CBSE Class 12 Business Studies Question Paper 2025 with Solution PDF-Set 66/4/3

Question Paper with Solutions

Conducted by the Central Board of Secondary Education (CBSE)

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

General Instructions

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

Questions no. 1 to 20 are Multiple Choice Questions (MCQs), carrying 1 mark each. $20 \times 1 = 20$

1. The leadership style in which a leader develops action plans and makes decisions in consultation with his subordinates, is known as : [1 mark]

(A) Autocratic leadership style

(B) Democratic leadership style

(C) Free-rein leadership style

(D) None of the above

Correct Answer: (B) Democratic leadership style

Solution:

Concept:

- Directing: democratic or participative leadership involves consulting subordinates in decision-making.
- Participation in decisions is the distinguishing feature of democratic leadership; free-rein leadership delegates much greater decision-making freedom.

Step 1: Identify the style from the deciding phrase The leader develops plans and takes decisions 'in consultation with his subordinates'. This is democratic leadership: employees participate by offering suggestions and opinions before decisions are made.

Step 2: Check the alternatives Autocratic leadership (A) centralises decision-making in the leader and does not use such consultation. Free-rein leadership (C) gives subordinates extensive freedom to make their own decisions, with minimal interference. Here, the leader remains involved and consults the team. Since democratic leadership directly fits, 'None of the above' (D) is incorrect.

Step 3: Conclusion The leadership style is democratic leadership. Hence, the correct option is (B).

Quick Tip to Solve: Look for consultation and participation to distinguish democratic leadership from complete freedom under free-rein leadership.

2. Read the following statements carefully :

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

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

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

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

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

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

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

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

Solution:

Concept:

- Consumer Protection: responsible consumers purchase standardised products and look for the relevant quality certification mark.
- Consumers should check the appropriate quality mark before buying rather than relying solely on a seller's claims.

Step 1: Judge Statement I Statement I is true. A consumer purchasing electrical appliances should look for the ISI mark, which indicates conformity to the relevant Indian quality standards. Choosing a certified appliance is part of being a quality-conscious consumer.

Step 2: Judge Statement II and compare the choices Statement II is also true. Buying standardised goods is a consumer responsibility because standardisation provides quality assurance. The first statement gives a particular example of this broader responsibility. Option (A) wrongly rejects Statement II, option (B) wrongly rejects Statement I, and option (D) wrongly rejects both statements.

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

Quick Tip to Solve: Check the product category against its quality mark: ISI for electrical goods, then judge each statement independently.

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



(A) Advertising

(B) Personal Selling

(C) Sales Promotion

(D) Public Relations

Correct Answer: (C) Sales Promotion

Solution:

Concept:

- Marketing Management: sales promotion uses short-term incentives to encourage immediate purchase.
- A quantity gift offers extra product to buyers and belongs to sales promotion within the promotion mix.

Step 1: Read the incentive shown on the pack The chocolate pack prominently offers '10% Extra'. The buyer receives additional quantity for the usual purchase, which is a short-term incentive to buy the product. In NCERT terminology, offering extra quantity in this way is a quantity gift, a technique of sales promotion.

Step 2: Distinguish the promotional tools Sales promotion (C) directly covers this purchase incentive. Advertising (A) communicates a paid, impersonal message but does not name the extra-quantity incentive itself. Personal selling (B) requires direct interaction with a salesperson, which the picture does not show. Public relations (D) aims at favourable relations and public image, rather than offering extra product to induce a purchase.

Step 3: Conclusion The promotional tool is sales promotion. Hence, the correct option is (C).

Quick Tip to Solve: An offer of extra quantity at the same price is a quantity gift under sales promotion; focus on the offer printed on the pack.

OR

Note: The following question is for the Visually Impaired Candidates only in lieu of Q. No. 3.

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

(A) Product designing and development

(B) Branding

(C) Marketing planning

(D) Packaging and labelling

Correct Answer: (D) Packaging and labelling

Solution:

Concept:

- Marketing Management: packaging and labelling protect a product, communicate product information and assist promotion.
- Packaging provides the container or wrapper, while labelling supplies identifying and descriptive information to consumers.

Step 1: Match all the functions in the question The question combines detailed product information, product safety and promotion. Packaging protects the product during handling and storage, and an attractive package helps attract customers. Labelling describes the product and its contents, communicates information such as use and precautions, and can highlight promotional offers. Together, packaging and labelling satisfy all three clues.

Step 2: Eliminate the other options Product designing and development (A) concerns the product's characteristics and design. Branding (B) gives a product a distinctive name, symbol or identity. Marketing planning (C) sets marketing objectives and the programme for achieving them. None of these options specifically combines the protective package with the detailed information supplied by a label. Packaging and labelling (D) is therefore the appropriate function.

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

Quick Tip to Solve: When protection, detailed product information and promotion occur together, select packaging and labelling.

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

(A) Pricing of securities

(B) Safety of transactions

(C) Providing liquidity and marketability to existing securities

(D) Providing scope for speculation

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

Solution:

Concept:

- Financial Markets: a stock exchange provides liquidity and marketability to existing securities through a continuous trading market.
- Liquidity allows an investor to convert an existing security into cash; marketability provides the opportunity to sell it.

Step 1: Connect sale and repurchase with liquidity To disinvest means to sell an existing investment and release the money tied up in it. A stock exchange offers a ready, continuous market where investors can sell existing securities and use the proceeds to purchase other securities. Thus it makes securities marketable and provides liquidity.

Step 2: Eliminate the other functions Pricing of securities (A) concerns determining prices through demand and supply. Safety of transactions (B) concerns regulated dealings that protect investors. Scope for speculation (D) allows permissible speculative activity to support trading. None of these is the direct function described by the chance to sell and reinvest; that wording identifies liquidity and marketability (C).

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

Quick Tip to Solve: When a stock-exchange question mentions converting securities into cash or exiting an investment, choose liquidity and marketability.

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

(A) Method study

(B) Fatigue study

(C) Motion study

(D) Time study

Correct Answer: (C) Motion study

Solution:

Concept:

- Principles of Management: Taylor's motion study examines movements made while performing a job and eliminates unnecessary movements.
- Eliminating unnecessary movements reduces wasted effort and improves efficiency in performing a job.

Step 1: Identify what is being studied The question specifically refers to the 'study of movements' undertaken while doing a typical job. Motion study analyses actions such as lifting, putting down objects, sitting and changing position, so that unnecessary movements can be eliminated and the job performed efficiently.

Step 2: Compare the four techniques Motion study (C) matches the focus on movements. Method study (A) finds the best way of doing a job. Fatigue study (B) determines the amount and frequency of rest intervals required. Time study (D) establishes the standard time needed to complete a well-defined job. Movements, rather than the overall method, rest or duration, are decisive here.

Step 3: Conclusion The study is motion study. Hence, the correct option is (C).

Quick Tip to Solve: Match the key word to the technique: movements to motion, best way to method, rest to fatigue, and standard duration to time study.

6. Read the following statements carefully :

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

Statement II : A rule allows flexibility or discretion.

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

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

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

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

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

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

Solution:

Concept:

- Planning: a rule specifies required or prohibited action and allows no discretion in its application.

- Rules are standing plans that prescribe conduct without allowing individual judgement about whether to comply.

Step 1: Judge Statement I Statement I is true. A rule is a specific statement telling people what must or must not be done. It reflects a definite managerial decision and clearly prescribes the action expected in a particular situation.

