



प्रतिवेदन एवं संदर्भ निर्देशिका

**REPORT & REFERENCE MANUAL**

**Two Days Regional Level Workshop**

**"Content Enrichment Workshop"**

**For PGT Commerce**

**SUB- BUSINESS STUDIES**

**"13-14 OCT 2025"(Off line Mode)**



<b>Course Director</b>	<b>Shri HARI PRASAD DHARKAR</b> <b>( PM SHRI KV NO. 1 CHHINDWARA)</b>
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<b>Resource Person 2</b>	<b>Mr.Pradeep Shangrapawar,</b> <b>(PM SHRI KV No.1 OF Katni )</b>

**Venue:- PM SHRI KV NO. 1 CHHINDWARA**

**PATRON**  
**MR. DIGG RAJ MEENA**



**Deputy Commissioner, KVS RO**

**JABALPUR**

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**Assistant Commissioner (Training), KVS, RO,**

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**COURSE DIRECTOR**

**SHRI HARI PRASAD DHARKAR, PRINCIPAL PM SHRI KV NO.1**

**CHHINDWARA**

**RESOURCE PERSONS**

**DR. JITENDRA KUMAR DIXIT, PGT (Commerce),  
(PM SHRI KV NO.2 GCF JABALPUR)**

**SHRI PRADEEP SHANGRAPAWAR, PGT (Commerce),  
(PM SHRI KV OF KATNI)**

## List of Participant

### CONTENT ENRICHMENT WORKSHOP 13 & 14 OCT 2025

#### SUBJECT – BUSINESS STUDIES

<u>S N</u>	<u>NAME OF SCHOOL</u>	<u>NAME OF PGT COMMERCE</u>	<u>NAME IN HINDI</u>	
1	KV GCF NO.II JABALPUR	DR JITENDRA KUMAR DIXIT	डॉ जितेन्द्र कुमार दीक्षित	RESOURCE PERSON
2	KV (OF) NO.I KATNI	PRADEEP SHANGRAPAWAR	प्रदीप शंग्रपवार	RESOURCE PERSON
3	KV WCL BARKUHI	KUSUM LATA	कुसुम लता	PARTICIPANT
4	KV DAMOH	DINESH KUMAR YADAV	दिनेश कुमार	PARTICIPANT
5	KV (AOC) JABALPUR	PRITI TIWARI	प्रीति तिवारी	PARTICIPANT
6	KV (COD) JABALPUR	NAMRATA SINHA	श्रीमती नम्रता सिन्हा	PARTICIPANT
7	KV I STC JABALPUR	BRIJMOHAN PANTHI	बृजमोहन पंथी	PARTICIPANT
8	KV GCF NO. I JABALPUR	PANKAJ PIPLODIYA	पंकज पिपलोदिया	PARTICIPANT
9	KV GCF NO. I JABALPUR	SANTOSH SINGH THAKUR	संतोष सिंह ठाकुर	PARTICIPANT
10	KV (RLY) NO.II KATNI	AVINASH KUMAR PANDEY	अविनाश कुमार पाण्डेय	PARTICIPANT
11	KV NARSING PUR	NISHA	निशा	PARTICIPANT
12	KV (SECL) NOWROZABAD	SUJEET KUMAR PAL	सुजीत कुमार पाल	PARTICIPANT
13	KV NO. 1 REWA	ANJALI AWASTHI	अंजली अवस्थी	PARTICIPANT
14	KV NO. I SATNA	Dr.Arun Kumar Gupta	डॉ अरुण कुमार गुप्ता	PARTICIPANT
15	KV SEONI	SANJAY ARORA	संजय अरोरा	PARTICIPANT
16	KV SIDHI	SHIVAM KUMAR	शिवम् कुमार	PARTICIPANT
17	KV NO.III SAGAR	MANJUSHA PAIK	मंजूषा पाइक	PARTICIPANT
18	KV HATTA NAGAR	LAKHAN LAL PATEL	लखन लाल पटेल	PARTICIPANT



**Lets' Think**



**Together ,**



**Teach**



**Grow**

Theory: 80 Marks  
Project: 20 Marks

3 Hours

Units		Periods	Marks
<b>Part A</b>	<b>Principles and Functions of Management</b>		
1.	Nature and Significance of Management	12	16
2	Principles of Management	14	
3	Business Environment	12	
4	Planning	14	14
5	Organising	15	
6	Staffing	16	20
7	Directing	15	
8	Controlling	12	
	<b>Total</b>	<b>110</b>	<b>50</b>
<b>Part B</b>	<b>Business Finance and Marketing</b>		
9	Financial Management	20	15
10	Financial Markets	18	
11	Marketing Management	30	15
12	Consumer Protection	12	
	<b>Total</b>	<b>80</b>	<b>30</b>
<b>Part C</b>	<b>Project Work (One)</b>	<b>30</b>	<b>20</b>

## **Curriculum 2025-26**

## Part A: Principles and Functions of Management

### Unit 1: Nature and Significance of Management

Concept	After going through this unit, the student/ learner would be able to:
Management - concept, objectives, and importance	<ul style="list-style-type: none"><li>• Understand the concept of management.</li><li>• Explain the meaning of 'Effectiveness and Efficiency.</li><li>• Discuss the objectives of management.</li><li>• Describe the importance of management.</li></ul>
Management as Science, Art and Profession	<ul style="list-style-type: none"><li>• Examine the nature of management as a science, art and profession.</li></ul>
Levels of Management	<ul style="list-style-type: none"><li>• Understand the role of top, middle and lower levels of management</li></ul>
Management functions-planning, organizing, staffing, directing and controlling	<ul style="list-style-type: none"><li>• Explain the functions of management</li></ul>
Coordination- concept and importance	<ul style="list-style-type: none"><li>• Discuss the concept and</li></ul>

characteristics of coordination.

- Explain the importance of coordination.

## Unit 2: Principles of Management

Principles of Management - concept and significance

- Understand the concept of principles of management.
- Explain the significance of management principles.

Fayol's principles of management

- Discuss the principles of management developed by Fayol.

Taylor's Scientific management - principles and techniques

- Explain the principles and techniques of 'Scientific Management'.
- Compare the contributions of Fayol and Taylor.

### Unit 3: Business Environment

Business Environment- concept and importance	<ul style="list-style-type: none"><li>• Understand the concept of 'Business Environment'.</li><li>• Describe the importance of business environment</li></ul>
Dimensions of Business Environment - Economic, Social, Technological, Political and Legal	<ul style="list-style-type: none"><li>• Describe the various dimensions of 'Business Environment'.</li><li>• Understand the concept of demonetization</li></ul>
Demonetization - concept and features	

### Unit 4: Planning

Planning: Concept, importance and limitation	<ul style="list-style-type: none"><li>• Understand the concept of planning.</li><li>• Describe the importance of planning.</li><li>• Understand the limitations of planning.</li></ul>
Planning process	<ul style="list-style-type: none"><li>• Describe the steps in the process of planning.</li></ul>
Single use and Standing Plans. Objectives, Strategy, Policy, Procedure, Method, Rule, Budget and Programme	<ul style="list-style-type: none"><li>• Develop an understanding of single use and standing plans</li><li>• Describe objectives, policies, strategy, procedure, method, rule, budget and programme as types of plans.</li></ul>

### Unit 5: Organising

Organising: Concept and importance	<ul style="list-style-type: none"><li>• Understand the concept of organizing as a structure and as a</li></ul>
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	<p>process.</p> <ul style="list-style-type: none"> <li>• Explain the importance of organising.</li> </ul>
Organising Process	<ul style="list-style-type: none"> <li>• Describe the steps in the process of organizing</li> </ul>
<p>Structure of organisation- functional and divisional concept.</p> <p>Formal and informal organization - concept</p>	<ul style="list-style-type: none"> <li>• Describe functional and divisional structures of organisation.</li> <li>• Explain the advantages, disadvantages and suitability of functional and divisional structure.</li> <li>• Understand the concept of formal and informal organisation.</li> <li>• Discuss the advantages, disadvantages of formal and informal organisation.</li> </ul>
Delegation: concept, elements and importance	<ul style="list-style-type: none"> <li>• Understand the concept of delegation.</li> <li>• Describe the elements of delegation.</li> <li>• Appreciate the importance of Delegation.</li> </ul>
Decentralization: concept and importance	<ul style="list-style-type: none"> <li>• Understand the concept of decentralisation.</li> <li>• Explain the importance of decentralisation.</li> <li>• Differentiate between delegation and decentralisation.</li> </ul>

## Unit 6: Staffing

Staffing: Concept and importance of staffing	<ul style="list-style-type: none"><li>• Understand the concept of staffing.</li><li>• Explain the importance of staffing</li></ul>
Staffing as a part of Human Resource Management concept	<ul style="list-style-type: none"><li>• Understand the specialized duties and activities performed by Human Resource Management</li></ul>
Staffing process	<ul style="list-style-type: none"><li>• Describe the steps in the process of staffing</li></ul>
Recruitment process	<ul style="list-style-type: none"><li>• Understand the meaning of recruitment.</li><li>• Discuss the sources of recruitment.</li><li>• Explain the merits and demerits of internal and external sources of recruitment.</li></ul>
Selection – process	<ul style="list-style-type: none"><li>• Understand the meaning of selection.</li><li>• Describe the steps involved in the process of selection.</li></ul>
Training and Development - Concept and importance, Methods of training - on the	<ul style="list-style-type: none"><li>• Understand the concept of training and development.</li></ul>
job and off the job - vestibule training, apprenticeship training and internship training	<ul style="list-style-type: none"><li>• Appreciate the importance of training to the organisation and to the employees.</li><li>• Discuss the meaning of induction training, vestibule training, apprenticeship training and internship training.</li><li>• Differentiate between training and development.</li><li>• Discuss on the job and off the job methods of training.</li></ul>

## Unit 7: Directing

Directing: Concept and importance	<ul style="list-style-type: none"><li>• Describe the concept of directing.</li><li>• Discuss the importance of directing</li></ul>
Elements of Directing	<ul style="list-style-type: none"><li>• Describe the various elements of directing</li></ul>
Motivation - concept, Maslow's hierarchy of needs, Financial and non-financial incentives	<ul style="list-style-type: none"><li>• Understand the concept of motivation.</li><li>• Develop an understanding of Maslow's Hierarchy of needs.</li><li>• Discuss the various financial and non-financial incentives.</li></ul>
Leadership - concept, styles - authoritative, democratic and laissez faire	<ul style="list-style-type: none"><li>• Understand the concept of leadership.</li><li>• Understand the various styles of leadership.</li></ul>
Communication - concept, formal and informal communication; barriers to effective communication, how to overcome the barriers?	<ul style="list-style-type: none"><li>• Understand the concept of communication</li><li>• Understand the elements of the communication process.</li><li>• Discuss the concept of formal and informal communication.</li><li>• Discuss the various barriers to effective communication.</li><li>• Suggest measures to overcome barriers to communication.</li></ul>

## Unit 8: Controlling

Controlling - Concept and importance	<ul style="list-style-type: none"><li>• Understand the concept of controlling.</li><li>• Explain the importance of controlling.</li></ul>
Relationship between planning and controlling	<ul style="list-style-type: none"><li>• Describe the relationship between planning and controlling</li></ul>
Steps in process of control	<ul style="list-style-type: none"><li>• Discuss the steps in the process of controlling.</li></ul>

## Part B: Business Finance and Marketing

### Unit 9: Financial Management

Financial Management: Concept, role and objectives	<ul style="list-style-type: none"><li>• Understand the concept of financial management.</li><li>• Explain the role of financial management in an organisation.</li><li>• Discuss the objectives of financial management</li></ul>
Financial decisions: investment, financing and dividend - Meaning and factors affecting	<ul style="list-style-type: none"><li>• Discuss the three financial decisions and the factors affecting them.</li></ul>
Financial Planning - concept and importance	<ul style="list-style-type: none"><li>• Describe the concept of financial planning and its objectives.</li><li>• Explain the importance of financial planning.</li></ul>
Capital Structure – concept and factors affecting capital structure	<ul style="list-style-type: none"><li>• Understand the concept of capital structure.</li><li>• Describe the factors determining the choice of an appropriate capital structure of a company.</li></ul>
Fixed and Working Capital - Concept and factors affecting their requirements	<ul style="list-style-type: none"><li>• Understand the concept of fixed and working capital.</li><li>• Describe the factors determining the requirements of fixed and working capital.</li></ul>

## Unit 10: Financial Markets

Financial Markets: Concept	<ul style="list-style-type: none"><li>• Understand the concept of financial market.</li></ul>
Money Market: Concept	<ul style="list-style-type: none"><li>• Understand the concept of money market.</li></ul>
Capital market and its types (primary and secondary)	<ul style="list-style-type: none"><li>• Discuss the concept of capital market.</li><li>• Explain primary and secondary markets as types of capital market.</li><li>• Differentiate between capital market and money market.</li><li>• Distinguish between primary and secondary markets.</li></ul>
Stock Exchange - Functions and trading procedure	<ul style="list-style-type: none"><li>• Give the meaning of a stock exchange.</li><li>• Explain the functions of a stock exchange.</li><li>• Discuss the trading procedure in a stock exchange.</li></ul>
	<ul style="list-style-type: none"><li>• Give the meaning of depository services and demat account as used in the trading procedure of securities.</li></ul>
Securities and Exchange Board of India (SEBI) - objectives and functions	<ul style="list-style-type: none"><li>• State the objectives of SEBI.</li><li>• Explain the functions of SEBI.</li></ul>

## Unit 11: Marketing

Marketing – Concept, functions and philosophies	<ul style="list-style-type: none"><li>• Understand the concept of marketing.</li><li>• Explain the features of marketing.</li><li>• Discuss the functions of marketing.</li><li>• Explain the marketing philosophies.</li></ul>
Marketing Mix – Concept and elements	<ul style="list-style-type: none"><li>• Understand the concept of marketing mix.</li><li>• Describe the elements of marketing mix.</li></ul>
Product – branding, labelling and packaging – Concept	<ul style="list-style-type: none"><li>• Understand the concept of product as an element of marketing mix.</li><li>• Understand the concept of branding, labelling and packaging.</li></ul>
Price - Concept, Factors determining price	<ul style="list-style-type: none"><li>• Understand the concept of price as an element of marketing mix.</li><li>• Describe the factors determining price of a product.</li></ul>
Physical Distribution – concept, components and channels of distribution	<ul style="list-style-type: none"><li>• Understand the concept of physical distribution.</li><li>• Explain the components of physical distribution.</li><li>• Describe the various channels of distribution.</li></ul>
Promotion – Concept and elements; Advertising, Personal Selling, Sales Promotion and Public Relations	<ul style="list-style-type: none"><li>• Understand the concept of promotion as an element of marketing mix.</li><li>• Describe the elements of promotion mix.</li><li>• Understand the concept of advertising.</li><li>• Understand the concept of sales promotion.</li><li>• Discuss the concept of public relations.</li></ul>

## Unit 12: Consumer Protection

Consumer Protection: Concept and importance	<ul style="list-style-type: none"><li>• Understand the concept of consumer protection.</li><li>• Describe the importance of</li></ul>
	<ul style="list-style-type: none"><li>• consumer protection.</li><li>• Discuss the scope of Consumer Protection Act, 2019</li></ul>
<p>The Consumer Protection Act, 2019: <i>Source:</i> <a href="http://egazette.nic.in/WriteReadData/2019/210422.pdf">http://egazette.nic.in/WriteReadData/2019/210422.pdf</a></p> <p>Meaning of consumer Rights and responsibilities of consumers Who can file a complaint? Redressal machinery Remedies available</p>	<ul style="list-style-type: none"><li>• Understand the concept of a consumer according to the Consumer Protection Act, 2019.</li><li>• Explain the consumer rights</li><li>• Understand the responsibilities of consumers</li><li>• Understand who can file a complaint and against whom?</li><li>• Discuss the legal redressal machinery under Consumer Protection Act, 2019.</li><li>• Examine the remedies available to the consumer under Consumer Protection Act, 2019.</li></ul>
Consumer awareness - Role of consumer organizations and Non-Governmental Organizations (NGOs)	<ul style="list-style-type: none"><li>• Describe the role of consumer organizations and NGOs in protecting consumers' interests.</li></ul>

## Unit 13: Project Work

## ASSESSMENT

Allocation of Marks = 20 Marks

The marks will be allocated under the following heads:

1	Initiative, cooperativeness and participation	2 Mark
2	Creativity in presentation	2 Mark
3	Content, observation and research work	4 Marks
4	Analysis of situations	4 Marks
5	Viva	8 Marks
	<b>Total</b>	<b>20 Marks</b>

**Suggested Question Paper Design  
Business Studies (Code No. 054)  
Class XII (2024-25)  
March 2025 Examination**

**Marks: 80**

**Duration: 3 hrs.**

SN	Typology of Questions	Marks	Percentage
1	<p><b>Remembering and Understanding:</b> Exhibit memory of previously learned material by recalling facts, terms, basic concepts, and answers. Demonstrate understanding of facts and ideas by organizing, comparing, translating, interpreting, giving descriptions, and stating main ideas</p>	44	55%
2	<p><b>Applying:</b> Solve problems to new situations by applying acquired knowledge, facts, techniques and rules in a different way</p>	19	23.75%
3	<p><b>Analysing, Evaluating and Creating:</b> Examine and break information into parts by identifying motives or causes. Make inferences and find evidence to support generalizations. Present and defend opinions by making judgments about information, validity of ideas, or quality of work based on a set of criteria. Compile information together in a different way by combining elements in a new pattern or proposing alternative solutions.</p>	17	21.25%
<b>Total</b>		<b>80</b>	<b>100%</b>

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## CHAPTER-(01) NATURE AND SIGNIFICANCE OF MANAGEMENT

### Meaning of Management:

Management is defined as a process of getting things done with the aim of achieving organizational goals or objectives effectively and efficiently.

**EFFECTIVENESS vs. EFFICIENCY** :- Effectiveness means finishing the given task in on time. To say in simple it is concerned with the end Result.

Efficiency means doing the given task correctly and with minimum cost.

### CHARACTERISTICS/FEATURES OF MANAGEMENT

1. Mgt. is a goal oriented process:- It is a goal oriented process, which is undertaken to achieve already specified and desired objectives by proper utilization of available resources

02 Management is all pervasive:- Mgt is universal in nature. It is used in all types of organizations whether economic, social or political irrespective of its size, nature and location and at every level

03 Management is Multi dimensional (work, people, operations) :-It is multidimensional as it involves management of work, people and operations. Every organization is established for doing some work. The management has to ensure the participation, of its people in the realization of the organization goal. Also mgt. needs to conduct the various operations such as production, sale, purchase etc.

04 Management is a continuous process:- Management is not a process which can be performed once and for all, but it is a continuous process. Functions of management like planning, organizing, staffing, directing and controlling continuously need to be done

05 Management is a group activity:- It is a group activity since it involves managing and coordinating activities of different people as a team to attain the desired objectives.

06 Management is a dynamic function: It is a dynamic function since it has to adapt according to need, time and situation of the changing environment. In order to be successful, an orgn. must change itself and its goals

07 Management is an intangible force: Management is such a force that cannot be seen; only its presence can be felt. When the goals of an organization are being realized in accordance with its plans, we can say that the management of the organization is good

Explain the various objectives of Management

### OBJECTIVES OF MANAGEMENT

01 Organizational objectives An organization has to achieve its different objective like Survival, Profit, Growth

02 Social objectives An organization has social objectives towards different groups of society like providing quality products at fair prices, generating employment opportunities, etc.,

03 Personal objectives An organization strives to fulfil personal objectives of its employees and also to reconcile their objectives with the organizational objectiveness. e.g., Competitive salaries, personal growth and perks for employees etc.

### IMPORTANCE/SIGNIFICANCE OF MANAGEMENT

01 Mgt. helps in achieving group goals Management creates team work and coordination in the group. Managers give common direction to individual efforts in achieving the overall goals of the orgn.

02 Mgt. increases efficiency Management increases efficiency by using resources in the best possible manner to reduce cost and increase productivity

03 Mgt. creates a dynamic organization Management helps the employees overcome their resistance to change and adapt as per changing situation to ensure its survival and growth

04 Mgt. helps in achieving personal objectives Management helps the individuals achieve their personal goals while working towards organizational objectives.

05 Mgt. helps in the development of society Management helps in the development of society by producing good quality products, creating employment opportunities and adopting new technology.

Explain the nature of management.

### NATURE OF MANAGEMENT

01 Mgt as an Art

1. Existence of theoretical knowledge (√)

2. Personalized application (√)

3. Based on practice and creativity (√)

CONCLUSION: Hence, management can be said to be an art since it satisfies the all criteria 3

02 Mgt as a Science

1. Systematized body of knowledge (√)

2. Principles based on experimentation (√/-)

3. Universal validity (X) (human beings)

CONCLUSION: Since management deals with human beings and their behaviour, the outcomes of these experiments are not capable of being accurately predicted or replicated. Therefore, management can be called an inexact Science//soft science/social science.

3 Mgt as a Profession

1. Well-defined body of knowledge (√)

2 Restricted entry (X)

3. Professional association (√)

4. Ethical code of conduct (X)

5 . Service motive (X)

CONCLUSIION: Since management does not meet the exact criteria of a profession, hence it is not treated as a Profession. ) { \* Fit (√) and Not Fit (X) }

What is Coordination? Explain its feature & Importance.

Meaning of Coordination — The Essence of Management: The process by which a manager synchronizes the activities of different departments is known as coordination. Coordination is the force that binds all the other functions of management.

### CHARACTERISTICS/FEATURES OF COORDINATION

01 Coordination integrates group efforts It integrates diverse business activities into purposeful group activity ensuring that all people work in one direction to achieve organizational goals.

02 Coordination ensures unity of action It directs the activities of different departments and employees towards achievement of common goals and brings unity in individual efforts.

03 Coordination is a continuous process It is not a specific activity matter; it is required at all levels, in all departments till the organization continues its operations

04 Coordination is an all pervasive function It is universal in nature. It synchronizes the activities of all levels and departments as they are interdependent to maintain organizational balance

05 Coordination is the responsibility of all managers It is equally important at all the Three-Top, Middle and Lower levels of management. Thus it is the responsibility of all managers that they make efforts to establish coordination.

06 Coordination is a deliberate function Coordination is never established by itself rather it is a conscious effort on the part of every manager. Cooperation is voluntary effort of employees to help one another.

### IMPORTANCE/SIGNIFICANCE OF COORDINATION

01 Growth in size When there is a growth in size, the number of people employed by the organization also increases. Thus to integrate the efforts. Co-ordination is needed.

02 Functional differentiation In an organization there are separate department and different goals. The process of linking those activities is achieved by co-ordination

03 Specialization Modern orgn. is characterized by a high degree of specialization. Co-ordination is required among different specialists because of their different approaches, judgment etc

### QUESTION BANK

#### MCQS

Q. NO.	QUESTIONS
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Q1.	<p>Identify the reason which makes management important in the light of the fact that it is generally seen that individuals in an organization resist change, as a change often means moving from a familiar, secure environment into a newer and a more challenging one.</p> <p>(a) Management helps in achieving group goals.  (b) Management creates a dynamic organization  (c) Management increases efficiency  (d) Management helps in the development of society.</p>
Q2.	<p>Das is the Managing Director of ‘Gamut Ltd.’, manufacturing different varieties of cheese. He has an efficient team working under him consisting of Rajat – the Production manager, Vinay – the Marketing manager and Adit – the Finance manager. They understand and interpret the policies made by Das, ensure that their departments have adequate manpower, assign them the necessary duties and motivate them to achieve the desired objectives. Identify at which level Mr. Das is working in the Company.</p> <p>(a) Top Level (b) Middle Level (c) Lower Level (d) None of these</p>
Q3.	<p>Coordination integrates the efforts of different departments and at different level’ Identify the characteristic of coordination highlighted in the above statement.</p> <p>(a) Coordination ensures unity of action.  (b) Coordination is an all pervasive function.  (c) Coordination is a deliberate function.  (d) Coordination is the responsibility of all managers.</p>
Q4.	<p>Identify the concept of management absent in the picture below.</p>  <p>(a) Coordination. (b) Cooperation (c) Delegation (d) Efficiency</p>
Q5.	<p>Alfanzo Ltd' is achieving all its objectives in an effective and efficient manner. It is earning enough revenue to cover costs and the risks of the business. Now the company wants to increase the sales volume, the capital investment, the number of employees and the number of products also. By doing this, the management wants to achieve its following objective :</p> <p>(a) Survival (b) Profit (c) Growth (d) Personal</p>
Q6.	<p>Ravi joined a marketing firm as a Sales manager. On his first day in the company, during the orientation programme, the CEO of the company told Ravi that he will have to simultaneously perform the functions of management (planning, organizing, staffing, directing, controlling) all the time. Which characteristic of management was the CEO referring to?</p> <p>(a) Management is a continuous process  (b) Management is all pervasive  (c) Management is multidimensional  (d) Management is goal oriented</p>
Q7.	<p>.”Management cannot be seen but its presence can be felt”. Which characteristic of management is highlighted in the above statement?</p>

	(a)Group activity (c)Dynamic function (b)Intangible force (d)Continuous process
Q8.	Identify the basic characteristic of management involved in this statement. “The activities involved in managing an organisation are common to all organisations, whether economic, social or political”. (a) It is an intangible force. (b) It is all-pervasive. (c) It is multidimensional. (d) None of these
Q9.	”Deciding in advance what is to be done and who is to do it” highlighted one of the functions of management. Identify it. (U) (a) Organising (b) Planning (c) Directing (d) Controlling
Q10.	Occupation which is backed by specialized knowledge and training and to which entry is regulated by a representative body. (a) Profession (b) Art (c) Science (d) All of Above
Q11.	Statement I: Management is multi-dimensional. Statement II : The activities involved in managing an enterprise are common to all organisations whether economic, social or political. Choose the correct option from the options given below: (a)Statement I is true and II is false (b) Statement II is true and I is false. (c) Both the statements are false. (d)Both the statements are true
Q12.	Assertion : Efficiency aims at performing tasks with the least wastage of time and effort. Reason : Efficiency is about doing the job in a cost-effective manner, i.e., getting maximum output with minimum input. (a)Both Assertion (A) and the Reason (R) are true and Reason (R) is the correct explanation of Assertion (A) (b) Both Assertion (A) and the Reason (R) are true and Reason (R) is not the correct explanation of Assertion (A) (c) Assertion (A) is true but the Reason (R) is False. (d) Assertion (A) is false but Reason (R) is True
Q13.	Assertion (A): Management is termed as a 'Process'. Reason (R): Management involves a series of inter-related functions, such as planning, organising, staffing, directing and controlling. (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 and 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.
Q14.	Assertion (A): Coordination is the essence of management. Reason (R): Coordination is required at all levels and through all functions of management. Choose one of the correct Options given below: (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 and Reason (R) is not correctexplanation of Assertion (A). (c) Assertion (A) is true but Reason (R) is false. (d) Assertion (A) is false but Reason (R) is true.
Q15.	Human resources are an organisations greatest assets. Despite all developments in technology ‘getting work done from people is the major task of a manager’. Identify dimension of management being described above (a) Management of work (b) Management of people

