CBSE Class 12 Business Studies Question Paper 2025 with Solution PDF-Set 66/5/3

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.

1. 'In order to survive, every management has some basic product or service to provide. This requires a production process which entails the flow of input material and the technology for transforming this input into the desired output for consumption.'

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

(A) Management of work

(B) Management of people

(C) Management of operations

(D) None of the above

Correct Answer: (C) Management of operations

Solution:

Concept:

- Management has three dimensions: management of work, people and operations.
- Management of operations concerns transforming inputs into goods and services through a production process.

Step 1: Identify the decisive wording The passage refers to the 'flow of input material' and technology for 'transforming this input into the desired output'. These describe the production process through which the organisation supplies its basic product or service.

Step 2: Compare all the options Management of work (A) concerns translating work into goals and ways of achieving them. Management of people (B) concerns employees as individuals and groups. The explicit input-transformation-output process identifies management of operations (C), so none of the above (D) is incorrect.

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

Quick Tip to Solve: When a case emphasises inputs, technology and output, identify management of operations.

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

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

(A) Setting performance standards

(B) Measurement of actual performance

(C) Comparing actual performance with standards

(D) Taking corrective action

Correct Answer: (B) Measurement of actual performance

Solution:

Concept:

- Measurement of actual performance is the step in which performance information is collected.
- In a large organisation, sample checking can measure actual quality when checking every unit is impracticable.

Step 1: Identify what the quality check does The company randomly selects '20 smartphones' out of '500 smartphones produced a day' for a quality check. Testing this sample obtains information about actual product quality; it is a method of measuring performance.

Step 2: Eliminate the other steps Setting standards (A) would prescribe the desired quality. Comparing performance with standards (C) would judge the measured quality against that benchmark. Taking corrective action (D) would remove a deviation. The case describes collection of actual quality information, which is measurement of actual performance (B).

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

Quick Tip to Solve: Distinguish collecting quality data from comparing that data with an already prescribed standard.

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

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

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

(A) Capital Budgeting

(B) Trading on Equity

(C) Financial Planning

(D) Wealth Maximisation

Correct Answer: (C) Financial Planning

Solution:

Concept:

- Financial planning estimates the funds required and determines their availability when needed.
- It seeks to ensure adequate funds at the right time while avoiding unnecessary excess finance.

Step 1: Identify the instruction to the finance manager The CEO asks the finance manager to 'forecast the fund requirements' and ensure 'enough funds are available at the right time'. Both expressions directly describe financial planning, regardless of the asset for which the funds are needed.

Step 2: Distinguish the related concepts Capital budgeting (A) evaluates long-term investment decisions, such as whether to buy a machine. Trading on equity (B) uses debt to improve equity shareholders' earnings. Wealth maximisation (D) is the objective of financial management. Here the specific task is estimating and arranging timely finance, making financial planning (C) correct.

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

Quick Tip to Solve: Focus on the CEO's request: forecasting timely fund requirements signals financial planning.

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

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

[1 mark]

(A) Pricing of securities

(B) Providing liquidity and marketability to existing securities

(C) Safety of transactions

(D) Providing scope for speculation

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

Solution:

Concept:

- A stock exchange provides liquidity and marketability to existing securities.
- Its secondary market lets investors sell securities and convert investments into money.

Step 1: Locate the case evidence The decisive words are that the shares 'could easily be sold whenever required'. An investor can exit an investment by selling existing shares to another investor through the stock exchange, without waiting for the company to repay the investment.

Step 2: Test each alternative Pricing of securities (A) concerns price determination through demand and supply. Safety of transactions (C) concerns regulated, fair trading. Scope for speculation (D) permits lawful speculative activity within controls. The ability to sell shares readily is liquidity and marketability (B); the reference to returns does not change that emphasis.

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

Quick Tip to Solve: Look for an easy exit or conversion of shares into cash to identify the liquidity function.

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

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

(A) Improving employee motivation

(B) Ensuring order and discipline

(C) Making efficient use of resources

(D) Accomplishing organisational goals

Correct Answer: (B) Ensuring order and discipline

Solution:

Concept:

- Controlling ensures order and discipline by checking employee behaviour.
- Control systems discourage dishonesty and help employees observe expected standards of conduct.

Step 1: Link the controls to the problem Employees record 'wrong working hours', and raw materials are stolen. Biometric attendance and cameras monitor conduct, reducing 'dishonest behaviour'. These controls establish order and discipline by making employees aware that their activities are being checked.

Step 2: Check the remaining options Improving employee motivation (A) involves knowing expected performance and appraisal standards. Efficient use of resources (C) concerns reducing wastage and spoilage. Accomplishing organisational goals (D) concerns keeping activities directed towards objectives. Although controlling can bring all these benefits, the explicit focus on checking dishonesty identifies order and discipline (B).

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

Quick Tip to Solve: When surveillance reduces theft, false attendance or other misconduct, choose order and discipline.

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

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

(A) Organising

(B) Delegation

(C) Decentralisation

(D) Authority

Correct Answer: (C) Decentralisation

Solution:

Concept:

- Decentralisation is the systematic delegation of authority throughout the organisation to its lower levels.
- It places decisions close to the point of action and enables quicker decisions without repeated approval from higher levels.

Step 1: Identify the extent of authority sharing Approval of leave up to 10 days is assigned 'till the lowest level throughout the organisation'. Authority is placed 'nearest to the point of action', so managers can decide without seeking higher approval. This organisation-wide policy is decentralisation.

Step 2: Distinguish the alternatives Organising (A) is the wider function of arranging work, authority and relationships. Delegation (B) transfers authority from a superior to a subordinate; decentralisation extends this systematically across levels. Authority (D) is the right to decide and command, rather than the policy of spreading that right. Therefore decentralisation (C) best explains the faster approvals.

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

Quick Tip to Solve: Look for systematic authority sharing across all lower levels to distinguish decentralisation from delegation.

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



(A) Advertisement

(B) Direct recruitment

(C) Web publishing

(D) Labour contractors

Correct Answer: (C) Web publishing

Solution:

Concept:

- Web publishing is an external source of recruitment that uses the internet to connect employers with job seekers.
- Specialised recruitment websites publish job opportunities and enable candidates to apply or register their particulars.

Step 1: Read the recruitment medium in the picture The picture shows a person using a recruitment website and describes it as a 'JOB SEARCH ENGINE'. The decisive feature is the online platform through which employers and potential employees can contact one another.

Step 2: Distinguish all four sources Advertisement (A), in this classification, refers to vacancy notices in media such as newspapers and professional journals; the specific online medium here is web publishing (C). Direct recruitment (B) involves applicants assembling at the workplace following a vacancy notice. Labour contractors (D) supply workers through intermediaries. Neither a workplace queue nor a labour contractor is shown.

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

Quick Tip to Solve: A job portal or recruitment search engine in the picture points specifically to web publishing.