Step 2: Judge Statement II and select the combination Statement II is false because a rule does not permit flexibility or individual discretion. It is to be followed as prescribed. Policies, by contrast, provide general guidelines within which judgement may be exercised. Option (A) incorrectly accepts Statement II; option (B) incorrectly rejects Statement I; option (D) reverses the actual truth values.

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

Quick Tip to Solve: For a rule, look for a definite instruction with no discretion; a policy instead guides decisions within a broad framework.

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

(A) Decrease the fixed capital requirements

(B) Increase the fixed capital requirements

(C) Will not affect the fixed capital requirements

(D) Decrease the working capital requirements

Correct Answer: (A) Decrease the fixed capital requirements

Solution:

Concept:

- Financial Management: availability of leasing facilities reduces the fixed capital needed to acquire long-term assets.
- Fixed capital finances investment in long-term assets; working capital supports day-to-day operations.

Step 1: Identify the financing choice in the case KJ Ltd. decides to use trucks 'on lease' instead of having its own trucks. Trucks are long-term assets. Leasing allows the company to use these assets without committing the large initial amount required to purchase them.

Step 2: Explain the effect and eliminate alternatives The need to invest in owned fixed assets therefore falls, so fixed capital requirements decrease (A). They do not increase (B) or remain unchanged (C), because the purchase outlay is avoided. Lease rentals still have to be paid, so the case does not establish a decrease in working capital requirements (D). The identified factor is the availability of financing alternatives through leasing.

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

Quick Tip to Solve: If an asset is leased instead of purchased, connect the avoided purchase outlay with a reduction in fixed capital requirements.

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

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

(A) Campus Recruitment

(B) Casual Callers

(C) Direct Recruitment

(D) Advertisement

Correct Answer: (C) Direct Recruitment

Solution:

Concept:

- Staffing: recruitment is the process of searching for prospective employees and stimulating them to apply for jobs.
- Direct recruitment is an external source in which a notice is placed on the notice board of the enterprise specifying available jobs and inviting applicants.

Step 1: Identify the evidence in the case Dhruv Ltd. displays information on the 'Notice Board, placed near the main gate of the company' and asks interested persons to meet the manager at a specified time. This is the procedure for direct recruitment: prospective workers respond to a notice at the workplace.

Step 2: Eliminate the other sources Campus recruitment involves visiting educational institutions, which is not described. Casual callers are unsolicited applicants whose details the enterprise keeps for future vacancies. Advertisement refers to advertising vacancies through media such as newspapers rather than this notice at the factory gate. The fact that the drivers are required regularly does not change the source identified by the stated procedure.

Step 3: Conclusion The source is **Direct Recruitment**; the correct option is **(C)**.

Quick Tip to Solve: Look for where candidates are invited: a notice at the enterprise gate points to direct recruitment.

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

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

(A) Preliminary Screening

(B) Selection Test

(C) Employment Interview

(D) Selection Decision

Correct Answer: (A) Preliminary Screening

Solution:

Concept:

- Staffing: preliminary screening is the initial step of the selection process.
- Application forms are checked against essential qualifications and experience so that unqualified or unsuitable job seekers can be rejected before later stages.

Step 1: Match the rejection to the selection step TA Ltd. rejected candidates 'based on the information supplied by them in their application forms'. The applicants lacked both the required five years of experience and an MBA degree in Finance. Checking these prerequisites from applications is preliminary screening.

Step 2: Distinguish the later steps A selection test measures abilities or skills; no test is described. An employment interview involves a conversation to assess suitability, which has not occurred here. The selection decision is the final choice from candidates who have cleared the preceding stages. Rejection for missing basic requirements at the application stage therefore does not represent any of these later steps.

Step 3: Conclusion The step is **Preliminary Screening**; the correct option is **(A)**.

Quick Tip to Solve: When application forms reveal missing minimum qualifications, identify preliminary screening before tests and interviews.

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

(A) Farhan

(B) Menon

(C) Both Menon and Rohan

(D) Both Rohan and Farhan

Correct Answer: (B) Menon

Solution:

Concept:

- Organising: delegation involves assigning responsibility and granting the authority needed to perform a task.
- Accountability is answerability for the final outcome. A superior cannot delegate away accountability to the person who originally assigned the work.

Step 1: Identify the original reporting relationship Menon's superior gave Menon the task of producing 100 toys in a week. Although Menon 'delegated this task to his subordinates, Rohan and Farhan', he remains answerable to his own superior for its completion.

Step 2: Apply the rule to each option Farhan and Rohan are answerable to Menon for the duties he assigns them. Farhan being hospitalised and Rohan working extra hours explain the failure but do not transfer Menon's accountability to his superior. Hence Farhan alone, both Rohan and Farhan, and both Menon and Rohan are incorrect answers to the specific reporting relationship asked about.

Step 3: Conclusion **Menon** is answerable to his superior; the correct option is **(B)**.

Quick Tip to Solve: Trace who received the task directly from the superior: that person remains accountable even after delegation.

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

(A) Regulatory Function

(B) Development Function

(C) Protective Function

(D) Both (B) and (C)

Correct Answer: (A) Regulatory Function

Solution:

Concept:

- Financial Markets: SEBI regulates the securities market, protects investors and promotes its development.

- Its regulatory functions include calling for information, inspections, enquiries and audits of stock exchanges and market intermediaries.

Step 1: Classify the stated activity The words 'undertaking inspection, conducting enquiries and audits of stock exchanges and intermediaries' describe supervision of market participants and compliance with rules. These are regulatory functions of SEBI.

Step 2: Check the alternative categories Development functions promote market growth, for example training intermediaries and encouraging suitable practices. Protective functions include preventing fraudulent and unfair trade practices and prohibiting insider trading. The quoted inspection and audit activity is specifically listed as regulatory; therefore Development Function, Protective Function and the combination of those two are not the correct classification.

Step 3: Conclusion This is a **Regulatory Function**; the correct option is **(A)**.

Quick Tip to Solve: Associate SEBI inspections, enquiries and audits with regulation; distinguish these from training and investor protection.

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

(A) Selection decision

(B) Performance appraisal

(C) Compensation

(D) Preliminary screening

Correct Answer: (B) Performance appraisal

Solution:

Concept:

- Staffing: performance appraisal evaluates an employee's current or past performance against predetermined standards.
- It involves defining the job, assessing performance and providing feedback to help review and improve performance.

Step 1: Identify the definition The question explicitly refers to 'Evaluating an employee's current and/or past performance' against 'pre-determined standards'. These two features identify performance appraisal in the staffing process.

Step 2: Rule out the other staffing activities Selection decision concerns choosing a candidate for appointment, not evaluating an existing employee's performance. Compensation concerns pay and other rewards given to employees. Preliminary screening checks applicants for basic suitability before later selection stages. None of those three terms describes the systematic performance evaluation stated in the question.

Step 3: Conclusion The activity is **Performance appraisal**; the correct option is **(B)**.

Quick Tip to Solve: Circle the words performance and predetermined standards: together they identify performance appraisal.

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

(i) To have eco-friendly newspapers

(ii) To introduce specific sections for children

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

(iv) To have international news on a daily basis

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

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

(A) Follow-up action

(B) Implementing the plan

(C) Evaluating alternatives courses

(D) Selecting an alternative

Correct Answer: (C) Evaluating alternatives courses

Solution:

Concept:

- Planning: after setting objectives and developing premises, managers identify alternative courses of action.
- The next step is evaluating alternative courses by considering their positive and negative aspects in light of the objectives, premises and feasibility.

