CBSE Class 12 Business Studies Question Paper 2026 with Solution PDF-Set 66/1/2

Question Paper with Solutions

Conducted by the Central Board of Secondary Education (CBSE)

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

General Instructions

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

1. Due to severe winter and rising pollution levels, 'Green India Electronics' planned to launch a new eco-friendly heater in the market. It conducted a survey and found that the demand of this product was very high. As the winter season lasts only for 2 to 3 months, the Chief Executive Officer wanted that there should be close coordination among all the managers to deliver orders on time. Top level managers were asked to work in coordination with their subordinates to ensure that company's policies were properly followed. To ensure that the heaters would be ready on time, the production manager co-ordinated with the operational level managers. Operational level managers co-ordinated the activities of the workers to ensure that work proceeded according to plans. As a result 'Green India Electronics' was able to launch its heaters on time, in the market.

The feature of co-ordination discussed in the above case is : [1 mark]

(A) Co-ordination is a deliberate function.

(B) Co-ordination is the responsibility of all managers.

(C) Co-ordination is a continuous process.

(D) Co-ordination ensures unity of action.

Correct Answer: (B) Co-ordination is the responsibility of all managers.

Solution:

Concept:

- Nature and Significance of Management: coordination is the responsibility of all managers.

Step 1: Identify the levels involved The case explicitly refers to 'Top level managers', the 'production manager' and 'Operational level managers'. Thus managers at the top, middle and supervisory levels each coordinate the activities for which they are responsible.

Step 2: Distinguish the alternatives Option (B) directly captures this repeated emphasis on every level of management. Deliberate effort in (A), continuity in (C), and unity of action in (D) are valid features of coordination, but none identifies the case's specific emphasis on responsibility across managerial levels.

Step 3: Conclusion Coordination is the responsibility of all managers. The correct option is (B).

Quick Tip to Solve: When a case lists top, middle and operational managers coordinating, identify responsibility of all managers.

2. 'CARO Tech Solutions' aimed at development of a software system for the company's growing operations. The project was to be completed within six months with a budget of ₹ 12,00,000.

The software development team successfully completed its project on time by outsourcing a part of the project, leading to an additional expense of ₹ 2,00,000.

From the following, identify whether the software development team is : [1 mark]

(A) Efficient and Effective

(B) Efficient but not effective

(C) Effective but not efficient

(D) Neither efficient nor effective

Correct Answer: (C) Effective but not efficient

Solution:

Concept:

- Nature and Significance of Management: effectiveness means completing the task and achieving its objective; efficiency concerns doing so with minimum resources and cost.

Step 1: Assess achievement of the objective The team 'successfully completed its project on time'. It developed the required software within six months and therefore achieved the stated task objective: it was effective.

Step 2: Assess use of resources and eliminate options The additional expense of Rs 2,00,000 took the total cost from the budgeted Rs 12,00,000 to Rs 14,00,000. The team exceeded the resource limit and was not efficient. Options (A) and (B) wrongly call it efficient, while (D) wrongly denies its successful completion of the objective.

Step 3: Conclusion The team was effective but not efficient. The correct option is (C).

Quick Tip to Solve: Check the deadline for effectiveness and the resource budget separately for efficiency.

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

Assertion (A) : Money market instruments have a higher degree of liquidity as compared to capital market securities.

Reason (R) : Money market instruments are traded on the stock exchanges.

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

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

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

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

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

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

Solution:

Concept:

- Financial Markets: money market instruments are short-term, highly liquid instruments; capital market securities meet longer-term financing needs.

Step 1: Judge Assertion (A) Assertion (A) is true. Money market instruments generally have short maturities and are readily convertible into cash. They have a higher degree of liquidity than capital market securities.

Step 2: Judge Reason (R) Reason (R) is false. Money market instruments are generally traded through arrangements involving banks, financial institutions and other participants, rather than on stock exchanges. Stock exchanges are associated with the secondary market for capital market securities.

Step 3: Check the explanation and alternatives A false reason cannot explain a true assertion. Options (A) and (B) wrongly accept the reason; option (D) reverses the truth values. Only option (C) correctly combines a true assertion with a false reason.

Step 4: Conclusion The assertion is true and the reason is false. The correct option is (C).

Quick Tip to Solve: Judge liquidity and the trading venue independently before testing whether the reason explains the assertion.

4. Sudha is a corporate executive and has to attend a felicitation function to be held in her office tomorrow. So she decides to colour her hair. On recommendation of her friend, she purchased 'NATURO' hair colour. After reading essential details such as shade, its ingredients, usage instructions and expiry date mentioned on the box, Sudha opened the box. She took out the colour tube and developer bottle from the box and threw away the box.

The level of packaging of box thrown away by Sudha was : [1 mark]

(A) Primary packaging

(B) Transportation packaging

(C) Secondary packaging

(D) General packaging

Correct Answer: (C) Secondary packaging

Solution:

Concept:

- Marketing Management: primary packaging is the immediate product container; secondary packaging gives additional protection and is discarded when the product is used.

Step 1: Identify the package in the case Sudha 'took out the colour tube and developer bottle from the box and threw away the box'. The box surrounds the immediate containers and is removed when the contents are to be used. It is therefore secondary packaging.

Step 2: Eliminate other levels The tube and bottle are primary packaging because they directly hold the products, so (A) does not describe the discarded box. Transportation packaging in (B) comprises additional packing for storage, identification and transportation, such as larger cartons. General packaging in (D) is not the relevant NCERT level of packaging.

Step 3: Conclusion The discarded box was secondary packaging. The correct option is (C).

Quick Tip to Solve: Separate the immediate tube or bottle from the removable outer box to identify the packaging level.

5. Read the following statements carefully :

Statement – I : Consumers should get together and form themselves into consumer associations for protection and promotion of their interests.

Statement – II : The Consumer Protection Act provides for setting up a two-tier enforcement machinery for the redressal of consumer grievances.

With reference to given statements, choose the correct alternative from the following : [1 mark]

(A) Both the statements are true.

(B) Both the statements are false.

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

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

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

Solution:

Concept:

- Consumer Protection: consumers should organise to protect their interests; the redressal machinery has district, state and national levels.

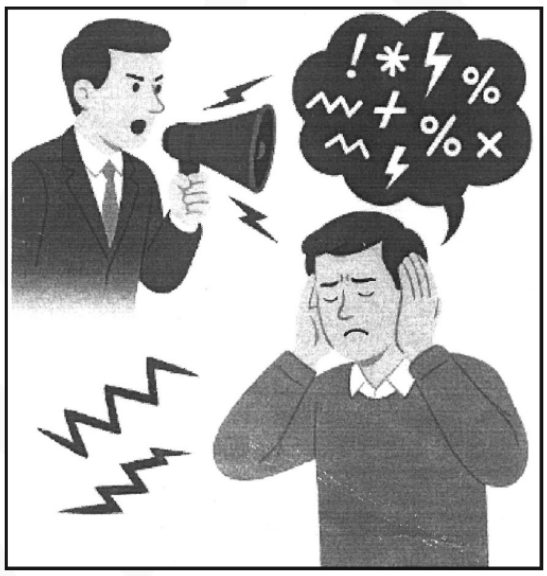
Step 1: Assess Statement I Statement I is true. Consumers have a responsibility to form consumer organisations or associations. Collective action helps protect and promote consumer interests, spread awareness and pursue grievances effectively.

Step 2: Assess Statement II and select the combination Statement II is false because the Consumer Protection Act provides a three-tier redressal machinery: District Commission, State Commission and National Commission. It is not a two-tier machinery. Thus (A) wrongly accepts Statement II, (B) wrongly rejects Statement I, and (D) reverses both truth values.

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

Quick Tip to Solve: Recall district, state and national as three separate levels when checking a statement about consumer redressal.

6. Identify the element of communication process from the above picture : [1 mark]



(A) Feedback

(B) Media

(C) Noise

(D) Decoding

Correct Answer: (C) Noise

Solution:

Concept:

- Directing: noise is interference that obstructs the sending, receipt or understanding of a message in the communication process.

Step 1: Interpret the picture The receiver covers his ears and appears disturbed, while loud sounds and confusing symbols surround the communication. These visual cues show interference that prevents the message from being received or understood clearly. This element is noise.

Step 2: Distinguish the other elements Feedback in (A) is the receiver's response conveyed back to the sender; the picture does not focus on such a response. Media in (B) is the channel carrying a message: the megaphone alone is not the central cue. Decoding in (D) is interpreting symbols to understand the message, whereas the picture emphasises interference with understanding.

