CBSE Class 12 Business Studies Question Paper 2025 with Solution PDF-Set 66/4/1

Question Paper with Solutions

Conducted by the Central Board of Secondary Education (CBSE)

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

General Instructions

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

1. The leadership style in which subordinates act according to the command given by the manager and the communication is one way, is known as : [1 mark]

(A) Autocratic leadership style

(B) Democratic leadership style

(C) Free-rein leadership style

(D) None of the above

Correct Answer: (A) Autocratic leadership style

Solution:

Concept:

- Autocratic leadership centralises authority in the leader, who gives orders and expects subordinates to obey.
- Identify the precise wording of the question before comparing the available alternatives.

Step 1: Identify the leadership behaviour The clues are 'subordinates act according to the command given by the manager' and 'communication is one way'. Instructions flow downwards from the leader, with little participation by subordinates in decision making.

Step 2: Compare the alternatives Democratic leadership (B) invites participation and two-way communication. Free-rein leadership (C) gives subordinates considerable freedom to decide and act. Neither matches command-based, one-way communication; (D) is ruled out because autocratic leadership directly fits.

Step 3: Conclusion The correct option is (A): Autocratic leadership style.

Quick Tip to Solve: Match one-way commands and centralised decisions with autocratic leadership.

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2. Read the following statements carefully :

Statement I : A rule reflects a managerial decision that a certain action must or must not be taken.

Statement II : A rule allows flexibility or discretion.

In the light of the given statements, choose the correct alternative from the following : [1 mark]

(A) Both Statement I and Statement II are true.

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

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

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

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

Solution:

Concept:

- A rule specifies what must or must not be done in a given situation and permits no discretion in its application.
- Identify the precise wording of the question before comparing the available alternatives.

Step 1: Assess Statement I Statement I is true. A rule embodies a managerial decision about whether

a particular action is required or prohibited. It states the action clearly so that employees know what conduct is expected.

Step 2: Assess Statement II and the alternatives Statement II is false because a rule does not allow flexibility or individual discretion. Thus (A) wrongly treats II as true, (B) wrongly treats I as false, and (D) reverses both judgments. Only (C) gives the correct combination.

Step 3: Conclusion The correct option is (C): Statement I is true and Statement II is false.

Quick Tip to Solve: Remember that rules prescribe action strictly; policies allow room for discretion.

3. To promote awareness among consumers, the government is running a campaign 'Jago Grahak Jago'. This campaign is a part of which of the following right ? [1 mark]

(A) Right to be informed

(B) Right to safety

(C) Right to consumer education

(D) Right to be heard

Correct Answer: (C) Right to consumer education

Solution:

Concept:

- The right to consumer education concerns knowledge of consumer rights, responsibilities and remedies against exploitation.
- Identify the precise wording of the question before comparing the available alternatives.

Step 1: Connect the campaign to the right The words 'To promote awareness among consumers' identify consumer education. The 'Jago Grahak Jago' campaign helps people understand their rights and act as informed, responsible consumers.

Step 2: Eliminate the other rights The right to be informed (A) concerns information about goods and services, such as quality, price and ingredients. The right to safety (B) protects against hazardous goods and services. The right to be heard (D) ensures that consumer interests and complaints receive consideration. The campaign here focuses on awareness and education.

Step 3: Conclusion The correct option is (C): Right to consumer education.

Quick Tip to Solve: Use the purpose of the campaign: general awareness of rights means consumer education.

4. The study which refers to the study of movements which are undertaken while doing a typical job, is called : [1 mark]

(A) Method study

(B) Fatigue study

(C) Motion study

(D) Time study

Correct Answer: (C) Motion study

Solution:

Concept:

- Motion study examines the movements performed in a typical job to identify and eliminate unnecessary movements.
- Identify the precise wording of the question before comparing the available alternatives.

Step 1: Identify the object of the study The question explicitly refers to the 'study of movements'. Motion study analyses actions such as lifting, putting objects down and changing position, with the aim of improving the efficiency of work.

Step 2: Distinguish the other techniques Method study (A) finds the best way of performing a job. Fatigue study (B) determines the duration and frequency of rest intervals. Time study (D) determines the standard time required to perform a well-defined job. Since the focus here is movements rather than method, rest or time, those options do not fit.

Step 3: Conclusion The correct option is (C): Motion study.

Quick Tip to Solve: Associate motion with movements; associate time study with standard task duration.

5. Evaluating an employee's current and/or past performance as against certain pre-determined standards, is known as : [1 mark]

(A) Selection decision

(B) Performance appraisal

(C) Compensation

(D) Preliminary screening

Correct Answer: (B) Performance appraisal

Solution:

Concept:

- Performance appraisal evaluates an employee's present or past performance against predetermined standards.
- Identify the precise wording of the question before comparing the available alternatives.

Step 1: Match the definition The decisive words are 'Evaluating an employee's current and/or past performance' and 'pre-determined standards'. These describe the systematic comparison of actual employee performance with expected performance, called performance appraisal.

Step 2: Check the remaining options Selection decision (A) chooses a candidate for appointment. Compensation (C) concerns pay and other rewards for work. Preliminary screening (D) removes unsuitable applicants at an early stage of selection. None of these evaluates the work performance of an employee against established standards.

Step 3: Conclusion The correct option is (B): Performance appraisal.

Quick Tip to Solve: Look for actual employee performance being compared with standards: that is appraisal.

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6. Which of the following functions of the Stock Exchange gives investors the chance to disinvest and re-invest in securities ? [1 mark]

(A) Pricing of securities

(B) Safety of transactions

(C) Providing liquidity and marketability to existing securities

(D) Providing scope for speculation

Correct Answer: (C) Providing liquidity and marketability to existing securities

Solution:

Concept:

- A stock exchange provides liquidity and marketability by enabling investors to buy and sell existing securities.
- Identify the precise wording of the question before comparing the available alternatives.

Step 1: Identify the facility described The opportunity to 'disinvest and re-invest' means that an investor can sell an existing holding, obtain funds and buy other securities. An organised secondary market makes these transactions possible without waiting for the security to mature.

Step 2: Compare the other functions Pricing of securities (A) determines prices through demand and supply. Safety of transactions (B) concerns regulated dealings and protection against malpractices. Providing scope for speculation (D) allows controlled speculative activity. The direct explanation of entering and exiting investments is liquidity and marketability.

Step 3: Conclusion The correct option is (C): Providing liquidity and marketability to existing securities.

Quick Tip to Solve: When the clue is easy buying, selling or exit from an investment, choose liquidity.

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7. A leading newspaper company decided to increase its market share by 10%. After developing the premises, the company identified the following alternative courses of action to be adopted :

(i) To have eco-friendly newspapers

(ii) To introduce specific sections for children

(iii) To have columns for increasing general awareness for competitive exams

(iv) To have international news on a daily basis

After identifying the above alternatives, a board meeting was called.

Identify from the following, the next step in the planning process which is to be taken in the board meeting. [1 mark]

(A) Follow-up action

(B) Implementing the plan

(C) Evaluating alternatives courses

(D) Selecting an alternative

Correct Answer: (C) Evaluating alternatives courses

Solution:

Concept:

- Identifying alternative courses is followed by evaluating alternatives in the light of objectives, costs, risks and expected benefits.
- Identify the precise wording of the question before comparing the available alternatives.

Step 1: Locate the completed stage The company has already set its objective of increasing market share and developed its premises. It has then 'identified the following alternative courses of action'. Listing eco-friendly newspapers, children's sections, awareness columns and international news completes the identification stage.

Step 2: Identify what must follow The board must now compare the advantages, limitations and likely contribution of these alternatives to the objective. This is evaluating alternative courses (C). Selecting an alternative (D) comes after evaluation, implementing the plan (B) follows selection, and follow-up action (A) checks results after implementation.

Step 3: Conclusion The correct option is (C): Evaluating alternatives courses.

Quick Tip to Solve: Use the order identify, evaluate, select, implement, follow up to place the next step.

8. From the picture given below identify the promotional tool used by the organisation to achieve its communication objectives : [1 mark]



(A) Advertising

(B) Personal Selling

(C) Sales Promotion

(D) Public Relations

Correct Answer: (C) Sales Promotion

Solution:

Concept:

- Marketing Management: sales promotion uses short-term incentives to encourage customers to purchase a product.
- A quantity offer gives the buyer extra product for the usual price; this is a sales promotion incentive.