Step 1: Locate the stage already completed The company has set its objective of increasing market share by 10%, developed premises and identified four possible courses of action. The case states 'After identifying the above alternatives, a board meeting was called'. The board must now compare the alternatives and assess their likely contribution to the objective.

Step 2: Place the other steps in order Selecting an alternative follows evaluation; the board needs a basis for choosing the most suitable course. Implementing the plan follows selection and means putting the chosen course into action. Follow-up action monitors whether implementation achieves the objective. Thus selection, implementation and follow-up are all later than the immediate step required here.

Step 3: Conclusion The next step is **Evaluating alternatives courses**, as printed in option **(C)**.

Quick Tip to Solve: After alternatives have been listed, compare their merits and feasibility before selecting one.

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

(A) Right to be informed

(B) Right to safety

(C) Right to consumer education

(D) Right to be heard

Correct Answer: (C) Right to consumer education

Solution:

Concept:

- Consumer Protection: the right to consumer education gives consumers knowledge and skills to make informed choices and protect their interests.
- Consumer education creates awareness of rights, responsibilities and available means of redressal.

Step 1: Connect the campaign with its purpose The question says the campaign 'Jago Grahak Jago' is intended 'To promote awareness among consumers'. A broad awareness campaign educates consumers about their rights and responsibilities, so it represents the right to consumer education.

Step 2: Distinguish the other rights The right to be informed concerns receiving complete product information such as quality, quantity, price and ingredients. The right to safety protects against goods and services hazardous to life and health. The right to be heard means consumer interests receive consideration at appropriate forums. Those rights concern specific entitlements; the purpose of this campaign is education and awareness about consumer matters.

Step 3: Conclusion The campaign relates to the **Right to consumer education**; the correct option is **(C)**.

Quick Tip to Solve: Use the campaign purpose: promoting awareness of consumer rights signals the right to consumer education.

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

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

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

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

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

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

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

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

Solution:

Concept:

- Principles of Management: Taylor's functional foremanship divides supervision among specialist foremen.
- Under the production in-charge, the speed boss, gang boss, repair boss and inspector have distinct responsibilities.

Step 1: Match the production supervisors **Speed boss:** Ensures timely and accurate completion of the job, so 1 matches (iv). **Gang boss:** Keeps machines and tools ready for operation by workers, so 2 matches (iii). **Repair boss:** Ensures proper working conditions of machines and tools, so 3 matches (i). **Inspector:** Checks the quality of work, so 4 matches (ii).

Step 2: Check the alternatives Option (A) wrongly assigns readiness of tools to the speed boss and quality checking to the repair boss. Option (B) wrongly assigns quality checking to the speed boss and timely completion to the inspector. Option (C) also assigns maintenance to the speed boss and quality checking to the gang boss. Only (D) preserves all four specialised duties.

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

Quick Tip to Solve: Associate speed with timely work, gang with readiness, repair with maintenance and inspection with quality.

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

(A) Semantic barrier

(B) Psychological barrier

(C) Organisational barrier

(D) Personal barrier

Correct Answer: (C) Organisational barrier

Solution:

Concept:

- Directing: Organisational barriers arise from the organisation's policies, structure, rules, status relationships or communication facilities.
- Inadequate organisational facilities restrict the free and effective flow of communication.

Step 1: Identify the case clue The case states that the company lacks "frequent meetings, suggestion box, complaint box, social and cultural gatherings. These are facilities that management should provide so employees can exchange information, raise grievances and give feedback. Their absence is an organisational deficiency.

Step 2: Eliminate the other barriers A semantic barrier concerns the meaning of words, symbols or messages; no such difficulty is stated. A psychological barrier arises from mental or emotional factors such as distrust or premature evaluation; these are not the stated cause. A personal barrier arises from individual attitudes, fears or lack of willingness to communicate. The case specifically focuses on missing organisational facilities.

Step 3: Conclusion The barrier is an organisational barrier, specifically inadequate organisational facilities. Hence, the correct option is (C).

Quick Tip to Solve: When a case lists missing meetings, suggestion boxes or complaint facilities, identify an organisational barrier.

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

(A) Primary Market

(B) Secondary Market

(C) Money Market

(D) All of the above markets

Correct Answer: (B) Secondary Market

Solution:

Concept:

- Financial Markets: The primary market deals in new securities issued by companies.
- The secondary market enables investors to buy and sell securities that have already been issued.

Step 1: Identify the transaction Radhika wants to sell 20,000 shares already "held by her. This is a transfer of existing shares from one investor to another. It does not involve Tara Ltd. issuing new shares or raising fresh share capital from her proposed sale.

Step 2: Test all four markets The primary market is unsuitable because it deals in new issues of securities. The secondary market provides liquidity and marketability to existing securities, which fits this sale. The money market deals in short-term funds and instruments with maturities up to one year; equity shares are not money-market instruments. Therefore, the option covering all the markets is also incorrect.

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

Quick Tip to Solve: Look for whether shares are newly issued or already held: sale of an existing holding belongs to the secondary market.

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

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

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

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

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

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

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

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

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

Solution:

Concept:

- Controlling: A good control system helps accomplish organisational goals and improves employee motivation.
- Known performance standards clarify expected work and provide a basis for appraisal.

Step 1: Judge Assertion (A) Assertion (A) is true. A good control system motivates employees and helps them perform better by making performance expectations clear and directing their efforts towards achieving those expectations.

Step 2: Judge Reason (R) Reason (R) is true. Employees know in advance what work is expected of them and which performance standards will be used when their work is appraised. This clarity is part of an effective control system.

Step 3: Check the explanatory link The reason explains the assertion: clear expectations and known appraisal standards reduce uncertainty and guide employees to improve performance. It is precisely this feature that supports employee motivation. Options (A) and (B) each wrongly declare one statement false. Option (D) wrongly denies the explanatory connection between the two true statements.

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 questions, establish both truth values before checking whether the reason explains the stated benefit.

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

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

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

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

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

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

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

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

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

Solution:

Concept:

- Organising: Authority is the right to command subordinates and take action within the scope of one's position.
- In delegation, authority flows downwards along the superior-subordinate relationship; accountability flows upwards.

Step 1: Judge Assertion (A) Assertion (A) is true. A superior assigns duties and delegates the authority needed to carry them out to a subordinate. Thus, authority passes downwards through the organisational hierarchy.

Step 2: Judge Reason (R) Reason (R) is true. Authority is the right of an individual to command subordinates and take action within the scope of the position held. This is the meaning of authority in a formal organisation.

Step 3: Check the explanatory link The reason explains the downward direction: a position holder exercises the right to command over subordinates, and delegates decision-making rights to them. This superior-to-subordinate relationship accounts for the flow stated in the assertion. Option (B) wrongly denies this explanation, while options (C) and (D) wrongly call one of the two true statements false.

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

Quick Tip to Solve: Distinguish the directions: authority moves from superior to subordinate, while accountability runs back to the superior.

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

(A) Message

(B) Media

(C) Decoding

(D) Noise

Correct Answer: (D) Noise

Solution:

Concept:

- Directing: Communication involves transmitting a message through a medium and interpreting it through decoding.
- Noise is any obstruction or hindrance that interferes with the communication process.