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

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

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

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

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

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

Solution:

Concept:

- Consumer Protection: consumer responsibilities include choosing quality-assured goods and checking the appropriate standardisation mark.
- A cash memo, careful reading of labels and assertiveness help consumers protect their interests.

Step 1: Identify the incorrect mark Option (A) incorrectly tells the consumer to check the ISI mark on food products. In the NCERT classification, ISI is associated with standardised industrial and electrical goods; food products carry appropriate food-quality certification, such as FPO in the textbook examples. Thus the mark must suit the product category.

Step 2: Check the other responsibilities Option (B) is correct because a cash memo is proof of purchase and supports a complaint. Option (C) is correct because reading the label reveals price, quantity and relevant dates. Option (D) is also correct: consumers should assert themselves to obtain a fair deal. These three are valid responsibilities, so they do not answer the question asking for the incorrect statement.

Step 3: Conclusion The incorrect statement is (A): Check ISI mark on food products before buying.

Quick Tip to Solve: For an incorrect-statement question, first check whether the quality mark matches the product category.

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

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

(A) Amount of Earning

(B) Shareholders' Preference

(C) Stability of Earnings

(D) Stability of Dividends

Correct Answer: (B) Shareholders' Preference

Solution:

Concept:

- Financial Management: the dividend decision determines the portion of earnings distributed to shareholders and the portion retained.
- Shareholders' preference is considered when management decides the dividend payout.

Step 1: Identify the clue in the statement The words 'shareholders in general desire that at least a certain amount is paid as dividend' refer directly to the owners' preference for receiving dividend income. A company considers this expectation while deciding the amount to distribute.

Step 2: Distinguish the remaining factors Option (A), amount of earnings, concerns profits available for distribution. Option (C), stability of earnings, concerns how consistently the company earns profits. Option (D), stability of dividends, concerns maintaining a consistent dividend policy over time. None of these describes the shareholders' expressed desire in the statement.

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

Quick Tip to Solve: Look for who expresses the expectation: shareholders' desire points to shareholders' preference.

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

(A) Rolling settlement

(B) Registration

(C) Dematerialization

(D) Depository

Correct Answer: (C) Dematerialization

Solution:

Concept:

- Financial Markets: dematerialisation enables securities to be held electronically instead of as physical certificates.
- A depository provides the facility for electronic holding and transfer of securities.

Step 1: Identify the process Dematerialisation is the process through which physical securities are converted into electronic form and held in a demat account. Electronic holding removes the need to keep and transfer paper certificates. The question asks for this process.

Step 2: Separate the process from related terms Option (A), rolling settlement, concerns the settlement of trades within the prescribed period after trading. Option (B), registration, refers to recording relevant ownership or transaction particulars. Option (D), depository, is the institution that holds securities electronically; it is not the name of the process. These distinctions support option (C).

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

Quick Tip to Solve: Distinguish the process, dematerialisation, from the institution, a depository.

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

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

(A) Management helps in achieving group goals.

(B) Management increases efficiency.

(C) Management helps in achieving personal objectives.

(D) Management helps in development of society.

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

Solution:

Concept:

- Nature and Significance of Management: management contributes to the development of society.
- Quality goods, employment, useful technology and economic growth show the social importance of management.

Step 1: Identify the beneficiaries The case refers to 'good quality products and services', 'employment opportunities' and technology 'for the greater good of the people'. These benefits extend to consumers, workers and the community. They show how management helps society grow and develop.

Step 2: Rule out the narrower alternatives Option (A) concerns coordinating effort towards organisational group goals. Option (B) concerns using resources economically and reducing costs. Option (C) concerns satisfying employees' individual needs and objectives. Although these are important, the statement emphasises benefits to people and society as a whole, which is the importance stated in option (D).

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

Quick Tip to Solve: When the clues include employment and the greater good of people, identify development of society.

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

(A) Legal conditions

(B) Investors

(C) Competitors

(D) Suppliers

Correct Answer: (A) Legal conditions

Solution:

Concept:

- Business Environment: specific forces affect individual enterprises directly and immediately.
- General forces include economic, social, political, technological and legal conditions that influence businesses more broadly.

Step 1: Classify legal conditions Legal conditions are a general force of the business environment. Laws and regulations set the framework within which enterprises operate and influence business activity broadly. Therefore, legal conditions are not included among specific forces.

Step 2: Check the specific forces Investors in option (B) directly influence an enterprise by supplying finance. Competitors in option (C) directly affect its market position and business decisions. Suppliers in option (D) directly affect the availability, quality and cost of inputs. All three are specific forces; consequently, none of these is the required exception.

Step 3: Conclusion Legal conditions are a general force. Hence, the correct option is (A).

Quick Tip to Solve: Separate broad operating conditions from identifiable parties that directly deal with an enterprise.

13. Read the following statements carefully :

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

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

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

[1 mark]

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

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

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

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

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

Solution:

Concept:

- Organising: activities are identified, grouped and assigned, and authority relationships are established.
- The organising process follows linked steps to create a workable structure for achieving organisational objectives.

Step 1: Evaluate Statement I Statement I is true. Organising defines and groups the activities of the enterprise and establishes authority relationships. This clarifies the work to be performed and who is accountable to whom, creating the structure through which plans can be implemented.

Step 2: Evaluate Statement II and the alternatives Statement II is also true. Organising proceeds through identification and division of work, departmentalisation, assignment of duties and establishment of reporting relationships. These linked steps direct coordinated effort towards desired goals. Thus option (B), which calls both statements false, is incorrect; options (C) and (D) are incorrect because each rejects one true statement.

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

Quick Tip to Solve: Recall the organising sequence: divide work, group activities, assign duties and establish reporting relationships.

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

Identify the step from the following : [1 mark]

(A) Setting objectives

(B) Developing premises

(C) Implementing the plan

(D) Follow-up action

Correct Answer: (D) Follow-up action

Solution:

Concept:

- Planning: follow-up action involves monitoring implementation to ensure that plans work and objectives are achieved.
- Monitoring provides feedback so that deviations can be recognised and corrective action can be taken.

Step 1: Match the wording to the step The decisive words are 'Monitoring plans' and 'ensure that objectives are achieved'. Follow-up action checks whether activities are being carried out according to the plan and whether the intended results are being obtained. It helps management take corrective action when required.

Step 2: Eliminate the earlier steps Option (A), setting objectives, establishes the results to be achieved. Option (B), developing premises, establishes assumptions about future conditions. Option

(C), implementing the plan, puts the chosen plan into action. The statement focuses on checking progress and results, rather than setting targets, making assumptions or beginning execution, so these alternatives do not fit.

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

Quick Tip to Solve: Use the verb as the clue: monitoring or checking progress indicates follow-up action.

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

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

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

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

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

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

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

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

Solution:

Concept:

- Planning: Types of Plans
- Apply the NCERT definition and compare each printed alternative with the concept tested.

