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

Question Paper with Solutions

Conducted by the Central Board of Secondary Education (CBSE)

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

General Instructions

(i) This question paper contains **34** questions. **All questions are compulsory.**
(ii) Marks are indicated against each question.
(iii) Answers should be brief and to the point.
(iv) Answers to 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. Identify which of the following functions is Not performed by 'Top Level Management' : [1 mark]

(A) Cooperating with other departments for smooth functioning of the organisation.

(B) Being responsible for the welfare and survival of the organization.

(C) Analyzing the business environment and its implications for the survival of the firm.

(D) Formulating overall organizational goals and strategies for their achievement.

Correct Answer: (A) Cooperating with other departments for smooth functioning of the organisation.

Solution:

Concept:

- Levels of management distinguish overall organisational responsibility from departmental implementation.
- Apply the NCERT definition to the exact wording and eliminate options describing other concepts.

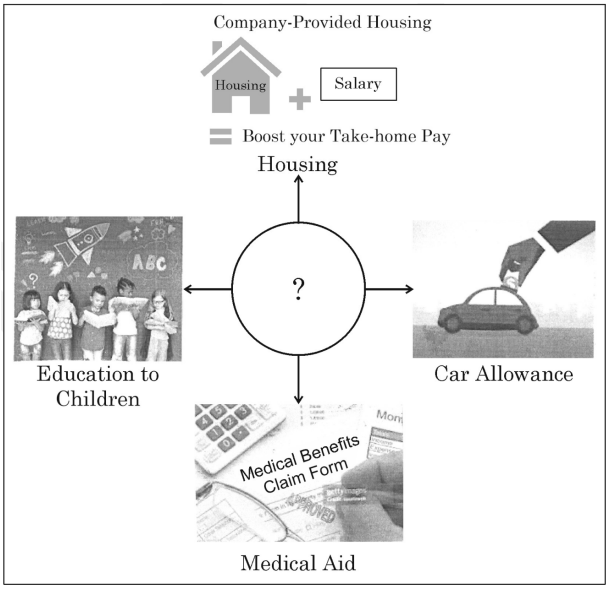
Step 1: Identify the departmental function Cooperating with other departments for smooth functioning is a function of middle management. Departmental heads coordinate their departments with one another while implementing the plans and policies laid down by top management.

Step 2: Check the remaining choices Option (B), responsibility for organisational welfare and survival, belongs to top management. Option (C), analysing the business environment and its implications, also belongs to top management. Option (D), setting overall goals and strategies, is another top management function. These three therefore cannot answer the word Not in the question.

Step 3: Conclusion Cooperating with other departments is a middle management function. Hence, the correct option is (A).

Quick Tip to Solve: For a negative question, separate organisation-wide policy from departmental implementation before selecting the exception.

2. The question mark in the picture given below represents a financial incentive. Identify the incentive : [1 mark]



(A) Pay and allowances

(B) Retirement benefits

(C) Productivity linked wage incentives

(D) Perquisites

Correct Answer: (D) Perquisites

Solution:

Concept:

- Directing: financial incentives motivate employees through monetary benefits. Perquisites are benefits provided over and above salary, such as housing, medical aid and education for children.
- The nature of the benefit identifies the incentive; several benefits can have monetary value without being basic pay or a reward linked to output.

Step 1: Identify the benefits in the picture The picture lists "Housing", "Car Allowance", "Education to Children" and "Medical Aid". These additional facilities and benefits, supplied along with salary, are examples of perquisites. Therefore, the common incentive represented by the question mark is perquisites.

Step 2: Check the other options Option (A), pay and allowances, refers to the salary package, including basic pay and allowances; the picture instead groups additional facilities provided over and above salary. Option (B), retirement benefits, includes benefits such as provident fund, pension and gratuity, rather than the facilities shown. Option (C), productivity linked wage incentives, rewards an employee according to output or productivity; the picture gives no output-linked payment. Thus, option (D) correctly describes the complete group of benefits.

Step 3: Conclusion The correct option is (D): Perquisites.

Quick Tip to Solve: A group containing housing, children's education and medical aid points to perquisites over and above salary.

For Visually Impaired Candidates :

2. Authority, responsibility, rewards, perquisites and prestige of job etc. indicate which of the following non-financial incentives given to a person holding a managerial position ? [1 mark]

(A) Job Enrichment

(B) Job security

(C) Status

(D) Organisational climate

Correct Answer: (C) Status

Solution:

Concept:

- Directing: non-financial incentives satisfy psychological, social and esteem needs. Status means the rank or position of an employee in the organisational hierarchy.
- The authority, responsibility, rewards, perquisites and prestige associated with a managerial position indicate its status.

Step 1: Match the description to status The question refers to "Authority, responsibility, rewards, perquisites and prestige of job". These attributes convey the standing attached to a managerial position. In NCERT terminology, they indicate status, which satisfies a person's need for recognition and esteem. Although perquisites themselves have monetary value, the question asks about the position's overall standing as a non-financial incentive.

Step 2: Eliminate the remaining options Option (A), job enrichment, means designing a job with greater variety, responsibility and opportunities to use skills; it does not name the rank or prestige of a position. Option (B), job security, means assurance about future employment and income, which the statement does not describe. Option (D), organisational climate, refers to characteristics of the organisation that influence employee behaviour, such as its autonomy and reward orientation. The statement concerns the standing of the individual managerial position, so option (C) is correct.

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

Quick Tip to Solve: When authority and responsibility appear together with rank or job prestige, identify the non-financial incentive as status.

3. The process by which a manager synchronizes the activities of different departments is known as : [1 mark]

(A) Management

(B) Planning

(C) Organising

(D) Co-ordination

Correct Answer: (D) Co-ordination

Solution:

Concept:

- Coordination integrates group efforts and secures unity of action towards organisational objectives.
- Apply the NCERT definition to the exact wording and eliminate options describing other concepts.

Step 1: Identify the defining activity The decisive phrase is 'synchronizes the activities of different departments'. Coordination brings together the efforts of different departments so that their activities fit together and contribute to common organisational objectives, instead of proceeding in conflicting directions.

Step 2: Distinguish the other terms Option (A), management, is the broader process of achieving objectives efficiently and effectively. Option (B), planning, decides objectives and courses of action in advance. Option (C), organising, establishes duties, relationships and resource arrangements. The specific process of synchronising these departmental activities is coordination.

Step 3: Conclusion The process is co-ordination. Hence, the correct option is (D).

Quick Tip to Solve: Whenever the question emphasises synchronising departmental efforts or unity of action, look for coordination.

4. Match the non-financial incentives given in Column I with their meaning given in Column II :

Column I	Column II
a. Employee participation	i. It indicates the characteristics which describe an organization and distinguish one organization from the other.
b. Organisational climate	ii. It means ranking of positions in the organisation.
c. Employee empowerment	iii. It means giving more autonomy and powers to subordinates.
d. Status	iv. It means involving employees in decision making of the issues related to them.

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

(A) ii iii i iv

(B) i iv ii iii

(C) iv i iii ii

(D) iii ii iv i

Correct Answer: (C) iv i iii ii

Solution:

Concept:

- Non-financial incentives satisfy psychological, social and esteem needs and include participation, climate, empowerment and status.
- Apply the NCERT definition to the exact wording and eliminate options describing other concepts.

Step 1: Match each textbook meaning Employee participation involves employees in decisions on issues related to them, so a matches iv. Organisational climate comprises characteristics that describe an organisation and distinguish it from others, so b matches i. Employee empowerment gives subordinates greater autonomy and powers, so c matches iii. Status means the ranking of positions in the organisation, so d matches ii.

Step 2: Check all option sequences In the order a, b, c, d, the required sequence is iv, i, iii, ii. Option (C) gives this entire sequence. Option (A) incorrectly makes participation the ranking of positions; option (B) incorrectly makes participation organisational characteristics; option (D) incorrectly makes participation empowerment. Thus each alternative fails from its first match itself.

Step 3: Conclusion The matching is a–iv, b–i, c–iii, d–ii. Hence, the correct option is (C).

Quick Tip to Solve: Anchor participation to decision making and status to rank; then verify climate and empowerment to confirm the sequence.

5. The process of estimating the fund requirements of a business and specifying the sources of funds is called _____. [1 mark]

(A) Trading on Equity

(B) Capital Budgeting decision

(C) Financial Management

(D) Financial Planning

Correct Answer: (D) Financial Planning

Solution:

Concept:

- Financial planning estimates financial requirements and determines the sources from which those requirements will be met.
- Apply the NCERT definition to the exact wording and eliminate options describing other concepts.

Step 1: Recognise the two activities The question combines estimating the funds a business will require with specifying the sources of those funds. These are the defining activities of financial planning. This process helps ensure that adequate funds are available when needed while avoiding unnecessary excess financing.