Step 1: Identify the obstruction A "poor telephone connection can distort sound, interrupt words or prevent the receiver from hearing the message clearly. It therefore interferes with the transmission of the communication and is an example of noise.

Step 2: Distinguish the other elements The message is the information or idea being conveyed, not the defect in transmission. Media refers to the channel used to carry the message: the telephone is the medium, while its poor connection is the interference. Decoding is the receiver converting symbols into meaning; the connection problem is not that act of interpretation. Noise alone describes the stated obstruction.

Step 3: Conclusion A poor telephone connection is noise in the communication process. Hence, the correct option is (D).

Quick Tip to Solve: Separate the telephone as the medium from a faulty connection as the noise that disrupts transmission.

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

(i) Standardisation and Grading

(ii) Promotion [3 marks]

Solution:

Concept:

- Marketing Management: marketing functions help a business prepare a suitable offering and communicate its value to customers.
- Standardisation establishes product specifications, grading classifies products, and promotion informs and persuades prospective buyers.

Step 1: (i) Standardisation and grading **Standardisation:** It means producing goods of predetermined specifications. It ensures uniformity and consistency in output in terms of quality, size, design and other characteristics. Buyers can therefore rely on a standard product without examining each unit separately. This reduces the need for inspection, testing and evaluation.

Grading: It means classifying products into different groups on the basis of characteristics such as quality, size and other important features. Products of similar characteristics are placed in the same grade. It is particularly useful for agricultural and other products that cannot be produced to exact predetermined specifications. Grading helps customers identify the quality they require and supports different prices for different grades.

Step 2: (ii) Promotion **Promotion:** It means informing customers about the firm's products and persuading them to purchase these products. A marketer communicates the product's availability, features and benefits to potential customers. Advertising, personal selling, sales promotion and publicity are the major tools used for this purpose. The marketer chooses a suitable combination of these tools to reach the target customers and encourage purchases.

Step 3: Conclusion Standardisation and grading make the product's characteristics and quality identifiable, while promotion communicates its benefits and persuades customers to buy it.

Quick Tip to Solve: Distinguish standardisation (setting specifications) from grading (sorting output), then define promotion with its major tools.

OR

21(b). Explain the following as features of Marketing :

(i) Needs and wants

(ii) Creating a market offering [3 marks]

Solution:

Concept:

- Marketing Management: marketing involves identifying customers' needs and wants and satisfying them through a suitable market offering.
- A market offering combines product features, quality, price and associated benefits to provide value

to target customers.

Step 1: (i) Needs and wants **Needs and wants:** Marketing seeks to satisfy the needs and wants of individuals and organisations. Needs are basic human requirements, such as food, clothing and shelter. Wants are the particular objects or products that people desire to satisfy those needs. For example, hunger is a need, while the desire for a particular food is a want.

A marketer must identify the needs and wants of the target customers and develop products or services that satisfy them. These customer requirements are the starting point of marketing: a business should understand what customers seek instead of merely trying to sell whatever it has produced.

Step 2: (ii) Creating a market offering **Creating a market offering:** A market offering refers to the complete offer made by a firm to its target customers. It includes the product or service with its features, quality, design and other attributes, at a particular price, available at a given outlet or location. It also includes associated benefits such as service support.

The offering should be developed after studying the needs and preferences of potential buyers. For example, a school bag offered to students may combine useful compartments, a durable material and comfortable straps with a suitable price and convenient availability. The complete combination should provide value and motivate the target customers to buy.

Step 3: Conclusion Marketing begins with customers' needs and wants and translates them into a complete market offering that can satisfy those requirements.

Quick Tip to Solve: Explain the difference between a need and a want, then describe the market offering as the complete product-and-benefits package.

22(a). State any three points of importance of consumer protection from the point of view of business.

[3 marks]

Solution:

Concept:

- Consumer Protection: protecting consumers serves business interests as well as the welfare of buyers.
- NCERT explains its importance for business through long-term interest, use of society's resources, social responsibility, moral justification and avoidance of government intervention.

Step 1: State three reasons for protecting consumers **1. Long-term interest of business:** A business can survive and grow in the long run by satisfying its customers. Satisfied customers make repeat purchases and may tell others about their positive experience. Protecting consumers therefore creates goodwill, builds a loyal customer base and helps the business earn profits over time. Exploiting customers may produce an immediate gain but damages the relationship on which continuing sales depend.

2. Business uses society's resources: Businesses use resources that belong to society. They therefore have a responsibility to supply goods and services that benefit society. Offering safe products, maintaining quality and giving fair information protect consumers and represent a responsible use of these resources.

Step 2: Complete the third point **3. Social responsibility:** Business has social responsibilities towards different groups, including consumers. Consumers buy its products and provide the revenue that enables it to continue operating. Since consumers are an important stakeholder group, business must safeguard their interests. Fair dealing, reasonable product quality and proper attention to complaints help a business discharge this responsibility.

Step 3: Conclusion Three points are the long-term interest of business, the fact that business uses society's resources, and its social responsibility towards consumers.

Quick Tip to Solve: Give three distinct NCERT headings and explain each from the business viewpoint; do not replace them with a list of consumer rights.

OR

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

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

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

Solution:

Concept:

- Consumer Protection: the Consumer Protection Act, 2019 provides a three-tier consumer disputes redressal machinery at the district, state and national levels.
- Pecuniary jurisdiction determines the appropriate commission according to the value of goods or services paid as consideration. It is distinct from the compensation demanded by a complainant.

Step 1: (i) Name the three tiers The three tiers are the **District Consumer Disputes Redressal Commission (District Commission)**, the **State Consumer Disputes Redressal Commission (State Commission)** and the **National Consumer Disputes Redressal Commission (National Commission)**. They provide a hierarchy for hearing consumer complaints and appeals.

Step 2: (ii) State their pecuniary jurisdiction The pecuniary jurisdiction under the Consumer Protection Act, 2019, as given in the textbook treatment, is as follows:

- **District Commission:** Complaints where the value of goods or services paid as consideration does not exceed Rs 1 crore.
- **State Commission:** Complaints where that value exceeds Rs 1 crore but does not exceed Rs 10 crore. It also hears appeals against orders of the District Commission.
- **National Commission:** Complaints where that value exceeds Rs 10 crore. It also hears appeals against orders of the State Commission.

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

Quick Tip to Solve: Name each commission with its matching value band. Exactly Rs 1 crore belongs to the District Commission and exactly Rs 10 crore belongs to the State Commission.

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

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

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

[3 marks]

Solution:

Concept:

- Controlling: the management function that compares actual performance with predetermined standards, identifies deviations and ensures that organisational activities proceed towards planned results.
- The controlling process comprises setting performance standards, measuring actual performance, comparing actual performance with standards, analysing deviations and taking corrective action.

Step 1: (i) Identify the management function The function is **controlling**. Sameer measures the number of kits assembled against his target and investigates the reason for a shortfall. The case therefore concerns checking whether actual performance conforms to planned performance.

Step 2: (ii) Identify the steps shown in the case

- **Setting performance standards:** Sameer fixes a measurable daily target: "100 kits a day". This standard provides the benchmark for checking the workers' output.
- **Measurement of actual performance:** Actual output is recorded during the first week as "92–96 kits a day". Counting the assembled kits gives an objective measure of performance.
- **Comparison of actual performance with standards:** The output is found to be "lower than the set standard". The daily shortfall is between four and eight kits relative to the target of 100 kits.
- **Analysing deviations:** Investigation reveals an "irregular supply of helmets". As workers have to wait for helmets, the cause of the deviation lies in the supply of this component.

