CBSE Class 12 Business Studies Question Paper 2026 with Solution PDF-Set 66/3/2

Question Paper with Solutions

Conducted by the Central Board of Secondary Education (CBSE)

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

General Instructions

(i) This question paper contains **34** questions. **All questions are compulsory.**
(ii) Marks are indicated against each question.
(iii) Answers should be brief and to the point.
(iv) Answers to questions carrying **3** marks may be from 50 to 75 words.
(v) Answers to questions carrying **4** marks may be in about 150 words.
(vi) Answers to questions carrying **6** marks may be in about 200 words.
(vii) Attempt all parts of a question together.
(viii) Questions no. 1 to 20 are Multiple Choice Questions (MCQs), carrying **1** mark each. $20 \times 1 = 20$

1. 'RAVL' is a company manufacturing LED bulbs. To ensure efficiency in production, the workers are given monthly targets. For the month of October 2025, the workers were given a target to produce 8,000 bulbs. At the end of the month, it was found that actual production was only 6,000 bulbs. After investigation, it was found that the target was not met due to shortage of trained workers. To resolve the problem, the Production Manager arranged training programmes for workers and also hired additional workers.

Which step of the controlling process was followed by the Production Manager to resolve the problem of shortage of trained workers ? [1 mark]

(A) Setting performance standards

(B) Measurement of actual performance

(C) Comparing actual performance with standards

(D) Taking corrective action

Correct Answer: (D) Taking corrective action

Solution:

Concept:

- Controlling: taking corrective action after identifying the cause of a deviation.
- The controlling process compares actual performance with standards and remedies significant deviations.

Step 1: Identify the action asked about The target of 8,000 bulbs was the standard, while 6,000 bulbs was actual performance. The question asks about the response to the shortage, rather than the earlier identification of the shortfall. The manager arranged 'training programmes for workers' and 'hired additional workers'.

Step 2: Distinguish the stages Training and hiring remove the identified cause of poor performance and are corrective measures. Option (A) concerns fixing targets; (B) concerns measuring output; (C) concerns comparing the output with the target. All precede the remedial action described.

Step 3: Conclusion Taking corrective action is the step followed. Hence, the correct option is (D).

Quick Tip to Solve: Look at the last managerial action: training and hiring remedy the cause, so select corrective action.

2. Which of the following is not a limitation of internal sources of recruitment ? [1 mark]

(A) It reduces the scope of induction of fresh talent in the organization.

(B) The employees may become lethargic if they are sure of time-bound promotions.

(C) It may lead to dissatisfaction and frustration among existing employees as they may feel that their chances of promotion are reduced.

(D) The spirit of competition among the employees may be hampered.

Correct Answer: (C) It may lead to dissatisfaction and frustration among existing employees as they may feel that their chances of promotion are reduced.

Solution:

Concept:

- Staffing: limitations of internal sources of recruitment.
- Internal recruitment fills vacancies from within the organisation through transfers and promotions.

Step 1: Identify the exception Option (C) describes the dissatisfaction existing employees may experience when outsiders are recruited and their promotion prospects are reduced. This is a limitation of external recruitment; internal recruitment instead offers promotion opportunities to employees already serving the organisation.

Step 2: Check the other alternatives Option (A) is an internal recruitment limitation because choosing only existing employees restricts fresh talent. Option (B) is also a limitation: assured time-bound promotion can make employees lethargic. Option (D) is another limitation because reliance on internal sources can hamper the competitive spirit.

Step 3: Conclusion Dissatisfaction due to reduced promotion chances is not a limitation of internal recruitment. Hence, the correct option is (C).

Quick Tip to Solve: For a negative recruitment MCQ, ask whether the vacancy goes to an existing employee or an outsider.

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3. 'A manager motivates and leads his team in such a manager that individual members are able to achieve personal goals while contributing to the organisational objective.'

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

(A) Management helps in achieving group goals

(B) Management helps in increasing efficiency

(C) Management helps in achieving personal objectives

(D) Management helps in the development of society

Correct Answer: (C) Management helps in achieving personal objectives

Solution:

Concept:

- Nature and Significance of Management: management helps in achieving personal objectives.
- Management motivates and leads people so that individual needs are satisfied while organisational

goals are pursued.

Step 1: Locate the decisive words The statement emphasises that 'individual members are able to achieve personal goals while contributing to the organisational objective'. Motivating and leading employees integrates their personal objectives with the needs of the organisation, which is the importance named in option (C).

Step 2: Eliminate the other descriptions Option (A) stresses common group goals rather than the personal goals highlighted here. Option (B) concerns efficiency through reduced costs and greater productivity; no such comparison is given. Option (D) concerns contributions to society, such as useful goods and employment, rather than the individual team members described.

Step 3: Conclusion Management helps in achieving personal objectives. Hence, the correct option is (C).

Quick Tip to Solve: Match the emphasis of the quotation: personal goals point directly to achieving personal objectives.

4. Match the step of the process of organising given in Column-I with its explanation given in Column-II :

Column-I	Column-II
1. Departmentalisation	(i) Each individual is told who he has to take orders from and to whom he is accountable
2. Establishing authority and reporting relationships	(ii) The work is divided into manageable activities so that duplication can be avoided and burden of work can be shared among the employees
3. Identification and division of work	(iii) Work of different job positions is defined and work allocated to various employees in accordance with their skills and competencies
4. Assignment of duties	(iv) Activities of a similar nature are grouped together, which facilitates specialization

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

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

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

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

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

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

Solution:

Concept:

- Organising: identification and division of work, departmentalisation, assignment of duties, and reporting relationships.
- The organising process divides activities, groups similar work, allocates duties and establishes

authority.

Step 1: Match grouping and reporting Departmentalisation groups activities of a similar nature to facilitate specialisation, so 1 matches (iv). Establishing authority and reporting relationships clarifies from whom an employee takes orders and to whom the employee is accountable, so 2 matches (i).

Step 2: Match division and allocation Identification and division of work breaks work into manageable activities and avoids duplication, so 3 matches (ii). Assignment of duties allocates work to employees according to skills and competencies, so 4 matches (iii). Option (A) mispairs all four entries; (C) interchanges division of work and assignment; (D) also mispairs the entries.

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

Quick Tip to Solve: First fix departmentalisation as grouping similar activities; then separate dividing jobs from allocating them to people.

5. The number of times earnings before interest and taxes of a company cover the interest obligation is referred to as : [1 mark]

(A) Capital structure

(B) Financial leverage

(C) Interest Coverage Ratio

(D) Debt-Service Coverage Ratio

Correct Answer: (C) Interest Coverage Ratio

Solution:

Concept:

- Financial Management: interest coverage ratio as a factor affecting the choice of capital structure.
- Interest coverage ratio indicates the number of times earnings before interest and taxes cover the interest obligation.

Step 1: Identify what is being measured The question measures the ability of operating earnings, before interest and taxes, to meet interest payments. This is precisely the meaning of Interest Coverage Ratio. A higher coverage generally indicates greater ability to meet the interest burden on debt.

Step 2: Distinguish the other terms Option (A), capital structure, means the mix of owners' funds and borrowed funds. Option (B), financial leverage, concerns the proportion of debt in overall capital. Option (D), Debt-Service Coverage Ratio, considers the ability to meet wider debt-service commitments, including repayment of principal, rather than interest alone.

Step 3: Conclusion The measure is Interest Coverage Ratio. Hence, the correct option is (C).

Quick Tip to Solve: Underline interest obligation: interest alone points to interest coverage, while principal repayment points to debt service.

6. 'Bright Appliances Ltd.' plans to launch a new product line of energy-efficient air purifiers. To ensure a smooth launch of the air purifiers, the company needs to arrange adequate funds. For this, the Finance Manager estimates the fund requirements and specifies the source of funds the company should use. The process followed by the Finance Manager is called : [1 mark]

(A) Financial planning

(B) Financial management

(C) Financial leverage

(D) Investment decision

Correct Answer: (A) Financial planning

Solution:

Concept:

- Financial Management: financial planning through estimation of fund requirements and identification of sources.
- Financial planning ensures that adequate funds are available at the right time while avoiding unnecessary surplus funds.

Step 1: Link the case to the process The Finance Manager 'estimates the fund requirements and specifies the source of funds'. Estimating the amount needed for the proposed product launch and deciding where the funds will come from together describe financial planning.

Step 2: Rule out the broader and narrower terms Option (B), financial management, is the broader activity of managing finances; the question identifies a particular planning process within it. Option (C), financial leverage, concerns the use or proportion of debt. Option (D), investment decision, concerns the allocation of funds to assets, whereas this case emphasises estimating and arranging funds.

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

Quick Tip to Solve: When a case combines estimating fund needs with specifying sources, identify financial planning.