	(c) Management of operations      (d) All of the above
Q16.	..... is concerned with doing the right task. (a) Effectiveness                      (b) Efficiency (c) Both (a) and (b)                  (d) None of these
Q17.	A company's target production is 5000 units in a year. To achieve this target the manager has to operate on double shifts due to power failure most of the time. The manager is able to produce 5000 units but at a higher production cost. In this case the manager is (a) Efficient                              (b) Effective (c) Efficient as well as effective    (d) Neither efficient nor effective
Q18.	Which level of management is responsible for the welfare and survival of the organisation? (a) Top level of management        (b) Middle level of management (c) Supervisory level                  (d) Both (b) and (c)
Q19.	Alok a mobility platform is in the process of laying off 400-500 employees in a move aimed at driving cost efficiency. Which objective of management will the firm not be able to achieve by carrying out this process. (a) Efficiency      (b) Social      (c) Profit      (d) Survival
Q20.	What distinguishes a successful manager from a less successful one is the ability to put the principles into practice." Which aspect of the nature of management is highlighted in the above statement? (a) Management as a science    (b) Management as an art (c) Management as a profession    (d) Management is an intangible force
<b>THREE MARKS QUESTIONS (03 MARKS)</b>	
Q21.	Josh Enterprises decides to have a meeting of all the key employees of different departments in the organisation. The main motive is to tell the employees to keep the target of 20% increase in sales as the main objective when they work throughout the year. The meeting is full of ideas regarding the employees and processes involved. Various plans are made to harness the potential of the employees and streamline the processes. However with the passage of a few days the external business environment checks the capability of the organisation to adapt to the situations. The company successfully comes out at the end of the year with flying colours. What are the various characteristics of management you can find highlighted here? Also identify the lines in which these characteristics have been highlighted.
Q22.	XYZ Ltd. is a management oriented company. Time and again all the employees learn from their seniors various ways of dealing with diverse situations. They are provided training whenever required. They are also given incentives both financial as well as non financial. The result is employees see their development in the organisation. The organisation tries to behave as a responsible constituent of society and always creates good quality products. It has a very good image in the market. The training modules are superb and the employees always try to find unique ways of providing solutions in the context of rapidly changing business environment. This has helped the organisation to adjust frequently in a very good manner. Which importance of management is highlighted here? Also identify the lines.
Q23.	ABCD Inc. is a company which deals with providing car service at home and on road. There are different departments in this company like Human Resources, Marketing, Finance, Research & Development and Operations. The top management of the company tries its level best to synchronize the activities of different departments in the best possible manner. The result is the increased efficiency and attainment of goals. However with the passing of time the size of the company has grown and now there are many branches of this company. The synchronization has turned more important with the increase in the size of the company and the number of employees. The Departmental Heads of the company are specialists in their respective areas and the top management tries to work with them not with authority but by respecting their views on the

	subject. Their ego clashes are avoided to ensure smooth functioning of the organisation. Identify the concept of management highlighted above. Write two benefits highlighted in the above paragraph of this concept.
Q24.	Alpha Beta Inc. decided to go for perfect coordination in the various aspects of the company. They focus on synchronization of all the activities of the organisation. For this they know coordination will be the key. At the stage of thinking of what is to be done throughout the year they decide to take into consideration the harmony between the goals of the organisation and those of the individual departments. When they hire employees they pay them only after evaluating their worth in terms of how efficient they are. Finally when the last month of production comes they, time and again check the deviation between the set targets and the actual production done. In the above paragraph the main focus is on coordination. However various functions of management also come into picture. You have to identify the three functions of management highlighted above in which coordination can be seen.
Q25.	A floor manager of a mall is a very good manager as he utilises all the functions of management to minimise cost of maintenance of his area. He directs all the staff members under him to follow the targets and advises them to put their efforts in the direction of achievement of these targets. Under his guidance the employees admit that they learn a lot and are able to meet their targets. This has led to the increase in their salaries. Identify the importance of management highlighted above.
<b>FOUR MARKS QUESTIONS (04 MARKS)</b>	
Q26.	Ice Air Manufacturers are the leading AC manufacturers. On meeting the record target they decided to give prize to the best worker of the year. Rajesh who is a very devoted worker wins the prize of the best worker. He is very happy. Mr. Kulkarni who is the CEO of the company gives a very heart touching speech. He tells all the workers present that the company should reach new heights this year. Their contribution will be immense. He tells them that the revenue this year should exceed cost so much so as to reduce the business risk. So that in the coming years company could show increase in the number of workers, number of products produced and also the sales turnover. The speech ends with the promise made by the labour union head that the company will get full support from the workers. (a) In the above case which type of objectives are discussed by Mr. Kulkarni in the speech? (b) What is the other term used for this category of objectives? (c) At which level of management does Rajesh work in the company?
Q27.	Explain management as an art do you agree? Give suggestion and support your answer.
Q28.	Govinda Ltd. is a highly reputed company. Different functions are performed by different individuals in this company, who are bound together in a hierarchy of relationships. Every individual in the hierarchy is responsible for successful completion of a particular task. Mr. Gauranga is responsible for the welfare and survival of the organization. He formulates overall organizational goals and strategies for their achievement. MR. Nityanand ensures that quality of output is maintained, wastage of materials is minimized and safety standards are maintained. Mr. Sanatan assigns necessary duties and responsibilities to the personnel and motivates them to achieve desired objectives At what levels of management are MR. Gauranga, Mr. Nityanand and Mr. Sanatan working in Govinda Ltd.? justify your answer
Q29.	Sanjana is the branch manager of ABC Handicrafts Pvt. The company's objective is to promote the sales of Indian handloom and handicraft products. Its sells fabrics, furnishings, ready-mades and household items are made out of traditional Indian fabrics. Sanjana decides quantities, variety, colour and texture of all the above items and then allocates resources for their purchase from different suppliers. She appoints a team of designers and crafts people in the company, who developed some prints for bed covers in bright colour on silk. Although they looked very

	impressive, they were more expensive than they had planned to sell. Average customer could not afford to buy it. Praising their effort, Sanjaja suggested that they should keep the silk bed covers for special occasions like Diwali and Christmas and offer the cotton bed covers on a regular basis to keep costs under control. Identify the functions of management which Sanjaja performs by quoting the lines the above para.
Q30.	Sridhar's father is working as a section in-charge in a government office. Identify the level of management at which he is working? State any five functions that he has to perform at this level.
<b>SIX MARKS QUESTIONS (06 MARKS)</b>	
Q31.	Explain management has a science do you agree. Give suggestion and support your answer.
Q32.	Esha works as the cost and risk management head of a company in power sector. As a result of her excellent managerial competence, the company is able to reduce costs and increase productivity. The company belongs to infrastructure sector, where is regular amendments are made in the government regulations and policies. She holds regular meetings to ensure that people in her department are not only aware of the related changes but are also able to adapt to these changes effectively. This helps the company to maintain its competitive edge. She motivates and leads her team in such a manner that individual members are able to achieve personal goals while contributing to the overall organizational objective. In the process of fulfilling her duties for the growth of the organization, she helps in providing competitive services, adopting new technology, creating more employment opportunities etc. for the greater good of the people at large. In context of the above case: Identify the various reasons that have made management so important by quoting lines from the paragraph.
Q33.	A very innovative firm has decided to increase its sales. The company is good but they have noticed that their growth has stagnated for the last couple of years. The top management calls for an emergency meeting. For this they have outlined a series of activities to be performed by each person. The people are told the activities they have to perform. Thus the work is divided among individuals. The efforts taken by the firm turn out to be very productive for the organisation and it gains huge profit. The newspapers and management institutes also praise the company for its high standards of management. However as time passes the size of the organisation grows and thus they think of bringing another concept of management with a lot of precision. This concept of management is not voluntary but rather based on a lot of clear cut thinking in advance. The main idea is to reduce confusion among the employees regarding any of the activities they have been assigned. (a) Identify the functions of management highlighted in the above lines which the company follows. (b) Also Identify in the above lines a concept of management discussed which the company tries to bring. (c) Find one importance and one characteristic of this concept highlighted above.
Q34.	Radio XYZ is a company which has improved its functioning by proper management. The company has been good in fixing and completing targets. The main reason for its success has been the involvement of all of the employees. The company tries to keep its targets in front of the employees so that each one of them can contribute to the completion of goals. Though their activities may be different yet they contribute to the common targets or goals of the organisation. The company has won the prize for the best organisational climate. This has been possible due to the impact of great managerial discipline which might not be visible to an outsider in the first look but he realises it when he stays in the organisation. Gradually the organisation has developed itself into a very successful company. It has produced different types of radios according to the needs of the customers. During last decade it has adapted to the requirements of the market and produced different type of radios suiting the needs of the customers. The management of three components is always significant to the company employees, process and amount of work to be done.

	<p>Controlling these three areas is always a top priority to the company. Recently a meeting was held which laid stress on the need of taking good management to all levels and departments of the organisation.</p> <p>In the above case find all the characteristics of management and highlight the lines which help you identify them.</p>
Q35.	<p>Saagar Ltd. believes in coordination among departments and activities. The company relies heavily on professional coordination. For this the company takes steps throughout the year. Coordination is kept in mind by all the managers regardless of the level they are working at. Throughout the year the various activities are synchronised without failure. Every department ensures that within it every employee and operation is guided by the theme of proper coordination. Whenever an employee takes an action he consults others, whenever needed, thus properly contributing to his team. The process of coordination is just not limited to the employees. Even at the departmental level the various departments use this binding force to create perfect harmony among them so that the organizational goals can be fulfilled. All the coordination that occurs in the organisation is a result of proper training and premeditated attempts by the company to get the best results possible.</p> <p>The above case represents all the characteristics of coordination. Identify the lines which represent them and also name the characteristics.</p>
<b>ANSWERS OF MCQS (01 MARKS)</b>	
Ans.1.	(b) Management creates a dynamic organization
Ans.2.	(b) Middle Level    The team belongs to Middle Level Management. Their function can include - Participation in employment and training program of lower level management as per the objectives set by Das.
Ans.3.	(b) Coordination is an all pervasive function.
Ans.4.	(a) Coordination.
Ans.5.	(c) Growth
Ans.6.	(a) Management is a continuous process
Ans.7.	(b) Intangible force
ANS.8.	(b) It is all-pervasive.
ANS.9.	(b) Planning
ANS.10.	(a) Profession
ANS.11.	(d) Both the statements are true
ANS.12.	(a) Both Assertion (A) and the Reason (R) are true and Reason (R) is the correct explanation of Assertion (A)
ANS.13.	(a) Both Assertion (A) and Reason (R) are True and Reason (R) is the correct explanation of Assertion (A)
ANS.14.	(a) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A).
ANS.15.	(b) Management of people
ANS.16.	(a) Effectiveness
ANS.17.	(b) Effective
ANS.18.	(a) Top level of management
ANS.19.	(b) Social
ANS.20.	(b) Management as an art
<b>ANSWERS OF THREE MARKS QUESTIONS (03 MARKS)</b>	
ANS.21.	<p>The various characteristics of management involved here are:</p> <p>Goal Oriented. The main motive is to tell the employees to keep the target of 20% increase in sales as the main objective when they work throughout the year.</p>

	<p>Multidimensional. Various plans are made to harness the potential of the employees and streamline the processes. Employees—People, and Streamline the process—Operations. Dynamic. However with the passage of a few days the external business environment checks the capability of the organisation to adapt to the situations</p>
ANS.22.	<p>The importance of management highlighted here are:  Development of personnel. They are also given incentives both financial as well as non financial. The result is employees see their development in the organisation.  Development of society. The organisation tries to behave as a responsible constituent of society and always creates good quality products.  Helps in becoming dynamic organisation. The training modules are superb and the employees always try to find unique ways of providing solutions in the context of rapidly changing business environment.</p>
ANS.23.	<p>The concept of management highlighted above is that of Coordination. The top management of company tries its level best to synchronize the activities of different departments in the best possible manner.  The importance of coordination:  Growth in size. When the organisation grows in size coordination plays an important role in synchronizing all the activities as the number of employees and branches increases. The synchronization has turned more important with the increase in the size of the company and the number of employees.  Specialisation. The specialists like the departmental heads cannot be tackled just by unity of command. They have their own egos. Here the best way to tackle them is to ensure coordination among them. Their ego clashes are avoided to ensure smooth functioning of the organisation.</p>
ANS.24.	<p>The various functions of management highlighted above are:  Planning. At the stage of thinking of what is to be done throughout the year they decide to take into consideration the harmony between the goals of the organisation and those of the individual departments.  Staffing. When they hire employees they pay them only after evaluating their worth in terms of how efficient they are.  Controlling. Finally when the last month of production came they were time and again checking the deviation between the set targets and the actual production done.</p>
ANS.25.	<p>The importance of management highlighted here are:  1. ) Management increases efficiency (A floor manager of a mall is a very good manager as he utilises all the functions of management to minimise cost of maintenance of his area).  2.) Management helps in achieving group goals (He directs all the staff members under him to follow the targets and advises them to put their efforts in the direction of achievement of these targets).  3. ) Management helps in achieving personal objectives (This has led to the increase in their salaries).</p>
<b>ANSWERS OF FOUR MARKS QUESTIONS (04 MARKS)</b>	
ANS.26.	<p>(a)The type of objectives discussed are Organisational Objectives since  (b)(i) Profit (revenue this year should exceed cost so much so as to reduce the business risk) and  (ii) Growth (increase in the number of workers, number of products produced and lIso the sales turnover) are discussed here.  (c) The level at which Rajesh works is the non-managerial level since all the workers work at this level and he is a worker (Rajesh who is a very devoted worker).</p>
ANS.27.	<p>Meaning of art:-Art is defined as the existence of theoretical knowledge based on personalities application practice and creativity.  Features of art- there are three features of art which can be applicable in management.</p>

	<p>I. existence of theoretical knowledge: art is based on certain basic principle derived from the knowledge of expert and theory. Management has also various theories which are developed by many thinkers in this way management is also like ART.</p> <p>II. Personalized application: the principle of practical and theory of Arts use by the persons on that way in which they can apply easily. Management has also personalized application of knowledge because its principle can be used as per the situation and problem arises in this way management is also an art.</p> <p>III. based on practice and creativity: art can be developed on the basis of practice in creativity we can create our own style or method. Management is also based on practice and creativity because its theory can be applied as per the given situation in this way management is also an art.</p> <p><u>Conclusion</u>: all the features of art are applicable in management in this way management is considered as art.</p>
ANS.28.	<p>Mr. Gauranga is working at the top level management. He is responsible for the welfare and survival of the organization.He formulates overall organizational goals and strategies for their achievement.</p> <p>2. Mr. Nityanand is working at the lower level management. He ensures that quality of output is maintained, wastage of materials is minimized and safety standards are maintained.</p> <p>3.Mr. Sanatan is working at the middle level management. He assigns necessary duties and responsibilities to the personnel and motivates them to achieve desired objectives.</p>
ANS.29.	<p>1. Planning: „Sanjana decides quantities, variety, colour and texture of all the above items...” 2. Organizing:“...allocates resources for their purchase form different suppliers.”</p> <p>3. Staffing: „She appoints a team of designers and crafts people in the company...”</p> <p>4. Directing: „Praising their effort, Sanjana suggested that they should keep the silk bed covers for special occasions like Diwali and christman...”</p> <p>5. Controlling: „...offer the cotton bed covers on a regular basis to keep costs under control.”</p>
ANS.30.	<p>Sridhar’s father is working as a section in-charge in a government office. He is working at the lower level of management. He has to perform the following functions at this level of management:</p> <p>1. Supervise the efforts:-He has to directly oversee the efforts of the workforce.</p> <p>2. link between the workers and middle level managers:-He has to serve as a link between the workers and middle level managers.</p> <p>3. Ensure sufficient availability of resources:- He has to ensure sufficient availability of resources and good quality of output.</p> <p>4. Training to workers :-He has to provide guidance and training to workers.</p> <p>5.Ensure good working conditions:- He has to ensure that good working conditions are provided to the workers.</p>
<b>ANSWERS OF SIX MARKS QUESTIONS (06 MARKS)</b>	
ANS.31.	<p>Management as a science we can describe the following terms.</p> <p>Definition of science: science is a Systematic body of knowledge acquired through observation and experimentation and apply universally validity.</p> <p>Features of science applied in management.</p> <p>i. systematic body of knowledge: science is a systematic body of knowledge which is bases on cause and effect Relationship may be used to predict the outcome of specific action. Management is also a systematic body of knowledge built up by management <b><i>practice over a considerable time.</i></b></p> <p>ii. Experimentation and observation: principle of science are developed on the basis of experimentation and observation this cannot be influenced by personal like or dislike.</p>
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	<p>management principles are based on observation but cannot be followed hundred percent in each situation because it is related two human being and such behaviour which cannot be experimented in this way experimentation feature not follow in management.</p> <p>iii. Universal validity: it has Universal validity and each condition they are satisfying. Management are not universal applicable because this can be changed according to situation and conditions;</p> <p><u>Conclusion:</u> management is not consider as pure science like physics, chemistry but it is a social and soft science.</p>
ANS.32.	<p>The various reasons mentioned in the above paragraph that have made management so important are stated below:</p> <ol style="list-style-type: none"> <li>1. Management increases efficiency as it leads to reduction in costs due to optimum utilization of resources. “As a result of her excellent managerial competence the company is able to reduce costs and increase productivity.”</li> <li>2. Management creates a dynamic organization so that it is able to incorporate the corresponding changes in its working with any change in its business environment. “The company belongs to infrastructure sector, wherein regular amendments are made in the government regulations and policies. She holds regular meetings to ensure that people in her department are not only aware of the related changes but are also able to adapt to these changes effectively. This helps the company to maintain its competitive edge.”</li> <li>3. Management helps in achieving personal objectives of the employees in the organization. “She motivates and leads her team in such a manner that individual members are able to achieve personal goals while contributing to the overall organizational objective.”</li> <li>4. Management helps in the development of society by contributing effectively towards it is multiple ways. “In the process of fulfilling her duties for the growth of the organization, she helps in providing competitive services, adopting new technology, creating more employment opportunities etc. for the greater good of the people at large.</li> </ol>
ANS.33.	<p>(a)The functions of management highlighted above are Planning (The company has decided to increase its sales) and Organising (The work is identified and divided among individuals).</p> <p>(b)The concept of management highlighted above is Coordination.</p> <p>(c)The importance of coordination when the size of the organisation increases is told here the characteristic highlighted is coordination is deliberate (The concept of management is not voluntary but based on a lot of clear cut thinking in advance).</p>
ANS.34.	<p>The following characteristics of Management have been highlighted:</p> <ol style="list-style-type: none"> <li>(1.) Management is a goal oriented process (The company has been good in fixing and completing targets).</li> <li>(2.) Management is a group activity (Though their activities may be different yet they contribute to the common targets or goals of the organisation).</li> <li>(3.) Management is an intangible force (This has been possible due to the impact of great managerial discipline which might not be visible to an outsider in the first look but he realizes it when he stays in the organisation).</li> <li>(4.) Management is a dynamic function (During last decade it has adapted to the requirements of the market and produced different type of radios suiting the needs of the customers).</li> <li>(5.) Management is multidimensional (The management of three components is always significant to the company - employees, process and amount of work to be done).</li> <li>(6.) Management is all pervasive (Recently a meeting was held which laid stress on the need of taking good management to all levels and departments of the organisation).</li> </ol>
ANS.35.	<p>(1)Coordination is the responsibility of all managers (Coordination is kept in mind by all the managers regardless of the level they are working at).</p>

- (2) Coordination is a continuous process (Throughout the year the various activities are synchronised without failure).
- (3) Coordination is all pervasive (Every department ensures that within it every employee and operation is guided by the theme of proper coordination).
- (4) Coordination is a group activity (Whenever an employee takes an action he consults others whenever needed thus giving properly contributing to his team).
- (5) Coordination involves unity of action (Even at the departmental level the various departments use this binding force to create perfect harmony among them so that the organisational goals can be fulfilled).
- (6) Coordination is a deliberate function (All the coordination that occurs in the organisation is a result of proper training and premeditated attempts by the company to get the best results possible).

**Meaning:**

Principles of management are broad & general guidelines for managerial decision- making.

**Nature/Features/ Characteristics of Management Principles:-**

- (a) They have universal applicability in all types of organisations. They are formed by practice & experimentation.
- (b) They are flexible and can be modified by the manager when the situation so demands.
- (c) They are aimed at influencing human behaviour; so they are mainly behavioural in nature.
- (d) The applications of the principles of management is contingent or dependent upon the prevailing situation at a particular point of time.

**Significance/ Importance of Management Principles:-**

- (a) They provide the managers with useful insights into reality.
- (b) They help in optimum utilization of resources and effective administration.
- (c) They help to take scientific decisions.
- (d) They help in meeting changing environment requirements. They help in fulfilling social responsibility.
- (e) They are used as a basis for management training, education & research.

**Fayol's Principles of Management-**

- (1) Division of work: - Whole work should be divided into small tasks / units; each task should be assigned to one person according to the capability, qualification and experience of the person.
- (2) Authority and responsibility: - 'Authority' means the power to take decisions. 'Responsibility' means obligation to complete the job assigned on time. Fayol suggested that there must be a balance between authority and responsibility
- (3) Discipline: - It means obedience to organizational rules and employment agreement.
- (4) Unity of command: - An employee should receive orders / instructions from one and only one boss/ superior and should be accountable to one superior only.
- (5) Unity of direction: - All the units of an organisation should be moving towards the same objectives through coordinated and focused efforts. ( One unit means one plan.
- (6) Subordination of Individual Interest to General Interest: - The interest of the organisation must supersede the interest of individuals or employees.
- (7) Remuneration of employees: - Remuneration of employees should be just and equitable to provide maximum satisfaction to the employees as well as employer.
- (8) Centralisation and Decentralisation: - Centralisation refers to concentration of authority or power in few hands at the top level. Decentralisation means evenly distribution of power at every level of management. There must be combination of both depending upon the nature and size of the organisation.
- (9) Scalar chain: - The formal line of authority from highest to lowest rank are known as 'scalar chain' suggests that communication from top to bottom should follow the official lines of command. Gang plank is a shorter route and has been provided so that communication has not delayed,
- (10) Order: - It means there should be a fixed place for every person and everything in the organization and each person and everything should be at its definite place i.e. material and social order
- (11) Equity: - Equity means no discrimination on account of sex, religion, language, caste, belief or nationality etc.
- (12) Stability of Tenure of personnel: - It refers to no frequent termination and transfer. Employees should not be moved from their positions frequently, they should be given reasonable time to show results.
- (13) Initiative: - Initiative refers to taking the first step with self-motivation. The employees in the organisation must be given an opportunity to take some initiative in making and executing a plan.
- (14) Esprit de corps: - Fayol emphasises the need for team work, spirit of unity and harmony among employees. A manager should replace "I" with "We".

**Scientific Management: Principles and Techniques**

Scientific management means knowing exactly what you want men to do and seeing that they do it in the best and cheapest way.

**Scientific Principles:-**

- (1) Science, not rule of thumb: Taylor believed that there was only one best method to maximize efficiency, which can be developed through scientific study.
- (2) Harmony, not discard: Taylor insists that there is need for both the groups i.e. workers group and management group to change their attitudes for each other. He insists on mental revolution which means complete change of attitude and outlook for each other.
- (3) Cooperation, not individualism: Taylor insists work must be carried on in co-operation with each other, with mutual confidence and understanding for each other.
- (4) Development of each and every person to his/her greatest efficiency and prosperity: Each person should be scientifically selected. They should be given required training to learn best method.

**Taylor's techniques of scientific management:-**

- (1) Functional foremanship:-Taylor suggested activities of factory workers should be observed by eight type of specialised foremen.He divided the work of factory in two departments:  
 Planning department:-Instruction card clerk, route clerk, timeand cost clerk and discipline officer  
 Production department:- Gang boss, speed boss, repair boss and Inspector.
- (2) Standardisation and Simplification of work: - It refers to the process of setting standards for various business activities whereas Simplification means to put an end to unnecessary types, qualities, size/weight etc. of products.
- (3) Method study: – Objective of method study is to find out one best way of doing the job.
- (4) Motion study: - It refers to the study of movements so that unproductive movements may be eliminated.
- (5) Time study: – It determines standard time taken to perform a well-defined job.
- (6) Fatigue study: – It seeks to determine the amount and frequency of rest intervals in completing a task.
- (7) Differential piece wage system: - It emphasises on paying different rates of wages for efficient and inefficient employees. It rewards the efficient employees and motivates the inefficient ones to perform better.
- (8) Mental Revolution: It involves a change in the attitude of workers and management towards one another from competition to cooperation.

**QUESTION BANK  
MCQS**

Q. NO.	QUESTIONS
Q1.	The objective of which technique of scientific management is to determine the number of workers to be employed to perform the job in an organisation? a) Method study b) Motion study c) Time study d) Fatigue study
Q2.	ASSERTION(A): Functional foremanship is based on the principle of unity of command REASON (R): As per unity of command principal workers receive orders from one superior a. Both assertion and reason are correct and reason is correct explanation of assertion b. Both assertion and reason are correct but reason is not the correct explanation of assertion c. Assertion is correct but reason is not correct d. Assertion is wrong but reason is correct
Q3.	Foods and Flavors is famous food chain of South India. Its management encourage the employees to give their constructive suggestions. They take their employees into confidence for all important decisions. Which principle of scientific management has been followed by “Foods and Flavors” a) Science, not rule of thumb b) Cooperation not individualism

- c) Harmony not discords
- d) None of the above

Q4. Match the following:

a) Number of rest intervals	1 differential piece wage system
b) Higher and lower wage rate	2. Time study
c) No. of worker to perform jobs	3. fatigue study

Q5. Match the following-

Statement-I	Statement-II
a-Division of work	i-Decision making regarding the management tasks distribution
b-Unity of Direction	ii-Internal informal system for coordination in activities.
c-Order	iii-Functions have multiple plans and multiple bosses
d-Centralization and Decentralization	iv-Generalization in workers' job design

(a) a-i, b-iii, c-ii, d-iv  
 (b) a-iv, b-ii, c-iii, d-i  
 (c) a-iv, b-iii, c-iv, d-ii  
 (d) a-iv, b-iii, c-ii, d-I

Read the following text and answer the following questions no 6 to 9 on the basis of the same:  
 After completing her Bachelors in Fashion Designing from a well-known college in France, Aditi has opened a boutique in a posh market in Kolkata. She has divided the work in smaller units and each employee is well trained to perform his/her task efficiently. The sales persons are allowed to close a deal with a buyer by giving a maximum of 5 percent discount, whereas the decision to give any further discount rests with Aditi as the final authority. In the earlier period of her business venture, employees were asked to put in extra hours of work. In return she had promised to give them a special incentive within a year. Therefore, when the business was doing well, she honour her commitment by giving bonus to her employees. She also instructed her employees that communication from top to bottom should follow the official lines of command. However, she tends to be more biased towards her female employees, when it comes to solve the conflicts among employees.

Q6. “She appoints a team of designers and crafts people in the company, who developed some prints for bed covers in bright colour on silk.”  
 Which function of management is highlighted in this context?  
 (A) Controlling  
 (B) Staffing  
 (C) Planning  
 (D) Directing

Q7. In the above case “company’s objective is to promote the sales of Indian handloom and handicraft products.”  
 The above line focus on which feature of management?  
 (A) Management is an intangible force  
 (B) Management is a goal oriented process  
 (C) Management is pervasive in nature  
 (D) Management is a continuous process

Q8. With reference to the above case, at which level of management Sana is

- working?  
 (A) Lower level  
 (B) Top level  
 (C) Middle level  
 (D) Shop floor

Q9. “Sana suggested that they should keep the silk bed covers for special festive occasions and offer the cotton bed covers on a regular basis to keep costs under control.”  
 Which function of management is highlighted in this context?  
 (A) Controlling  
 (B) Staffing  
 (C) Organising  
 (D) Planning

Q10. Match the following-

Statement-I	Statement-II
a-Separation of planning and execution of functions.	i-Standardisation of work
b- Setting benchmarks for every business activity which must be adhere to during production.	ii-Simplification of work
c-Eliminating superfluous varieties, sizes and dimensions.	iii-Method Study
d-Minimising the cost of production and maximize the quality and satisfaction of the customers.	iv- Functional foremanship

(a) a-iii, b-iv, c-i, d-ii  
 (b) a-iv, b-i, c-ii, d-iii  
 (c) a-ii, b-iii, c-iv, d-i  
 (d) a-iv, b-iii, c-ii, d-i

Q11. Match the following-

Statement-I	Statement-II
a- Each specialist is to be assigned work according to her his qualities.	i-Time Study
b-Devising new varieties instead of the existing ones and eliminating unnecessary diversity of products.	ii-Method Study
c-Fixing the standard time taken to perform a well-defined job so as determine the number of workers to be employed.	iii-Functional foremanship
d- finding out the one best way of doing the job to minimize the cost of production and maximize the quality and satisfaction of the customers.	iv-Standardization and simplification of work

(a) a-iii, b-iv, c-i, d-ii  
 (b) a-iv, b-ii, c-iii, d-i  
 (c) a-ii, b-iii, c-iv, d-i  
 (d) a-iv, b-iii, c-ii, d-i

Q12. Read the following statements: Assertion and Reason. Choose one of the correct alternatives given below:  
 Assertion(A): If Mohan, an employee of production department is asked to go slow in production to maintain quality standard by the production manager and sales manager instructs the employee to fasten the production to meet the pending orders. In the situation, employee will get confused as to whose instruction must be followed by him.  
 Reason(R): Unity of command means one employee received order from one superior and should be accountable to one superior only.

