CBSE Class 12 Business Studies Question Paper 2025 with Solution PDF-Set 66/5/1

Question Paper with Solutions

Conducted by the Central Board of Secondary Education (CBSE)

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

General Instructions

(i) This question paper contains **34** questions. **All** questions are **compulsory**.
(ii) Marks are indicated against each question.
(iii) Answers should be brief and to the point.
(iv) Answers to 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 task of management is to make people work towards achieving the organisational goals, by making their strengths effective and their weaknesses irrelevant.'

The dimension of management discussed above is : [1 mark]

(A) Management of work

(B) Management of people

(C) Management of operations

(D) Both (A) and (C)

Correct Answer: (B) Management of people

Solution:

Concept:

- Management of people uses individual strengths and directs employees towards common organisational goals.

Step 1: Identify the focus of the case The words 'make people work' and 'making their strengths effective and their weaknesses irrelevant' focus on human resources. Management deals with people both as individuals with different needs and as members of a group working towards organisational goals.

Step 2: Eliminate the other dimensions Management of work, option (A), concerns translating the work to be done into goals and assigning means to achieve them. Management of operations, option (C), concerns the production process that transforms inputs into outputs. Neither is the dimension specifically described here, so their combination in option (D) also fails.

Step 3: Conclusion The dimension is management of people. Hence, the correct option is (B).

Quick Tip to Solve: Look for references to individual strengths and group effort to identify management of people.

2. 'Management helps in providing good quality products and services, creates employment opportunities, adopts new technology for the greater good of the people and leads to the path towards growth and development.'

The point of importance of management highlighted above is : [1 mark]

(A) Management helps in achieving group goals.

(B) Management increases efficiency.

(C) Management helps in achieving personal objectives.

(D) Management helps in development of society.

Correct Answer: (D) Management helps in development of society.

Solution:

Concept:

- Importance of management: management helps in the development of society by meeting social needs and contributing to growth.

Step 1: Connect the case with social benefits The phrases 'good quality products and services', 'creates employment opportunities' and 'greater good of the people' describe benefits extending to society. By supplying useful goods, creating jobs and adopting beneficial technology, efficient management contributes to social growth and development.

Step 2: Check the remaining options Achieving group goals, option (A), refers to directing individual effort towards organisational objectives. Increasing efficiency, option (B), concerns reducing costs and increasing productivity. Achieving personal objectives, option (C), concerns employees satisfying individual needs. These do not express the broad social contribution emphasised by this statement.

Step 3: Conclusion Management helps in the development of society. Hence, the correct option is (D).

Quick Tip to Solve: Use employment, public welfare and social growth as clues to the development-of-society point.

3. 'Business Environment includes both specific and general forces.' Which of the following force is not included in specific forces ? [1 mark]

(A) Legal conditions

(B) Investors

(C) Competitors

(D) Suppliers

Correct Answer: (A) Legal conditions

Solution:

Concept:

- Specific forces directly influence an individual enterprise; general forces affect enterprises more broadly.

Step 1: Classify legal conditions Legal conditions, including the laws and regulations within which businesses operate, form part of the general environment. They influence enterprises in the economy rather than representing an immediate stakeholder dealing with one particular enterprise. The question asks for the force that is not specific.

Step 2: Test each remaining force Investors, option (B), directly affect a business through the capital they provide. Competitors, option (C), directly influence its market decisions. Suppliers, option (D), directly affect the availability and terms of inputs. All three are specific forces; legal conditions are the exception.

Step 3: Conclusion Legal conditions are not included in specific forces. Hence, the correct option is (A).

Quick Tip to Solve: For a negative question, distinguish broad conditions such as laws from direct stakeholders such as suppliers.

4. Read the following statements carefully :

Statement I : Organising is the process of defining and grouping the activities of the enterprise and establishing authority relationships among them.

Statement II : Process of organising involves a series of steps that need to be taken in order to achieve the desired goals.

In the light of the above statements, choose the correct alternative from the options given below :

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

Solution:

Concept:

- Organising identifies and groups activities, assigns duties and establishes reporting relationships to achieve objectives.

Step 1: Assess Statement I Statement I is true. Organising defines the activities needed for a task, groups related activities and establishes authority relationships. These relationships clarify who has authority over whom and who is accountable to whom, enabling coordinated performance.

Step 2: Assess Statement II and the choices Statement II is also true. Organising proceeds through identification and division of work, departmentalisation, assignment of duties and establishment of reporting relationships. These are connected steps directed towards desired goals. Option (B) incorrectly rejects both statements, while (C) and (D) incorrectly reject one of the two valid statements.

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

Quick Tip to Solve: Check a definition and a process statement independently before choosing a both-statements option.

5. 'Monitoring plans is important to ensure that objectives are achieved' is one of the steps in the process of planning.

Identify the step from the following : [1 mark]

(A) Setting objectives

(B) Developing premises

(C) Implementing the plan

(D) Follow-up action

Correct Answer: (D) Follow-up action

Solution:

Concept:

- Planning process: follow-up action monitors implementation to ensure that the objectives of a plan are achieved.

Step 1: Identify the activity described The expression 'Monitoring plans' indicates checking whether the plan is being implemented properly and whether activities are producing the expected results. Such monitoring is follow-up action, which helps ensure that the objectives are achieved rather than assuming success once implementation begins.

Step 2: Distinguish earlier planning steps Setting objectives, option (A), establishes the desired results. Developing premises, option (B), establishes assumptions about the future. Implementing the plan, option (C), puts the chosen plan into action. Monitoring its progress is a subsequent follow-up responsibility, so these three options do not identify the stated step.

Step 3: Conclusion The step is follow-up action. Hence, the correct option is (D).

Quick Tip to Solve: Separate putting a plan into action from monitoring its progress; monitoring signals follow-up action.

6. Match the type of plan given in Column I with its meaning given in Column II.

Column I	Column II
1. Policy	(i) A comprehensive plan for accomplishing an organization's objectives.
2. Procedure	(ii) A detailed statement about a project which outlines the objectives, policies, procedures, rules, tasks, human and physical resources required and the budget to implement any course of action.
3. Programme	(iii) A general statement that guides thinking or channelises energies towards a particular direction.
4. Strategy	(iv) Routine steps on how to carry out activities.

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

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

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

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

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

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

Solution:

Concept:

- Types of plans: policy guides decisions, procedure prescribes steps, programme details a project and strategy is comprehensive.

Step 1: Match policy and procedure A policy is a general statement guiding thinking and channelising energies in a direction, so 1 matches (iii). A procedure specifies the routine sequence of steps for carrying out activities, so 2 matches (iv). These meanings distinguish broad guidance from a prescribed way of acting.

Step 2: Match programme and strategy and test the codes A programme is the detailed statement of a project covering objectives, policies, procedures, rules, tasks, resources and budget, so 3 matches (ii). A strategy is a comprehensive plan for achieving organisational objectives, so 4 matches (i). Option (A) has all four matches. Options (B), (C) and (D) each give an incorrect meaning for policy and therefore cannot be correct.

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

Quick Tip to Solve: Begin with policy as general guidance and procedure as routine steps; then verify programme and strategy.

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

Assertion (A) : Marketing is only a post production activity.

Reason (R) : Marketing includes activities like identification of customer needs, collection of information for developing the product, designing suitable product package and giving it a brand name.

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 false.

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

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

Correct Answer: (D) Assertion (A) is false, but Reason (R) is true.

Solution:

Concept:

- Marketing: the marketing process begins before production by identifying customer needs and continues through product development and subsequent activities.

Step 1: Judge the assertion Assertion (A) is false. Marketing is not only a post-production activity. It begins before production with identifying customer needs and deciding what product should be developed to satisfy them. Production and selling form parts of a wider process.

Step 2: Judge the reason Reason (R) is true. Identification of customer needs, gathering information for product development, package design and branding are marketing activities. These activities help create an offering that meets the target customers' needs.

Step 3: Check the relationship and the options The reason demonstrates why marketing extends beyond post-production activity and thus contradicts the assertion. Option (A) wrongly treats both statements as true; option (B) wrongly treats the reason as false; option (C) reverses their truth values. Only option (D) correctly states that the assertion is false and the reason is true.

Step 4: Conclusion The assertion is false, but the reason is true. Hence, the correct option is (D).

Quick Tip to Solve: A claim that marketing starts only after production fails because customer research precedes product development.