Step 2: Eliminate broader or different concepts Option (A), trading on equity, concerns using fixed-charge funds to increase the return available to equity shareholders. Option (B), capital budgeting, concerns investment in long-term assets or projects. Option (C), financial management, is the wider

function concerned with procurement and effective use of finance. The precise process described is financial planning.

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

Quick Tip to Solve: The pair of phrases estimating fund requirements and specifying sources identifies financial planning precisely.

6. 'Since business environment consists of numerous interrelated and dynamic conditions or forces which arise from different sources, it becomes difficult to comprehend at once what exactly constitutes a given environment.'

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

(A) Relativity

(B) Uncertainty

(C) Complexity

(D) Dynamic Nature

Correct Answer: (C) Complexity

Solution:

Concept:

- Complexity is the difficulty of understanding the numerous interrelated forces that together constitute the business environment.
- Apply the NCERT definition to the exact wording and eliminate options describing other concepts.

Step 1: Use the decisive words The statement refers to 'numerous interrelated and dynamic conditions or forces' from different sources and the difficulty of comprehending the environment at once. This highlights complexity: the many interacting forces make the overall environment difficult to understand in its entirety.

Step 2: Distinguish the other features Option (A), relativity, means that the environment differs between countries or regions. Option (B), uncertainty, concerns difficulty in predicting future events. Option (D), dynamic nature, means that the environment keeps changing. Although the statement mentions dynamic forces, its main emphasis is the difficulty of comprehending their interrelationships, so complexity is the best answer.

Step 3: Conclusion The feature highlighted is complexity. Hence, the correct option is (C).

Quick Tip to Solve: Choose complexity when many interrelated forces make understanding difficult; choose uncertainty when future prediction is difficult.

7. Statement-I : Workforce analysis enables an assessment of the number and types of human resources necessary for the performance of various jobs and accomplishment of organizational objectives.

Statement-II : Workload analysis reveals the number and type of human resources available.

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

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

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

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

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

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

Solution:

Concept:

- Estimating manpower requirements uses workload analysis to determine requirements and workforce analysis to assess existing personnel.
- Apply the NCERT definition to the exact wording and eliminate options describing other concepts.

Step 1: Assess Statement-I Statement-I is false. Assessing the number and types of human resources necessary for jobs and organisational objectives is workload analysis. Workforce analysis instead assesses the number and types of human resources already available in the organisation. The statement assigns the requirements function to the wrong analysis.

Step 2: Assess Statement-II and compare choices Statement-II is also false. Revealing the number and type of human resources available is workforce analysis, whereas workload analysis establishes the requirement. The two descriptions have been interchanged. Options (A) and (B) each incorrectly treat one statement as true; option (C) incorrectly treats both as true. Only option (D) recognises that both are false.

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

Quick Tip to Solve: Remember workload means the staff required for the work, while workforce means the staff currently available.

8. NV Electronics has an innovative range of smartphones, T.V's, home entertainment systems, kitchen appliances and air conditioners. Besides supplying quality products, their focus is also on handling customer complaints speedily, providing maintenance services, procuring credit services etc.

The function of marketing discussed above is : [1 mark]

(A) Branding

(B) Marketing Planning

(C) Product designing and development

(D) Customer support services

Correct Answer: (D) Customer support services

Solution:

Concept:

- Marketing Management: customer support services maintain customer satisfaction before and after a sale.
- Such services include complaint handling, maintenance, after-sales service and arranging credit.

Step 1: Identify the service activities The case emphasises 'handling customer complaints speedily', 'providing maintenance services' and 'procuring credit services'. These assist buyers in using or financing their purchases, and help maintain satisfaction and repeat business.

Step 2: Eliminate the other functions Branding (A) assigns a distinctive name or symbol. Marketing planning (B) sets marketing objectives and programmes. Product designing and development (C) concerns the features and design of products. None describes the support activities highlighted in this case.

Step 3: Conclusion The function is customer support services. Hence, the correct option is (D).

Quick Tip to Solve: Complaint handling, maintenance and credit assistance together point to customer support services.

9. Identify the incorrect statement with respect to 'Motion Study', as a technique of scientific management : [1 mark]

(A) Unnecessary movements are sought to be eliminated so that it takes less time to complete the job efficiently.

(B) It refers to the study of movements like lifting, putting objects, sitting and changing positions etc., which are undertaken while doing a typical job.

(C) Through this technique, Taylor was able to design suitable equipment and tools to educate workers on their use.

(D) This technique helps to determine the number of workers to be employed, frame suitable incentive schemes and determine labour costs.

Correct Answer: (D) This technique helps to determine the number of workers to be employed, frame suitable incentive schemes and determine labour costs.

Solution:

Concept:

- Principles of Management: motion study examines the movements involved in performing a job.
- Time study establishes the standard time for a well-defined task and supports manpower and labour-cost decisions.

Step 1: Check the statements describing motion study Options (A) and (B) correctly describe eliminating unnecessary movements and studying actions such as lifting, sitting and changing positions. Option (C) also fits: studying movements enables suitable tools and equipment to be designed and workers to be educated in their use.

Step 2: Separate time study from motion study Option (D) describes uses of time study: standard task time helps determine the workers needed, suitable incentive schemes and labour costs. It is therefore incorrect as a statement about motion study. The question asks for the incorrect statement, so the true descriptions in (A), (B) and (C) are excluded.

Step 3: Conclusion The incorrect statement about motion study is (D). Hence, the correct option is (D).

Quick Tip to Solve: Link motion study to movements; link worker numbers, incentives and labour costs to time study.

10. In the 'Primary Market' prices of securities are determined by : [1 mark]

(A) Management of the company

(B) Demand and supply of the security

(C) Employees of the company

(D) Only demand for the security

Correct Answer: (A) Management of the company

Solution:

Concept:

- Financial Markets: the primary market deals in new securities issued by companies.
- In the NCERT comparison, the issuing company management determines primary-market prices; demand and supply determine secondary-market prices.

Step 1: Identify who sets the issue price A company raises fresh capital through the primary market. Its management decides the price at which the new securities are offered, subject to the applicable issue process. Thus management of the company is the relevant decision maker in this textbook distinction.

Step 2: Check the remaining alternatives Option (B), demand and supply, describes price determination in the secondary market where existing securities are traded. Employees (C) do not determine the issue price merely by being employees. Only demand (D) is neither the stated primary-market basis nor the complete demand-and-supply mechanism of secondary trading.

Step 3: Conclusion Primary-market prices are determined by management of the company. Hence, the correct option is (A).

Quick Tip to Solve: First ask whether securities are newly issued or already traded: company management versus market demand and supply.

11. Ramesh wanted to buy a room heater as it had become extremely cold. He went to the nearby market in search of a good room heater. He first visited a few big shops selling branded heaters and checked the design, quality and the price. Walking through the market he saw a road side shop displaying an attractive room heater. He walked into the shop to enquire about the room heater. The shopkeeper demonstrated how the heater worked and simultaneously explained its qualities like its rotating function, auto-cut etc.

Ramesh asked about its price and decided to buy it, as in comparison to other room heaters, it was cheaper and had various additional features. However while focusing on the price and features, he did not check the ISI mark or the label which displayed the date of manufacturing, safety features, directions for use etc.

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

(A) Right to choose/be assured

(B) Right to be heard

(C) Right to consumer education

(D) Right to safety

Correct Answer: (A) Right to choose/be assured

Solution:

Concept:

- Consumer Protection: the right to choose or be assured gives consumers access to a variety of products at competitive prices.
- The right to safety protects against hazardous goods; consumers should check safety certification such as the ISI mark.

Step 1: Identify the right actually exercised Ramesh 'visited a few big shops' and compared design, quality and price. He then chose a heater because 'it was cheaper and had various additional features'. This comparison and selection among alternatives shows exercise of the right to choose/be assured.

Step 2: Distinguish the other rights No complaint or representation is described, so the right to be heard (B) is not exercised. The case does not describe acquiring general consumer knowledge or awareness, so (C) is not the best answer. He neglected the ISI mark and safety directions; therefore safety (D), though relevant, is not the right demonstrated by his choice.

Step 3: Conclusion Ramesh exercised the right to choose/be assured. Hence, the correct option is (A).

Quick Tip to Solve: Identify the action performed: comparing and selecting shows choice; ignoring the ISI mark signals neglected safety.

12. Statement – I : Capital market instruments are safer than money market instruments both with respect to returns and principal repayment.

Statement – II : The capital market deals in medium and long-term securities such as equity shares and debentures etc.

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

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

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

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

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

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

Solution:

Concept:

- Financial Markets: money-market instruments are short-term instruments and are generally safer than capital-market instruments.
- Capital markets provide medium- and long-term finance through securities including shares and debentures.