Step 3: Conclusion The element illustrated is noise. The correct option is (C).

Quick Tip to Solve: Look at the receiver covering his ears and the disturbance symbols: these point to communication noise.

7. Ravi purchased gold jewellery from a reputed jewellery store. He ensured that the jewellery had a hallmark which confirm its purity and authenticity. To avoid paying goods and services tax (GST) he asked the salesperson to write the gold weight and making charges on a slip of paper and hand over it to him.

Which of the following responsibilities of a consumer was not fulfilled by Ravi while purchasing jewellery ? [1 mark]

(A) Be aware about various goods and services available in the market so that an intelligent and wise choice can be made.

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

(C) Buy only standardized goods as they provide quality assurance.

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

Correct Answer: (B) Ask for a cash memo on purchase of goods and services.

Solution:

Concept:

- Consumer Protection: a consumer should ask for a cash memo, which serves as proof of purchase and supports a complaint when required.

Step 1: Identify the unfulfilled responsibility Ravi requested 'the gold weight and making charges on a slip of paper' to avoid GST. He should instead have asked for a proper cash memo or bill. An informal slip does not fulfil this responsibility and may leave him without appropriate proof of the transaction.

Step 2: Check the remaining options Option (C) does not identify the failure because he checked the hallmark for purity and authenticity, fulfilling the responsibility to buy standardised goods. The case does not identify a failure to make an informed choice under (A) or to assert a fair deal under (D). Its explicit lapse concerns obtaining the purchase bill.

Step 3: Conclusion Ravi did not fulfil the responsibility to ask for a cash memo on purchase of goods and services. The correct option is (B).

Quick Tip to Solve: A hallmark establishes quality assurance; a proper cash memo establishes proof of purchase. Check both independently.

8. Which of the following is NOT an organisational barrier to communication ? [1 mark]

(A) Status

(B) Organisational facilities

(C) Lack of proper incentives

(D) Rules and regulations

Correct Answer: (C) Lack of proper incentives

Solution:

Concept:

- Directing: organisational and personal barriers to communication.
- Use the NCERT classification and match the decisive wording of the question to the appropriate concept.

Step 1: Identify the personal barrier Lack of proper incentives is a personal barrier. A subordinate may withhold suggestions or information when there is no reward or appreciation for communicating effectively. The obstacle arises from the motivation of the person communicating.

Step 2: Eliminate the organisational barriers Status differences can discourage a subordinate from speaking freely to a superior. Organisational facilities, such as meetings and suggestion systems, affect opportunities for communication. Rigid rules and regulations can also obstruct communication. Thus (A), (B) and (D) belong to organisational barriers, whereas (C) does not.

Step 3: Conclusion The correct option is (C): Lack of proper incentives.

Quick Tip to Solve: For a NOT question, classify each option: incentives concern personal motivation; status, facilities and rules concern the organisation.

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

Assertion (A) : Many enlightened business firms have set up their own consumer service and grievance cells.

Reason (R) : The consumer has a right to file a complaint and to be heard in case of dissatisfaction with a good or service.

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

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

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

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

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

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

Solution:

Concept:

- Consumer Protection: right to be heard and self-regulation by business.
- Use the NCERT classification and match the decisive wording of the question to the appropriate concept.

Step 1: Judge the assertion Assertion (A) is true. Enlightened businesses establish consumer service and grievance cells as a means of self-regulation, providing a channel for customers to communicate complaints and seek satisfactory handling of their concerns.

Step 2: Judge the reason Reason (R) is true. The right to be heard gives consumers the opportunity to file a complaint and have it considered when dissatisfied with a good or service. Consumer interests must receive due consideration.

Step 3: Connect the two statements The grievance cells mentioned in the assertion provide a practical channel for exercising the right stated in the reason. Thus the reason explains why such cells are set up. Option (A) wrongly rejects both statements; (B) wrongly rejects the assertion; (C) wrongly denies this explanatory link.

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

Quick Tip to Solve: After checking truth separately, link the consumer right to the business mechanism that enables its exercise.

10. The step of controlling process which reveals the deviation between actual performance and desired results is : [1 mark]

(A) Setting performance standards

(B) Analysing deviations

(C) Taking corrective action

(D) Comparing actual performance with the standards

Correct Answer: (D) Comparing actual performance with the standards

Solution:

Concept:

- Controlling: comparison of actual performance with standards.
- Use the NCERT classification and match the decisive wording of the question to the appropriate concept.

Step 1: Identify the step that reveals the gap Comparing actual performance with the standards reveals deviations between what was achieved and what was desired. Standards provide the benchmark, and the comparison shows whether actual performance meets, exceeds or falls short of it.

Step 2: Separate comparison from the other steps Setting performance standards, option (A), establishes the benchmark before comparison. Analysing deviations, option (B), examines the causes

and significance of deviations already identified. Taking corrective action, option (C), addresses those causes. Neither analysis nor correction is the step that first reveals the deviation.

Step 3: Conclusion The correct option is (D): Comparing actual performance with the standards.

Quick Tip to Solve: Use the verb in the question: comparison reveals deviations, analysis explains them, and corrective action addresses them.

11. Ritika wanted to buy a new washing machine. She visited 'Elec Duniya', a large electronics store. She saw there many different brands and models on display like KM, Neo, Unipool, INH etc.

The salesperson at the store explained the differences in quality, brand reputation and prices of different washing machines. Ritika could now compare fully automatic, semi-automatic, top load and front load washing machines. The salesperson encouraged her to take her time, check different brands and resolve her queries. Ritika also went to another shop nearby to compare prices and features of different washing machines.

After comparing all the available options, Ritika chose a 'Neo' front load washing machine because it offered the best features within her budget.

The consumer right exercised by Ritika in the above case is : [1 mark]

(A) Right to be heard

(B) Right to be assured

(C) Right to consumer education

(D) Right to seek redressal

Correct Answer: (B) Right to be assured

Solution:

Concept:

- Consumer Protection: right to be assured, also called the right to choose.
- Use the NCERT classification and match the decisive wording of the question to the appropriate concept.

Step 1: Identify the exercised right from the case Ritika exercises the right to be assured. This right means access to a variety of products at competitive prices and freedom to choose. The words 'After comparing all the available options, Ritika chose a Neo front load washing machine' show that she selected the product best suited to her needs and budget.

Step 2: Distinguish the other consumer rights Option (A), the right to be heard, concerns consideration of complaints and consumer interests. Option (C), consumer education, concerns acquiring knowledge of consumer rights and responsibilities; the decisive feature here is the actual choice among alternatives. Option (D), seeking redressal, concerns relief for unfair practices or loss. The case describes no complaint or claim for compensation.

Step 3: Conclusion The correct option is (B): Right to be assured.

Quick Tip to Solve: When the case stresses comparing brands and freely selecting one within a budget, identify the right to be assured or choose.

12. Organising is the process that initiates implementation of plans by clarifying jobs and working relationships and effectively deploying resources for attainment of identified and desired results.

Organising process thus involves a series of steps that need to be taken in order to achieve the desired goal.

Arrange the steps of the process of organizing in the correct order : [1 mark]

(A) Identification and Division of work, Assignment of duties, Departmentalisation, Establishing authority and reporting relationships

(B) Identification and Division of work, Assignment of duties, Establishing authority and reporting relationships, Departmentalisation

(C) Departmentalisation, Identification and Division of work, Establishing authority and reporting relationships, Assignment of duties

(D) Identification and Division of work, Departmentalisation, Assignment of duties, Establishing authority and reporting relationship

Correct Answer: (D) Identification and Division of work, Departmentalisation, Assignment of duties, Establishing authority and reporting relationship

Solution:

Concept:

- Organising: steps in the organising process.
- Use the NCERT classification and match the decisive wording of the question to the appropriate concept.

Step 1: Put the activities in their logical sequence First, identification and division of work breaks the total work into manageable tasks. Second, departmentalisation groups similar activities. Third, assignment of duties allocates the work to suitable employees. Fourth, establishing authority and reporting relationships clarifies who reports to whom and enables coordination.

Step 2: Check the printed sequences Option (D) follows all four steps in this order. Options (A) and (B) assign duties before grouping activities into departments. Option (B) also places departmentalisation last. Option (C) groups activities before identifying and dividing the work, and establishes reporting relationships before assigning duties. These sequences reverse the textbook process.

Step 3: Conclusion The correct option is (D): Identification and division of work, departmentalisation, assignment of duties, and establishing authority and reporting relationships.

Quick Tip to Solve: Remember the flow: identify tasks, group similar tasks, assign people, then clarify authority and reporting.