8. Ramesh and Harish are best friends, both working at 'Anuja Garments Ltd.', a company manufacturing designer clothing for women. Ramesh works in the marketing department and aims to increase the sales by 15% by offering discounts. However, Harish, the finance manager is not giving approval for this discount as it would mean loss of revenue for the company. This kind of conflict arises in organisations where each department performs activities in isolation from the other. To resolve such issues, there is a need for linking the activities of various departments. The concept of management which integrates the efforts of different departments, and at different levels, is : [1 mark]

(A) Efficiency

(B) Effectiveness

(C) Controlling

(D) Coordination

Correct Answer: (D) Coordination

Solution:

Concept:

- Coordination integrates individual and departmental efforts to achieve common organisational objectives.
- It ensures unity of action across functions and levels, especially where departmental objectives conflict.

Step 1: Identify the conflict Marketing wants discounts to raise sales, whereas finance objects because of their effect on revenue. The departments are pursuing their own objectives in isolation. The case expressly calls for "linking the activities of various departments", which identifies coordination.

Step 2: Distinguish the alternatives Efficiency concerns completing work with minimum cost and resources; effectiveness concerns achieving objectives. Controlling compares actual performance with standards and corrects deviations. None of these names the integration of departmental efforts described here.

Step 3: Conclusion The concept is coordination. Hence, the correct option is (D).

Quick Tip to Solve: When a case mentions conflicting departmental objectives, look for the concept that creates unity of action.

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

Assertion (A) : Training enhances employee productivity, both in terms of quality and quantity, leading to high profits for the organisation.

Reason (R) : Training is a systematic learning which is always better, as hit and trial methods without systematic learning lead to wastage of efforts and money.

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

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

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

(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:

- Training systematically improves employees' knowledge, skills and abilities for performing their jobs.
- Organisational benefits include higher productivity and reduced wastage of effort and money.

Step 1: Judge the assertion Assertion (A) is true. Trained employees perform tasks with greater skill and fewer errors, improving both the quality and quantity of output. Higher productivity can reduce cost and contribute to higher organisational profits.

Step 2: Judge the reason Reason (R) is also true. Systematic learning gives employees an organised way to acquire the required skills. Unsystematic hit and trial can waste effort, materials and money.

Step 3: Check the explanatory link The reason explains the assertion: systematic learning reduces errors and waste and improves the way employees perform their work. These improvements support higher output and better quality, thereby contributing to productivity and profits. Option (A) wrongly rejects both statements; (B) wrongly rejects the reason; (D) denies this explanatory link.

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

Quick Tip to Solve: For assertion-reason items, test each statement first, then connect the reason to the precise effect in the assertion.

10. Read the following statements carefully :

Statement I : Workload analysis would enable an assessment of the number and types of human resources available for the performance of various jobs.

Statement II : Workforce analysis would reveal the number and types of human resources necessary for the performance of various jobs.

In the light of the above statements, choose the correct alternative from the options given below :

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

Solution:

Concept:

- Workload analysis determines the number and types of personnel required for the jobs to be performed.
- Workforce analysis assesses the existing number and types of personnel available in the organisation.

Step 1: Evaluate Statement I Statement I is false. Workload analysis examines the work and determines the human resources necessary to perform it. The statement incorrectly describes the assessment of human resources already available, which belongs to workforce analysis.

Step 2: Evaluate Statement II and the options Statement II is also false. Workforce analysis assesses available personnel, rather than personnel necessary for the work. The question has interchanged the two meanings. Option (A) treats both as true, and (C) and (D) each treat one as true; all three therefore fail.

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

Quick Tip to Solve: Remember: workload tells you staff required; workforce tells you staff available. Compare the two to find staffing gaps.

11. _____ is the instrument, which is traded in Money Market. [1 mark]

(A) Equity share

(B) Debenture

(C) Commercial paper

(D) Bond

Correct Answer: (C) Commercial paper

Solution:

Concept:

- The money market deals in short-term funds through instruments with a maturity of up to one year.
- Commercial paper is an unsecured short-term promissory note issued by large, creditworthy companies.

Step 1: Identify the money market instrument Commercial paper enables a company to raise short-term funds directly from the market. Its short maturity and use for short-term financing make it an instrument of the money market.

Step 2: Eliminate the other instruments An equity share represents ownership capital and is traded in the capital market. Debentures and bonds, in the textbook classification used here, are long-term debt securities and are also capital market instruments. Thus options (A), (B) and (D) do not meet the question's money market classification.

Step 3: Conclusion Commercial paper is traded in the money market. Hence, the correct option is (C).

Quick Tip to Solve: Classify by financing period: commercial paper is a short-term instrument, while shares and long-term debt belong to the capital market.

12. The process of holding securities in an electronic form is known as : [1 mark]

(A) Rolling settlement

(B) Registration

(C) Dematerialization

(D) Depository

Correct Answer: (C) Dematerialization

Solution:

Concept:

- Dematerialisation refers to converting and holding securities in electronic form instead of physical certificates.
- A depository maintains electronic records of securities through its participants.

Step 1: Match the definition The decisive words are "holding securities in an electronic form". This arrangement is known as dematerialisation, under which ownership is recorded electronically rather

than represented by paper certificates.

Step 2: Separate related terms Rolling settlement is a system for settling transactions after the prescribed period from the trade date; it does not name electronic holding. Registration records ownership or related particulars. A depository is the institution providing the facility, rather than the name of the process. Therefore (A), (B) and (D) are unsuitable.

Step 3: Conclusion The process is dematerialization. Hence, the correct option is (C).

Quick Tip to Solve: Distinguish the process, dematerialisation, from the institution, a depository, which provides electronic holding facilities.

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13. 'If the shareholders in general desire that at least a certain amount is paid as dividend, the companies are likely to declare the same.'

The above statement highlights which of the following factors affecting dividend decision ? [1 mark]

(A) Amount of Earning

(B) Shareholders' Preference

(C) Stability of Earnings

(D) Stability of Dividends

Correct Answer: (B) Shareholders' Preference

Solution:

Concept:

- The dividend decision determines the portion of earnings distributed to shareholders and the portion retained.
- Shareholders' preference for dividend income is one factor considered when deciding the dividend.

Step 1: Identify the evidence The statement says shareholders "desire that at least a certain amount is paid as dividend". The company is responding to what its shareholders want, so the factor is shareholders' preference.

Step 2: Rule out the other factors Amount of earnings concerns the profits available for distribution, not the owners' wishes. Stability of earnings concerns the predictability of profits. Stability of dividends concerns maintaining a consistent dividend pattern. The statement does not supply evidence about any of these three factors, so options (A), (C) and (D) do not fit.

Step 3: Conclusion The factor is shareholders' preference. Hence, the correct option is (B).

Quick Tip to Solve: In dividend cases, words such as desire, expect or prefer point to shareholders' preference rather than the level of earnings.

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14. Which of the following statement is incorrect in respect of responsibility of a consumer while purchasing, using and consuming goods and services ? [1 mark]

(A) Check ISI mark on food products before buying.

(B) Ask for a cash-memo on purchase of goods and services.

(C) Read labels carefully so as to have information about prices, net weight, manufacturing and expiry dates, etc.

(D) Assert yourself to ensure that you get a fair deal.

Correct Answer: (A) Check ISI mark on food products before buying.

Solution:

Concept:

- Consumers should examine quality certification, read labels, obtain a cash memo and assert their rights.
- The relevant quality mark must match the product: ISI is associated with specified industrial products, while food products use relevant food quality standards such as AGMARK for agricultural products.

Step 1: Identify the incorrect responsibility Option (A) incorrectly directs consumers to check the ISI mark on food products generally. The textbook examples associate ISI with electrical or industrial goods and AGMARK with agricultural food products. Consumers should check the certification appropriate to the product.

Step 2: Verify the remaining responsibilities Obtaining a cash memo provides evidence of purchase and supports a complaint, so (B) is correct. Reading price, weight and manufacturing or expiry information helps informed and safe consumption, so (C) is correct. Being assertive to secure a fair deal is also a consumer responsibility, so (D) is correct. The question asks for the incorrect statement.

Step 3: Conclusion The incorrect statement is "Check ISI mark on food products before buying." Hence, the correct option is (A).

Quick Tip to Solve: For negative consumer-protection MCQs, check whether the quality mark named actually belongs to the stated product category.

15. Identify the external source of recruitment displayed in the picture given below : [1 mark]



(A) Advertisement

(B) Direct recruitment

(C) Web publishing

(D) Labour contractors

Correct Answer: (C) Web publishing

Solution:

Concept:

- Staffing: external sources of recruitment include web publishing and other methods of attracting applicants from outside the organisation.
- Select the most specific NCERT concept supported by the facts in the case or picture.