The paragraph stops after identifying the cause; it does not describe the implementation of any corrective action.

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

Quick Tip to Solve: Match each controlling step to a case clue: target, recorded output, shortfall and investigation. Include corrective action only if the case describes a remedy being taken.

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

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

Solution:

Concept:

- Financial Management: an investment decision concerns the allocation of a firm's funds among different assets. A decision involving investment in fixed assets is a long-term investment or capital budgeting decision.
- Capital budgeting decisions are evaluated using the cash flows of the project, the rate of return and the investment criteria involved, since they commit substantial resources over a long period.

Step 1: Identify the decision in the case The finance manager must evaluate a **long-term investment decision, also called a capital budgeting decision**. The proposal is to replace "the existing machinery with new high-tech machinery", which involves investment in a fixed asset. The clues "a huge amount of investment" and "irreversible except at a huge cost" show why the proposal requires careful evaluation. The issue is the asset in which funds should be invested, rather than the choice of a source for raising those funds.

Step 2: State two factors affecting this decision

- **Cash flows of the project:** The firm should carefully analyse the expected cash inflows and outflows throughout the life of the proposed machinery. Both the amount of these cash flows and their timing are relevant. The financial benefits expected from the replacement must be considered against the expenditure required for the project.
- **Rate of return:** The expected return from the proposed investment must be assessed together with the risk involved. The firm should calculate and compare the returns from the investment proposals available to it, choosing a suitable proposal that offers an acceptable return for the risk undertaken.

These factors help management judge whether committing substantial funds to the replacement machinery is financially worthwhile over its useful life.

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

Quick Tip to Solve: Replacement of machinery points to capital budgeting. For factors, explain the project's cash flows and return rather than merely repeating that the investment is large and irreversible.

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

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

Solution:

Concept:

- Financial Markets: the money market deals in short-term funds through instruments with maturity of up to one year. It enables businesses to invest temporary surplus funds.
- Money-market instruments are generally more liquid and safer than capital-market securities. These qualities are especially relevant when a company invests idle funds that it may soon need for its operations.

Step 1: Greater liquidity **Liquidity:** Money-market instruments are highly liquid because the period of investment is short and arrangements exist for converting many of them into cash. Capital-market securities are also marketable, but converting them into cash may involve finding buyers and accepting the prevailing market price. Thus, marketability alone does not assure the same degree of liquidity.

The case concerns "investing the idle funds of the company". Such funds may be needed again for business payments. Sahil therefore favours the money market because HariHar Ltd. can earn a return on its temporary surplus while keeping the funds readily available when required.

Step 2: Greater safety **Safety:** Investment in money-market instruments generally involves lower risk. Their short duration reduces exposure to changes in prices, and the issuers are generally institutions with strong creditworthiness, such as the government, banks and established companies. Capital-market investments, especially equity shares, are more exposed to price fluctuations and uncertainty of returns.

Sahil's preference for "investment ... in the money market" therefore helps protect the company's temporary surplus. Preserving the funds and recovering them when needed is a stronger consideration here than seeking potentially higher capital-market returns. Safety is comparative; it does not mean that every money-market instrument is completely free from risk.

Step 3: Conclusion Sahil favours the money market for its greater liquidity and greater safety, which make it suitable for investing HariHar Ltd.'s temporarily idle funds.

Quick Tip to Solve: For a temporary surplus, explain how liquidity provides cash when needed and how lower risk helps preserve the invested funds.

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

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

Solution:

Concept:

- Staffing: training and development are learning processes through which an organisation improves the capabilities of its employees.
- Training focuses on skills needed for a specific job, whereas development concerns an employee's overall growth and capacity to handle broader responsibilities.

Step 1: Group-II: Training **Identification:** The concept applicable to Group-II is training. The decisive words are "increasing their skills, attitudes and abilities to perform specific jobs". This directly links the learning opportunity to the requirements of particular jobs.

Explanation: Training is the systematic process of increasing employees' knowledge and skills for performing specific jobs. It improves the abilities and attitudes that employees need to carry out their assigned work effectively. Its focus is on making the employee more proficient in the present job by teaching relevant methods and skills.

The Group-II employees joined the organisation just one year earlier. Job-related learning can help them understand and perform their duties more efficiently, with fewer mistakes. The identification rests on the stated aim of improving specific-job performance, rather than merely on their short length of service.

Step 2: Group-I: Development **Identification:** The concept applicable to Group-I is development. The supporting words are that the opportunities would help them "to grow in all respects". This indicates growth extending beyond the performance of a single job.

Explanation: Development is the learning process designed to help employees grow in their overall capabilities. It includes improvement in knowledge, attitudes, understanding and personal qualities, equipping them to deal with wider responsibilities and future challenges. It has a broader and longer-term perspective than training.

The employees in Group-I have more than ten years of experience. Their learning opportunities aim at overall growth, which can prepare them for greater responsibility within the organisation. Thus, training is job-centred, while development is employee-centred and concerned with the person's continuing growth.

Step 3: Conclusion Group-II is being provided training to improve performance of specific jobs. Group-I is being provided development opportunities for overall growth and broader future responsibilities.

Quick Tip to Solve: Identify training from the phrase "specific jobs" and development from "grow in all respects"; years of service alone do not decide the concept.

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

(i) Standardisation and Simplification of work

(ii) Differential Piece Wage System [4 marks]

Solution:

Concept:

- Principles of Management: Taylor's techniques of scientific management replace rule-of-thumb practices with scientifically determined standards and incentives.
- Standardisation establishes benchmarks, simplification removes unnecessary variety, and differential piece wages reward workers according to efficiency.

Step 1: (i) Standardisation and simplification of work **Standardisation:** It is the process of setting standards for every business activity. These may relate to processes, raw materials, time, products, machinery, methods and working conditions. The standards serve as benchmarks that must be followed in production. For example, standard specifications ensure that components of the same type have uniform dimensions and can be used interchangeably. Its objectives include reducing variations in manufactured articles, establishing interchangeability of parts, and setting standards of excellence for materials and performance.

Simplification: It aims at eliminating unnecessary varieties, sizes and dimensions of products. For example, a manufacturer may discontinue numerous nearly identical product sizes and retain a useful, limited range. It reduces unnecessary product diversity, saves the cost of labour, machines and tools, and promotes fuller utilisation of equipment. Thus standardisation fixes the required specifications, whereas simplification removes needless varieties.

Step 2: (ii) Differential Piece Wage System **Different rates for different efficiency levels:** Taylor proposed differentiating between efficient and inefficient workers. First, a standard output is established scientifically, using work study. Workers who attain or exceed the standard receive a higher wage rate per unit, while those who fail to attain it receive a lower rate per unit. This recognises the additional effort and efficiency of workers who meet the standard.

Incentive to improve: The difference in piece rates is deliberately substantial so that a worker sees a clear financial advantage in achieving the prescribed output. For example, if the standard is ten units a day, a higher rate applies to a worker producing ten or more units, while a lower rate applies below ten units. This encourages inefficient workers to improve and efficient workers to maintain performance; it is a differential rate per piece, rather than an identical time wage for everyone.

Step 3: Conclusion Standardisation and simplification establish uniform work requirements and eliminate wasteful variety. The differential piece wage system then encourages workers to meet scientifically fixed performance standards through higher piece rates.

