dividend decision.

Step 3: (ii) Two other factors

- **Cash flow position:** Payment of dividend involves an outflow of cash. The company should have sufficient cash available to pay dividends; accounting profits alone do not ensure that the necessary cash is available.
- **Legal constraints:** The Companies Act places restrictions on the payment of dividends. A company must comply with these provisions while declaring and paying dividend, so its decision cannot be based solely on management's wishes.

Step 4: Conclusion (i) The two factors are **shareholders' preference** and **growth opportunities**. (ii) Two other factors are **cash flow position** and **legal constraints**.

Quick Tip to Solve: Link regular income to shareholders' preference and promising investments to growth opportunities; choose two clearly different factors for part (ii).

30. Abha had guests at home. She ordered vegetable, biryani from 'Biryani House'. The biryani came in a beautiful packaging and Abha opened it with lot of excitement. However, when she started serving biryani to the guests, she realised that it was non-vegetarian. She checked the package and noticed that there was no indication whether it was a vegetarian or non-vegetarian biryani. She contacted 'Biryani House' for the same. The manager at 'Biryani House' apologized and immediately sent a vegetarian biryani along with complimentary sweet dish.

Identify and explain the two consumer rights discussed in the above case. [4 marks]

Solution:

Concept:

- Consumer Protection: The right to be informed enables consumers to obtain complete information about a product and make an informed choice.
- The right to seek redressal entitles consumers to relief against unfair trade practices, defective goods or unsatisfactory services.

Step 1: Right to be informed **Identification and evidence:** Abha's **right to be informed** is discussed when she finds that "there was no indication whether it was a vegetarian or non-vegetarian biryani" on the package. She had ordered vegetarian food but the package failed to disclose this essential product information.

Explanation: A consumer has the right to complete information about a product, including its ingredients, quality, quantity, price, date of manufacture and expiry, and directions for use, as applicable. Such information enables the consumer to make an informed purchase and use the product appropriately. Here, a clear vegetarian or non-vegetarian indication was necessary to inform Abha about the nature of the food supplied. Attractive packaging does not substitute for this disclosure.

Step 2: Right to seek redressal **Identification and evidence:** The **right to seek redressal** is discussed when the manager "immediately sent a vegetarian biryani along with complimentary sweet dish" after

Abha contacted Biryani House. The replacement corrected the supply of food different from what she had ordered, while the complimentary dish provided additional relief for the inconvenience.

Explanation: Consumers have the right to seek relief against unfair trade practices, defective goods or unsatisfactory services. Depending on the circumstances, relief may include replacement, refund or compensation for loss or injury. Abha exercised this right by complaining about the incorrect supply and missing product information, and the restaurant provided redress by replacing the food. The decisive feature is the remedy actually provided, rather than merely the opportunity to voice a complaint.

Step 3: Conclusion The two consumer rights are the **right to be informed**, affected by the missing vegetarian/non-vegetarian indication, and the **right to seek redressal**, reflected in the replacement biryani and complimentary sweet dish.

Quick Tip to Solve: Missing product details point to the right to be informed; replacement, refund or compensation after a complaint points to the right to seek redressal.

31(a). Explain the following techniques of scientific management :

(i) Time Study

(ii) Motion Study

(iii) Fatigue Study [6 marks]

Solution:

Concept:

- Principles of Management: Taylor's techniques of scientific management replace guesswork with systematic study of work so that efficiency improves.
- Time study determines the standard time, motion study improves the movements used in doing work, and fatigue study determines suitable rest intervals.

Step 1: (i) Time study **Meaning and method:** Time study determines the standard time required to perform a well-defined job. Time-measuring devices are used for each element of the task, and several readings are taken to obtain a fair standard. The standard is determined for an average worker working at a reasonable pace under standard conditions, rather than by using an unusually fast or slow performance.

Purpose: This standard helps management determine how many workers are needed, frame suitable incentive schemes and determine labour costs. For example, once the standard time for assembling a unit is known, management can plan the workforce needed for a given production target. Thus, time study provides a scientific basis for setting work targets.