7. 'Sumi', a well-established domestic car manufacturer, anticipates entry of a premium foreign automobile brand in the country. The management of the company foresees a decline in the market share, especially in the premium segment. To retain its market share and stay competitive, the company launches aggressive advertising and takes measures to reduce the cost of production. It further invests in improving product quality, introducing new features and aligning their cars with international standards.

The point of importance of business environment described above is : [1 mark]

(A) It helps in coping with rapid changes.

(B) It helps in tapping useful resources.

(C) It enables a firm to identify opportunities and getting the first mover advantage.

(D) It helps the firm to identify threats and early warning signals.

Correct Answer: (D) It helps the firm to identify threats and early warning signals.

Solution:

Concept:

- Business Environment: identifying threats and early warning signals.
- Environmental scanning helps a firm recognise adverse external developments early and prepare a suitable response.

Step 1: Identify the threat in the case Sumi 'anticipates entry of a premium foreign automobile brand' and 'foresees a decline in the market share'. The expected foreign competition is an external threat. Early recognition allows the firm to advertise, reduce costs and improve quality before the threat damages its position further.

Step 2: Distinguish the alternatives Option (A) concerns coping with rapid changes generally, but the decisive emphasis here is anticipation of a competitive threat. Option (B) concerns obtaining useful resources from the environment; this is not the focus. Option (C) concerns a favourable opportunity and first-mover advantage, while the entry of a rival threatens Sumi's existing market share.

Step 3: Conclusion It helps the firm to identify threats and early warning signals. Hence, the correct option is (D).

Quick Tip to Solve: Anticipated competition plus expected loss of market share signals a threat, even when the firm responds with improvements.

8. Read the following statements carefully :

Statement I : Higher fixed operating costs result in higher business risk.

Statement II : If the firm's business risk is lower, the firm's capacity to use debt is higher.

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

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

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

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

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

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

Solution:

Concept:

- Financial Management: business risk and its influence on the choice of capital structure.
- Fixed operating costs must be met irrespective of the level of sales; debt creates additional fixed financial commitments.

Step 1: Assess Statement I Statement I is true. Higher fixed operating costs make operating profit more sensitive to changes in sales. When sales fall, these costs do not fall proportionately, so the uncertainty associated with operating earnings, or business risk, rises.

Step 2: Assess Statement II and the alternatives Statement II is also true. A firm facing lower business risk can bear more financial risk through debt and its fixed interest commitments. Option (A) wrongly rejects Statement II; option (B) wrongly rejects Statement I; option (D) wrongly rejects both. Option (C) accepts both correct statements.

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

Quick Tip to Solve: Separate fixed operating costs from fixed interest: lower operating risk leaves more capacity to bear debt risk.

9. Shikha, a first-time investor, was excited yet nervous about investing in the stock market as she felt it was risky. She sought guidance from her friend, Rama, who was an experienced investor. Rama assured Shikha that it is safe to invest in the stock market as the membership of stock exchange is regulated by Securities and Exchange Board of India (SEBI). She also told Shikha that SEBI performs various functions to protect the rights and interests of investors.

Which of the following functions mentioned by Rama is not a protective function of SEBI ? [1 mark]

(A) Prohibition of fraudulent and unfair trade practices like making misleading statements, manipulations, price rigging, etc.

(B) Conducting research and publishing information useful to all market participants.

(C) Controlling insider trading and imposing penalties for such practices.

(D) Promotion of fair practices and code of conduct in the securities market.

Correct Answer: (B) Conducting research and publishing information useful to all market participants.

Solution:

Concept:

- Financial Markets: SEBI performs protective, developmental and regulatory functions.
- Protective functions check market abuses and promote fair conduct; research and useful market information fall under regulatory functions.

Step 1: Identify the function outside the protective category Conducting research and publishing information useful to all market participants is classified as a regulatory function of SEBI. Thus option (B) answers the question asking which function is not protective.

Step 2: Check the remaining options Option (A), prohibiting fraudulent and unfair trade practices, protects investors against deception. Option (C), controlling insider trading and penalising it, protects investors against misuse of unpublished information. Option (D), promoting fair practices and a code of conduct, also protects investors. These three are protective functions and are therefore excluded.

Step 3: Conclusion Conducting research and publishing information useful to all market participants is not a protective function. Hence, the correct option is (B).

Quick Tip to Solve: Underline "not protective" and classify the research-and-publication function as regulatory before choosing.

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

Assertion (A) : Workload analysis and workforce analysis are important to understand the manpower requirements.

Reason (R) : It helps the organization to know whether it is overstaffed, understaffed or optimally staffed.

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

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

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

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

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

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

Solution:

Concept:

- Staffing: estimating manpower requirements uses workload analysis and workforce analysis.
- Workload analysis determines the number and type of personnel required; workforce analysis assesses the number and type available.

Step 1: Judge the Assertion The Assertion is true. To estimate manpower requirements, managers must determine the work to be performed and compare the personnel required with the workforce already available.

Step 2: Judge the Reason The Reason is true. Comparing required employees with available employees reveals whether the organisation is overstaffed, understaffed or optimally staffed.

Step 3: Test the explanatory link and alternatives The Reason explains why both analyses are important: the comparison identifies a shortage, surplus or appropriate staffing level and guides staffing action. Option (B) incorrectly denies this explanatory link. Options (C) and (D) incorrectly treat one of the two true statements as false.

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

Quick Tip to Solve: Compare personnel required with personnel available; their difference explains why both staffing analyses are needed.

11. 'Radhe Textiles', a children's garment manufacturing business, and Ghanshyam Garments, a home furnishing manufacturing business operate in the same industrial area. Both companies jointly set up a common dyeing and finishing plant. This was because the scale of operations of each of them was not sufficient to make full use of the plant. With both of them jointly using the plant, the requirement of fixed capital for each company will now be : [1 mark]

(A) Higher than earlier

(B) Lower than earlier

(C) Same as earlier

(D) Nil

Correct Answer: (B) Lower than earlier

Solution:

Concept:

- Financial Management: level of collaboration is a factor affecting fixed capital requirements.
- Sharing a facility allows businesses to use fixed assets jointly instead of separately financing the complete facility.

Step 1: Identify the case evidence The firms "jointly set up a common dyeing and finishing plant" because neither could fully use it alone. This shows collaboration in using a fixed asset. Sharing the facility reduces the investment in fixed capital needed by each firm compared with establishing its own plant.

Step 2: Evaluate the alternatives Option (B), lower than earlier, follows from sharing the plant and its cost. Option (A) contradicts the saving from collaboration. Option (C) ignores the reduction in each firm's individual investment requirement. Option (D) is incorrect because collaboration reduces the requirement; it does not eliminate the need for fixed assets and investment altogether.

Step 3: Conclusion The requirement of fixed capital for each company will be lower than earlier. Hence, the correct option is (B).

Quick Tip to Solve: When two firms share a facility that neither can fully utilise alone, connect collaboration with lower individual fixed capital.

12. 'Gamma Ltd.', with its state-of-the-art manufacturing set-up in Karnesha, produces smartphones for the Indian market. Rapid technological improvements, changing consumer preferences and the entry of new competitors in the market push the company to revise its plans frequently. This reflects which characteristic of business environment ? [1 mark]

(A) Inter-relatedness

(B) Dynamic nature

(C) Complexity

(D) Relativity

Correct Answer: (B) Dynamic nature

Solution:

Concept:

- Business Environment: dynamic nature means that the environment keeps changing.
- Changes may occur in technology, consumer preferences and competitive conditions, requiring businesses to adapt their plans.

Step 1: Connect the case to the feature The case mentions "Rapid technological improvements, changing consumer preferences and the entry of new competitors" and says that Gamma Ltd. revises plans frequently. These repeated changes directly illustrate the dynamic nature of the business environment.

Step 2: Eliminate the other features Option (A), inter-relatedness, concerns the close relationship among environmental factors rather than their continual change. Option (C), complexity, concerns the difficulty of understanding numerous interacting forces. Option (D), relativity, means that the environment differs across regions or countries. The case emphasises change over time, so option (B) fits.

Step 3: Conclusion The characteristic is dynamic nature. Hence, the correct option is (B).

Quick Tip to Solve: Use "revise its plans frequently" as the decisive cue for the dynamic nature of the environment.

13. From the picture given below, identify the responsibility that the consumer is fulfilling while purchasing 'Ready-to-Eat Pasta' : [1 mark]



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

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

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

(D) Ask for a cash memo on purchase of goods or services.

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

Solution:

Concept:

- Consumer Protection: responsible consumers read product labels carefully before buying.
- Labels provide information such as ingredients, nutritional content, price, quantity, manufacturing date and expiry date.

Step 1: Interpret the picture The picture shows the consumer examining and pointing to information printed on the product package, including the nutrition label. The action shown is reading the label to understand the packaged food before purchasing it.