Step 1: Match the guiding and routine plans **Policy:** A policy is a general statement that guides thinking or channelises energies in a particular direction, so 1 matches (iii). **Procedure:** A procedure specifies routine steps for carrying out activities, so 2 matches (iv). These two definitions already distinguish guidance for decisions from a sequence of actions.

Step 2: Match the detailed and comprehensive plans **Programme:** A programme is a detailed statement about a project, covering objectives, policies, procedures, rules, tasks, resources and budget, so 3 matches (ii). **Strategy:** A strategy is a comprehensive plan for accomplishing organisational objectives, so 4 matches (i). Options (B), (C) and (D) attach the wrong meanings to policy and therefore cannot give the complete correct matching.

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

Quick Tip to Solve: Use policy as the first anchor: general guidance must match (iii), leaving only option (A).

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

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

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

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

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

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

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

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

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

Solution:

Concept:

- Marketing Management: Meaning and Functions of Marketing
- Apply the NCERT definition and compare each printed alternative with the concept tested.

Step 1: Judge Assertion (A) Assertion (A) is false. Marketing begins before production with identifying customer needs and gathering market information. These findings influence the product to be developed. Marketing also continues during and after production through activities such as packaging, promotion, distribution and customer support; it is not confined to selling a finished product.

Step 2: Judge Reason (R) Reason (R) is true. Identifying customer needs, gathering information for product development, designing a suitable package and giving the product a brand name are recognised marketing activities. Thus the reason correctly describes the wide scope of marketing.

Step 3: Test the relationship and options The activities in Reason (R), especially identification of needs before production, contradict the assertion that marketing is only a post-production activity. Option (A) incorrectly treats the assertion as true; (B) incorrectly treats the reason as false; and (C) reverses the truth values.

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

Quick Tip to Solve: Check when customer needs are identified: this occurs before production and disproves the word only.

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

(A) Efficiency

(B) Effectiveness

(C) Controlling

(D) Coordination

Correct Answer: (D) Coordination

Solution:

Concept:

- Nature and Significance of Management: Coordination
- Apply the NCERT definition and compare each printed alternative with the concept tested.

Step 1: Identify the integration needed in the case The concept is **coordination**, the process of integrating the efforts of different departments and levels to provide unity of action towards common objectives. Marketing seeks higher sales through discounts while finance objects to the loss of revenue. Their separate departmental priorities must be reconciled with the overall interest of Anuja Garments Ltd.

Step 2: Use the evidence and reject alternatives The decisive words are 'linking the activities of various departments' and 'integrates the efforts of different departments'. Efficiency concerns completing work with minimum resources and cost, so (A) is not the integration concept. Effectiveness concerns achieving objectives, so (B) does not name the process. Controlling compares actual performance with standards and takes corrective action, so (C) is also unsuitable.

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

Quick Tip to Solve: When a case links conflicting departmental efforts towards one organisational goal, identify coordination.

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

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

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

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

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

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

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

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

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

Solution:

Concept:

- Staffing: Benefits of Training to the Organisation
- Apply the NCERT definition and compare each printed alternative with the concept tested.

Step 1: Judge Assertion (A) Assertion (A) is true. Training improves employees' knowledge and job skills. They can perform work more accurately and efficiently, improving both the quality and quantity of output. This rise in productivity helps the organisation earn higher profits.

Step 2: Judge Reason (R) Reason (R) is true. Training is systematic learning, whereas hit-and-trial methods without systematic learning waste efforts and money. Planned instruction helps employees learn appropriate work methods and reduces avoidable mistakes and resource wastage.

Step 3: Connect the reason to the assertion Systematic learning replaces wasteful trial and error with improved methods. This enables employees to produce better output and more output with fewer wasted resources, explaining the productivity and profit benefits in Assertion (A). Option (A) wrongly rejects both true statements; (B) wrongly rejects the reason; and (D) wrongly denies this explanatory link.

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

Quick Tip to Solve: Link systematic training to fewer errors and less waste; these explain improved productivity and profits.

19. Read the following statements carefully :

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

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

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

[1 mark]

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

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

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

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

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

Solution:

Concept:

- Staffing: Estimating Manpower Requirements
- Apply the NCERT definition and compare each printed alternative with the concept tested.

Step 1: Assess Statement I using workload analysis Statement I is false. **Workload analysis** assesses the number and types of human resources necessary for performing various jobs. It studies the work to be done and the people needed to do it. The statement incorrectly uses 'available', which belongs to workforce analysis.

Step 2: Assess Statement II and select the alternative Statement II is also false. **Workforce analysis** assesses the number and types of human resources available in the organisation. Comparing availability with the workload-based requirement reveals whether staff are in surplus or shortage. The statement incorrectly uses 'necessary'. Thus (A) is wrong because neither statement is true; (C) wrongly accepts Statement I; and (D) wrongly accepts Statement II.

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

Quick Tip to Solve: Remember workload as work needing people and workforce as people already available; the question swaps them.

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

(A) Equity share

(B) Debenture

(C) Commercial paper

(D) Bond

Correct Answer: (C) Commercial paper

Solution:

Concept:

- Financial Markets: Money Market Instruments
- Apply the NCERT definition and compare each printed alternative with the concept tested.

Step 1: Apply the money-market classification The money market deals in short-term funds and monetary assets with a maturity of up to one year. **Commercial paper** is an unsecured short-term promissory note issued by large and creditworthy companies to raise funds. Its short-term nature makes it a money-market instrument.

Step 2: Check every other instrument An equity share represents ownership capital and is traded in the capital market, so (A) is incorrect. Debentures generally raise medium- or long-term borrowed capital and belong to the capital market, so (B) is incorrect. Bonds are also classified as capital-market debt securities in this question, so (D) is incorrect. Commercial paper is the only listed standard money-market instrument.

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

Quick Tip to Solve: Classify by maturity: commercial paper raises short-term funds, while shares and long-term debt belong to capital markets.

21(a). Give the meaning of 'financial market', 'capital market' and 'money market'. [3 marks]

Solution:

Concept:

- Financial Markets: a financial market links savers who have surplus funds with investors who need funds for productive investment.
- The capital market and money market are distinguished by the maturity of the funds and instruments traded in them.

Step 1: Meaning of financial market **Financial market:** It is a market for the creation and exchange of financial assets, such as shares, debentures and treasury bills. It transfers funds from savers to investors and mobilises savings towards productive uses. It therefore provides a link between those supplying funds and those demanding them.

Step 2: Meaning of capital market **Capital market:** It is the market for medium-term and long-term funds, both debt and equity. It includes the institutions and arrangements through which long-term

funds are raised and invested. Shares and debentures are examples of its instruments. It comprises the primary market, where new securities are issued, and the secondary market, where existing securities are traded.

Step 3: Meaning of money market **Money market:** It is the market for short-term funds dealing in monetary assets whose maturity period is up to one year. Its instruments are generally close substitutes for money because they are highly liquid. Treasury bills, commercial paper and call money are examples. It helps businesses and institutions meet temporary shortages of cash and short-term financing needs.