Step 1: Identify the incentive in the picture The pack prominently states "10% Extra". The customer receives an additional quantity of chocolate with the purchase. This extra quantity provides an immediate incentive to buy and is therefore a quantity offer under sales promotion.

Step 2: Compare the promotional tools Advertising is paid, impersonal communication about a product, whereas the feature highlighted here is an extra-quantity incentive. Personal selling involves direct personal interaction between a salesperson and a buyer, which the picture does not show. Public relations builds favourable relations and the organisation's public image; it does not describe this quantity offer. Sales promotion is therefore the tool represented by the offer.

Step 3: Conclusion The promotional tool is **Sales Promotion**. Hence, the correct option is **(C)**.

Quick Tip to Solve: Look for the buying incentive: extra quantity, discounts and gifts point to sales promotion.

Note: The following question is for the Visually Impaired Candidates only in lieu of Q. No. 8.

8 (Visually Impaired Candidates). Which of the following functions of marketing gives detailed information to the consumers about the product, ensures safety of product and also serves as a promotional tool ? [1 mark]

(A) Product designing and development

(B) Branding

(C) Marketing planning

(D) Packaging and labelling

Correct Answer: (D) Packaging and labelling

Solution:

Concept:

- Marketing Management: packaging protects a product and facilitates its use, while labelling describes the product and communicates useful information to buyers.
- Attractive packaging and informative labels can also help promote the product at the point of purchase.

Step 1: Match the functions stated in the question The words "detailed information to the consumers" point to labelling, which describes the product and its contents and can provide directions for use. The words "ensures safety of product" point to packaging, which protects the product during handling and storage. Together, packaging and labelling also serve as promotional tools by attracting attention and communicating the product's features.

Step 2: Eliminate the other options Product designing and development concerns a product's design, quality and features. Branding gives the product a distinct identity through a name, sign or symbol. Marketing planning sets marketing objectives and the programme for achieving them. None of these options combines protective packaging with the detailed information supplied by a label, so they do not satisfy all the clues in the question.

Step 3: Conclusion The function is **Packaging and labelling**. Hence, the correct option is **(D)**.

Quick Tip to Solve: Match protection with packaging and product information with labelling to identify the combined function.

9. 'Calling for information by undertaking inspection, conducting enquiries and audits of stock exchanges and intermediaries' is _____ of Securities and Exchange Board of India. [1 mark]

(A) Regulatory Function

(B) Development Function

(C) Protective Function

(D) Both (B) and (C)

Correct Answer: (A) Regulatory Function

Solution:

Concept:

- Financial Markets: SEBI regulates the securities market through regulatory, developmental and protective functions.
- Inspection and audit of stock exchanges and intermediaries are regulatory measures to supervise market institutions.

Step 1: Identify the function Calling for information and undertaking inspections, enquiries and audits enable SEBI to check compliance by stock exchanges and intermediaries. These are supervisory and regulatory activities, so the description identifies its regulatory function.

Step 2: Eliminate the other choices Developmental functions, option (B), include training intermediaries and promoting market development. Protective functions, option (C), include preventing fraudulent trade practices and insider trading. Inspection and audit belong to regulatory functions; therefore the combination in option (D) also fails.

Step 3: Conclusion The correct option is (A): Regulatory Function.

Quick Tip to Solve: Associate inspection, enquiry and audit with regulation and compliance checking.

10. Read the following statements carefully :

Statement I : While buying electrical appliances, a consumer should buy only ISI mark products.

Statement II : It is the responsibility of a consumer to buy only standardised goods as they provide quality assurance.

In the light of the given statements, choose the correct alternative from the following : [1 mark]

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

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

(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:

- Consumer Protection: consumers should be quality-conscious and buy standardised goods.
- Quality certification marks help consumers identify products conforming to prescribed standards.

Step 1: Check Statement I Statement I is true. When buying electrical appliances, consumers should look for the ISI mark. It indicates conformity with the prescribed quality and safety standards and is the appropriate certification cue for this product category.

Step 2: Check Statement II and the options Statement II is also true: buying standardised goods is a consumer responsibility because such goods provide quality assurance. Statement I illustrates this responsibility for electrical appliances. Options (A) and (B) each wrongly reject one true statement, while option (D) wrongly rejects both.

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

Quick Tip to Solve: Match the quality mark to the product category before evaluating a combined-statement option.

11. Match the following functions of Production In-charges stated in Column-II with their names in Column-I.

Column-I	Column-II
1. Speed Boss	(i) To ensure proper working conditions of machines and tools
2. Gang Boss	(ii) To check the quality of work
3. Repair Boss	(iii) To keep machines and tools, etc. ready for operation by workers
4. Inspector	(iv) To ensure timely and accurate completion of job

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

(A) 1-(iii), 2-(iv), 3-(ii), 4-(i)

(B) 1-(ii), 2-(i), 3-(iii), 4-(iv)

(C) 1-(i), 2-(ii), 3-(iii), 4-(iv)

(D) 1-(iv), 2-(iii), 3-(i), 4-(ii)

Correct Answer: (D) 1-(iv), 2-(iii), 3-(i), 4-(ii)

Solution:

Concept:

- Principles of Management: functional foremanship divides supervision among specialist foremen under scientific management.
- Production in-charges include the speed boss, gang boss, repair boss and inspector, each with a distinct responsibility.

Step 1: Match the four specialist duties The speed boss ensures timely and accurate completion of the job: 1-(iv). The gang boss keeps machines, materials and tools ready for workers to operate: 2-(iii). The repair boss ensures proper working conditions of machines and tools: 3-(i). The inspector checks the quality of work: 4-(ii).

Step 2: Check the complete code Only option (D) contains all four correct matches. Option (A) interchanges speed and gang duties and assigns quality checking to the repair boss. Option (B) incorrectly makes the speed boss responsible for quality. Option (C) assigns maintenance to the speed boss and quality to the gang boss. Each therefore fails the specialist-duty test.

Step 3: Conclusion The correct option is (D): 1-(iv), 2-(iii), 3-(i), 4-(ii).

Quick Tip to Solve: Remember: speed means timely output, gang means readiness, repair means maintenance, inspector means quality.

12. Read the following statements : Assertion (A) and Reason (R).

Assertion (A) : Authority flows downwards from superior to subordinate.

Reason (R) : Authority is the right of an individual to command the subordinates and to take action within the scope of his position.

Choose the correct alternative from the options given below : [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:

- Organising: authority is the right to command subordinates and act within the scope of an organisational position.
- In delegation, authority flows downwards through the superior-subordinate relationship; accountability flows upwards.

Step 1: Evaluate Assertion (A) The assertion is true. A superior delegates authority to a subordinate so that the subordinate can perform assigned duties. Thus authority passes down the organisational hierarchy from the superior to the subordinate.

Step 2: Evaluate Reason (R) The reason is true. Authority gives the holder of a position the right to issue orders to subordinates and take decisions or action within the scope of that position. It does not give unlimited power beyond the assigned position.

Step 3: Test the explanatory link The right described in the reason is exercised by the superior over subordinates and is passed down through delegation. It therefore explains the downward direction stated in the assertion. Option (B) wrongly denies this link; options (C) and (D) wrongly classify a true statement as false.

Step 4: Conclusion The correct option is (A): Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A).

Quick Tip to Solve: Trace who has the right to command whom; this establishes the direction of authority.

13. 'Homely Space' is a home decor company providing interior design services. The company lacks facilities like frequent meetings, suggestion box, complaint box, social and cultural gatherings, etc. This causes hindrance in achieving the objectives. Identify the type of communication barrier discussed above from the following : [1 mark]

(A) Semantic barrier

(B) Psychological barrier

(C) Organisational barrier

(D) Personal barrier

Correct Answer: (C) Organisational barrier

Solution:

Concept:

- Directing: organisational barriers arise from organisational policies, rules, structure, status and inadequate communication facilities.
- Meetings, suggestion boxes and social gatherings provide opportunities for formal and informal communication.

Step 1: Identify the case evidence The company lacks facilities such as "frequent meetings, suggestion box, complaint box, social and cultural gatherings. These are communication arrangements provided by the organisation. Their absence is an organisational barrier, specifically inadequate organisational facilities.

Step 2: Distinguish the alternatives Semantic barriers, option (A), concern language, symbols and interpretation. Psychological barriers, option (B), concern the mental state of sender or receiver. Personal barriers, option (D), concern individual attitudes such as fear of challenge to authority or unwillingness to communicate. The case instead identifies missing organisational facilities, so these choices do not fit.