Step 2: Match and eliminate the options Option (C) expressly describes reading labels carefully for product information. Option (A) concerns awareness of the variety of goods and services available, rather than examining this package. Option (B) concerns asserting oneself to secure a fair deal; no such interaction is shown. Option (D) concerns asking for a cash memo, whereas the consumer is looking at the package, not obtaining a bill.

Step 3: Conclusion The consumer is fulfilling the responsibility to read labels carefully. Hence, the correct option is (C).

Quick Tip to Solve: When the consumer examines information on a package, identify reading labels rather than demanding a bill or comparing alternatives.

Note: The following question is for the Visually Impaired Candidates only in lieu of Q. No. 13.

13. Which of the following consumer rights under Consumer Protection Act, 2019 gives the freedom to consumers to access a variety of products at competitive prices? [1 mark]

(A) Right to be informed

(B) Right to be assured

(C) Right to consumer education

(D) Right to be heard

Correct Answer: (B) Right to be assured

Solution:

Concept:

- Consumer Protection: the right to be assured of access to a variety of goods and services at competitive prices protects consumer choice.
- The right to be informed concerns product information, while consumer education and the right to be heard serve distinct purposes.

Step 1: Identify the right described The decisive words are 'access a variety of products at competitive prices'. They describe the right to be assured: consumers should have access, wherever possible, to different goods and services at competitive prices. This enables them to select a suitable product instead of being compelled to purchase a particular one. Therefore, option (B) matches the definition.

Step 2: Eliminate the other rights Option (A), the right to be informed, means receiving complete information about quality, quantity, price and other product characteristics; it does not itself describe access to alternatives. Option (C), the right to consumer education, concerns acquiring knowledge and skills to become an informed consumer. Option (D), the right to be heard, means that consumer interests and complaints receive due consideration. These three rights are valuable, but none matches the question's specific reference to variety and competitive prices.

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

Quick Tip to Solve: Link 'variety at competitive prices' with the right to be assured; link product details with the right to be informed.

14. The market for short-term funds which deals in monetary assets whose period of maturity is up to one year, is known as : [1 mark]

(A) Both capital and money market

(B) Primary market

(C) Secondary market

(D) Money market

Correct Answer: (D) Money market

Solution:

Concept:

- Financial Markets: the money market deals in short-term funds.
- Its monetary assets have a maturity period of up to one year and are generally highly liquid.

Step 1: Use the maturity period The decisive expression is "period of maturity is up to one year". This is the NCERT description of the money market, where short-term monetary assets are traded to meet short-term funding needs.

Step 2: Check all alternatives Option (D) names the money market and matches the definition. Option (A) is incorrect because the capital market deals in medium- and long-term funds and cannot be included in this short-term definition. Option (B), primary market, refers to the issue of new securities. Option (C), secondary market, refers to trading existing securities. Neither defines the market by the stated maturity period.

Step 3: Conclusion The market is the money market. Hence, the correct option is (D).

Quick Tip to Solve: First identify the time horizon: maturity up to one year points directly to the money market.

15. Which of the following is not an advantage of divisional structure of an organisation ? [1 mark]

(A) It helps in development of varied skills in the divisional head which prepares him for higher positions.

(B) It promotes flexibility and initiative, because each division functions as an autonomous unit, leading to faster decision making.

(C) It facilitates expansion and growth as new divisions can be added without interrupting the existing operations.

(D) It leads to minimal duplication of effort which results in economies of scale and lowers cost.

Correct Answer: (D) It leads to minimal duplication of effort which results in economies of scale and lowers cost.

Solution:

Concept:

- Organising: advantages and limitations of divisional structure.
- Apply the NCERT distinction to each printed alternative before selecting the answer.

Step 1: Identify the advantages of separate divisions In a divisional structure, each division handles

a product line and its manager performs several management functions. This develops varied skills and prepares the divisional head for higher positions, so option (A) is an advantage. Autonomy also promotes initiative and quicker decisions, making option (B) an advantage.

Step 2: Find the statement that belongs to functional structure New product divisions can be added without disturbing existing operations, so option (C) is also an advantage. However, separate divisions often duplicate functions, staff and facilities, increasing costs. Minimal duplication, economies of scale and lower cost are associated with functional specialisation; hence option (D) is not an advantage of divisional structure.

Step 3: Conclusion Minimal duplication of effort is not an advantage of divisional structure. Hence, the correct option is (D).

Quick Tip to Solve: For a negative question, check whether the claimed advantage actually belongs to functional structure.

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16. Which of the following statements are correct with respect to the benefits the organisation would get by imparting training to its employees ?

(i) Training equips the future manager who can take over in case of an emergency.

(ii) Training makes an employee more efficient to handle machines and thus, they are less prone to accidents.

(iii) Training increases the satisfaction and morale of the employees.

(iv) Training enhances employee productivity, both in terms of quantity and quality, leading to higher profits.

Options : [1 mark]

(A) (i), (ii), (iii) and (iv)

(B) (ii) and (iii)

(C) (i) and (iv)

(D) (i) and (ii)

Correct Answer: (C) (i) and (iv)

Solution:

Concept:

- Staffing: benefits of training to the organisation and to employees.
- Apply the NCERT distinction to each printed alternative before selecting the answer.

Step 1: Separate organisational benefits from employee benefits Statement (i) is an organisational benefit: training equips future managers to take over in an emergency and supports continuity. Statement (iv) is also an organisational benefit: higher productivity in both quantity and quality contributes to higher profits.

Step 2: Classify the remaining statements and compare options NCERT classifies efficient handling of machines with fewer accidents, statement (ii), as a benefit to employees. Increased satisfaction and morale, statement (iii), is also a benefit to employees. Although these can indirectly help the

organisation, the question tests the textbook classification. Option (A) includes both employee benefits; (B) contains only employee benefits; and (D) includes (ii) while omitting (iv). Only option (C) contains the two specified organisational benefits.

Step 3: Conclusion Statements (i) and (iv) describe benefits of training to the organisation. Hence, the correct option is (C).

Quick Tip to Solve: Use the NCERT classification: emergency managers and productivity benefit the organisation; safety and morale benefit employees.

17. Read the following statements carefully :

Statement I : Business environment includes both specific and general forces.

Statement II : Specific forces have an impact on all business enterprises and thus may affect an individual firm only indirectly.

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

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

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

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

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

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

Solution:

Concept:

- Business Environment: specific and general forces as features of the business environment.
- Apply the NCERT distinction to each printed alternative before selecting the answer.

Step 1: Assess Statement I Statement I is true. Business environment includes both specific forces, such as customers, suppliers, investors and competitors, and general forces, such as economic, social, political, legal and technological conditions.

Step 2: Assess Statement II and eliminate alternatives Statement II is false. Specific forces affect an individual enterprise directly and immediately in its day-to-day working. The description of forces affecting enterprises generally and an individual firm indirectly belongs to general forces. Thus (B) wrongly reverses both judgements, (C) wrongly accepts Statement II, and (D) wrongly rejects Statement I.

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

Quick Tip to Solve: Direct effects from customers or suppliers indicate specific forces; broad conditions indicate general forces.

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

Assertion (A) : Holding shares in demat form is very convenient as it is just like a bank account.

Reason (R) : Securities and Exchange Board of India (SEBI) has made it mandatory for the settlement procedures to take place in demat form.

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

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

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

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

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

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

Solution:

Concept:

- Financial Markets: depository services and the convenience of dematerialised holdings.
- Apply the NCERT distinction to each printed alternative before selecting the answer.

Step 1: Assess the Assertion The Assertion is true. A demat account holds securities in electronic form, much as a bank account records money. Securities can be credited or debited through account entries, avoiding the physical handling and safekeeping of share certificates.

Step 2: Assess the Reason The Reason is true in the textbook context: SEBI has made settlement procedures in demat form mandatory. This is a statement about the required mode of settlement.

Step 3: Check whether the Reason explains the Assertion The regulatory requirement does not explain why the account is convenient. Convenience follows from electronic holding and transfer, the elimination of physical certificates, and account-based records. Therefore (A) is wrong because the Assertion is true; (B) is wrong because both statements are true; and (D) wrongly treats a mandate as the cause of convenience.

Step 4: Conclusion Both statements are true, but the Reason does not correctly explain the Assertion. Hence, the correct option is (C).

Quick Tip to Solve: Test truth and explanation separately: a mandatory procedure need not explain why a facility is convenient.

19. On Raksha Bandhan, Reena received a gift from her brother. After removing the gift wrap paper, she saw a decorative cardboard box. Inside the box, she found a small glass bottle containing an expensive face cream. Both the decorative cardboard box and the glass bottle had a beautiful label displaying the brand name, ingredients, expiry date, etc.