Step 4: Conclusion The financial market creates and exchanges financial assets; the capital market provides medium-term and long-term finance, while the money market provides short-term finance for periods up to one year.

Quick Tip to Solve: Define the broad financial market first, then distinguish its two segments by the duration of funds.

OR

21(b). Differentiate between 'capital market' and 'money market' on the basis of the following :

(i) Investment outlay

(ii) Expected return

(iii) Participants [3 marks]

Solution:

Concept:

- Financial Markets: capital and money markets differ in investment outlay, expected return and the institutions or investors participating in them.
- Capital-market securities finance medium-term and long-term needs, while money-market instruments generally have maturities up to one year.

Step 1: Compare investment outlay and expected return

Basis	Capital market	Money market
Investment outlay	Investment need not be large. The value of individual securities can be low, making investment accessible to small savers.	Transactions generally involve a large investment outlay because instruments are expensive and dealt in large amounts.
Expected return	Expected returns are generally higher because securities offer scope for capital gains as well as regular income over a longer period.	Expected returns are generally lower because funds are invested for short periods in comparatively safe and liquid instruments.

Step 2: Compare participants

Basis	Capital market	Money market
Participants	Financial institutions, banks, corporate entities, foreign investors and retail investors participate. Individual small savers can invest in securities.	The major participants are the Reserve Bank of India, commercial banks, financial institutions and finance companies. These institutional participants transact in large sums.

Step 3: Conclusion The capital market permits small investment outlays, offers generally higher expected returns and includes retail investors. The money market involves large outlays, generally lower expected returns and predominantly institutional participants.

Quick Tip to Solve: Use only the three bases asked for; write the matching distinction for both markets on each basis.

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

(i) Nature of Business

(ii) Choice of Technique

(iii) Growth Prospects [3 marks]

Solution:

Concept:

- Financial Management: fixed capital is the investment in fixed assets used over a long period, such as land, buildings, plant and machinery.
- The nature of business, choice of production technique and growth prospects influence how much the company needs to invest in these assets.

Step 1: Nature of business **Nature of business:** A manufacturing company normally requires a larger investment in fixed assets because it needs plant, machinery, factory buildings and related facilities to produce goods. A trading concern usually requires less fixed capital because it buys and sells finished goods without undertaking manufacturing. Thus, the activities carried on by the company determine the type and scale of fixed assets required.

Step 2: Choice of technique **Choice of technique:** A capital-intensive production technique relies heavily on machinery and equipment and therefore requires more fixed capital. A labour-intensive technique uses relatively more labour and less machinery, so its fixed capital requirement is lower. For a given scale of operations, greater mechanisation increases investment in long-term productive assets.

Step 3: Growth prospects **Growth prospects:** A company with higher growth prospects generally needs more fixed capital. To meet the expected increase in demand, it may need to expand production capacity, install additional machinery and acquire larger premises. A company expecting limited growth needs comparatively less additional investment in fixed assets. Expected future expansion must therefore be considered while estimating fixed capital requirements.

Step 4: Conclusion Manufacturing activity, a capital-intensive technique and strong growth prospects

generally increase fixed capital requirements; trading activity, labour-intensive methods and limited expansion generally reduce them.

Quick Tip to Solve: For every factor, state which situation needs more fixed assets and explain the reason for that difference.

OR

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

(i) Fixed Operating Costs

(ii) Control Considerations

(iii) State of Capital Market [3 marks]

Solution:

Concept:

- Financial Management: the financing decision determines the relative proportion of debt and equity in the capital structure.
- The choice considers the burden of fixed payments, the effect on ownership control and investors' willingness to buy securities.

Step 1: Explain fixed operating costs **(i) Fixed operating costs:** These are operating expenses, such as rent and salaries, that must be paid even when sales fluctuate. If a company already has high fixed operating costs, it should use less debt and prefer equity, because debt adds the compulsory burden of interest. Low fixed operating costs leave a greater ability to bear debt servicing and therefore permit greater use of debt.

Step 2: Explain control considerations **(ii) Control considerations:** Issuing additional equity shares may dilute the existing shareholders' voting power and control over management. If existing owners wish to retain control, they may prefer debt, since lenders ordinarily do not have voting rights. If dilution of control is acceptable, the company can raise funds through equity.

Step 3: Explain the state of the capital market **(iii) State of capital market:** Market conditions influence which securities can be issued successfully. During a rising or bullish stock market, investors are more willing to invest in equity shares, so raising equity becomes easier. In a depressed or bearish market, equity issues may attract a poor response, making debt a more suitable financing source, subject to the company's repayment capacity.

Step 4: Conclusion Thus, high fixed operating costs favour less debt, a desire to retain control favours debt, and favourable equity-market conditions facilitate equity financing.

Quick Tip to Solve: Link operating costs to the interest burden, control to voting rights, and market conditions to the ease of issuing securities.

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

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

Solution:

Concept:

- Staffing: internal recruitment fills vacancies from employees already working in the organisation; its two sources are transfers and promotions.
- Existing employees can be evaluated from their past performance, allowing quicker placement and supporting motivation and loyalty.

Step 1: Explain transfer and identify its case evidence **Transfer:** A transfer shifts an employee from one job, department or workplace to another without a substantive change in status, responsibilities or salary. It is a horizontal movement within the organisation. In the case, Karn suggests that "there are five reliable and hard-working employees who will be a good fit for this specialised department. Moving these existing employees to the new hair-oil department represents recruitment through transfers. Their known performance and reliability help the company place suitable people quickly and protect confidential information.

Step 2: Explain promotion and identify its case evidence **Promotion:** A promotion shifts an employee to a higher position carrying greater responsibilities, status and usually higher pay. It is an upward movement within the organisation. The case states that two employees in production can be given "the responsibility of heading this department with higher pay. Their appointment to head the specialised department is recruitment through promotion. Opportunities for advancement recognise employees' abilities and can improve motivation, loyalty and satisfaction, consistent with the company's stated commitment.

Step 3: Conclusion The two sources are transfers, for suitable existing employees moved to the specialised department, and promotions, for employees elevated to head it with higher pay.

Quick Tip to Solve: Use horizontal movement for transfer; identify promotion from the combination of higher responsibility, higher status and higher pay.

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

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

Solution:

Concept:

- Marketing Management: product decisions include branding, packaging and labelling in addition to decisions about features and quality.
- Branding identifies and differentiates a product, packaging designs its container or wrapper, and labelling presents information on it.

Step 1: Identify branding and explain its meaning **Branding:** Branding is the process of giving a product a name, sign, symbol, design or a combination of these to identify it and distinguish it from competitors' products. Vani "named them 'Pure Millets' . This brand name gives the snacks a distinct identity and communicates the natural-ingredient association to health-conscious consumers. It allows buyers to recognise and ask for the product by its name.