13. The workers in Alpha manufacturing company were using traditional methods for production of metal parts. Since no standard procedure existed, workers relied on personal experience and guess work. As a result, productivity in the assembly line began to decline.

To improve productivity, the company hired a consultant specializing in scientific management. The consultant explained that there was only one best method to maximize efficiency and this method could be developed through proper study and analysis. He emphasized that the scientific method should replace the old method, that the workers were using.

So, to develop the scientific method, the consultant carefully investigated the traditional methods through work-study and by unifying the best practices, he developed a standard method that would be followed by everyone in the organization.

After applying scientific method, there was a three fold increase in productivity within six months.

The principle of scientific management which helped the company in increasing the productivity was : [1 mark]

(A) Science, not Rule of Thumb

(B) Harmony, Not Discord

(C) Cooperation, Not Individualism

(D) Development of Each and Every Person to His or Her Greatest Efficiency and Prosperity

Correct Answer: (A) Science, not Rule of Thumb

Solution:

Concept:

- Principles of Management: Taylor's principle of Science, not Rule of Thumb.
- Use the NCERT classification and match the decisive wording of the question to the appropriate concept.

Step 1: Identify and support the principle The principle is Science, not Rule of Thumb. Taylor advocated replacing personal judgement and traditional trial-and-error methods with a method developed through scientific investigation. The case states that the consultant 'carefully investigated the traditional methods through work-study' and 'developed a standard method'. These actions establish the one best method through study.

Step 2: Eliminate the remaining principles Harmony, Not Discord, option (B), emphasises a harmonious relationship between management and workers. Cooperation, Not Individualism, option (C), stresses cooperation rather than competition between them. Development of Each and Every Person, option (D), concerns scientific selection, training and development of workers. The case instead centres on replacing guess work with a scientifically determined production method.

Step 3: Conclusion The correct option is (A): Science, not Rule of Thumb.

Quick Tip to Solve: Treat references to guess work replaced by investigation and one best method as signals of Science, not Rule of Thumb.

14. Identify the incorrect statement with respect to the importance of planning function of management :

[1 mark]

(A) Planning provides directions by stating in advance how work is to be done.

(B) Planning eliminates uncertainty by looking ahead and anticipating changes.

(C) Planning facilitates decision making by making a choice among various alternative courses of action.

(D) Planning promotes innovative ideas as new ideas can take the shape of concrete plans.

Correct Answer: (B) Planning eliminates uncertainty by looking ahead and anticipating changes.

Solution:

Concept:

- Planning: importance of planning in reducing the risks of uncertainty.
- Use the NCERT classification and match the decisive wording of the question to the appropriate concept.

Step 1: Identify the incorrect claim Option (B) is incorrect because planning reduces the risks of uncertainty; it cannot eliminate uncertainty. Looking ahead and anticipating changes helps managers prepare for future conditions, but unforeseen changes can still occur in a dynamic business environment.

Step 2: Verify the other statements Option (A) correctly states that planning provides direction by clarifying in advance how work is to be done. Option (C) correctly describes its role in decision making through the evaluation and selection of alternative courses of action. Option (D) correctly states that planning promotes innovative ideas, since ideas can be developed into concrete plans. Therefore these three statements are valid descriptions of the importance of planning.

Step 3: Conclusion The incorrect statement is option (B): Planning eliminates uncertainty by looking ahead and anticipating changes.

Quick Tip to Solve: Watch absolute words such as eliminates: planning anticipates change and reduces uncertainty, but cannot remove it completely.

15. A position when a company is unable to meet its fixed financial charges like interest payment, dividend on preference shares and repayment obligations is referred to as _____ . [1 mark]

(A) Trading on equity

(B) Financial risk

(C) Business risk

(D) Operating risk

Correct Answer: (B) Financial risk

Solution:

Concept:

- Financial Management: financial risk is the possibility that a company cannot meet its fixed financial obligations.

- Debt financing creates fixed interest and repayment commitments, unlike ordinary equity dividend payments.

Step 1: Identify the risk described The decisive words are 'unable to meet its fixed financial charges'. Interest, preference dividend and repayment obligations concern the financing commitments of the company. Failure to meet these commitments is described as financial risk.

Step 2: Eliminate the other options Trading on equity, option (A), means using fixed-charge funds to increase earnings available to equity shareholders. Business risk, option (C), concerns the uncertainty of operating earnings. Operating risk, option (D), arises from operating activities and operating costs. None names the inability to meet financial commitments specified here.

Step 3: Conclusion Financial risk; the correct option is (B).

Quick Tip to Solve: Link fixed interest and repayment commitments directly to financial risk.

16. 'Business environment keeps on changing whether in terms of technological improvement, shifts in consumer preferences or entry of new competitors in the market.'

The feature of business environment highlighted in the above statement is : [1 mark]

(A) Totality of external forces

(B) Complexity

(C) Dynamic nature

(D) Relativity

Correct Answer: (C) Dynamic nature

Solution:

Concept:

- Business Environment: dynamic nature means the external business environment continually changes.
- Changes in technology, customer preferences and competitors require businesses to monitor their surroundings.

Step 1: Identify the feature from the case The words 'keeps on changing' identify dynamic nature. The statement supplies three forms of change: technological improvement, shifts in consumer preferences and entry of new competitors. These show that environmental conditions are continuously evolving.

Step 2: Check the alternatives Option (A), totality of external forces, concerns the aggregate of influences outside a business. Option (B), complexity, concerns interrelated forces that are difficult to understand separately. Option (D), relativity, means the environment differs across countries and regions. The statement stresses change over time, so these alternatives do not express its central feature.

Step 3: Conclusion The feature is dynamic nature; the correct option is (C).

Quick Tip to Solve: Use the phrase keeps on changing to identify dynamic nature immediately.

17. Read the following statements carefully :

Statement – I : Control should focus on key result areas which are critical to the success of an organization.

Statement – II : Only significant deviations which go beyond the permissible limit should be brought to the notice of management.

With reference to the given statements, choose the correct alternative from the following : [1 mark]

(A) Both the statements are true.

(B) Both the statements 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 the statements are true.

Solution:

Concept:

- Controlling: critical point control directs attention towards key result areas essential for organisational success.
- Management by exception brings only deviations beyond permissible limits to managerial attention.

Step 1: Evaluate Statement I Statement I is true. Its reference to 'key result areas which are critical to the success' describes critical point control. Checking every activity with equal intensity wastes resources; control should concentrate on areas where failure would seriously affect results.

Step 2: Evaluate Statement II Statement II is also true. It describes management by exception: management intervenes when deviations exceed acceptable limits. Routine variations within those limits need not be referred upwards.

Step 3: Select the combined verdict The two statements describe complementary approaches to effective control. Option (B) incorrectly rejects both; option (C) wrongly rejects management by exception; option (D) wrongly rejects critical point control. Thus the alternatives that declare either statement false cannot be selected.

Step 4: Conclusion Both statements are true; the correct option is (A).

Quick Tip to Solve: Key result areas signal critical point control; permissible limits signal management by exception.

18. '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 factor affecting dividend decision discussed above is : [1 mark]

(A) Stability of dividends

(B) Amount of earnings

(C) Legal constraints

(D) Shareholders' preference

Correct Answer: (D) Shareholders' preference

Solution:

Concept:

- Financial Management: shareholders' preference is a factor affecting the dividend decision.
- A company considers shareholders' desire for current dividend income when deciding the amount of profit to distribute.

Step 1: Identify the factor The case says shareholders 'desire that at least a certain amount is paid as dividend'. The company is responding to the owners' preference regarding dividend income. This directly identifies shareholders' preference.

Step 2: Reject the remaining factors Stability of dividends, option (A), concerns maintaining a reasonably consistent dividend per share over time. Amount of earnings, option (B), concerns the profits available for distribution. Legal constraints, option (C), concern the legal provisions governing dividend payments. The statement does not discuss a past dividend pattern, profit amount or legal restriction; it explicitly refers to shareholders' wishes.

Step 3: Conclusion The factor is shareholders' preference; the correct option is (D).

Quick Tip to Solve: Identify whose wishes drive the decision: shareholders' desired dividend means shareholders' preference.

19. Match the principle of management given in Column – I with its explanation given in Column – II :

Column – I	Column – II
(a) Discipline	(i) There should be one and only one boss for every individual employee in the organisation.
(b) Unity of direction	(ii) There should be a place for everything (everyone) and everything (everyone) should be in its (his/her) place.
(c) Order	(iii) There should be obedience to organisational rules and employment agreement which is necessary for the working of the organisation.
(d) Unity of command	(iv) Each group of activities having the same objective must have one head and one plan.