Which level of packaging does the glass bottle represent ? [1 mark]

(A) Primary packaging

(B) Transportation packaging

(C) Secondary packaging

(D) General packaging

Correct Answer: (A) Primary packaging

Solution:

Concept:

- Marketing Management: primary, secondary and transportation packaging.
- Apply the NCERT distinction to each printed alternative before selecting the answer.

Step 1: Identify the immediate container The case says the glass bottle is "containing an expensive face cream. Primary packaging is the product's immediate container, which directly holds the product. Therefore the glass bottle is primary packaging.

Step 2: Distinguish the other packaging levels The decorative cardboard box is an additional protective layer around the bottle and represents secondary packaging, so option (C) does not identify the bottle. Transportation packaging groups or protects units during storage, identification and transport; the bottle is not such an outer shipping package, ruling out (B). General packaging is not the relevant NCERT level, ruling out (D). The presence of a label on both layers does not change their packaging levels.

Step 3: Conclusion The glass bottle represents primary packaging. Hence, the correct option is (A).

Quick Tip to Solve: Identify the container touching or directly holding the product before considering labels or decorative outer boxes.

20. _____ serves as an intermediary between the investor and the depository who is authorised to maintain the accounts of dematerialised shares. [1 mark]

(A) Depository Participant

(B) National Securities Depository Limited

(C) Central Depository Services Limited

(D) Stock Exchange

Correct Answer: (A) Depository Participant

Solution:

Concept:

- Financial Markets: the role of a Depository Participant in dematerialisation.

- Apply the NCERT distinction to each printed alternative before selecting the answer.

Step 1: Identify the intermediary A Depository Participant acts as the intermediary between the investor and the depository. An investor opens and operates a demat account through a Depository Participant, which is authorised to maintain accounts of dematerialised securities. This matches option (A).

Step 2: Distinguish the institutions in the other options National Securities Depository Limited, option (B), and Central Depository Services Limited, option (C), are depositories themselves. They are not the participant intermediary through whom the investor accesses depository services. A stock exchange, option (D), provides an organised market for trading securities; it does not describe the intermediary maintaining the investor's demat account.

Step 3: Conclusion A Depository Participant serves as the intermediary between the investor and the depository. Hence, the correct option is (A).

Quick Tip to Solve: Remember the access chain: investor opens a demat account through a Depository Participant connected to a depository.

21. 'KUL', an eco-friendly stationery brand is expanding its business in three different markets. For this, it uses different promotional strategies in each market.

In the corporate gifting market, the company appoints salespersons to contact prospective corporate clients and create awareness about its eco-friendly stationery with the aim of making a sale. In the international market, the company focuses on managing public opinion and building a positive image for its product. It disseminates information and builds goodwill about the business. In the domestic retail market, the company offers cash discounts, free gifts, etc. to encourage the buyers to make immediate purchase of its product.

Identify and state three different promotion tools used by 'KUL' to expand its business in each of the markets. [3 marks]

Solution:

Concept:

- Marketing Management: promotion mix includes personal selling, public relations and sales promotion as distinct tools for communicating with customers.
- The tool is identified by the method used: direct personal contact, management of public opinion, or a short-term incentive to purchase.

Step 1: Identify the tool in the corporate gifting market **Personal selling:** The case states that the company appoints salespersons to "contact prospective corporate clients" with "the aim of making a sale". Personal selling involves an oral presentation of a message in a conversation with one or more prospective customers for the purpose of making sales. It permits direct interaction and a response suited to the individual buyer's requirements.

Step 2: Identify the tool in the international market **Public relations:** The company focuses on "managing public opinion and building a positive image" and "builds goodwill about the business". Public relations comprises activities directed towards building and maintaining good relations with

different publics. Disseminating information and creating a favourable image help secure public understanding and support for the business and its products.

Step 3: Identify the tool in the domestic retail market **Sales promotion:** The clues are "cash discounts, free gifts" and encouraging buyers to make an "immediate purchase". Sales promotion refers to short-term incentives designed to encourage buyers to purchase a product or service. These incentives supplement the other promotional tools and stimulate an immediate buying response.

Step 4: Conclusion The tools are personal selling in corporate gifting, public relations in the international market, and sales promotion in domestic retail.

Quick Tip to Solve: Match direct salesperson contact with personal selling, goodwill with public relations, and immediate incentives with sales promotion.

22(a). Distinguish between Capital Market and Money Market on the following basis :

(i) Investment outlay

(ii) Duration

(iii) Safety [3 marks]

Solution:

Concept:

- Financial Markets: capital market deals in medium- and long-term funds; money market deals in short-term funds with maturity up to one year.
- The comparison must address investment outlay, duration and safety separately, keeping the same basis for both markets.

Step 1: Set out the meaning of the two markets Capital market includes instruments such as equity shares, debentures and bonds used for longer-term financing. Money market includes short-term instruments such as treasury bills, commercial paper and call money. The nature of these instruments explains the differences below.

Step 2: Compare the three specified bases

Basis	Capital Market	Money Market
Investment outlay	Investment need not involve a huge outlay. The value of individual units is generally low, making investment accessible to small investors.	Transactions generally entail a huge outlay, since the instruments are issued and traded in large denominations.
Duration	Deals in medium- and long-term securities, generally with maturity of more than one year. Equity shares do not have a fixed maturity.	Deals in short-term securities with a maximum maturity of one year.
Safety	Generally riskier in respect of return and repayment, owing to longer duration and greater exposure to fluctuations.	Generally safer because of shorter duration and the financial soundness of issuers and borrowers.

Safety is relative: describing money-market instruments as generally safer does not mean that every instrument is completely free of risk.

Step 3: Conclusion Capital market generally permits smaller investments and covers longer-term, riskier securities; money market involves large outlays and short-term, generally safer instruments.

Quick Tip to Solve: Use the three printed bases as table rows; remember that money market combines large denominations with maturity up to one year.

OR

22(b). Give any three differences between Primary Market and Secondary Market. [3 marks]

Solution:

Concept:

- Financial Markets: primary market is the market for new securities; secondary market is the market for purchase and sale of existing securities.
- The distinction concerns the securities dealt in, the flow of funds, and the contribution each market makes to investment and liquidity.

Step 1: Identify the role of each market In the primary market a company issues securities to investors for the first time, or makes a further issue of new securities. In the secondary market investors buy and sell securities that have already been issued. These are complementary parts of the capital market, but the company does not receive fresh funds whenever its existing shares change hands.

Step 2: Present three differences

Basis	Primary Market	Secondary Market
Securities dealt in	Deals in new securities issued by a company. It is also called the new issues market.	Deals in the purchase and sale of existing securities. It is also called the stock market.
Flow of funds	Securities move from the company to investors, and investors' funds move to the issuing company.	Ownership passes from one investor to another. Sale proceeds go to the selling investor, rather than to the issuing company.
Contribution	Directly promotes capital formation by transferring savings to enterprises for investment in productive assets.	Indirectly promotes capital formation by providing liquidity and marketability to securities, making investment more attractive.

Thus, issuing a new share and reselling an existing share are different transactions even when the securities relate to the same company.

Step 3: Conclusion Primary market raises fresh capital through new securities; secondary market facilitates trading in existing securities and provides liquidity to investors.

Quick Tip to Solve: Ask who receives the money: the issuing company indicates primary market, while a selling investor indicates secondary market.

23(a). Explain the following functions of marketing :

(i) Gathering and analysing market information

(ii) Product designing and development [3 marks]

Solution:

Concept:

- Marketing Management: gathering and analysing market information helps a marketer understand customer needs and market opportunities.
- Marketing Management: product designing and development translates customer requirements into a useful and attractive product.

Step 1: Gathering and analysing market information **Gathering and analysing market information:** This function involves collecting and examining information about customer needs, tastes and preferences, competitors and changes in the business environment. The marketer analyses this information to identify opportunities and threats and to decide what customers want, where they want it and at what price. Such analysis provides the basis for marketing decisions and for adapting the offer to changing demand.

Step 2: Product designing and development **Product designing and development:** This function involves deciding the design and developing the product to satisfy the needs of the target customers. It includes decisions about quality, shape, size, features, performance and appearance. A good design improves the utility and attractiveness of a product, helps distinguish it from competing products and can provide a competitive advantage. Development converts these decisions into a product that can actually meet customer requirements.

Step 3: Conclusion Market information guides the marketer towards customer needs, while product designing and development creates a product suited to those needs.

Quick Tip to Solve: For each function, explain both the activity performed and how it helps satisfy customer needs.

OR

23(b). Explain the following factors affecting price determination of a product :

(i) Product cost

(ii) Pricing objectives [3 marks]

Solution:

Concept:

- Marketing Management: price determination is influenced by the total cost of making and selling the product.
- Marketing Management: pricing objectives determine whether the firm prioritises profit, market share, survival or product quality.