Step 2: Identify packaging and explain its meaning **Packaging:** Packaging means designing and producing the container or wrapper of a product. The case states that the snacks were "packaged in eco-friendly, bio-degradable packets. These packets are the product's packaging. They contain and protect the snacks and support freshness and convenient handling. The choice of packet material and its features is therefore a packaging decision.

Step 3: Identify labelling and explain its meaning **Labelling:** Labelling means designing the label to be put on the package. A label identifies and describes the product and can provide information that helps consumers evaluate it. Here, "the stickers on the packets display the name, the tagline "Power Your Health, nutritional information and "Organic Certified certification. Selecting and presenting this information on the stickers is a labelling decision.

Step 4: Conclusion The three product-related decisions are branding (giving the identity 'Pure Millets'), packaging (designing the packets), and labelling (designing the informative stickers).

Quick Tip to Solve: Distinguish the name (branding), the physical packet (packaging), and the information-bearing sticker (labelling).

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

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

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

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

Solution:

Concept:

- Consumer Protection: the right to be informed gives consumers complete product information needed for an informed purchase.
- The right to be heard ensures that consumers can voice dissatisfaction and that their interests receive due consideration.

Step 1: Right to be informed: identify the evidence **Identification:** The first right is the right to be informed. The case states that "only price of each item is stated" and that "the weight or quantity of the vegetables against the price is not specified". The missing quantity information prevents Sara from knowing exactly what the stated price buys and comparing the offer properly before ordering.

Step 2: Explain the right to be informed **Explanation:** A consumer has a right to complete information about the product being purchased, including its quality, quantity, ingredients, price, date of manufacture and expiry where applicable, and directions for use. Such information enables an informed choice and protects the consumer against misleading selling practices. Desi Store should clearly disclose the quantity or weight corresponding to the price; simply saying that vegetable weights vary does not provide the information Sara needs.

Step 3: Right to be heard: identify the evidence **Identification:** The second right is the right to be heard. Sara "asked the representative many times to speak to a supervisor", but was repeatedly told that "no one is available". This shows the failure to provide an effective opportunity for her grievance to be heard. Leaving a review expresses her dissatisfaction with the store's treatment of her complaint.

Step 4: Explain the right to be heard **Explanation:** A consumer has a right to file a complaint and to be heard when dissatisfied with a good or service. Consumer interests should receive due consideration at appropriate forums. Business firms should therefore maintain accessible consumer service and grievance cells to attend to complaints. Sara's request should have been heard and considered through such a mechanism; repeatedly denying access to the supervisor frustrates this right.

Step 5: Conclusion The two rights highlighted are the **right to be informed**, through the omission of quantity information, and the **right to be heard**, through the failure to attend properly to Sara's grievance.

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

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

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

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

Solution:

Concept:

- Principles of Management: Taylor's principle of harmony, not discord calls for a mental revolution and recognition of the mutual interests of management and workers.
- Cooperation, not individualism extends harmony into active cooperation, consultation and shared responsibility.

Step 1: (i) Identify harmony, not discord **Identification:** The principle is **harmony, not discord**. The decisive words are "complete mental revolution on the part of both management and workers" and the statement that the employer's prosperity must be accompanied by the employees' prosperity. The frequent strikes and unreasonable demands show the discord that this principle seeks to replace.

Step 2: (i) Explain harmony, not discord **Mental revolution:** Management and workers should completely change their attitudes towards each other. Both are essential to the organisation and should understand that their interests are interdependent, rather than regard one another as opponents. They should work towards increasing prosperity instead of quarrelling over its distribution.

Mutual prosperity: Management should share the gains of increased productivity with workers, while workers should contribute their best efforts to the organisation. Management and labour should maintain harmonious relations, and trade unions should avoid strikes and unreasonable demands. The prosperity of the employer cannot last without the prosperity of employees, and vice versa.

Step 3: (ii) Identify cooperation, not individualism **Identification:** The principle that is an extension of harmony, not discord is **cooperation, not individualism**. Taylor advocated complete cooperation between labour and management in place of individualism. Harmony provides the supportive relationship; cooperation translates that relationship into joint action in the organisation's interests.

Step 4: (ii) Explain cooperation, not individualism **Participation and shared responsibility:** Management should not close itself to constructive suggestions from workers; it should consult them in decisions affecting them and reward useful suggestions. Workers should avoid strikes and unreasonable demands, while both sides should work with a spirit of cooperation. Competition between them should be replaced by cooperation, and responsibility for the organisation's work should be shared

appropriately between management and workers. This creates a practical partnership for higher productivity and mutual benefit.

Step 5: Conclusion (i) The identified principle is **harmony, not discord**. (ii) Its extension is **cooperation, not individualism**, which requires active cooperation and worker participation in place of conflict and individualism.

Quick Tip to Solve: Mental revolution identifies harmony, not discord; its stated extension is cooperation, not individualism.

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

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

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

Solution:

Concept:

- Financial Management: working capital finances day-to-day operations and remains invested in current assets such as inventories and debtors.
- A longer production cycle, stronger competition and a liberal credit policy generally increase the funds required for current assets.

Step 1: (i) Assess the working capital requirement Omara Ltd.'s total working capital requirement will be **high**. Its production process keeps funds invested for a long period, its competitive situation requires substantial inventory, and credit sales delay the collection of cash from customers.

Step 2: (ii) Identify and explain the three factors

- **Production cycle:** The case states that there is a "big time gap between receipt of fabrics and their conversion into jackets". A production cycle is the time between receiving raw materials and converting them into finished goods. A longer cycle keeps funds tied up in materials and work in progress for longer, increasing working capital requirements.
- **Level of competition:** Omara "faces intense competition" and must "hold large stocks of jackets to meet urgent orders from customers". Greater competition can require higher stocks of finished goods to serve customers promptly. More money remains invested in inventory, so working capital requirements rise.
- **Credit allowed:** Omara "offers liberal credit terms" to attract and retain customers. Liberal credit means that sales proceeds are collected later and more funds remain invested in debtors. The business must finance its ongoing operations during this period, increasing working capital requirements.

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

Quick Tip to Solve: Match each clue to a current asset: production delay to work in progress, competition to inventory, and customer credit to debtors.

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

(i) Management is a continuous process.

(ii) Management is all pervasive. [4 marks]

Solution:

Concept:

- Nature and Significance of Management: continuity and pervasiveness are characteristics of management.
- Management consists of interrelated functions performed continuously, and it is needed in organisations of every kind and at every level.

Step 1: (i) Management is a continuous process

- **Ongoing functions:** Management involves a series of continuous, composite and interrelated functions: planning, organising, staffing, directing and controlling. Managers perform these functions as long as the organisation operates; management does not end after a single decision or achievement.
- **Simultaneous and repeated performance:** Managers may plan future activities while directing present operations and checking their results. Controlling provides feedback that can lead to fresh plans or corrective action. Thus these functions are performed continuously and often simultaneously, rather than as a sequence that ends permanently.