Choose the correct option from the following :

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

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

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

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

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

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

Solution:

Concept:

- Principles of Management: Fayol's discipline, unity of direction, order and unity of command.
- Unity of direction concerns activities with a common objective; unity of command concerns the reporting relationship of an individual employee.

Step 1: Match the four principles **Discipline:** obedience to organisational rules and employment agreements gives (a)–(iii). **Unity of direction:** one head and one plan for activities having the same objective gives (b)–(iv). **Order:** a proper place for everything and everyone gives (c)–(ii). **Unity of command:** one boss for each individual employee gives (d)–(i).

Step 2: Compare the option sequences The required sequence is (iii), (iv), (ii), (i). Option (A) reverses the matches for order and unity of command. Option (B) swaps discipline and unity of direction. Option (C) makes both of those errors. Only option (D) gives all four matches correctly.

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

Quick Tip to Solve: Distinguish one boss for one employee from one head and plan for common activities.

20. Identify the feature of planning which states that the purpose of planning is to meet future events effectively to the best advantage of an organisation : [1 mark]

(A) Planning involves decision making

(B) Planning is futuristic

(C) Planning is a mental exercise

(D) Planning focuses on achieving objectives

Correct Answer: (B) Planning is futuristic

Solution:

Concept:

- Planning: the futuristic feature means looking ahead and preparing for future events.
- Planning anticipates conditions so that an organisation can meet future events effectively and use opportunities advantageously.

Step 1: Identify the feature The decisive phrase is 'meet future events effectively'. Planning looks ahead: managers anticipate future conditions and decide in advance how the organisation should act. This forward-looking character is expressed by the statement that planning is futuristic.

Step 2: Check the other features Option (A), decision making, concerns choosing between alternative courses of action. Option (C), mental exercise, concerns the thinking, foresight and judgement involved in planning. Option (D), focus on objectives, concerns directing effort towards specified goals. Although all are features of planning, the question specifically emphasises preparation for future events, which selects option (B).

Step 3: Conclusion The feature is planning is futuristic; the correct option is (B).

Quick Tip to Solve: When the question emphasises anticipation of future events, choose the futuristic feature.

21(a). State any three measures to improve communication effectiveness. [3 marks]

Solution:

Concept:

- Directing: improving communication effectiveness by removing barriers between the sender and the receiver.
- Communication succeeds when the receiver understands the message in the same sense in which the sender intends it.

Step 1: Clarify ideas before communicating **Clarify the ideas before communication:** The sender should be clear about the purpose and content of the message before communicating it. The problem or idea should be studied in depth and the message framed clearly. This prevents confusion at its source and helps the receiver understand precisely what is intended.

Step 2: Communicate according to the receiver's needs **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. Language and expression should be suited to the receiver, so that the

message can be understood without unnecessary difficulty or misinterpretation.

Step 3: Ensure proper feedback **Ensure proper feedback:** The sender should encourage the receiver to respond to the message. Questions, responses and clarification help the sender check whether the receiver has understood the message correctly. The sender should give the receiver an opportunity to express reactions and should remove any doubts revealed by the feedback.

Step 4: Conclusion Three measures are clarifying ideas before communication, communicating according to the receiver's needs and ensuring proper feedback.

Quick Tip to Solve: State each measure with its own heading, then explain how it improves the receiver's understanding.

OR

21(b). State any three features of leadership. [3 marks]

Solution:

Concept:

- Directing: leadership is the process of influencing the behaviour of people by making them strive voluntarily towards organisational goals.
- The features of leadership explain how a leader influences followers and directs their efforts towards a shared purpose.

Step 1: Ability to influence others **Ability to influence others:** Leadership indicates the ability of an individual to influence other people. A leader guides the conduct and efforts of followers, winning their willingness to work towards a desired purpose. Thus, leadership is expressed through influence over people rather than merely through holding a formal position in the organisation.

Step 2: Bringing change in behaviour **Bringing change in behaviour:** Leadership tries to bring about a change in the behaviour of others. Through guidance, encouragement and personal example, a leader induces followers to adopt behaviour that supports the work to be done. The influence becomes meaningful when it is reflected in the actions and efforts of the followers.

Step 3: Achieving common goals **Achieving common goals:** Leadership is exercised to achieve common goals of the organisation. The leader directs individual efforts towards an agreed organisational purpose and encourages people to contribute willingly to it. Leadership therefore gives direction to the group and connects the efforts of followers with the objectives they are expected to achieve together.

Step 4: Conclusion Three features of leadership are the ability to influence others, bringing change in their behaviour and directing their efforts towards common organisational goals.

Quick Tip to Solve: Link each feature to the leader's influence on followers and their movement towards a common goal.

22. 'Riya Mart' is a company manufacturing disposable crockery. They have been in business for the past five years, but were not earning good profits. Concerned about this, the Chief Executive Officer (CEO), Verma, ordered an internal audit. The audit uncovered several issues like inventory pilferage, employees coming late and their performance not upto the mark. To stop inventory pilferage, Verma, the CEO, introduced surprise stock checks and installed an automated inventory management system to track stock movements. A biometric attendance system was also setup to keep a check on employees coming late. In addition to this, to motivate employees for better performance, they were told in advance what they are expected to do and what are their standards of performance. As a result of these steps, the inventory pilferage reduced, employees became more punctual and their performance improved.

(i) Identify and state the function of management performed by Verma, the Chief Executive Officer of the company.

(ii) State any two points of importance of the function identified in (i) above, which are not discussed in the above para. [3 marks]

Solution:

Concept:

- Controlling: the management function that compares actual performance with standards and ensures corrective action where deviations occur.
- Its importance includes accomplishing organisational goals, judging the accuracy of standards, making efficient use of resources, improving motivation, ensuring order and discipline, and facilitating coordination in action.

Step 1: (i) Identify and state the function **Controlling:** It is the process of ensuring that activities in an organisation are performed according to plans. It involves comparing actual performance with established standards, finding deviations and taking corrective action to achieve organisational goals. The case reports "inventory pilferage, employees coming late and their performance not upto the mark". Verma responds with "surprise stock checks", an inventory management system and a biometric attendance system. These checks and corrective measures identify the function as controlling.

Step 2: (ii) Judging accuracy of standards **Judging accuracy of standards:** A sound control system enables management to verify whether the standards originally set are accurate and realistic. While comparing performance with standards, managers review their suitability in the light of changes in the organisation and its environment. Standards can then be revised where necessary. This point of importance is not discussed in the passage.

Step 3: (ii) Facilitating coordination in action **Facilitating coordination in action:** Controlling provides direction to organisational activities and efforts. By keeping departments and employees aware of the standards expected from them, it helps align their activities with organisational objectives. Each department is governed by predetermined standards coordinated with those of other departments, ensuring harmony in their efforts. This point is also not discussed in the passage.

Step 4: Conclusion (i) Verma performs controlling. (ii) Two points of its importance not discussed in the case are judging the accuracy of standards and facilitating coordination in action.

Quick Tip to Solve: For part (ii), avoid repeating resource efficiency, discipline or motivation, because the case already illustrates them.

23. 'Soal Footwear Ltd.' is known for its high quality athletic shoes and casual sneakers. With increasing competition and changing consumer preferences, it decided to diversify its product range by adding clothing, bags and accessories under the same brand umbrella. This diversification aimed to capture a larger share of the market and increase customer loyalty.

(i) Suggest with reason which type of organisational structure will be suitable for 'Soal Footwear Ltd.'

(ii) State any two advantages of the organisational structure suggested in (i) above. [3 marks]

Solution:

Concept:

- Organising: A divisional structure groups activities around products or product lines. Each division normally contains the functions needed to manage its own product.
- The structure should match the scale and diversity of the business. Separate product categories with distinct requirements favour product-based divisions.

Step 1: Identify the structure and justify it **(i) Divisional structure:** Soal Footwear Ltd. should adopt a divisional structure. The decisive words are 'diversify its product range by adding clothing, bags and accessories'. Its activities would now cover several product categories, so grouping work around products would allow each category to receive focused attention. Each division can manage the functions required for its own product line while remaining part of the company.

Step 2: State two advantages

- **Product specialisation:** All activities relating to a product are brought together in one division. A divisional head gains experience in different functions connected with that product, enabling effective product management and preparing managers for higher responsibilities.
- **Accountability for performance:** Revenue and costs relating to each division can be identified separately. Its profit or loss can therefore be assessed, and the divisional head can be held responsible for its performance. This helps management locate divisions that need corrective action.