Step 1: Product cost **Product cost:** Cost includes the expenditure on producing, distributing and

selling a product. Fixed costs do not change with the volume of production, variable costs change with output, and their sum is total cost. In the long run, the price must cover all these costs and leave a reasonable profit. Thus cost normally sets the minimum price or floor below which a firm cannot continue profitably, although special circumstances may justify a lower price in the short run.

Step 2: Pricing objectives **Pricing objectives:** The price depends on what the firm seeks to achieve. For profit maximisation, it selects a price consistent with the profits sought; seeking high profit in the short run may lead to a higher price. For obtaining market share leadership, it may charge a lower price to attract more customers. Under intense competition or other survival pressures, it may lower the price enough to cover variable costs and some fixed costs. For product quality leadership, a higher price may be needed to cover high quality and research and development costs. Thus the same product may be priced differently under different objectives.

Step 3: Conclusion Product cost establishes the cost-recovery requirement, while pricing objectives guide the price chosen to achieve the firm's goals.

Quick Tip to Solve: Link cost with long-run recovery, and link each pricing objective with the pricing decision it encourages.

24. Aditi purchased a high speed blender from an online retailer for ₹ 2,000. When she used it to prepare soup, it made a loud noise. It also failed to blend properly and emitted an unusual smell. She first contacted the online retailer through their toll-free helpline. They told her that they were responsible only for selling the blender and were not responsible for defects. Aditi then collected all relevant proofs such as the invoice and records of her communication etc. Then she contacted the customer service team of the manufacturer. The technical team inspected the blender and confirmed that the motor was defective. Despite this, the manufacturer neither replaced the blender, nor refunded her money. They stopped responding to Aditi's calls. Aditi was frustrated and filed a complaint against the manufacturer in the appropriate consumer court.

State any three reliefs available to Aditi if the consumer court is satisfied about the defect in the high speed blender. [3 marks]

Solution:

Concept:

- Consumer Protection: consumer commissions can order appropriate relief when goods have a defect.
- The available remedies include removal of a defect, replacement with defect-free goods and refund of the price paid.

Step 1: Removal of the defect **Remove the defect:** The consumer court may direct the manufacturer to remove the defect in the blender. Here, the technical team confirmed that "the motor was defective. The order can therefore require the manufacturer to repair the defective motor so that the blender functions properly, instead of leaving Aditi with a product that makes a loud noise, does not blend properly and emits an unusual smell.

Step 2: Replacement of the blender **Replace the goods:** The court may order the manufacturer to

replace the defective blender with a new blender of similar description that is free from defects. The case states that the manufacturer "neither replaced the blender, nor refunded her money. Replacement would give Aditi a properly functioning product of the kind she purchased.

Step 3: Refund of the price **Refund the price:** The court may direct the manufacturer to return the price paid for the defective blender. In this case, the refund would be Rs 2,000. This remedy restores the purchase price to Aditi when she has paid for goods whose defect has been established. These are three available forms of relief; the court awards the appropriate relief in the circumstances.

Step 4: Conclusion Any three reliefs are removal of the defect, replacement with a defect-free blender of similar description, and refund of the Rs 2,000 purchase price.

Quick Tip to Solve: State three distinct court remedies and apply each directly to the defective blender; do not list consumer rights instead.

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25. 'Suruchi Textiles Ltd.' is a reputed textile manufacturing company with stable earnings. It has been paying regular dividends for the last seven years, which has helped it to build a loyal investor base. It has a large number of its shareholders who depend on regular income from their investment and therefore expect at least a minimum dividend every year. To meet these expectations and maintain shareholders confidence, the company has followed a high dividend policy.

During the current year, the company planned further expansion, which required additional funds. However, since a major portion of its earnings had been distributed as dividends in earlier years, the company had retained limited funds. But, since 'Suruchi Textiles Ltd.' had a strong reputation in the capital market, it was able to raise the required capital from the capital market to finance its expansion plans.

Identify and explain four factors affecting the dividend decision discussed in the above case. [4 marks]

Solution:

Concept:

- Financial Management: A dividend decision determines the portion of earnings distributed to shareholders and the portion retained to finance future needs.
- The dividend policy depends on stability of earnings, shareholder preferences, growth opportunities and access to the capital market.

Step 1: Stability of earnings **Stability of earnings:** The case describes Suruchi Textiles as a company with 'stable earnings'. A company whose earnings are stable can commit itself to a higher dividend because it is better placed to sustain payments. A company with fluctuating earnings is generally more cautious, since a high dividend in one year may be difficult to maintain in the next.

Step 2: Shareholder preference **Shareholder preference:** A large number of shareholders 'depend on regular income from their investment' and expect 'at least a minimum dividend every year'. The company must take these preferences into account. Investors who rely on dividend income favour regular distributions, so their expectations help explain the company's high dividend policy.

Step 3: Growth opportunities **Growth opportunities:** The company 'planned further expansion, which required additional funds'. Companies with good growth opportunities generally need to retain

a larger proportion of their earnings to finance investment projects; this tends to reduce the dividend payout. Here, the earlier distribution of a major portion of earnings left limited retained funds for expansion, showing the competition between dividend payment and internal financing.

Step 4: Access to capital market **Access to capital market:** Suruchi Textiles had a 'strong reputation in the capital market' and could raise the required capital to finance its expansion. A large, reputed company with easy access to the capital market can pay relatively higher dividends because it can obtain funds externally when needed. A company with limited access would depend more on retained earnings and would usually adopt a more conservative dividend policy.

Step 5: Conclusion The four factors are stability of earnings, shareholder preference, growth opportunities and access to capital market.

Quick Tip to Solve: Match stable earnings, income-seeking shareholders, expansion and market reputation to four separate dividend factors.

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26. 'Staple Foods Ltd.', a packaged food company is planning to expand its operations. To meet growing manpower needs, it adopts different external sources of recruitment for different levels of employees by balancing cost, time and quality in talent acquisition across organisational levels.

For positions requiring high trust and confidentiality, the company prefers applicants introduced by existing senior employees. For specialised technical and professional roles like Marketing Head, Operations Manager, etc., it contacts private agencies and professional bodies. These agencies are able to access a wider talent pool as they compile bio-data of a large number of candidates and recommend suitable names to their clients. For casual vacancies of unskilled or semi-skilled jobs, they post job vacancies on the company's notice board to attract local candidates. Job seekers assemble outside the premises of the organisation on the specified date and selection is done on the spot. 'Staple Foods Ltd.' also maintains a record of unsolicited job applications and contacts suitable candidates from this pool whenever vacancies arise.

State the external sources of recruitment used by 'Staple Foods Ltd.' for recruitment of people at various organisational levels. [4 marks]

Solution:

Concept:

- Staffing: External recruitment fills vacancies by seeking candidates from outside the organisation.
- The source is identified from how applicants reach the employer: employee referrals, specialist agencies, a notice at the premises or unsolicited applications.

Step 1: Recommendations of employees **Recommendations of employees:** For jobs requiring trust and confidentiality, the company prefers applicants 'introduced by existing senior employees'. Existing employees recommend people whom they know. Such recommendations supply an external pool of applicants, even though the introduction comes from someone already employed by the organisation.

Step 2: Placement agencies and management consultants **Placement agencies and management consultants:** For specialised roles, the company 'contacts private agencies and professional bodies'. These agencies compile candidates' bio-data and recommend suitable names to their clients. This

source helps the company obtain technical, professional and managerial personnel such as the Marketing Head and Operations Manager.

Step 3: Direct recruitment **Direct recruitment:** For casual unskilled or semi-skilled vacancies, the company posts vacancies on its notice board, and applicants assemble outside its premises for selection 'on the spot'. Under this source, a notice specifying available jobs is displayed and candidates present themselves on the stated date. It is commonly used for casual vacancies of unskilled or semi-skilled workers.

Step 4: Casual callers **Casual callers:** The company keeps a 'record of unsolicited job applications' and contacts suitable applicants when vacancies arise. These applications are received without a specific recruitment invitation. Maintaining this database provides a readily available list of candidates for future vacancies and can reduce the cost of recruitment.

Step 5: Conclusion The external sources are recommendations of employees, placement agencies and management consultants, direct recruitment, and casual callers.

Quick Tip to Solve: A notice-board gathering means direct recruitment; stored unsolicited applications mean casual callers.

27(a). State any four personal barriers to communication. [4 marks]

Solution:

Concept:

- Directing: Personal barriers to communication arise from the attitudes, emotions and interests of the sender or receiver, and can prevent the free exchange of information.
- Effective communication requires willingness to communicate and confidence that sharing information will be useful and safe.