Quick Tip to Solve: Explain standardisation and simplification separately, then state both the higher and lower piece rates and the output standard that separates them.

OR

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

(i) Unity of Command

(ii) Equity [4 marks]

Solution:

Concept:

- Principles of Management: Fayol's principles of general management guide managerial decisions and relationships throughout an organisation.
- Unity of command establishes a clear reporting relationship, while equity requires justice and kindness in managers' dealings with employees.

Step 1: (i) Unity of Command **One employee, one superior:** According to Fayol, every employee should receive orders from, and be accountable to, only one superior. An employee should not receive directions for the same work from more than one boss. This gives the employee clarity about whose instructions to follow and makes responsibility for performance definite.

Prevention of conflicting instructions: If two superiors give orders to the same subordinate, their directions may conflict. The subordinate may be unable to satisfy both, leading to confusion, divided responsibility and disputes between superiors. Authority is undermined, discipline is endangered, order is disturbed and stability is threatened. For example, a salesperson should not receive incompatible directions about the same customer order from two managers. A single reporting superior prevents this conflict and helps secure effective execution of work.

Step 2: (ii) Equity **Justice combined with kindness:** Equity means that managers should treat employees with fairness, kindness and justice. Their behaviour towards workers should be free from discrimination on grounds such as sex, religion, language, caste, belief or nationality. Similar situations should receive fair treatment according to objective considerations, instead of personal prejudice or favouritism.

Loyalty through fair treatment: Equitable treatment encourages employees to show loyalty and devotion towards the organisation. Each worker should receive a fair opportunity to contribute and develop. However, equity does not require managers to overlook negligence or treat unequal performance as identical: suitable action against a careless employee can still be fair. Thus managers should combine impartial judgement with sympathetic treatment, using firmness when justified rather than arbitrary harshness.

Step 3: Conclusion Unity of command requires each employee to report to one superior, preventing conflicting instructions. Equity requires fair, just and kind treatment of employees, promoting loyalty and devotion.

Quick Tip to Solve: For unity of command focus on one reporting boss; for equity mention both kindness and justice, together with freedom from discrimination.

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

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

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

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

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

Solution:

Concept:

- Business Environment: Its dimensions include technological, social, economic, political and legal forces outside the business that influence its decisions and performance.
- Identify the dimension from the particular external force highlighted: innovation, social values, economic conditions or statutory requirements.

Step 1: (i) Technological environment **Technological environment:** It includes scientific improvements and innovations that provide new ways of producing goods and services and new methods of operating a business. The facility to pay utility bills "just by speaking to Alexa" is a technological innovation. The voice-enabled Alexa App and Amazon Pay offer customers a new, convenient method of making payments; thus the situation highlights the technological dimension.

Step 2: (ii) Social environment **Social environment:** It includes social forces such as values, traditions, attitudes, lifestyles and society's expectations from business. The reference to Monika being able to "inculcate moral values and healthy food habits in her children" highlights values and lifestyle. Her changed work arrangement enables her to devote attention to these family and social concerns, so this situation reflects the social dimension.

Step 3: (iii) Economic environment **Economic environment:** It includes interest rates, inflation, income levels and other economic conditions that affect business and consumers. Here "banks increased the interest rate on loans", increasing Atisha's monthly loan instalment. The change in the cost of borrowing directly affects her financial obligations; therefore the relevant dimension is economic environment.

Step 4: (iv) Legal environment **Legal environment:** It includes laws, regulations and administrative orders with which businesses must comply. The statement "Mother's milk is best for babies" on the baby milk powder pack represents a mandatory disclosure intended to protect consumers. The company is "necessarily informing its potential buyers" about the importance of mother's milk, indicating a legal requirement affecting its labelling rather than merely a voluntary advertisement.

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

Quick Tip to Solve: Match the key clues: voice payment to technology, family values to society, loan interest to the economy, and a mandatory pack warning to law.

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

(i) Planning is continuous.

(ii) Planning is futuristic. [4 marks]

Solution:

Concept:

- Planning: It involves setting objectives for a specified period and deciding in advance the course of action for achieving them.
- Planning is a continuous process of preparing and implementing successive plans, and it is futuristic because decisions are based on anticipated future conditions.

Step 1: (i) Planning is continuous: successive plans **Plans cover a specific period:** An organisation prepares a plan for a particular period, such as a month or a year. At the end of that period, another plan must be prepared in the light of new requirements and future conditions. Achieving the objectives of one plan does not end the need for planning, since the organisation continues to operate and pursue further objectives.

Step 2: (i) Planning is continuous: linked activities **A continuing cycle:** Planning, implementing the plan and drawing up another plan follow one another. Managers use experience gained during implementation when preparing subsequent plans. Plans may also require revision when circumstances change. Thus planning is an ongoing managerial activity rather than a task completed once for all; the cycle continues throughout the life of the organisation.

Step 3: (ii) Planning is futuristic: looking ahead **Anticipating future events:** The purpose of planning is to meet future events effectively to the best advantage of the organisation. It requires looking ahead, analysing likely future conditions and making predictions about them. Managers anticipate opportunities and constraints before deciding what is to be done, how it is to be done and who will do it.

Step 4: (ii) Planning is futuristic: forecasting as its basis **Forecasting supports decisions:** Planning uses forecasts and assumptions about the future, such as expected demand, competition and availability of resources. For example, a business forecasts future sales before deciding its production and resource requirements. Managers therefore make present decisions for future action. Forecasts do not make the future certain, but provide a reasoned basis for preparing for it.

Step 5: Conclusion Planning is continuous because successive plans are prepared and implemented as an ongoing cycle. It is futuristic because it anticipates future conditions and decides present courses of action to achieve future objectives.

Quick Tip to Solve: Explain continuity through the cycle of successive plans; explain futurity through looking ahead and forecasting conditions before deciding action.

OR

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

(i) Planning reduces overlapping and wasteful activities.

(ii) Planning establishes standards for controlling. [4 marks]

Solution:

Concept:

- Planning: importance of planning in reducing overlapping and wasteful activities through coordination.
- Planning: importance of setting objectives and standards that provide the basis for controlling.

Step 1: (i) Planning reduces overlapping and wasteful activities **Coordination and clarity:** Planning serves as the basis for coordinating the activities and efforts of different departments, divisions and individuals. It specifies what is to be done and how it is to be done. When employees and departments understand the overall plan and their respective responsibilities, their efforts can be directed towards the same organisational objectives. This reduces confusion, misunderstanding and unnecessary duplication of work.

Efficient use of resources: A clear plan enables management to identify useless and redundant activities and eliminate them. Work can proceed smoothly with fewer delays and less wastage of time, effort and resources. For example, coordinating the purchase requirements of departments can prevent the same material from being purchased unnecessarily by different departments.

Step 2: (ii) Planning establishes standards for controlling **Basis for measurement:** Planning lays down the objectives or targets to be achieved. These targets become the standards against which actual performance is measured during controlling. Thus, planning tells employees and managers the results expected of them and provides a definite basis for judging performance.

Detection and correction of deviations: Managers compare actual results with the planned standards, identify deviations and take corrective action wherever required. Without predetermined objectives, there would be no meaningful basis for deciding whether performance is satisfactory. Planning and controlling are therefore closely interrelated: planning supplies the standards, while controlling checks whether those standards are being achieved.

Step 3: Conclusion Planning reduces duplication and waste by coordinating activities and clarifying responsibilities. It also establishes the objectives and standards needed to measure performance and take corrective action.