Step 1: Evaluate Statement I Statement I is false. It reverses the textbook safety comparison. Capital-market investments generally involve greater risk with respect to returns and recovery of principal, whereas money-market instruments are generally safer owing to their short maturity and the financial standing of their issuers.

Step 2: Evaluate Statement II and match the pair Statement II is true: the capital market deals in medium- and long-term securities such as equity shares and debentures. The required pair is therefore false–true. Option (A) reverses both judgements, (C) wrongly accepts Statement I and (D) wrongly rejects Statement II.

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

Quick Tip to Solve: Do not confuse long maturity with greater safety: capital-market instruments generally carry more risk.

13. There are two statements, Assertion (A) and Reason (R).

Assertion (A) : Controlling should not be misunderstood as the last function of management.

Reason (R) : Controlling is a function that brings the management cycle back to the planning function.

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

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

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

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

(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:

- Controlling: actual performance is compared with standards, deviations are analysed and corrective action is taken.
- Planning and controlling are interdependent; control feedback provides the basis for future plans.

Step 1: Evaluate the assertion Assertion (A) is true. Although controlling is often listed after the other functions, management is a continuous cycle. Control does not end all managerial activity; its findings influence subsequent decisions and plans.

Step 2: Evaluate the reason Reason (R) is true. Information about deviations and corrective action feeds back into planning. Managers can revise standards, objectives or actions for the next cycle, so controlling brings management back to the planning function.

Step 3: Check the explanatory relationship The feedback into planning explains precisely why controlling should not be treated as the final endpoint of management. Option (A) wrongly rejects the assertion, (B) wrongly rejects both statements, and (C) wrongly rejects the reason. Both are true and the reason explains the assertion.

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

Quick Tip to Solve: Trace the loop: plans set standards, control checks performance, and feedback informs the next plan.

14. 'Lima' is a global sportswear brand known for shoes, apparel and sports accessories. Customers can recognize Lima's shoes, t-shirts and bags just by seeing the tiger symbol imprinted on all Lima's products. Lima has legally registered both its name 'Lima' and its tiger symbol so that no other company can legally use the same or similar design in their sportswear.

The tiger symbol is Lima's : [1 mark]

(A) Brand name

(B) Brand mark

(C) Trade mark

(D) Both Brand mark and Trade mark

Correct Answer: (D) Both Brand mark and Trade mark

Solution:

Concept:

- Marketing Management: a brand mark is the recognisable symbol, design or distinctive element of a brand that cannot be spoken.
- A trade mark is a brand or part of a brand given legal protection against unauthorised use.

Step 1: Classify the tiger symbol Customers recognise the products 'just by seeing the tiger symbol'. The tiger is a visual identifying symbol, so it is a brand mark. The spoken word 'Lima' is the brand name, which rules out (A) for the tiger symbol.

Step 2: Apply the registration detail The case says Lima has 'legally registered both its name' and its tiger symbol. The registered tiger symbol therefore also has trade-mark protection. Option (B) recognises only its visual identity and (C) only its legal status; each is incomplete because (D) includes both applicable descriptions.

Step 3: Conclusion The tiger symbol is both a brand mark and a trade mark. Hence, the correct option is (D).

Quick Tip to Solve: A visual symbol is a brand mark; when legally protected, that same symbol is also a trade mark.

15. There are two statements, Assertion (A) and Reason (R).

Assertion (A) : The dividend in growth companies is more than that in the non-growth companies.

Reason (R) : Companies having good growth opportunities retain more money out of their earnings so as to finance the required investment.

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

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

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

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

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

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

Solution:

Concept:

- Financial Management: growth opportunities as a factor affecting the dividend decision.
- Retained earnings finance investment; distributing a larger share leaves less internal finance.

Step 1: Judge Assertion (A) Assertion (A) is false. Growth companies generally distribute a smaller proportion of earnings as dividend because they need funds for expansion. The statement reverses the usual relationship between growth opportunities and dividend payout.

Step 2: Judge Reason (R) Reason (R) is true. Companies with good growth opportunities retain more earnings to finance the investment those opportunities require. This reduces their dependence on external sources of finance.

Step 3: Check the relationship and alternatives The reason supports a lower dividend payout by growth companies, whereas the assertion claims a higher payout. Thus (B) is wrong because the reason is true; (C) reverses both truth values; and (D) is wrong because the assertion is false.

Step 4: Conclusion Assertion (A) is false and Reason (R) is true. Hence, the correct option is (A).

Quick Tip to Solve: Link greater growth opportunities to greater retention and a lower dividend payout.

16. Alka Motors is one of the leading automobile companies in India. Due to growing demand for electric vehicles, Alka Motors planned to expand its business and for this, it wanted to raise funds. The finance manager suggested that it should raise funds through equity as the market was bullish. As per the suggestion of finance manager, the company decided to raise ₹ 3,500 crore from equity for its expansion plan for electric vehicles.

The factor that the finance manager took into consideration to raise funds through equity was :

[1 mark]

(A) Cash flow position

(B) Flexibility

(C) Cost of debt

(D) Stock-market conditions

Correct Answer: (D) Stock-market conditions

Solution:

Concept:

- Financial Management: stock-market conditions as a factor affecting the choice of capital structure.
- Equity issues are generally more attractive in a rising or bullish share market.

Step 1: Identify the decisive clue The finance manager recommends equity because 'the market was bullish'. This directly identifies **stock-market conditions**: a rising market makes it easier to attract investors to an equity issue.

Step 2: Eliminate the other factors Cash flow position concerns the ability to meet cash commitments such as interest and repayment. Flexibility concerns the capacity to raise funds and adjust financing in future. Cost of debt concerns the interest cost of borrowing. None is the stated basis for the recommendation; the case expressly refers to the bullish market.

Step 3: Conclusion The factor is stock-market conditions. Hence, the correct option is (D).

Quick Tip to Solve: When the case mentions a bullish or bearish market, look for stock-market conditions.

17. Green-Eats is a start-up offering plant based meal kits. It gained popularity as more young consumers were becoming health conscious and awareness about environmental issues was increasing day-by-day. To promote sustainable eating, they collaborated with schools and colleges and organized workshops for them.

Identify the element of business environment highlighted in the above case : [1 mark]

(A) Economic Environment

(B) Social Environment

(C) Political Environment

(D) Technological Environment

Correct Answer: (B) Social Environment

Solution:

Concept:

- Business Environment: the social environment includes values, attitudes, lifestyles and consumer preferences.
- Changes in health consciousness and environmental awareness influence demand for products.

Step 1: Connect the case to the dimension The phrases 'young consumers were becoming health conscious' and 'awareness about environmental issues was increasing' show changing attitudes, values and lifestyles. These are elements of the **social environment**, explaining demand for plant based meals.

Step 2: Compare the alternatives Economic environment concerns factors such as income, inflation and interest rates, none of which is the stated change. Political environment concerns governmental attitudes and political conditions. Technological environment concerns scientific advances and production methods. The case instead highlights consumer awareness and preferences, reinforced through educational workshops.

Step 3: Conclusion The element highlighted is Social Environment. Hence, the correct option is (B).

Quick Tip to Solve: Classify changing lifestyles, values and health awareness under the social environment.

18. Neha is working as a Manager at 'NutriBite', a company that makes protein rich snacks which are high in demand. She is responsible for implementing organisation's marketing plans, and ensuring that her department has necessary personnel to achieve goals as per company's policy.

Identify the 'level' of management at which Neha is working : [1 mark]

(A) Top level

(B) Middle level

(C) Operational level

(D) Both Middle level and Operational level

Correct Answer: (B) Middle level

Solution:

Concept:

- Nature and Significance of Management: middle management links top management with operational management.
- Middle managers implement organisational plans and ensure that departments have the personnel needed to achieve objectives.

Step 1: Identify the level from the duties Neha is responsible for 'implementing organisation's marketing plans' and 'ensuring that her department has necessary personnel'. These are departmental responsibilities of **middle management**; she converts policy into action within her department.

Step 2: Reject the other levels Top management determines overall objectives, strategy and policy, rather than chiefly implementing departmental plans. Operational management supervises workers and day-to-day execution at the operating level. The case describes departmental implementation and staffing, so there is no basis for including the operational level as option (D) does.

Step 3: Conclusion Neha works at the middle level of management. Hence, the correct option is (B).

Quick Tip to Solve: Departmental implementation of plans and arranging personnel point to middle management.

19. 'Taylor believed that industrial efficiency depends to a large extent on personnel competencies. He was of the view that the concern for efficiency could be built in right from the process of employee selection. Each person should be scientifically selected. The work assigned should suit her/his capabilities. To increase efficiency, they should be given the required training.' The principle of scientific management discussed above is : [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: (D) Development of Each and Every Person to His or Her Greatest Efficiency and Prosperity.