Step 1: Personal barriers relating to superiors

- **Fear of challenge to authority:** A superior who fears that a particular communication may adversely affect his or her authority may withhold or suppress it. Information consequently fails to reach the subordinate who needs it.
- **Lack of confidence of superior in subordinates:** If a superior lacks confidence in the competence of subordinates, the superior may not seek their advice or opinions. This restricts their participation and blocks communication from subordinates to the superior.

Step 2: Personal barriers relating to subordinates

- **Unwillingness to communicate:** A subordinate may be unwilling to communicate with a superior when he or she believes that disclosure will adversely affect personal interests. Information may therefore be withheld even when it is relevant to the organisation.
- **Lack of proper incentives:** Where suggestions receive no motivation, appreciation or incentive, subordinates may stop offering them. For example, the absence of recognition for a useful suggestion discourages employees from communicating further improvements.

Step 3: Conclusion The four personal barriers are fear of challenge to authority, lack of confidence of

superiors in subordinates, unwillingness to communicate, and lack of proper incentives.

Quick Tip to Solve: Recall two barriers centred on the superior and two centred on the subordinate; explain how each prevents information from being shared.

OR

27(b). State the relationship between planning and controlling functions of management. [4 marks]

Solution:

Concept:

- Controlling: Planning and controlling are interdependent management functions. Planning decides the objectives and standards; controlling compares actual performance with those standards and initiates corrective action.
- Standards link the two functions, while feedback from control helps managers improve future plans.

Step 1: Explain their mutual dependence

- **Planning provides the basis for controlling:** Planning establishes the objectives and standards against which actual performance is measured. Without these predetermined standards, managers cannot judge whether performance is satisfactory. Thus, controlling is blind without planning.
- **Controlling ensures that plans are achieved:** Controlling checks whether activities conform to plans, identifies deviations and brings corrective action. A plan alone cannot ensure results unless its implementation is monitored. Thus, planning is meaningless without controlling; the two are inseparable twins of management.

Step 2: Explain their connection with past and future

- **Both are forward-looking:** Planning prepares the organisation for future action. Controlling also looks ahead because corrective action and lessons from deviations help improve future performance and prevent the same mistakes from recurring.
- **Both have a backward-looking aspect:** Planning draws on past experience and information when framing future courses of action. Controlling examines actual performance already achieved and compares it with the standards fixed earlier. Its review of past performance supplies feedback for the next planning cycle.

Step 3: Conclusion Planning initiates the management process by setting standards, and controlling completes the cycle by evaluating results and feeding information into further planning. They depend on each other and are both forward-looking and backward-looking.

Quick Tip to Solve: Link the answer through standards, corrective action and feedback; do not describe planning as only forward-looking or controlling as only backward-looking.

28. Rahul, Priya, Amit and Sneha were friends. They decided to start a business jointly. With rising focus on hydration, fitness and a healthy lifestyle, they saw a steady market for water bottles. Customers often own multiple bottles for different uses. Bottles wear out or go out of style over time, creating repeat sales opportunities. Excited by this idea, they all sat together to brainstorm and decide what kind of water bottle they should make.

Rahul believed that to maximise profits, production should be done on a large scale making goods available and affordable to consumers.

Amit, on the other hand, was of the opinion that the bottles should be of a very good quality with features like time markers, filters or infusers, etc.

Priya agreed with Amit, but felt that they should first identify the needs of the present and prospective buyers, so that they can satisfy them in an effective way. She suggested offering personalised designs, sports bottles, insulated bottles, etc., depending on the customers' needs.

Sneha believed that the business orientation should not be short-sighted to serve only the consumers' needs. It should also consider larger issues of long-term social welfare. So, she suggested reusable water bottles made from eco-friendly sustainable materials.

Identify and state the marketing management philosophies discussed by Rahul, Priya, Amit and Sneha. [4 marks]

Solution:

Concept:

- Marketing Management: marketing management philosophies guide how an enterprise approaches the market and achieves its objectives.
- The production concept emphasises availability and affordability, the product concept emphasises product excellence, the marketing concept emphasises customer satisfaction, and the societal marketing concept also considers long-term social welfare.

Step 1: Rahul: production concept **Production concept:** Rahul favours production on a 'large scale' to make goods 'available and affordable to consumers'. This philosophy assumes that consumers favour products that are widely available and inexpensive. Management therefore concentrates on increasing production efficiency, achieving large-scale production and reducing costs so that goods can be distributed widely at affordable prices. The focus is on the quantity produced and supplied.

Step 2: Priya: marketing concept **Marketing concept:** Priya proposes that they 'first identify the needs of the present and prospective buyers' and satisfy them effectively. This philosophy holds that organisational goals are achieved by identifying the needs and wants of a target market and satisfying them more effectively than competitors. Customer needs determine what is produced. Her proposal for personalised, sports and insulated bottles follows the needs of different buyers; customer satisfaction is the means of earning profits.

Step 3: Amit: product concept **Product concept:** Amit stresses 'very good quality' and features such as 'time markers, filters or infusers'. This philosophy assumes that consumers favour products offering the best quality, performance and innovative features. Management therefore focuses on making superior products and improving them continuously. Amit starts with product excellence and features, whereas Priya starts with an investigation of customer needs.

Step 4: Sneha: societal marketing concept **Societal marketing concept:** Sneha considers 'long-term

social welfare' and suggests 'eco-friendly sustainable materials'. This philosophy requires a firm to identify and satisfy the needs of target customers more effectively than competitors while preserving or enhancing consumers' and society's long-term well-being. It balances the firm's objectives, consumer satisfaction and social welfare. Reusable bottles made from sustainable materials reflect this wider concern.

Step 5: Conclusion Rahul advocates the production concept; Priya, the marketing concept; Amit, the product concept; and Sneha, the societal marketing concept.

Quick Tip to Solve: Match low cost and availability with production, quality with product, buyer needs with marketing, and long-term welfare with societal marketing.

29(a). Explain the following points of importance of controlling function of management :

(i) Judging accuracy of standards

(ii) Improving employee motivation [4 marks]

Solution:

Concept:

- Controlling: importance of controlling in judging the accuracy of standards and improving employee motivation.
- Controlling compares actual performance with predetermined standards, analyses deviations and initiates corrective action. Its feedback also helps management review the standards themselves.

Step 1: Judging accuracy of standards **Judging accuracy of standards:** A good control system enables management to verify whether performance standards are accurate, objective and realistic. When actual performance is measured and compared with the standards, deviations provide evidence for examining both performance and the basis on which the standards were fixed. Thus, a deviation need not always imply poor employee performance; the standard itself may need review.

Step 2: Reviewing standards through feedback **Review and revision:** By keeping a careful check on changes taking place in the organisation and its environment, controlling helps management review and revise standards in the light of such changes. For example, a change in the production technology may make an earlier output standard outdated. Feedback from control helps establish an appropriate revised standard, so subsequent comparisons rest on a sound basis.

Step 3: Improving employee motivation **Improving employee motivation:** A good control system ensures that employees know well in advance what they are expected to do and the standards of performance on the basis of which they will be appraised. Clear targets give direction to their efforts and remove uncertainty about management expectations. Employees can relate their day-to-day work to the results they are required to achieve.

Step 4: Encouraging better performance **Clarity in appraisal:** When employees understand the performance standards and the basis of evaluation, they can work towards these targets and judge their own progress. This clarity motivates them and helps them give better performance. Control therefore supports employee effort by communicating expectations and providing a clear basis for appraisal, as well as identifying deviations that require attention.

Step 5: Conclusion Controlling tests the accuracy and continuing relevance of standards through feedback, and motivates employees by clarifying expected performance and the basis of appraisal.

Quick Tip to Solve: For standards, explain feedback and revision; for motivation, explain advance knowledge of expectations and appraisal criteria.

OR

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

(i) Career Advancement Opportunity

(ii) Job Enrichment [4 marks]

Solution:

Concept:

- Directing: non-financial incentives satisfy psychological, social and higher-level needs, such as recognition, personal growth and self-fulfilment.
- Career advancement opportunities and job enrichment motivate employees by making their future prospects and present work more satisfying.

Step 1: (i) Career Advancement Opportunity **Meaning:** Employees seek growth and advancement to higher positions in the organisation. Managers should provide suitable opportunities to improve employees' skills and enable them to be promoted to higher-level jobs.

How it motivates: Sound promotion policies, appropriate training and opportunities to develop abilities help employees see a worthwhile career within the organisation. The prospect of higher status, responsibility and personal growth encourages them to improve their performance and realise their potential. Thus, the incentive lies in the opportunity for advancement and development.

Step 2: (ii) Job Enrichment **Meaning:** Job enrichment means designing jobs to include a greater variety of work content and to require higher levels of knowledge and skill. An enriched job gives the employee more autonomy and responsibility, provides opportunities for personal growth and offers a meaningful and challenging work experience.