Step 3: Conclusion The correct option is (C): Organisational barrier.

Quick Tip to Solve: When a case lists missing communication channels or facilities, identify an organisational barrier.

14. Menon, a worker in 'Superior Toys Company' was given a task by his superior to produce 100 toys in a week. Menon delegated this task to his subordinates, Rohan and Farhan. Farhan met with an accident and was hospitalised. Rohan could not complete this task even after working more hours than allotted. Who is answerable to Menon's superior for this task ? [1 mark]

(A) Farhan

(B) Menon

(C) Both Menon and Rohan

(D) Both Rohan and Farhan

Correct Answer: (B) Menon

Solution:

Concept:

- Organising: accountability is the obligation to answer for the final outcome of assigned work.
- A superior may delegate authority and assign work, but cannot escape accountability to the superior who entrusted the original task.

Step 1: Trace the original assignment Menon's superior assigned Menon the task of producing 100 toys in a week. The case states: "Menon delegated this task to his subordinates, Rohan and Farhan". Delegating work leaves accountability with Menon. This further assignment does not remove Menon's accountability to his own superior for the final result.

Step 2: Apply accountability to the case Farhan's accident and Rohan's inability to finish explain the shortfall, but Menon remains answerable to the superior who assigned him the task. Rohan and Farhan are answerable to Menon for their work. Thus option (A) names the wrong level, while options (C) and (D) incorrectly include subordinates as directly answerable to Menon's superior.

Step 3: Conclusion The correct option is (B): Menon.

Quick Tip to Solve: Trace the reporting link: the person originally assigned the task remains answerable to that superior.

15. Radhika wants to sell 20,000 shares of 'Tara Ltd.' held by her. In which of the following market can she sell these shares ? [1 mark]

(A) Primary Market

(B) Secondary Market

(C) Money Market

(D) All of the above markets

Correct Answer: (B) Secondary Market

Solution:

Concept:

- Financial Markets: the secondary market deals in existing securities.
- The primary market handles new issues, whereas the money market deals in short-term funds.

Step 1: Identify the nature of the transaction Radhika wants to sell shares already 'held by her'. Thus,

this is a resale of existing shares by an investor; Tara Ltd. is not issuing fresh shares or raising new capital.

Step 2: Check the alternatives The secondary market enables investors to buy and sell existing securities, so (B) applies. (A) concerns new issues and cannot cover this resale. (C) concerns short-term instruments rather than company shares. Consequently, (D) is also incorrect because the transaction cannot take place in all three markets.

Step 3: Conclusion Radhika can sell her 20,000 shares in the secondary market. The correct option is (B).

Quick Tip to Solve: Look for shares already held by an investor: their resale belongs to the secondary market.

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16. 'TA Ltd.' rejected the applications of twelve candidates based on the information supplied by them in their application forms. These candidates did not have the required five years of experience and the Masters in Business Administration (MBA) degree in Finance, both of which were pre-requisites for the post of Finance Manager.

From the following, identify the step of 'Selection Process' discussed in the above case. [1 mark]

(A) Preliminary Screening

(B) Selection Test

(C) Employment Interview

(D) Selection Decision

Correct Answer: (A) Preliminary Screening

Solution:

Concept:

- Staffing: preliminary screening is the first stage of the selection process.
- It rejects applicants whose qualifications or experience do not meet the minimum job requirements.

Step 1: Identify the evidence TA Ltd. rejected candidates 'based on the information supplied by them in their application forms'. The missing MBA in Finance and required experience are minimum eligibility conditions checked before detailed assessment.

Step 2: Distinguish the selection stages This is preliminary screening, option (A). A selection test, (B), measures abilities through a test; none is described. An employment interview, (C), involves a conversation with candidates; none occurred. The selection decision, (D), chooses the suitable candidate after the preceding assessments, rather than eliminating ineligible applications at the outset.

Step 3: Conclusion The step is preliminary screening. The correct option is (A).

Quick Tip to Solve: Rejection from application-form eligibility details indicates preliminary screening before tests or interviews.

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17. Read the following statements : Assertion (A) and Reason (R).

Assertion (A) : A good control system motivates employees and helps them to give better performance.

Reason (R) : It ensures that employees know well in advance what they are expected to do and what the standards of performance are, on the basis of which they will be appraised.

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

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

(B) Assertion (A) is false, but Reason (R) is true.

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

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

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

Solution:

Concept:

- Controlling: improving employee motivation is an importance of controlling.
- Clear performance standards tell employees what is expected and provide the basis for appraisal.

Step 1: Judge the assertion Assertion (A) is true. A good control system motivates employees by making expected performance clear and helping them direct their efforts towards organisational objectives.

Step 2: Judge the reason Reason (R) is true. Employees know in advance both their expected tasks and the standards against which their actual performance will be appraised.

Step 3: Check the explanatory link Knowing the expectations and appraisal standards gives employees clear targets to pursue. This clarity motivates them to improve performance, so the reason directly explains the assertion. Option (A) incorrectly calls the reason false; (B) incorrectly calls the assertion false; (D) denies the explanatory connection that is present.

Step 4: Conclusion Both A and R are true, and R correctly explains A. The correct option is (C).

Quick Tip to Solve: After checking both statements, link advance knowledge of standards directly to better employee motivation.

18. 'Dhruv Ltd.' is in need of two drivers on regular basis to transport the goods to different states. To fill the post of drivers, the company decides to put the information on the Notice Board, placed near the main gate of the company, asking interested persons to meet the manager on a particular date and time.

From the following, identify the source of recruitment used by 'Dhruv Ltd.' for filling the post of drivers : [1 mark]

(A) Campus Recruitment

(B) Casual Callers

(C) Direct Recruitment

(D) Advertisement

Correct Answer: (C) Direct Recruitment

Solution:

Concept:

- Staffing: direct recruitment is an external source of recruitment.
- A notice displayed on the enterprise notice board announces vacancies and asks applicants to appear at a specified time.

Step 1: Match the case to the source Dhruv Ltd. puts information on the 'Notice Board, placed near the main gate' and asks interested persons to meet the manager on a particular date and time. These are the identifying features of direct recruitment.

Step 2: Eliminate the other sources Option (C) is correct. Campus recruitment, (A), obtains candidates from educational institutions. Casual callers, (B), submit unsolicited applications kept for future vacancies. Advertisement, (D), typically uses newspapers, journals or other advertising media to invite applications; the specific factory-gate notice method described here is classified as direct recruitment.

Step 3: Conclusion The source used is direct recruitment. The correct option is (C).

Quick Tip to Solve: A vacancy notice at the factory gate asking applicants to appear on a specified day signals direct recruitment.

19. 'A poor telephone connection' is an example of which of the following element of communication process ? [1 mark]

(A) Message

(B) Media

(C) Decoding

(D) Noise

Correct Answer: (D) Noise

Solution:

Concept:

- Directing: noise is any obstruction that hampers the communication process.

- Noise can arise from physical or technical disturbances, including a poor telephone connection.

Step 1: Identify the role of the poor connection A poor telephone connection interferes with the transmission or reception of spoken words. It can distort the message and prevent the receiver from understanding the intended information, making it noise in the communication process.

Step 2: Distinguish the alternatives The message, (A), is the information being conveyed. Media, (B), is the channel used, such as the telephone itself. Decoding, (C), is the receiver interpreting the received symbols. The poor quality of the connection is the obstruction affecting communication, so (D), noise, is correct.

Step 3: Conclusion A poor telephone connection is noise. The correct option is (D).

Quick Tip to Solve: Distinguish the telephone as the medium from a fault in its connection, which acts as noise.

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20. 'KJ Ltd.' is a tile manufacturing company in Udaipur having its own stores in various cities of Rajasthan. Instead of having its own trucks, the company decides to use trucks on lease to transport its tiles to various stores. Identify how the company's decision to lease trucks will affect its capital requirements. [1 mark]

(A) Decrease the fixed capital requirements

(B) Increase the fixed capital requirements

(C) Will not affect the fixed capital requirements

(D) Decrease the working capital requirements

Correct Answer: (A) Decrease the fixed capital requirements

Solution:

Concept:

- Financial Management: availability of leasing facilities affects fixed capital requirements.
- Leasing permits the use of fixed assets without investing the large initial sum required to purchase them.