Step 1: Recognise the medium shown The picture shows a laptop displaying a job portal and explicitly describes a job search engine. Publishing vacancies and accessing applicants through recruitment websites is web publishing. The online medium is the decisive feature of the picture.

Step 2: Eliminate the other sources Advertisement, option (A), is a broader source commonly presented through newspapers and other media, whereas this picture specifically identifies a recruitment website. Direct recruitment, option (B), involves applicants presenting themselves at the workplace, often in response to a notice at the gate. Labour contractors, option (D), supply workers through an intermediary; no contractor is shown.

Step 3: Conclusion The external source is web publishing. Hence, the correct option is (C).

Quick Tip to Solve: A recruitment website or job portal points specifically to web publishing.

16. 'ABC Ltd.', a large multinational company had approximately 1000 employees in each of its departments. The company had five departments. In this organisation, leave applications of the employees had to be approved by the departmental heads. This approval is delayed due to large number of leave applications in each department. This led to a lot of dissatisfaction amongst the employees. To resolve this problem, the Chief Executive Officer of the organisation called a meeting of all departmental heads. It was decided to assign the approval of leave applications up to 10 days to the managers at all levels. It was also decided that it will be assigned till the lowest level throughout the organisation. Since the decision-making authority was shared with lower levels and placed nearest to the point of action, they could approve or deny leave applications without requiring higher level approval. After the policy change, employees at all levels noticed an improvement in the sanctioning of leave applications.

The concept of management which led to an improvement in the speed and flexibility of leave approval is : [1 mark]

(A) Organising

(B) Delegation

(C) Decentralisation

(D) Authority

Correct Answer: (C) Decentralisation

Solution:

Concept:

- Organising: decentralisation is the systematic dispersal of decision-making authority to lower levels throughout an organisation.
- Select the most specific NCERT concept supported by the facts in the case or picture.

Step 1: Identify the organisation-wide policy The case states that leave approval is assigned to managers at all levels, 'till the lowest level throughout the organisation'. Authority is placed nearest to the point of action, allowing local managers to approve applications without higher approval. These details indicate systematic dispersal of authority and explain the faster decisions.

Step 2: Distinguish the alternatives Organising, option (A), is the broader function of arranging work and resources. Delegation, option (B), concerns entrusting authority by an individual superior to a subordinate; the case emphasises a policy across the whole organisation. Authority, option (D), means the right to command and decide, but does not itself name its systematic distribution.

Step 3: Conclusion The concept is decentralisation. Hence, the correct option is (C).

Quick Tip to Solve: Look for authority shared at every lower level to distinguish decentralisation from individual delegation.

17. 'XYZ Ltd.' is using registers to record attendance of the employees even in this new tech era. The Human Resource Manager is facing problems due to the dishonest behaviour of employees as they are writing wrong working hours. Not only this, the Production Manager is also reporting about the theft of raw materials every day. To resolve these types of problems, the company started using biometric attendance system and installed cameras at important areas to keep an eye on the activities of the employees. This helped in reducing dishonest behaviour of the employees to a large extent.

The point of importance of controlling highlighted in the above case is : [1 mark]

(A) Improving employee motivation

(B) Ensuring order and discipline

(C) Making efficient use of resources

(D) Accomplishing organisational goals

Correct Answer: (B) Ensuring order and discipline

Solution:

Concept:

- Controlling: ensuring order and discipline means checking activities and discouraging dishonest or undesirable employee behaviour.
- Select the most specific NCERT concept supported by the facts in the case or picture.

Step 1: Connect the control measures to the problem Employees were entering wrong working hours, and raw materials were being stolen. Biometric attendance and cameras let management monitor conduct. The words 'reducing dishonest behaviour of the employees' directly identify the discipline-related benefit of controlling.

Step 2: Rule out the other benefits Improving employee motivation, option (A), concerns clear standards and performance evaluation that encourage employees, rather than surveillance of dishonesty. Efficient use of resources, option (C), may be a related benefit of preventing theft, but the case's central emphasis is employee conduct. Accomplishing organisational goals, option (D), is a broad outcome and does not identify this specific benefit.

Step 3: Conclusion The importance highlighted is ensuring order and discipline. Hence, the correct option is (B).

Quick Tip to Solve: When controls reduce theft, false attendance or other misconduct, identify order and discipline.

18. Veena received ₹ 40 lakhs as a gift from her father. She was discussing various avenues of investing her money with her brother. He advised Veena to invest her money in shares of Moreso Ltd., a reputed company. He further added that it would not only generate good returns over the long term, but could easily be sold whenever required.

Identify the function of stock exchange being highlighted by Veena's brother in the above case :

[1 mark]

(A) Pricing of securities

(B) Providing liquidity and marketability to existing securities

(C) Safety of transactions

(D) Providing scope for speculation

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

Solution:

Concept:

- Financial Markets: a stock exchange provides liquidity and marketability to existing securities by enabling their purchase and sale.
- Select the most specific NCERT concept supported by the facts in the case or picture.

Step 1: Identify the deciding words Veena's brother says that the shares 'could easily be sold whenever required'. The exchange provides a ready market in which an investor can sell existing shares and convert the investment into cash. This is the liquidity and marketability function.

Step 2: Check the remaining functions Pricing of securities, option (A), concerns price determination through demand and supply; the case gives no such process. Safety of transactions, option (C), arises from regulated dealings and investor protection, which are not discussed. Providing scope for speculation, option (D), relates to permissible trading based on expected price changes. The reference to long-term returns does not indicate speculative trading.

Step 3: Conclusion The function is providing liquidity and marketability to existing securities. Hence, the correct option is (B).

Quick Tip to Solve: The ability to sell shares whenever needed is the key clue for liquidity and marketability.

19. 'Payal Ltd.' plans to start manufacturing solar panels which will require a significant amount of investment in machinery. The machinery which they intend to purchase is newly launched in the market. It will not only reduce the cost per unit, but also double the production as compared to the machines used by other solar panel manufacturers already existing in this business.

The Chief Executive Officer of 'Payal Ltd.' asked the finance manager to forecast the fund requirements for purchasing the above machinery to ensure that enough funds are available at the right time.

From the following, identify the concept about which the Chief Executive Officer is discussing with the finance manager : [1 mark]

(A) Capital Budgeting

(B) Trading on Equity

(C) Financial Planning

(D) Wealth Maximisation

Correct Answer: (C) Financial Planning

Solution:

Concept:

- Financial Management: financial planning estimates fund requirements and determines how to ensure adequate funds at the required time.
- Select the most specific NCERT concept supported by the facts in the case or picture.

Step 1: Identify what the finance manager must do The CEO asks the manager to 'forecast the fund requirements' and ensure that 'enough funds are available at the right time'. Forecasting financial requirements and arranging their timely availability are central to financial planning. The question asks about this instruction rather than the nature of the machinery alone.

Step 2: Separate the other concepts Capital budgeting, option (A), evaluates and selects long-term investment projects; machinery is a fixed asset, but the stated task is forecasting and ensuring funds. Trading on equity, option (B), uses debt to influence returns to equity shareholders, and no debt-equity decision is given. Wealth maximisation, option (D), is the overall financial objective of enhancing shareholders' wealth, rather than this fund-planning exercise.

Step 3: Conclusion The concept is financial planning. Hence, the correct option is (C).

Quick Tip to Solve: Read the specific instruction: forecasting funds and their timing identifies financial planning.

20. 'Maira Electronics' is a manufacturer of smartphones and famous for its quality. It is a large organisation, so each and every piece produced cannot be checked. So the company made a policy that out of 500 smartphones produced a day, 20 smartphones would be randomly selected for a quality check.

Identify the step of controlling process discussed above : [1 mark]

(A) Setting performance standards

(B) Measurement of actual performance

(C) Comparing actual performance with standards

(D) Taking corrective action

Correct Answer: (B) Measurement of actual performance

Solution:

Concept:

- Controlling: measurement of actual performance obtains information about results, including through sample checking in large organisations.
- Select the most specific NCERT concept supported by the facts in the case or picture.

Step 1: Identify the role of sampling The case states that '20 smartphones would be randomly selected for a quality check'. These are selected from the 500 smartphones produced each day. Sample checking is a method of measuring actual performance when checking every unit is impracticable. The selected phones provide information about the quality of actual output.