Solution:

Concept:

- Principles of Management: Taylor's principle of Development of Each and Every Person to His or Her Greatest Efficiency and Prosperity.
- Scientific selection, suitable work allocation and training develop employee competence and efficiency.

Step 1: Identify the principle using the evidence The case says 'Each person should be scientifically selected', work should 'suit her/his capabilities', and employees should receive 'the required training'. Together these identify development of every person to greatest efficiency and prosperity: suitable selection and development benefit workers and the enterprise.

Step 2: Distinguish the other principles Science, not Rule of Thumb replaces traditional methods with scientifically determined methods of doing work. Harmony, Not Discord promotes harmonious relations between workers and management. Cooperation, Not Individualism emphasises joint effort rather than competition. Although related to efficiency, these do not specifically describe the selection, placement and training stressed here.

Step 3: Conclusion The principle is Development of Each and Every Person to His or Her Greatest Efficiency and Prosperity. Hence, the correct option is (D).

Quick Tip to Solve: Scientific selection plus suitable work and training signals development of every person.

20. 'Stock Exchange is playing a vital role in ensuring wider share ownership by regulating new issues, better trading practices and taking effective steps in educating the public about investments.'

The above lines highlight which function of stock exchange from the following ? [1 mark]

(A) Providing Scope for Speculation

(B) Spreading of Equity Cult

(C) Safety of Transactions

(D) Contributes to Economic Growth

Correct Answer: (B) Spreading of Equity Cult

Solution:

Concept:

- Financial Markets: spreading of equity cult is a function of the stock exchange.
- Public investment education and better trading practices encourage wider ownership of shares.

Step 1: Identify the stated function The decisive words are 'ensuring wider share ownership' and 'educating the public about investments'. These describe **spreading of equity cult**: encouraging more people to invest in shares through education, sound practices and regulation of new issues.

Step 2: Distinguish the alternatives Providing scope for speculation concerns regulated speculative activity that supports liquidity and price movements. Safety of transactions concerns protection through regulated dealing and compliance. Contribution to economic growth concerns channelling savings into productive investment. These are stock-exchange functions, but the case specifically emphasises widening share ownership and investment awareness.

Step 3: Conclusion The highlighted function is Spreading of Equity Cult. Hence, the correct option is (B).

Quick Tip to Solve: Use the clue wider share ownership or public investment education to identify equity cult.

21(a). State any three features of Co-ordination. [3 marks]

Solution:

Concept:

- Nature and Significance of Management: coordination integrates the efforts of individuals and departments towards common organisational goals.
- Coordination is the essence of management because it binds the activities performed through all management functions.

Step 1: Integrates group efforts **Integration of group efforts:** Coordination unifies the diverse interests and activities of individuals and departments. It gives their efforts a common focus so that the organisation can pursue its objectives as a whole, instead of functioning as separate, disconnected units.

Step 2: Ensures unity of action **Ensures unity of action:** Coordination acts as the binding force between departments and ensures that their actions are directed towards the same organisational

goals. It reconciles differences in approach, timing and priorities, preventing conflicting activities and unnecessary duplication of effort.

Step 3: Continues throughout operations **Continuous process:** Coordination is an ongoing process that begins at the planning stage and continues through organising, staffing, directing and controlling. Plans and activities must be linked and adjusted continuously as work progresses and circumstances change; coordination is not a one-time exercise.

Step 4: Conclusion The three features are integration of group efforts, unity of action and continuity.

Quick Tip to Solve: For features of coordination, describe what coordination does or how it operates, using a distinct NCERT heading for each point.

OR

21(b). State any three points of significance of Principles of Management. [3 marks]

Solution:

Concept:

- Principles of Management: the significance of principles lies in their usefulness as general guidelines for managerial decisions and actions.
- These principles draw on experience and experimentation and must be applied with judgement to the circumstances of the organisation.

Step 1: Provide useful insights into reality **Providing managers with useful insights into reality:** Principles of management give managers insights into actual work situations. The accumulated knowledge and experience reflected in them help managers understand problems, improve their understanding of managerial situations and learn from experience without relying only on trial and error.

Step 2: Use resources effectively **Optimum utilisation of resources and effective administration:** Principles help managers use human and material resources efficiently, avoiding waste and unnecessary expenditure. By making managerial behaviour more systematic and reducing personal bias in decisions, they also support effective administration and the achievement of organisational objectives.

Step 3: Support sound decisions **Scientific decisions:** Principles enable managers to take decisions based on facts, logic and objective assessment rather than mere intuition, guesswork or personal preference. They provide a reasoned basis for comparing possible courses of action, while allowing the manager to adapt the decision to the specific situation.

Step 4: Conclusion Three points of significance are useful insights into reality, optimum utilisation of resources and effective administration, and scientific decisions.

Quick Tip to Solve: Use the NCERT significance headings and state the managerial benefit of each; do not substitute the features of principles.

22(a). Explain 'Transfers' and 'Promotions' as internal sources of recruitment. [3 marks]

Solution:

Concept:

- Staffing: internal recruitment fills vacancies by considering employees already working within the organisation.
- Transfers and promotions are internal recruitment sources; the distinction concerns responsibility, status and remuneration.

Step 1: Explain transfers **Transfers:** A transfer shifts an employee from one job, department, shift or workplace to another without a substantive change in responsibilities or status. It may or may not involve a change in duties and responsibilities. It is a horizontal movement and normally does not involve an increase in remuneration. Transfers allow an organisation to fill a vacancy from its existing workforce and move employees from areas with surplus staff to areas facing a shortage.

Step 2: Explain promotions **Promotions:** A promotion shifts an employee to a higher position carrying greater responsibilities and status and, usually, higher remuneration. It is a vertical, upward movement within the organisational hierarchy. The vacancy is filled by advancing an existing employee rather than recruiting someone from outside. Opportunities for promotion recognise employees' contributions and motivate them to improve their performance.

Step 3: Identify the common internal source **Internal recruitment:** Both methods use employees who already belong to the enterprise. A transfer generally fills a vacancy at a comparable level, whereas a promotion fills a higher position. In either case, the movement may create another vacancy in the employee's former position, which the organisation must subsequently fill.

Step 4: Conclusion Transfers are horizontal movements of existing employees, while promotions move existing employees upward to positions with greater responsibility and status.

Quick Tip to Solve: To distinguish the sources quickly, remember: transfer means horizontal movement; promotion means upward movement with higher responsibility.

OR

22(b). Explain 'Placement and Orientation' and 'Performance Appraisal' as steps in the process of 'Staffing' function of management. [3 marks]

Solution:

Concept:

- Staffing: placement and orientation help a selected employee enter the organisation and begin the assigned job effectively.
- Staffing: performance appraisal evaluates an employee's performance against predetermined standards and provides feedback.

Step 1: Placement and orientation **Placement:** This means putting the selected candidate in the job for which he or she has been selected. The employee occupies the position and is assigned its duties

and responsibilities. It follows selection and establishes the employee in the appropriate job.

Orientation: This means introducing the new employee to the organisation and to other employees. The employee is familiarised with the workplace, rules, policies and working arrangements. It helps the newcomer understand the organisation and settle into the work environment. Placement assigns the job; orientation enables the employee to become familiar with the people and organisation in which that job is performed.

Step 2: Performance appraisal **Performance appraisal:** It means evaluating an employee's current or past performance against predetermined standards. The employee is expected to know the standards on which performance will be judged. Actual performance is assessed and compared with those standards, and the employee receives feedback. Such feedback identifies strengths and areas needing improvement and helps the organisation make appropriate decisions concerning training, development and the employee's future responsibilities.

Step 3: Conclusion Placement assigns the selected employee to the job, orientation introduces the employee to the organisation and its people, and performance appraisal evaluates work against predetermined standards.

Quick Tip to Solve: Remember the sequence: assign the job, introduce the workplace, and later assess performance against known standards.

23. Identify and explain the external source of recruitment discussed in each of the following cases :

(i) Veer Infrastructure Pvt. Ltd. was handling the construction of a government hospital building in Unedabad. During the monsoon season, the project was delayed and there was a sudden rush of work to meet the deadline. The site supervisor placed a notice at the entrance of the construction site stating "Daily wage labourers needed for 15 days. Report with Identity Proof on Monday at 9:00 A.M. Preference for workers with experience in masonry or carrying materials".

(ii) Vista Bank planned to expand its retail banking operations in Tier-2 and Tier-3 cities. They needed to hire over 200 middle-level managers with experience in sales, customer service and operations.

Vista Bank approached 'Avon Consultants', one of India's leading management consultancy firms. 'Avon Consultants' advertised positions on job portals under their own name and also accessed its database of experienced professionals across India. After extensive screening, they shortlisted and forwarded qualified candidates to Vista Bank. [3 marks]

Solution:

Concept:

- Staffing: external sources of recruitment bring prospective employees from outside the organisation.
- Direct recruitment uses a notice at the workplace; placement agencies and management consultants help employers locate and screen suitable candidates.