	<p>(A) Both Assertion (A) and Reason(R) are true and Reason (R) is correct explanation of Assertion (A)</p> <p>(B) Both Assertion (A) and Reason(R) are true and Reason (R) is not correct explanation of Assertion(A)</p> <p>(C) Assertion(A) is true but Reason(R) is false</p> <p>(D) Assertion(A) is false but Reason(R) is true</p>								
Q13.	<p>Statement I: Scientific methods of production must be selected to develop standard. To set up standard the manager must may use of work studies techniques which include time study, motion study and fatigue study.</p> <p>Statement II: standardization means only quality standards but ignores standard size, type, weight, measures etc.</p> <p>(A)Statement I is correct and Statement II is not correct.</p> <p>(B) Statement I is correct and Statement II is also correct.</p> <p>(C) Statement I is not correct and Statement II is correct.</p> <p>(D) Statement I and Statement II both are incorrect</p>								
Q14.	<p>Taylor's technique is expressed as ..... management and Fayol's techniques are expressed as General theory of .....</p> <p>(a) administration, scientific</p> <p>(b) personal, observation</p> <p>(c) observation, personal,</p> <p>(d) scientific, administration</p>								
Q15.	<p>Violation of ..... principle will create insecurity among the employees.</p> <p>This statement is related to-</p> <p>(a) Principle of Order</p> <p>(b) Principle of Remuneration</p> <p>(c) Principal of Stability of Personnel</p> <p>(d) Principal of Esprit de corps</p>								
Q16.	<p>.....refers to concentration of power or authority at higher level only and ..... refers to every distribution of power and authority at every level of management.</p> <p>(a) Principle of Order, Principal of Stability of Personnel</p> <p>(b) Theory of Centralization, Theory of Decentralization</p> <p>(c) Principle of Decentralization, Principal of Centralization</p> <p>(d) Principle of Esprit de corps, Principle of Remuneration</p>								
Q17.	<p>Match the following-</p> <table border="1" data-bbox="228 1367 1312 1629"> <tr> <td>a-To be responsible for timely and accurate operation of the job.</td> <td>i-Inspector</td> </tr> <tr> <td>b-To keep machines and tools ready for operation by the workers.</td> <td>ii-Speed Boss</td> </tr> <tr> <td>c-To ensure proper working conditions of machines and tools.</td> <td>iii-Gang Boss</td> </tr> <tr> <td>d-To check the quality of works.</td> <td>iv-Repair Boss</td> </tr> </table> <p>(a) a-i, b-iii, c-ii, d-iv</p> <p>(b) a-iv, b-ii, c-iii, d-i</p> <p>(c) a-ii, b-iii, c-iv, d-i</p> <p>(d) a-iv, b-iii, c-ii, d-i</p>	a-To be responsible for timely and accurate operation of the job.	i-Inspector	b-To keep machines and tools ready for operation by the workers.	ii-Speed Boss	c-To ensure proper working conditions of machines and tools.	iii-Gang Boss	d-To check the quality of works.	iv-Repair Boss
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c-To ensure proper working conditions of machines and tools.	iii-Gang Boss								
d-To check the quality of works.	iv-Repair Boss								
Q18.	<p>Assertion (A): A tenet of scientific management is cooperation and harmony between workers and managers.</p> <p>Reason (R): Taylor believed in participative management.</p>								

	<p>In the context of the above two statements, which one of the following is correct?</p> <p>Codes</p> <p>A. A and R are true and R is the correct explanation of A</p> <p>B. A and R are true and R is not the correct explanation of A</p> <p>C. A is true but R is false</p> <p>D. A is false but R is true</p>
Q19.	<p>Assertion (A): The principle of Harmony, Not Discord states that there should be complete harmony between the management and the workers.</p> <p>Reason (R): There is no need for a mental revolution.</p> <p>In the context of the above two statements, which one of the following is correct?</p> <p>Codes</p> <p>A. A and R are true and R is the correct explanation of A</p> <p>B. A and R are true and R is not the correct explanation of A</p> <p>C. A is true but R is false</p> <p>D. A is false but R is true</p>
Q20.	<p>Assertion (A): Functional foremanship technique divides the work of factory manager into two sub departments</p> <p>Reason (R): Functional foremanship develops specialisation .</p> <p>In the context of the above two statements, which one of the following is correct?</p> <p>Codes</p> <p>A. A and R are true and R is the correct explanation of A</p> <p>B. A and R are true and R is not the correct explanation of A</p> <p>C. A is true but R is false</p> <p>D. A is false but R is true</p>
<b>THREE MARKS QUESTIONS (03 MARKS)</b>	
Q21.	<p>Sanchit, after completing his entrepreneurship course from Sweden returned to India and start a coffee shop ‘Aroma Coffee Can’ in a famous mall in New Delhi. The speciality of the coffee shop was the special aroma of coffee and a wide variety of flavours to choose from. Somehow, the business was neither profitable nor popular. Sanchit was keen to find out the reason. He appointed Sandhya, an MBA from a reputed college, as a Manager to find out the causes for the same. Sandhya took feedback from the clients and found out that though they loved the special unique aroma of coffee but were not happy with the long waiting time being taken to process the order. She analysed &amp; found out that there were many unnecessary in obstructions between which could be eliminated. She fixed a standard time for processing the order. She also realised that there were some flavours whose demand was not enough. So, she also decided to stop the sale of such flavours. As a result within a short period Sandhya was able to attract the customers.</p> <p>Identify &amp; explain any two techniques of scientific management used by Sandhya to solve the problem.</p>
Q22.	<p>Explain the following principles/ technique of scientific management</p> <p>Subordination of individual interest to general interest</p> <p>Science not rules of thumb</p> <p>Order</p>
Q23.	<p>Identify the scientific management technique / principle ignored or followed in the following cases:</p> <p>-</p> <p>One of the principles of scientific management suggested that there should be complete mental revolution on the part of both management and workers. Workers and managers should know the importance of each other and should have good understanding between each other.</p>

	<p>One of the principles of Scientific management emphasized that “to make the employees learn the best method of production, training to workers is essential”. It further emphasizes that each person should be scientifically selected and the work assigned to the employees should suit their physical, mental and intellectual capabilities.</p> <p>In order to fix standard target of performance for workers, it was necessary to fix a standard time for workers to perform each job. For this purpose, a worker with reasonable standard of working was observed repeatedly to calculate average time of performance</p>
Q24.	<p>Sanjeev Ltd. was engaged in the business of manufacturing electronic component. Its business was expanding due to increased demand for AC. The competition was also increasing. In order to keep its market share intact, the company directed its workforce to work overtime. But this resulted in many problems.</p> <p>Due to increased pressure of work the efficiency of workers declined. Sometimes, the subordinates had to work for more than one superiors. The workers were becoming indiscipline. The spirit of teamwork had begun decline.</p> <p>Identify any three principles of management (as given by Henry Fayol) which were being violated, quoting the lines from the above case.</p>
<b>FOUR MARKS QUESTIONS (04 MARKS)</b>	
Q25	Explain functional foremanship technique of scientific management.
Q26	<p>Mr Shyamal is Production four men of Smart kids Pvt Ltd He gets instructions from Mr Adit Prediction manager To increase the production Due to Over purchase of cloth. On the other hand, Kantilal Orders Shyamal to show Down the projection Due to Unpredictable trend of market demand</p> <p>Which principle of management is being overlooked in the given case? What can be possible consequences of such a violation?</p>
Q27	<p>Sargam Enterprises import Various computer parts from China and assembles them To make a complete computer. The total work involves Three different task Assembling labelling and packing of computer. Each employee of the company Independently performs all the three tasks. As a result, no employees able to gain specialization in a particular field and the company is Unable to fulfil the orders on time.</p> <p>State and identify The principal which can be followed by Sargam Enterprises to overcome this problem. Will the use of this principle enable the employee to gain specialization Hello</p>
<b>SIX MARKS QUESTIONS (06 MARKS)</b>	
Q28	<p>'Sky High Builders' is a leading construction company. The organisation has grown from strength to strength because of its innovative ideas and scientific approach of working. Ten years back the organisation went through a revolution. All the operations and activities were properly noticed and the standard time taken to perform them was noted. This took a few months and now the company could find out the number of workers required and the number of days to be involved in the various manufacturing processes. A year later they moved to another level by considering the stress involved in the lives of the workers. The amount and frequency of rest intervals in finishing a particular task were noted. This helped the company in optimizing the rest intervals for the workers so that their outputs could be increased. After six more months the company decided to reward the efficient workers. A different rate of wage payment was decided for those workers who performed above the standard. The standard was decided. This led to a revolutionary change in the perspective of the workers who now started giving their full efforts in order to increase their wages.</p> <p>Name the three types of this management concept of scientific management highlighted above. Also identify the lines where these types have been indicated.</p>
Q 29	Gori has been appointed as the chief organizer of a cultural event. She decides to execute her work by putting into practice the various techniques of scientific management. On the basis

	<p>of several observations, she is able to determine that the standard time taken by the security officer at the gate to check the credentials of each visitor is 30 seconds. So she decides to employ two persons on this job for every function along with the other necessary supporting staff. She considers the fact that every day, the functions will take place in three shifts of four hours each, therefore it is important to give breaks to the supporting staff even in a single shift to take her/his lunch etc. Moreover, on introspection, she determines that the best way to distribute refreshment boxes to the visitors will be to hand it over to them at the exit gate as it would help to save time and eliminate any kind of confusion.</p> <p>In the context of the above case: Identify and explain the various techniques of work study which have been put into practice by Gori.</p>
Q30	<p>Name and explain the principle of Management In which worker should be encouraged to develop and carry out their plans for improvements in the organization Which aims to securing the loyalty and devotion of the employees by giving them kind fair and just treatment Which requires judicious application of penalties by the management Which points out the danger and cause of unnecessary labour turnover ? Which she is “We should not have multiple bosses as it will lead to divided responsibility”? Name the Principal of scientific management which emphasizes on study and analysis of methods Rather than estimation.</p>
<b>SIX MARKS QUESTIONS (06 MARKS)</b>	
Q31.	<p>Explain why is it said that the principles of management are ‘primarily behavioural’ and ‘contingent’ in nature. Also, explain how principles of management ‘furnishes the managers with useful insights into reality’ and ‘helps is thoughtful decision making’.</p>
Q32.	<p>Mrs. Rachna, Senior Manager of Saregama Ltd. Has been appointed as the chief organizer of a weeklong cultural event. Being a staunch follower of scientific management, she decides to execute her work by putting into practice the various techniques of scientific management. On the basis of several observations, she is able to determine that the standard time taken by the security officer at the gate to check the credentials of each visitor is 30 seconds. So she decides to employ two persons on this job. She considers the fact that every day, the programme will take place in three shifts of four hours each, therefore it is important to give breaks to the support staff even in a single shift to take her/his lunch etc. Moreover, on introspection, she determines that the best way to distribute refreshment boxes to the visitors will be to hand it over to them at the exit gate as it would help to save time and eliminate any kind of confusion. <b>In the context of the above case: Identify and explain the various techniques of work study which have been put into practice by Mrs. Rachna.</b></p>
Q33.	<p>Rishabh managing director of an electronic goods manufacturing company has been experiencing year to year increase in revenues and net profit. The reason was that he ensured competition is replaced by cooperation and Rishabh has always been receptive towards constructive employees suggestions. He emphasized on worker training as he felt that efficient employees shall produce more. Thus , he decided to reward workers by paying them higher pay as compared to inefficient ones. <b>Identify and explain the principles of management and technique of scientific management referred in above para.</b></p>
Q34.	<p>New Delhi Ltd is a famous service providing company .Mr Lakshay Wadhwa is its managing director. He continuously motivates the research and development department that a new and latest method of doing work must be explored. The provision has been made to give reward to those employees who will participate in a particular exploration. He also believes that the two groups working in managerial and non managerial posts are similar to two wheels of an organisational</p>

	<p>vehicle. If this vehicle is to be driven in a right way then both the wheel should be properly aligned. Mr. Lakshay is a successful leader. Among his employees he has instilled the feeling that no decision will be taken without consulting the subordinates. To excel, the other companies in this field is the main motive of Mr Lakshay. Paying attention to training is the secret of the company.</p> <p><b>Identify the four principles of scientific management highlighted in above paras by quoting the lines</b></p>
Q35.	<p>Rajvir works as a plant superintendent in a carpet making factory. In order to complete the export orders on time, the production manager asks him to make the workers work over time whereas the finance manager is strictly against this practice because it will increase the cost of production. Moreover, Rajveer feels that since the company is manufacturing handmade carpets as well as machine made carpets there is lot of overlapping of activities. Therefore, ther should be two separate divisions for both of them wherein each division should have its own in charge, plans and execution resources.</p> <p><b>In context of the above case:</b></p> <p><b>(a) Identify and explain the principle of management which is bein violated.</b></p> <p><b>(b) Also identify the principle of management that Rajveer feels should be implemented in the factory</b></p> <p><b>(c) Give any two differences between the principle of management as identified in part (a) and part (b) respectively.</b></p>
<b>ANSWERS OF MCQS (01 MARKS)</b>	
Ans.1.	c) Time study
Ans.2.	a). Both assertion and reason are correct and reason is correct explanation of assertion
Ans.3.	b) Cooperation not individualism
Ans.4.	a) 3. fatigue stud b) 1. differential piece wage c) 2. Time study
Ans.5.	d) a-iv, b-iii, c-ii, d-i
Ans.6.	b) Division of work
Ans.7.	(a) Centralization and Decentralisation
ANS.8.	(a) Discipline
ANS.9.	(c) Equity
ANS.10.	-(b) a-iv, b-i, c-ii, d-iii
ANS.11.	a) a-iii, b-iv, c-i, d-ii
ANS.12.	(A) Both Assertion (A) and Reason(R) are true and Reason (R) is correct explanation of Assertion (A)
ANS.13.	Statement I is correct and Statement II is not correct.
ANS.14.	d) scientific, administration
ANS.15.	-(c) Principal of Stability of Personnel
ANS.16.	-(b) Principle of Centralization, Principal of Decentralization
ANS.17.	(c) a-ii, b-iii, c-iv, d-i
ANS.18.	C
ANS.19.	C
ANS.20.	A
<b>ANSWERS OF THREE MARKS QUESTIONS (03 MARKS)</b>	
ANS.21.	<p>The two techniques of scientific management used by Sandhya to solve the problem are: (any two)</p> <p>(a) Time study: It seeks to determine the standard time taken to perform a well-defined job. The objective of time study is to determine the number of workers to be employed, frame suitable incentive schemes and determine labour costs. By using time measuring devices for each element of task the standard time is fixed for the whole of the task by taking several readings.</p>

	<p>(b) Simplification (Standardisation and Simplification): Simplification aims at eliminating superfluous diversity of products in terms of varieties, sizes and dimensions. It not only helps to reduce inventories but also save cost of labour, machines and tools. Thus it helps to increase turnover by ensuring optimum utilisation of resources.(c) Motion study: Motion study refers to the study of movements of limbs of a worker while doing a particular task. It seeks to divide all such movements into three categories namely; Motions which are required Motions which are unnecessary Motions which are incidental. Thus, motion study helps to eliminate unnecessary movements of a work and enables him to complete the given task efficiently</p>
ANS.22.	<p>a) In the organization, there are personal interest of individuals as general interest of the organization as a whole. This principle means the interest of the must be given preference over the individual interest.</p> <p>b) This principle states that maximum productivity can be achieved only by following standard methods of production and the standard methods must be developed by evaluating the different methods followed in the past and selecting the best possible method. Production techniques cannot be followed using hit and trial method.</p> <p>c) Order-It means that a place for everything (everyone) and everything (everyone) in its (his/her) place.</p>
ANS.23.	<p>a) Harmony, not Discord.</p> <p>b) Development of Each and Every Person to His or Her Greatest Efficiency and Prosperity</p> <p>c) Cooperation, not individualism</p>
ANS.24.	<p><u>Unity of command</u>  “Sometimes, the subordinates had to work for more than one superiors.’  <u>Discipline</u>  ‘The workers were becoming indiscipline.’  <u>Esprit de corps</u>  ‘The spirit of teamwork had begun decline.’”</p>
ANS.25.	<p>-As per this technique, the planning and execution should be treated as two separate functions and each function should be handled by a separate in-charge. Each in-charge must be assisted by four specialized personnel who would give instructions to workers.</p> <p>Assistants of Planning in-charge would be-</p> <ul style="list-style-type: none"> <li>i-Instruction card clerk-For drafting instructions for workers.</li> <li>ii-Route clerk-To specify the production route.</li> <li>iii-Time and cost clerk-For preparing time and cost sheet.</li> <li>iv-Disciplinarian-For maintaining discipline in the factory.</li> </ul> <p>Assistants of Production in-charge would be-</p> <ul style="list-style-type: none"> <li>I-Speed Boss-Will ensure that jobs are completed accurately and on time.</li> <li>ii-Gang Boss-Responsible to keep machines and tools ready for operations.</li> <li>iii-Repair Boss-Responsible for keeping the machines and tools in proper working conditions</li> <li>iv-Inspector-Responsible to maintain the quality of work.</li> </ul>
ANS.26.	<p>Unity of command  The violation of unity of command can lead to  Confusion for the subordinate As to whose order to be Compiled  Conflict between Superiors  Difficulty in fixing responsibility of the subordinate</p>
ANS.27.	<p>Sargam Enterprises can overcome risk problems by following the principle of division above this principle of division of Work This principle refers to The work in compact jobs at allocating these compact jobs to different individuals.</p> <p>Yes, Division will make each task simpler and repeated performance will help in gaining speed accuracy and specialization.</p>

ANS.28.	<p>a) Fatigue Studies- The amount and frequency of rest intervals in finishing a particular task were noted. This helped the company in optimizing the rest intervals for the workers so that their outputs could be increased</p> <p>b)-Differential Piece Wage System- A different rate of wage payment was decided for those workers who performed above the standard. The standard was decided. This led to a revolutionary change in the perspective of the workers who now started giving their full efforts in order to increase their wages.</p> <p>c)Time Study- All the operations and activities were properly noticed and the standard time taken to perform them was noted. This took a few months and now the company could find out the number of workers required and the number of days to be involved in the various manufacturing processes.</p>
ANS.29.	<p>Ans- Time Study: Fatigue Study:  Method Study:</p>
ANS.30.	<p>1 Initiative 2 Equity 3 Discipline 4 Stability of personal 5 Unity of command 6 Science not rule of thumb</p>
<b>ANSWERS SIX MARKS QUESTIONS (06 MARKS)</b>	
ANS.31.	<p>Principles of management are ‘primarily behavioural’ and ‘contingent’ in nature and ‘furnishes the managers with useful insights into reality’ and ‘helps is thoughtful decision making’. These points have been justified in the below-mentioned points:</p> <ul style="list-style-type: none"> <li>• Primarily behavioural: The principles of management are ‘primarily behavioural’ in nature as principles of management aim at affecting the individuals and their applicability differ as per human nature.</li> <li>• Contingent: Their applicability relies upon the current scenario at a specific point of time. The application must be changed according to the situation.</li> <li>• Formed by practice and experimentation: management principles are based on the number of years of experimentation and practice. Hence, these principles assists the managers when they confront the real-time issues.</li> <li>• Cause and effect relationship: The decisions that are taken regarding the management must be taken carefully. They must certainly be based on the facts. Principles of management were developed from the real-time issues and they stand the test of reasoning and logic.</li> </ul>
ANS.32.	<p>The various techniques of work study which have been put into practice by Mrs. Rachna are outlined below:</p> <p>Time Study : On the basis of several observations, she is able to determine that the standard time taken by the security officer at the gate to check the credentials of each visitor is 30 seconds.</p> <p>Fatigue Study : She considers the fact that every day, the programme will take place in three shifts of four hours each, therefore it is important to give breaks to the support staff even in a single shift to take her/his lunch etc.</p> <p>Method Study : she determines that the best way to distribute refreshment boxes to the visitors will be to hand it over to them at the exit gate as it would help to save time and eliminate any kind of confusion.</p>
ANS.33.	<p>Principle of management is Initiative Technique of scientific management differential piece wage system</p>

	With their explanation		
ANS.34.	<p>1. Science not the rule of thumb He continuously motivates his research and development dept. That new and latest method of doing work must be explored</p> <p>2. Harmony not discord If this vehicle is to be driven in a right way then both the wheels should be properly aligned.</p> <p>3. Cooperation not individualism Among his employees he has instilled the feeling that no decision will be taken without consulting the subordinates</p> <p>4. Development of each and every person to his/her greatest efficiency and prosperity Paying attention to the training is the secret of the company.</p>		
ANS.35.	<p>The principle of management which is being violated is stated below:</p> <p>a) Unity of command (with explanation)</p> <p>b) Unity of direction (with explanation)</p> <p>(c) The difference between the principle of Unity of Command and Unity of Direction is given below:</p>		
	<b>S.N</b>	<b>Basis</b>	<b>Unity of Command</b>
	1.	Meaning	One subordinate should receive orders from and should be responsible to only one superior
	2.	Aim	It prevents dual subordination
	3.	Implications	It affects an individual employee
			<b>Unity of Direction</b>
			Each group of activities having same objective must have one head and one plan
			It prevents overlapping of activities.
			It affects the entire organisation

## CHAPTER-BUSINESS ENVIRONMENT

**Meaning:** Business environment refers to all the external forces (individuals, institutions, and factors) which are outside the control of business, but affect its functioning.

**Features:**

1. Totality of external forces – Consists of all external factors.
2. Dynamic – Keeps changing (economic policies, technology, trends).
3. Uncertain – Difficult to predict future changes.
4. Relative – Impact differs from country to country, region to region.
5. Inter-related – Social, economic, political factors affect each other.

**Importance of Business Environment:**

1. Identifies opportunities – Helps to exploit beneficial trends.
2. Identifies threats – Helps to face challenges.
3. First mover advantage – Firms adopting changes early gain benefits.
4. Basis of planning and policy making. By making policy and plans as per changes of Dimensions environment
5. Improves performance – By adapting to environment.

**Dimensions of Business Environment:**

1. Economic Environment – Inflation, interest rates, income, GDP, policies.
2. Social Environment – Values, traditions, literacy rate, lifestyle.
3. Technological Environment – Innovations, R&D, automation, IT.
4. Political Environment – Government stability, policies, ideology.
5. Legal Environment – Laws, regulations, consumer protection, labour laws.

**Meaning of Demonetisation:** It is referred to as the process of stripping a currency unit of its status to be used as a legal tender. In simple words, demonetisation is the process by which the demonetised notes cease to be accepted as legal currency for any kind of transaction.

The latest demonetisation was announced on 8th of November, 2016 by the Prime Minister Narendra Modi. During this demonetisation the notes that were taken out of circulation were the denominations of 500 and 1000.

**Features**

1. To stop the circulation of black money in the market.
2. To help in reducing the interest rates of the prevalent banking system
3. To help in creation of cashless economy
4. To formalise the informal Indian Economy.
5. To remove counterfeit notes from the market.
6. To help reduce anti-social activities and their finances.

### QUESTION BANK MCQS

Q. NO.	QUESTIONS
	<b>Read the following statements: Assertion and Reason. Choose one of the correct alternatives given below (1TO6)</b>
Q1.	Assertion (A): Study of business environment helps in improving performance. Reason ( R):Enterprise depends on the environment as a source of inputs or resources and as an outlet of outputs (A) Both A and R are true and R is the correct explanation of A (B) Both A and R are true and R is not the correct explanation of A (C) A is true but R is false (D) A is false but R is true

Q2.	<p>Assertion (A): Business Environment is largely certain. Reason ( R):Business Environment keeps on changing in terms of economic and social environment</p> <p>(A) Both A and R are true and R is the correct explanation of A (B) Both A and R are true and R is not the correct explanation of A (C) A is true but R is false (D) A is false but R is true</p>
Q3.	<p>Assertion (A): Suppliers affect any business directly but political environment affect it indirectly Reason ( R):Business Environment is a relative term. It differs from country to country and region to region.</p> <p>(A) Both A and R are true and R is the correct explanation of A (B) Both A and R are true and R is not the correct explanation of A (C) A is true but R is false (D) A is false but R is true</p>
Q4.	<p>Assertion (A): Now-a-days manufacturers have flexible manufacturing systems Reason ( R):The retailers have direct links with suppliers who replenish stock when needed</p> <p>(A) Both A and R are true and R is the correct explanation of A (B) Both A and R are true and R is not the correct explanation of A (C) A is true but R is false (D) A is false but R is true</p>
Q5.	<p>Assertion (A) Entry of new firms in the market may make an enterprise think afresh about how to deal with the situations Reason (R) Business environment assist in planning and policy formulation.</p> <p>a) Both Assertion(A) 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</p>
Q6.	<p>Assertion (A) By scanning the environment businessmen can pioneer of market. (R) Environment scanning shows the way to tackle the ever changing society.</p> <p>a) Both Assertion(A) 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</p>
	<p><b>Read the passage given below and answer the following questions:</b> CREA is an award winning, innovation led carry solutions company. When the first lockdown was announced in March,2020, to restrict the spread of the novel coronavirus, the company had its game plan ready. The firm, which designs and manufactures bags for a diverse clientele, spans across cosmetics, fashion, travel, health and fitness and apparel, quickly pivoted its business. The moment they saw that global lockdowns are in process, they understood that it is going to be a while before the business flourishes again. They immediately acted and started manufacturing PPE kits, masks, etc. during these tough times. They spent five months making PPE kits for the healthcare heroes. Many businesses changed track during the lockdown to meet the consumer demand. But the demand curve again undergoing a shift, post the various unlock phases, it might mean fight or flight for various MSME's in the country.</p>
Q7.	<p>Which forces have been covered by CREA in the above case? (A) Specific Forces</p>

	<p>(B) General Forces (C) Both Specific and General Forces (D) None of the above</p>
Q8.	<p>Name the related feature of business environment which has influenced the business of CREA? (A) Totality of external forces (B) Dynamic nature (C) Interrelatedness (D) Uncertainty</p>
Q9.	<p>The above case highlights one of the points related to the importance of business environment and its understanding which led the managers to do well even in lockdown. Identify it (A) It helps in coping with rapid changes. (B) It helps in improving performance. (C) It helps the firm to identify threats and early warning (D) It enables the firm to identify opportunities and getting the first mover advantage.</p>
Q10.	<p>Identify the related dimensions of business environment which led to the sudden spur in demand for masks and PPE kits? (A) Social dimension (B) Technological dimension (C) Economic dimension (D) Legal dimension</p>
Q11.	<p>The business environment is relatively easier to understand in parts but difficult to grasp in totality. Which feature of business environment is discussed here? (A) Dynamic (B) Inter-related (C) Complex (D) Relativity</p>
Q12.	<p>Which of the following is an example of Economic Environment? (A) Demand for automatic machines and luxury items in middle class families (B) Permission to private sector for entering into financial sector (C) Replacement of traditional watches with digital watches (D) Delicensing policies of industries</p>
Q13.	<p>Government of India banned several Chinese apps due to face off between China and India on the Line of Actual Control, it created fear in the mind of Chinese investors. Which of the following component of business environment is responsible for the decision? (A) Legal Environment (B) Social Environment (C) Technological Environment (D) Political Environment</p>
Q14.	<p>Which of the following best indicate the importance of business environment? (A) Identification (B) Improvement in performance (C) Coping with rapid changes (D) All of these</p>
Q15.	<p>Entry of new players in the market led Mr Vivek, the general manager of Clean Purifiers Ltd. to think afresh how to deal with the pandemic situation. Identify the significance of business environment in above case. (A) It helps in coping with rapid changes (B) It helps the firm to identify threats and early warning signals (C) It helps in assisting in planning and policy formulation (D) It helps in improving the performance</p>

Q16.	<p>Increase life expectancy of people and increased awareness for healthcare have increased demand for many health products and services like diet coke, fat-free cooking oil, and health resorts. Which feature of business environment is highlighted by the above statement.</p> <p>(A) Specific and general forces (B) Dynamic nature (C) Inter-relatedness (D) Totality of external forces</p>
Q17.	<p>A leading alcohol and tobacco brand decided to enter an Indian market. In market survey, the company observed that the advertisement of alcohol beverages is prohibited and packets of cigarettes must carry the statutory warning “Cigarette smoking is injurious to health”. Identify the business dimension highlighted here.</p> <p>(a) Social environment (b) Legal environment (c) Privatisation (d) Globalisation</p>
Q18.	<p>To control corona virus disease, Assam government has decided to start setup new hand sanitizers plant at Silchar, due to which hand sanitizers will be sold at very low price in the market for the social welfare of the society, and it creates a hurdle for the competitive private hand sanitizer companies. Identify the importance of the business environment.</p> <p>(a) Helps in identification of opportunities and getting a first-mover advantage (b) Helps the business to identify threats and early warning signals (c) Helps in tapping resources (d) Helps in planning and policy formation</p>
Q19.	<p>Government initiates Safai Abhiyan in India. As a result, demand for dustbin increases due to which new business opportunities for plastic article manufacturing units arise, which leads to rising in the production of dustbins and other sanitary articles. Mark the feature of business environment given in the case:</p> <p>(a) Totality of external forces (b) Specific and general forces (c) Inter-relatedness (d) Uncertainty</p>
Q20.	<p>Birla Limited has decided to replace all chemical plants machinery from new machinery. This will result in 80% savings in the emission of harmful gases. Analyse the dimension of business environment:</p> <p>(a) Legal environment (b) Political environment (c) Social environment (d) Economic environment</p>
<b>THREE MARKS QUESTIONS (03 MARKS)</b>	
Q21.	<p>During the festive season, Flipkart and Amazon offer huge discounts on clothing, electronics, and household items. The sales of these e-commerce companies increase rapidly during this period.</p> <p><b>Questions:</b></p> <p>(a) Which dimension of business environment is being highlighted? (b) How does this environment create opportunities for businesses?</p>
Q22.	<p>Due to rising petrol and diesel prices, automobile companies are increasing their investment in electric vehicle production.</p> <p><b>Questions:</b></p> <p>(a) Identify the dimension of business environment highlighted in the above case. (b) State two ways this change affects automobile companies.</p>

Q23.	For the last few years companies in India are looking at Organised Retailing as a good opportunity. In accordance with this view several companies have planned to enter this environment. The government too is fully supporting this approach. The main reason for the attraction of companies to this approach is the increase in the income of people. Besides, there has taken place a big change in the buying attitude of the people since the last few years. Now people want better quality products, even if they have to pay more money for them. The Organised Retailing is competent to fulfill this desire of the people. Identify the three dimensions of Business Environment by quoting the lines from the above.
Q24.	What is demonetization. Explain the features.
Q25.	Describe any Three points of importance of business environment.
<b>FOUR MARKS QUESTIONS (04 MARKS)</b>	
Q26.	With increasing awareness about health, people are shifting from aerated soft drinks to fruit juices and energy drinks. Pepsi and Coca-Cola introduced products like “Real Fruit Juice” and Minute Maid” to meet customer preferences. <b>Questions:</b> (a) Identify the dimension of business environment. (b) Explain two impacts of such changes on businesses.
Q27.	Dabur India Ltd. decided to launch a range of organic health juices and Ayurvedic supplements after Covid-19, as people became more health-conscious. The company also expanded into online delivery through tie-ups with Swiggy and Zomato. <b>Questions:</b> (a) Identify the relevant dimensions of business environment affecting Dabur’s decisions. (b) Explain how these dimensions influenced business strategies of Dabur.
Q28.	The name and taste of Coca-Cola is known to almost each and every individual in India as well as throughout the world. This carbonated soft drink holds the most market share in the soft drink market and got itself a special seat in each and every gathering. The Coca-Cola Company has on occasion introduced other cola drinks under the Coke name. The most common of these are Diet Coke, along with others including Caffeine free Coca-Cola, Diet Coke Caffeine free, Coca-Cola Zero Sugar, Coca-Cola Cherry, Coca-Cola Vanilla and the list goes on. It has capitalized on each and every opportunity to market itself effectively and place itself in the middle of every gathering. The main reason for such an outstanding placement of product goes to the way they have established the connection between every occasion and the need for Coke to be present there, product design and creative advertising.
<b>SIX MARKS QUESTIONS (06 MARKS)</b>	
Q31.	In recent years, consumers have become more health conscious. They prefer organic food, sugar free products, and fresh juices over carbonated drinks. Seeing this, companies like PepsiCo launched “Tropicana” and Coca-Cola launched “Minute Maid”. Patanjali and Dabur also introduced natural and herbal products. <b>Questions:</b> 1. Identify the dimension of business environment reflected in the case. 2. Explain how the changing environment creates challenges and opportunities for business.
Q32.	During the festival season, the Government of India reduced the GST on electric vehicles from 12% to 5% and also announced subsidies on their purchase. As a result, companies like Tata Motors, Hyundai, and Mahindra launched new models of electric cars. Consumers also started showing interest in these vehicles due to lower prices and eco-friendliness. 1. Identify and explain the dimensions of business environment mentioned in the above case.