Step 2: (ii) Motion study **Meaning and method:** Motion study examines the movements involved in performing a job, such as lifting, putting objects down, sitting and changing positions. These movements are carefully observed and analysed. Productive, incidental and unproductive movements are distinguished so that movements which do not contribute to the job can be eliminated.

Purpose: Its aim is to reduce unnecessary movements and design the best possible sequence of necessary movements. This makes it possible to complete the job efficiently in less time with less

effort. For example, placing tools within easy reach avoids repeated walking or stretching. Motion study therefore improves the way the work is performed rather than merely making the worker move faster.

Step 3: (iii) Fatigue study **Meaning and method:** Fatigue study determines the amount and frequency of rest intervals required while performing a task. A worker becomes physically and mentally tired after working continuously, and this reduces efficiency. The study examines factors such as long working hours, poor working conditions, unsuitable work and lack of cooperation that may cause fatigue.

Purpose: Suitable rest pauses help workers regain stamina and resume work with renewed energy. Management schedules these intervals according to the nature and intensity of the job so that fatigue is reduced and output is maintained. The aim is to improve efficiency through adequate rest and better conditions, while recognising the worker's physical and mental limits.

Step 4: Conclusion Time study fixes the standard time for a job; motion study eliminates unnecessary movements; fatigue study fixes appropriate rest intervals. Together, these techniques improve productivity and reduce avoidable waste of time and effort.

Quick Tip to Solve: Link time to the duration of the job, motion to the worker's movements, and fatigue to rest intervals; state both the meaning and purpose of each technique.

OR

31(b). Explain any three features of management. [6 marks]

Solution:

Concept:

- Nature and Significance of Management: Management is the process of getting things done with the aim of achieving organisational goals effectively and efficiently.
- Its features explain the nature of managerial work. Three features are that management is goal-oriented, all pervasive and multidimensional.

Step 1: 1. Management is a goal-oriented process **Goal-oriented process:** Every organisation exists to achieve certain basic purposes. Management unites the efforts of different individuals towards achieving these organisational goals. These goals must be clearly stated, simple and understandable so that employees know what they are working towards.

The activities of managers are directed by these objectives: they plan work, organise resources and guide people to achieve the desired results. For example, in a business enterprise, management coordinates production, sales and other activities to achieve a stated sales or profit target. Thus, managerial effort has a definite direction and is assessed in relation to the organisation's goals.

Step 2: 2. Management is all pervasive **All pervasive:** The activities involved in managing an enterprise are common to all organisations, whether economic, social or political. Management is required in a business, a school, a hospital and a voluntary association. It is also needed in small as well as large organisations and at every level of management.

Although the way managers perform their activities may differ according to the organisation's size, purpose and environment, the need to coordinate people and resources exists everywhere. For example, both a school principal and a factory manager plan activities, organise resources and guide staff. Therefore, management is universal in its application, while its practice is adapted to each situation.

Step 3: 3. Management is multidimensional **Multidimensional:** Management is a complex activity with three main dimensions: management of work, management of people and management of operations. Management of work translates the organisation's goals into the work that must be carried out and provides the means to achieve it.

Management of people deals with employees both as individuals with diverse needs and behaviour and as members of groups. It directs their efforts towards common goals. Management of operations oversees the process that transforms inputs into the desired output of goods or services. For example, a hospital must organise patient-care tasks, coordinate doctors and nurses, and manage the facilities and procedures used to provide treatment. These dimensions are interrelated and must be managed together for effective performance.

Step 4: Conclusion Management directs collective efforts towards goals, is needed in all kinds of organisations and covers work, people and operations. These three features explain its purposeful, universal and complex nature.

Quick Tip to Solve: For each feature, give its textbook name, explain its meaning and add an example; for multidimensional management, explicitly mention work, people and operations.

32(a). Explain the following limitations of 'Planning' function of management :

(i) Planning may not work in dynamic environment.

(ii) Planning reduces creativity.