Step 2: (ii) Management is all pervasive

- **Required in every organisation:** Management is common to all organisations, whether economic, social or political. A business enterprise, hospital, school or voluntary organisation must coordinate people and resources to achieve its objectives, even though their purposes differ.
- **Required across levels and activities:** Management is necessary at all levels and in every department of an organisation. Top managers, departmental heads and supervisors all perform managerial functions, though the scope and emphasis differ. The basic process applies in organisations of different sizes and in different countries, while its practice adapts to their circumstances.

Step 3: Conclusion Management is continuous because its interrelated functions operate without interruption, and all pervasive because it is required in every kind of organisation, at every level and in every department.

Quick Tip to Solve: For continuity, explain the ongoing interrelated functions; for pervasiveness, state where and at which levels management is needed.

OR

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

(i) Mainly behavioural

(ii) Contingent [4 marks]

Solution:

Concept:

- Principles of Management: nature of management principles as broad guidelines for managerial decisions and human behaviour in organisations.
- Mainly behavioural and contingent describe the human focus of these principles and the conditions governing their application.

Step 1: (i) Mainly behavioural

- **Influence human behaviour:** Management principles are mainly behavioural in nature because they aim at influencing the behaviour of human beings. Managers use them to guide the conduct of individuals and groups towards organisational objectives. For example, fair treatment and unity of command influence employees' cooperation and their response to managerial directions.
- **Connect people with other resources:** The principles also help explain relationships between people and material resources. Thus, their scope is not confined to people alone, but their principal concern remains human behaviour. Since people differ in needs, attitudes and responses, the effect of a principle cannot be predicted with the same certainty as a physical law.

Step 2: (ii) Contingent

- **Depend on the situation:** The application of management principles is contingent or dependent upon the prevailing situation at a particular point of time. A manager must consider the circumstances of the organisation, its employees and the work involved before applying a principle.
- **Require managerial judgement:** A principle is a general guideline rather than an automatic prescription for every situation. For example, employees deserve fair and equitable remuneration, but what is fair depends on factors such as the employee's contribution, the employer's paying capacity and prevailing wage rates. The manager therefore adapts the application to relevant conditions.

Step 3: Conclusion Management principles are mainly behavioural because their central concern is influencing human behaviour; they are contingent because their application depends on the circumstances prevailing at the time.

Quick Tip to Solve: For behavioural, focus on people; for contingent, explain dependence on the prevailing situation and add a relevant example.

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

(i) Discipline

(ii) Equity [4 marks]

Solution:

Concept:

- Principles of Management: Fayol's general principles guide managers in organising work and maintaining constructive relations with employees.
- Discipline concerns obedience to organisational rules and agreements; equity concerns fairness and kindness in the treatment of employees.

Step 1: (i) Discipline

- **Obedience and respect for agreements:** Discipline means obedience to organisational rules and to the employment agreement necessary for the working of the organisation. Employees and managers should honour the commitments they have accepted. For example, employees should observe agreed work standards, while management should fulfil its commitments towards them.
- **Conditions for discipline:** Fayol states that discipline requires good superiors at all levels, clear and fair agreements, and judicious application of penalties. Superiors should set an example through their own conduct, communicate expectations clearly and apply penalties with sound judgement. Discipline therefore involves the responsible conduct of both management and workers, rather than merely punishment of subordinates.

Step 2: (ii) Equity

- **Kindness and justice:** Equity means that managers should treat employees with kindness and justice. Fair treatment encourages loyalty and devotion to the organisation. Management should provide fair opportunities and avoid arbitrary or biased decisions in dealing with employees.
- **Freedom from discrimination:** Employees should not be discriminated against on grounds such as sex, religion, language, caste, belief or nationality. People should receive fair treatment in comparable circumstances. Equity does not rule out necessary force or sternness: a manager can take justified action to maintain discipline, provided the action is fair and free from personal prejudice.

Step 3: Conclusion Discipline requires observance of rules and agreements, supported by good supervision and fair enforcement. Equity requires kindness and justice so that employees work with loyalty and commitment.

Quick Tip to Solve: Link discipline to rules, agreements and judicious penalties; link equity to kindness, justice and freedom from discrimination.

OR

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

(i) Fulfilling social responsibilities

(ii) Management training, education and research [4 marks]

Solution:

Concept:

- Principles of Management: the significance of management principles includes fulfilling social responsibilities and providing a foundation for management training, education and research.
- These principles are general guidelines developed through observation and experimentation; managers apply them with judgement to the circumstances of an organisation.

Step 1: (i) Fulfilling social responsibilities **Responding to society's expectations:** Business operates within society and must consider its obligations to employees, consumers and the community. Management principles help managers recognise these responsibilities and take decisions that balance economic objectives with social welfare. As public awareness increases, businesses are expected to provide quality goods, treat workers fairly and act responsibly towards society. For example, the principle of equity supports fair treatment of employees, while fair remuneration helps protect their interests. Thus, the application of management principles helps a business fulfil its responsibilities rather than judging every decision solely by immediate profit.

Step 2: (ii) Management training, education and research **A foundation for learning and investigation:** Management principles form the core of management theory. They provide an organised body of knowledge that can be taught in management education and used in training programmes to develop managers' understanding and decision-making abilities. Trainees can analyse practical situations using these principles instead of relying entirely on trial and error. The principles also provide a basis for research: their application can be studied, their relevance tested in changing circumstances and existing practices improved. Such investigation generates new ideas and techniques, so management knowledge continues to develop alongside the needs of organisations.

Step 3: Conclusion Management principles guide socially responsible conduct and supply the knowledge base for educating and training managers, as well as for further management research.

Quick Tip to Solve: Link social responsibility to stakeholder welfare, and link education and research to the organised body of management knowledge.

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

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

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

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

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

[4 marks]

Solution:

Concept:

- Organising: a divisional structure groups activities around distinct products or product lines, with each division functioning as a relatively self-contained business unit.
- Divisional heads have authority over their units and responsibility for their results. This structure is suitable for enterprises with several product lines and plans for diversification.

Step 1: (i) Identify the suitable structure with a reason **Divisional structure:** This is suitable for Smart Aids because the company is diversifying from e-walking sticks into smart watches, creating two distinct product lines. The case states that it will "set up a separate business unit for these watches". Under this structure, activities relating to each product are grouped in a separate division, with a manager responsible for that division. Thus, the basis of grouping is the product, even though some functions performed in the two divisions are similar. Each product division can organise the functions it needs to achieve its own objectives.

Step 2: (ii) First advantage highlighted: accountability for performance **Fixation of accountability:** The case says, "Each manager would be accountable for profits, revenues and costs of their unit." Divisional structure makes it easier to identify which division is performing well or poorly because its financial results can be assessed separately. The divisional head is responsible for the division's results, so performance can be measured and responsibility for unsatisfactory results fixed more clearly. This provides a basis for corrective action and comparison of divisional performance.