Step 1: (i) Direct recruitment **Source: Direct recruitment.** The evidence is: "The site supervisor placed a notice at the entrance of the construction site" stating "Daily wage labourers needed for 15 days."

Under this source, the enterprise displays a notice at its premises specifying the details of the jobs

available. Job seekers assemble at the appointed place and time, and selection is made from among those who appear. This method is commonly used for casual vacancies requiring unskilled or semi-skilled workers. Here the short-term requirement for labourers and the invitation to report at the site show direct recruitment. The notice invites workers directly rather than through an intermediary.

Step 2: (ii) Placement agencies and management consultants **Source: Placement agencies and management consultants.** The evidence is: "Vista Bank approached 'Avon Consultants', one of India's leading management consultancy firms" and "After extensive screening, they shortlisted and forwarded qualified candidates to Vista Bank."

Such agencies maintain information about prospective candidates and recommend suitable persons to client employers. Management consultants help organisations recruit managerial personnel by attracting candidates and screening them for the client's requirements. Avon uses its professional database and advertisements under its own name to identify experienced managers, then sends a shortlist to the bank. Although job portals are used by Avon, the bank's source is the consultancy acting as a recruitment intermediary.

Step 3: Conclusion Case (i) describes direct recruitment, while case (ii) describes recruitment through placement agencies and management consultants.

Quick Tip to Solve: Identify who first connects applicants to the employer: a notice at the worksite indicates direct recruitment; an outside screening firm indicates a consultancy.

24. Riya, a software engineer wanted to invest a part of her savings in the stock-market. Encouraged by some online discussions, she came across a company 'Smart-Tech Ltd.', whose stock price was rising very fast. News began to circulate that company had got a large government contract and she believed that its share price would double soon. Convinced by the positive claims, Riya also invested in the shares of this company. Over the next week, the shares continued to rise but suddenly, the price started crashing. Within days, her investment had lost more than 60% of its value.

Riya started researching and discovered that the news about the government contract was false. Securities and Exchange Board of India (SEBI) also took immediate notice of the situation and called for detailed trading information and conducted enquiries and inspections. After examining trading information and conducting enquiries, SEBI found that a group of traders had spread false information to artificially boost the stock price. By taking action against the group of traders, SEBI made it clear that fraudulent and unfair trade practices are strictly prohibited.

(i) Quote lines from the above to identify the two functions being performed by SEBI.

(ii) Also state one more function of each category of the functions identified in (i) above. [3 marks]

Solution:

Concept:

- Financial Markets: SEBI performs regulatory functions to supervise the securities market and protective functions to safeguard investors.
- Calling for information and conducting inspections are regulatory functions; prohibiting fraudulent and unfair trade practices is a protective function.

Step 1: (i) Identify the regulatory function with evidence **Regulatory function: Calling for information and conducting enquiries, inspections and audits of stock exchanges and intermediaries.** The relevant words are: "called for detailed trading information and conducted enquiries and inspections."

SEBI examines trading records and investigates market activity to check compliance with securities-market rules. In this case, the information and enquiries enable SEBI to establish how the artificial price rise occurred. This is regulatory supervision of market activity.

Step 2: (i) Identify the protective function with evidence **Protective function: Prohibition of fraudulent and unfair trade practices.** The relevant line is: "By taking action against the group of traders, SEBI made it clear that fraudulent and unfair trade practices are strictly prohibited."

The traders spread false information to artificially raise the share price. Acting against this manipulation protects investors from deceptive practices and helps preserve confidence in the securities market.

Step 3: (ii) State one more function of each category **Another regulatory function:** SEBI registers brokers, sub-brokers and other players in the securities market. Registration brings these market participants within the regulatory framework and allows SEBI to supervise their activities.

Another protective function: SEBI prohibits insider trading, that is, dealing in securities using unpublished price-sensitive information. This prevents persons with privileged information from gaining an unfair advantage over other investors.

Step 4: Conclusion The case illustrates SEBI's regulatory function of calling for information and conducting enquiries and inspections, and its protective function of prohibiting fraudulent and unfair trade practices. Registration of market participants and prohibition of insider trading are additional functions of the respective categories.

Quick Tip to Solve: Link inspections and registration to regulation; link bans on fraud and insider trading to investor protection.

25. Meera purchased a mixer-grinder of a reputed brand from a well-known electronic store for ₹ 5,000. Within ten days, the mixer-grinder stopped working. Meera visited the shop for repair or replacement showing the cash memo and the warranty card but the shopkeeper refused to help her. Though the product was only for ₹ 5,000, she filed a complaint at the District Consumer Disputes Redressal Forum.

The Forum ordered the store to replace the product within 30 days. They also added ₹ 1,000 as compensation for mental harassment and ₹ 800 for legal costs.

State two responsibilities fulfilled by Meera and two reliefs which Meera got through Consumer Redressal Forum. [4 marks]

Solution:

Concept:

- Consumer Protection: consumer responsibilities include obtaining and retaining a cash memo and seeking redressal against genuine grievances.

- Reliefs available through consumer redressal machinery include replacement of defective goods and compensation for loss or injury suffered by the consumer.

Step 1: Two responsibilities fulfilled by Meera

- **Obtaining and retaining proof of purchase:** A consumer should ask for a cash memo when buying goods, since it provides evidence of purchase for a complaint. Meera fulfilled this responsibility: she approached the shopkeeper "showing the cash memo and the warranty card". These documents established the purchase and supported her claim concerning the defective mixer-grinder.
- **Filing a complaint for a genuine grievance:** A consumer should seek redressal against defective goods even when the amount involved is small. Although the mixer-grinder cost only Rs 5,000, Meera "filed a complaint at the District Consumer Disputes Redressal Forum" after the shopkeeper refused to help her.

Step 2: Two reliefs granted to Meera

- **Replacement of defective goods:** The Forum ordered the store "to replace the product within 30 days". Thus, Meera received an order for replacement of the defective mixer-grinder, rather than being required to keep a product that stopped working within ten days.
- **Compensation for injury suffered:** The Forum awarded Rs 1,000 "as compensation for mental harassment". This compensated her for the harassment caused by the defective product and the shopkeeper's refusal to help. In addition, the order awarded Rs 800 towards legal costs, reimbursing the expense of seeking redressal.

Step 3: Conclusion Meera retained documentary proof of purchase and pursued a genuine grievance despite the small amount involved. She obtained replacement of the mixer-grinder and compensation of Rs 1,000; the Forum also awarded Rs 800 towards legal costs.

Quick Tip to Solve: Match each responsibility to Meera's action and each relief to the Forum's order; keep responsibilities distinct from consumer rights.

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, mainly through transfers and promotions of existing employees.
- The limitations of internal recruitment concern the restricted choice of candidates and its effects on employees, competition and the organisation's staffing requirements.

Step 1: Limitations concerning talent and employee initiative

- **Limited scope for induction of fresh talent:** Internal recruitment restricts the choice of candidates to employees already working in the organisation. People with fresh ideas, different experience and new skills cannot enter through this source. The organisation may therefore lose the opportunity to introduce new talent available outside it.
- **Employees may become lethargic:** When promotion is based on length of service and employees

are sure of a time-bound promotion, they may become complacent. The assurance of advancement can reduce their initiative to improve their performance or acquire additional skills.

Step 2: Limitations concerning new enterprises and competition

- **Not suitable for a new enterprise:** A newly established enterprise does not have an existing pool of employees from which to recruit for its initial vacancies. It therefore cannot rely on internal sources to meet its initial staffing needs and must recruit employees from outside.
- **Reduced spirit of competition:** Existing employees do not face competition from capable outside candidates when recruitment is confined to the organisation. This restricted competition may weaken the incentive to improve performance and reduce the competitive spirit among employees.

Step 3: Conclusion Four limitations are restricted induction of fresh talent, possible lethargy among employees, unsuitability for a new enterprise, and reduced competitive spirit when employees do not compete with outside candidates.

Quick Tip to Solve: Keep complacency due to assured promotion separate from reduced competition due to excluding outside candidates; explain the cause of each.

OR

26(b). State any four benefits of staffing to the organization. [4 marks]

Solution:

Concept:

- Staffing: Staffing is the managerial function of finding and placing the right people in the right jobs through recruitment, selection, placement, training and development.
- Its importance lies in obtaining competent employees, using human resources well and maintaining an effective workforce over time.

Step 1: Benefits relating to competence and performance

- **Obtaining competent personnel:** Staffing helps an organisation discover and obtain competent personnel for different jobs. Systematic recruitment and selection enable it to identify people with the qualifications and abilities needed to perform the work.
- **Higher performance:** Staffing improves performance by putting the right person on the right job. Matching a person's abilities with the requirements of the position helps employees perform their duties efficiently and contributes to the achievement of organisational objectives.