How it motivates: The employee gains greater control over the work and receives opportunities to use abilities and recognise the contribution made. For example, allowing an employee to plan and check the work, along with performing it, makes the job more satisfying. Enrichment strengthens interest in the work itself and encourages better performance.

Step 3: Conclusion Career advancement opportunity motivates through prospects of promotion and growth; job enrichment motivates through greater responsibility, autonomy, challenge and satisfaction in the present job.

Quick Tip to Solve: Link career advancement to future growth and promotion, and job enrichment to the content and responsibility of the present job.

30. 'GW Textiles' was facing rising competition, inefficiencies on the shop floor and declining revenues. To address these problems, Leena was appointed as the new Factory Manager. In the first few weeks, Leena walked around the factory and watched how work was actually being done. She noticed that some workers were sincere and focused, while others showed little interest and avoided responsibility.

To overcome this problem Leena began spending time on the shop floor every week, interacting closely with the workers and was able to make them act in the desired manner to achieve organisational goals. Her approach helped create a positive work environment where employees felt encouraged to perform better, leading to improved efficiency on the shop floor and improved revenues.

(i) Identify the element of directing highlighted in the above case.

(ii) State any three features of the element identified in (i) above. [4 marks]

Solution:

Concept:

- Directing: motivation is the process of stimulating people to take action to accomplish desired goals.
- Motivation concerns employees' inner needs and willingness to work, and directs their behaviour towards organisational objectives.

Step 1: (i) Identify the element: Motivation The element of directing is **motivation**. The decisive words are that Leena was "able to make them act in the desired manner to achieve organisational goals". The employees also "felt encouraged to perform better". These statements describe stimulating employees' willingness to work towards desired objectives. Her interaction on the shop floor is the means through which she encourages them; the emphasis of the case is the resulting willingness and effort.

Step 2: (ii) State three features of motivation

- **Motivation is an internal feeling:** The urge to work originates within the individual. Needs, desires, aspirations and feelings influence behaviour. A manager can stimulate these needs and encourage effort, but willingness to act comes from the employee.
- **Motivation produces goal-directed behaviour:** Motivation induces people to behave in a manner that helps them achieve their goals. By linking individual needs with organisational objectives, managers encourage action towards desired results. In the case, the words "act in the desired manner to achieve organisational goals" directly show this feature.
- **Motivation is a complex process:** Individuals differ in their expectations, perceptions and reactions. The same incentive may motivate one employee but fail to motivate another, so a manager must understand differing needs. The contrast between workers who were "sincere and focused" and those who "showed little interest" indicates the differing responses that Leena had to address.

Step 3: Conclusion (i) The element is **motivation**. (ii) It is an internal feeling, produces goal-directed behaviour and is a complex process.

Quick Tip to Solve: Identify motivation from willingness, encouragement and goal-directed action; then state its NCERT features using clear headings.

31. 'Kia Tyres' is a company manufacturing tyres for cars, two-wheelers, trucks and buses. It has a well-defined organisational structure designed by the management to facilitate smooth functioning of the organisation. It specifies the relationships among various job positions and the nature of their inter-relationship. It is easier to fix responsibility, since mutual relationships are clearly defined. There is no ambiguity in the role that each member has to play, as duties are specified. This also helps in avoiding duplication of work. As a result, 'Kia Tyres' is able to effectively accomplish its goals.

However, during lunch breaks and after office hours, employees from different departments of 'Kia Tyres' meet regularly. This helps to fulfil the social needs of employees and allows them to interact with like-minded people. This enhances their job satisfaction by giving them a sense of belongingness in the organisation.

(i) Identify the types of organisation discussed in the above and give their meaning.

(ii) State two advantages of each of the types of organisation identified in (i) above, not discussed in the given case. [6 marks]

Solution:

Concept:

- Organising: formal organisation is the deliberately designed structure of authority and responsibility; informal organisation is the network of social relationships arising spontaneously among employees.
- An advantage requested as "not discussed" must be additional to the benefits already illustrated in the case.

Step 1: (i) Formal organisation: identification and meaning **Formal organisation:** It is the structure of authority relationships designed by management to accomplish a particular task. It specifies the relationships among job positions, their authority and responsibility, and the rules governing interaction. The clue is "a well-defined organisational structure designed by the management to facilitate smooth functioning of the organisation." Thus, these relationships arise from an official arrangement of jobs.

Step 2: (i) Informal organisation: identification and meaning **Informal organisation:** It is a network of social relationships among employees that arises spontaneously through personal interaction and is not deliberately created by management. The clue is "during lunch breaks and after office hours, employees from different departments of 'Kia Tyres' meet regularly." These contacts develop from friendship and shared interests, cutting across the official departmental structure.

Step 3: (ii) Two additional advantages of formal organisation

- **Unity of command:** Formal organisation maintains unity of command through an established chain of command. Each employee knows the superior whose orders must be followed, so reporting relationships provide an orderly channel for instructions.
- **Stability:** It provides stability to the organisation because employee behaviour is guided by rules and procedures. Work therefore follows established standards and the organisation's functioning does not depend entirely on personal relationships.

These are additional to fixing responsibility, clarity of roles, avoiding duplication and effective accomplishment of goals, which the case already discusses.

Step 4: (ii) Two additional advantages of informal organisation

- **Faster communication:** Since prescribed lines of communication need not be followed, information spreads faster through informal contacts. Such relationships can also provide quicker feedback about employees' reactions.
- **Support for organisational objectives:** Informal organisation can fulfil shortcomings of the formal organisation. For example, informal contacts can help employees resolve work-related difficulties and cooperate beyond official channels, contributing to organisational objectives.

These benefits are distinct from satisfaction of social needs, job satisfaction and a sense of belongingness, which are already described in the case.

Step 5: Conclusion (i) The two types are formal organisation and informal organisation. (ii) Additional advantages are unity of command and stability for formal organisation, and faster communication and support for organisational objectives for informal organisation.

Quick Tip to Solve: Underline the advantages already stated in a case before choosing benefits for a "not discussed" question.

32. 'Global Tech Ltd.' was a multinational company that manufactured modern electronics devices and employed nearly 10,000 people from across the world. The company had a well-defined organisational structure with separate departments for finance, marketing and production. Every department had its own objectives, policies and style of working. As each department performed its activities in isolation from others, conflicts arose within the organisation.

Further, due to complex technology involved in producing modern electronic devices, 'Global Tech Ltd.' relied heavily on specialists. The specialists were confident of their professional knowledge and often did not consider suggestions from others in matters pertaining to their area of specialisation. This resulted in conflict among different specialists and others in the organisation. As the company continued to grow, more employees from different backgrounds and work habits joined the organisation. The increasing size of workforce, along with departmental differences and dependence on specialists, made it difficult to ensure that everyone worked towards the same organisational goals. Therefore it became necessary for the management to harmonise individual goals with organisational goals and integrate the efforts of departments and specialists to achieve common objectives.

(i) Identify and state the concept which would help 'Global Tech Ltd.' in bringing together the efforts of employees and specialists to achieve common goals of the organisation.

(ii) Quoting lines from the given case, state any three points of importance of the concept identified in (i) above. [6 marks]

Solution:

Concept:

- Nature and Significance of Management: coordination integrates the efforts of individuals and departments to secure unity of action towards common organisational objectives.
- The need for coordination arises particularly from growth in size, functional differentiation and specialisation.

Step 1: (i) Identify and state the concept **Coordination:** It is the process by which a manager

synchronises the activities of different departments, bringing unity of action to the efforts of individuals and groups for the achievement of organisational goals. It binds the different functions of management together and ensures that interdependent activities contribute to a common purpose. The case identifies its need in the words "harmonise individual goals with organisational goals and integrate the efforts of departments and specialists to achieve common objectives."

Step 2: (ii) Growth in size **Growth in size:** "As the company continued to grow, more employees from different backgrounds and work habits joined the organisation." As the number of employees increases, their differing backgrounds, interests and ways of working can cause them to pursue individual goals. Coordination harmonises these individual goals with organisational goals and integrates their efforts. It helps the growing workforce work together towards the company's common objectives.

Step 3: (ii) Functional differentiation **Functional differentiation:** "Every department had its own objectives, policies and style of working. As each department performed its activities in isolation from others, conflicts arose within the organisation." Departments such as finance, marketing and production may focus on their own objectives at the expense of the enterprise as a whole. Since their activities are interdependent, coordination links them and reconciles their differences so that departmental effort contributes to common organisational goals.

Step 4: (ii) Specialisation **Specialisation:** "The specialists were confident of their professional knowledge and often did not consider suggestions from others in matters pertaining to their area of specialisation." Specialists may believe that only they are qualified to evaluate matters in their field, leading to disagreement with other specialists and managers. Coordination reconciles differences in approach, outlook and interests among specialists and other employees. It integrates specialised contributions so that expertise supports the company's objectives instead of creating conflict.