Step 2: Locate this action within the process Setting performance standards, option (A), would define the desired quality level; the case instead describes inspecting output. Comparing actual performance with standards, option (C), would explicitly assess measured results against a prescribed benchmark, which is not stated. Taking corrective action, option (D), would remedy deviations discovered in quality. No remedial action is described.

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

Quick Tip to Solve: Checking a sample of finished output measures actual performance; comparison follows measurement.

21(a). Differentiate between 'Primary Market' and 'Secondary Market' on any three basis. [3 marks]

Solution:

Concept:

- Financial Markets: the primary market deals in new securities, while the secondary market deals in existing securities.
- The distinction concerns the nature of securities, the parties to the transaction and the destination of the sale proceeds.

Step 1: Compare the markets on three bases

Basis	Primary market	Secondary market
Nature of securities	New securities are issued and sold for the first time; hence it is called the new issue market.	Existing securities that have already been issued are bought and sold; hence it is the market for outstanding securities.
Parties to a transaction	Securities are sold by the issuing company to investors, directly or through an intermediary.	Securities are bought and sold between investors; the issuing company is not a party to this resale.
Receipt of funds	The issuing company receives funds, which can finance a new enterprise or expansion and diversification of an existing enterprise.	The selling investor receives the sale proceeds. The issuing company does not receive fresh funds from the transaction.

Step 2: Understand the link between the two markets A company first raises capital by issuing securities in the primary market. Investors can subsequently sell these securities in the secondary market. Thus, the primary market directly supplies funds to enterprises, whereas the secondary market provides liquidity and marketability to investors, making investment in new issues more attractive.

Step 3: Conclusion The three bases of distinction are nature of securities, parties to the transaction and receipt of funds: new issues raise funds for the company, while resale transfers existing securities and funds between investors.

Quick Tip to Solve: Ask whether the security is newly issued and who receives the money: the company indicates the primary market; a selling investor indicates the secondary market.

OR

21(b). Differentiate between 'Capital Market' and 'Money Market' on the following basis :

(i) Duration

(ii) Liquidity

(iii) Safety [3 marks]

Solution:

Concept:

- Financial Markets: the capital market channels medium- and long-term funds, while the money market deals in short-term funds.
- Duration, liquidity and safety distinguish these markets. Liquidity means ease of conversion into cash, while safety concerns the risk of loss or default.

Step 1: Compare the markets on the specified bases

Basis	Capital market	Money market
Duration	Deals in medium- and long-term securities, normally with a maturity of more than one year. Equity shares have no fixed maturity.	Deals in short-term instruments with a maturity of up to one year, such as treasury bills and commercial paper.
Liquidity	Securities are comparatively less liquid. Although stock exchanges provide a ready market, finding a buyer at the desired price can take time.	Instruments are comparatively highly liquid because of their short maturity and arrangements for discounting or resale.
Safety	Comparatively riskier: returns and prices can fluctuate, and the issuer may fail to meet its commitments.	Comparatively safer: instruments have short maturities and issuers generally have strong creditworthiness.

Step 2: Interpret the comparisons correctly These are relative distinctions between the two markets. Calling money market instruments safer does not mean that every instrument is entirely free of risk. Similarly, listing a capital market security on an exchange makes resale possible, but does not guarantee immediate sale at a particular price. The comparison uses the typical maturity and risk characteristics of the instruments in each market.

Step 3: Conclusion The capital market serves longer-term funding needs with comparatively lower liquidity and higher risk; the money market serves funding needs of up to one year with comparatively higher liquidity and safety.

Quick Tip to Solve: Compare the same basis across both columns: money market means short duration, higher liquidity and greater relative safety.

22. Vani, after completing her course in 'Nutrition and Fitness', wanted to launch millet-based healthy snacks. She researched a lot and started manufacturing a range of healthy, crunchy millet namkeens and named them 'Pure Millets'. The name reflected natural ingredients, appealing to health-conscious consumers. The millet snacks were packaged in eco-friendly, bio-degradable packets with a reasonable feature, ensuring freshness and convenience. The stickers on the packets displayed the name with the tagline 'Power Your Health' and nutritional information and certifications like 'Organic Certified' to establish the product's health benefits. 'Pure Millets' got off to a good start.

In addition to features and quality, various other product-related important decisions are discussed in the above case. Identify and give the meaning of any three such decisions. [3 marks]

Solution:

Concept:

- Marketing Management: product decisions include branding, packaging and labelling, apart from decisions about product features and quality.
- Branding identifies and differentiates the product; packaging provides its container or wrapper; labelling communicates information through the label on the package.

Step 1: Identify and explain branding **Branding:** Branding is the process of giving a product a name,

sign, symbol, design or a combination of these to identify it and distinguish it from competitors' products. The evidence is that Vani "named them 'Pure Millets'." This brand name identifies her millet snacks and helps consumers recognise and ask for them. Its association with natural ingredients also supports the intended product image among health-conscious consumers.

Step 2: Identify and explain packaging **Packaging:** Packaging means designing and producing the container or wrapper of a product. The case states that the snacks were "packaged in eco-friendly, bio-degradable packets". These packets constitute the packaging decision. They contain and protect the snacks, help preserve freshness and make handling and use convenient. The environmentally friendly material is also a feature of the package selected for the product.

Step 3: Identify and explain labelling **Labelling:** Labelling means designing the label to be put on the package. A label may be a simple tag or a detailed graphic carrying information about the product. Here, the "stickers on the packets" display the name, the tagline "Power Your Health", nutritional information and certifications such as "Organic Certified". These labels identify and describe the product and communicate information relevant to consumers' purchase decisions.

Step 4: Conclusion The three product-related decisions are branding (the name "Pure Millets"), packaging (the eco-friendly, bio-degradable packets) and labelling (the informative stickers on the packets).

Quick Tip to Solve: Match name to branding, container or wrapper to packaging, and printed product information on a sticker to labelling.

23(a). Explain the following factors affecting the fixed capital requirements of a company :

(i) Nature of Business

(ii) Choice of Technique

(iii) Growth Prospects [3 marks]

Solution:

Concept:

- Financial Management: fixed capital is investment in long-term assets such as land, buildings, plant and machinery. The nature of operations and future plans determine how much investment is required.
- Fixed capital requirements vary with the assets necessary to conduct business, the production technique used and the expected expansion of the enterprise.

Step 1: Nature of business **Nature of business:** A trading concern generally requires less fixed capital because it mainly buys and sells finished goods and need not establish a manufacturing plant. A manufacturing concern normally needs more fixed capital for factories, machinery and other production facilities. Thus, the kind of business determines the type and amount of long-term assets required.

Step 2: Choice of technique **Choice of technique:** A capital-intensive enterprise uses more machinery and automated equipment and therefore requires a larger investment in fixed assets. A labour-intensive enterprise relies more on manual work and generally needs less fixed capital. The choice

between these techniques directly affects the amount invested in plant and equipment.

Step 3: Growth prospects **Growth prospects:** An organisation with higher growth prospects requires more fixed capital to expand production capacity and meet future demand. It may need additional factories, machinery and equipment. An enterprise with limited growth prospects can operate with a relatively smaller investment in long-term assets.

Step 4: Conclusion Fixed capital requirements are generally higher for manufacturing operations, capital-intensive techniques and strong growth prospects.

Quick Tip to Solve: For each factor, state the condition that increases fixed capital and contrast it with the condition that reduces it.

OR

23(b). Explain the following factors affecting financing decision of a company :

(i) Fixed Operating Costs

(ii) Control Considerations

(iii) State of Capital Market [3 marks]

Solution:

Concept:

- Financial Management: the financing decision determines the proportion of debt and equity used to raise long-term funds.
- Debt creates a fixed obligation to pay interest, whereas issuing additional equity can dilute the control of existing shareholders. Financing choices must consider risk, control and market conditions.

Step 1: Fixed operating costs **Fixed operating costs:** When fixed operating costs, such as rent and salaries, are high, the company already bears substantial fixed business obligations. It should therefore use less debt, which adds the fixed financial obligation of interest, and depend relatively more on equity. If fixed operating costs are low, its capacity to service debt is greater and it may use more debt.

Step 2: Control considerations **Control considerations:** Issuing additional equity shares may dilute the voting power and control of existing shareholders. If the existing owners wish to retain control, they may prefer debt, provided the company can service it. If dilution of control is acceptable, the company can raise funds through an issue of equity shares.