Step 2: Benefits relating to continuity and resource use

- **Continuous survival and growth:** Staffing ensures the continuous survival and growth of the enterprise through succession planning for managers. Developing suitable people in advance enables important managerial positions to be filled when existing managers leave or retire.
- **Optimum utilisation of human resources:** Proper staffing prevents both overstaffing and understaffing. Assessing personnel requirements and placing employees appropriately avoids unnecessary labour costs while ensuring that the available workforce can complete the required work.

Step 3: Conclusion Four benefits of staffing are obtaining competent personnel, achieving higher performance, ensuring continuous survival and growth, and optimising the utilisation of human resources.

Quick Tip to Solve: Recall staffing benefits through four cues: competent people, right job, managerial succession and optimum workforce size.

27. **Fresh Foods Pvt. Ltd. manufactures and distributes organic packaged food products. It's operations are divided into five main departments – Production, Marketing, Finance, Human Resources and Research and Development. Each department has its own head and a team that focuses only on the work related to their department. This promotes efficiency in utilization of manpower as employees perform similar tasks within a department and are able to improve performance. This also helps in increasing managerial and operational efficiency and results in increased profit.**

Since each department handles a narrow range of tasks and focus is on a limited range of skills, it is easier to train new employees.

(i) Identify the organization structure followed by Fresh Foods Pvt. Ltd.

(ii) Also state three advantages of the structure identified in (i) above not discussed in the given case. [4 marks]

Solution:

Concept:

- Organising: A functional structure groups jobs of a similar nature under major functions such as production, marketing, finance and personnel. Each functional department has a head responsible for its activities.
- Advantages already described in a case must be excluded when the question asks for other advantages of the identified structure.

Step 1: Identify the structure from the case **(i) Functional structure:** Fresh Foods Pvt. Ltd. follows a functional organisation structure. The decisive evidence is that its operations are divided into "Production, Marketing, Finance, Human Resources and Research and Development", with each department having its own head. Thus activities are grouped according to the functions performed. The case already explains occupational specialisation, improved managerial and operational efficiency, and easier employee training, so these are not repeated below.

Step 2: State three other advantages **(ii)** The following advantages are not discussed in the case:

- **Effective control and coordination:** Grouping similar activities together facilitates control and coordination within each department. The functional head can supervise related tasks and bring the efforts of employees working on those tasks into alignment.
- **Minimum duplication and economies of scale:** Similar activities are performed in a single functional department instead of being repeated in several places. This minimises duplication of effort, allows resources to be used economically and results in economies of scale and lower costs.
- **Ease of expansion:** A functional structure makes expansion easier because new activities or personnel can be added to the appropriate functional department. The organisation can therefore

increase its scale of operations without unnecessarily creating an entirely new set of departments for every addition.

Step 3: Conclusion The company follows a functional structure. Three additional advantages are effective control and coordination within departments, minimum duplication with economies of scale, and ease of expansion.

Quick Tip to Solve: First cross out the advantages explicitly explained in the case; then select control and coordination, economy through avoiding duplication, and expansion.

28. Aditya owned a skincare company named 'Nat-Ayur'. In July, 2025, he decided to launch a new herbal face cream in the market using traditional herbs like turmeric, sandalwood, neem, aloe vera, saffron etc.

The total cost of producing, packaging, distributing and selling the cream came to ₹ 60 per tube. 'Nat-Ayur' decided that this would be the minimum price to cover the cost. They wanted to earn a fair margin of profit too. For this 'Nat-Ayur' conducted a survey and found that the expected demand would be high. Customers were ready to pay more for herbal and chemical free products. They also found that many face creams with similar features are available in the market priced between ₹ 80 to ₹ 120. To compete effectively, 'Nat-Ayur' decided to price the cream at ₹ 99 to attract the customers while offering better benefits.

To add value to the product 'Nat-Ayur' invested in eco-friendly packaging, free home delivery and on-line advertisements. This uniqueness gives 'Nat-Ayur' a competitive freedom in fixing price of its cream.

Identify and explain any two factors that were taken into consideration by 'Nat-Ayur' for determining the price of their herbal face cream. [4 marks]

Solution:

Concept:

- Marketing Management: price determination involves considering product cost and the extent of competition in the market.
- Cost establishes the minimum price needed to recover expenditure, while competitors' prices and offerings guide the price that can be charged competitively.

Step 1: Product cost **Product cost:** The case states, "The total cost of producing, packaging, distributing and selling the cream came to Rs 60 per tube" and that this would be "the minimum price to cover the cost". This identifies product cost as a factor in price determination. The price should cover the costs of production, distribution and selling, including fixed and variable costs, and provide a fair return for the firm's efforts and risk. Thus, Rs 60 per tube is treated as the cost floor by Nat-Ayur; merely charging that amount would recover its stated cost without providing the desired margin. Its price decision therefore takes cost recovery and a reasonable profit into account.

Step 2: Extent of competition in the market **Extent of competition in the market:** The case states that "many face creams with similar features are available in the market priced between Rs 80 to Rs 120" and that the firm chose Rs 99 "to compete effectively". Competitors' prices and their anticipated

reactions must be considered when fixing a price. The nature and quality of competing products also matter: buyers compare the benefits they obtain for a given price. Nat-Ayur therefore used the prices of similar creams as a reference and selected Rs 99 within that range, while offering better benefits to attract customers. Competition influences its pricing freedom even though distinctive benefits can help it justify its chosen price.

Step 3: Conclusion The two factors are **product cost** and **extent of competition in the market**, supported respectively by the Rs 60 cost floor and the competing creams priced from Rs 80 to Rs 120.

Quick Tip to Solve: For any two pricing factors, name each NCERT factor, quote its own case evidence and explain how it affects the price.

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

(i) Planning leads to rigidity

(ii) Planning may not work in a dynamic environment [4 marks]

Solution:

Concept:

- Planning: limitations arising from predetermined courses of action and changes in the business environment.
- Plans guide future action, but their usefulness depends on flexibility and the continuing validity of the assumptions on which they were based.

Step 1: Planning leads to rigidity **Planning leads to rigidity:** An organisation prepares well-defined plans with specific goals to be achieved within a specified time. These plans decide the future course of action, and managers may be required to follow them strictly. Consequently, managers may lack the flexibility to alter the plan when circumstances change. Blind adherence to a predetermined course can prevent them from taking a better course of action, even when that course would serve the organisation's interests. Since actual conditions may differ from those anticipated, a plan that is too rigid can become a constraint on initiative and effective action. Managers must therefore be able to adapt their actions to changed circumstances instead of treating a plan as unalterable.

Step 2: Planning may not work in a dynamic environment **Planning may not work in a dynamic environment:** The business environment consists of economic, social, political, technological and legal forces that keep changing. Planning is based on forecasts and assumptions about future conditions, but it is difficult to assess future trends accurately. A change in government policy, technology or competition can make the assumptions underlying an existing plan incorrect. The plan may then lose its relevance and require modification. Since a business cannot foresee or control every external change, planning cannot always provide a reliable guide to action in a rapidly changing environment. This limitation does not make planning unnecessary; it shows why managers must review plans as conditions change.

Step 3: Conclusion Planning can restrict flexibility when plans are followed rigidly, and changing external conditions can make the assumptions behind a plan unreliable or outdated.

Quick Tip to Solve: Separate the two limitations: rigidity concerns strict adherence to plans; a dynamic environment concerns changing external conditions.

OR

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

(i) Develops initiative among subordinates

(ii) Develops managerial talent for the future. [4 marks]

Solution:

Concept:

- Organising: decentralisation is the systematic delegation of authority throughout the organisation, allowing decisions to be taken at lower levels.
- Its importance includes developing initiative among subordinates and providing practical training for future managers.

Step 1: (i) Develops initiative among subordinates **Develops initiative among subordinates:** Decentralisation gives lower-level managers freedom to take decisions and act independently within the authority delegated to them. They need not refer every matter to a superior. This develops confidence and self-reliance because they exercise their own judgement and accept responsibility for the results. It also encourages them to identify problems, find solutions and introduce new ideas instead of merely carrying out instructions. They learn to depend on their own judgement, take initiative and develop their potential. Thus, decision-making opportunities encourage active participation in managing the organisation.

Step 2: (ii) Develops managerial talent for the future **Develops managerial talent for the future:** Decentralisation gives subordinate managers experience in making decisions and dealing with actual work situations. They learn by doing: they exercise authority, assess alternatives, take responsibility and understand the consequences of their decisions. This practical exposure improves their managerial skills and judgement. It also allows management to identify capable employees and prepares them to accept greater responsibility. Consequently, the organisation builds a pool of trained managers who can occupy more challenging positions and take over higher managerial roles as the organisation grows or vacancies arise.