Step 3: Conclusion (i) Divisional structure is suitable because the company is diversifying into distinct product categories. (ii) Its advantages include product specialisation and clear accountability for divisional performance.

Quick Tip to Solve: When a case adds several product lines, link divisional structure to product specialisation and separate performance accountability.

24(a). State any three functions of operational level management. [3 marks]

Solution:

Concept:

- Operational or supervisory management is the lowest level of management and includes supervisors and foremen who directly oversee the work force.
- Its role is to translate plans and instructions into actual work by supervising employees and maintaining effective working conditions.

Step 1: Locate the role of operational management Operational managers form the direct link between management and workers. They oversee day-to-day operations, interact with workers and help ensure that actual production follows the plans and standards laid down by higher levels. Their functions concern the execution of work at the shop-floor level.

Step 2: State three functions

- **Supervising the work force:** They oversee workers directly, guide the performance of assigned jobs and ensure that work is carried out according to the instructions and standards of management.
- **Maintaining quality and reducing wastage:** They check the quality of output and see that materials and other resources are used properly. By detecting errors and unnecessary waste during operations, they help maintain efficient production.
- **Ensuring safety standards:** They ensure that workers follow safety procedures and that the workplace meets the necessary safety requirements. Close supervision helps prevent unsafe practices while work is being performed.

Step 3: Conclusion Operational management supervises workers, maintains quality while minimising wastage, and ensures safety standards during day-to-day operations.

Quick Tip to Solve: For operational management, write shop-floor duties: direct supervision, quality and wastage control, and safety standards.

OR

24(b). State any three points of importance of management. [3 marks]

Solution:

Concept:

- Management is the process of getting things done effectively and efficiently with and through people in order to achieve organisational objectives.
- Its importance includes achieving group goals, increasing efficiency and creating a dynamic organisation capable of adapting to change.

Step 1: Explain the role of management An organisation brings together people with different needs, abilities and individual aims. Management gives their efforts a common direction and coordinates the use of resources. Its importance can be explained through the following three points.

Step 2: State three points of importance

- **Helps in achieving group goals:** Management unites individual efforts and directs them towards the common objectives of the organisation. It coordinates activities so that people work together rather than pursue disconnected goals.
- **Increases efficiency:** Management aims to reduce costs and increase productivity through better planning, organising, directing and controlling. It ensures optimum use of available resources and minimises their wastage while work is completed.
- **Creates a dynamic organisation:** An organisation must adapt to changes in its environment. Management helps employees overcome resistance to change and understand how adaptation

benefits both the organisation and its members, enabling the organisation to remain competitive.

Step 3: Conclusion Management helps achieve group goals, increases efficiency in the use of resources and creates a dynamic organisation that can adapt to change.

Quick Tip to Solve: For importance of management, explain how each point benefits the organisation; avoid merely listing management functions.

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25. Rajiv was on the board of directors of 'Tako Solutions', a software development company and 'Sabka Mart Retail', a large supermarket chain. He wanted to apply management principles in both the companies to improve efficiency and profitability.

He knew that management principles can be applied as much to 'Tako Solutions' as to 'Sabka Mart Retail' though the extent to which the principles can be applied will differ, because the nature of work, scale of operations and business activities in a software firm and a supermarket chain are not the same.

Rajiv also knew that the management principles would not provide readymade solutions because real world situations faced by the two companies were very complex and dynamic. Still, he believed that even small guidelines could help in solving many problems and will improve the way both companies worked.

Identify and explain the two points that highlight the nature of principles of management, in the above case. [4 marks]

Solution:

Concept:

- Principles of Management: nature of management principles, specifically universal applicability and their role as general guidelines.
- Management principles apply across organisations, but their application depends on the organisation and the situation confronting the manager.

Step 1: Universal applicability **Universal applicability:** Principles of management can be applied in all types of organisations, whether business or non-business, small or large, and at different levels of management. However, the extent of their application varies with the nature of the organisation, its business activities and scale of operations. Thus, universal applicability does not mean that every organisation must use a principle in exactly the same way.

The supporting words are: "management principles can be applied as much to 'Tako Solutions' as to 'Sabka Mart Retail' though the extent to which the principles can be applied will differ". The software firm and supermarket perform different activities, yet both can use management principles to guide their work.

Step 2: General guidelines **General guidelines:** Management principles provide broad guidelines for managerial action. They do not offer readymade or straitjacket solutions to all problems because real business situations are complex and dynamic and result from many interacting factors. Managers must interpret and apply these guidelines using their judgement in the particular circumstances.

The case states that principles "would not provide readymade solutions" and that "even small

guidelines could help in solving many problems". Rajiv therefore expects the principles to guide decisions in both companies, while recognising that the actual solution must suit the problem faced by each company.

Step 3: Conclusion The two features are **universal applicability** and **general guidelines**.

Quick Tip to Solve: Link applicability across different organisations to universal applicability; link broad guidance without readymade answers to general guidelines.

26(a). State any four limitations of internal sources of recruitment. [4 marks]

Solution:

Concept:

- Staffing: internal sources of recruitment fill vacancies from within the organisation through transfers and promotions.
- Internal recruitment provides opportunities to existing employees, but restricting recruitment to the present workforce can reduce fresh talent, competition and organisational flexibility.

Step 1: Limitations relating to talent and employee effort

- **Limited scope for induction of fresh talent:** When vacancies are filled only through existing employees, the organisation's scope for bringing in fresh talent is reduced. New ideas, skills and experiences available among outside candidates may therefore not enter the organisation. The choice of candidates is confined to the existing workforce even when outsiders could offer valuable capabilities.
- **Employees may become lethargic:** Existing employees may become lethargic if they feel sure of time-bound promotions. When advancement appears assured merely through continued service, the incentive to work hard, improve performance and develop new abilities may weaken.

Step 2: Limitations relating to competition and new enterprises

- **Reduced competitive spirit:** Competition among employees may be hampered because recruitment is restricted to internal candidates. The absence of competition from capable external applicants can reduce the pressure on existing employees to raise their standards and demonstrate superior performance.
- **Unsuitable for a new enterprise:** A new enterprise cannot depend on internal recruitment because it does not yet have an existing pool of employees from which to fill its vacancies. It must initially obtain its workforce from external sources before transfers and promotions can become practical recruitment options.

Step 3: Conclusion Four limitations are restricted induction of fresh talent, possible lethargy due to assured promotions, reduced competitive spirit, and unsuitability for a new enterprise.

Quick Tip to Solve: State four separate textbook limitations and explain how each follows from recruiting only from the existing workforce.

OR

26(b). State any eight specialized activities and duties which human resource personnel must perform in an organization. [4 marks]

Solution:

Concept:

- Staffing: Human Resource Management and the specialised activities performed by human resource personnel.
- Human resource management covers acquiring, developing, compensating and maintaining people so that organisational and individual objectives can be achieved.

Step 1: Acquire and prepare suitable employees

- **Analysing jobs:** Collect information about jobs to prepare job descriptions, stating their duties, and job specifications, stating the qualifications and qualities required.
- **Recruiting candidates:** Search for and attract qualified candidates to apply for jobs that the organisation needs to fill.
- **Selecting employees:** Choose the most suitable candidates from the applicants through the selection process and place them in appropriate jobs.
- **Training and developing employees:** Improve employees' knowledge, skills and competence for present work and prepare them for greater responsibilities in the future.

Step 2: Reward, maintain and support the workforce

- **Developing compensation and incentive plans:** Design suitable wages, salaries and incentives to remunerate employees and encourage better performance.
- **Maintaining labour relations and union-management relations:** Promote cooperation between workers and management, deal with grievances and help maintain harmonious industrial relations.
- **Handling complaints and grievances:** Provide a system through which employees can raise workplace complaints and obtain fair consideration and resolution.
- **Providing social security and employee welfare:** Protect employees' interests through welfare facilities and social security provisions, including attention to their health and well-being.

Step 3: Conclusion The eight duties are job analysis, recruitment, selection, training and development, compensation and incentives, labour relations, grievance handling, and social security and employee welfare.

Quick Tip to Solve: For eight HR duties, organise the answer around acquiring, developing, rewarding and maintaining employees, and state each duty separately.

27(a). Explain the following steps of the planning process :

(i) Setting objectives

(ii) Developing premises [4 marks]

Solution:

Concept:

- Planning: Steps in the planning process, specifically setting objectives and developing premises.
- Objectives specify the desired results, while premises are the assumptions about the future conditions within which plans will operate.