2. State any three impacts of these changes on the automobile industry

**ANSWERS OF MCQS (01 MARKS)**

Ans.1.	B
Ans.2.	D
Ans.3.	B
Ans.4.	A
Ans.5.	A
Ans.6.	A
Ans.7.	C
ANS.8.	B
ANS.9.	A
ANS.10.	A
ANS.11.	C
ANS.12.	A
ANS.13.	D
ANS.14.	D
ANS.15.	C
ANS.16.	C
ANS.17.	B
ANS.18.	B
ANS.19.	C
ANS.20.	C

**ANSWERS OF THREE MARKS QUESTIONS (03 MARKS)**

ANS.21.	(a) Social environment (b) Opportunities: (i) Increase in consumer demand (ii) Chance to expand product variety and sales.
ANS.22.	(a) Economic & Technological environment (b) Effects: (i) Companies need to innovate new products (ii) Rising cost of traditional vehicles may reduce their sales.
ANS.23.	(a) Political Environment - "The Government too ... this approach."  (b) Economic Environment - "The main reason for the attraction ... income of people." (c) Social Environment - "Besides, there has taken place ... buying attitude of the people for the last few years."
ANS.24.	It is the act of removing a currency unit of its status as Legal Tender. The aim of demonetization was to curb corruption, counterfeiting the use of high denomination notes for illegal activities; and especially the accumulation of 'black money' generated by income that has not been declared to the tax authorities. 1. Demonetisation as a tax administration measure. 2. Non tolerance of tax evasion. 3. Demonetisation also led to tax administration channelizing savings into the formal financial system.
ANS.25.	(i) Identify opportunities and get the first mover advantage. (ii) Identify threats and early warning signals.

(iii) Tap useful resources.

**ANSWERS OF FOUR MARKS QUESTIONS (04 MARKS)**

ANS.26.	a) Social environment (b) Impacts: 1. Companies need to adapt products to changing tastes. 2. Scope for innovation and product diversification increases
ANS.27.	(a) Dimensions: Social environment (health awareness), Technological environment (online delivery). (b) Influence: 1. Dabur launched organic and Ayurvedic products to match health conscious lifestyle. 2. Tie-ups with online delivery apps expanded its customer base. 3. Product innovation and digital adoption improved competitiveness.
ANS.28.	A) Enables a firm to identify opportunities and getting first mover advantage B) Specific and general forces C) Social Environment D) Coca-Cola Avocado

**ANSWERS OF SIX MARKS QUESTIONS (06 MARKS)**

ANS.31.	Dimension: Social environment (health consciousness). Explanation: ● Challenges → Companies must adapt to changing consumer preferences or lose market share. ● Opportunities → Innovation in organic and health-based products opens new markets and revenue streams.
ANS.32.	1. Dimensions: o Legal environment → Government reduced GST and offered subsidies. o Social environment → Increasing awareness of eco- friendly vehicles. 2. Impacts: o Fall in prices increased demand for EVs. o New opportunities for automobile companies. o Increased competition and product innovation.

## CHAPTER-4 PLANNING

### MEANING & FEATURES OF PLANNING

Meaning:- planning is deciding in advance what to do how to do for the achievement of goals/objectives

Characteristics:-

- 1.Planning focus on achieving goal :- It is always focus on achieving goals so it is facilities for the achievement of objectives.
2. Primary function of management :- Planning is the basic and primary function of management all other managerial function are performed after the planning function of management.
3. Planning is pervasive :- Planning is required at all level of management and all type of activities business or nor business so it is all pervasive.
4. Planning is continuous process:- Planning is an on going process it is never ending process because once you make plan you have to work fir successful plan and another plan will be prepared on the basis of past experiences.
5. Planning is futuristic:- The purpose of planning to meet future events effectively so always the plan are prepared for the future activities which will be performed so it is also called looking forward function.
6. Planning involves decision making :- Planning involves continue collection, evolution and selection of data on the basis of scientific investigation we have to choose best alternative it facilitated through planning si planning involve in decision making .
7. Planning is a mental exercise :- Planning is an intellectual activity based on the logical and systematic thinking involves so this is called mental exercise.

### IMPORTANCE OF PLANNING

Planning is essential managerial activity and a continuous process and required it all types of activity so the importance of planning can be described as follow:-

1. Planning provide direction :- It direct human efforts toward the accomplishment of objective which are formulated in advance what objective are to be achieved and how they are achieved in this way direction for achievement of organisational plan.
2. Planning reduce the risk of uncertainty :- Planning doesn't eliminate the risk and uncertainty but it help to manage with those events by developing proper provision for them.
3. Planning reduces overlapping and wasteful activities :- It reduces the wasteful activity and avoid confusion and misunderstanding. Planning ensures clarity in thought and action hence all activities are carried out smoothly without any interruption in this way planning reduces overlapping and wasteful activity.
4. Planning promotes innovative ideas :- Planning require high thinking because it is a mental exercise it forces to managers to think through various angles this moves them innovative and creative.
5. Facilitate decision making :- Due to involving to choose best alternative the manager has to evaluate cash alternative and select the most profitable it leads to decision making.
6. Planning established standard for controlling :- Planning provide the standard against which the actual performance with the standard to deviation may be identity and suitable corrective actual taken through controlling.

### LIMITATIONS OF PLANNING

- 1.Planning may not work in dynamic environment :- Planning may not work in dynamic environment because planning do not have control over certain external forces like political, social, technological, economical, legal, etc. This changes effect the courses of action in that condition planning may not work in dynamic environment.
- 2.Planning leads to rigidity :- Planning leads to rigidity means are plan all drawn employees are required to work according to plan because it cannot be change during a course of action.
- 3.Planning reduces creativity:- Planning is an activity which is performed by top level management and middle level management they cannot change the plan in this way they cannot use creativity and initiative it during a course of action we cannot make innovations.
- 4.Planning is involves huge cost:- Planning is based on forecasting which required a huge cost . A lot of money is to be spend on collection of data, meeting, analysis, etc. Hence small and medium enterprises cannot afford this expense.

5.Planning is time consuming process:- In order to draw a suitable plan the manager's need to expand a lot of time in collection data, analysis and interpreting results it may take more as more time in this way planning is time consuming process.

6.Planning dose not a guarantee of success:- Planning is not a guarantee of success because all the external forces will be affecting the planning sometimes if we are assuming that will happen it is not possible always because circumstances will be change so we cannot achieve our objective.

### PLANNING PROCESS

Planning is the most important function of management but it required lot of work, time and cost in this way following steps are involved in the process of planning:- 1.Objective :- The first step in planning to identify the objective the objective should be established clearly for each and every activity and every department of business because this are result which will be clearly defined.

2.Developing premises:- The next step in the planning is to established the planning premises. Planning premises are the assumption and the prediction about future which are uncertain in this way what are the requirement for the success of objective and attainment of objective we have to assume

3. Identify alternative course of action :- There are several alternatives are available in the market we have to identify all the alternative which are available for each and every activity.

4. Evaluating alternatives courses :- In this step the manager has to evaluate each alternative with positive and negative implication on the basis of cash, risk, benefits and other factors taking decision fir selection.

5. Selecting an alternatives :- After evaluating the various alternatives the next step is to select the best course of action from among the various alternatives fir that purpose we can select the alternative which are more feasible, profitable, best for achievement of objective.

6. Implementation of the plan :- Under the step the best selected plan are communicated by managers to all employees very clearly to motivate them to get the support clearly defined the source and benefit of various plan.

7. Follow up action :- Under this step it is monitored as to whether the plan are being implemented correctly or whether the activity are being performed according to agreed schedule and plan it is very important because on the basis of need we can appropriately modified the plan in changing circumstances.

### TYPES OF PLANS

Mainly there are two types of plan

A. Standing plan :- These are those plans which can be use regularly and repeatedly these are recurring in nature. It includes :-

1. Objectives:- Objective are the goals and end point which are clearly defined and achieved by the organisation. For example, 20 % increase in sale,30% increase in profit, 10% increase in production.

2. Policies :- Policies are general guideline which bring uniformity in decision making for the achievement organisational objective.

3. Procedure:- It is a sequence in chronological order of steps to establish for the completion of particular task.

4. Method:- It is prescribed process path or best way for a particular work to achieve organisational goal. For example, first in first out, last in first out, straight line method depreciation.

5. Strategy :- It is comprehensive and detailed action of plan for the achievement of objective of goal. For example, selection of medium of advertisement, distribution, channel of products.

6. Rules :- Rules are specific and definite guideline or action to do a particular work or behave on particular time. For example, smoking in premises prohibited.

B.Single use plan :- These are those plans which are made for a particular period or for a specific use these cannot use repeatedly. It includes the following:-

1.Program :- Programs are complexes of good, policy, procedure, rules and other necessary element to carry out a given course of action.

2.Budget :- Budget is a statement of expected rule which expressed in numerical terms.

### ACRONYMS

Process of Planning SP-ICS-F S – Setting Objectives	Features of Planning DCP of MP D – decision Making
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P – developing Premises I – Identify alternate course of action C – Evaluating alternative courses S – Selecting an alternative D – Formulation of derivative plans I – Implementation of plan F – Follow up action	C – Continuous Process P – Pervasive O – Objective achievement F – Futuristic M – Mental Exercise P – Primary Function
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Importance – DRSODI D – it provides direction R – Reduce the risk of uncertainty S – Establishes standard of controlling O – Reduces overlapping D – Decision Making I – Promotes Innovative Ideas	Limitations NCR DTC N – No guarantee of success C – Involves huge cost R – It creates rigidity D – Does not work in dynamic environment T – Time consuming Process C – Reduces Creativity
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**QUESTION BANK**

**MCQS**

Q. NO.	QUESTIONS
Q1.	Laxmi Chemicals Ltd., a soap manufacturing company wanted to increase its market share from 30% to 55% in the long run. A recent report submitted by the Research & Development Department of the company had predicted a growing trend of herbal and organic products. On the basis of this report the company decided to diversify into new variety of soaps with natural ingredients having benefits and fragrances of Jasmine, Rose, Lavender, Mogra, Lemon Grass, Greed Apple, Strawberry etc. The Unique Selling Proposition (USP) was to promote eco-friendly living the contemporary life style. The company decided to allocate Rs. 30 crores to achieve the objective. Identify the type of one of the functions of management mentioned above which will help the company to acquire dominant position in the market. (a) Strategy (b) Objectives (c) Budget (d) Rules
Q2.	Which of the following statement is false with respect to planning? It is one of the basic functions of management. It requires taking decision. Planning is connected with creativity and innovation. None of the above.
Q3.	R-Ox Ltd. wants to increase their market share by 4.5 % in next two years. It spent a lot of money to hire specialized people for framing their plans, collecting important facts about environment who took lot of time to frame plans for the company. The competition has started increasing, and it is not able to beat its competitors because it already spent a huge amount. The plan failed and the company suffered a huge loss. Identify the limitation of planning stated in the given case. Planning involves huge cost. Planning may not work in a dynamic environment. Planning is a time consuming process. All of the above.
Q4.	_____ step in the process of planning is considered as the ‘real point of decision making’ Setting objectives. Selecting an alternative. Implementation of plan. Developing premises.
Q5.	ASSERTION (A): Planning is a time saving process.

	<p>REASON (R) : The success of an enterprise is possible only when plans are properly drawn up and implemented.</p> <p>Both (A) and (R) are true, and (R) is the correct explanation of (A).</p> <p>Both (A) and (R) are true, and (R) is not the correct explanation of (A).</p> <p>(A) is true, but (R) is false.</p> <p>(A) is false, but (R) is true.</p>								
Q6.	<p>ASSERTION (A): Developing planning premises is the primary step.</p> <p>REASON (R) : Objectives are end results which the management wants to achieve by its operations.</p> <p>Both (A) and (R) are true, and (R) is the correct explanation of (A).</p> <p>Both (A) and (R) are true, and (R) is not the correct explanation of (A).</p> <p>(A) is true, but (R) is false.</p> <p>is false, but (R) is true.</p>								
Q7.	<p>Match the column I with the correct explanation given in the column II .</p> <table border="1"> <thead> <tr> <th>COLUMN I</th> <th>COLUMN II</th> </tr> </thead> <tbody> <tr> <td>Mental exercise</td> <td>Involves looking ahead and is regarded as a forward looking function.</td> </tr> <tr> <td>Futuristic</td> <td>An intellectual activity of thinking rather than doing.</td> </tr> <tr> <td>Continuous</td> <td>Need for a new plan on the basis of new requirements and future conditions.</td> </tr> </tbody> </table> <p>A – (iii), B – (ii), C – (i).  A – (ii), B – (i), C – (iii).  A – (i), B – (ii), C – (iii).  A – (iii), B – (i), C – (ii).</p>	COLUMN I	COLUMN II	Mental exercise	Involves looking ahead and is regarded as a forward looking function.	Futuristic	An intellectual activity of thinking rather than doing.	Continuous	Need for a new plan on the basis of new requirements and future conditions.
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Futuristic	An intellectual activity of thinking rather than doing.								
Continuous	Need for a new plan on the basis of new requirements and future conditions.								
Q8.	<p>A company is manufacturing garments. The manager wants to increase profits by purchasing new high speed machines or increasing the sale price or using waste materials in manufacturing stuffed toys. He decided that “using waste material” is the best solution for him. Identify the function of management involved.</p> <p>Directing  Planning  Organising  Controlling</p>								
Q9.	<p>‘Ronak Cycles’ was in the business of manufacturing racing cycles and had a monopoly in the market. The business was doing well and the company was meeting consistently meeting its objectives of 10% increase in sales every year. Encouraged with the good track record, the managing director of the company kept an ambitious target of 15% increase in sales for the next year. The same year, two companies also entered the market and because of this the company was not able to meet its target. Identify the limitation of one of the functions of management because of which the company was not able to achieve the target.</p> <p>Planning may be rigid.  Planning may not work in dynamic environment.  Planning does not guarantee success.  None of the above.</p>								
Q10.	<p>Gungun , the production manager at Bhartiyam Ltd., plans to make the company of the decade. For this purpose, she sets objectives, prepares strategies and other action plan keeping the internal as well as external forces in mind so that departments and individuals working in the organisation are able to decide what action should be taken and in which direction. Identify the importance of planning highlighted in the given case.</p> <p>Planning reduces uncertainties.</p>								

	<p>Planning reduces overlapping.          Planning provides direction.          Planning facilitates decision making.</p>										
Q11.	<p>“An innovative course may be adopted by involving more people and sharing their ideas.”          Identify the step of planning function of management highlighted above.          Setting objectives          Developing premises          Identifying alternative course of action.          Evaluating alternative courses.</p>										
Q12.	<p>Match the column I with the correct explanation given in the column II .</p> <table border="1"> <thead> <tr> <th>COLUMN I</th> <th>COLUMN II</th> </tr> </thead> <tbody> <tr> <td>Anticipate changes</td> <td>Planning</td> </tr> <tr> <td>Planning decides in advance how work is to be done</td> <td>Reduces the risk of uncertainty.</td> </tr> <tr> <td>Establishes standard for controlling</td> <td>Promotes innovation</td> </tr> <tr> <td>Planning encourages new ideas</td> <td>Provides directions.</td> </tr> </tbody> </table> <p>A – (iii), B – (ii), C – (i), D – (iv).          A – (ii), B – (iii), C – (i), D – (iv).          A – (i), B – (ii), C – (iii), D – (iv).          A – (ii), B – (iv), C – (i), D – (iii).</p>	COLUMN I	COLUMN II	Anticipate changes	Planning	Planning decides in advance how work is to be done	Reduces the risk of uncertainty.	Establishes standard for controlling	Promotes innovation	Planning encourages new ideas	Provides directions.
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Planning decides in advance how work is to be done	Reduces the risk of uncertainty.										
Establishes standard for controlling	Promotes innovation										
Planning encourages new ideas	Provides directions.										
Q13.	<p>ASSERTION (A): Through planning, the uncertain events or changes can be anticipated and eliminated.          REASON (R) : planning reduces the risk of uncertainty.          Both (A) and (R) are true, and (R) is the correct explanation of (A).          Both (A) and (R) are true, and (R) is not the correct explanation of (A).          (A) is true, but (R) is false.          (A) is false, but (R) is true.</p>										
Q14.	<p>“Detailed plans are prepared after discussion with professional experts. Preliminary investigations are also undertaken to find out the viability of the plan. Middle level managers are neither allowed to deviate from the plans nor are they permitted to act on their own”          Identify the limitation of planning highlighted above.          Planning leads to rigidity.          Planning reduces creativity.          Planning a time consuming process.          Planning involves huge cost.</p>										
Q15.	<p>“ The top managerial personnel formulates plan for next year by analysing and predicting the future to meet future event effectively . since it is an intellectual activity requiring intelligent imagination and sound judgement, it is mainly done by the management “.          Identify the feature of planning highlighted above          Planning focuses on achieving objectives.          Planning is futuristic.          Planning is pervasive.          Planning is a mental exercise.</p>										
Q16.	<p>ASSERTION (A): Sales forecasting is the basis on which a business firm prepares its annual plan for production and sales.          REASON (R) : Planning is a primary function of management.          Both (A) and (R) are true, and (R) is the correct explanation of (A).          Both (A) and (R) are true, and (R) is not the correct explanation of (A).          (A) is true, but (R) is false.          (A) is false, but (R) is true.</p>										

Q17.	Through correct foresight and logical and systematic thinking based on analysis of all facts, all alternatives were examined and evaluated. Raman presented a plan to the farmers, where after harvesting paddy, vegetables could be grown. Identify the step of the planning identifies in the above case. Evaluating alternative courses. Identifying alternative course of action. Selecting an alternative. Both (a) and (b)
Q18.	Name the type of plan which is time bound and linked with measurable outcome.
Q19.	_____ are formalised and standardised way of accomplishing repetitive and routine job. Budget Method Objectives Strategy
Q20.	Policy is a type of plan which is in the form of general statements and channelizes energies towards a particular direction and helps in solving routine problems.(TRUE/FALSE)
<b>THREE MARKS QUESTIONS (03 MARKS)</b>	
Q21.	Prem Sultan Grew up in Bangalore and started off his carpet business with weavers from backward area. Today, his carpet company is India's biggest company. The company connects woven carpets directly to global market and employs a range of weavers, including tribal women. The company has to dispatch a consignment to France in coming days, but due to the announcement of demonetisation of currency and subsequent shortage of valid currency, the manager is unable to pay to the suppliers and workers. The company doesn't have enough liquid cash to meet the working capital requirement and to make the payment for transportation. Due to these issues their consignment gets delayed and the importer cancels the order. The company have to suffer a huge loss due to rejection of consignment. Identify the management function highlighted in the above case. Explain the limitations of the function identified in part (i). Any two.
Q22.	International Tobacco company is a manufacturer of tobacco products. It decided to increase profits by at least 20%, the next quarter. It has many options: To increase the working hours of labourers without additional payment. To employ children from the local community. To sell its products outside the schools and colleges. It opted the (ii) and (iii) options to achieve the target. On the basis of the given case : Identify the function of management highlighted in the given case. Explain the step of the process involved in the function of management identified in part(a).
Q23.	Americano finger foods Ltd developed their plans after spending a lot of time and money. But before they could implement the plans successfully, competition started increasing. Since they had already spent a lot of money and time on formulation of previous plans they did not change those plans to fight new competition in the market. Ultimately this led to failure in the market. Identify the limitation of planning in the above situation.
Q24.	After completing her studies in product design, Sarah wishes to start her own business to design products to cater to the mobility and communication requirements of a person with special needs. She told her friend that she wanted to focus on supplying high quality and affordable products on "no – profit, no – loss basis".The U.S.P. of the products will be sensitivity to challenges and needs of the differently abled. She has to follow a series of steps to attain her predetermined objectives.

	<p>In the above lines, Sarah has discussed about one of the functions of the management.</p> <p>(a) Identify the function of management.</p> <p>(b) Identify and explain the types of plans Sarah is discussing in the above para.</p>
Q25.	<p>'Indian Drugs and pharmaceuticals Ltd' is engaged in the manufacturing and distribution of medicines. The company has set up an objective of increasing its sale turnover by 20%. To achieve this objective the company has decided to diversify into baby health care products. Since the company has already set its objectives and developed premises based on the same, it wants your help for the remaining steps to be taken in this process.</p> <p>Name and explain the remaining next three steps.</p>
Q26.	<p>Three years ago Anjali, completed her degree in textile engineering. She decided to start her own readymade garments manufacturing unit. She set up the objectives and the targets and formulate action plan to achieve the same. One of his objectives was to earn 80% profit on the amount invested in the first year. It was decided that raw material like cloth, thread, bottoms etc. will be purchased on the month's credit. She also decided to follow the steps required for marketing of the products through his own outlets. She appointed Rajesh as a production manager, who decides the exact manner in which the production activities are to be carried out. Rajesh also prepared a statement showing the requirement of workers in the factory throughout the year. Anjali informed Rajesh about her sales target for different products, area wise for the forthcoming quarter. A penalty of 200 Rs per day was announced for the workers who found smoking in the factory premises. Quoting lines from the above para and identifies and explains the five different types of plans discussed.</p>
Q27.	<p>Identify the type of plans discussed in the following cases:</p> <p>Mr. S.K.Kumar , financial manager of the company has prepared the annual statement of proposed advertisement expenditure to be prepared in Annual General Meeting for financial year 2015-16. Hindustan Unilever Ltd. started a promotional offer of one KG of Rin detergent free on purchase of Five KG of Rin detergent to increase the sale.</p> <p>"We do not supply to our clients on credit".</p> <p>The sales manager of XYZ Ltd. gave its sales executives, the directive that they would sell the goods on credit of two months but told them to strictly inform the customer that I they will not make the payment within two months they will have to pay an interest of 12% per annum on amount due.</p>
Q28.	<p>Ravi is working as the production manager of Hightech Pvt Ltd. In his working he lays a lot of emphasis on good planning. While planning he uses foresight, intelligence and creativity. This leads to high success rate for the projects that are under Ravi's control. Before finalising any plan, he makes alternative plans, evaluates them and then selects the best. In the process of planning he involves other managers too.</p> <p>However, he knows it is not necessary that his all plans will always be successful. He is also aware that sometimes the plans that he makes consume a lot of time and money and need to be changed keeping in mind changed environmental conditions.</p> <p>On the basis of the given information about Hightech Pvt Ltd, answer the following question Which features of planning have been highlighted in the above case? Explain.</p> <p>Identify and explain the limitations of planning that have been highlighted in the above case.</p>
Q29.	<p>Agile Ltd. is a well-known automobile manufacturing company in India. The company plans to increase the sale of its sedan cars by 20% in the next quarter. In order to achieve the desired target, the marketing team of the company considers the impact of the policy of the government towards diesel vehicles and the level of competition in this segment of cars. They explore the various available options like offering more discount to dealers and customers, providing more customer friendly finance options, lucky draws on test drives ,increasing advertising, offering more of free accessories on the purchase of the car,etc.a thorough analysis of the various available options is done keeping in view the relative viability of each option. The company decides to pursue the</p>

	<p>option of offering more discount to dealers and customers in order to boost the sale of sedan cars.in order to implement the plan, they determine the various discount packages and communicate the same to their product dealers. To make the prospective consumers aware about the new available benefits, advertisements are made through various sources of print and electronic media. The market analysts of the company keep a close watch on the revenue from the sedan cars to study the effect of new initiatives by the company to promote its sales.</p> <p>In context of the above case: Name the function of management described in the above para. Identify and explain the various steps involved in the process the function of management as identified in part(a) by quoting the lines from the para.</p>
Q30.	<p>‘It is setting objectives for a given time period, identifying various alternative courses of action to achieve them and then selecting the best possible alternative from amongst the various alternative courses of action available .</p> <p>Identify the function of management referred above. State any four points of importance of the function of management identifies in (a).</p>
<b>FOUR MARKS QUESTIONS (04 MARKS)</b>	
Q31.	<p>In ‘Chak De India’ movie, Shahrukh Khan becomes the coach of the girls’ hockey team. He knows that he has to prepare the girls for the international hockey matches and bring the world cup after winning. For this he prepares a long-term plan and thinks the ways how to bet the competitors. He coaches the girls to play in different ways like defensive, offensive, etc. at the outset of a match he explains who will open the match, and how the ball will be passed by one player to another step by step.</p> <p>Identify four types of plan that are highlighted in the above case, quoting the lines from it.</p>
Q32.	<p>Flipkart is an e-commerce company founded in the year 2007 by Sachin Bansal and Binny Bansal. The company is registered in Singapore, but has its headquarters in Bangaluru, India. The company seeks to increase traffic (more clicks on their products) and boost sales and revenue through integration of Mobile Apps, Display, Pay Per Click and search Engine Optimization. In order to dispel the feat of people related to shopping online, Flipkart was the first company to implement to popular ‘Cash on Delivery’ facility. All the products sold by the company under a particular category may have different return/replacement period. Flipkart allows multiple payment options such as cash on delivery, credit or debit card transactions, net banking, e-gift voucher and card swipe on delivery. The company operates both ways when an order is received. The products for which it holds inventory are dispatched by it directly. For the products they do not store in inventory, they just send the order received by them to the supplier who ships it. The company plans to spend about Rs. 75 crores on e-Commerce advertising in the year 2016. Flipkart reserves the right to terminate your membership and/or refuse to provide you with access to the website if it is brought to Flipkart’s notice or if it iis discovered that you are under the age of 18 years. This is because as per the Indian contract Act, 1872, the minors, un-discharged insolvents, etc. are not eligible to use the website. In context of the above case, identify and explain the different types of plans being used by Flipkart by quoting lines the paragraph.</p>
Q33.	<p>Arush joins as a sales manager of a company dealing in naturotherapy produces. Being proficient in his work, he knew that without good planning he will not be able to organise, direct, control or perform any of the other managerial functions efficiently and effectively. Only on the basis of sales forecasting, he would assist in the preparation of the annual plans for its production and sales. Besides, he will have to prepare sales plans regularly on weekly, monthly, quarterly and half yearly basis. While preparing the sales forecasts, he undertakes intellectual thinking involving foresight, visualization and issued judgement rather than wishful thinking or guess work. Most importantly, all these planning activities will be meaningful only if they will coincide with the purpose for which the business is being carried out. In context of the above case, identify the various features of planning highlighted in the above paragraph by quoting lines from it.</p>

Q34.	<p>Lira Ltd. is a company manufacturing designer socks. While making its plan, the company takes into consideration the business environment. It constantly adapt itself to changes in environment by making changes in its plan. However, it becomes difficult for the managers of the company to accurately foresee future trends in the environment. Competition in the market upsets its financial plans; then sales targets have to be revise3d and, accordingly cash budgets also need to be modified since they are based on sales figures.</p> <ol style="list-style-type: none"> <li>1. What characteristic features of business environment are highlighted in the above lines?</li> <li>2. State and explain the limitation of planning highlighted in the above lines.</li> <li>3. Identify any two types of plan mentioned in the above pare by quoting the lines from it.</li> </ol>
Q35.	<p>Pan Masala and Sons is a manufacturer of tobacco products. It decided to increase profits by at least 20% in the next quarter. It has many options: 1. To increase the working hours of labourers without additional payment. 2. To employ children from the local community. 3. To sell its products outside the schools and colleges. It opted the (ii) and (iii) options to achieve the target.</p> <ol style="list-style-type: none"> <li>1. Identify the function of management described in the above para.</li> <li>2. State the steps of the process involved in the function of management identified in (a) quoting the lines from the above para.</li> </ol>
<b>SIX MARKS QUESTIONS (06 MARKS)</b>	
Q36.	<p>Mega Ltd holds an Annual Management programme every year in the month of March in which the top managerial personnel formulate plans for the next year by analysing and predicting the future to meet future events effectively.</p> <p>As they are responsible for providing direction to the organisation, facts are thoroughly checked using scientific calculations.</p> <p>Detailed plans are prepared after discussion with professional experts. Preliminary investigations are also undertaken to find out the viability of the plan. Since it is an intellectual activity requiring intelligent imagination and sound judgement so it is mainly done by the top management. Usually rest of the members just implement the plans. Middle level managers are neither allowed to deviate from the plans nor are they permitted to act on their own. The top management ensures that the expenses incurred in formulating the plans justify the benefits derived from them.</p> <p>Explain any two limitations and two features of planning discussed above.</p>
Q37.	<p>Planning ‘provides direction’, ‘reduces the risk of uncertainty’, ‘promotes innovative ideas’.</p> <p>Explain.</p>
Q38.	<p>Matta Auto Ltd. is manufacturing different types of commercial vehicles. Their sales were in crores in the previous year. The company decided to increase sale by 20% during the current year. It conducted internal as well as external audits for the same. Through internal audit, they analysed the strengths and weakness of the business across all departments. External audit focused on the opportunities and the threats in the constantly changing business environment. Thus, a comprehensive plan was prepared taking into consideration the business environment and the necessary resources were allocated to achieve the target. The company directed its offices throughout the country to follow the plan. The company’s commitment to develop effective plans to achieve a consistent increase in sales has ensured its continual growth over the past one decade.</p> <p>Identify and explain the two types of plans discussed above.</p>
Q39.	<p>A two wheeler manufacturer is facing a problem of declining market share due to increased competition from new and existing players in the market. Its competitors are introducing electric scooters which have caught the imagination of the market. Answer the following:</p> <p>Prepare a model business plan for this company to meet the existing challenge. Explain the plan in brief.</p> <p>Identify the limitations of such plans from the given options.</p> <p>Can these limitations be removed?</p>
Q40.	<p>An established firm has fifty years of experience in shipping industry. The plan for the whole year is given a lot of importance. According to the owner of the company their plans are the basic</p>

structure upon which other functions of management rest. It is important that the plans are communicated to the employees. The top management ensures that the plans are communicated and implemented at all levels and in all departments. To learn from the past mistakes is a habit of this successful company. They prepare plans for short term as well as long term where it can be seen that throughout the year the plans are prepared one after another. Shipping industry needs such dedicated companies. The goals are specific and the activities these specific goals are undertaken. The company has planned a growth of 20% in revenue this year. Let's see how much it is possible for it to achieve it by the end of the year.