Step 3: Conclusion Decentralisation develops initiative by giving subordinates decision-making freedom, and develops future managerial talent by providing experience and preparation for higher responsibilities.

Quick Tip to Solve: Link initiative with freedom and confidence, and future managerial talent with learning by doing and readiness for higher posts.

30. 'Priya Motors', a motorbike manufacturing company, launched a new model of bike in the market named 'Moto Glide III'. The company planned carefully to make this bike appeal to young riders. The design team focused on making the bike attractive and stylish to the target customers, primarily the youth. They gave it a sleek body, sharp headlights and a digital speedometer. The design made the bike not just look good but also improved its aerodynamics and fuel efficiency. This helped the company stand out from other brands, thereby getting a competitive edge.

The company followed strict quality standards in making each part of the bike which helped in achieving uniformity and consistency in output. 'Priya Motors' also offered different versions of bike with different prices based on features like Bluetooth connectivity, colour options etc.

Identify and explain two functions of marketing discussed above. [4 marks]

Solution:

Concept:

- Marketing Management: product designing and development concerns the product's appearance, features and usefulness in meeting customer needs.
- Standardisation and grading is a marketing function that establishes uniform product specifications and classifies products into groups according to relevant characteristics.

Step 1: Product designing and development **Identification and evidence:** The first function is **product designing and development**. The case says that the design team made the bike "attractive and stylish" and gave it a "sleek body, sharp headlights and a digital speedometer." Its design also improved "aerodynamics and fuel efficiency."

Explanation: This function involves deciding the design and developing features of a product to meet the needs and preferences of its target customers. Design contributes both to appearance and to utility. An attractive, useful and well-designed product appeals to customers and can provide a competitive advantage. Priya Motors designed the bike to appeal to young riders while improving its functional performance, helping distinguish it from competing bikes.

Step 2: Standardisation and grading **Identification and evidence:** The second function is **standardisation and grading**. Standardisation is shown by "strict quality standards" which achieve "uniformity and consistency in output." Grading is indicated by the "different versions" offered according to features such as Bluetooth connectivity and colour options, with different prices.

Explanation: Standardisation means producing goods according to predetermined specifications, such as quality, size and design, so that output is consistent. It assures buyers about the quality and characteristics of the product and reduces the need for repeated inspection. Grading means classifying products into groups on the basis of characteristics such as quality or features. Such classification enables buyers to identify and select the category suited to their needs and allows different categories to be priced appropriately. Here, uniform standards govern production, while feature-based versions offer customers different choices.

Step 3: Conclusion The two marketing functions are **product designing and development** and **standardisation and grading**.

Quick Tip to Solve: Match appearance and utility to designing; match uniform specifications and feature-based categories to standardisation and grading.

31(a). Explain 'Science, not Rule of Thumb' as a principle of Scientific Management and 'Functional Foremanship' and 'Time study' as techniques of Scientific Management. [6 marks]

Solution:

Concept:

- Principles of Management: Taylor's scientific management replaces personal judgement with scientific analysis to discover the best method of work.
- Functional foremanship applies specialisation to supervision, while time study determines the standard time required to perform a well-defined job.

Step 1: Explain Science, not Rule of Thumb

- **Scientific investigation:** Taylor advocated replacing the old rule-of-thumb methods, based on a manager's experience and personal judgement, with methods developed through scientific study and analysis. Each element of a job should be examined to discover the single best method of doing it.
- **Standardisation and efficiency:** The best method is developed by studying existing methods, testing alternatives and selecting the method that maximises efficiency. It is then taught to workers and followed systematically. This reduces wasted effort and resources and increases productivity instead of leaving each worker to use an individual method.

Step 2: Explain Functional Foremanship

- **Specialised supervision:** This technique separates planning from execution and recognises that one foreman cannot possess all the qualities needed for effective supervision. A worker receives guidance from eight specialist foremen, each responsible for a particular aspect of work.
- **Division of duties:** Under the planning incharge, the instruction card clerk specifies instructions, the route clerk specifies the production route, the time and cost clerk prepares time and cost information, and the disciplinarian ensures discipline. Under the production incharge, the speed boss ensures timely and accurate completion, the gang boss keeps machines and tools ready, the repair boss maintains their working condition, and the inspector checks quality. Specialisation improves the quality of supervision.

Step 3: Explain Time Study

- **Standard time:** Time study determines the standard time taken by a worker of average skill and efficiency to perform a well-defined job under specified working conditions. Repeated observations of the job are taken with time-measuring devices, such as a stopwatch, to establish this time.
- **Managerial use:** The standard time helps determine how many workers are needed, frame suitable incentive schemes and determine labour costs. It gives management an objective basis for planning the completion of work and setting a fair standard of performance.

Step 4: Conclusion Science, not Rule of Thumb establishes the best method through analysis; Functional Foremanship provides specialised supervision; and Time Study establishes the standard time for a job.

Quick Tip to Solve: Keep the three answers distinct: scientific method, eight specialist foremen, and standard time. Do not describe motion study when explaining time study.

OR

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

(i) Unity of Command

(ii) Esprit De Corps

(iii) Stability of Personnel [6 marks]

Solution:

Concept:

- Principles of Management: Fayol's principles guide managerial behaviour and the organisation of work to improve efficiency and cooperation.
- Unity of command concerns the source of orders, esprit de corps concerns team spirit, and stability of personnel concerns continuity of employees in their jobs.

Step 1: Explain Unity of Command

- **One superior for each employee:** An employee should receive orders from, and be responsible to, only one superior at a time. This clarifies whose instructions to follow and to whom performance must be reported.
- **Avoidance of conflicting instructions:** If two superiors issue orders to the same employee, the orders may conflict. This can undermine authority and discipline, create confusion and allow responsibility to be evaded. Unity of command prevents such conflict and helps fix accountability for results.

Step 2: Explain Esprit De Corps

- **Team spirit and unity:** Management should promote team spirit, harmony and unity among employees. Organisational objectives are achieved through collective effort; therefore, managers should develop a sense of belonging and mutual trust rather than encourage divisions among employees.
- **Cooperation and morale:** A manager should replace 'I' with 'We' in dealings with workers. This encourages cooperation, reduces friction and raises group morale. Employees should work as one team towards a common objective.

Step 3: Explain Stability of Personnel

- **Reasonable continuity of tenure:** Employees should be selected and appointed after a rigorous procedure and then given a reasonable period in a post to demonstrate their ability. They need time to learn their duties and develop the skills needed for effective performance.
- **Reduced unnecessary turnover:** Frequent transfers and removals should be avoided as far as possible. Instability creates insecurity, discourages employees and wastes expenditure on recruitment and training. Stable tenure improves efficiency and encourages employees to contribute confidently to the organisation.

Step 4: Conclusion Unity of Command establishes one reporting superior, Esprit De Corps promotes team spirit, and Stability of Personnel gives employees sufficient continuity to develop and perform effectively.

Quick Tip to Solve: Link each principle to its key phrase: one boss, team spirit, and reasonable tenure. Unity of command concerns reporting, whereas unity of direction concerns one plan for similar activities.

32. 'Freshju' is a trading company, selling bottled juices made by other manufacturers. Now, it planned to sell its juices across India. For this, 'Freshju' decided to enter into 'Juice manufacturing'. It also has ambitious plans to export its juices to other countries in the future. To meet anticipated higher demand in future, the company set-up a larger manufacturing unit. The Chief Executive Officer, Ravinder, ordered automatic juice-filling and bottling machines to increase speed, improve hygiene and for consistency in production. Since the investment was huge, instead of buying all new machinery 'Freshju' took some expensive machines on lease.

They also collaborated with a nearby packaging unit to use their packing machines during peak-season. This helped 'Freshju' to manage seasonal surges in demand without investing in additional equipment that would remain underutilized during off season.

Quoting lines from the above, identify and explain any four factors that will affect the fixed capital requirements of 'Freshju'. [6 marks]

Solution:

Concept:

- Financial Management: fixed capital is the investment in long-term assets such as plant, machinery and buildings. Its requirements depend on the nature and scale of business, production technique and other operating decisions.
- A factor must be linked to its effect on investment in fixed assets. Expansion can raise this investment, while sharing facilities can reduce the assets a firm needs to own.

Step 1: Nature of business **Nature of business:** " 'Freshju' is a trading company, selling bottled juices made by other manufacturers" and " 'Freshju' decided to enter into 'Juice manufacturing'." A trading concern normally requires less fixed capital because it purchases finished goods for resale and does not maintain a manufacturing plant. A manufacturing concern needs plant, machinery and other production facilities. Thus, Freshju's move from trading into manufacturing increases its fixed capital requirement.