Step 3: State of the capital market **State of capital market:** During a rising or buoyant stock market, investors are more willing to invest in equity and companies can raise equity funds more easily. During depressed market conditions, an equity issue may be difficult to sell, so a company may prefer debt. The prevailing market climate therefore influences the choice of financing source.

Step 4: Conclusion A suitable financing mix balances fixed financial obligations, the owners' desire to retain control and the ability to raise funds in prevailing capital-market conditions.

Quick Tip to Solve: Link operating costs to debt risk, control to equity dilution, and a rising stock market to easier equity financing.

24. 'Essential Ltd.' is a company that has been manufacturing cooking oil for the past 20 years and 700 employees are working in it. Recognising the growing demand for hair care products, they developed a unique formula for hair growth useful even for people who are bald. They want to keep the formula confidential to maintain a competitive edge. As they plan to immediately launch the hair oil in the market, they needed reliable people who could be evaluated more accurately and be placed in this specialised department quickly. For this, the Chief Executive Officer consulted the Human Resource Manager, Karn. Karn suggested that there are five reliable and hard-working employees who will be a good fit for this specialised department. Also, there are two employees in the production department to whom they can give the responsibility of heading this department with higher pay. The company is committed to improve motivation, loyalty and satisfaction level of employees.

Explain any two sources of recruitment discussed above which will help 'Essential Ltd.' to recruit reliable people in this specialised department. [3 marks]

Solution:

Concept:

- Staffing: internal recruitment fills vacancies from among the existing employees of an organisation, whose abilities and past performance are already known.
- The two internal sources described in the case are transfers and promotions. Transfers generally involve movement at the same level; promotions involve movement to a higher position.

Step 1: Identify and explain transfers **Transfers:** A transfer is the movement of an employee from one job or department to another without a substantive change in responsibilities, status and pay. Karn's suggestion that "five reliable and hard-working employees" would fit the specialised department indicates transferring suitable existing employees to it. Their performance is already known, so the company can assess their suitability accurately and place them quickly. Such movement also helps fill the new department's vacancies using trusted staff.

Step 2: Identify and explain promotions **Promotions:** A promotion is the upward movement of an employee to a higher position carrying greater responsibility, status and pay. The words "give the responsibility of heading this department with higher pay" indicate promotion of suitable production employees to departmental leadership positions. Advancement recognises their abilities and provides a career opportunity within the company. It can improve motivation, loyalty and satisfaction because employees see that good performance can lead to higher positions.

Step 3: Conclusion The sources are transfers of suitable existing employees to the specialised department and promotions of suitable employees to head it with higher responsibility and pay.

Quick Tip to Solve: Movement to another department at the same level suggests transfer; higher responsibility together with higher pay identifies promotion.

25. 'AK Ltd.' is a large company with 4000 workers engaged in production of wide varieties of spices used in the Indian kitchen. The company has been struggling with a persistent issue of workers making unreasonable demands and going on strike frequently. To address the issue, the Chief Executive Officer appointed a management expert who will analyse the situation and suggest solutions to overcome the problem. The management expert analysed the situation and suggested that the company could resolve the issue by following Taylor's principle of Scientific Management which suggested complete mental revolution on the part of both management and workers. It means that management and workers should transform their thinking, where even trade unions will not think of going on strike. It emphasises that prosperity of the employer cannot exist for a long time unless it is accompanied by the prosperity for the employees and vice versa.

(i) Identify and explain the principle of Scientific Management discussed in the above case by the management expert.

(ii) Also, explain another principle suggested by Taylor, which is an extension of the principle identified in (i) above. [4 marks]

Solution:

Concept:

- Principles of Management: Taylor's principle of Harmony, Not Discord requires a complete mental revolution in the outlook of management and workers.
- Cooperation, Not Individualism is an extension of harmony: management and workers should cooperate for their mutual benefit instead of competing against each other.

Step 1: (i) Identify and explain Harmony, Not Discord **Identification:** The principle is **Harmony, Not Discord**. The decisive clue is the need for a "complete mental revolution on the part of both management and workers" and the statement that the employer's prosperity must be accompanied by employees' prosperity.

Explanation: Management and workers should recognise that they are essential to each other and replace conflict with harmony. Both must transform their attitudes towards one another. Management should share the gains of increased productivity with workers and provide for their welfare; workers should work sincerely and avoid unreasonable demands and strikes. Each side must understand that its lasting prosperity depends on the prosperity of the other. At AK Ltd., this change in outlook would address the repeated disputes described in the case.

Step 2: (ii) Explain Cooperation, Not Individualism **Cooperation, Not Individualism:** This principle extends Harmony, Not Discord. There should be complete cooperation between labour and management instead of individualism or competition. They should work towards common organisational objectives and share responsibility for results.

Participation and mutual trust: Management should welcome constructive suggestions from workers, reward suggestions that reduce costs, and consult workers when taking important decisions affecting them. Workers should cooperate in implementing scientific methods and avoid strikes or unreasonable demands. Management should avoid closing its ears to workers' concerns. Such give-and-take replaces confrontation with joint efforts to improve productivity and secure benefits for both sides.

Step 3: Conclusion (i) The principle is **Harmony, Not Discord**; (ii) its extension is **Cooperation, Not Individualism**. Both call for management and workers to pursue their mutual prosperity.

Quick Tip to Solve: Link "mental revolution" to Harmony, Not Discord; when its extension is asked, explain Cooperation, Not Individualism.

26. 'Omara Ltd., is a garments company that produces jackets from organic, recycled and sustainable materials. The sourcing of eco-friendly fabrics, slower production process and focus on ethical labour practices result in big time gap between receipt of fabrics and their conversion into jackets. Since 'Omara Ltd.' faces intense competition in the garment industry, it has to hold large stocks of jackets to meet urgent orders from customers. To further attract and retain customers, 'Omara Ltd.' offers liberal credit terms to them. Thus 'Omara Ltd.' is able to perform much better than its competitors.

(i) State whether the total working capital requirement of 'Omara Ltd.' will be high or low.

(ii) Justify your answer given in (i) above by identifying and stating any three factors affecting working capital requirements discussed in the above case. [4 marks]

Solution:

Concept:

- Financial Management: Working capital finances day-to-day operations and is tied up in inventories and debtors until cash is recovered.
- A longer production cycle, a higher level of competition and liberal credit allowed to customers increase working capital requirements.

Step 1: (i) State the working capital requirement Omara Ltd.'s total working capital requirement will be **high**. Funds remain blocked in the production process, in stocks of finished jackets and in amounts receivable from customers. The company must finance these current assets while continuing its regular operations.

Step 2: (ii) Identify and explain the three factors **Production cycle:** The case refers to a "big time gap between receipt of fabrics and their conversion into jackets". The production cycle is the period between receiving raw materials and converting them into finished goods. A longer cycle requires more working capital because funds remain invested in raw materials and work-in-progress for a longer period before finished jackets can be sold.

Level of competition: Omara Ltd. "faces intense competition" and therefore holds "large stocks of jackets to meet urgent orders". Greater competition may require a firm to maintain higher stocks of finished goods so that it can promptly supply customers. More funds are consequently invested in inventory, increasing the working capital requirement.

Credit allowed: The company "offers liberal credit terms" to attract and retain customers. When customers receive more time to pay, sales do not immediately generate cash. A larger amount remains tied up in debtors for a longer period, so the business needs more working capital to finance operations until those customers pay.

Step 3: Conclusion Omara Ltd. requires **high working capital** because of its **long production cycle**, **high level of competition requiring large stocks**, and **liberal credit allowed to customers**.

Quick Tip to Solve: Track where cash is tied up: conversion time indicates production cycle, urgent-order stocks indicate competition, and delayed customer payments indicate credit allowed.

27. 'Smart Aids' was a reputed company manufacturing e-walking sticks. It is now providing e-walking sticks with sensors or voice feedback for helping people with vision or mobility issues to move around more safely and easily. The company has been earning good profits.

After its great success, it wants to diversify and enter into the manufacturing of high-class smart watches. These smart watches will help older people to live independently and safely while staying connected to their loved ones. These smart watches would also monitor their health by sending emergency alerts, reminding them to take medicines, etc. and help in managing their health issues. It will encourage physical activity and offer voice assistance for easy use and keep them connected with family through calls and messages.

Though there are very homogeneous functions in both the products, they set up a separate business unit for these watches. Both units will have separate managers responsible for the performance of their units and have authority over the unit. Each manager would be accountable for profits, revenues and costs of their unit. This type of organisational structure would help the organisation to add new units without interrupting the existing operations.