(iii) Planning does not guarantee success. [6 marks]

Solution:

Concept:

- Planning: limitations of planning arise because plans concern an uncertain future and guide action through predetermined courses of action.
- Planning gives direction, but its usefulness depends on changing circumstances, employee initiative and effective implementation.

Step 1: (i) Planning may not work in a dynamic environment **Changes make forecasts unreliable:** Business operates in a constantly changing environment. Economic conditions, government policies, competitors' actions, technology and customers' preferences may change after a plan has been prepared. Since plans rest on assumptions about the future, an unexpected change can make those assumptions and the resulting plan unsuitable.

Anticipating every change is difficult: Managers cannot accurately foresee every environmental development. For example, a plan based on demand for an existing product may become ineffective when a new technology changes consumer demand. Plans therefore need review and adaptation; a

predetermined plan cannot by itself ensure an appropriate response to every change.

Step 2: (ii) Planning reduces creativity **Planning is largely done by top management:** In many organisations, senior managers prepare the plans and other managers and employees implement them. Those carrying out the work are expected to follow the directions already laid down.

Initiative may be discouraged: Employees may neither be allowed to deviate from the plan nor be encouraged to act independently. Their thinking becomes confined to implementing what has already been decided. As a result, fresh ideas, creative thinking and individual initiative can be restricted, even among people who have useful knowledge of day-to-day operations.

Step 3: (iii) Planning does not guarantee success **A plan must be translated into action:** An enterprise succeeds only when a sound plan is properly implemented. Preparing a detailed document does not ensure that employees carry out the necessary work or that resources are used effectively.

Past success can create false confidence: Managers may assume that a plan which succeeded earlier will succeed again. However, business conditions can change, so relying on an old successful plan without fresh analysis may cause failure. Planning must therefore be accompanied by suitable action and continued assessment of current conditions.

Step 4: Conclusion Planning may become unsuitable when the environment changes, restrict employee creativity through predetermined directions, and fail to produce success unless plans are appropriate to current conditions and effectively implemented.

Quick Tip to Solve: Explain each limitation through its cause and effect: changing assumptions, restricted initiative, and the gap between making a plan and implementing it.

OR

32(b). Give the meaning of 'Single-use-plans' and 'Standing-plans'. Explain 'Strategy' and 'Policy' as types of plans. [6 marks]

Solution:

Concept:

- Planning: single-use and standing plans are classified according to whether the activity is non-recurring or recurring.
- Types of plans: a strategy provides a comprehensive framework for achieving organisational objectives, while a policy guides thinking and decisions within broad boundaries.

Step 1: Meaning of single-use plans **Single-use plans:** These plans are developed for a one-time event or project which is not likely to be repeated in the future. They are meant to meet the needs of a unique situation. For example, a plan to organise a particular conference is a single-use plan. Programmes and budgets are examples of single-use plans.

Step 2: Meaning of standing plans **Standing plans:** These plans are used for activities that occur regularly over a period of time. They guide employees in dealing with recurring situations and help maintain consistency in decisions and actions. They are generally developed once and modified when necessary to meet changing circumstances. Policies, procedures, methods and rules are examples.

Step 3: Strategy as a type of plan **Meaning and scope:** A strategy is a comprehensive plan for accomplishing an organisation's objectives. It provides the broad framework within which the organisation conducts its business.

Main dimensions: It involves determining long-term objectives, adopting a suitable course of action, and allocating the resources necessary to achieve those objectives. In formulating a strategy, managers analyse both the organisation and its external environment. Competitors, customer demand and other environmental factors influence the chosen course of action.

Step 4: Policy as a type of plan **Meaning and role:** A policy is a general statement that guides thinking or channels effort in a particular direction. It defines broad parameters within which managers exercise discretion and make decisions.

Decision guidance: Policies are based on organisational objectives and promote consistency in decisions without specifying every detailed action. They can exist for areas such as production, marketing, personnel and finance. For example, a policy of giving preference to internal candidates for promotion guides personnel decisions while allowing managers to assess the suitability of individual candidates.