Step 1: Apply the leasing factor KJ Ltd. decides to 'use trucks on lease' instead of having its own trucks. Trucks are fixed assets. Leasing allows the company to obtain their transport services without committing funds to buying those assets.

Step 2: Check the effect and alternatives The initial investment in fixed assets is therefore lower, making (A) correct. (B) reverses this effect, while (C) ignores the purchase expenditure avoided. (D) refers to working capital used for day-to-day operations; leasing directly reduces the need for fixed capital and does not establish a decrease in working capital requirements.

Step 3: Conclusion Leasing trucks will decrease the fixed capital requirements. The correct option is (A).

Quick Tip to Solve: When a firm leases instead of buying a fixed asset, identify the reduced initial fixed capital investment.

21(a). Explain the following functions of Marketing :

(i) Marketing planning

(ii) Customer support services [3 marks]

Solution:

Concept:

- Marketing Management: marketing functions include preparing a marketing plan and providing customer support services to achieve marketing objectives and customer satisfaction.
- Marketing planning sets out the objectives and the programme for achieving them; customer support services help customers obtain satisfaction from the purchase and use of a product.

Step 1: (i) Marketing planning **Marketing planning:** This function involves developing appropriate marketing plans to achieve the organisation's marketing objectives. A marketer first specifies the objectives, such as increasing the market share of a product, and then prepares a complete programme to achieve them. The programme may cover production levels, promotion and other marketing activities. For example, a firm seeking a larger market share may plan increased production, wider distribution and more promotion. Thus, marketing planning gives a clear direction to the firm's marketing efforts and coordinates the activities needed to attain its objectives.

Step 2: (ii) Customer support services **Customer support services:** These are services provided to customers to secure their satisfaction and encourage repeat purchases. They include after-sales services, handling customer complaints and adjustments, procuring credit services, maintenance services, technical services and consumer information. For example, prompt repair of a product or clear instructions about its use help the buyer receive the expected benefit. Such services make the purchase convenient, build customer confidence and develop brand loyalty. They are especially important when continued use of the product requires assistance from the seller.

Step 3: Conclusion Marketing planning prepares the programme for achieving marketing objectives, while customer support services maintain customer satisfaction and encourage continued patronage.

Quick Tip to Solve: Link planning to objectives and a programme; link support services to after-sales help, complaints and repeat purchases.

OR

21(b). Differentiate between 'Marketing concept' and 'Selling concept' of marketing management philosophies on the basis of the following :

(i) Meaning

(ii) Main Focus

(iii) Means [3 marks]

Solution:

Concept:

- Marketing Management: marketing and selling concepts are different management philosophies governing how a business approaches its market.
- The marketing concept begins with customer needs and seeks profits through customer satisfaction. The selling concept begins with existing products and seeks profits through increased sales volume.

Step 1: Understand the two approaches The marketing concept requires a firm to identify the needs of its target market and satisfy them more effectively than competitors. It therefore coordinates its activities around the customer. The selling concept assumes that customers will not buy enough unless the firm undertakes substantial selling and promotional efforts. It therefore concentrates on persuading customers to buy what the business has already produced. These different starting points explain the following distinctions.

Step 2: Distinguish on the three specified bases

Basis	Marketing concept	Selling concept
Meaning	Identify the needs and wants of target customers and satisfy them better than competitors to achieve the firm's objectives.	Persuade customers to buy the firm's existing products through aggressive selling and promotional efforts.
Main focus	Customer needs and customer satisfaction. Products are developed according to what customers require.	The existing product and increasing its sale. The firm concentrates on converting the product into cash.
Means	Integrated marketing efforts: coordinate marketing activities and other organisational functions to serve the customer.	Selling and promotional efforts to persuade buyers and increase sales volume.

Step 3: Conclusion Marketing uses integrated efforts to satisfy customer needs; selling uses selling and promotion to secure purchases of existing products.

Quick Tip to Solve: For these three bases remember: customer needs and integrated marketing versus existing products and selling promotion.

22. Sameer is a wholesaler, who deals in cricket equipment. He collects cricket equipment like bats, balls, helmets, gloves, stumps, etc. from different manufacturers and assembles them in a kit for the convenience of customers. He sets a standard target to assemble 100 kits a day. During the first week of the month the workers assembled 92 – 96 kits a day, which was lower than the set standard. On investigation, it was found that the variation in assembly of kits was due to an irregular supply of helmets. Workers had to wait for helmets to assemble the kits.

(i) State the function of management discussed in the above case.

(ii) State the steps of the function identified in (i) above, which are discussed in the above paragraph.

[3 marks]

Solution:

Concept:

- Controlling: the managerial function of comparing actual performance with standards, finding deviations and their causes, and taking corrective action so that organisational objectives are achieved.
- The controlling process consists of setting performance standards, measuring actual performance, comparing actual performance with standards, analysing deviations and taking corrective action.

Step 1: (i) Identify the management function **Controlling:** Sameer checks whether the actual daily assembly of cricket kits meets the standard and investigates why output is lower. The words 'lower than the set standard' and 'On investigation' show that he is evaluating performance and examining the cause of the deviation.

Step 2: (ii) State the steps reflected in the case

- **Setting performance standards:** Sameer 'sets a standard target to assemble 100 kits a day'. This quantitative standard provides the benchmark against which daily output is assessed.
- **Measurement of actual performance:** Actual output is recorded: 'the workers assembled 92 – 96 kits a day'. This supplies the performance information needed for control.
- **Comparing actual performance with standards:** The actual output is found to be 'lower than the set standard'. The daily shortfall is therefore four to eight kits compared with the standard of 100 kits.
- **Analysing deviations:** Investigation shows that the variation was 'due to an irregular supply of helmets'. The statement 'Workers had to wait for helmets' identifies the cause of the shortfall, rather than merely recording that output was low.

Taking corrective action is the next step of the controlling process, but the paragraph does not state that Sameer has yet taken such action.

Step 3: Conclusion The function is controlling. The steps discussed are setting performance standards, measuring actual performance, comparing performance with standards and analysing deviations.

Quick Tip to Solve: Match each control step to its evidence: target, actual output, shortfall and investigated cause; do not add an action the case never states.

23. Abhinav is working as a production manager in a steel manufacturing plant, 'KPG Ltd.' To compete in the market, he thought of replacing the existing machinery with new high-tech machinery. Abhinav discussed his idea with the Chief Executive Officer who asked him to prepare a proposal for the same and sent it to the finance manager. The finance manager said that this decision had to be evaluated carefully as it involved a huge amount of investment and was irreversible except at a huge cost.

Identify the decision which the finance manager would like to evaluate. State any two factors which may affect this decision. [3 marks]

Solution:

Concept:

- Financial Management: A capital budgeting decision concerns investment in long-term assets and determines the earning capacity of a business.
- Cash flows and the rate of return are important factors affecting the evaluation of a capital investment proposal.

Step 1: Identify the decision from the case **Capital budgeting decision (long-term investment decision):** Abhinav proposes to replace existing machinery with "new high-tech machinery". Machinery is a fixed asset used over several years. The finance manager refers to a "huge amount of investment" and a decision that is "irreversible except at a huge cost". These are the characteristic features of a capital budgeting decision. It therefore requires careful evaluation before the funds are committed.

Step 2: State two factors affecting this decision **Cash flows of the project:** The machinery will involve an initial cash outflow and generate cash inflows over its useful life. The amount and timing of these expected cash flows must be assessed carefully to judge the benefits available from the investment.

Rate of return: The expected return from the proposed machinery must be assessed along with the risk involved. The business should compare the return with the return required on the investment and with alternative investment opportunities before selecting the proposal.

Step 3: Conclusion The decision is a capital budgeting or long-term investment decision. Two factors affecting it are the cash flows of the project and its expected rate of return.

Quick Tip to Solve: An investment in machinery that commits large funds for years signals capital budgeting; link your factors to future cash flows and returns.

24(a). State any three points of importance of consumer protection from the point of view of business. [3 marks]

Solution:

Concept:

- Consumer Protection: Businesses have an obligation to protect the interests of consumers who buy and use their goods and services.
- The importance of consumer protection for business includes long-term interest, moral justification and avoidance of government intervention.

Step 1: Explain long-term interest of business **Long-term interest of business:** A business serves its own long-term interests by satisfying customers and protecting them from exploitation. Satisfied consumers make repeat purchases and tell others about their experience. This develops goodwill, brings further customers and supports continued growth and profitability. Fair treatment therefore helps the business maintain demand for its products over time.