Quick Tip to Solve: Link the first point with coordination and removal of duplication; link the second with standards, comparison and corrective action.

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

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

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

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

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

Solution:

Concept:

- Financial Management: capital structure is the proportion of debt and equity used to finance a business.
- The choice of capital structure is affected by return on investment, the cost of debt and the degree of control that existing shareholders wish to retain.

Step 1: (i) Identify the concept suggested by Shyam **Capital structure:** It refers to the mix or relative proportion of debt and equity in the financing of a business. The words "a judicious mix of 40% equity and 60% debt" directly identify this concept. Shyam is recommending how the additional funds should be divided between owners' funds and borrowed funds.

Step 2: (ii) State the three factors discussed in the case **Return on investment:** The case states that the company was "earning sufficient profits" and could take advantage of "trading on equity to maximise earning per share". When the return on investment exceeds the cost of debt, the use of debt can increase the earnings available per equity share. Thus, a favourable return on investment supports the use of debt in the capital structure. Sufficient profits alone do not guarantee this benefit; the return must exceed the borrowing cost.

Cost of debt: Shyam suggests a loan from a financial institution because it "would involve a lower cost". The rate at which a business can borrow affects its financing mix. A lower cost of debt makes borrowing more attractive and can support a higher proportion of debt, subject to the company's ability to service it.

Control: Debt "would not dilute the management's holding in the company". Raising further equity can dilute the ownership and voting control of existing shareholders. Lenders do not acquire the ordinary voting rights of equity shareholders, so using debt helps existing shareholders retain control. This explains Shyam's preference for including debt rather than raising the entire amount through equity.

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

Quick Tip to Solve: A debt-equity percentage mix identifies capital structure; connect trading on equity, cheap borrowing and undiluted holdings to the three factors.

31(a). 'There are different objectives in an organisation and management has to achieve all objectives in an effective and efficient manner.'

In the light of this statement, explain the organisational, social and personal objectives of management.

[6 marks]

Solution:

Concept:

- Nature and Significance of Management: organisational, social and personal objectives specify the results that management seeks for the enterprise, society and employees respectively.
- Management must achieve these objectives effectively, by obtaining the desired results, and efficiently, by making the best use of available resources.

Step 1: Organisational objectives **Meaning:** Management is responsible for setting and achieving objectives for the organisation. The principal organisational objectives are:

- **Survival:** The basic objective is to survive in the market. An organisation must earn enough revenue to cover its costs and continue its operations.
- **Profit:** Mere survival is insufficient. Profit provides an incentive for the continued successful operation of the enterprise and helps it meet costs and business risks.
- **Growth:** Management must help the business increase its potential over time. Growth can be measured through higher sales, a larger number of employees, more products or greater capital investment.

Step 2: Social objectives **Obligation towards society:** Since every organisation operates within society and uses its resources, management must create benefits for society along with economic value for the enterprise.

- **Environment and resources:** It should use environmentally friendly methods of production and give employment opportunities to disadvantaged sections of society.
- **Community welfare:** It can provide basic amenities, such as schools and healthcare facilities, and undertake activities that improve the community's quality of life.

Step 3: Personal objectives **Employee needs:** Employees join an organisation to satisfy different individual needs. Management must recognise these needs and integrate personal objectives with organisational objectives.

- **Financial needs:** Competitive salaries, incentives and other monetary benefits help employees meet their financial requirements.
- **Social and higher needs:** Peer recognition and respect satisfy social needs, while personal growth, development and opportunities for advancement satisfy higher-level needs.

Step 4: Conclusion Management must efficiently achieve organisational goals, contribute to society and satisfy employees' personal needs, maintaining a balance among all three.

Quick Tip to Solve: Organise the answer under three headings: enterprise, society and employees; under enterprise remember survival, profit and growth.

OR

31(b). 'Art is the skillful and personal application of existing knowledge to achieve desired results.' In the light of this statement, compare the basic features of 'Art' with 'Management' and state whether it is an 'Art' or not. [6 marks]

Solution:

Concept:

- Nature and Significance of Management: management as an art means the skilful and personal application of existing knowledge to achieve desired results.
- The basic features of an art are the existence of theoretical knowledge, personalised application, and dependence on practice and creativity. Management satisfies all three features.

Step 1: Existence of theoretical knowledge **Feature of art:** Every art presupposes the existence of theoretical knowledge. Experts have formulated basic principles that apply to the particular art. For example, literature on dancing or public speaking contains principles which a learner can study.

Comparison with management: Management also has a body of theoretical knowledge. Literature is available in different areas such as marketing, finance and human resources. Managers can study theories and principles developed by thinkers such as Taylor and Fayol and use them in managerial situations. Thus, management satisfies this feature of an art.

Step 2: Personalised application **Feature of art:** Although an art has basic knowledge and principles, each artist applies them in a personal way. Individuals differ in their skills, understanding and interpretation, giving their work a distinctive character.

Comparison with management: A manager applies knowledge in an individual manner according to the requirements of a given situation. Managers use their own judgement, experience and personality to solve problems. For example, two managers may use the same principles of motivation but encourage their teams differently because employees and circumstances differ. This personalised application makes management an art.

Step 3: Based on practice and creativity **Feature of art:** An art involves the creative application of acquired knowledge, and proficiency develops through constant practice. An artist improves by combining knowledge with experience and imagination.

Comparison with management: Managers apply their knowledge creatively to changing organisational problems. They combine human and material resources in different ways to achieve desired goals. Through repeated experience in planning, organising, staffing, directing and controlling, they refine their judgement and improve their performance. For instance, a manager may creatively redesign work arrangements to obtain better cooperation from a team. Thus, management is based on both practice and creativity, just like an art.

Step 4: Conclusion Management is an art because it possesses all three basic features of art: theoretical knowledge, personalised application, and practice and creativity. A successful manager uses existing knowledge skilfully and personally to achieve organisational objectives.

Quick Tip to Solve: For each of the three features, first state what art requires, then show how a manager demonstrates that same feature.

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

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

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

Solution:

Concept:

- Directing: non-financial incentives motivate employees by satisfying psychological, social and emotional needs, such as esteem, belongingness and personal growth.
- Financial incentives such as good salaries cannot satisfy every need. Recognition, participation, career opportunities and enriched work can supplement pay and encourage employees to stay.

Step 1: Identify Prachi's suggestion Prachi is suggesting **non-financial incentives**. The deciding words are "all the needs of the employees are not satisfied by money alone" and "Psychological, social and emotional factors also play an important role". Tech Smart already provides good salaries and stability of income; Ankita should therefore also address employees' higher needs. Any four suitable non-financial incentives are explained below.

Step 2: Explain four suitable incentives

- **Employee recognition programmes:** Recognition means acknowledging and appreciating employees' good performance. Ankita can appreciate an employee's contribution in front of colleagues, issue a certificate of merit, or display an outstanding achievement. Such appreciation satisfies the need for esteem and makes employees feel that the organisation values their efforts. Recognition should relate to genuine performance and be given promptly.
- **Career advancement opportunity:** Employees need opportunities to improve their skills and move to higher positions. Tech Smart can provide appropriate training and a sound promotion policy so that deserving employees can advance. The prospect of growth and greater responsibility satisfies the need for self-development and encourages employees to improve performance and continue with the company.
- **Employee participation:** Employees can be involved in decisions concerning matters related to their work. Ankita can invite suggestions or use joint committees to discuss relevant work problems. Participation gives employees a sense of involvement and importance, and helps them feel that they are part of the organisation. This encourages commitment and cooperation in implementing decisions.
- **Job enrichment:** Jobs can be designed to contain a greater variety of work, require a higher level of knowledge and skill, and give employees more autonomy and responsibility. Employees should receive meaningful work and opportunities to use their abilities, along with feedback on performance. Enriched work makes the job interesting and challenging and provides satisfaction from achievement, thereby strengthening motivation.