Step 2: Scale of operations **Scale of operations:** "To meet anticipated higher demand in future, the company set-up a larger manufacturing unit." A business operating on a large scale needs more space, plant and equipment than one operating on a small scale. Freshju's larger production unit therefore calls for a greater investment in fixed assets to provide the required capacity.

Step 3: Choice of technique **Choice of technique:** "Ravinder, ordered automatic juice-filling and bottling machines to increase speed, improve hygiene and for consistency in production." A capital-intensive technique depends more on machinery and therefore requires a larger investment in fixed assets than a labour-intensive technique. Freshju's decision to use automatic filling and bottling machines increases its fixed capital requirement.

Step 4: Level of collaboration **Level of collaboration:** "They also collaborated with a nearby packaging unit to use their packing machines during peak-season." Collaboration allows businesses to share facilities instead of investing separately in the same assets. By using the nearby unit's packing machines during peak demand, Freshju avoids purchasing additional equipment that would be underutilized in the off season. This reduces its own fixed capital requirement relative to owning all the required packing capacity.

Step 5: Conclusion The four factors are nature of business, scale of operations, choice of technique

and level of collaboration. The first three decisions increase Freshju's investment requirement in fixed assets, whereas sharing packing facilities reduces the investment it would otherwise need.

Quick Tip to Solve: Link manufacturing to nature, a larger unit to scale, automatic machines to technique, and shared machines to collaboration; explain the effect on fixed assets for each.

33. Greener Organic is a company producing eco-friendly fertilizers and soil boosters. With the growing interest in organic farming, the company is planning to expand its operations across India. Greener sets its target to increase its sales by 25% in the next year. This gave all departments – sales, production, marketing and logistics – a common target to work. To achieve this, Greener made a comprehensive plan to enter Tier-2 and Tier-3 cities by working with local farmer groups. They also plan to promote their brand through on-line campaigns focused on eco-friendly farming. The company also laid down broad parameters within which the managers could function. All raw materials used had to be certified organic and preferably sourced from local farmers. This would improve quality, support local people and build trust with customers. The company allocated ₹ 50 lakhs for marketing, which included funds for regional newspaper advertisements, digital marketing, promotional events and dealer incentives. By quantifying future facts and figures, the company planned to control costs and evaluate performance.

Identify and explain any four type of plans discussed in the above case. [6 marks]

Solution:

Concept:

- Planning: objectives specify the desired results, strategies provide a comprehensive direction, policies guide managerial decisions, and budgets express expected results in numerical terms.
- These plans support one another: an objective states what to achieve, a strategy provides the broad approach, a policy guides choices, and a budget allocates resources numerically.

Step 1: Objectives **Objectives:** "Greener sets its target to increase its sales by 25% in the next year." Objectives are the desired future positions or end results that management seeks to achieve through its activities. They provide direction to all departments and serve as standards for evaluating performance. Here, the specified sales increase within the next year gives sales, production, marketing and logistics a common result towards which their efforts can be coordinated.

Step 2: Strategy **Strategy:** "Greener made a comprehensive plan to enter Tier-2 and Tier-3 cities by working with local farmer groups." The proposed on-line campaigns focused on eco-friendly farming also form part of this approach. A strategy is a comprehensive plan for accomplishing organisational objectives. It includes determining long-term objectives, adopting a course of action and allocating resources to achieve them. Greener's choice of markets, local partnerships and promotional approach provides an overall direction for achieving its sales objective in the changing business environment.

Step 3: Policy **Policy:** "The company also laid down broad parameters within which the managers could function. All raw materials used had to be certified organic and preferably sourced from local farmers." Policies are general statements that guide thinking and channelise decisions towards the organisation's objectives. They establish broad boundaries within which managers exercise

discretion. Here, the sourcing policy guides managers' purchase decisions so that materials meet organic standards and local sourcing is preferred, helping maintain consistency in decisions.

Step 4: Budget **Budget:** "The company allocated Rs 50 lakhs for marketing" and "By quantifying future facts and figures, the company planned to control costs and evaluate performance." A budget is a statement of expected results expressed in numerical terms. Greener's monetary allocation covers newspaper advertisements, digital marketing, promotional events and dealer incentives. The amount provides a quantitative spending plan against which actual expenditure can be compared, enabling management to control costs and evaluate performance.

Step 5: Conclusion The four types of plans are objectives, strategy, policy and budget: the sales target is the objective, market expansion is the strategy, the raw-material sourcing guidelines are the policy, and the quantified marketing allocation is the budget.

Quick Tip to Solve: Match a measurable target with objective, a comprehensive action plan with strategy, broad decision guidelines with policy, and a quantified allocation with budget.

34(a). Explain any four semantic barriers to communication. [6 marks]

Solution:

Concept:

- Directing: semantic barriers to communication concern problems and obstructions in encoding and decoding a message into words or impressions.
- Words, symbols and expressions must convey the same meaning to the sender and receiver for communication to be effective.

Step 1: Badly expressed message **Badly expressed message:** The intended meaning may not be conveyed when a manager uses inadequate vocabulary, incorrect words, omits necessary words or frames sentences poorly. A message may also lack clarity and precision. Consequently, the receiver has to guess what the sender means and may understand a different instruction. For example, an instruction to complete a job "soon" does not specify the deadline and can be interpreted differently by different employees.

Step 2: Symbols with different meanings **Symbols with different meanings:** A word or symbol may carry several meanings, and the receiver may attach a meaning different from the sender's intended meaning. Unless the context makes the meaning clear, communication is distorted. For instance, the word "value" may mean a monetary amount, importance or a principle of conduct. Using such a word without specifying the relevant sense can prevent the receiver from interpreting the message correctly.

Step 3: Faulty translations **Faulty translations:** When the sender and receiver use different languages, a message may have to be translated before it reaches the receiver. If the translator is not proficient in both languages, the translation may change the meaning or emphasis of the original message. A literal translation may also fail to convey the intended sense. Thus, even a clear original message can be misunderstood because the translated version does not faithfully communicate it.

Step 4: Unclarified assumptions **Unclarified assumptions:** Some messages are based on assumptions that the sender takes for granted but does not explain to the receiver. If the receiver does not share

these assumptions, the message may be interpreted incorrectly. For example, a superior asking a subordinate to arrange a visit may assume that transport and accommodation are both included, while the subordinate may understand only the transport arrangement. Leaving these assumptions unstated creates a gap in understanding.

Step 5: Conclusion Four semantic barriers are badly expressed messages, symbols with different meanings, faulty translations and unclarified assumptions. Each can cause the receiver to attach a meaning different from the meaning intended by the sender.

Quick Tip to Solve: Link each semantic barrier to a specific difficulty in meaning: wording, multiple meanings, translation or an unstated assumption.

OR

34(b). Explain any four points of importance of directing function of management. [6 marks]

Solution:

Concept:

- Directing: importance of the managerial function that instructs, guides, counsels, motivates and leads people towards organisational objectives.
- Directing translates plans into action through people and operates continuously at every level where superior-subordinate relationships exist.

Step 1: Initiates action **Directing helps to initiate action:** Planning lays down objectives, organising establishes the work structure, and staffing provides people for different jobs. Directing sets these arrangements into motion by guiding employees about what they must do and how they should perform their duties. Instructions, supervision and leadership enable subordinates to begin the work assigned to them. Thus, directing converts decisions and plans into actual performance; merely having plans, resources and employees does not by itself produce results.

Step 2: Integrates employees' efforts **Directing integrates employees' efforts:** Different employees perform different activities, and their individual efforts must contribute to the organisation's common objectives. Through guidance and supervision, managers ensure that each person understands how his or her work relates to the work of others. Directing brings these efforts together so that they complement one another. It therefore helps ensure that individuals work for organisational goals instead of pursuing separate courses of action that may conflict with one another.

Step 3: Realises employees' potential **Directing helps realise employees' potential:** Employees may possess abilities that are not fully reflected in their current performance. Appropriate motivation and leadership encourage them to apply these abilities more fully. A manager can identify employees' capabilities, guide their work and use suitable encouragement to improve their contribution. By inspiring employees and creating willingness to work, directing helps them perform to the best of their ability. The organisation consequently benefits from human potential that might otherwise remain underutilised.

Step 4: Facilitates necessary changes **Directing facilitates introduction of needed changes:** Changes

in methods, technology or working arrangements may cause employees to resist because of uncertainty or fear. Effective directing helps managers explain the need for change, clarify its implications and address employees' concerns. Through communication, motivation and leadership, employees can be persuaded to cooperate with a necessary change. This reduces resistance and enables the organisation to adapt its operations to changing circumstances with the support of its workforce.

Step 5: Conclusion Directing is important because it initiates action, integrates individual efforts, helps employees realise their potential and facilitates the introduction of necessary changes in the organisation.

Quick Tip to Solve: Build each point around a distinct outcome of directing: action, combined effort, fuller potential and acceptance of change.