Step 2: Explain moral justification **Moral justification:** Every business has a moral duty to take care of consumers' interests and avoid their exploitation. It should refrain from unfair practices such as selling unsafe or adulterated goods, misleading advertising and charging unfair prices. Honest dealings protect the people whose purchases sustain the enterprise and reflect the ethical responsibility of business.

Step 3: Explain avoidance of government intervention **Government intervention:** A business that indulges in exploitative practices invites government intervention and action against it. Such intervention can interfere with its freedom of operation and damage its image. Voluntarily adopting fair practices and protecting consumers helps the business avoid the need for restrictive intervention.

Step 4: Conclusion Consumer protection is important to business because it serves its long-term interest, fulfils its moral duty and helps avoid government intervention.

Quick Tip to Solve: For the business viewpoint, explain how fair treatment supports goodwill, ethical conduct and freedom from government intervention.

OR

24(b). 'The consumer grievances are redressed by the three tier machinery under Consumer Protection Act, 2019.'

(i) Name the three tiers of the enforcement machinery.

(ii) Also state jurisdiction of cases that can be filed in each of these three tiers of the enforcement machinery. [3 marks]

Solution:

Concept:

- Consumer Protection: The Consumer Protection Act, 2019 provides a three-tier consumer disputes redressal machinery at district, state and national levels.
- Pecuniary jurisdiction determines the commission before which an original complaint is filed, using the value of goods or services paid as consideration.

Step 1: (i) Name the three tiers The three tiers are:

District level: District Consumer Disputes Redressal Commission, commonly called the District Commission.

State level: State Consumer Disputes Redressal Commission, commonly called the State Commission.

National level: National Consumer Disputes Redressal Commission, commonly called the National Commission.

These commissions provide the institutional machinery through which consumers can seek redress

against defective goods, deficient services and other covered grievances.

Step 2: (ii) State the pecuniary jurisdiction Under the Consumer Protection Act, 2019, the pecuniary limits for this question are:

District Commission: Complaints where the value of the goods or services paid as consideration does not exceed Rs 1 crore.

State Commission: Complaints where this value exceeds Rs 1 crore but does not exceed Rs 10 crore.

National Commission: Complaints where this value exceeds Rs 10 crore.

These limits concern the consideration paid for the goods or services, rather than the compensation demanded. Thus, the upper boundary belongs to the lower tier: exactly Rs 1 crore falls within District jurisdiction and exactly Rs 10 crore within State jurisdiction.

Step 3: Conclusion The three tiers are the District, State and National Commissions. Their original pecuniary jurisdictions are up to Rs 1 crore, above Rs 1 crore and up to Rs 10 crore, and above Rs 10 crore, respectively.

Quick Tip to Solve: Name all three commissions first, then attach each monetary range; include the upper limit in the lower commission and use consideration paid.

25. Rahul, the Managing Director of 'HariHar Ltd.' and Sahil, the finance manager were discussing about avenues of investing the idle funds of the company. Rahul was of the opinion that money should be invested in the capital market whereas Sahil felt that it would be better if the investment was made in the money market.

Explain with the help of any two points, giving reasons, why Sahil felt that investment in the money market is better. [4 marks]

Solution:

Concept:

- Financial Markets: the money market deals in short-term funds and monetary assets with maturities of up to one year, whereas the capital market deals in medium-term and long-term funds.
- A company investing temporarily idle funds needs liquidity and relative safety so that the funds remain available when business operations require them.

Step 1: Liquidity of investment **Greater liquidity:** Sahil is considering the investment of the company's "idle funds". Money market instruments are highly liquid because they are short-term instruments and arrangements exist for their sale or conversion into cash. Their maturity is generally up to one year. Therefore, HariHar Ltd. can park its temporary surplus and recover cash relatively quickly when it needs funds for its business. Capital market securities serve longer-term investment needs; although many can be traded, their liquidity is generally lower than that of money market instruments. This makes the money market more suitable for funds that may be needed soon.

Step 2: Safety of investment **Lower risk and greater safety:** Money market instruments are generally safer because investment is for a short period and issuers are usually financially strong institutions or the government. The shorter period reduces exposure to changes in market conditions and the risk of default is comparatively low. Capital market instruments involve greater risk because repayment

extends over a longer period and security prices may fluctuate more; equity investment also carries uncertainty of returns and recovery of capital. Sahil therefore prefers relative safety for the company's temporary surplus rather than exposing it to greater capital market risk. This is a relative comparison: every money market instrument is not entirely risk-free.

Step 3: Conclusion Sahil favours the money market because its instruments offer greater liquidity and comparatively lower risk, making them suitable for investing HariHar Ltd.'s temporarily idle funds.

Quick Tip to Solve: Link "idle funds" to the need to retrieve cash soon: explain liquidity and safety, rather than claiming money market returns are higher.

26. 'Amarya Dairy Products' is a fantastic brand offering great quality dairy products. It is not only famous for the quality of its products, but also for retaining its employees in the organisation till their retirement. It believes in growth of its employees by providing them learning opportunities from time to time. For this the company divided the employees in two groups, Group-I and Group-II. Group-I having employees experience of more than 10 years and Group-II have employees who had joined the organisation just one year before.

The learning opportunities provided by the company to Group-II employees would help them in increasing their skills, attitudes and abilities to perform specific jobs, whereas the learning opportunities provided to Group-I employees would help them to grow in all respects. Identify and explain the two concepts of staffing function of management discussed above. [4 marks]

Solution:

Concept:

- Staffing: training and development provide employees with learning opportunities, but differ in their immediate purpose and scope.
- Training improves the knowledge and skills needed for a specific job; development promotes the employee's overall growth and capacity for future responsibilities.

Step 1: Group-II: identify training from the case **Training:** The learning opportunities for Group-II employees represent training. The decisive words are "increasing their skills, attitudes and abilities to perform specific jobs". These employees joined the organisation one year earlier; the programme described is directed towards the effective performance of their particular jobs. It therefore focuses on the immediate requirements of work rather than on growth in every aspect of the employee's career.

Step 2: Explain the purpose of training **Job-related learning:** Training is a systematic process of increasing the knowledge and skills required to do a particular job. It develops the ability to carry out prescribed duties more efficiently, improves performance and helps reduce errors. Its scope is relatively narrow and it ordinarily serves current job needs. Thus the opportunities given to Group-II help these employees perform their specific tasks better.

Step 3: Group-I: identify development from the case **Development:** The learning opportunities for Group-I employees represent development. The case states that these opportunities "would help them to grow in all respects". This is the identifying evidence: the purpose extends beyond competence in a single current job. Their experience of more than ten years supplies the setting, while the stated aim

of all-round growth establishes the concept.

Step 4: Explain the broader purpose of development **Overall growth:** Development is the learning process designed to promote an employee's overall growth, including knowledge, understanding, attitudes and capabilities. Its scope is broader than training and its orientation is towards future responsibilities as well as present effectiveness. It helps employees realise their potential and handle more complex roles. Therefore, the opportunities for Group-I support sustained personal and professional growth within the organisation.

Step 5: Conclusion Group-II receives training for better performance of specific jobs; Group-I receives development for all-round growth and readiness for wider responsibilities.

Quick Tip to Solve: Identify the purpose of learning: "specific jobs" signals training, while "grow in all respects" signals development; seniority alone does not decide.

27(a). Explain the following principles of 'Scientific Management' :

(i) Science not rule of thumb

(ii) Development of each and every person to his/her greatest efficiency and prosperity [4 marks]

Solution:

Concept:

- Scientific Management: Taylor's principles replace unscientific working practices with systematic study and develop workers through scientific selection and training.
- The aim is to improve productivity while securing the greatest efficiency and prosperity of both workers and the organisation.

Step 1: (i) Science, not rule of thumb **Scientific methods:** Taylor believed that there is one best method of performing a job. It should be discovered through systematic study and analysis rather than by relying on a manager's personal judgement, experience or traditional trial-and-error practices. Different methods must be investigated scientifically to identify the method that achieves the required output with the least waste of effort, time and resources.

Step 2: Apply the scientifically developed method **Standardise the best method:** Once the best way is found, it should be adopted throughout the organisation and workers should be trained to use it. For example, the method of loading or moving materials should be based on a study of the work, rather than on each worker's own habitual method. This improves efficiency and helps replace rule-of-thumb decisions with reliable, scientifically established procedures.