Step 3: (ii) Second advantage highlighted: expansion and growth **Facilitates expansion and growth:** The case states that the structure would help the organisation "to add new units without interrupting the existing operations". A new product can be placed in a new division with its own manager and supporting activities. Smart Aids can therefore develop the smart-watch business while the

e-walking-stick division continues its existing work. Adding further product divisions becomes easier because their operations can be organised separately.

Step 4: Conclusion Smart Aids should adopt a divisional structure. The two advantages highlighted are clear accountability for divisional performance and easier expansion without disrupting existing operations.

Quick Tip to Solve: Use the product-based units to identify divisional structure, then match each requested advantage to a specific sentence in the case.

31(a). Explain any four features of 'Planning'. [6 marks]

Solution:

Concept:

- Principles and Functions of Management – Planning: planning means setting objectives and developing appropriate courses of action to achieve them.
- Its features explain why planning gives direction to managerial work and precedes the performance of other management functions.

Step 1: Planning focuses on achieving objectives **Planning focuses on achieving objectives:** Every organisation has goals. Planning begins by specifying these goals clearly and then deciding the activities needed to attain them. A plan has a purpose only when it contributes to organisational objectives. For example, if a business aims to increase sales, its sales targets and the actions selected to meet them must support that objective. Thus, planned effort is directed towards a definite result rather than a collection of unrelated activities.

Step 2: Planning is a primary function of management **Planning is a primary function of management:** Planning provides the basis for all other managerial functions. Managers must know what is to be achieved before deciding how to organise resources, appoint people, direct employees or compare actual performance with standards. The plans supply the objectives and framework within which these functions are performed. This precedence of planning over the other functions is called the primacy of planning; the functions nevertheless remain interrelated in practice.

Step 3: Planning is pervasive **Planning is pervasive:** Planning is required at every level of management and in every department. Its scope varies with the level and the activity involved. Top management plans for the organisation as a whole, middle management prepares departmental plans, and supervisory management plans day-to-day operations. Similarly, production, finance, marketing and personnel departments all need plans. Planning is therefore not confined to the top managers or to a single business function.

Step 4: Planning is continuous **Planning is continuous:** Plans are prepared for a specific period. After that period ends, fresh plans are needed for the next period. Plans may also need revision when circumstances change or when earlier assumptions no longer hold. Managers consequently review the progress of existing plans and formulate or modify future plans. A new plan follows an earlier plan, making planning an ongoing managerial process rather than an exercise performed only when the organisation is established.

Step 5: Conclusion The four features are focus on achieving objectives, primacy, pervasiveness and continuity. Together they show how planning directs and coordinates managerial activity throughout the organisation.

Quick Tip to Solve: Explain each feature by connecting its textbook name to what managers actually plan, when they plan or where planning is needed.

OR

31(b). Explain any four points of importance of 'Decentralisation'. [6 marks]

Solution:

Concept:

- Principles and Functions of Management – Organising: decentralisation is the systematic delegation of authority throughout the organisation, extending to lower management levels.
- Decentralisation gives lower-level managers discretion to take decisions within the authority entrusted to them, while overall responsibility and policy direction remain with top management.

Step 1: Develops initiative among subordinates **Develops initiative among subordinates:** Decentralisation allows subordinates to make decisions and act independently within their area of authority. They are encouraged to rely on their own judgement instead of seeking instructions for every matter. As they see the effects of their decisions, they develop confidence, self-reliance and the willingness to take responsibility. The freedom to try their ideas helps them discover better ways of working and contribute actively to organisational objectives.

Step 2: Develops managerial talent for the future **Develops managerial talent for the future:** By exercising authority, lower-level managers gain practical experience in making decisions and handling work situations. They learn to assess alternatives, use resources and accept responsibility for results. Such experience gives them an opportunity to improve their managerial skills while performing their existing jobs. It also helps the organisation identify capable employees and prepare them to assume more challenging managerial responsibilities in the future.

Step 3: Facilitates quick decision making **Facilitates quick decision making:** Under decentralisation, decisions can be taken near the point where action is required. Managers who directly handle an activity are usually familiar with its local circumstances and can respond within their delegated authority. Matters need not move repeatedly through the organisational hierarchy for approval. This reduces delay in the flow of information and decisions, allowing the organisation to address operational problems and opportunities more promptly.

Step 4: Provides relief to top management **Provides relief to top management:** Decentralisation assigns authority for routine and operational decisions to lower levels. Top executives are therefore relieved of the burden of dealing personally with every day-to-day matter. They can devote more time and attention to major policy decisions, strategic planning and the overall direction of the organisation. This distribution of decision-making authority enables managerial time and ability to be used more effectively at different levels.

Step 5: Conclusion Decentralisation develops initiative and future managerial talent, enables quicker decisions and relieves top management so that it can concentrate on major organisational matters.

Quick Tip to Solve: Link each benefit to decision-making authority moving downward: confidence, managerial practice, faster action and more time for top managers.

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

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

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

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

Solution:

Concept:

- Directing: communication barriers prevent a message from being understood in the sense intended by the sender. NCERT groups these barriers as semantic, psychological, organisational and personal barriers.
- The specific barrier must be identified from the cause in each case. Technical language affects meaning, an inattentive receiver affects reception, and absence of rewards discourages an employee from offering suggestions.

Step 1: (i) Technical jargon: semantic barrier **Identification:** The barrier is **technical jargon**, which belongs to the broad category of **semantic barriers**.

Evidence: Ajit uses terms such as 'cloud computing' and 'machine learning', while the employees 'are not specialists in this field' and cannot understand many of his words.

Explanation: Specialists often use technical terms to explain matters to people who are not specialists in the relevant field. Receivers unfamiliar with those terms cannot understand their intended meaning. Thus, even though Ajit communicates information about the new software, his choice of specialised vocabulary prevents employees from understanding it. The obstacle concerns the meaning of words rather than an unwillingness to listen.

Step 2: (ii) Lack of attention: psychological barrier **Identification:** The barrier is **lack of attention**, which belongs to the broad category of **psychological barriers**.

Evidence: Kumar 'keeps glancing' at his important file, 'does not make eye contact' and does not stop reading while Rajesh explains his workload and need for support.

Explanation: When the receiver's mind is preoccupied with other work, the receiver does not listen attentively to the message. Consequently, the message may not be properly understood. Kumar's occasional nods and general reply do not establish that he has absorbed Rajesh's difficulty; his attention remains on the file, leaving Rajesh disappointed.

Step 3: (iii) Lack of proper incentives: personal barrier **Identification:** The barrier is **lack of proper incentives**, which belongs to the broad category of **personal barriers**.

Evidence: Although Suresh suggests a method to reduce machine idle time and improve efficiency, Pankaj 'does not offer any appreciation award for his brilliant idea'.

Explanation: If employees receive no motivation or incentive for communicating useful suggestions, they may become reluctant to offer such suggestions in future. Recognition and rewards encourage employees to communicate ideas for improvement. Here, the manager's failure to reward Suresh's contribution can discourage further upward communication, even though others appreciated the idea.