Step 3: Conclusion Prachi recommends non-financial incentives. Employee recognition programmes, career advancement opportunities, employee participation and job enrichment can help Tech Smart satisfy employees' higher needs, improve motivation and retain employees.

Quick Tip to Solve: Link "psychological, social and emotional" needs to non-financial incentives; explain any four distinct NCERT incentives instead of repeating salary benefits.

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

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

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

Solution:

Concept:

- Marketing Management: the marketing mix is the set of marketing tools a firm uses to pursue its marketing objectives in a target market.
- The four elements are product, price, place and promotion. This case specifically discusses product, place and promotion; each must be identified from the corresponding decision described.

Step 1: Product **Product:** A product is the goods or services, or anything of value, offered to the market to satisfy a need or want. Product decisions concern features, quality, design, branding, packaging and related services so that the offering meets customers' needs.

In the case, Megha decides to "manufacture healthy biscuits and cakes made from millets, without any artificial preservatives". This identifies the product component. Her choice of ingredients and the absence of artificial preservatives determine important features and quality of the offering. They respond to the stated increasing demand for healthy food products. The biscuits and cakes are the means through which Good Bakers intends to satisfy this customer need.

Step 2: Place or physical distribution **Place:** Place concerns making the product available to target customers at the right place and time. It includes decisions about channels of distribution and physical distribution, such as transportation, warehousing, inventory and order processing.

Megha plans to "directly take orders from the customers" and also sell "through retailers who would sell them to end consumers". These are channel decisions: direct selling involves no intermediary, while selling through retailers uses an intermediary between the producer and the consumer. The statement that products should be available "at a place where the customers would like to buy them" confirms the place component. Using these channels helps Good Bakers reach a wider market and gives customers convenient access to the products.

Step 3: Promotion **Promotion:** Promotion comprises activities that communicate the merits of a product and persuade target customers to buy it. The promotion mix includes advertising, personal selling, sales promotion and public relations. A firm selects suitable tools to inform customers and stimulate demand.

Megha decides to "offer free samples of her cakes and biscuits at stalls in prominent markets and shopping malls". Free samples are a **sales promotion** technique, which provides a short-term incentive encouraging customers to try a product. Sampling allows potential buyers to experience the taste and quality before making a purchase. As the case states, it can "increase visibility and attract potential buyers". Thus the sample distribution is evidence of promotion, rather than a pricing decision.

Step 4: Conclusion The marketing-mix components discussed are **product** (healthy millet biscuits and cakes), **place** (direct orders and retail distribution) and **promotion** (free samples as sales promotion). The paragraph gives no selling-price decision, so price is not one of the components illustrated.

Quick Tip to Solve: Match each case clue to a P: what is offered is product, how buyers obtain it is place, and free trials to attract buyers are promotion.

34(a). 'While delegation is a pre-requisite for the efficient functioning of an organisation, decentralisation explains the manner in which decision-making responsibilities are divided among hierarchical levels.'

In the light of the above statement, differentiate between 'Delegation' and 'Decentralisation' on the basis of the following :

(i) Meaning

(ii) Nature

(iii) Freedom of action

(iv) Status

(v) Scope

(vi) Purpose [6 marks]

Solution:

Concept:

- Organising: Delegation means transferring authority from a superior to a subordinate; decentralisation means systematically delegating authority throughout the organisation.
- Delegation concerns a superior and subordinate; decentralisation concerns the distribution of decisions across management levels.

Step 1: Distinguish meaning, nature and freedom of action

Basis	Delegation	Decentralisation
Meaning	Transfer of authority from a superior to a subordinate to perform assigned duties.	Systematic delegation of authority at all levels of management and in all departments of the organisation.
Nature	A compulsory act: managers cannot perform all their work themselves and must share it with subordinates.	An optional policy decision: top management chooses how far decision-making authority should be dispersed.
Freedom of action	Comparatively less freedom, as the superior exercises more control over the subordinate's decisions.	Comparatively greater freedom, as lower levels exercise more autonomy and face less direct control by superiors.

Step 2: Distinguish status, scope and purpose

Basis	Delegation	Decentralisation
Status	A process followed to share tasks and the authority needed to perform them.	A policy decision governing the distribution of decision-making authority across the organisation.
Scope	Narrow: limited to the relationship between a superior and the immediate subordinate.	Wide: involves extending delegation systematically to the lowest practicable levels of management.
Purpose	To lessen the burden of the manager so that the manager can concentrate on significant tasks.	To increase the role and autonomy of lower-level managers in the organisation's decision-making.

Step 3: Conclusion Delegation shares a manager's work; decentralisation extends decision-making systematically to lower management levels.

Quick Tip to Solve: Keep the six printed bases in order; contrast a superior-subordinate process with an organisation-wide policy, then compare the degree of freedom.

OR

34(b). ' 'Organising' is the process of defining and grouping the activities of the enterprise and establishing the authority relationships among them.'

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

[6 marks]

Solution:

Concept:

- Organising: Importance of organising in the NCERT chapter on organising. It converts plans into action by identifying and dividing work, grouping related activities, assigning duties and establishing reporting relationships.
- A sound organisational structure coordinates people's efforts and enables them to use resources effectively while working towards common objectives.

Step 1: Explain specialisation and clear relationships

- **Benefits of specialisation:** Organising systematically allocates jobs among employees. Dividing

work into specific tasks reduces each person's workload and encourages repetitive performance of a particular task. Employees gain skill and experience in their assigned activities, which promotes specialisation, improves efficiency and increases productivity. Thus, the definition's emphasis on defining and grouping activities helps people develop expertise rather than attempt every kind of work.

- **Clarity in working relationships:** Organising establishes authority and responsibility and identifies who reports to whom. Each employee knows the person from whom instructions are received and to whom results must be reported. This removes ambiguity in the transfer of information and instructions, fixes responsibility and helps people coordinate their work. Clearly defined relationships also reduce confusion and make communication more effective.

Step 2: Explain resource use and adaptation to change

- **Optimum utilisation of resources:** Clearly assigning jobs helps prevent duplication of work and overlapping responsibilities. Duties are allocated according to employees' abilities, so human resources are used effectively. Proper assignment and coordination also help the enterprise use its material and financial resources economically. Employees know exactly what is expected of them, reducing confusion and wastage of effort.
- **Adaptation to change:** Organising provides a clear structure of relationships, but that structure can be modified when the business environment changes. It permits changes in jobs, departments and relationships so that the enterprise can continue operating effectively under new conditions. This flexibility helps the organisation absorb change, maintain stability and support its survival and growth.

Step 3: Conclusion The four points are benefits of specialisation, clarity in working relationships, optimum utilisation of resources and adaptation to change. Together, they show how organising enables coordinated and effective implementation of plans.

Quick Tip to Solve: For each importance point, state its NCERT heading and explain the chain from organised work or clear relationships to the resulting business benefit.