In the above case identify the various features of planning highlighted.  
Which type of plan is indicated in the above case?

**ANSWERS OF MCQS (01 MARKS)**

Ans.1.	(a)Strategy
Ans.2.	(d)None of the above.
Ans.3.	(d) All of the above.
Ans.4.	(b) Selecting an alternative.
Ans.5.	(a)Both (A) and (R) are true, and (R) is the correct explanation of (A).
Ans.6.	(d) (A) is false, but (R) is true.
Ans.7.	(b)A – (ii), B – (i), C – (iii).
ANS.8.	(b)Planning
ANS.9.	(b) Planning may not work in dynamic environment.
ANS.10.	(c) Planning provides direction.
ANS.11.	(c)Identifying alternative course of action.
ANS.12.	(d)A – (ii), B – (iv), C – (i), D – (iii).
ANS.13.	(d)(A) is false, but (R) is true.
ANS.14.	(c)Planning a time consuming process.
ANS.15.	(b)Planning is futuristic.
ANS.16.	(b)Both (A) and (R) are true, and (R) is not the correct explanation of (A).
ANS.17.	(d)Both (a) and (b)
ANS.18.	Budget
ANS.19.	Methods
ANS.20.	True

**ANSWERS OF THREE MARKS QUESTIONS (03 MARKS)**

ANS.21.	(a)Planning (b)(i) Planning does not work in dynamic environment, (ii)Planning does not guarantee success.
ANS.22.	Planning leads to rigidity. Selection of best alternatives.(with explanation)
ANS.23.	Planning leads to rigidity. Planning involved huge cost. Planning is time consuming.
ANS.24.	Planning Policy and Procedure (with explanation)
ANS.25.	Remaining steps to be taken are: Identifying alternative course of action Evaluating the alternative course. Selecting the best alternative.
ANS.26.	“One of his objectives was .....in the first year” – Objectives “It was decided that raw.....on two months credit.”- Policy “He also decided to follow the steps.....own outlets”- Procedure “He appointed .....are to be carried out”- Method

	“A penalty of 200.....factory premises”- Rule.
ANS.27.	Budget Strategy  (i)Policy , (ii) rule.
ANS.28.	Features: (i) planning is a mental exercise, (ii) Planning involves decision making. Limitations are: (i) planning is a time consuming process, (ii) planning does not guarantee success, (iii) planning is costly. (heading with explanation)
ANS.29.	Planning The following steps are involved: Setting objectives.(The company plan to increase.....by next Ans. uarter) Developing premises (In order to achieve the target.....might have to face) Listing the various alternatives (The team explored.....three years etc) Evaluating different alternatives (A thorough analysis .....was done) Selecting an alternative ( Finally company decided.....three years) Implement the plan ( In order to implement the plan.....electronic media) Follow up action. ( A separate team.....the sale)
ANS.30.	Planning Any four importance of planning.(heading with explanation)
<b>ANSWERS OF FOUR MARKS QUESTIONS (04 MARKS)</b>	
ANS.31.	1. Objective „...bring the world cup after winning.“ 2. Strategy „For this he prepares long-term plan and thinks the ways how to beat the competitors.“ 3. Method „He coaches the girls to play in different ways like defensive, offensive, etc.“ 4. Procedure „At the outset of a match he explains who will open the match, and how the ball will be passed by one player to another step by step.“
ANS.32.	The different types of plans being used by Flipkart are listed below: 1. Objectives: “The company seeks to increase traffic (more clicks on their products) and boost sales and revenue through integration of Mobiles Apps, Display, Pay Per Click and Search engine Optimization.” 2. Strategy: “In order to dispel to fear of people related to shopping online, Flipkart was the first company to implement the popular „Cash On Delivery“ facility.” 3. Policy: “All the products sold by the company under a particular category may have different return/replacement period.” 4. Method: “Flapkart allows multiple payment options such as cash on delivery, credit or debit card transactions, net banking, e-gift voucher and card swipe on delivery.” 5. Procedure: “The company operataes both ways when an order is received.The products for which it holds inventory are dispatched by it directly.For the products they do not store in inventory, they just send the order received by them to the supplier who ships it.” 1 6 Budget: “The company plans to spend about Rs. 75 crores on e-Commerce advertising in the year 2016. 7. Rule: Flipkart reserves the right to terminate your membership and/or refuse to provide you with access to the Website if it is brought to Flipkart“s notice or if it is discovered that you are under the age of 18 years.This is because as per the Indian Contract Act, 1872, the minors, un-discharged insolvents etc. are not eligible to use the Website.”
ANS.33.	The features of planning highlighted in the above paragraph are explained below: 1. Planning is a primary function: “... without good planning he will not be able to organise, direct, control or perform any of the other managerial functions efficiently and effectively.” 2. Planning is futuristic: “Only on the basis of sales forecasting, he would assist in the preparation of the annual plans for its production and sales.” 3. Planning is continuous: “Besides, he will have to prepare sales plans regularly on weekly, monthly, quarterly and half yearly basis.”

	<p>4. Planning is a mental exercise: “While preparing the sales forecasts he undertakes intellectual thinking involving foresight, visualization and issued judgement rather than wishful thinking or guess work.”</p> <p>5. Planning focuses on achieving objectives: “Most importantly, all these planning activities will be meaningful only if they will coincide with the purpose for which the business is being carried out.”</p>
ANS.34.	<p>1. (i) Business environment is dynamic as it keeps on changing. (ii) Business environment is uncertain as it is difficult for the managers to accurately foresee future trends in the environment.</p> <p>2. Planning may not work in a dynamic environment. The organisation has to constantly adapt itself to changes in environment by making changes in its plans. However, since planning cannot foresee everything, there may be obstacles to effective planning.</p> <p>3. (i) Strategy – „while making its plan, the company takes into consideration the business environment.“</p> <p>(ii) Budget – „Competition in the market upsets its financial plans; then sales targets have to be revised and accordingly cash budgets also need to be modified since they are based on sales figures.”</p>
ANS.35	<p>1. Planning</p> <p>2. Steps involved in planning process: (i) Setting organizational objectives: (ii) Identifying and evaluating alternative courses of action: (iii) Selecting the best possible alternatives(s):</p>
<b>ANSWERS OF SIX MARKS QUESTIONS (06 MARKS)</b>	
ANS.36.	<p>Features of planning:</p> <p>Planning is a mental exercise</p> <p>Planning is futuristic</p> <p>Limitations of planning:</p> <p>Planning reduces creativity</p> <p>Planning involves huge cost</p>
ANS.37.	Correct explanation of the given features
ANS.38.	Plans discussed here : Objectives and strategy
ANS.39.	<p>Types of plan that can be adopted by the company are Strategy and Policy.</p> <p>Limitations: (i) Rigidity, (ii) Cannot deal in dynamic environment, (iii) Huge cost involved,(iv) Planning doesn’t guarantee success, (v) Time consuming.</p> <p>Following are the steps that can be taken to remove the limitations of planning: (i) Certain level of flexibility must be provided to the managers to deal with the unforeseen changes., (ii) The planning must be done keeping in mind the business environment, (iii) he cost and time invested in planning must be curtailed., (iv) New plans can be drafted as per the situation an circumstance.</p>
ANS.40.	<p>The following features are highlighted in the above case:</p> <p>(i) Planning is a primary function of management.</p> <p>(ii) Planning is pervasive.</p> <p>(iii) Planning is a continuous function.</p> <p>(iv) Planning focuses on achieving target.</p> <p>Types of plans are :</p> <p>Objective: The company has planned a growth of 20% in revenue this year.</p>

## CHAPTER-5 Organising

### MEANING & FEATURES OF ORGANISING

#### Meaning of Organising

Organising is the process of identifying and grouping the work to be performed, defining and delegating authority and responsibility, and establishing relationships among people to work together effectively for achieving organisational goals.

As a Structure: It refers to the framework of authority and responsibility through which an organisation operates — a network of relationships among people and positions.

#### FEATURES OF ORGANISING

1. Work is divided into small tasks.
2. It helps in specialisation of work.
3. It creates coordination among employees.
4. Everyone works for a common goal.
5. Defines authority and responsibility clearly.
6. Involves a group of people, not individuals.
7. Provides proper communication channels.
8. It is flexible and can change as needed.
9. It is a continuous process in every organisation.

### IMPORTANCE OF ORGANISING

1. **Helps in Specialisation:** Work is divided into small parts and given to people who are experts in that work.  
Example: In a car company, one team makes engines, another paints cars — each becomes skilled in their job.
2. **Clarity in Working Relationship:** Everyone knows who will report to whom and what they have to do.  
Example: The sales manager reports to the marketing head — there is no confusion.
3. **Effective Administration:** Work becomes systematic and smooth, making it easier for managers to control and guide employees.  
Example: In a school, separate departments like accounts, teaching, and maintenance help the principal manage easily.
4. **Optimum Use of Resources:** Organising helps in using men, money, and materials properly without waste.  
Example: In a factory, each department uses its machines and workers efficiently.
5. **Adaptation to Change:** Organising makes it easy to adjust to changes in the business environment.  
Example: When a company adds a new product, it can create a new department for it.
6. **Development of Employees:** By giving authority and responsibility, employees get a chance to learn and grow. *Example:* A manager delegates some work to a junior officer — the junior learns leadership.
7. **Expansion and Growth:** A good organisation structure helps the business to grow and handle more work easily. *Example:* A company with proper departments can expand into new cities smoothly.

### ORGANISING PROCESS

#### 1. Identification and Division of Work

The total work is divided into smaller jobs or tasks. This makes work easier and ensures specialisation.

Example: In a school, teaching, examination, and administration work are divided among different people.

#### 2. Departmentalisation

Similar or related activities are grouped into departments. Common departments are Production, Marketing, Finance, and Human Resources.

Example: A company has separate departments for sales, finance, and customer service.

#### 3. Assignment of Duties

After grouping, specific jobs are assigned to individuals according to their skills and abilities.  
 Example: The finance manager handles budgets, while the sales manager handles sales targets.

#### 4. Establishing Reporting Relationships

Authority and responsibility relationships are defined. It shows who will report to whom to ensure coordination.

Example: A teacher reports to the head of the department, who reports to the principal.

### **Structure of organisation- functional and divisional**

#### **FORMAL ORGANISATION**

It refers to the organization structure which is designed by the management to accomplish task. It specifies clearly the boundaries of authority and responsibility and there is a systematic coordination among the various activities to achieve organizational goals.

#### **FEATURES OF FORMAL ORGANISATION**

01	In formal organization, job positions and reporting relationships are clearly stated.
02	It is run according to the set rules and procedures.
03	It is the framework of a formal structure in which activities of all departments are coordinated.
04	It is deliberately created by the top management.
05	The main focus is on work and not interpersonal relationships.

#### **MERITS OF FORMAL ORGANISATION**

01	Easier to fix responsibility since mutual relationships are clearly defined
02	No overlapping of work as each member has to play their duties as specified.
03	Unity of command is maintained through an established chain of command
04	It leads to effective accomplishment of goals by providing operational framework to the employees
05	It provides stability in the organization because behavior of employees can be fairly predicted since there are specific rules to guide them.

#### **LIMITATIONS OF FORMAL ORGANISATION**

01	The Work is based on rules which cause unnecessary delays.
02	The employees have to do what they are told to do and they have no opportunity of thinking creatively since it does not allow any deviations from rigid policies.
03	It is difficult to understand all human relationships in an enterprise as it places more emphasis on structure and work.

#### **INFORMAL ORGANISATION**

In the formal structure, individuals are assigned certain job positions. While working on these job positions, the individuals interact with each other and develop some social and friendly relations in the organization. This new work of social and friendly groups forms another structure in the organization which is called the informal structure. Informal structure gets created automatically and spontaneously for getting psychological satisfaction

#### **FEATURES OF INFORMAL ORGANISATION**

01	It originates from within the formal organization as a result of personal interaction among employees
02	The standards of behaviour evolve from group norms rather than officially laid down rules.
03	Independent channels of communication without any specified directions
04	It emerges spontaneously and is not deliberately created by the management

05 It is no definite structure or form as it is a social relationships among members.

**MERITS OF FORMAL ORGANISATION**

01	Prescribed lines of communication are not followed thus the informal organization leads to faster spread of information as well as quick feedback
02	It helps to fulfill the social needs of the members to find like minded people and it gives a sense of belongingness.
03	It contributes towards fulfillment of organizational objectives by compensating for inadequacies in the formal organization.

**LIMITATIONS OF FORMAL ORGANISATION**

01	It may sometimes work against the interests of formal organization and spread rumors.
02	Sometimes the informal structure may oppose the policies and changes of management, and then it becomes very difficult to implement them in organization
03	It may force the members to follow group norms. This may be harmful to the interest of the organization.

**Importance of delegation:**

- (i) Effective management:- freedom from doing routine work provides the manager with opportunities to excel in new areas.
- (ii) Employee development: employees get more opportunities to utilise their talent.
- (iii) Motivation of employees : When a superior entrusts a subordinate with a task, it is not merely the sharing of work but involves trust on the superior’s part and commitment on the part of the subordinate.
- (iv) Facilitation of growth: Delegation helps in the expansion of an organisation by providing a ready workforce to take up leading positions in new ventures.
- (v) Better coordination: A clear picture of the work being done at various levels help in developing and maintaining effective coordination.

Decentralization: It refers to delegation of authority throughout all the levels of organization.

**Importance of decentralisation:**

- (i) Develops initiative among subordinates: promotes self-reliance and confidence amongst the subordinates.
- (ii) Develops managerial talent for the future: Formal training plays an important part in equipping subordinates with skills that help them rise in the organisation.
- (ii)Quick decision making: since decisions are taken at all levels and no requirement for approval at any levels.
- (iii)Relief to top management: because subordinates are given the freedom to act and decide within the limits set by the superior.
- (iv)Facilitates growth: It develops a sense of competition amongst the departments and they try their best leading to increase in productivity.
- (v) Better control: Decentralization makes it possible to evaluate performance at each level and the departments can be individually held accountable for their results.

**DISTINCTION BETWEEN DELEGATION AND DECENTRALISATION**

	<b>Basis of distinction</b>	<b>DELEGATION</b>	<b>DECENTRALISATION</b>
01	Nature	Compulsory act because no individual can perform all tasks on his own.	Optional policy decision. It is done at the discretion of the top management.
02	Freedom of action	More control by superiors hence less freedom to take own decisions.	Less control over executives” hence greater freedom of action.
03	Status	It is a process followed to share tasks.	It is the result of the policy decision of the top management.
04	Scope	Narrow scope as it is limited to superior and his immediate subordinate.	Wide scope as it implies extension of delegation to the lowest level of management.

05	Purpose	To reduce the workload/burden of the Superior.	To increase the role of the subordinates in the organization or to give more autonomy to subordinates.
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**QUESTION BANK**

**MCQS**

Q. NO.	QUESTIONS
Q1.	_____ is the process of assigning authority to subordinates. a) Delegation    b) Decentralisation    c) Departmentalisation    d) Centralisation
Q2.	Assertion (A): Organisational structure should be aligned with organisational objectives. Reason (R): Organisational structure determines the allocation of resources. a) Both A and R are true, and R is the correct explanation of A. b) Both A and R are true, but R is not the correct explanation of A. c) A is true, but R is false. d) A is false, but R is true
Q3.	A company is facing a crisis and needs to make quick decisions. Which organisational structure would be most suitable? a) Centralized    b) Decentralized    c) Functional    d) Divisional
Q4.	Which of the following is a disadvantage of a functional organisational structure? a) Efficient use of resources    b) Specialisation and expertise c) Limited career growth opportunities    d) Improved communication
Q5.	Assertion (A): Informal organisation has a definite structure or form. Reason (R): Informal organisation is a complex network of social relationships among members. Choose the correct alternative from the options given below: A. (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.
Q6.	_____ organisational structure is characterised by a high degree of specialisation. a) Functional    b) Divisional    c) Matrix    d) Line and Staff
Q7.	Which of the following is a benefit of decentralisation? a) Improved coordination    b) Increased control c) Better decision-making    d) Reduced autonomy
Q8.	_____ is the process of grouping activities into departments. a) Departmentalisation    b) Decentralisation c) Delegation    d) Centralisation
Q9.	Rishabh has joined as a Creative Head in an entertainment company. He always ensures that the work has been divided into small and manageable activities and also the activities of similar nature are grouped together. Identify the related step in organising process being mentioned in the above lines. (a) Identification and division of work    (b) Departmentalisation (c) Assignment of duties    (d) Establishing reporting relationships
Q10.	Indigo Limited has a staff of 300 people which is grouped into different departments. The organisational structure depicts that 100 people work in Production department, 150 in Finance department, 20 in Technology department and 30 in Human Resource department. Identify the type of organisational structure being followed by the company. (a) Functional structure    (b) Divisional structure (c) Informal structure    (d) None of the above

Q11.	Which of the following is not a merit of divisional structure? (a) It promotes product specialisation. (b) It ensures that different functions get due attention. (c) It promotes flexibility and faster decision making. (d) It facilitates expansion and growth as new divisions.
Q12.	Which of the following is not a demerit of divisional structure? (a) It is an expensive structure to maintain, since there may be a duplication of activities across products. (b) All functions related to a particular product are integrated in one department. (c) Conflict may arise among different divisional heads due to different interests. (d) Authority provided to the managers to supervise all activities related to a particular division may lead to undesirable consequences
Q13.	Identify the correct sequence of steps to be followed in an organising process. (a) Departmentalisation, Establishing reporting relationships, Assignment of duties, Identification and division of work (b) Identification and division of work, Departmentalisation, Assignment of duties, Establishing reporting relationships (c) Identification and division of work, Assignment of duties, Departmentalisation, Establishing reporting relationships (d) Identification and division of work, Establishing reporting relationships, Departmentalisation, Assignment of duties
Q14.	Which of the following is not a merit of formal organisation? (a) It is easier to fix responsibility for mistakes. (b) Scalar chain of command is followed. (c) It leads to effective achievement of organisational goals. (d) It leads to faster spread of information and rapid feedback.
Q15.	Which of the following can be delegated? (a) Responsibility (b) Authority (c) Accountability (d) All of the above
Q16.	Assertion(A) -Organising creates a working relationship that establishes a clear channel of communication and specifies who is accountable for what. Reason(R) -Specialization develops as a result of repeated performance of a given task. (a) Both A and R are correct and R is the correct explanation of R (b) Both A and R are correct and R is not the correct explanation of R (c) A is true but R is false (d) A is false but R is true
Q17.	Palian Ltd. specialises in the production of steel goods. The company's goal is to make 250 goods per day. To accomplish this, all departments' efforts are coordinated and linked, and authority-responsibility relationships between various job roles are established. There is a clear understanding of who is responsible for reporting to whom. Identify the function of management highlighted in the above case- (a) Planning (b) Controlling (c) Coordination (d) Organising
Q18.	"Grouping of jobs of similar nature under functional and organising these major functions as separate departments." Which organizational structure is highlighted in this line? a) Functional structure b) Divisional structure c) Both a and b d) None of these
Q19.	'Delegation helps in developing the talents of the employees. It also has psychological benefits.' Which Importance of delegation is highlighted in this statement? a) Effective management b) Employee development c) Motivation of employees d) Better coordination
Q20.	Deez Ltd. is a corporation that has recently adopted a decentralised management style. The company has developed rapidly, and lower-level management decisions are implemented, saving time because those making decisions are close to taking action. However, Denez's chairman of Deez Ltd. recently



Q28.	Name and state the concept that refers to the number of subordinates that can be effectively managed by a superior and determines the number of levels of management in the organisation.
Q29.	A multinational company has its operations divided into regional divisions for North, South, East, and West India. Each division has its own functional departments like marketing, production, and finance. The head office monitors overall performance but allows the divisions to take independent decisions regarding local marketing strategies. (a) Identify the type of organisational structure followed by the company. (b) Explain two advantages of this type of structure in handling diverse markets.
Q30.	In a hospital, the chief administrator has delegated authority to department heads to manage their respective units. However, he retains accountability for overall patient care standards. The department heads are empowered to hire staff, schedule duties, and make operational decisions, but the administrator is answerable to the board of trustees for the overall hospital performance. (a) Identify the management concept illustrated in the case. (b) Explain two key elements of this concept and how they are reflected in the case.
<b>FOUR MARKS QUESTIONS (04 MARKS)</b>	
Q31.	Infocom has diversified itself into several product lines: Telecommunications, Engineering, financial services. Each subsidiary is self-sufficient with their own administrative functions propagating the belief that people can assume the responsibility for the effective implementation of their decisions and should be given autonomy. This has reduced the need for direct supervision by superiors, has promoted flexibility, initiative and faster decision making. The orders of customers are never delayed, as a result of good policy decisions of top management a) Identify and explain any two points of importance of the concept being discussed above. b) Name and briefly explain a suitable framework for the company within which the managerial and operating task are to be performed.
Q32.	Explain any four points of importance of Organising function of management
Q33.	A company is manufacturing washing machines. There is a well defined system of jobs with a clear and definite authority, responsibility and accountability in the company. But people are not allowed to interact beyond their officially defined roles. As a result the company is not able to adapt to the changing business environment. The workforce is also not motivated due to lack of social interaction. The company is facing problems of procedural delays and inadequate recognition of creative talents. Suggestion how the organization can overcome the problems faced by it. Give any two benefits it will derive from your suggestion
Q34.	Rakesh joins as a Head Librarian of a newly constructed medical college in Pune. A team of four librarians is placed under him for the smooth functioning of the library. Besides, he has been assigned eight people as support service staff. On the second day of his joining, he is told to get a shipment of new books unloaded, stock the bookshelves, and then get all waste (packaging, paper etc.) disposed off within a weeks time. In order to ensure orderliness and speed in the process of setting up of the library, he makes each of the four librarians in charge of five different subjects. Keeping in mind their competence and experience he decides to give them more authority so that they can make autonomous plans and assume the responsibility for the effective implementation of their decisions. In context of the above case: Identify and explain the concept used by Rakesh keeping in mind the competence and experience of the other librarians. Describe briefly and three advantages of using the concept as identified in part (a) of the question.

Q35.	“Delegation of authority, undoubtedly empowers an employee to act for his superior, but the superior would still be accountable for the outcome. Explain the elements of delegation of authority discussed above
<b>SIX MARKS QUESTIONS (06 MARKS)</b>	
Q36.	State any three advantages and any three limitations of formal organization
Q37.	<p>A school has appointed a librarian as the head of the library and assigned four assistant librarians to manage different sections: Science, Arts, Commerce, and General Knowledge. The head librarian has given them the authority to manage their sections independently but remains accountable for the library’s overall functioning.</p> <p>(a) Name the concept applied by the head librarian.  (b) Explain any four advantages of using this concept in the library management.</p>
Q38.	<p>ZohaLtd. was a reputed computer software company providing unique software all over India. The turnover of the company was very high resulting in good profits. The Chief Executive Officer, Nandan, was very strict and disciplined. He specified the boundaries of authority and responsibility for achieving organizational goals. There was systematic coordination among the various activities and specific relationships among various job positions. The company provided facilities like a canteen, a gym, a library, a music room, and a rest area for its employees, which they could use during rest intervals. Using these facilities, the employees developed friendships and discussed not only their personal. social and emotional issues, but also the official ones. The General Manager was of a different view. He told the Chief Executive Officer that there was no use providing these facilities to the employees as it is an extra financial burden on the organization on one hand and on the other hand, it encourages groupism and whenever any change is required in the organization, they all resist. He suggested that they should do away with these facilities. But the Chief Executive Officer, Nandan, explained to the General Manager that this type of social interaction is necessary, and is in the best interest of the organization. These interactions among people at work give rise to a network of social relationships among employees and have many benefits.</p> <p>a. Identify and explain the type of organisation whose existence the Chief Executive Officer felt was necessary.  b. State any two advantages and two disadvantages of the type of organization identified in (a) above</p>
Q39.	<p>Preeti started her own cooking channel on ‘Youtube Mood Art’. As her subscribers increased, she was not in a position to manage everything on her own. She hired Rahul and Riya to help her with filming editing, lighting and content research. She granted authority to them to operate within prescribed limits. She was thus, able to use her time on high priority activities like developing new recipes and content development etc. As a result, Rahul and Riya were given opportunities to develop and exercise initiative. Preeti was now able to focus on objectives and meet the target of achieving a subscriber base of one million in six months. a) Identify the concept of management used by Preeti to focus on objectives of her business and meet her targets.  b) Explain any five point of importance of the concept identified in (a) above.</p>
Q40.	<p>In a school fete, the whole activity is divided into task groups each dealing with a specific area like the food committee, the decoration committee, the ticketing committee and so on. These are under the overall supervision of the official in-charge of the event. Coordinating relationships are established among the various groups to enable smooth interaction and clarity about each group’s contribution towards the event. a) Identify and state the function of management highlighted above.  b) State the steps involved in the function of management identified in part (a) by quoting the lines from the above paragraph.</p>
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## ANSWERS OF MCQS (01 MARK)

Ans.1.	(a) Delegation
Ans.2.	(a) Both A and R are true, and R is the correct explanation of A
Ans.3.	(a) Centralized
Ans.4.	c) Limited career growth opportunities
Ans.5.	D. Assertion (A) is false, but Reason (R) is true
Ans.6.	(a) Functional
Ans.7.	c) Better decision-making
ANS.8.	a) Departmentalisation
ANS.9.	(b) Departmentalisation
ANS.10.	(a) Functional structure
ANS.11.	(b) It ensures that different functions get due attention
ANS.12.	(b) All functions related to a particular product are integrated in one department.
ANS.13.	(b) Identification and division of work, Departmentalisation, Assignment of duties, Establishing reporting relationships
ANS.14.	(d) It leads to faster spread of information and rapid feedback.
ANS.15.	(b) Authority
ANS.16.	(b) Both A and R are correct and R is not the correct explanation of R
ANS.17.	(d) Organising
ANS.18.	(a) Functional structure
ANS.19.	c) Motivation of employees
ANS.20.	(a) Quick decision making