Step 1: Explain setting objectives

- **Specify the desired results:** The first step in planning is to set objectives for the whole organisation and for its departments or units. Objectives state what the organisation wants to achieve and direct the efforts of its members towards those results.
- **Make objectives clear and operational:** Objectives should be clearly stated so that employees understand the work expected of them. They guide the activities of departments, clarify their contribution to organisational goals, and provide the basis for subsequent planning decisions. Wherever possible, objectives should be specific and measurable; managers may discuss them with employees to encourage their contribution and commitment.

Step 2: Explain developing premises

- **Form assumptions about the future:** Planning concerns future events, which are uncertain. Managers therefore make assumptions about the conditions in which plans will be carried out. These assumptions are called planning premises and form the base material on which plans are drawn.
- **Use a common and reliable planning base:** Premises may be based on forecasts, existing plans, past experience or basic information about policies. For example, a forecast of demand helps in preparing production and sales plans. Managers involved in planning should understand and agree on the premises so that their plans are coordinated. The more reliable the assumptions, the more useful the resulting plans are likely to be.

Step 3: Conclusion Setting objectives establishes what the organisation seeks to achieve. Developing premises establishes the assumptions about future conditions on which the plans to achieve those objectives will be based.

Quick Tip to Solve: Keep the distinction clear: objectives answer what is to be achieved; premises state the future conditions assumed while making the plan.

OR

27(b). Explain the following types of plans :

(i) Strategy

(ii) Programme [4 marks]

Solution:

Concept:

- Planning: Types of plans. A strategy gives a comprehensive direction for achieving an organisation's objectives, whereas a programme specifies the detailed arrangement of activities for a particular undertaking.
- Plans differ in their scope and detail. Strategy links objectives and action to the business environment; a programme brings together the plans and resources needed to carry out a project.

Step 1: (i) Strategy: meaning and components **Comprehensive plan:** A strategy is a comprehensive plan for accomplishing organisational objectives. It provides a broad outline of the organisation's business and the direction in which it will proceed. Its three dimensions are determining long-term objectives, adopting a particular course of action, and allocating the resources necessary to achieve those objectives.

Step 2: Strategy: relationship with the environment **Environmental basis:** While formulating a strategy, management considers the business environment, including competitors and economic, political, social, legal and technological conditions. For example, a business seeking expansion may choose to enter a new market and allocate resources to that course of action. The strategy guides major decisions towards the long-term objective.

Step 3: (ii) Programme: meaning and contents **Detailed project plan:** A programme is a detailed statement about a project which outlines its objectives, policies, procedures, rules, tasks, human and physical resources required, and the budget needed to implement the chosen course of action. Thus, it combines several types of plans into an integrated arrangement for completing a specific undertaking.

Step 4: Programme: coordinated implementation **Working details:** A programme specifies the activities to be performed and the arrangements required to carry them out. It ensures that different tasks and resources contribute to the same project. For example, a programme for launching a product can cover product development, production, promotion, responsibility for tasks and the funds required for implementation.

Step 5: Conclusion Strategy determines the broad course and allocation of resources for achieving organisational objectives; a programme sets out the detailed, coordinated plans and resources for carrying out a specific project.

Quick Tip to Solve: Explain strategy through objectives, course of action and resource allocation; explain a programme through the detailed plans and resources for a project.

28. 'Eco Care', a start-up, plans to launch a reusable water bottle for environmentally conscious millennials and Gen Z. For this, they conducted a market research to identify the needs of the customers so that an informed decision could be taken for successful marketing of the product. They wanted to work carefully on the design to make the bottle attractive to the target customers.

On the basis of consumer views and opinions, they developed a stylish stainless steel bottle with double wall insulation to keep beverages cold for 24 hours, giving it a competitive advantage in the market.

They named the bottle 'Eco-Sip' creating a brand identity focused on sustainability and simplicity. It would also help in product differentiation. The packaging was made using hundred percent recyclable cardboard, with details of sustainability, features, price etc. printed on it.

State the four functions of marketing that are carried out by 'Eco Care' in the above case. [4 marks]

Solution:

Concept:

- Marketing Management: Functions of marketing. Marketing includes gathering market information, developing suitable products, identifying them through brands, and packaging and labelling them for customers.
- A case-based identification should connect each marketing activity to the precise evidence in the case. Packaging and labelling together constitute one function in the NCERT classification used here.

Step 1: Gathering and analysing market information **Gathering and analysing market information:** Eco Care conducted "a market research to identify the needs of the customers". This function involves collecting and analysing information about customer needs and market conditions so that suitable marketing decisions can be made. The research helped the business understand its target customers before launching the reusable bottle.

Step 2: Product designing and development **Product designing and development:** The company wanted to make the design attractive and developed "a stylish stainless steel bottle with double wall insulation". This function concerns decisions about a product's design and features so that it satisfies consumer needs. Its appearance and ability to keep beverages cold for 24 hours made the product attractive and gave it a competitive advantage.

Step 3: Branding **Branding:** The company "named the bottle 'Eco-Sip' creating a brand identity". Branding involves giving a product a name, sign or symbol that identifies it and distinguishes it from competing products. Here, the name supports recognition and differentiation while associating the bottle with sustainability and simplicity.

Step 4: Packaging and labelling **Packaging and labelling:** The packaging used "hundred percent recyclable cardboard", with details of "sustainability, features, price etc. printed on it". Packaging involves designing and producing the product's container or wrapper, while labelling provides information about the product. The cardboard is evidence of packaging, and the printed details are evidence of labelling. Together they form the fourth marketing function shown in the case.

Step 5: Conclusion The four functions are gathering and analysing market information, product designing and development, branding, and packaging and labelling.

Quick Tip to Solve: Match research to market information, design and insulation to product development, the name to branding, and the cardboard with printed details to packaging and labelling.

29. 'Sheetal Cosmetics Ltd.', is a fast growing beauty and skin care company known for its innovative products and aggressive market expansion. As the company increased its marketing activities like new product launches, accelerated advertising campaigns, social media promotions and influencer collaborations etc., the workload of the marketing department grew sharply. Despite working long hours, the marketing manager Arjun couldn't give adequate attention to strategic planning and high impact decisions as minor operational issues began consuming most of his time. Noticing this, the Chief Executive Officer (CEO) advised Arjun that it was now impractical for him to handle the entire volume of work alone, so he should allow his subordinates to take up routine tasks. This would not only help him manage his time better but also satisfy the subordinate's need for recognition. This will also provide opportunities to the subordinates to develop and exercise initiative.

(i) Identify the concept suggested by CEO that will help Arjun to manage volume of work effectively.

(ii) State any three points of importance of the concept identified in (i) above. [4 marks]

Solution:

Concept:

- Organising: delegation means the transfer of authority from a superior to a subordinate to perform assigned duties. It involves assigning responsibility, granting the necessary authority and creating accountability.
- Delegation helps managers concentrate on priority activities while developing and motivating their subordinates. The superior remains accountable for the overall performance of the work delegated.

Step 1: (i) Identify the concept **Delegation of authority:** The CEO suggests that Arjun should delegate routine work to his subordinates. The decisive words are "he should allow his subordinates to take up routine tasks". Arjun should assign these duties and give the subordinates the authority necessary to carry them out, while retaining overall accountability.

Step 2: (ii) State three points of importance

- **Effective management:** Delegation reduces a manager's workload and frees time for important matters. It enables the manager to concentrate on areas requiring personal attention and improves effectiveness. Here, the phrase "help him manage his time better" indicates that Arjun can devote adequate attention to strategic planning and high impact decisions.
- **Employee motivation:** Entrusting subordinates with responsibility and authority demonstrates confidence in them. This gives them a sense of recognition, strengthens their self-esteem and encourages better performance. The case explicitly says it will "satisfy the subordinate's need for recognition".
- **Employee development:** Delegation provides practical experience in handling assignments and making decisions. Subordinates use their abilities, acquire skills and become capable of accepting greater responsibilities. The case identifies this benefit in the words "opportunities to the subordinates to develop and exercise initiative".

Step 3: Conclusion The concept is **delegation of authority**. Its importance is reflected in effective management, employee motivation and employee development.

Quick Tip to Solve: Match each case clue to an NCERT heading: time for priorities means effective management, recognition means motivation, and initiative means employee development.

30. 'GW Industries', known for its paper products, decided to produce and launch a new line of sustainable packaging called 'EcoPac'.

As management is a complex activity, the Chief Executive Officer of the company translated the work into clear goals and assigned the means to achieve those. He knew that human resources are the greatest asset of an organization, so getting work done through them is also a major task. The production of high quality sustainable packaging also required a proper production process. This was put in place for managing the flow of input materials and technology to convert these materials into high quality sustainable packaging.