Step 3: (ii) Development of every person to greatest efficiency and prosperity **Scientific selection and placement:** Each person's capabilities should be assessed and the worker should be scientifically selected for the job. The work assigned should suit the worker's physical, mental and intellectual abilities. Matching the right person with the right job is essential to develop that person's potential.

Step 4: Train and develop each worker **Training and shared prosperity:** Management should provide the necessary training in the best method of doing the job and opportunities for development. This increases the worker's skill, efficiency and output. Greater productivity can improve employees'

earnings and prosperity as well as the organisation's efficiency and profits; development therefore benefits both workers and management.

Step 5: Conclusion Science, not rule of thumb, requires scientifically finding and applying the best work method. Development of every person requires suitable selection, placement and training so that each worker achieves greater efficiency and prosperity.

Quick Tip to Solve: For the first principle, link scientific study to the best method; for the second, link selection, job suitability and training to worker development.

OR

27(b). Explain the following principles of 'General Management' :

(i) Centralisation and Decentralisation

(ii) Division of work [4 marks]

Solution:

Concept:

- General Management: Fayol's principles guide the organisation of managerial work and the distribution of decision-making authority.
- Centralisation and decentralisation concern the balance of authority; division of work develops specialisation and efficiency.

Step 1: (i) Centralisation and decentralisation: meaning **Distribution of authority:** Centralisation means concentration of decision-making authority in the hands of top management. Decentralisation means dispersal of decision-making authority among more persons at lower levels of management. Thus, the principle concerns the extent to which subordinates participate in decisions and exercise authority in the organisation.

Step 2: Maintain an appropriate balance **Balance according to circumstances:** Fayol held that an organisation should maintain a proper balance between centralisation and decentralisation. The degree of concentration depends on the circumstances in which the organisation operates. Greater subordinate participation is useful, but top management must retain the necessary final authority. The appropriate balance helps use employees' abilities effectively while preserving direction and control.

Step 3: (ii) Division of work: meaning **Specialisation:** Work should be divided into small, manageable tasks, and each task should be assigned to a person who is trained and competent to perform it. Repeated performance of a specialised task develops skill and expertise. Instead of requiring every employee to carry out all activities, the organisation uses the particular competence of different individuals.

Step 4: Explain the benefit of division of work **Greater efficiency and output:** Specialisation enables a person to produce more and better work with the same effort. It reduces the time lost in switching between unrelated tasks and helps employees become proficient in their particular work. Fayol applied this principle to both technical and managerial activities. For example, assigning production, finance and marketing work to suitable specialists promotes efficient performance in each function.

Step 5: Conclusion Centralisation and decentralisation require an appropriate balance in decision-making authority. Division of work requires specialisation so that trained people perform assigned tasks with greater efficiency and better output.

Quick Tip to Solve: Explain the balance of authority for the first principle, and connect task division to specialisation and higher efficiency for the second.

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28. Identify and explain the dimension of business environment in each of the following situations :

(i) 'Alexa pay my electricity bill' is the latest feature of Alexa App which enables Amazon customers to pay their utility bills with 'Amazon Pay' just by speaking to Alexa.

(ii) Monika is working in a multi-national company. As an impact of work-from-home regime, she is now in a better position to inculcate moral values and healthy food habits in her children.

(iii) Atisha purchased a home and for this she took a loan from the bank. Monthly instalment on her loan increased as the banks increased the interest rate on loans.

(iv) 'Mother's milk is best for babies' is printed on the pack of 'First Bite' baby milk powder, produced by 'MQP Baby Food Ltd.' By doing this, the company is not only protecting the consumers' interests, but also necessarily informing its potential buyers about the importance of mother's milk. [4 marks]

Solution:

Concept:

- Business Environment: the technological, social, economic and legal dimensions describe different external forces that influence business decisions and operations.
- Identify each dimension from the specific external factor in the situation, rather than merely from the business or product mentioned.

Step 1: (i) Voice-enabled payment **Technological environment:** The words "pay their utility bills ... just by speaking to Alexa" indicate a technological innovation. This dimension includes scientific improvements and innovations that provide new ways of producing goods and services and new methods of operating a business. Voice recognition and the Alexa App enable customers to make payments through Amazon Pay in a new, convenient way.

Step 2: (ii) Values and healthy habits **Social environment:** The clue is "inculcate moral values and healthy food habits in her children". This dimension includes social forces such as values, traditions, attitudes, customs and lifestyles. The situation emphasises family values and healthy living, showing how a change in the work pattern affects the family's lifestyle and the transmission of values to children.

Step 3: (iii) Higher loan instalment **Economic environment:** The words "banks increased the interest rate on loans" identify an economic factor. This dimension includes interest rates, inflation, income levels and other economic conditions affecting business and consumers. A higher lending rate increases Atisha's borrowing cost and hence her monthly instalment, affecting the amount of income available for other purchases.

Step 4: (iv) Mandatory information on packaging **Legal environment:** The clue is that the company is "necessarily informing its potential buyers" through the statement "Mother's milk is best for babies".

This dimension includes laws, legislation and rules that businesses must obey. The compulsory information on the baby milk powder pack protects consumers' interests and informs buyers about the importance of mother's milk; the focus is compliance with a legal requirement.

Step 5: Conclusion The dimensions are: (i) technological, (ii) social, (iii) economic and (iv) legal environment.

Quick Tip to Solve: Match voice technology to technological, values to social, interest rates to economic, and compulsory pack information to legal environment.

29(a). Explain the following features of planning :

(i) Planning focuses on achieving objectives.

(ii) Planning is pervasive. [4 marks]

Solution:

Concept:

- Planning: deciding in advance what to do and how to do it, by setting objectives and developing suitable courses of action to achieve them.
- Two features tested here are the objective-oriented nature of planning and its presence at all levels and in all departments of an organisation.

Step 1: (i) Planning focuses on achieving objectives **Objectives are the starting point:** Organisations exist to achieve definite goals. Planning begins by stating clearly the objectives to be achieved within a specified period, such as increasing sales or improving product quality.

Activities are directed towards the goals: After objectives are set, planning determines the actions and resources needed to attain them. Each proposed activity is examined in relation to the objective, so that purposeful activities are undertaken and effort is directed towards the desired result. Planning has no meaning unless it contributes to the achievement of predetermined organisational goals. For example, a plan to increase sales would specify suitable selling activities and resources in relation to the sales target.

Step 2: (ii) Planning is pervasive **Required throughout the organisation:** Planning is necessary at every level of management and in every department. It is not confined to top management: production, marketing, finance and human resource managers all plan their respective activities.

Scope differs with the level: Top management plans for the organisation as a whole, middle management prepares departmental plans, and lower management plans day-to-day operational activities. Thus, the scope, detail and time period of plans may differ according to the level and responsibility of managers, but planning remains necessary everywhere. For example, a company-wide expansion plan must be supported by departmental production and marketing plans and supervisors' daily work schedules.

Step 3: Conclusion Planning is goal-oriented because every plan aims at predetermined objectives, and pervasive because managers at all levels and in all departments perform it, although its scope varies.

Quick Tip to Solve: For objective focus, connect goals with planned actions; for pervasiveness, mention both all managerial levels and all departments, with differing scope.

OR

29(b). Explain the following points of the importance of planning :

(i) Planning provides directions.

(ii) Planning promotes innovative ideas. [4 marks]

Solution:

Concept:

- Planning: Importance of planning in giving direction to organisational activity and encouraging innovative ideas.
- Planning means deciding in advance what is to be done and how it is to be done so that organisational objectives can be achieved.

Step 1: (i) Planning provides directions **Planning provides directions:** Planning states in advance how work is to be done and sets out clearly defined objectives. These objectives guide managers and employees about what action they must take and the direction in which their efforts should move. Employees know what the organisation has to achieve and what they are expected to contribute. As a result, different departments and individuals work towards the same goals and their activities are coordinated. Without plans, employees would work in different directions, making the organisation unable to achieve its desired goals efficiently.

Step 2: (ii) Planning promotes innovative ideas **Planning promotes innovative ideas:** Since planning is the first function of management, new ideas can take the shape of concrete plans at this stage. It challenges managers to think creatively about future courses of action and to discover better ways of achieving objectives. Managers consider alternatives, develop fresh ideas and select the most suitable course for the organisation. Thus, planning guides future action while providing an opportunity for innovation and growth. It is an intellectual activity that calls for thinking, imagination and judgement rather than merely repeating past practices.