## ANSWERS OF THREE MARKS QUESTIONS (03 MARKS)

ANS.21.	The type of organisation mentioned in the above paragraph is a <b>Formal Organisation</b> . <b>Explanation:</b> A <b>formal organisation</b> is the structure of authority, responsibility, and relationships that is intentionally created by management to achieve organisational goals
ANS.22.	(a) <b>Function:</b> Organising (b) <b>Two steps of Organising:</b> <b>Identification and division of work</b> – Total work is divided into smaller jobs according to skills. <b>Establishing reporting relationships</b> – Clear lines of authority and responsibility are created to avoid confusion
ANS.23.	(a) <b>Type:</b> Functional Organisation Structure (b) <b>Advantages:</b> <b>Specialisation:</b> Employees become experts in their specific functions. <b>Clear authority:</b> Responsibility and authority are clearly defined.
ANS.24.	(a) <b>Type:</b> Divisional Organisation Structure (b) <b>Advantages:</b> <b>Focus on products:</b> Each division focuses on its own products and performance. <b>Quick decision-making:</b> Divisions have autonomy to make decisions independently
ANS.25.	(a) <b>Concept:</b> Delegation of Authority (b) <b>Elements:</b> <b>Authority:</b> Right given to a subordinate to make decisions. <b>Accountability:</b> Superior remains answerable for the final outcome

ANS.26.	<p>(a) <b>Concept:</b> Delegation of Authority</p> <p>(b) <b>Benefits:</b>  <b>Improves motivation:</b> Employees feel trusted and motivated.  <b>Facilitates quick decision-making:</b> Subordinates can take immediate decisions without waiting for superiors.</p>
ANS.27.	<p>(a) <b>Concept:</b> Span of Management (Span of Control)</p> <p>(b) <b>Explanation:</b>  By limiting the number of subordinates under a manager, supervision becomes easier. Managers can give proper guidance, monitor work efficiently, and make faster decisions, improving overall organisational efficiency.</p>
ANS.28.	<p>The concept is <b>Span of Management/Span of Control</b></p> <p><b>Span of Management</b> refers to the <b>number of subordinates</b> that a superior can <b>effectively supervise and manage</b>.</p> <p>It determines the <b>number of levels of management</b> in an organisation —</p> <p>A <b>wider span</b> (many subordinates under one manager) leads to <b>fewer levels</b> and a <b>flat structure</b>.  A <b>narrow span</b> (few subordinates under one manager) leads to <b>more levels</b> and a <b>tall structure</b></p>
ANS.29.	<p>(a) <b>Type:</b> Divisional Organisation Structure</p> <p>(b) <b>Advantages:</b>  <b>Focus on regional markets:</b> Each division can adapt products and strategies according to local customer preferences.  <b>Quick decision-making:</b> Divisions have autonomy to make decisions independently, reducing delays in responding to market changes.</p>
ANS.30.	<p>(a) <b>Concept:</b> Delegation of Authority</p> <p>(b) <b>Key Elements:</b>  <b>Authority:</b> Department heads have the right to make operational decisions for their units.  <b>Accountability:</b> The chief administrator remains answerable to the board for the hospital's overall performance.</p>
<b>ANSWERS OF FOUR MARKS QUESTIONS (04 MARKS)</b>	
ANS.31.	<p>Importance of Decentralisation:</p> <p>(a) 1. Develops initiative among subordinates.  2. Facilitates quick decision making.</p> <p>(b) Framework: <b>Divisional Organisation Structure</b> — where each division is self-sufficient and functions independently for efficient performance.</p>
ANS.32.	<p><b>1. Helps in Specialisation</b>  Work is <b>divided into smaller jobs</b> and assigned to people according to their <b>skills and abilities</b>. This leads to <b>specialisation</b>, as employees repeatedly perform the same type of work and become experts.  <i>Example:</i> In a company, one group makes the product, another markets it — each becomes skilled in their own area.</p> <p><b>2. Clarifies Authority and Responsibility</b>  Organising clearly defines <b>who will report to whom</b> and <b>who is responsible for what</b>. This avoids <b>confusion and duplication of work</b>, ensuring everyone knows their role.  <i>Example:</i> The marketing manager knows he has to report to the general manager, not the finance head.</p>

	<p><b>3. Facilitates Coordination</b> By grouping activities and defining relationships, organising ensures <b>all departments work together smoothly</b>. It helps in <b>avoiding conflicts</b> and maintaining <b>unity of direction</b>. <i>Example:</i> The production and sales departments coordinate so that goods are made as per market demand.</p> <p><b>4. Provides a Clear Chain of Command</b> Organising creates a <b>hierarchy</b> that shows <b>who gives orders and who follows them</b>. This ensures <b>proper supervision and control</b>, leading to efficient management. <i>Example:</i> Workers report to supervisors, supervisors to managers, and managers to top executives.</p>
ANS.33.	<p><b>Suggestion:</b> Encourage an <b>Informal Organisation</b> within the company to promote social interaction and flexibility.</p> <p><b>5. Benefits:</b> Increases employee motivation and satisfaction.</p>
ANS.34.	<p><b>(a) Delegation of Authority</b> — Rakesh transferred authority to the librarians according to their competence and experience so they could make decisions and implement them effectively.</p> <p><b>(b) Advantages:</b> Develops managerial skills. Facilitates quick decision-making. Improves efficiency and motivation</p>
ANS.35	<p>1. Authority It refers to the right of a superior to give orders and expect them to be obeyed. The statement says “empowers an employee to act for his superior,” which means the superior grants authority to the subordinate so that he can perform assigned tasks and take decisions.</p> <p>2. Responsibility It means the obligation of a subordinate to perform the duty assigned to him by the superior. When authority is delegated, the subordinate becomes responsible for completing the task efficiently. However, he cannot transfer this responsibility further.</p> <p>3. Accountability It means being answerable for the final outcome of the assigned task. The statement says “the superior would still be accountable for the outcome,” meaning even though authority is delegated, the ultimate accountability remains with the superior who assigned the work.</p>
<b>ANSWERS OF SIX MARKS QUESTIONS (06 MARKS)</b>	
ANS.36.	<p>Advantages of Formal Organisation: (Any three)</p> <ul style="list-style-type: none"> <li>(i) It is easier to fix responsibility since mutual relationships are clearly defined.</li> <li>(ii) It helps in avoiding duplication of effort since there is no ambiguity in the role that each member has to play.</li> <li>(iii) It helps in maintaining unity of command through an established chain of command.</li> <li>(iv) It leads to accomplishment of goals by providing a framework for the operations to be performed.</li> <li>(v) It provides stability to the organisation because there are specific rules to guide behaviour of employees</li> </ul> <p>Limitations of Formal Organisation: (Any three)</p> <ul style="list-style-type: none"> <li>(i) It may lead to procedural delays as the established chain of command has to be followed which increases the time taken for decision making.</li> <li>(ii) Poor organisation practices may not provide adequate recognition to creative talent, since it does not allow any deviations from rigidly laid down policies.</li> <li>(iii) It is difficult to understand all human relationships in an enterprise as it places more emphasis on structure and work.</li> </ul>

ANS.37.	<p>(a) <b>Concept:</b> Delegation of Authority</p> <p>(b) <b>Advantages:</b></p> <p><b>Improves efficiency</b> – Tasks are divided among competent subordinates for faster completion.</p> <p><b>Reduces workload of superior</b> – The head librarian can focus on overall planning and monitoring.</p> <p><b>Develops skills of subordinates</b> – Subordinates gain experience and confidence in decision-making.</p> <p><b>Facilitates quick decision-making</b> – Subordinates can make decisions independently in their sections.</p>
ANS.38.	<p><b>a. Informal Organisation</b> It is a ‘network of social relationships among employees’. It emerges from within the formal organisation when people interact beyond their officially defined roles.</p> <p><b>b. Advantages (any two)</b></p> <ol style="list-style-type: none"> <li>1. As prescribed lines of communication are not followed, It leads to faster spread of information as well as quick feedback</li> <li>2. It helps to fulfil the social needs of the members and gives them a sense of belongingness in the organisation.</li> <li>3. It contributes towards fulfilment of organisational objectives by compensating for inadequacies in the formal organisation.</li> </ol> <p><b>Disadvantages: (any two)</b></p> <ol style="list-style-type: none"> <li>1. An informal organisation spreads rumours and it becomes a destructive force.</li> <li>2. The management may not be successful in implementing changes if the informal organisation opposes them.</li> <li>3. It pressurises members to conform to group expectations which may be against organisational interests.</li> </ol>
ANS.39.	<p>(a) Delegation</p> <p>(b) Importance of delegation: 1. Effective management 2. Employee development 3. Motivation of employees 4. Facilitation of growth 5. Basis of management hierarchy 6. Better coordination</p>
ANS.40.	<p>(a) <b>Function: Organising</b> – It involves identifying, grouping, and assigning tasks and establishing authority relationships to achieve objectives efficiently.</p> <p>(b) <b>Steps of Organising (with lines from the paragraph):</b></p> <p>Identification and division of work – “The whole activity is divided into task groups...”</p> <p>Departmentalisation – “Each dealing with a specific area...”</p> <p>Assignment of duties – “Under the overall supervision of the official in-charge...”</p> <p>Establishing reporting relationships – “Coordinating relationships are established among the various groups...”</p>

## CHAPTER-(6) – STAFFING

### Meaning of Staffing

Staffing is one of the most important functions of management.

It refers to the process of recruiting, selecting, training, and developing employees in an organization so that the right person is placed at the right job.

### STAFFING PROCESS

Manpower Planning – Estimating the number and type of employees needed.

Recruitment – Searching for and attracting suitable candidates.

Selection – Choosing the most suitable person for the job.

Placement and Orientation – Introducing new employees to the organization.

Training and Development – Improving employee skills and knowledge.

Performance Appraisal – Evaluating employee performance.

Promotion and Compensation – Rewarding employees for their work

### Sources of Recruitment

Recruitment means finding and attracting suitable candidates to fill job vacancies in an organization.

The sources of recruitment are broadly divided into two types:

#### 1. Internal Sources

These are sources within the organization — when existing employees are considered for new or higher positions.

#### Main Internal Sources:

##### 1. Transfers:

- Shifting employees from one department, branch, or location to another.
- Example: A clerk transferred from the accounts department to the sales department.

##### 2. Promotions:

- Upgrading an employee to a higher post based on performance or experience.
- Example: Promoting a sales executive to a sales manager.

### Meaning of Selection Test:

A Selection Test is an instrument or method used to measure the skills, knowledge, abilities, and personality of candidates to determine their suitability for a particular job.

In simple words,

A selection test helps the employer find out whether the candidate is fit for the job or Purpose of Selection Tests:

1. To assess the potential and suitability of candidates.
2. To ensure scientific and fair selection.

To reduce the chances of wrong selection.

### Meaning of Training and Development

Training and development are two important functions of human resource management that help in improving the efficiency and performance of employees.

#### • Training:

It is the process of increasing the knowledge and skills of employees to perform a specific job effectively.

*Example:* A bank clerk being trained on using new banking software.

- **Development:**  
It focuses on the overall growth of employees for future responsibilities and higher positions.  
*Example:* A management workshop for supervisors to develop leadership skills.

#### Methods of Training

Training methods can broadly be classified into two categories:

##### 1. On-the-Job Training (OJT)

Training provided at the actual workplace, where the employee learns by doing.

Employees learn under the supervision of experienced staff or supervisors.

It is cost-effective and helps in gaining practical experience.

##### 2. Off-the-Job Training

Training provided away from the actual workplace.

It focuses on theoretical and conceptual learning rather than direct work experience.

This method is more expensive but useful for managerial and professional development.

### QUESTION BANK MCQS

Q. NO.	QUESTIONS
Q1.	Staffing is concerned with A) Planning and controlling B) Recruitment, selection and training of employees C) Purchase and sales of goods D) None of these
Q2.	Staffing is also known as: A) Personnel management B) Financial management C) Marketing management D) Production management
Q3.	The first step in the staffing process is: A) Selection B) Recruitment C) Manpower planning D) Placement
Q4.	Recruitment means: A) Selecting the best candidate B) Attracting more and more applicants for a job C) Training the selected candidate D) Promoting existing employees
Q5.	Which of the following is an internal source of recruitment? A) Advertisement B) Employment exchange C) Transfer D) Campus placement
Q6.	The process of choosing the most suitable candidate from a pool of applicants is known as: A) Recruitment B) Selection C) Training D) Promotion

Q7.	<p>“Process of learning the job for which a person is appointed” is called:</p> <p>A) Development B) Training C) Recruitment D) Placement</p>
Q8.	<p>Development focuses on:</p> <p>A) Present job performance B) Future growth and career advancement C) Past achievements D) None of these</p>
Q9.	<p>Which of the following is an off-the-job training method?</p> <p>A) Job rotation B) Coaching C) Apprenticeship D) Vestibule training</p>
Q10.	<p>Performance appraisal is related to:</p> <p>A) Evaluating employee performance B) Dismissing employees C) Recruiting employees D) Promoting workers</p>
Q11.	<p>The need for staffing arises because:</p> <p>A) Machines become obsolete B) Employees leave or retire C) Government policies change D) Market competition increases</p>
Q12.	<p>In a company, senior employees were promoted to higher positions. However, the newly promoted managers were not able to handle their new responsibilities effectively. Which step of the staffing process should the HR department strengthen to avoid this problem in future?</p> <p>A) Recruitment B) Training and Development C) Performance Appraisal D) Manpower Planning</p>
Q13.	<p>Due to the introduction of advanced technology, employees of an organization started feeling insecure about their jobs. To handle the situation, the HR manager decided to organize a skill enhancement program. Which objective of staffing is being fulfilled here?</p> <p>A) Optimum utilization of human resources B) Continuous growth C) Employee satisfaction and morale D) Right person at the right job</p>
Q14.	<p>A company promotes its employees based on their performance appraisal results. This leads to a spirit of competition and self-improvement among employees. Identify the type of incentive involved here.</p> <p>A) Monetary incentive B) Non-monetary incentive C) Financial bonus D) Fringe benefits</p>
Q15.	<p>The HR manager of TechSkill Ltd. wants to fill a vacancy quickly. He chooses a person already working in the same company who has relevant experience. Which type of recruitment has been used, and what is its main advantage?</p>

	<p>A) External recruitment – brings new talent  B) Internal recruitment – saves time and cost  C) Outsourcing – reduces HR workload  D) Direct recruitment – encourages freshers</p>
Q16.	<p>“While selecting employees, a company gives preference to those candidates who are willing to work in teams and have problem-solving skills.”  Which type of test is being referred to here?  A) Trade test  B) Aptitude test  C) Personality test  D) Intelligence test</p>
Q17.	<p>An organization provides technical training to its workers at the workplace itself while they perform their tasks. Which method of training is being used?  Also, state one major advantage of this method.  A) Off-the-job training; reduces training cost  B) On-the-job training; learning by doing  C) Job rotation; provides variety  D) Vestibule training; provides safe learning environment</p>
Q18.	<p>. An advertising agency wants its employees to think creatively and take initiative in projects. Which aspect of staffing should be emphasized to achieve this goal?  A) Development  B) Recruitment  C) Training  D) Motivation</p>
Q19.	<p>FastFit Garments Ltd. realized that their new recruits were struggling to adjust to the company’s culture and work environment. To solve this issue, HR planned a session to make them familiar with company rules, working conditions, and policies.  Which type of training is this?  A) Induction or Orientation Training  B) Vestibule Training  C) Internship Training  D) Apprenticeship Training</p>
Q20.	<p>If a company wants to develop future managers who can take up leadership roles, which training method and purpose are most suitable?  A) Job rotation – learning multiple skills  B) Case study – analytical ability  C) Developmental programs – prepare for higher positions  D) Vestibule training – learn machinery use</p>
<b>THREE MARKS QUESTIONS (03 MARKS)</b>	
Q21.	What is meant by ‘Staffing’? State any two important aspects of it.
Q22.	Explain any three importance of staffing.
Q23.	Explain any three steps involved in the process of staffing.
Q24.	Explain any three methods of on-the-job training.
Q25.	“Staffing is a continuous process.” Justify the statement with three points.
<b>FOUR MARKS QUESTIONS (04 MARKS)</b>	
Q26.	A company is manufacturing mobile phones. Due to competition, it plans to increase productivity and quality. The HR manager suggests training employees instead of hiring new ones. Identify the type of training and explain how it will benefit both employees and the organization.

Q27.	ABC Ltd. is a leading IT company. It wants to fill a senior managerial position from within the organization to boost employee morale and loyalty. Suggest the source of recruitment used and state any three advantages of this method.
Q28.	A company is planning to expand its business internationally. The HR department is facing challenges in hiring suitable employees. Suggest and explain any four steps in the staffing process that will help the company overcome this challenge.
Q29.	Suppose a company has appointed unqualified and untrained employees to reduce costs. Within months, production quality dropped and customer complaints increased. Identify the staffing mistake made and explain four consequences of poor staffing.
Q30.	<p>“ABC Ltd.” manufactures eco-friendly paper bags. The company’s sales increased rapidly, and it needed more employees for production and packaging. The HR manager decided to fill some vacancies by promoting existing employees and others by inviting fresh candidates from outside.</p> <p>Questions:</p> <p>(a) Identify the two sources of recruitment used by the company.</p> <p>(b) Mention two advantages of each source.</p>
<b>SIX MARKS QUESTIONS (06 MARKS)</b>	
Q31.	<p>Alpha Electronics Ltd. manufactures smart home devices. The company recently introduced advanced automation technology in production. Many old employees could not handle the new machines, and efficiency dropped. The HR Manager decided to organize technical workshops and skill development programs. He also created a promotion policy to reward employees who successfully adapted to the new technology.</p> <p>Questions:</p> <p>(a) Identify and explain the two staffing functions highlighted in the above case.</p> <p>(b) State two benefits of each function to the employees.</p> <p>(c) How will these functions together help the organization achieve its objectives?</p>
Q32.	<p>EcoPure Ltd. produces biodegradable packaging. The company plans to expand into international markets. To handle new operations, the HR Manager prepared a detailed manpower plan, defining the number and type of employees required. He used online job portals and campus placements to hire candidates and conducted multiple interviews and tests before final selection.</p> <p>Questions:</p> <p>(a) Identify and explain the steps of the staffing process followed by the HR Manager.</p> <p>(b) How did each step contribute to effective human resource planning?</p> <p>(c) Why is staffing considered a continuous process?</p>
Q33.	<p>BrightTech Ltd. is expanding its operations. To fill 20 managerial positions, the HR Manager decided to promote existing employees from within the organization. For technical support staff, the company recruited fresh graduates from a reputed engineering college.</p> <p>Questions:</p> <p>(a) Identify the internal and external sources of recruitment used in the case.</p> <p>(b) Explain two advantages of internal recruitment and two advantages of external recruitment.</p> <p>(c) Suggest a strategy to balance the use of both sources for long-term organizational growth.</p>
Q34.	<p>EcoAuto Ltd., an electric vehicle manufacturer, plans to launch a new division for research and innovation. The company has two options:</p> <p>Promote engineers from existing departments (internal recruitment)</p> <p>Hire top talent from other innovative firms (external recruitment)</p> <p>The CEO wants both cost efficiency and creative ideas for breakthrough products.</p> <p>Questions:</p> <p>(a) Analyze the advantages and disadvantages of internal and external recruitment in this context.</p>

	(b) Suggest a strategic staffing approach to balance innovation and cost. (c) How will this approach impact long-term organizational growth?
Q35.	TechNova Ltd. noticed that some employees perform well in current roles but are not ready for higher responsibility. Conversely, some employees have high potential but average current performance. HR is tasked with designing a staffing plan that identifies future leaders while maintaining operational efficiency. Questions: (a) Identify the staffing challenge. (b) Suggest two HR tools/methods to address this challenge. (c) Explain how these tools ensure long-term workforce effectiveness.
<b>ANSWERS OF MCQS (01 MARKS)</b>	
Ans.1.	B) Recruitment, selection and training of employees
Ans.2.	A) Personnel management
Ans.3.	C) Manpower planning
Ans.4.	B) Attracting more and more applicants for a job
Ans.5.	C) Transfer
Ans.6.	B) Selection
Ans.7.	B) Training
ANS.8.	B) Future growth and career advancement
ANS.9.	D) Vestibule training
ANS.10.	A) Evaluating employee performance
ANS.11.	B) Employees leave or retire
ANS.12.	B) Training and Development
ANS.13.	C) Employee satisfaction and morale
ANS.14.	B) Non-monetary incentive
ANS.15.	B) Internal recruitment – saves time and cost
ANS.16.	C) Personality test
ANS.17.	B) On-the-job training; learning by doing
ANS.18.	A) Development
ANS.19.	A) Induction or Orientation Training
ANS.20.	C) Developmental programs – prepare for higher positions
<b>ANSWERS OF THREE MARKS QUESTIONS (03 MARKS)</b>	
ANS.21.	Meaning: Staffing is the process of obtaining and maintaining a competent and satisfied workforce to fill all positions in an organization. It includes recruitment, selection, training, development, and compensation of personnel. Aspects: Recruitment and Selection: Finding and appointing the right person for the right job. Training and Development: Enhancing employees’ skills and preparing them for higher responsibilities.
ANS.22.	Efficient use of manpower: Right people are placed in right jobs, increasing efficiency. Employee development: Through training and development, employees learn new skills and grow. Motivation and job satisfaction: Proper staffing improves morale and reduces turnover.

ANS.23.	<p>Estimating Manpower Requirements: Determining number and type of employees required.</p> <p>Recruitment: Attracting a pool of potential candidates.</p> <p>Selection: Choosing the most suitable candidates through tests and interviews.</p>
ANS.24.	<p>Job Rotation: Shifting employees between different jobs to develop versatility.</p> <p>Apprenticeship: Trainee works under a skilled supervisor to learn practical aspects.</p> <p>Coaching: A senior employee (coach) provides guidance and feedback to the trainee.</p>
ANS.25.	<p>Employees keep leaving due to retirement, promotion, or resignation.</p> <p>New technology requires fresh skill development.</p> <p>Organizational growth leads to creation of new positions.</p> <p>Hence, staffing is ongoing to meet changing manpower needs.</p>
<b>ANSWERS OF FOUR MARKS QUESTIONS (04 MARKS)</b>	
ANS.26.	<p>Type of Training: On-the-job training (e.g., Job Rotation or Apprenticeship).</p> <p><b>Benefits to Employees:</b></p> <p>Develops practical skills and confidence.</p> <p>Improves job satisfaction and career growth.</p> <p><b>Benefits to Organization:</b></p> <p>Increases productivity and product quality.</p> <p>Reduces cost of recruitment and supervision.</p>
ANS.27.	<p>Source of Recruitment: Internal Recruitment (Promotion)</p> <p>Advantages:</p> <p>Motivates employees: Recognition of talent increases morale.</p> <p>Economical: Saves time and money on advertising or screening.</p> <p>Quick process: Employee's record and ability are already known.</p>
ANS.28.	<p>Steps to be followed:</p> <p>Manpower Planning: Estimate number and type of employees required.</p> <p>Recruitment: Attract potential candidates from global sources.</p> <p>Selection: Screen and choose the most suitable candidates.</p> <p>Training and Development: Equip them with cross-cultural and technical skills.</p>
ANS.29.	<p>Mistake: Hiring unsuitable candidates (poor selection process).</p> <p>Consequences:</p> <p>Low productivity due to lack of skills.</p> <p>Increase in wastage and errors.</p> <p>Employee dissatisfaction and higher turnover.</p> <p>Damage to company's reputation and profitability.</p>
ANS.30.	<p>(a) Sources of Recruitment:</p> <p>Internal Source: Promotion</p> <p>External Source: Advertisement / New Recruitment</p> <p>(b) Advantages:</p> <p>Internal Source:</p> <p>Motivates employees and boosts morale.</p> <p>Saves time and cost of selection.</p> <p>External Source:</p> <p>Brings new ideas and fresh talent.</p> <p>Helps in finding more qualified candidates.</p>
<b>ANSWERS OF SIX MARKS QUESTIONS (06 MARKS)</b>	
ANS.31.	<p>(a) Functions:</p> <p>Training: Improving employees' technical skills to handle new technology.</p> <p>Promotion: Rewarding efficient and skilled employees by assigning higher roles.</p> <p>(b) Benefits to Employees:</p>

	<p>Training: Increases competence, confidence, and employability.  Promotion: Boosts morale and provides career growth opportunities.  (c) Benefits to Organization:  Enhances efficiency and productivity.  Reduces errors and resistance to change.  Builds a motivated and skilled workforce aligned with organizational goals.</p>
ANS.32.	<p>(a) Steps Followed:  Manpower Planning: Determining number and type of employees needed.  Recruitment: Attracting candidates through job portals and campus placements.  Selection: Choosing the best candidates via interviews and tests.  (b) Contribution:  Ensures the right person is selected for each role.  Aligns manpower with expansion goals.  Reduces hiring errors and costs.  (c) Continuous Process:  Because employees retire, resign, or get promoted.  Organizational needs and technology keep changing.</p>
ANS.33.	<p>(a) Internal: Promotion of existing employees  External: Recruitment of fresh graduates (Campus Placement)  (b) Advantages:  Internal: Motivates employees, reduces recruitment cost  External: Brings fresh ideas, increases diversity of talent  (c) Strategy: Use internal sources for continuity and morale, external sources for innovation and specialized skills.</p>
ANS.34.	<p>(a) Internal Recruitment:  Advantages: Motivates existing employees, saves cost, quick process  Disadvantages: Limited creativity, may cause stagnation  External Recruitment:  Advantages: Brings new ideas, specialized skills, diversity  Disadvantages: Higher cost, longer adjustment period  (b) Strategic Approach: Use mixed staffing: promote some internal employees for continuity and hire select external talent for innovation.  (c) Impact:  Fosters innovation while maintaining organizational culture  Reduces cost and improves morale  Ensures sustainable growth and competitive advantage</p>
ANS.35.	<p>(a) <u>Challenge: Balancing current performance with future potential for leadership roles.</u>  (b) <u>Tools/Methods:</u>  <u>Succession Planning: Identify and groom high-potential employees for future roles</u>  <u>Development Programs: Leadership training, mentoring, and coaching</u>  (c) <u>Impact:</u>  <u>Ensures continuity in key positions</u>  <u>Improves employee engagement and retention</u>  <u>Builds a talent pipeline aligned with organizational goals</u></p>

## CHAPTER (7) -DIRECTING

**Directing-** it refers to the process of instructing, guiding, counselling, motivating and leading people in the organization to achieve its objective.

### FEATURES

- (i)**Directing initiate action:** The other functions of management prepare a setting for action, but Directing initiates action in the organization.
- (ii)**Directing takes place at every level of Management:** -Every manager from top executive to supervisor performs the function of directing.
- (iii)**Directing is a continuous process** of supervision, communication, leadership and motivation; it takes place throughout the life of the organization.
- (iv)**Directing flows from top to bottom:** - It is first initiated at the top level and flows to the bottom through organizational hierarchy

**Elements of directing-** the directing function of management consist of following four elements (4Ps).  
**Supervision + leadership + Motivation + Communication = Directing**

**Style of leadership-** it refers to behavior pattern which the leader reflects in his role as a leader. It is the result of Psychology, personality, experience of leader and value system.

**Types of leadership style** (on the Basis of Power) - Different types of leadership style are:

1. **Autocratic leadership** (authoritative and directive leadership) Under this style the leader centralizes all decision making power and exercise Complete Control Over his subordinate.
2. **Democratic leadership** (participative leadership) Under this style the leader consult subordinate in the decision making process and encourage them to give suggestion in setting goal.
3. **Free rein leadership** (laissez faire) Under this style leader gives complete freedom to the subordinates. Such a leader avoids use of power. (Note: laissez faire means no interference in the affairs of others).

### Motivation

**Meaning:** - It is the process of stimulating people to act to their best ability to accomplish desired goals. It depends upon satisfying needs of people.

**Maslow's need hierarchy theory.**

1. **Basic needs** (physiological needs) Needs are basic for human survival and include need for food, shelter, clothing and other basic necessities of life. Basic salary satisfies the basic needs.
2. **Safety or Security needs** - is aims to ensure that a person will be able to meet the basic needs not only in present but also in future. e.g. pension plan, job security etc.
3. **Affiliation needs** (Social /Belonging needs) These needs include the need for love, friendship, affection and social interaction.
4. **Esteem needs** These needs relate to desire from recognition and respect from other. Generally higher level employees are motivated by such needs.
5. **Self-actualization needs** These are the needs of becoming what are really wants to become. These needs include growth, self-fulfillment and achievement of goal.

**Financial and Non-Financial Incentives:** Incentive means all measures which are used to motivate people to improve performance.

**Financial Incentives (which can be calculated in terms of money)**

1. **Pay and allowances:** Salary is the basic monetary incentive. It includes basic pay, dearness allowance and other allowances. Salary system consists of regular increments in the pay every year. Increment may be linked to performance.

**2. Productivity linked wage incentives:** Aims at linking payment of wages to increase in productivity.

Greater the productivity higher the wages.

**3. Bonus:** An incentive offered over and above the wages/salary.

**4. Profit sharing:** It means to provide a share to employees in the profits. It creates a feeling of ownership to employees.

**5. Co-partnership/Stock option:** Employees are offered company's share at a price which is lower than market price. It creates a feeling of ownership among employees.

**6. Retirement benefits:** Such as provident fund, pension and gratuity etc. These provide financial security to employees after retirement.

**7. Perquisites:** Such as car allowance, medical help etc. these measures help to provide motivation to the employees.

**Non-Financial Incentives (which cannot be calculated in terms of money)**

**1. Status:** Status means ranking of positions in the organisation. Psychological, social and esteem needs of an individual are satisfied by the status given to their job. The authority, responsibility, rewards, recognition, perquisites and prestige of job indicates status given to a person.