(i) State the type of organisational structure suitable for 'Smart Aids' giving reason in support of your answer.

(ii) Give two advantages of the organisational structure, which are highlighted in the above case.

[4 marks]

Solution:

Concept:

- Organising: a divisional structure groups activities on the basis of products. Each product division has its own manager and the functions needed for its operations.
- Responsibility for a division's revenues, costs and profits permits performance assessment, while separate divisions facilitate expansion.

Step 1: (i) Suitable structure and reason **Divisional structure:** Smart Aids should adopt a divisional organisational structure because it is diversifying into smart watches in addition to e-walking sticks. The two product lines can be organised as separate product divisions, each under its own manager with authority over its operations. The case states that the company has "set up a separate business unit for these watches" and that both units have separate managers. Thus, product-based grouping is suitable even though the products involve homogeneous functions; the decisive feature is the creation of separate product units.

Step 2: (ii) Advantage: accountability and performance assessment **Fixing responsibility and assessing performance:** The case states, "Each manager would be accountable for profits, revenues and costs of their unit." Revenues and costs attributable to each division can be identified separately, so its profit can be calculated and compared with its targets. This makes the divisional manager responsible for the unit's results and helps management identify a poorly performing division and take remedial action.

Step 3: (ii) Advantage: expansion and growth **Facilitates expansion and growth:** The case says that the structure would help the organisation "to add new units without interrupting the existing operations." A new product can be placed in a new division with its own manager and resources. Consequently, the company can expand into smart watches while the e-walking-stick division continues

its existing activities.

Step 4: Conclusion Smart Aids should use a **divisional structure** because it is diversifying into separate product lines. The two advantages highlighted are accountability for divisional performance and expansion without disturbing existing operations.

Quick Tip to Solve: Separate product units with separate profit responsibility signal a divisional structure; link each advantage to the exact case statement.

28(a). Explain the following features of 'Management' :

(i) Management is a dynamic function.

(ii) Management is an intangible force. [4 marks]

Solution:

Concept:

- Nature and Significance of Management: management is a dynamic function because it adapts organisational activities to a changing business environment.
- Management is an intangible force: it cannot be seen directly, but its presence is felt through the results and functioning of the organisation.

Step 1: (i) Management is a dynamic function **Adaptation to the environment:** Management operates in an environment that changes continuously. Economic conditions, technology, consumer needs and preferences, and social or political conditions can change. Managers must examine these changes and adapt the organisation's goals, plans and methods of work to remain effective. A method that worked earlier may need to be revised when circumstances change.

Example: If customers increasingly prefer purchasing online, management may introduce online ordering and reorganise distribution and customer service. By responding to changing needs rather than following the same methods indefinitely, management helps the enterprise survive and achieve its objectives. This continuing adjustment makes management a dynamic function.

Step 2: (ii) Management is an intangible force **Invisible but experienced through results:** Management is not a physical object that can be touched or directly seen. Nevertheless, its presence is felt in the way the organisation functions. When targets are met according to plans, employees work willingly and happily, and there is orderliness instead of confusion, these results indicate effective management.

Evidence in organisational performance: For example, coordinated work, timely completion of tasks and clear working arrangements show the effect of planning, organising and directing. What is visible is the outcome of managerial efforts, rather than management itself. Thus, management is called an intangible force whose effectiveness is judged through organisational results and the work environment.

Step 3: Conclusion Management is **dynamic** because it adjusts to changing environmental conditions, and **intangible** because it is perceived through results such as achievement of targets, willing employees and orderly work.

Quick Tip to Solve: For dynamic, explain adaptation to change; for intangible, give observable results that reveal management's presence.

OR

28(b). Explain the following features of 'Principles of Management' :

(i) General guidelines

(ii) Cause and Effect relationship [4 marks]

Solution:

Concept:

- Principles of Management: general guidelines and the cause and effect relationship describe the nature of management principles.
- Management principles guide decisions about human behaviour; their application depends on the circumstances in which managers work.

Step 1: (i) General guidelines **Broad guidance:** Management principles provide general guidelines for managerial decision-making and action. They do not provide ready-made, straitjacket solutions to every managerial problem. Business situations are complex and dynamic, and involve human behaviour as well as several other factors.

Application according to circumstances: A manager must therefore use judgment and apply a principle after considering the requirements of the particular situation. For example, the appropriate division of work depends on the nature of the work and the capabilities of the employees; a single fixed division cannot suit every enterprise.

Step 2: (ii) Cause and effect relationship **Link between action and result:** Management principles seek to establish a relationship between cause and effect so that they can be used in similar situations. They indicate what is likely to happen if a particular managerial principle is applied. For example, division of work promotes specialisation, which can improve efficiency.

Results depend on conditions: This relationship is less exact than in the natural sciences because management deals with human behaviour, which is not fully predictable. The principles mainly express relationships in normal situations, and their effects depend on the prevailing circumstances. A manager must consider these conditions before anticipating a result.

Step 3: Conclusion General guidelines provide a basis for managerial judgment, while cause and effect relationships help managers anticipate the likely results of their actions under suitable conditions.

Quick Tip to Solve: For each feature, state its meaning and then explain its practical limitation: guidance is not a ready-made solution, and human behaviour makes predicted effects less exact.

29(a). Explain the following principles of 'General Management' :

(i) Division of work

(ii) Unity of command [4 marks]

Solution:

Concept:

- Principles of Management: Fayol's principles of division of work and unity of command guide the organisation of work and authority.
- Division of work develops specialisation; unity of command gives each employee one immediate superior from whom to receive orders.

Step 1: (i) Division of work **Division into specialised jobs:** Work should be divided into small tasks or jobs, and each job should be entrusted to a suitable specialist. Instead of making one employee perform all activities, tasks are assigned according to employees' abilities and training. This principle applies to both technical and managerial work.

Greater efficiency: Repeated performance of a particular task develops skill and expertise. Specialisation thus enables employees to perform work more efficiently and produce more and better work with the same effort. For example, assigning production, finance and marketing work to people trained in those fields improves their proficiency and the enterprise's performance.

Step 2: (ii) Unity of command **One employee, one superior:** An employee should receive orders from only one superior and should be accountable to that superior. An employee should not be required to follow instructions from two bosses for the same work. This establishes a clear authority and responsibility relationship.

Avoidance of conflicting orders: If two superiors give instructions to the same employee, their orders may conflict and the employee may not know whose instruction to obey. Dual command undermines authority, weakens discipline, creates confusion and makes it difficult to fix responsibility. Unity of command prevents these problems by maintaining a clear reporting relationship.

Step 3: Conclusion Division of work improves efficiency through specialisation, while unity of command ensures clear instructions and accountability by placing each employee under one immediate superior.

Quick Tip to Solve: Remember division of work as specialisation and unity of command as one employee receiving orders from one boss; explain the benefit of each principle.

OR

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

(i) Providing managers with useful insights into reality

(ii) Optimum utilisation of resources and effective administration [4 marks]

Solution:

Concept:

- Principles of Management: the significance of management principles as practical guidelines for managerial decisions and action.
- These principles help managers understand situations, use scarce resources efficiently and administer organisations objectively; their application depends on the circumstances.

Step 1: (i) Providing managers with useful insights into reality **Practical guidance:** Management principles provide managers with useful insights into real-life situations. They are based on experience, observation and experimentation and therefore improve a manager's knowledge, ability and understanding of managerial situations.

Better decisions and learning: They enable a manager to learn from past mistakes and avoid wasting time on trial-and-error approaches. For example, unity of command alerts a manager to the confusion that can arise when an employee receives orders from several superiors. Managers still adapt the principle to the situation rather than apply it mechanically.

Step 2: (ii) Optimum utilisation of resources and effective administration **Optimum utilisation of resources:** Human and material resources are limited. Management principles help put them to their best possible use by reducing wastage and directing effort towards organisational objectives. For example, division of work promotes specialisation and improves efficiency, enabling greater output with the available resources.

Effective administration: Principles encourage an objective and scientific approach to managerial decisions, reducing personal prejudice and bias. They help establish appropriate working relationships and clarify authority and responsibility. This supports orderly operations, fair treatment and more effective achievement of organisational goals.

Step 3: Conclusion Management principles improve managers' understanding of practical situations and guide the efficient use of resources and objective administration.

Quick Tip to Solve: For each named importance, explain how the principle helps a manager and connect it to a practical organisational benefit.