In this way 'GW industries' took care of various aspects for successful launch of 'EcoPac'.

A characteristic of management is discussed in the above case. Identify and explain the characteristic.

[4 marks]

Solution:

Concept:

- Nature and Significance of Management: management is multidimensional. Its three main dimensions are management of work, management of people and management of operations.
- These dimensions are interrelated: organisational goals are achieved through people carrying out the activities that transform inputs into desired goods or services.

Step 1: Identify the characteristic **Management is multidimensional.** The case describes the management of work, people and operations required for the successful launch of EcoPac. Management involves several connected dimensions because an organisation must define its work, direct human effort and organise its production process together.

Step 2: Explain the three dimensions with evidence

- **Management of work:** Every organisation exists to perform some work. Management translates that work into goals and assigns the means to achieve them. It plans the tasks and decisions needed to fulfil organisational objectives. In the case, the CEO "translated the work into clear goals and assigned the means to achieve those" for the EcoPac launch.
- **Management of people:** Human resources are an organisation's greatest asset. Management gets work done through people, dealing with employees as individuals with different needs and as members of a group. It directs their strengths towards organisational objectives and helps overcome weaknesses. The case states that "human resources are the greatest asset" and that "getting work done through them is also a major task".
- **Management of operations:** Every organisation has an operating process that transforms inputs into goods or services. Management coordinates the flow of input materials and technology so that production achieves the required output. Here, a "proper production process" was established to manage "the flow of input materials and technology" and convert materials into high quality sustainable packaging.

Step 3: Conclusion The characteristic is **management is multidimensional**: GW Industries manages work, people and operations together to launch EcoPac successfully.

Quick Tip to Solve: When a case combines goals, human resources and a production process, identify the three dimensions of management: work, people and operations.

31. Ria ran a small online bakery business. Her business was doing very well. She saved a good amount of money every month and now wanted to invest it wisely. She was in a dilemma to keep her savings in a bank account or to invest it in the stock market. Her friend Aabha, who had done a certification course from National Stock Exchange, encouraged her to invest in the stock market. She explained to Ria that if she invests in the stock market, she could disinvest and reinvest whenever she wanted, which would provide her good liquidity. Aabha also told her that the membership of stock exchange is well regulated and all trading takes place within the legal framework. As a result, investors get a fair and safe deal.

Ria was still apprehensive as she had heard that there is lot of speculation in the stock market. She wanted to be cautious. Aabha clarified that speculation does exist, but it happens in a restricted and controlled way. She also told Ria that the stock exchange is keen to promote wider share ownership and does so by educating public about investments etc. As a result, young people have started investing in the stock market. After all this discussion, Ria felt confident and decided to invest a part of her savings in the stock market.

Quoting lines, identify and explain the four functions of stock exchange highlighted in the above case. [6 marks]

Solution:

Concept:

- Financial Markets: a stock exchange provides a continuous market for existing securities and performs functions that facilitate investment and protect investors.
- The case highlights providing liquidity and marketability to existing securities, safety of transactions, providing scope for speculation and spreading of equity cult.

Step 1: Providing liquidity and marketability to existing securities **Providing liquidity and marketability to existing securities:** The relevant words are "she could disinvest and reinvest whenever she wanted, which would provide her good liquidity." A stock exchange creates a continuous market where existing securities can be bought and sold. Investors can convert their investments into cash by selling their securities and can invest again when they wish. This provides liquidity and marketability and gives Ria confidence that her savings need not remain locked in the investment indefinitely.

Step 2: Safety of transactions **Safety of transactions:** The case states that "the membership of stock exchange is well regulated and all trading takes place within the legal framework. As a result, investors get a fair and safe deal." Membership and dealings on the exchange are regulated under a defined legal framework. Listed companies must comply with the applicable rules and regulations. Such regulation helps secure fair dealings and protects the interests of investors. Safety here concerns regulated transactions; it does not mean that share prices cannot fall or that returns are guaranteed.

Step 3: Providing scope for speculation **Providing scope for speculation:** The identifying words are "speculation does exist, but it happens in a restricted and controlled way." The stock exchange permits speculative activity within the provisions of law and its rules. Such controlled speculation can help ensure liquidity and continuity of trading in securities. Thus, the function is to provide a regulated scope for speculation, rather than to eliminate all speculation from the market.

Step 4: Spreading of equity cult **Spreading of equity cult:** The case states that "the stock exchange is keen to promote wider share ownership and does so by educating public about investments etc."

Stock exchanges educate the public about investment, encourage better trading practices and take measures to attract new investors. These efforts promote wider share ownership and develop people's interest in equity investment. The statement that young people have started investing illustrates this spread of participation in the securities market.

Step 5: Conclusion The four functions are providing liquidity and marketability to existing securities, safety of transactions, providing scope for speculation, and spreading of equity cult.

Quick Tip to Solve: Match each clue to its function: easy sale, regulated dealing, controlled speculation, and wider share ownership.

32(a). Explain the following steps in the staffing process :

(i) Performance appraisal

(ii) Promotion and career planning

(iii) Compensation [6 marks]

Solution:

Concept:

- Staffing: performance appraisal, promotion and career planning, and compensation are steps concerned with evaluating, developing and rewarding the people appointed to an organisation.
- These steps help align employees' performance and growth with organisational objectives while providing suitable remuneration for their contribution.

Step 1: Performance appraisal: meaning and standards **Performance appraisal:** It means evaluating an employee's current or past performance against predetermined standards. Standards are established in advance so that actual performance can be judged on a clear and consistent basis. The employee is assessed on the work performed and the extent to which the required standards have been met.

Step 2: Performance appraisal: feedback **Appraisal and feedback:** The appraisal process includes defining the job, appraising performance and providing feedback. The employee is informed about the assessment, strengths and areas needing improvement. This feedback helps the employee understand what is expected and how performance can improve. A sound appraisal system also provides useful information for later decisions about employee development and advancement.

Step 3: Promotion and career planning: advancement **Promotion and career planning:** Managers must address the career-related issues and aspirations of employees and design activities that serve their long-term interests. Employees should receive opportunities for career growth and for realising their potential. Promotion involves movement to a higher position carrying greater responsibilities and usually higher pay, status and privileges.

Step 4: Promotion and career planning: growth opportunities **Planning career opportunities:** Management should put employees on suitable career paths and provide opportunities to learn and advance. The organisation's promotion policy and career planning should support employees' growth rather than treat their appointment as the end of the staffing process. Such opportunities can encourage employees to perform better and contribute more effectively to the organisation.

Step 5: Compensation: meaning and forms **Compensation:** It refers to all forms of pay or rewards given to employees in exchange for their services. It includes direct financial payments, such as wages, salaries, incentives, commissions and bonuses, and indirect financial payments, such as employer-paid insurance or vacations. Management must decide the remuneration appropriate for different jobs.

Step 6: Compensation: basis and purpose **Determining compensation:** Pay may be linked to the time worked, as with wages or salaries, or to performance, as with incentives and commissions. Appropriate compensation should reflect the contribution and demands of the job and help attract, retain and motivate competent employees. Thus, this step determines both the amount and the form of employees' remuneration.

Step 7: Conclusion Performance appraisal evaluates work and provides feedback; promotion and career planning provide advancement and growth; compensation determines the pay and rewards employees receive for their services.

Quick Tip to Solve: For each staffing step, state its meaning and then explain its process, forms or purpose; do not confuse promotion with initial placement.

OR

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

(i) Career advancement opportunity

(ii) Employee participation

(iii) Job enrichment [6 marks]

Solution:

Concept:

- Directing: non-financial incentives satisfy psychological, social and higher-level needs such as recognition, growth, responsibility and participation.
- Career advancement opportunity, employee participation and job enrichment motivate employees through the nature of their work and their position in the organisation.

Step 1: (i) Career advancement opportunity **Meaning:** This means providing employees opportunities to improve their skills and to move to higher positions in the organisation. Managers should establish suitable skill-development programmes and a sound promotion policy so that employees can progress in their careers.

Motivational effect: Employees feel motivated to improve their performance when they see that merit and competence can lead to advancement. Promotion provides higher status, greater responsibility and recognition. A clear prospect of personal growth satisfies the need for achievement and encourages employees to develop their abilities and remain committed to the organisation.

Step 2: (ii) Employee participation **Meaning:** Employee participation means involving employees in decision making on matters related to their work. Management may use committees or other consultative arrangements to obtain employees' suggestions and allow them to contribute to decisions.