Step 5: Conclusion The concept is coordination. Its importance in Global Tech Ltd. arises from growth in size, functional differentiation and specialisation; it unifies the resulting diverse efforts towards common organisational goals.

Quick Tip to Solve: Match a growing workforce to growth in size, departmental conflicts to functional differentiation, and expert disagreements to specialisation.

33(a). Explain the following principles of management :

(i) Division of work

(ii) Unity of command

(iii) Esprit de corps [6 marks]

Solution:

Concept:

- Principles of Management: Fayol's principles guide managerial decisions and help improve the efficiency of coordinated human effort.
- Division of work promotes specialisation, unity of command fixes reporting responsibility, and esprit de corps develops team spirit.

Step 1: (i) Division of work **Meaning:** Work should be divided into small tasks and each task should be assigned to a trained specialist. Repeated performance of a particular task develops skill and expertise, so the employee can perform it more efficiently.

Application and benefit: Specialisation leads to greater efficiency and effectiveness and enables more and better work with the same effort. It applies to managerial as well as technical work. For example, separate specialists may handle production, finance and marketing instead of one person attempting all these functions.

Step 2: (ii) Unity of command **Meaning:** Each employee should receive orders from only one superior and should be accountable to that superior alone. There must be a clear reporting relationship for the employee.

Application and benefit: Instructions from several bosses can conflict and confuse an employee about priorities. They can undermine authority, disturb discipline and make it difficult to fix responsibility. Following unity of command prevents such confusion and helps maintain discipline and accountability. For example, a worker should receive instructions from the designated supervisor.

Step 3: (iii) Esprit de corps **Meaning:** Management should promote team spirit, unity and harmony among employees. Organisational success requires members to cooperate and work together towards common objectives.

Application and benefit: A manager should replace the feeling of 'I' with 'We', especially while communicating with workers. This develops mutual trust and a sense of belonging, reduces the need for penalties and prevents the loss of effort caused by internal divisions. Employees then combine their individual efforts as members of one team.

Step 4: Conclusion Division of work improves performance through specialisation; unity of command establishes one clear superior; and esprit de corps unites employees through team spirit and harmony.

Quick Tip to Solve: For each principle, explain its meaning and then show the managerial practice and benefit that follow from it.

OR

33(b). Explain the following features of principles of management :

(i) Universal applicability

(ii) General guidelines

(iii) Flexible [6 marks]

Solution:

Concept:

- Principles of Management: management principles are broad guidelines for decisions and behaviour, developed through observation and experimentation.
- Their universal applicability, general nature and flexibility allow managers to use them in different organisations and changing situations.

Step 1: (i) Universal applicability **Meaning:** Principles of management can be applied in all types

of organisations, whether business or non-business, small or large, and public or private. They are relevant to all levels of management and to different managerial activities.

Extent of application: The extent to which a principle is applied varies with the nature of the organisation, the business activity and the particular situation. For example, division of work can help both a manufacturing enterprise and a hospital, although the tasks and the degree of specialisation will differ. Universal applicability therefore does not mean identical application everywhere.

Step 2: (ii) General guidelines **Meaning:** Management principles provide broad guidance for solving managerial problems. They do not provide ready-made, exact solutions to every problem or a fixed procedure that guarantees the same result in every case.

Reason and use: Real business situations are complex and dynamic, and human behaviour is variable. Managers must therefore interpret a principle and apply their judgement in light of the actual circumstances. For example, fair remuneration guides decisions about pay, but the precise amount must be decided after considering the relevant organisational and employee circumstances.

Step 3: (iii) Flexible **Meaning:** Management principles are not rigid prescriptions that must be followed mechanically. Managers can modify their application according to the needs of the situation and the organisation.

Managerial discretion: Flexibility allows managers to respond to changing conditions while using the principle as a guide. For example, although the scalar chain normally requires communication to follow the formal line of authority, a gang plank may permit direct communication between employees at the same level in an emergency, with the superiors kept informed. The principle is thus adapted to secure timely action.

Step 4: Conclusion Management principles apply widely, guide managerial judgement in broad terms, and can be adapted to the circumstances in which managers work.

Quick Tip to Solve: Distinguish scope, guidance and adaptation: universal means wide use, general means no ready-made answer, and flexible means adjustable application.

34(a). Explain the following points of importance of planning :

(i) Planning reduces overlapping and wasteful activities

(ii) Planning reduces the risks of uncertainty

(iii) Planning provides directions [6 marks]

Solution:

Concept:

- Planning: Importance of planning in the NCERT chapter Planning. Planning means thinking in advance about what to do and how to do it, so that organisational objectives can be achieved.
- Plans guide and coordinate action and prepare the organisation for future conditions. Their importance includes reducing waste, reducing uncertainty and giving direction to employees.

Step 1: (i) Reduction of overlapping and wasteful activities **Planning reduces overlapping and wasteful activities:** Planning serves as the basis for coordinating the activities and efforts of different

divisions, departments and individuals. It clarifies what each unit must do and how its work connects with that of others. This helps avoid unnecessary duplication of work, confusion and misunderstanding. Since planning makes the means and ends clear, activities can be carried out smoothly. It also makes it easier to identify inefficient or unnecessary activities and take corrective measures. Thus, human, material and financial resources are used more efficiently instead of being wasted on repeated or uncoordinated work.

Step 2: (ii) Reduction of the risks of uncertainty **Planning reduces the risks of uncertainty:** Planning requires managers to look ahead, anticipate changes and consider their likely effects on the organisation. Managers assess possible future situations and decide in advance how to respond to them. This preparation helps the organisation cope with unexpected developments instead of reacting without a course of action. Although planning cannot eliminate change or predict every future event, it reduces the risk arising from uncertainty by preparing suitable responses. For example, anticipating changes in demand helps managers plan production and resource requirements before difficulties arise.

Step 3: (iii) Provision of directions **Planning provides directions:** Planning states in advance how work is to be done and specifies the objectives to be achieved. These objectives guide decisions and action. Employees know what the organisation expects of them, what tasks they must perform and how their efforts contribute to the common goal. Departments and individuals can therefore work in the same direction rather than pursue unrelated activities. Clear plans also reduce uncertainty about responsibilities and priorities. In the absence of planning, employees may work at cross purposes and the organisation may fail to achieve its objectives effectively.

Step 4: Conclusion Planning improves coordination and resource use, prepares the organisation for future uncertainty, and directs individual and departmental efforts towards common objectives.

Quick Tip to Solve: For each point, explain the link: coordination reduces duplication, anticipation reduces risk, and clear objectives direct action.

OR

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

(i) Planning is futuristic

(ii) Planning is pervasive

(iii) Planning focuses on achieving objectives [6 marks]

Solution:

Concept:

- Planning: Features of planning in the NCERT chapter Planning. Planning involves setting objectives and developing an appropriate course of action to achieve them.
- Planning concerns future action, is required throughout the organisation, and gives a definite purpose to managerial effort by focusing it on objectives.

Step 1: (i) Planning is futuristic **Planning is futuristic:** Planning involves looking ahead and

preparing for the future. Its purpose is to meet future events effectively so that the organisation can benefit from opportunities and face possible difficulties. Managers analyse available information, anticipate likely conditions and make forecasts about such matters as demand, competition and the availability of resources. These forecasts form a basis for deciding the future course of action. For example, a sales forecast helps a business determine how much it should produce in the coming period. Thus, planning is forward-looking: it decides present action in the light of expected future requirements, even though the future cannot be predicted with certainty.

Step 2: (ii) Planning is pervasive **Planning is pervasive:** Planning is required at all levels of management and in every department of an organisation. It is not an activity performed only by top management. The scope and nature of planning, however, vary with the level and area of responsibility. Top management plans for the organisation as a whole; middle management prepares departmental plans; and lower-level managers plan day-to-day operations. Similarly, production, finance, marketing and human resource departments all require plans for their respective activities. Hence, planning extends throughout the organisation, although the plans prepared at different levels differ in their coverage and detail.

Step 3: (iii) Planning focuses on achieving objectives **Planning focuses on achieving objectives:** An organisation exists to achieve specific goals. Planning begins by defining these goals clearly and then deciding the activities and methods needed to attain them. It has no useful purpose unless it contributes to the achievement of predetermined organisational objectives. For example, if a business aims to increase sales, its plans must identify the actions and resources needed to secure that increase. Clear objectives provide the basis for choosing an appropriate course of action and keep managerial effort purposeful. Thus, every plan is directed towards an intended result rather than being an isolated statement of future activities.

Step 4: Conclusion Planning looks towards the future, operates at every managerial level and in every department, and directs action towards clearly defined organisational objectives.

Quick Tip to Solve: Link futuristic to forecasting, pervasive to all levels and departments, and objective-focused to deciding actions for predetermined goals.