Step 5: Conclusion Single-use plans serve non-recurring events or projects, while standing plans guide recurring activities. Strategy establishes the comprehensive course for achieving objectives, and policy provides general guidance for decisions within that framework.

Quick Tip to Solve: Link single-use to one project, standing to repetition, strategy to objectives and resources, and policy to broad decision guidance.

33. 'Royal Glaze Ltd.' continues to maintain its position as one of the largest consumer goods companies in the world. Its organisational structure is designed to facilitate the achievement of its objectives in alignment with its vision statement. The company maintains two distinct product divisions in its organisational structure – 'Foods' and 'Home Care'.

Looking ahead, the company is focusing on embracing changes so that it can continue to be the market leader. As part of its expansion plans, it is planning to venture into the electronics segment in the near future.

(i) Identify the organisational structure of 'Royal Glaze Ltd'.

(ii) Draw the organisational structure chart of 'Royal Glaze Ltd.' considering its future plans to enter into Electronics segment.

(iii) State any three advantages of the type of organisational structure drawn in (ii) above. [6 marks]

Solution:

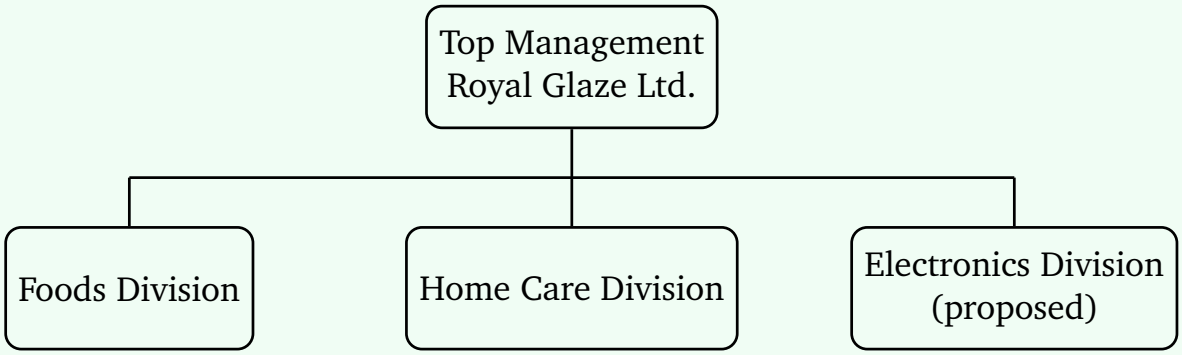
Concept:

- Organising: a divisional structure groups activities on the basis of products. Each division is responsible for its own product and carries out the functions required for that product.
- A company with several product lines can add a separate product division when it diversifies, while retaining overall direction under top management.

Step 1: (i) Identify the organisational structure Royal Glaze Ltd. has a **divisional organisational**

structure. The case states that it maintains "two distinct product divisions" called "Foods" and "Home Care". Thus, its activities are grouped by product lines. Each product division can have its own production, marketing, finance and personnel activities under its divisional manager.

Step 2: (ii) Show the structure after the proposed expansion The company should add an **Electronics division** alongside the existing Foods and Home Care divisions. All three product divisions would operate under the company's top management. The chart below shows the proposed product-based grouping; the Electronics division represents the company's future plan to "venture into the electronics segment".



Proposed divisional organisational structure of Royal Glaze Ltd.

Step 3: (iii) State three advantages of the divisional structure

- **Development of managerial talent:** A divisional head handles several functions connected with one product, such as production, marketing and finance. Experience across these functions develops the varied skills needed for higher managerial positions. For example, the Electronics divisional head would gain experience in managing the whole product business.
- **Accountability for performance:** Revenue and costs relating to each product division can be identified separately. Each division can therefore be treated as a profit centre, allowing its profitability and its manager's performance to be assessed. Responsibility for poor results can be fixed and suitable remedial action taken.
- **Expansion and growth:** New product divisions can be added without interrupting the working of existing divisions. Royal Glaze Ltd. can introduce its Electronics division while the Foods and Home Care divisions continue operating under their respective divisional heads.