**2. Organisational climate:** Employees can be motivated with favourable atmosphere. Organisational climate indicates the characteristics like individual autonomy, consideration to employees etc

**3. Career advancement opportunity:** Works as a tonic and encourages employees to exhibit improved performance. Manager should provide opportunity to employees to improve their skills and be promoted.

**4. Job enrichment:** If jobs are enriched and made interesting, the job itself becomes a source of motivation to the employees as it provides variety of work content more autonomy and responsibility.

**5. Employees recognition programmes:** Most employees feel that what they should be recognised by the higher authorities. Recognition means acknowledgment with a show of appreciation like by giving for certificated for best performance.

**6. Job security:** Employees want their job to be secured and it is a strong motivator but on the other hand it makes the employees lazy. When employees are certain about future income they work with zeal.

**7. Employee participation:** It means involving employees in the decision making of the issues related to them like in joint management committees work committees, canteen committees.

**8. Employee empowerment:** Means giving more autonomy and powers to subordinates.

**Communication– It is transfer of information from the sender to the receiver with the information being understood by the receiver.**

Barriers to Effective Communication –

**(i) Semantic Barriers** - Concerned with problems and obstructions in the process of encoding or decoding of message into words or impressions Semantic barriers are as follows. 1. Badly expressed message 2. Symbols with different meanings. 3. Faulty Translations. 4. Unclarified assumptions - Subject to different interpretations. 5. Technical Jargon- Technical words may not be understood by the workers.

**(ii) Psychological Barriers** - The state of mind of both sender and receiver affect the process of communication. Psychological barriers are as follows. 1. Premature Evaluation – Judgment before listening. 2. Lack of attention. 3. Loss by transmission and Poor Retention - When oral communication passes through various levels - destroy the structure of the message. 4. Distrust - If the parties do not believe each other.

**(iii) Organizational Barriers:-** Factor related to organization structure. 1. Organizational Policy 2. Rules and regulations. 3. Status. 4. Complexity in organization structure.

**(iv) Personal Barriers** - of superiors and subordinates 1. Fear of challenge to authority. 2. Lack of confidence of superior on his subordinates. 3. Unwillingness to communicate. 4. Lack of Proper incentives.

**Improving Communication Effectiveness.**

1. Clarify the ideas before communication.
2. Communicate according to the needs of receiver.
3. Consult others before communicating.
4. Be aware of language, tone and content of message.

5. Ensure proper feedback.
6. Follow up communication.
7. Be a good listener

**QUESTION BANK  
MCQS**

Q. NO.	QUESTIONS
	Read the following statements: Assertion and Reason. Choose one of the correct alternatives given below (1 TO 6)
Q1.	<p>ASSERTION(A)- Motivation is a complex process  REASON(R)- The individuals are heterogeneous in their expectation perceptions and reactions.</p> <ol style="list-style-type: none"> <li>a. Both (A) and (R) are true and (R) is the correct explanation of(A)</li> <li>b. Both (A) and (R) are true and (R) is not the correct explanation of A</li> <li>c. (A) is true, but (R) is false</li> <li>d. A is false, but (R) is true</li> </ol>
Q2.	<p>ASSERTION (A) –Informal system of communication is generally referred to as the grapevine.  REASON(R)- The informal communication arises out of needs of employees to exchange their views, which cannot be done through formal channels.</p> <ol style="list-style-type: none"> <li>a. Both (A) and (R) are true and (R) is the correct explanation of(A)</li> <li>b. Both (A) and (R) are true and (R) is not the correct explanation of A</li> <li>c. (A) is true, but (R) is false</li> <li>d. A is false, but (R) is true</li> </ol>
Q3.	<p>Assertion: As per Abraham Maslow, there are five categories of human needs on basis of their importance to human being  Reason: These needs follow a particular sequence (Lower level to Higher level) at the time of fulfillment.</p> <ol style="list-style-type: none"> <li>(A) Both Assertion and reason are true and reason is correct explanation of assertion.</li> <li>(B) Assertion and reason both are true but reason is not the correct explanation of assertion.</li> <li>(C) Assertion is true, reason is false.</li> <li>(D) Assertion is false, reason is true.</li> </ol>
Q4.	<p>Assertion: Laissez Faire leadership provide Maximum scope for development of subordinates  Reason: Strict instructions provided by Leader</p> <ol style="list-style-type: none"> <li>(A) Both A and R are individually true, and R is correct explanation of A</li> <li>(B) Both A and R are individually true, and R is not the correct explanation of A</li> <li>(C) A is true but R is False</li> <li>(D) Both A and R are False</li> </ol>
Q5.	<p>Assertion: Laisses Faire ignores the contribution of leader  Reason: Laisses Faire avoids the powers of leader</p> <ol style="list-style-type: none"> <li>(A) Both A and R are individually true, and R is correct explanation of A</li> <li>(B) Both A and R are individually true, and R is not the correct explanation of A</li> <li>(C) A is true but R is False</li> <li>(D) Both A and R are False</li> </ol>
Q6.	<p>Assertion: Urgent matters can be communicated informally  Reason: Informal communication travels very fast</p> <ol style="list-style-type: none"> <li>(A) Both A and R are individually true, and R is correct explanation of A</li> <li>(B) Both A and R are individually true, and R is not the correct explanation of A</li> <li>(C) A is true but R is False</li> <li>(D) Both A and R are False</li> </ol>
	<p><b>Read the passage given below and answer the following questions 7 TO 10.</b>  Aman, Anu and Abraham are friends. They completed MBA from a finest B-school. They had</p>

	a discussion on which type of organization they wish to join. Aman was very clear that he would like to take up government job due to job security and stability. It can also provide him pension after retirement. Anu was preferring a company, which has appropriate skill development plans for its employees and helps the employees to grow. In addition to this, company must provide housing facilities, medical aid etc. Abraham said that he would prefer to work in an organization, which has the culture of individual.
Q7.	Identify the management function discussed here (A)Planning (B)Organizing (C)Directing (D)Controlling
Q8.	Identify the element of management function highlighted above (A)Supervision (B)Motivation (C)Communication (D)Leadership
Q9.	Identify the financial incentives discussed above (A)Co-partnership (B)Profit sharing (C)Retirement benefits (D)Perquisites
Q10.	Which of the following non-financial incentive is not discussed in the above case (A)Job security (B)Status (C)Employee empowerment (D)Organizational climate
<b>MULTIPLE CHOICE QUESTIONS</b>	
Q11.	Identify, which of the following statements best describe the meaning of the term LEADERSHIP. A.It refers to influencing the others in such a manner to do what the leader wants them to do. B.It refers to that person who has the ability to influence others. C.It is the ability to exert interpersonal influence by means of communication towards the achievement of goals. D.It is the process through which the people in a group are influenced in such a way that they automatically start using their full capacity for the attainment of collective objectives.
Q12.	The chief requirement of leadership is having followers. One cannot think of leadership without followers. Followers and leader are the two sides of the same coin where one one without another is meaningless. Therefore, leadership indicates the interpersonal relationships between the leader and followers. Identify, which amongst the following feature of leadership has been highlighted in the above statement. A.Leadership is process of influencing B.It is behavior changing process C.It is the process of establishing interpersonal relationships D.It is continuous process.
Q13.	In case where the leader is more knowledgeable member of the group, the nature of the job is such that it requires quick decision making and whereas subordinates are uneducated and inexperienced, which of the following type of leadership style is most suitable. A.Democratic Leadership style B.Autocratic leadership style C.Laissez fair leadership style D.None of the above
Q14.	Identify, which amongst the following feature of leadership not relates to Democratic leadership style: A.Existence of cooperative relationships among the managers and employees B.Belief in employees working culture, experience and talents C.Open communication between managers and employees D.Centralized authority
Q15.	Identify, in which of the following type of leadership, the leader has a full faith on subordinates working under him in respect of their experience, talents, involvement and feeling of responsibility. A.Democratic Leadership style

	B.Autocratic leadership style C.Laissez fair leadership style D.None of the above
Q16.	Which amongst the following statements, best describes the meaning the word Communication. A.It is the process of transfer of information B.It involves sharing of information between the persons C.It is the process by means of which ideas and thoughts and feelings can be exchanged D.It is an art of transferring of facts, ideas, feelings etc from one person to another and making him understand.
	<b>TRUE- FALSE QUESTIONS:</b>
Q17.	Influencing own behaviour is leadership (A) True (B) False
Q18.	Formal communication refers to official communication (A) True (B) false
Q19.	Complete freedom to employees in free rain leadership (A) True (B) False
Q20.	Grapevine is formal communication (A) True (B) False
<b>THREE MARKS QUESTIONS (03 MARKS)</b>	
Q21.	Neelam is working at lower-level management at ‘xyz Pvt. Ltd.’ The daily sale of the company is about Rs.30 lakhs only. She has given responsibility that the production work of the company should continue uninterrupted. The managing director has asked her to focus her attention especially on the speed and quality of production. She is doing her work efficiently. Her reputation is that of a successful leader. She takes every decision after discussing it with all the concerned persons. Her subordinates are happy with her. Identify and write the any two advantages of identified style of leadership by Neelam.
Q22.	Lakhan, an expert in the area of financial management sent a e- mail to his subordinate Tina about a new project of a client in France. In which message was written in French which is not Known to Tina. She was not able to understand the actual meaning of many words used in the e-mail she was also not a specialist in the field of financial management. Not only was this some portion of the e-mail translated from French to English in such a manner that many mistakes crept in causing different meaning to the message. A. Identify two specific barriers to communication in Lakhan’s e-mail. B. state any two measures which can be taken by law can to overcome the barriers identified in part (a) above to improve in future the effectiveness of his communication.
Q23.	Mr. Nath, a recently appointed production manager of Suntech Ltd. Has decided to produce jute bags instead of plastic bags as these are banned by the government. He set a target of producing 1000 jute bags a day. It was reported that the employees were not able to achieve the target. After analysis he found that employees were demotivated and not putting in their best for achieving the target. Mr. Nath’sbehaviour is good towards the employees. His attitude is always positive. So, he announced various incentive schemes for the employees like; -Installing award or certificate for best performance. -Rewarding an employee for giving valuable suggestion. -Congratulating the employees for good performance. 1. Identify the functions of management highlighted in the above paragraph. 2. State the ‘incentive’ under which the employees are motivated.
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Q24.	<p>Mr. Bhuvan is the marketing manager of the company manufacturing designer clothes. One day in the morning while leaving home, he had a quarrel with the person in the neighbourhood. That person abused his family and threaten to harm the family. Mr. Bhuvan got very upset and worried. On the same day a meeting was organized in the office to finalise the design according to market demand and taste the fashion of the customers. Mr. Bhuvan could not pay attention to the discussion as he was thinking about the quarrel only.</p> <p>a. Identify the type of barrier to communication mention in the above para. b. State any other two barriers of same category.</p>
Q25.	<p>Pramod was a supervisor at a ‘Annapurna Aata’ factory. The factory was producing 200 quintals of Aata every day. His job was to make sure that the work goes on smoothly and there was no interruption in production. He was a good leader who would give orders only after consulting his subordinates and work out the policies with the acceptance of the group.</p> <p>Identify and describe the leadership style being adopted by Pramod.</p>
<b>FOUR MARKS QUESTIONS (04 MARKS)</b>	
Q26.	<p>In an organisation all the employees take think easy and are free to approach anyone for minor queries and problems. It has resulted in loss of secrecy and confidential information being leaked out.</p> <p>What system do you think the manager should adopt to improve communication? Explain with three reasons in support of your answer.</p>
Q27.	<p>A behaviour study was done on total of 80 employees of an organisation. All the employees are divided in two groups. Group A (40 employees) well appreciated by managers for their work and initiatives for new ideas. All these employees were given options of flexible working hours and were paid wages at high piece rate. On the other hand Group B (40 employees) was criticised for their poor performance. Their increments were stopped and they were paid wages at lower price rate.</p> <p>1. identify the function of management discussed in the above case A. organising B. planning C. directing D. staffing</p> <p>2. identify the element of functions of management identified as highlighted above A. communication B. leadership C. motivation D. supervision</p> <p>3. identify the features of element of functions of management identified as highlighted in the above case A. motivation is a complex process B. motivation can be either positive or negative C. motivation produces goal-oriented behaviour D. motivation is an internal feeling</p> <p>4. What type of leadership is followed by the manager? A. Free-rein leadership B. autocratic leadership C. democratic leadership D. all of these</p>
Q28.	<p>Three friends Ranju, Rana and Anish after completing their MBA from a reputed Business School at Mumbai were discussing about the type of organisation they would like to join Ranju was very clear that he would like to take up a government job as it gives stability about future income and work which will help him to work with greater Zeal. It will also provide him pension when he will retire from the service. Rana wanted to work in a company which has appropriate skill development plans for its employees</p>

	<p>and helps the employees to grow to higher levels in the organisation in addition to this the company should also provide facilities like housing medical aid etc. Anish said that he would prefer to work in an organisation which has the culture of individual autonomy is considerate to employees and provide the Employees with opportunity for personal growth and a meaningful work experience.</p> <p>(1) Identify the various financial and non-financial incentive discussed by the three friends in the above conversation.</p> <p>(2) Explain three other non-financial incentive which were not discussed by any one of them.</p>
Q29.	<p>Mr. Naresh is working as a Production Manager in Vohra Ltd. His subordinates are mostly engineers and qualified technicians. As a manager, he is very strict, does not listen to any suggestions or feedbacks given by his subordinates. He expects them to following his instructions without any questions and does not allow them to give suggestions.</p> <p>1. What leadership style does the manager follow?</p> <p>2. Is such a leadership style beneficial for the company? Explain.</p>
Q30.	<p>Mrs. Rajlaxmi is working as the Human Resource Consultant in a firm manufacturing cosmetic, which is facing a problem of high employee turnover. The CEO of the company has invited suggestions from her for retaining the talented employees &amp; reducing the employee turnover. Mrs. Rajlaxmi recommends that the good employees be rewarded in a way that it creates a feeling of ownership among the employees and at the same time makes them contribute towards the growth of the organization.</p> <p>a. Identify the incentive and explain its type, which has been suggested by Mrs. Rajlaxmi to the CEO of the company.</p> <p>b. Also explain any two other incentives of the same type.</p>
<b>SIX MARKS QUESTIONS (06 MARKS)</b>	
Q31.	<p>Sunita is a supervisor at "Flexi-Pack Ltd.," a packaging company. Recently, she has been facing a major challenge. The machine operators on the production line are well-paid, have good job security, and receive regular praise from their seniors. However, they're not meeting their daily production targets, and the quality of their work has declined. Sunita observes that the operators are often seen in small groups, chatting during work hours, and seem more interested in their informal social circles than in their tasks. She has tried offering a bonus for meeting targets, but it had little to no effect. She feels there is a deeper, unaddressed need that is hampering their performance.</p> <p>1. Which level of Maslow's Hierarchy of Needs has been satisfied in this case? Identify the two subsequent needs that are likely unsatisfied.</p> <p>2. Suggest two specific non-financial incentives that Sunita could introduce to motivate the workers. Justify how these incentives would help in achieving the production targets and improving quality.</p>
Q32.	<p>Prince is working in a multinational company in Noida. He was running a temperature for the last many days. When his blood was tested, he was found to be positive for malaria. He was admitted in a hospital and a blood transfusion was advised by the doctors as his condition was very serious. One of his colleagues sent a text message to his superior, Mr. Bajaj. Mr. Bajaj immediately sent a text message to the employees of the organisation requesting them to donate blood for Prince. When the General Manager came to know about it, he ordered for fumigation in the company premises and cleaning the surroundings.</p> <p>From the above paragraph, quote lines that indicate formal and informal communication. State any four features of informal communication.</p>

Q33.	<p>Chandana is the production manager of of Stars India Ltd, manufacturing and exporting Steel During the year 2019-20 the company could not meet its production targets. The chief executive of the company constituted a committee to find out the reason and give recommendation, So that the production target could be met in the future . The committee found out that there are problems due to communication. Stars India Ltd, had rigid rules and would insist on communication through prescribed channels which led to delays. The company also had a number of managerial level causing for the delay and distorted communication. Moreover the production manager Chandana was taking rudely that quite often offended the sentiments of the workers, Chandana and the workers did not believe in each other and so could not understand each other's message in the original sense .</p> <p>(a)Identify and give the meaning of the type of communication barrier discussed above.</p> <p>(b)State the recommendation that might have been given by the committee to improve communication effectiveness.</p> <p>( c ) Quoting, lines from the above, state two communication barriers under each of the time identified in in part a because of which star India Limited could not meet its production target</p>
Q34.	<p>Roshan is the chief of ‘Khidmat’ restaurant located in the city of Bangaluru. The place is known for its exquisite Mughlai cuisine especially mutton briyani and kababs. All the food is prepared under Roshan’s purview. The various activities in the kitchen are initiated in accordance to his instructions. He is very clear and specific in issuing instructions to his subordinates in order to ensure smooth working of the department. He personally oversees the method followed by the chefs for preparation of each dish. He misses no opportunity to praise his subordinates for their good work.</p> <p>All his team members feel very happy and satisfied under his direction. He provides constant guidance to them in order to improve upon its taste and presentation and also encourages them to innovate and be more creative in their work.</p> <p>In the above context:</p> <ol style="list-style-type: none"> <li>1. Identify the various elements of directing mentioned in the above paragraph by quoting lines from the paragraph.</li> <li>2. Describe briefly any two points to highlight the importance of directing as a function of management.</li> </ol>
Q35.	<p>Prateek is working in a multinational company in Noida. He was running a temperature for the last many days. When his blood was tested, he was found to be positive for malaria. He was admitted in a hospital and a blood transfusion was advised by the doctors as his condition was very serious. One of his colleagues sent a text message to his superior, Mr. B. Chatterjee. Mr. B. Chatterjee immediately sent a text message to the employees of the organization requesting them to donate blood for Prateek. When the General Manager came to know about it, he ordered for fumigation in the company premises and cleaning the surroundings.</p> <ol style="list-style-type: none"> <li>1. From the above paragraph, quote lines that indicate formal and informal communication.</li> <li>2. State any two features of informal communication.</li> </ol>
<b>ANSWERS OF MCQS (01 MARKS)</b>	
Ans.1.	(a)- Both (A) and (R)are true and (R) is the correct explanation of(A).
Ans.2.	(b)-Both (A) and (R) are true and (R) is not the correct explanation of A
Ans.3.	(A) Both Assertion and reason are true and reason is correct explanation of assertion.
Ans.4.	(C) A is true but R is False.

Ans.5.	(B) Both A and R are individually true, and R is not the correct explanation of A.
Ans.6.	(A)Both A and R are individually true, and R is correct explanation of A
Ans.7.	Directing
ANS.8.	Motivation
ANS.9.	Perquisites
ANS.10.	Status
ANS.11.	D
ANS.12.	C
ANS.13.	B
ANS.14.	D
ANS.15.	A
ANS.16.	A
ANS.17.	False
ANS.18.	True
ANS.19.	True
ANS.20.	False

**ANSWERS OF THREE MARKS QUESTIONS (03 MARKS)**

ANS.21.	Democratic leadership style. - A democratic leader respects the suggestion made by employees which leads to greater confidence and cooperation among them. Advantages – 1. Improve morale and job satisfaction of employees. 2. Improve decisions making ability of subordinates
ANS.22.	Two specific barriers to communication in Lakhan’s e-mail were Faulty translation and Technical Jargon. Measures to overcome communication barriers are -Look on should be communicated according to the need of somebody needs -He should take proper feedback to improve the communication process and make it more responsive.
ANS.23.	1. Directing and Controlling 2. Employee recognition programme (non-monetary incentive)
ANS.24.	1. Psychological barrier- Lack of attention. 2. (i)Premature evaluation (ii) Loss by poor retention.
ANS.25.	Democratic style of leadership. -A democratic leader favours decision making by the group. This improves the attitude of the employees towards their jobs and the organization thereby increasing their morale. -Using this style is of mutual benefit – it allows them (subordinates) to become part of the team and helps leaders (seniors) to make better decisions.

**ANSWERS OF FOUR MARKS QUESTIONS (04 MARKS)**

ANS.26.	In the given situation informal communication system is followed in the organisation. The manager should adopt the system of formal communication to deal with the situation where communication will take place following the chain of command through prescribed channels only. Three reasons for supporting for formal communication - -Formal communication system will ensure confidentiality of information -Cause communication is recorded and filed in the office by responsible managers. -Formal communication does not generate rumors.
ANS.27.	1. C 2. C 3. B 4. D

ANS.28.	<p>(a) Financial and non-financial incentives discussed by the three friends in the above conversation are financial incentives: retirement benefits, perquisites non-financial incentives: job security, career advancement opportunity, Organisational climate, status</p> <p>(b) Other non-financial incentives which were not discussed by any one of them job enrichment Employee recognition, Employee participation, Employee empowerment</p>
ANS.29.	<p>1. Autocratic leadership 2. This leadership style is effective in getting productivity in many situations like in a factory where the supervisor is responsible for production on time and has to ensure labour productivity. Quick decisionmaking is also facilitated.</p>
ANS.30.	<p>1. Financial Incentive-Co-Partnership/Stock Option 2. Other financial incentives: 1. Pay and allowances: For every employee, salary is the basic financial incentive. It includes basic pay, dearness allowance and other allowance. Pay hike and increments improve performance level of employees. 2. Profit sharing: Employees are given a share in the profits of the organization. This motivates them to improve their performance and contributes to increase in profits of the organization.</p>
<b>ANSWERS OF SIX MARKS QUESTIONS (06 MARKS)</b>	
ANS.31.	<p>1. The needs that have been satisfied in this case are Physiological Needs (well-paid, which provides for food, shelter, etc.) and Safety Needs (job security). The two subsequent needs that are likely unsatisfied are: I. Social Needs (or Affiliation/Belongingness Needs): The workers' tendency to form small groups and chat during work hours indicates a strong need for social interaction and belonging. Their focus on informal groups suggests that the formal workplace is not meeting this need for social connection. II. Esteem Needs: While they receive "regular praise," the lack of motivation suggests that this praise might not be enough to satisfy their need for true recognition, status, and a sense of accomplishment or self-respect. They are not taking pride in their work quality, which points to a lack of satisfaction of this need.</p> <p>2. Sunita could introduce the following non-financial incentives: I. Job Enrichment: She could enrich their jobs by giving them more responsibility, such as allowing them to handle machine maintenance or conduct final quality checks. This would not only make their work more meaningful but also satisfy their Esteem Needs by giving them a sense of responsibility and self-worth. This would motivate them to take pride in their work, leading to improved quality.  II. Employee Participation: Sunita could involve the machine operators in setting their own daily production targets and brainstorming solutions for quality control issues. This would satisfy their Social Needs by making them feel like an integral part of the team and their Esteem Needs by giving them recognition and a sense of belonging. Since they would be committed to the targets they helped set, their productivity would likely increase, helping to achieve the production goals.</p>
ANS.32.	<p>(i) Informal communication: "One of his colleagues sent a text message to his superior, Mr. Bajaj. Mr. Bajaj immediately sent a text message to the employees of the organisation requesting them to donate blood for Prince."</p> <p>(ii) Formal communication: "When the general manager came to know about it, he ordered for fumigation in the company premises and cleaning surroundings." The features of informal communication are as follows: 1. informal communication spreads very fast and sometimes gets distorted.</p>

	<p>2. It is very difficult to detect the source of such communication.</p> <p>3. it takes place without following the formal lines of communication.</p> <p>4. It arises out of social needs of the employees.</p>
ANS.33.	<p>(a) Organizational barrier Psychological barrier</p> <p>(b) Be aware of tones, language and content of the message, Be a good listener</p> <p>(c) Star India Ltd had rigid rules.... Delays communication Chandana and workers do not believe..... Distrust between sender and receiver</p>
ANS.34.	<p>1. The various elements of directing mentioned in the above paragraph are as follows:</p> <p>i. Communication: ‘He is very clear and specific in issuing instructions to his subordinates in order to ensure smooth working of the department.’</p> <p>ii. Supervision: “He personally oversees the method followed by the chefs for preparation of each dish.”</p> <p>iii. Leadership: “He provides constant guidance to them in order to improve upon its taste and presentation and also encourages them to innovate and be more creative in their work.”</p> <p>iv. Motivation: “He misses no opportunity to praise his subordinates for their good work.”</p> <p>2. The importance of directing as a function of management is described below:</p> <p>i. Initiates action: Directing helps to initiate action by people in the organization towards attainment of desired objectives. It is the first execution function of management.</p> <p>ii. Integrates employees’ efforts: Directing seeks to integrate the individual efforts of employees in the organization towards the realization of the organizational goals.</p> <p>iii. Helps to realize their potential: Directing provides effective guidance, motivation and leadership to the employees so as to enable them to realize their potential and capabilities. (any two)</p>
ANS.35.	<p>1. (i) Informal communication: “One of his colleagues sent a text message to his superior, Mr. B. Chatterjee. Mr. B. Chatterjee immediately sent a text message to the employees of the organization requesting them to donate blood for Prateek.”</p> <p>(ii) Formal communication: “When the general manager came to know about it, he ordered for fumigation in the company premises and cleaning surroundings.”</p> <p>2. The features of informal communication are as follows:</p> <p>i. The grapevine/informal communication spreads very fast and sometimes gets distorted.</p> <p>ii. It is very difficult to detect the source of such communication.</p>

## CHAPTER-8 CONTROLLING

**Meaning of controlling:** Controlling means ensuring that activities in an organisation are performed in accordance with the plans.

The resources of the organisation are utilised effectively and efficiently for the achievement of predetermined goals.

### **Importance of controlling:**

a good control system helps the management in the following ways:

(First-I-Eat-Jam)

1. **Accomplishing organisational goals:** by bringing forward the deviations controlling helps to take corrective action and keeps the organisation on the right track.
2. **Judging accuracy of standards:** an efficient control system enables management to review and revise the standards.
3. **Making efficient use of resources:** a manager seeks to reduce wastage and spoilage of resources. Each activity is performed in accordance with the predetermined standards and norms.
4. **Improving employee motivation:** when 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, it motivates them and helps them to give better performance.
5. **Ensuring order and discipline:** by keeping a close check on the activities and targets controlling creates an atmosphere of order and discipline in the organisation.
6. **Facilitating coordination in action:** each department and employee is governed by predetermined standards which are well coordinated with one another. This ensures that overall organisational objectives are accomplished.

### **Relation between planning and controlling**

**Planning and Controlling** are **inseparable twins of management**. A system of control presupposes the existence of certain standards. These **standards** of performance which serve as the **basis of controlling** are provided by planning. Once a plan becomes operational, controlling is necessary to monitor the progress, measure it, discover deviations and initiate corrective measures to ensure that events conform to plans. Thus, **planning without controlling is meaningless**. Similarly, **controlling is Blind without planning**.

### **Controlling process**

Steps in the process of controlling are as follows: (Some Measurable CAT)

1. **Setting performance standards.** The first step in the process of controlling process is establishment of standards of performance. Standards are the criteria against which actual performance is measured. Thus, standards serve as benchmarks or yardsticks towards which an organisation strives to work. Standards can be set in both quantitative as well as qualitative terms.
2. **Measurement of actual performance:** once standards are set the next step is to measure the actual performance. To make comparison easier, performance should be measured in the same units in which standards are set. Performance should be measured in an objective and reliable manner. It can be done using several techniques like personal observation, sample checking, performance reports, etc.
3. **Comparison of actual performance with standards:** the third step is to compare actual performance with the standards. Such comparison will reveal the deviation between planned and actual performance. However, if planned performance matches the actual performance then everything is within control and the controlling process ends.
4. **Analysing deviations:** deviations are of two type's minor and major deviations. Minor deviation means deviation within the range this range is fixed in advance. If a deviation is within the acceptable range it should be ignored.

Major deviation means deviation beyond the acceptable range. Such deviations need to be controlled or rectified.

In this regard managers use two controlling techniques that are:

**CRITICAL POINT CONTROL (CPC):** According to this managers should focus on **KEY RESULT AREAS (KRAs)** which are critical to the overall performance of the organisation. If anything goes wrong in these areas the whole organisation suffers. For example: in a manufacturing organisation 5% increase in labour cost is more troublesome than 15% increase in postal charges.

**MANAGEMENT BY EXCEPTION (MBE):** According to this technique manager should pay more attention in correcting major deviations which go beyond the permissible limit. This is based on a fact "if you try to control everything, you may end up controlling nothing". So, a range of deviations must be established and attention must be paid beyond such range.

5. **Taking corrective action:** the final step in the process of control is to identify the cause or reason for the deviation in actual performance and then to take necessary action to correct the deviation. For example: if deviation is due to lack of skills in employees then corrective action may involve training of employees. If target is not achieved due to lack of required materials then materials should be arranged in adequate amount.

However, if a deviation can't be corrected even after taking corrective action then the standards may have to be revised.



- b) Both Assertion (A) and Reason (R) are true and 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.

Q8. **Assertion (A):** Managers of only top level need to perform controlling function of management.  
**Reason (R):** Controlling is a function that brings back the management cycle back to the planning function

- 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 and 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.

Q9. Identify the function of management illustrated by the picture given below in which the manager Mr. Shenoy is discussing about taking some remedial plans of action to stop the downfall in sales in the coming financial year.