Motivational effect: Participation makes employees feel that management values their knowledge

and opinions. It gives them a sense of belonging and involvement in organisational affairs. Since they have contributed to decisions affecting their work, employees are more likely to accept those decisions and cooperate in their implementation. It also encourages them to take initiative and responsibility.

Step 3: (iii) Job enrichment **Meaning:** Job enrichment means designing jobs to include greater variety of work content, higher skill requirements, greater responsibility, opportunities for personal growth and meaningful work experiences. Employees may receive more autonomy and feedback about their achievements.

Motivational effect: An enriched job gives the employee an opportunity to use abilities fully, undertake challenging work and exercise judgement. Meaningful responsibility and feedback help the employee experience achievement and recognition through the work itself. Thus, work becomes more interesting and satisfying, encouraging better performance.

Step 4: Conclusion Career advancement opportunity motivates through growth and promotion; employee participation through involvement in decisions; and job enrichment through challenging, meaningful and responsible work.

Quick Tip to Solve: Link each incentive to its distinct source of motivation: future growth, a voice in decisions, or greater meaning and responsibility in the job.

33. 'Koka Manufacturing Ltd.' is a large scale manufacturer in the electronics industry. In this industry assets are prone to obsolescence and their replacement becomes due faster with change in technology. The company is constantly under pressure to upgrade its machinery and equipment as it would help company to stay competitive, improve its product quality and reduce production costs. So instead of purchasing the machinery, company decides to lease the required machinery, giving it flexibility to upgrade equipment at the end of lease term. This helps company to maintain operational efficiency, technological competitiveness and financial flexibility.

Identify and explain four factors that would affect the fixed capital requirements of 'Koka Manufacturing Ltd.'.

[6 marks]

Solution:

Concept:

- Financial Management: fixed capital refers to investment in long-term assets such as plant, machinery and equipment, which serve the business for more than one accounting period.
- The factors illustrated in the case are nature of business, scale of operations, technology upgradation and financing alternatives.

Step 1: Nature of business **Identification and evidence:** The company is a "manufacturer in the electronics industry".

Explanation: A manufacturing concern requires substantial investment in fixed assets such as plant, machinery and equipment to convert inputs into finished goods. Its fixed capital requirement is generally greater than that of a trading concern, which mainly buys and sells goods. As a manufacturing company, Koka Manufacturing Ltd. therefore needs substantial productive facilities and equipment.

Step 2: Scale of operations **Identification and evidence:** Koka Manufacturing Ltd. is described as a "large scale manufacturer".

Explanation: An organisation operating on a large scale requires more space, plant, machinery and other fixed assets than a similar organisation operating on a small scale. Its large production capacity therefore increases its fixed capital requirements. The effect arises from the volume and size of operations, separately from the fact that its business is manufacturing.

Step 3: Technology upgradation **Identification and evidence:** Its assets are "prone to obsolescence" and their replacement becomes due faster "with change in technology".

Explanation: Industries in which technology changes rapidly need to replace or upgrade machinery and equipment more frequently. Such businesses have higher fixed capital requirements to acquire updated assets and remain competitive. Koka's need to upgrade equipment to improve quality and reduce production costs therefore creates a greater requirement for funds for long-term assets.

Step 4: Financing alternatives **Identification and evidence:** "Instead of purchasing the machinery, company decides to lease the required machinery".

Explanation: Availability of leasing facilities reduces the funds that a business must invest initially in purchasing fixed assets. The company obtains the use of equipment by paying lease rentals instead of committing a large amount to ownership at the outset. Leasing therefore reduces Koka's immediate fixed capital requirement and provides the stated flexibility to upgrade equipment at the end of the lease term. It does not eliminate the continuing obligation to pay rentals.

Step 5: Conclusion The four factors are nature of business, scale of operations, technology upgradation and financing alternatives. Manufacturing on a large scale and rapid technological change increase the requirement, while the availability of leasing reduces the immediate investment needed to purchase fixed assets.

Quick Tip to Solve: Match the four case clues separately: manufacturer, large scale, obsolescence and leasing point to four distinct fixed-capital factors.

34(a). Explain the following tools of promotion mix :

(i) Advertising

(ii) Personal selling

(iii) Sales-promotion [6 marks]

Solution:

Concept:

- Marketing Management: the promotion mix is the combination of communication tools used by a firm to inform and persuade prospective customers about its products.
- Advertising, personal selling and sales promotion differ in how they communicate and encourage purchase; a firm selects their combination according to its product and market.

Step 1: (i) Advertising **Meaning:** Advertising is a paid form of non-personal presentation and promotion of ideas, goods or services by an identified sponsor. The advertiser pays for space or time in media such as newspapers, television or online media to convey a message to prospective buyers.

Main characteristics: It is impersonal because the advertiser does not meet each customer directly. The sponsor is identifiable, so the audience knows who is making the claim. The same message can reach a large number of geographically dispersed people, making advertising useful for creating awareness and reminding customers about a product. However, the message is standardised and does not provide the immediate, individual feedback available in a personal interaction.

Step 2: (ii) Personal selling **Meaning:** Personal selling involves oral presentation of a message through conversation with one or more prospective customers for the purpose of making sales. A salesperson interacts directly with a buyer, explains the product and seeks to secure an order.

Main characteristics: The personal interaction permits the seller to understand the customer's needs, demonstrate relevant benefits and answer objections. Communication is two-way, so feedback is immediate and the presentation can be adjusted to the particular buyer. Such interaction can also develop a lasting relationship and confidence in the firm. It requires trained salespeople and individual attention, which makes its cost per customer contacted relatively high.

Step 3: (iii) Sales promotion **Meaning:** Sales promotion refers to short-term incentives designed to encourage buyers to make an immediate purchase of a product or service. It supplements other promotional efforts by giving the buyer an additional reason to buy now.

Main characteristics: These incentives attract attention and stimulate demand for a limited period. Examples include rebates, discounts, refunds, free samples, quantity gifts and contests. A free sample may induce a customer to try a new product, while a temporary discount may encourage an immediate purchase. Such offers are useful for a new product's introduction or for boosting sales, but repeated incentives may lead customers to wait for offers instead of purchasing at the regular price.

Step 4: Conclusion Advertising communicates through paid non-personal messages, personal selling persuades through direct interaction, and sales promotion encourages immediate buying through short-term incentives. Together, they help the firm communicate product benefits and stimulate sales.

Quick Tip to Solve: Begin each tool with its NCERT definition, then explain how it reaches or motivates the customer and give a suitable example.

OR

34(b). Explain the following features of marketing :

(i) Needs and wants

(ii) Creating a market offering

(iii) Customer value [6 marks]

Solution:

Concept:

- Marketing Management: marketing is a social process through which individuals and groups obtain what they need and want by creating, offering and freely exchanging products and services of value with others.
- Its features include identifying needs and wants, creating a market offering and providing customer

value. These connect the customer's requirements with the firm's offering.

Step 1: (i) Needs and wants **Needs:** Marketing begins with identifying and analysing the needs and wants of customers. A need is a state of felt deprivation, such as the need for food, clothing, shelter or belongingness.

Wants: Wants are culturally defined objects that can satisfy needs. For example, a person needs food but may want a particular type of meal. Wants are shaped by culture, individual personality and preferences. A marketer studies the target customers to discover what they require and what form of satisfaction they prefer. This understanding guides product and other marketing decisions.

Step 2: (ii) Creating a market offering **Meaning:** A market offering is a complete offer for a product or service having given features such as size, quality, taste and design, at a certain price, available at a given outlet or location.

Role in marketing: After identifying customer needs, a firm develops a suitable offering to satisfy them. The offering should reflect the target customers' requirements, rather than the producer's preferences alone. For example, a food seller's offering comprises the food's quality and quantity, its packaging, the price and the place where it can be bought.

Step 3: (iii) Customer value **Meaning:** Customer value refers to the perceived benefits of an offering in relation to the cost of obtaining it. Buyers consider the satisfaction and usefulness they expect to receive and compare these with the money, time and effort involved in acquiring the product.

Role in buying decisions: A buyer generally chooses the offering that provides the greatest perceived value among available alternatives. The cheapest product need not offer the highest value if its benefits are inadequate. Marketers should therefore enhance the benefits of their offering and ensure that the cost is justified. For example, dependable quality and convenient availability may make an offering more valuable to a customer.

Step 4: Conclusion Marketing starts with customers' needs and wants, translates them into a suitable market offering, and seeks to deliver customer value through benefits that justify the customer's cost.

Quick Tip to Solve: Link the three features in order: identify the customer's requirement, design the complete offering, and explain why its benefits justify its cost.