30. Sara decided to purchase vegetables online from 'Desi Store' which is a popular online store. She ordered 1 kg carrots, 1 kg potatoes and 2 kg tomatoes. After receiving the order, Sara realised that the weight of the vegetables was much less than what she had ordered. On checking the website again, she found that on the website, only price of each item is stated, but the weight or quantity of the vegetables against the price is not specified.

She contacted the customer care center for her grievance. The customer care center representative simply told that weight of the vegetables varies, so it is not indicated against the price.

Sara asked the representative many times to speak to a supervisor, but every time the representative stated that no one is available. Sara was disappointed and left a review on the website and filed a case in the District Forum.

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

Solution:

Concept:

- Consumer Protection: the right to be informed and the right to be heard protect a consumer's ability to make an informed purchase and have grievances considered.
- Case evidence must connect each right with the seller's conduct: missing quantity information concerns disclosure, while refusal to hear a complaint concerns the consumer's voice.

Step 1: Right to be informed **Identification and evidence:** The first right is the **right to be informed**. The website stated only the price, but "the weight or quantity of the vegetables against the price is not specified". Thus Sara was not provided the information needed to understand what quantity she would receive for the stated price.

Explanation: A consumer has the right to complete information about a product, including its quality, quantity, ingredients, purity, standard, price and other relevant particulars, so that an informed choice can be made. Desi Store should clearly disclose the weight or quantity corresponding to each price. Saying that weight varies does not justify withholding this essential information.

Step 2: Right to be heard **Identification and evidence:** The second right is the **right to be heard**. Sara repeatedly asked to speak to a supervisor, but "every time the representative stated that no one is available". Her grievance about the short quantity was therefore not given a proper hearing. Her review and complaint before the District Forum are attempts to have her grievance considered.

Explanation: A consumer has the right to file a complaint and to be heard when dissatisfied with a good or service. Consumer interests should receive due consideration at appropriate forums. Business firms should provide suitable complaint-handling arrangements, and consumers may approach consumer organisations and consumer commissions to present their grievances. The emphasis here is on providing Sara an opportunity to put forward her complaint and have it considered.

Step 3: Conclusion The two rights are the right to be informed, shown by the missing quantity details, and the right to be heard, shown by the refusal to provide Sara a proper hearing of her grievance.

Quick Tip to Solve: Link missing product details to the right to be informed and refusal to listen to a complaint to the right to be heard.

31(a). Explain any four points of importance of 'Planning' function of management. [6 marks]

Solution:

Concept:

- Planning: the function and its contribution to organisational performance.
- The importance of the function is explained through the specific benefits it provides to managers, employees and the organisation.

Step 1: Planning provides directions **Planning provides directions:** Planning states in advance what is to be done, how it is to be done and when it is to be done. By defining objectives clearly, it makes employees aware of the results expected from them and directs their efforts towards those results. Departments and individuals can therefore act together towards the common organisational goals instead of pursuing unrelated activities. A clear plan acts as a guide for action and gives purpose to the work of managers and employees.

Step 2: Planning reduces the risks of uncertainty **Planning reduces the risks of uncertainty:** Planning requires managers to look ahead, anticipate changes in the business environment and prepare suitable responses. Forecasting future events and considering alternative courses of action help an organisation cope with possible difficulties. Although planning cannot eliminate uncertainty or prevent every unexpected event, it reduces its adverse impact by preparing the organisation for likely changes. This readiness enables managers to respond more effectively when conditions change.

Step 3: Planning reduces overlapping and wasteful activities **Planning reduces overlapping and wasteful activities:** Plans coordinate the activities of different divisions, departments and individuals. When responsibilities and the sequence of activities are clear, unnecessary duplication of work can be avoided and resources can be used more efficiently. Planning also helps managers detect confusion, misunderstandings and activities that do not contribute to objectives. Such activities can then be corrected or removed, reducing waste of time, effort and resources.

Step 4: Planning establishes standards for controlling **Planning establishes standards for controlling:** The objectives and targets set during planning become the standards against which actual performance is measured. Managers compare results with these standards, identify deviations and take corrective action where necessary. Thus, planning gives controlling a definite basis: without a planned target, a manager cannot judge whether performance is satisfactory. The link between plans and performance helps ensure that organisational efforts continue towards the desired results.

Step 5: Conclusion Planning provides directions, reduces the risks of uncertainty, reduces overlapping and wasteful activities, and establishes standards for controlling.

Quick Tip to Solve: For each importance point, state the NCERT heading and explain how planning produces that benefit.

OR

31(b). Explain any four points that highlight the importance of 'Delegation'. [6 marks]

Solution:

Concept:

- Organising: the function and its contribution to organisational performance.
- The importance of the function is explained through the specific benefits it provides to managers, employees and the organisation.

Step 1: Effective management **Effective management:** Delegation enables managers to share their workload by assigning duties and granting the authority needed to carry them out. By reducing their involvement in routine matters, it allows managers to devote greater attention to important decisions and new areas of work. Subordinates can handle the tasks entrusted to them within their authority, while the manager retains overall accountability. This division of work improves the effectiveness of managerial effort.

Step 2: Employee development **Employee development:** Delegation gives subordinates opportunities to exercise authority, take decisions and use their judgement. By performing challenging assignments, they acquire experience, develop new skills and learn to handle greater responsibilities. Instead of remaining dependent on the superior for every action, they gain the ability to resolve work-related problems themselves. Thus, delegation serves as practical training and prepares employees for more demanding positions in the future.

Step 3: Motivation of employees **Motivation of employees:** When a superior entrusts an employee with responsibility and the authority required to fulfil it, the employee receives recognition and feels trusted. Such confidence in the employee strengthens self-esteem and encourages initiative. Employees are motivated to use their abilities and perform well because their contribution is valued. Delegation therefore provides psychological benefits and helps create commitment to the tasks and objectives assigned to them.

Step 4: Facilitation of growth **Facilitation of growth:** Delegation helps develop a pool of competent and experienced employees who can accept higher responsibilities. When the organisation expands or undertakes new projects, these trained subordinates can be appointed to suitable positions. The enterprise therefore has managerial talent available to support its growth. By preparing employees through experience and responsibility, delegation makes expansion easier and reduces dependence on a few senior managers.

Step 5: Conclusion Delegation promotes effective management, employee development and employee motivation, and facilitates organisational growth.

Quick Tip to Solve: Explain delegation through the benefits of sharing workload, developing ability, building motivation and preparing for growth.

32. Identify and explain the communication barrier discussed in each of the following cases and name the broad category of each communication barrier to which they relate :

(i) 'MNB Ltd.' launches a new software programme using Artificial Intelligence. Ajit, the Project Manager, explains the new software system to employees in the organisation, using terms like 'cloud computing', 'machine learning', etc. Since the employees are not specialists in this field, they cannot understand the actual meaning of many words used by the Project Manager.

(ii) Rajesh, working as Production Manager in 'KLM Ltd.', approaches the General Manager, Kumar to discuss the problems he is having at work. Rajesh tells him about the increasing workload and the need for additional support. However, Kumar who is working on an important file, keeps glancing at it while nodding occasionally. He does not make eye contact with Rajesh or stop reading the file. He responds saying "Okay Rajesh, just try to manage". Rajesh leaves the office feeling disappointed.

(iii) Suresh is a senior technician at a company manufacturing spare parts of a car. He suggests a new method for reducing the idle time on machines to increase efficiency. He presents his idea during a team meeting and is appreciated by everyone. But the manager Pankaj, does not offer any appreciation award for his brilliant idea. [6 marks]

Solution:

Concept:

- Directing: communication barriers prevent a message from being understood correctly or discourage the exchange of information.
- Semantic barriers concern the meaning of words; psychological barriers arise from the mental state of the parties; personal barriers arise from personal factors affecting communication.

Step 1: (i) Technical jargon - semantic barrier **Identification and category:** The barrier is **technical jargon**, which is a **semantic barrier**.

Explanation: Specialists often use technical language to explain their work. When the receiver does not know that terminology, the intended meaning is not communicated, even though the words are familiar to the sender. Here Ajit uses terms like 'cloud computing' and 'machine learning', but the employees 'are not specialists in this field'. They therefore cannot understand the actual meaning of many words. The difficulty lies in the meaning of the technical expressions used in the message.

Step 2: (ii) Lack of attention - psychological barrier **Identification and category:** The barrier is **lack of attention**, which is a **psychological barrier**.