Step 3: Conclusion Planning gives employees a clear direction towards common objectives and converts innovative ideas into workable courses of action.

Quick Tip to Solve: Explain direction through clear objectives and coordinated effort; explain innovation through new ideas becoming concrete plans.

30. After seeing an overwhelming response from people for their homes, Arun, the owner of a leading construction company 'Luxury At Home' decided to launch new projects in eight more cities across India. This decision would require additional investment of ₹ 150 crores. Shyam, the finance manager advised Arun that instead of raising the entire amount through equity, it would be better to raise funds with a judicious mix of 40% equity and 60% debt.

Shyam explained that since the company was earning sufficient profits, they could also take advantage of trading on equity to maximise earning per share. He also suggested that raising this debt through a loan from a financial institution would be better as this would involve a lower cost. He further added that debt was also beneficial as it would not dilute the management's holding in the company.

After giving due thought, Arun agreed to Shyam's suggestions.

(i) State the concept of financial management suggested by Shyam to Arun.

(ii) State any three factors discussed by Shyam in the above paragraph, affecting the concept identified in (i) above. [4 marks]

Solution:

Concept:

- Financial Management: Capital structure is the relative proportion of debt and equity used to finance a business.
- The choice of capital structure is affected by return on investment, cost of debt and the owners' concern for control, among other factors.

Step 1: (i) Identify the concept **Capital structure:** The concept suggested by Shyam is capital structure, which refers to the mix between owners' funds and borrowed funds used by a business. The words "a judicious mix of 40% equity and 60% debt" directly identify the relative proportions of these two sources. Shyam is therefore recommending a suitable composition of the company's financing for its proposed expansion.

Step 2: (ii) State the three factors in the case **Return on investment (ROI):** The statement that the company is "earning sufficient profits" and can use "trading on equity to maximise earning per share" points to ROI. When ROI exceeds the rate of interest on debt, greater use of debt can increase the earnings available per equity share. Thus, a favourable return on investment supports the proposed use of debt.

Cost of debt: Shyam suggests a loan from a financial institution because "this would involve a lower cost". A firm can use more debt when it can borrow at a lower interest cost. The cost of borrowing therefore influences the debt component of its capital structure.

Control: The statement that debt "would not dilute the management's holding in the company" indicates the control factor. Debt does not ordinarily carry voting rights, whereas issuing additional equity may dilute the existing owners' voting power. Borrowing therefore helps the existing management retain control.

Step 3: Conclusion The concept is capital structure. The three factors discussed are return on investment, cost of debt and control.

Quick Tip to Solve: Link trading on equity to ROI, lower borrowing cost to cost of debt, and unchanged management holding to control.

31(a). 'Successful organisations do not achieve their goals by chance, but by following a deliberate process called management.'

In the light of this statement, explain any four points of the importance of management. [6 marks]

Solution:

Concept:

- Nature and Significance of Management: importance of management in achieving organisational objectives through the effective and efficient use of people and other resources.
- Management is a deliberate process of planning, organising, staffing, directing and controlling. Its importance lies in coordinating individual effort and adapting the organisation to its environment.

Step 1: Management helps in achieving group goals **Achievement of group goals:** Management gives a common direction to the efforts of all individuals in the organisation. People enter an organisation with different needs and reasons for working; management unites their efforts so that they contribute to a shared organisational objective. Thus, the statement that successful organisations do not achieve goals 'by chance' indicates that managers deliberately integrate individual contributions into collective performance.

Step 2: Management increases efficiency **Increased efficiency:** Management aims to reduce costs and increase productivity through better planning, organising, directing, staffing and controlling. It makes the best possible use of available human, physical and financial resources and avoids unnecessary waste. Consequently, the organisation can produce more with a given amount of resources, or achieve the desired output with fewer resources. Success therefore involves both attaining objectives and using resources economically.

Step 3: Management creates a dynamic organisation **Creation of a dynamic organisation:** Organisations operate in an environment that keeps changing. Employees may resist change because it can disturb established routines and seem to threaten their interests. Management helps people adapt to changes in technology, competition and other environmental conditions. By explaining the need for change and helping employees adjust, it enables the organisation to maintain its competitive position and continue achieving its objectives.

Step 4: Management helps in achieving personal objectives **Achievement of personal objectives:** Through motivation and leadership, management helps employees achieve their personal goals while working towards organisational goals. Appropriate incentives, recognition and opportunities for growth encourage people to contribute willingly. Management develops team spirit, cooperation and commitment to group success. When individual needs and organisational interests are reconciled, employees become more satisfied and their contribution to the organisation improves.

Step 5: Conclusion The four points are achievement of group goals, increased efficiency, creation of a dynamic organisation and achievement of personal objectives. They show how a deliberate management process turns resources and individual efforts into sustained organisational success.

Quick Tip to Solve: Use four distinct NCERT headings and explain how each helps the organisation; do not merely list the functions of management.

OR

31(b). 'Coordination is the process by which a manager synchronises the activities of different departments towards the achievement of common goals.'
In the light of this statement, explain any four features of coordination. [6 marks]

Solution:

Concept:

- Nature and Significance of Management: coordination is the process of integrating the activities of different departments to achieve common organisational goals.
- Coordination is the essence of management because it binds together the different functions of management and ensures that interdependent activities contribute to a common purpose.

Step 1: Coordination integrates group efforts **Integration of group efforts:** Coordination unifies unrelated or diverse interests into purposeful work activity. Employees and departments carry out different tasks, but their contributions must fit into the organisation's overall plan. Coordination gives a common focus to group effort so that performance takes place as planned. The reference to synchronising 'the activities of different departments' highlights this integration of specialised contributions towards the organisation's objectives.

Step 2: Coordination ensures unity of action **Unity of action:** Coordination acts as a binding force between departments and ensures that every unit moves in the same direction. It secures unity of action in the pursuit of a common purpose, rather than allowing each department to pursue its own objectives independently. For example, production and sales activities must be timed and aligned so that what is produced matches what can be sold. This explains the statement's emphasis on 'the achievement of common goals'.

Step 3: Coordination is a continuous process **Continuous process:** Coordination is not a one-time activity; it begins at the planning stage and continues through organising, staffing, directing and controlling. Managers must continuously harmonise work because activities are interdependent and conditions may change while plans are being implemented. Plans must be coordinated before action begins, and actual performance must remain coordinated as work proceeds. Hence, coordination continues throughout the life of the organisation.

Step 4: Coordination is an all-pervasive function **All-pervasive function:** Coordination is required at all levels of management and in every department because organisational activities depend on one another. Top management coordinates overall policies and departmental plans; middle management coordinates the work of different units; and supervisory management coordinates workers and day-to-day tasks. Functional departments such as production, finance and marketing also require coordination. It is therefore essential throughout the organisation, not confined to a single department or managerial level.

Step 5: Conclusion Four features of coordination are integration of group efforts, unity of action, continuity and its all-pervasive nature. Together they explain how managers synchronise diverse departmental activities to achieve common goals.

Quick Tip to Solve: For this question write features of coordination, such as continuity and pervasiveness, and explain each under its own NCERT heading.

32. Ankita was the Managing Director at 'Tech Smart', an IT company. She was facing problems in retaining the employees in the company. While discussing this problem with her friend, Prachi, who had recently completed her MBA in Human Resource Management, she shared that employees in her company are not motivated enough even though the company was offering them good salaries and stability of income.

Prachi explained to Ankita that all the needs of the employees are not satisfied by money alone. Psychological, social and emotional factors also play an important role in providing motivation.

Explain any four such incentives which may help the company in retaining its employees and provide motivation as suggested by Prachi. [6 marks]

Solution:

Concept:

- Directing: non-financial incentives satisfy employees' psychological, social and emotional needs. They need not involve a direct monetary payment to the employee.
- Good salaries and stability of income are financial incentives. Recognition, growth, participation and responsibility can motivate employees beyond these financial benefits.

Step 1: Identify the incentives Prachi recommends Prachi says that "all the needs of the employees are not satisfied by money alone" and that "Psychological, social and emotional factors" also motivate employees. She is therefore suggesting **non-financial incentives**. Any four suitable incentives are explained below. These are measures Tech Smart may adopt; the passage does not say that it has already adopted them.