Step 4: Conclusion Royal Glaze Ltd. follows a **divisional structure**. Its proposed structure has Foods, Home Care and Electronics divisions under top management. Three advantages are development of managerial talent, accountability for performance, and ease of expansion and growth.

Quick Tip to Solve: When the case groups activities by named product lines, identify a divisional structure and add the new product as a parallel division in the chart.

34. DG Ltd., an E-plane car company has developed a revolutionary flying car for passenger mobility. This hybrid flying car can accommodate upto two persons and features innovative wing like doors for comfortable entry. The seats are designed for utmost comfort, crafted from high quality materials.

The distinguishing feature of this flying car is that its production will be in India and it will utilise biofuel alongside electricity, ensuring a sustainable mode of transportation.

DG Ltd. has obtained the first testing approval for its category. Priced at ₹ 2.5 crores, the company has to take decisions in respect of discounts to customers, credit terms etc., so that the customers perceive the price to be in line with the value of the product.

To make the flying car available to the target customers, DG Ltd. is in the process of selecting dealers or intermediaries to reach the customers, providing support to the intermediaries etc.

To communicate the availability, features, merits etc. of the product to the target customers and persuade them to buy the flying car. DG Ltd. decided to go in for digital marketing campaigns, press releases and demos conducted by influencers and journalists.

The above case describes the combination of elements used by DG Ltd. to prepare its market offering.

Quoting lines from the above para, identify and explain the elements. [6 marks]

Solution:

Concept:

- Marketing Management: Marketing mix is the combination of variables chosen by a firm to prepare its market offering for its target customers.
- Its four elements are Product, Price, Place and Promotion, commonly called the four Ps. They must work together to satisfy customers and achieve the firm's marketing objectives.

Step 1: Product

- **Product:** The case states, "This hybrid flying car can accommodate upto two persons and features innovative wing like doors for comfortable entry." It also states that the car "will utilise biofuel alongside electricity, ensuring a sustainable mode of transportation."
- Product means the goods or services, including their benefits, offered to customers to satisfy their needs. Product decisions cover quality, design, features, branding, packaging and supporting services. Here the two-person capacity, wing-like doors, comfortable seats and use of biofuel with electricity define the car's features and benefits. They create the company's passenger-mobility offering.

Step 2: Price

- **Price:** The relevant line is: "Priced at ₹ 2.5 crores, the company has to take decisions in respect of discounts to customers, credit terms etc., so that the customers perceive the price to be in line with the value of the product."
- Price is the amount of money a customer must pay to obtain the product. Pricing decisions include the basic price, discounts, allowances, payment period and credit terms. DG Ltd. must set these terms so that buyers regard the amount payable as appropriate for the flying car's benefits and perceived value.

Step 3: Place or physical distribution

- **Place:** The case says that DG Ltd. is "in the process of selecting dealers or intermediaries to reach

the customers, providing support to the intermediaries etc."

- Place comprises activities that make the product available to target customers. It includes selection and management of channels of distribution, together with physical-distribution decisions such as transportation, warehousing, inventory and order processing. Selecting and supporting dealers helps DG Ltd. bring its market offering within the reach of its intended buyers.

Step 4: Promotion

- **Promotion:** The relevant line is: "DG Ltd. decided to go in for digital marketing campaigns, press releases and demos conducted by influencers and journalists."
- Promotion comprises activities that communicate a product's availability, features and merits and persuade target customers to buy it. Firms choose an appropriate mix of advertising, personal selling, sales promotion and public relations. Here digital campaigns communicate with prospective buyers, while press releases and demonstrations generate information and awareness about the flying car and encourage purchase.

Step 5: Conclusion The elements used by DG Ltd. are **Product, Price, Place and Promotion**. Together these four Ps constitute its **marketing mix**.

Quick Tip to Solve: Link features to Product, payment terms to Price, dealers to Place and communication with buyers to Promotion; quote one relevant case line for each.