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

Quick Tip to Solve: Match the cause first: unfamiliar technical words mean semantic barriers, a distracted listener means a psychological barrier, and unrewarded suggestions indicate a personal barrier.

33(a). Explain any four suitable measures to overcome communication barriers and improve communication effectiveness.

[6 marks]

Solution:

Concept:

- Directing: effective communication occurs when the receiver understands a message in the sense intended by the sender. Managers must reduce barriers affecting the preparation, transmission and understanding of messages.
- Suitable NCERT measures include clarifying ideas before communication, communicating according to the receiver's needs, being aware of language, tone and content, and ensuring proper feedback.

Step 1: 1. Clarify the ideas before communication **Clarify the ideas before communication:** The sender should be clear about the purpose of the message and the information to be conveyed. The sender must analyse the subject thoroughly, organise the ideas logically and identify the essential points before communicating. Clear thinking helps the sender express the message precisely and prevents confusion arising from vague or inconsistent instructions. For example, before giving a work instruction, a manager should decide exactly what task is required and what result is expected.

Step 2: 2. Communicate according to the needs of the receiver **Communicate according to the needs of the receiver:** The sender should consider the receiver's level of understanding, education and experience while preparing the message. The information should be expressed in a manner that the receiver can understand, rather than merely according to the sender's own knowledge. A technical

expert, for example, should explain unfamiliar technical terms when speaking to employees without that background. Adapting the message to its audience reduces misunderstanding and makes its intended meaning accessible.

Step 3: 3. Be aware of language, tone and content of the message **Be aware of language, tone and content of the message:** The sender should use clear, simple language and avoid expressions that are difficult to understand or capable of different interpretations. The tone should be suitable to the situation and should not hurt the receiver's feelings. The content must be relevant to the intended purpose, with the important points conveyed clearly. Appropriate language and a considerate tone help the receiver understand and accept the message, reducing semantic and emotional obstacles.

Step 4: 4. Ensure proper feedback **Ensure proper feedback:** The sender should provide opportunities for the receiver to respond and should review the response to determine whether the message has been understood correctly. Feedback completes the communication process by revealing gaps between the intended meaning and the receiver's interpretation. The manager can invite questions or ask the receiver to explain the instruction in their own words. Any doubt or misunderstanding should then be clarified promptly so that action is based on the correct message.

Step 5: Conclusion Clear preparation, adaptation to the receiver, suitable language and tone, and proper feedback help overcome barriers and improve communication effectiveness.

Quick Tip to Solve: Explain each measure through an action and its effect: what the sender should do, followed by how it improves the receiver's understanding.

OR

33(b). Explain the following non-financial incentives :

(i) Job Security

(ii) Career Advancement Opportunity

(iii) Job Enrichment [6 marks]

Solution:

Concept:

- Directing: non-financial incentives satisfy employees' psychological, social and self-fulfilment needs rather than offering a direct monetary payment.
- Security, opportunities for growth and meaningful work can motivate employees to contribute effectively to organisational goals.

Step 1: (i) Job Security **Job Security:** Employees want their jobs to be secure and do not want uncertainty about their future income and employment. Stability in employment gives them a sense of security and confidence about their future. As a result, they can concentrate on their work and work with greater zeal. For example, an organisation that follows a consistent employment policy and avoids arbitrary dismissal helps employees feel secure. However, management must also maintain appropriate performance expectations, since excessive security without accountability may lead to complacency.

Step 2: (ii) Career Advancement Opportunity **Career Advancement Opportunity:** Employees are motivated when they see opportunities to develop their abilities and move to higher positions in the organisation. Managers should provide opportunities for skill development and an appropriate promotion policy. Suitable training and development programmes prepare employees to accept greater responsibilities, while advancement opportunities show them that good performance and improved competence can lead to professional growth. The prospect of promotion satisfies employees' needs for recognition, higher status and personal achievement, encouraging them to improve their performance.

Step 3: (iii) Job Enrichment **Job Enrichment:** This means designing a job so that it contains a greater variety of work, requires a higher level of knowledge and skill, gives the employee more autonomy and responsibility, and provides opportunities for personal growth. The work should also give meaningful feedback about performance. Instead of merely repeating a narrow routine task, an employee receives more challenging and significant work and greater control over its execution. This makes the job interesting and rewarding, satisfies higher-order needs and motivates the employee through the content of the work itself.

Step 4: Conclusion Job security provides stability, career advancement opportunity provides prospects for growth, and job enrichment makes work more challenging and meaningful. These are non-financial incentives because their motivating value comes primarily from the needs they satisfy.

Quick Tip to Solve: Distinguish the three by asking: Is the employee's future secure, is there a route to promotion, or is the present job made more meaningful?

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

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

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

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

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

Solution:

Concept:

- Marketing Management: marketing functions include gathering and analysing market information, product designing and development, pricing of products, and promotion.

- Marketing begins with understanding customers' needs and uses product, price and communication decisions to create a suitable market offering.

Step 1: Gathering and analysing market information **Gathering and analysing market information:** This function involves systematically collecting and analysing information about customers, their preferences and the market to identify opportunities and guide marketing decisions. The case states that Sound-it gathers feedback through "online surveys and interactive websites". It identifies young, tech-savvy people as its target market and discovers their preference for sound quality, durability, comfort, long battery life, water resistance and easy connectivity. Analysing this information helps the firm decide what customers need and what its earbuds should offer.

Step 2: Product designing and development **Product designing and development:** This function involves developing a product and choosing its design and features to meet customers' needs. A suitable design improves the product's usefulness and attractiveness and can create a competitive advantage. The case says the company "designs earbuds that meet these needs of the customer". Its soft eartips, noise-cancelling technology, lightweight design and water resistance translate the identified customer requirements into product features, making the earbuds suitable for sports and outdoor use.

Step 3: Pricing of products **Pricing of products:** Pricing involves determining the amount that customers must pay for a product. This decision influences demand and revenue and requires consideration of factors such as cost, utility, demand and competition. Sound-it decides to "charge an amount lower than their competitors" after evaluating production costs, competitors' prices, utility and demand. Its price decision seeks to attract customers who want good quality at an affordable price.

Step 4: Promotion **Promotion:** This function involves informing prospective customers about a product and persuading them to buy it. It includes tools such as advertising, personal selling, sales promotion and public relations. The case states that Sound-it "runs digital advertisement on social media" and offers "special discounts and free gift offers". Social-media advertising communicates the offering to potential buyers, while discounts and free gifts are sales-promotion incentives that encourage purchases. Both activities form part of the promotion function.

Step 5: Conclusion The four functions are gathering and analysing market information, product designing and development, pricing of products, and promotion. Each is directly reflected in Sound-it's research, product features, price decision and promotional activities respectively.

Quick Tip to Solve: Follow the case paragraph by paragraph: customer feedback identifies research, features identify design, the amount charged identifies pricing, and advertisements or offers identify promotion.