Step 2: Explain four suitable non-financial incentives

- **Career advancement opportunity:** Managers should provide opportunities to improve skills and to be promoted to higher positions. Suitable skill-development programmes and a sound promotion policy enable employees to grow in the organisation. At Tech Smart, a visible path to greater responsibility can satisfy employees' desire for progress and encourage them to remain with the company.
- **Employee recognition programmes:** Recognition means acknowledging and appreciating work performed well. Congratulating an employee for good performance, displaying achievements or giving a certificate of appreciation satisfies the need for esteem. Recognition should be timely and linked to specific achievements so employees feel that their contribution is noticed and valued.
- **Employee participation:** Employees may be involved in decisions concerning issues related to their work. Committees or other consultation arrangements can allow them to contribute ideas. Participation gives employees a sense of involvement and belonging, because they help shape decisions affecting them. This can increase their commitment to the organisation and willingness to support its decisions.
- **Employee empowerment:** Giving employees greater autonomy and authority enables them to take decisions and carry out their work with responsibility. When employees believe their jobs are important and that they contribute to the organisation, their confidence and motivation increase. Appropriate authority at Tech Smart can therefore make employees feel trusted and accountable for meaningful results.

Step 3: Conclusion Tech Smart can use career advancement opportunities, employee recognition

programmes, employee participation and employee empowerment to satisfy needs beyond income and improve motivation and retention.

Quick Tip to Solve: The clues "money alone" and "psychological, social and emotional" point to non-financial incentives; name four NCERT incentives and explain the need each satisfies.

33. Due to the increasing demand for healthy food products, Megha launched 'Good Bakers' after completing a culinary course at a reputed institute. Her main focus was on meeting customers' needs. So, she decided to manufacture healthy biscuits and cakes made from millets, without any artificial preservatives.

To capture a wider market and to offer her products, she not only planned to directly take orders from the customers, but also through retailers who would sell them to end consumers. This would ensure that the products are available at a place where the customers would like to buy them. In addition, Megha decided to offer free samples of her cakes and biscuits at stalls in prominent markets and shopping malls. This would increase visibility and attract potential buyers.

Explain the various components of marketing mix discussed in the above paragraph. [6 marks]

Solution:

Concept:

- Marketing management: the marketing mix is the set of marketing tools a firm uses to pursue its marketing objectives in a target market. Its four components are product, price, place and promotion.
- A case-based answer explains the components actually described in the passage and connects each component to the relevant decision taken by the business.

Step 1: Explain the product decision **Product:** Product refers to the goods or services, or other things of value, offered to the market to satisfy customers' needs. Product decisions cover features, quality, design, branding, packaging and related services. Megha chooses to "manufacture healthy biscuits and cakes made from millets, without any artificial preservatives". This identifies both the products offered and the quality and ingredient features intended to meet the demand for healthy food. Thus, her product decision translates customers' needs into a suitable offering.

Step 2: Explain the place decision **Place or physical distribution:** Place concerns making products available to target customers at the right place and time. It includes selecting distribution channels and managing physical distribution, such as transportation, storage and inventory. The passage says Megha plans to "directly take orders from the customers" and also sell "through retailers who would sell them to end consumers". Direct selling is a direct channel, while using retailers is a one-level indirect channel. Both arrangements increase access and help make the products available where customers want to buy them. These quoted decisions concern channel selection within the place component.

Step 3: Explain the promotion decision **Promotion:** Promotion comprises activities that communicate a product's availability, features and merits to target customers and persuade them to buy it. Its main tools include advertising, personal selling, sales promotion and public relations. Megha decides

to “offer free samples of her cakes and biscuits at stalls in prominent markets and shopping malls”. Distribution of free samples is a sales promotion technique: it offers a short-term incentive by letting potential customers try the product. Sampling can create awareness, demonstrate taste and quality, and encourage trial purchases. It therefore supports the stated aim of increasing visibility and attracting potential buyers.

Step 4: Conclusion The passage describes three components of the marketing mix: product, place and promotion. Price is also a component of the marketing mix, but no pricing decision is stated in this case.

Quick Tip to Solve: Link millets and preservative-free biscuits to product, direct orders and retailers to place, and free samples to promotion; explain only the components evidenced by the case.

34(a). ‘Organisation’s decision to opt for Functional Structure or Divisional Structure will vary with the nature and type of activities performed by it.’

Differentiate between ‘Functional Structure’ and ‘Divisional Structure’ on the basis of the following :

(i) Formation

(ii) Specialisation

(iii) Responsibility

(iv) Cost

(v) Managerial development

(vi) Coordination [6 marks]

Solution:

Concept:

- Organising: a functional structure groups jobs according to the functions performed, such as production, finance and marketing.
- A divisional structure groups activities according to major products. Each division contains the functions needed for its product and is accountable for its performance.

Step 1: Compare formation, specialisation and responsibility The first three differences are:

Basis	Functional structure	Divisional structure
Formation	Departments are formed on the basis of different functions performed in the organisation. Similar jobs are grouped together.	Divisions are formed on the basis of different product lines, with the functions needed for each product grouped within its division.
Specialisation	Leads to functional specialisation because employees repeatedly perform work in a particular functional area.	Leads to product specialisation because each division concentrates on a particular product or product line.
Responsibility	It is difficult to fix responsibility for a product’s overall performance because several functional departments jointly contribute to it.	It is easy to fix responsibility for performance because the divisional head is accountable for the division’s results.

Step 2: Compare cost, managerial development and coordination The remaining differences are:

Basis	Functional structure	Divisional structure
Cost	It is economical because functions are not duplicated across product divisions and specialised resources can be used jointly.	It is costly because facilities and functional activities are duplicated across different product divisions.
Managerial development	It is difficult to develop general managers because a functional manager gains experience mainly in one specialised function.	It facilitates the development of general managers because a divisional manager gains experience in several functions relating to a product.
Coordination	Coordination is difficult for a multi-product organisation because different functional departments must coordinate work for all products.	Coordination is easier within a division because all functions relating to a particular product are integrated under one divisional head.

Step 3: Conclusion Functional structure emphasises functional specialisation and economy, while divisional structure emphasises product specialisation, clear responsibility for results and development of general managers. The organisation's activities and product range guide the choice.

Quick Tip to Solve: Use the six printed bases in order; link functional structure to functions and divisional structure to products in every comparison.

OR

34(b). 'Decentralisation is a philosophy that implies selective dispersal of authority because it propagates the belief that people are competent, capable and resourceful.'

In the light of this statement, explain any four points that highlight the importance of Decentralisation.

[6 marks]

Solution:

Concept:

- Organising: decentralisation means the systematic delegation of authority throughout the organisation, taking it to the lowest levels, while retaining authority over major policies at the top.
- Its importance follows from confidence in employees' competence: giving them appropriate decision-making authority develops their initiative and capabilities and improves organisational functioning.

Step 1: Developing initiative among subordinates **Develops initiative among subordinates:** Decentralisation gives lower-level managers freedom to take decisions within their authority. They learn to depend on their own judgement rather than referring every matter to a superior. This develops confidence, self-reliance and initiative. They take greater responsibility for their decisions and seek solutions to problems themselves. It thus gives practical effect to the statement's belief that people are 'competent, capable and resourceful'.

Step 2: Developing managers for the future **Develops managerial talent for the future:** When managers are permitted to make decisions, they gain practical experience in handling different situations and assessing the consequences of their choices. This experience supplements training and reveals managerial potential. The organisation can identify capable employees, improve their decision-making skills and prepare them to undertake greater responsibilities and occupy senior positions in future.

Step 3: Enabling prompt decisions **Facilitates quick decision-making:** In a decentralised organisation, decisions can be taken by managers close to the point of action. These managers usually possess first-hand information about local problems. They need not send every matter through the entire hierarchy for approval. Fewer levels are involved in routine decisions, so delay is reduced and the organisation can respond promptly to operational requirements.

Step 4: Allowing top management to focus on major issues **Provides relief to top management:** By giving authority for routine decisions to lower levels, decentralisation reduces the burden of detailed supervision and day-to-day decision-making on top executives. Senior managers can devote more time to policy formulation, long-term planning and other important strategic matters. They continue to guide and monitor performance, but routine issues are settled at the levels where they arise.

Step 5: Conclusion Thus, decentralisation develops employees' initiative and managerial talent, speeds up decisions and relieves top management. These four benefits explain why an organisation disperses authority on the basis of trust in the abilities of its people.

Quick Tip to Solve: Explain each benefit through a clear chain: authority given to lower levels, the change in their work, and the resulting organisational benefit.