Explanation: A receiver preoccupied with other work fails to listen carefully to the message. As a result, its meaning and significance may not be understood adequately. Kumar 'keeps glancing' at his important file and 'does not make eye contact with Rajesh or stop reading the file'. His attention remains on the file instead of Rajesh's workload and request for support. Occasional nodding is not attentive listening; his response fails to address the problem Rajesh has brought to him.

Step 3: (iii) Lack of proper incentives - personal barrier **Identification and category:** The barrier is **lack of proper incentives**, which is a **personal barrier**.

Explanation: Subordinates may be unwilling to communicate useful suggestions when they receive no motivation or incentive for doing so. Here Suresh proposes a method for 'reducing the idle time on machines to increase efficiency', but Pankaj 'does not offer any appreciation award for his brilliant idea'. Although the team appreciates the suggestion, the manager gives no incentive or recognition

through an award. This absence of a proper incentive can discourage Suresh from offering useful suggestions in the future.

Step 4: Conclusion The barriers are: (i) technical jargon - semantic; (ii) lack of attention - psychological; and (iii) lack of proper incentives - personal.

Quick Tip to Solve: Match the obstacle to its source: unfamiliar technical words concern meaning, distracted listening concerns attention, and an unrewarded suggestion concerns incentives.

33(a). Explain any four features of 'Directing' function of management. [6 marks]

Solution:

Concept:

- Principles and Functions of Management: directing means instructing, guiding, counselling, motivating and leading people to achieve organisational objectives.
- Directing concerns the action stage of management and the continuing relationship between managers and employees throughout the organisation.

Step 1: Directing initiates action **Directing initiates action:** Directing is the key managerial function through which managers put organisational plans into action. Planning sets objectives and decides what should be done; organising and staffing provide the structure and people needed for the work. Directing then guides and motivates employees to perform their assigned tasks. For example, after assigning sales territories, a sales manager explains targets, gives instructions and encourages salespeople to begin work. Thus, directing starts actual performance towards the planned objectives.

Step 2: Directing takes place at every level of management **Directing takes place at every level:** Every manager, from top management to the supervisory level, performs the directing function in relation to subordinates. Top managers guide departmental heads, departmental heads direct their subordinate managers, and supervisors guide workers. Wherever a superior-subordinate relationship exists, directing is needed to explain work, provide guidance and motivate performance. Its scope and the people being directed may differ across levels, but directing is not confined to top management.

Step 3: Directing is a continuous process **Directing is a continuous process:** Directing continues throughout the life of an organisation. Managers cannot give instructions once and assume that all future work will proceed automatically. They must regularly guide employees, communicate changes, resolve work-related doubts and motivate them to sustain performance. Employees, managers and working conditions may change, but the need for direction remains. Accordingly, directing accompanies the ongoing activities of the organisation rather than ending when the initial instructions have been given.

Step 4: Directing flows from top to bottom **Directing flows from top to bottom:** Directing moves downward through the organisational hierarchy. A manager directs immediate subordinates, who in turn direct the employees working under them. For example, a production head directs production managers, who guide supervisors, who then instruct workers. Each manager acts within the authority associated with the position. This feature describes the direction of managerial guidance and instructions; it does not mean that all organisational communication can occur only downward.

Step 5: Conclusion The four features of directing are that it initiates action, takes place at every level of management, is a continuous process, and flows from top to bottom.

Quick Tip to Solve: Recall the four features through action, levels, continuity and downward flow; explain each in relation to a manager guiding subordinates.

OR

33(b). Explain any four features of 'Motivation', an element of directing. [6 marks]

Solution:

Concept:

- Directing: motivation is the process of stimulating people to act in a desired manner to accomplish desired goals.
- Motivation concerns people's internal feelings, directs their behaviour towards goals, may use positive or negative inducements, and is a complex process.

Step 1: Motivation is an internal feeling **Internal feeling:** The urge to act arises within an individual. Needs, desires, aspirations and drives influence human behaviour. A manager can provide incentives and suitable conditions, but these motivate a person only when they appeal to that person's needs. For example, the desire for recognition can encourage an employee to accept responsibility and perform better.

Step 2: Motivation produces goal-directed behaviour **Goal-directed behaviour:** Motivation induces people to behave in a particular manner so that they can achieve their goals. An unsatisfied need creates a drive to take action; action is directed towards satisfying that need. For instance, an employee seeking promotion may work harder and improve performance. By linking individual rewards with organisational performance, management directs this effort towards organisational objectives as well.

Step 3: Motivation can be positive or negative **Positive or negative:** Positive motivation uses rewards such as higher pay, appreciation, recognition or promotion to encourage desired behaviour. Negative motivation uses the prospect of punishment, such as a warning or disciplinary action, to discourage undesirable behaviour. Thus, motivation may arise from the expectation of a benefit or from the desire to avoid an adverse consequence; it is not confined to monetary rewards.

Step 4: Motivation is a complex process **Complex process:** Individuals differ in their needs, expectations, perceptions and reactions. Consequently, the same incentive may motivate one employee strongly but have little effect on another. Further, one person's needs can change over time. A manager therefore cannot apply one fixed motivational technique successfully to everyone and must understand employees and select suitable incentives.

Step 5: Conclusion The four features are: motivation is an internal feeling, produces goal-directed behaviour, can be positive or negative, and is a complex process.

Quick Tip to Solve: Recall the four headings as feeling, goal, positive or negative, and complexity; explain each through its effect on employee behaviour.

34. 'Sound-it' is a startup planning to launch a line of wireless earbuds. Before launching, the company decides to gather feedback from customers through online surveys and interactive websites. From this research, they identify their target market as young, tech-savvy people, who value good sound quality, durability and comfort. The research also shows that customers want earbuds with long battery life, water resistance and the ability to easily connect with other devices.

Using this information, 'Sound-it' designs earbuds that meet these needs of the customer. The earbuds are comfortable with soft eartips, include advanced noise-cancelling technology, a lightweight design and good water-resistance, making them perfect for sports and outdoor activities. The design not only improves sound and comfort, but also gives it a competitive edge in the market.

It decides to charge an amount lower than their competitors to attract customers who want good quality at an affordable price after evaluating various factors like production costs, competitor prices, the product's utility and demand, etc.

To inform the customers about its earbuds, 'Sound-it', runs digital advertisement on social media and offers special discounts and free gift offers on its earbuds.

Identify and explain the four marketing functions discussed in the above case. [6 marks]

Solution:

Concept:

- Marketing Management: marketing functions include gathering and analysing market information, product designing and development, pricing of products, and promotion.
- These functions help a business understand customer needs, develop a suitable offering, determine the amount customers will pay and communicate the offering to its target market.

Step 1: Gathering and analysing market information **Gathering and analysing market information:** This function involves systematically collecting and analysing information about customers, their needs and preferences, competitors and the market. It helps the marketer identify opportunities and make appropriate marketing decisions. The evidence is that Sound-it decides to "gather feedback from customers through online surveys and interactive websites". It uses this research to identify young, tech-savvy people as its target market and learns their expectations regarding battery life, water resistance and connectivity.

Step 2: Product designing and development **Product designing and development:** This function involves developing a product and deciding its design and features to satisfy customer needs. A good design improves utility, performance and attractiveness and can provide a competitive advantage. The case states that Sound-it "designs earbuds that meet these needs of the customer". Its soft eartips, noise-cancelling technology, lightweight design and water resistance reflect the translation of customer requirements into product features suited to comfort, sports and outdoor use.

Step 3: Pricing of products **Pricing of products:** Pricing means determining the amount of money customers must pay to obtain the product. The marketer considers factors such as production cost, utility and demand, competition and pricing objectives while fixing the price. The evidence is Sound-it's decision to "charge an amount lower than their competitors" after evaluating production costs, competitor prices, utility and demand. This price is intended to attract customers seeking good quality at an affordable price.

Step 4: Promotion **Promotion:** Promotion involves informing prospective customers about a product

and persuading them to buy it. It includes communication activities such as advertising, personal selling, sales promotion and public relations. The case states that Sound-it "runs digital advertisement on social media" and offers "special discounts and free gift offers". The digital advertisements inform and persuade customers, while discounts and free gifts are sales-promotion incentives that encourage purchase.

Step 5: Conclusion The four functions are gathering and analysing market information, product designing and development, pricing of products, and promotion.

Quick Tip to Solve: Match each case paragraph to its action: research, design, fix the price and communicate or offer incentives; name the marketing function before explaining it.