- a) Organising
- b) Planning
- c) Controlling
- d) Directing

Q10. Technique for measurement of performance:

- a) Personal observation
- b) Sample checking
- c) Performance Reports
- d) All of these

Q11. Which of the following represents quantitative standards?

- (a) Improving goodwill
- (b) Time to be spent in performing a task
- (c) Improving motivation level of employees
- (d) None of these

Q12. An efficient control system helps to\_\_\_\_\_.

- a) Accomplish organizational objective
- b) Boost employee morale
- c) Judge accuracy of standards
- d) All of these

Q13. **Match the following**

Column I	Column II
i) Keep careful check on changes take place	a) Efficient use of resources
ii) Measures the progress towards the organizational goal	b) Judging accuracy of standards
iii) Minimise dishonest behavior on part of employees	c) Accomplishing organisational goals

	iv) Reduce wastage and spoilage of resources a) (i)-a, (ii)-b, (iii)-c, (iv)-d b) (i)-c, (ii)-b, (iii)-d, (iv)-a	d) Ensuring order & discipline c) (i)-d, (ii)-c, (iii)-b, (iv)-a d) (i)-b, (ii)-c, (iii)-d, (iv)-a
Q14.	<b>Match the following</b>	
	Column I	Column II
	i) Personal Observation, Sample checking, performance reports etc.	a) Analysing deviations
	ii) Critical Point of control & Management by exception techniques are used	b) Setting performance standards
	iii) Against which actual performance will be measured	c) Comparing actual performance with standard
	iv) To reveal deviation between actual & desired results	d) Measurement of actual performance
	a) (i)-a, (ii)-b, (iii)-c, (iv)-d b) (i)-c, (ii)-b, (iii)-d, (iv)-a	c) (i)-d, (ii)-a, (iii)-b, (iv)-c d) (i)-c, (ii)-d, (iii)-a, (iv)-b
Q15.	<b>Match the following</b>	
	Column I	Column II
	i) Resources used effectively	a) Continuous Process
	ii) Performed at all levels & in all types of organization	b) Goal Oriented
	iii) Brings management cycle back to planning	c) Backward looking function
	iv) It is like a post-mortem of past activities	d) Pervasive Function
	a) (i)-a, (ii)-b, (iii)-c, (iv)-d b) (i)-b, (ii)-d, (iii)-a, (iv)-c	c) (i)-d, (ii)-c, (iii)-b, (iv)-a d) (i)-c, (ii)-d, (iii)-a, (iv)-b
Q16.	<b>Match the following</b>	
	Standards to gauge performance	Functional areas of Business
	(i) Labour relations, labour turnover, labour absenteeism etc	a) Production
	(ii) Sales volume, Sales expense, advertising expenditure, individual sales person's performance etc.	b) Marketing
	(iii) Capital expenditure, inventories, flow of capital, liquidity, etc.	c) Human resource management
	(iv) Quantity, quality, cost, individual job performance etc.	d) Finance and accounting
	a) (i)-a, (ii)-b, (iii)-c, (iv)-d b) (i)-c, (ii)-b, (iii)-d, (iv)-a	c) (i)-d, (ii)-c, (iii)-b, (iv)-a d) (i)-c, (ii)-d, (iii)-a, (iv)-b
Q17.	Ajay and Mohan were two employees who were embezzling an import export company in Varanasi where they were working. The finance manager of Company Ramesh Kumar became suspicious of two employees when he realized that their activities were not being performed as per plans. He installed a software program that could secretly log every single stroke of the suspects' computer keys and send an encrypted email report to cyber police. The Police were able to catch the two dishonest employees red handed and arrest them. Identify the function of management being discussed above. a) Staffing b) Controlling c) Coordination d) Organising	
Q18.	Mahima Jain is the Senior Manager in the Advisory Services Department of Kodes Ltd. She regularly prepares performance reports of her subordinates as a part of the appraisal. The step of the controlling process performed by her is _____	



Q28.	<p>Alpha Ltd. was manufacturing Auto spare parts. To improve the efficiency of employees the company provided training to their employees by inviting an expert who demonstrated the whole process of manufacturing. The expert quoted that all deviations cannot be controlled, so manager must know which deviation in key areas must be attended urgently as compared to deviation in non-key area. He also suggested that human beings are bound to brake mistakes as manager should not take strict action on every minute mistake of workers, rather he can fix a range of deviation and take action if deviation is above the specified large.</p> <p><b>1. Identify the functions of management referred above.</b>  <b>2. Name the two ways of analyzing deviation mentioned above.</b></p>
Q28.	<p>Do you agree with this statement? Give reason in support of your answer.</p> <p>1."It is neither economical nor easy to keep a check on each and every activity in an organisation."  2."An effort to control everything may end up in controlling nothing."</p>
Q35.	<p>Priya is a regional manager of XYZ Ltd. She is a hardworking employee and trying to reduce wastage of resources in her company. She has set standards for performance of different activities and is ensuring that targets are met according to these standards with minimal wastage of resources. She has set up CCTV cameras which helps to keep a close check on the activities of the subordinates and know how the employees are performing. She also rewards the employees with a bonus when these standards are met. She is trying her best to ensure a good performance of her team this year through the application of an important function of management.</p> <p><b>Explain any four benefits of the function of management highlighted above.</b></p>
<b>SIX MARKS QUESTIONS (06 MARKS)</b>	
Q31.	<p>Rajeev and Sanjeev are managers in the same organisation heading different units. While discussing about the functions of management, Rajeev says that 'Planning is looking ahead whereas controlling is looking back.' But Sanjeev says, 'You are wrong because planning is looking back whereas controlling is looking ahead.' Both are giving reasons in favour of their statements. <b>Explain the possible reasons given by both and justify who is correct.</b></p>
Q32.	<p>Each employee of 'Bhoomika Ltd. 'should manufacture 10 tables per day as per the terms of employment. All the employees met the said target except a few who manufactured between 4-6 tables per day. The management look a decision to install Closed Circuit Television (CCTV's) in the factory for monitoring the activities of the employees.</p> <p><b>a)Identify the managerial function discussed above</b>  <b>b) Explain the steps in the process of the function identified in (a) above.</b></p>
Q33.	<p>Vinber Ltd. set up a manufacturing unit at Bhiwadi at Himachal Pradesh to manufacture electric geysers and supply them to dealers all over the country. Their production target was 500 geysers per week. It was decided by the management that variation in production up to 10 units would be acceptable.</p> <p>At the end of the first week, the production was 450 geysers. The next week, production increased to 470 geysers. A week later, production was 460 geysers.</p> <p>On investigation, it was found out that fluctuations in production was due to irregular supply of electricity.</p> <p><b>(i)The above para discusses some of the steps of one of the functions of management. Explain the steps.</b>  <b>(ii) Also, state the step(s) not discussed in the above para.</b></p>
Q34.	<p>Rudrakshi Ltd. is engaged in manufacturing high end luxury pens. The target production is 700 units daily. The company had been successfully attaining this target until three months ago. Over the few month, it has been observed that daily production varies between 600-650 units.</p> <p><b>(i)Identify the function of management, which has been highlighted in the above context.</b>  <b>(ii) Discuss the features of the function identified above.</b></p>
Q35.	<p>A critical point control (CPC) approach is followed by McDonald in the cooking and handling process so that any food safety threat can be prevented, eliminated, or reduced to an acceptable</p>

level. Hence, continuous monitoring of activities are undertaken to ensure that the process is right at each critical point control. The main principle followed for cooking at McDonald is “less amount many time” which can ensure the high quality and high fresh level of the food. For instance, if four hamburgers have to be made, a worker cannot cook all the four hamburgers at one time. The time figured out for making one hamburger is one hundred and forty-five seconds. Moreover, nearly all foods in the McDonald have the specific holding time, the holding time for hamburgers is ten minutes and for french fries is seven minutes. If it is not sold within that time it is thrown away. Also, the temperature of the milk sent by the supplier must be under 4° C, otherwise, it will be returned. In context of the above case:

1. Name the steps involved in the controlling process which is being discussed in the above lines.
2. What do you understand by ‘critical point control’? Explain.
3. How does the controlling function of management help in accomplishing organisational goals and ensure efficient use of resources?

**ANSWERS OF MCQ (01 MARKS)**

Ans.1.	b)Controlling
Ans.2.	c)Forward as well as backward looking
Ans.3.	d) Improving employee’s motivation
Ans.4.	c) Ensuring conformity of actual performance with set standard
Ans.5.	d) Assertion (A) is false but Reason (R) is true.
Ans.6.	b) Both Assertion (A) and Reason (R) are true and Reason (R) is not the correct explanation of Assertion (A).
Ans.7.	b) Both Assertion (A) and Reason (R) are true and Reason (R) is not the correct explanation of Assertion (A).
ANS.8.	d) Assertion (A) is false but Reason (R) is true.
ANS.9.	c) Controlling
ANS.10.	d)All of these
ANS.11.	b) Time to be spent in performing a task
ANS.12.	d)All of these
ANS.13.	d)(i)-b,(ii)-c,(iii)-d,(iv)-a
ANS.14.	c)(i)-d,(ii)-a,(iii)-b,(iv)-c
ANS.15.	b)(i)-b,(ii)-d,(iii)-a,(iv)-c
ANS.16.	b)(i)-c,(ii)-b,(iii)-d,(iv)-a
ANS.17.	b)Controlling
ANS.18.	b) Measurement of actual performance
ANS.19.	a)Quantitative Standards
ANS.20.	a) Critical Point Control

**ANSWERS OF THREE MARKS QUESTIONS (03 MARKS)**

ANS.21.	<p>The benefits of controlling highlighted in the above case are:</p> <p><b>1) Controlling helps in accomplishing organisational goals.</b> Her daily routine is to send alarm to the manufacturing department about the deviations in the number of units produced so that the target of the day could be achieved.</p>
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	<p>2) <b><u>Controlling helps in judging accuracy of set standards.</u></b> However one day she realizes that the number of units which are to be produced is 500 which is very high and creates chaos at the shop floor, she discusses it with the management and the target is reduced to 450.</p> <p>3) <b><u>Controlling helps in facilitating coordination in action.</u></b> She has divided the task into 45 units for each worker so that by the end of the day the target of the department is completed.</p>
ANS.22.	<p>Yes, I agree with the statement. Discuss 'Importance of Controlling'</p>
ANS.23.	<p>The given statement is false. Controlling should not be misunderstood as the last function of management. It is a function that brings back the management cycle back to the planning function. The controlling function finds out how far actual performance deviates from standards, analyses the causes of such deviations and attempts to take corrective actions based on the same. This process helps in formulation of future plans in the light of problems that were identified and thus, helps in better planning in future periods. Thus, controlling only completes one cycle of management process and improves planning in next cycle.</p>
ANS.24.	<p>1. The management function is Controlling. "Comparing actual performance with standards" is the step involved in the process of controlling which helped in finding out that the actual production of a worker is less than the set target. 2. A manager has to take the following two further steps to complete the process of controlling: 1. Analysing deviations 2. Taking corrective action</p>
ANS.25.	<p>Controlling is blind without planning because it is the planning which sets standards in advance, which act as a basis for assessment and comparisons. If there are no standards then there is nothing to control. Similarly, controlling ensures that all plans are implemented as planned and if there are any deviations then controlling initiates corrective action. Therefore, in the absence of controlling, the best of plans may fail.</p>
<b>ANSWERS OF FOUR MARKS QUESTIONS (04 MARKS)</b>	
ANS.26.	<p><b><u>Measurement of Actual Performance:</u></b> Performance should be measured in an objective and reliable manner. There are several techniques for measurement of performance wherever possible measurement of work should be done during the performance. <b><u>Comparing actual performance with standards:</u></b> This step involves comparison of actual performance with standard. Such comparison will reveal the deviation between actual and desired results. Standards become easier when standards are set in quantitative terms.</p>
ANS.27.	<p>a) Controlling b) Features of controlling: 1. Controlling is a goal-oriented function 2. Controlling is a pervasive function 3. Controlling is a continuous process</p>
ANS.28.	<p>Controlling, , <b>Critical point control</b> Since it may neither be economical nor easy to monitor each and every activity in the organization, there for every organization identifies and states its specific key result area (KRAs) or critical points which require tight control are likely to have a significant effect on the working of the business. Any deviations on these points are attended to urgently by the management. <b>Management by exception</b> human beings are bound to mistakes as manager should not take strict action on every minute mistake of workers, rather he can fix a range of deviation and take action if deviation is above the specified large.</p>
ANS.29.	<p>1. Yes, I agree with this statement. The principle of management control highlighted is "Critical Point Control".(explain)</p>

	2. 1. Yes, I agree with this statement. The principle of management control highlighted is “Management by exception”.(explain)
ANS.30.	<p>Benefits of Controlling:</p> <p>(i)<b>Accomplishing organizational goals:</b> The controlling function measures progress towards the organizational goals and brings to light the deviations, if any, and indicates corrective actions.</p> <p>(ii)<b>Ensuring order and discipline:</b> Controlling creates an atmosphere of order and discipline in the organization. It helps to minimize dishonest behavior by keeping a close check on their activities.</p> <p>(iii)<b>Making efficient use of resources:</b> Each activity is performed in accordance with predetermined standards and norms. This ensures that resources are used in the most effective and efficient manner.</p> <p>(iv)<b>Improving employee motivation:</b> A good control system ensures that employees know well in advance what they are expected to do and what are the standards of performance on the basis of which they will be appraised. It, thus, motivates them and helps them to give better performance.</p>
<b>ANSWERS OF SIX MARKS QUESTIONS (06 MARKS)</b>	
ANS.31.	<p>Both Rajeev and Sanjeev are correct in their statements as explained below:</p> <p>Planning is considered as a forward-looking function by Rajeev as plans are made for future. Planning may be considered as a backward-looking function by Sanjeev because the quality of planning can be improved with the help of valuable information provided by controlling in terms of results achieved.</p> <p>Controlling is considered as a backward-looking function by Rajeev as it is like the post mortem of the past activities to ascertain the deviations if any.</p> <p>Controlling is considered as a forward-looking function by Sanjeev as it helps to improve the future performance by providing guidance for taking corrective action so that deviations do not reoccur in future.</p>
ANS.32.	<p>a)Controlling</p> <p>b)Steps in the process of controlling</p> <p>(i) Setting performance standards</p> <p>(ii) Measurement of actual performance</p> <p>(iii) Comparing actual performance with standards</p> <p>(iv) Analysing Deviations</p> <p>(v) Taking Corrective actions</p> <p>(Explain steps in detail)</p>
ANS.33.	<p>(i)Steps in the process of controlling discussed in above para:</p> <p>(a) Setting performance standards</p> <p>(b) Measuring actual performance</p> <p>(c) Analysing deviations</p> <p>(ii) Steps not discussed in the above para:</p> <p>(a)Comparing actual performance with standards to find out the deviations.</p> <p>(b)Taking corrective action if deviations go beyond the acceptable limits.</p> <p>(Explain each and every step in detail)</p>
ANS.34.	<p>(i)Controlling</p> <p>(ii) Features of Controlling:</p> <p>(a) Controlling is a goal oriented function</p> <p>(b) Controlling is an all pervasive function</p> <p>(c) Controlling is both a backward looking as well as forward looking function</p> <p>(d) Controlling is a continuous function(Explain each and every feature in detail)</p>

ANS.35.

1. Analysing deviation and taking corrective action are being discussed in the above lines.
2. Since it may neither be economical nor easy to monitor each and every activity in the organisation, therefore, every organisation identifies and states its specific key result areas (KRAs) or critical points which require tight control are likely to have a significant effect on the working of the business. Any deviations on these points are attended to urgently by the management.
3. The two points that highlight the importance of the controlling function are:
  - **Accomplishing organisational goals:** The controlling function helps in accomplishing organisational goals by constantly monitoring the performance of the employees and bringing to light the deviations, if any, and taking appropriate corrective action.
  - **Making efficient use of resources:** The controlling function enables the managers to work as per predetermined standards. This helps to avoid any ambiguity in business operations and reduce wastage and spoilage of resources in the organisation.

**CHAPTER (9) -FINANCIAL MANAGEMENT**

**Financial management-** it is that branch of management which is concerned with the effective acquisition and use of money.

**Role/ importance of financial management-** finance is the basic requirement of the business. it is responsible for the commencement, sustain and growth of the business.

- i) It determines the fixed assets and current assets.
- ii) It determines the proportion of long term and short term finance.
- iii) It determines the various items of profit and loss account.

Conclusion: on the basis of above point it can be said that the decision of financial management deeply effect business.

**Functions of Financial management/ functions of finance manager/important decision taken under financial management**

**1. Investment decision** (application of fund / use of fund) Investment decision can be divided into two parts.

(i) Fixed assets investment decision- a long term investment decision is called fixed assets investment decision or Capital budgeting decision. (ii) Current assets investment decision- A short term investment decision is called current assets investment decision.

**2. Financing decision** (source of fund) It is an important decision regarding the procurement and utilization of fund in the enterprise.

**3. Dividend decision** (disposal of surplus) Decision related to appropriation/ division of profit called dividend decision Factors affecting dividend decision: - (i) Stability of Earnings: ii) Stability of Dividends: (iii) Growth Opportunities: (iv) Cash Flow Position: (v) Taxation Policy

**Fixed capital** is the capital which is used for the purchase of the fixed assets.

**Factors to be considered while determining fixed capital:**

- 1. Nature of Business In manufacturing concern more fixed capital required and it's vice versa.
- 2. Scale of Operations In large scale operation more fixed capital required and it's vice versa.
- 3. Choice of Technique Traditional technique less capital required and it's vice versa.
- 4. Technology Upgradation In case of technology upgradation more capital required.
- 5. Growth Prospects In case of growth and expansion more capital required
- 6. Diversification In case of diversification more capital required

**Working capital** is required to purchase current assets and to make payment for day to day expenses which are necessary to run the business.

Factors determining the working capital requirement:

- 1. Nature of Business: Trading Organizations – Less working capital required. Whereas in Manufacturing Organizations – more working capital required.

2. Scale of Operations: Small scale organizations – less working capital required. Whereas in Large scale organizations – More working capital required.
3. Business Cycle: Depression period - less working capital required. Whereas in Boom period - more working capital required.
4. Seasonal factors: Lean season – less working capital required. Whereas in Peak season – more working capital required.
5. Production cycle (operation /cash cycle): Shorter production cycle – less working capital required. Whereas in longer production cycle – more working capital

**Capital Structure** refers to relative proportion of different sources of long term finance. In equation form: -  
 Debt-equity ratio = Long term loan / Shareholder funds

Factors affecting capital structure:

1. Size of business Big company succeed long term loan on easy condition. On the other hand small company faces lot of difficulties in getting long term loan.
2. Period of finance If the company requires finance for long time it will be profitable to issue equity share. On the other hand, if the company needs finance for short period the redeemable preference share should be issued.
3. Floatation Costs (means cost of raising fund) Issuing equity share is costlier than the issue of preference share and debenture. The company should compare cost and take decision accordingly
4. Return on Investment (ROI) If the ROI of the company is higher, it can choose to use trading on equity to increase its Earning Per Share (EPS), i.e., its ability to use debt is greater **Trading on equity**: - it means to raise fixed cost capital (Preference and borrowed capital) on the basis of equity share capital so as to increase the income of equity shareholder.

Note- i) it is possible only when the rate of return is greater than the rate of interest.

ii) Trading on equity is profitable only when the earning of the company is high.

### 1 mark Question

1.	Which one is not the objective of financial management? (a) Wealth maximization                      (b) Profit maximization (c) Maintenance of liquidity                      (d) Shortage of funds	1
2.	Which source of finance leads to dilution of management's control over the business? (a) Retained earnings    (b) Debenture    (c) Preference share    (d) Equity Share Capital	1
3.	Which one is not the objective of financial management? (a) Wealth maximization                      (b) Profit maximization (c) Maintenance of liquidity                      (d) Shortage of funds	1
4.	The cheapest source of finance is: (a) Debenture              (b) Equity Share Capital (c) Preference Share              (d) Retained Earning	1

5.	Financial leverage is called favorable it: (a) Return on Investment is lower than cost of debt (b) ROI is higher than cost of debt (c) Debt is nearly available (d) If the degree of existing financial leverage is low	1
6.	Companies with higher growth potential are likely to: (a) Pay lower dividends (b) Pay higher dividends (c) Dividends are not affected by growth considerations (d) None of these	1
7.	Higher debt equity ratio ( Debt / Equity ) result in : (a) Lower financial risk (b) Higher degree of operating risk (c) Higher EPS (d) Higher degree of financial risk	1
8.	Higher working capital usually results in : (a) Higher current ratio, higher risk and higher profits (b) Lower current ratio, higher risk and profits (c) Higher equitably, lower risk and lower profits (d) Lower equitably, lower risk and lower profits	1
9.	Current assets are those assets which get converted into cash : (a) Within six months (b) Within one year (c) Between one three years (d) Between three and five years	1
10.	A fixed asset should be financed through: (a) A long-term liability (b) A short-term liability (c) A mix of long and short term liabilities (d) None of these	1
11.	Current assets of a business firm should be financed through: (a) Current liability only (b) Long term liability only (c) Partly from both types (a) and (b) (d) None of these	1
12.	..... Decision is concerned with disposal of surplus.	1
13.	Amount invested in ..... is known fixed capital.	1
14.	Excess of Current assets over Current liabilities is known as .....	1
15.	Wealth maximization means maximization of ..... of shares.	1
16.	The decision taken to invest in fixed assets are known as ..... decisions.	1
17.	Financing decisions are influenced by:	1

	(a) Cost of raising funds (b) Flootation Cost (c) Both (a) and (b) (d) Neither (a) and (b)	
18.	Which decisions are taken by the financial manager? (a) Investment Decisions (b) Financing Decisions (c) Dividend Decisions (d) All of these	1
19.	Financial management aims at: (a) Ensuring availability of enough funds (b) Reducing the cost of funds procured (c) Effective deployment of funds (d) All of these	1
20.	Decision regarding amount of finance to be raised from various sources is a “ (a) Working Capital decision (b) Financing decision (c) Investment decision (d) Dividend decision	1
<b>3/4/5/6 Marks Questions</b>		
21.	‘Wealth Maximization’ is the primary objective of financial management. Explain.	
22.	Nath Ltd. is dealing in import of organic food items in bulk. The company sells the items in smaller quantities in attractive package. Performance of the company has been up to the expectations in the past. Keeping up with the latest packaging technology, the company decided to upgrade its machinery. For this, the Finance Manager of the company, Mr. Vicky estimated the amount of funds required and the timings. This will help the company in linking the investment and the financing decisions on a continuous basis. Therefore, Mr. Vicky began with the preparation of a sales forecast for the next four years. He also collected the relevant data about the profit estimates in the coming years. By doing this, he wanted to be sure about the availability of funds from the internal sources. For the remaining funds he is trying to find out alternative sources.  Identify the financial concept discussed in the above paragraph. Also, state any two/three/four/five points of importance of the financial concept, so identified.  <b>Or</b>  “Sound Financial Planning is essential for the success of any business enterprise.” Explain this statement by giving any 5/6 reasons.	
23.	An organisations is busy preparing its financial blueprint for its operations. The idea is to create satisfactory amount of money which should be there in the reach of the organization at the right time.  Which concept of financial management has been highlighted in the above case? What are the twin objectives of its?	3
24.	Manoj Kumar is a famous news reader. He has recently started a news company ‘Star Media Corporation Ltd.’ The aim of this company is to launch a 24-hour Hindi news chennal to broadcast latest news from India and around the world. For this new venture, the company will have to decide how to invest funds in different assets. The purchase of few assets like equipment, computers, vehicles, etc. will involve committing the finance on a lon-term basis.	4

	<p>It will affect earning capacity of the business in the long run. Therefore, the company needs to take the decision to invest in such assets with utmost care.</p> <p>(a) Identify and state the type of investment decision discussed in the above paragraph.</p> <p>(b) State any three factors which affect the decision identified in (a) above.</p>	
25.	<p>Amit Iron Ltd. is manufacturing steel at its plant in India. It is enjoying increased demand for its steel as economic growth of the country is about 8%. It is planning to set up a new plant to avail the benefits of increased demand. It is estimated that it will require about Rs.400 crores for setting up of plant and about Rs.200 crore for other expenses to start the new plant. To collect the above mentioned funds, the sources to be used and the quantity to be collected from different sources had to be considered.</p> <p>(a) Identify the above discussed concept and give its meaning.</p> <p>(b) Explain any 2/3/4/5 factors that affect the concept identified in (a) above.</p>	
26.	Financial management is based on three broad financial decisions. What are these?	3
27.	Mr. Rohit is into transport business. His buses are hired by schools for transportation of students. He is willing to expand and diversify his business to inter-state transportation purposes. State any 3/4/5/6 factors that will affect his fixed capital requirement.	
28.	<p>Sameer has been given a task of evaluating the financial performance of two companies, Alfa Ltd. and Beltex Ltd., in the same industry. Both companies have been trading on equity as part of their financial strategy. Given is the information that Sameer received. Which company is using trading on equity more effectively? Alfa Ltd.:</p> <p>Total Assets: Rs. 500,000</p> <p>Equity Capital: Rs. 300,000</p> <p>Debt Capital: Rs. 200,000</p> <p>Net Income: Rs. 50,000</p> <p>Beltex Ltd:</p> <p>Total Assets: Rs. 800,000</p> <p>Equity Capital: Rs. 400,000</p> <p>Debt Capital: Rs. 400,000</p> <p>Net Income: Rs. 60,000.</p>	
29.	Sunrises Ltd., dealing in readymade garments, is planning to expand its business operations in order to cater to the international market. For this purpose, the company needs an additional 80,00,000 to replace machines with modern machinery of higher production capacity. The company wishes to raise the required funds by issuing debentures. The debt can be issued at an estimated cost of 10%. The EBIT for the previous year of the company was 8,00,000, and the total capital investment was 1,00,00,000. Suggest whether the issue of debenture would be considered a rational decision by the company. Give reasons to justify your answer.	
30.	'S' Limited manufactures steel at its plant in India. It is enjoying a buoyant demand for its products as economic growth is about 7%-8%, and the demand for steel is growing. It is planning to set up a new steel plant to cash on the increased demand. It is estimated that it	

will require about Rs 5000 crores to set up and about Rs 500 crores of working capital to start the new plant.

Questions

A. Describe the role and objectives of financial management for this company.

B. Explain the importance of having a financial plan for this company. Give an imaginary plan to support your answer.

C. What are the factors which will affect the capital structure of this company?

D. Keeping in mind that it is a highly capital-intensive sector, what factors will affect the fixed and working capital? Give reasons in support of your answer.

**ANSWERS**

1	(d)	
2	(d)	
3	(d)	
4	(d)	
5	(b)	
6	(a)	
7	(c)	
8	(a)	
9	(b)	
10	(a)	
11	(c)	
12	Dividend	
13	Fixed Assets	
14	Net working capital	
15	Market Price	
16	Capital Budgeting.	
17	(c)	
18	(d)	
19	(d)	
20	(b)	
21	Wealth maximization is the primary objective of financial management which means maximizing the market value of investment in the shares of the company.	

	<p>It is possible only by:</p> <ol style="list-style-type: none"> <li>1. Ensuring availability of sufficient funds at reasonable cost.</li> <li>2. Ensuring effective utilization of funds.</li> <li>3. Ensuring safety of funds by creating reserves reinvestment of profits, etc.</li> </ol>	
22	<p>Financial Planning</p> <p>Importance of Financial Planning:-</p> <ol style="list-style-type: none"> <li>1. It help the company to prepare for the future by forecasting what may happen in the future under different business situations.</li> <li>2. It helps in avoiding business shocks and surprises.</li> <li>3. It helps in coordinating various business functions by providing clear policies and procedures.</li> <li>4. It helps in reducing waste, duplication of efforts, gaps in planning and confusion.</li> <li>5. It links the present with future. (any other correct point)</li> </ol>	
23	<p>Financial Planning</p> <ol style="list-style-type: none"> <li>(1) To ensure proper availability of funds whenever the need arises.</li> <li>(2) To ensure that there is no unnecessary raising of funds by the organization.</li> </ol>	
24	<p>(a) Long-term Investment Or Capital Budgeting Decision.</p> <p>(b) Factors affecting Capital Budgeting Decision:-</p> <p>(1) Cash Flows of the Project (2) Rate of Return (3) Investment Criteria</p>	
25	<p>(a) Capital Structure-It means the proportion of debt and equity used for financing the business operations.</p> <p>(b) Factors affecting the choice of Capital Structure:-</p> <ol style="list-style-type: none"> <li>(1) Cash flow Position (2) Interest Coverage Ratio (3) Debt Service Coverage Ratio</li> <li>(4) Return on Investment (5) Cost of Debt (6) Tax Rate (7) Cost of Equity (any Other)</li> </ol>	
26	<p>Three major decisions which base the financial management are:</p> <p>(1) Investment decisions (2) Financing Decisions (3) Dividend Decisions</p>	
27	<p>Factors affecting fixed capital requirements are:-</p> <ol style="list-style-type: none"> <li>(1) Scale of operations (2) Financing alternatives (3) Growth prospectus (4) Diversification</li> <li>(5) Level of collaboration (6) Technology upgradation (any there correct)</li> </ol>	
28	<p>To determine which company is using trading on equity more effectively, compare their Return on Equity (ROE) ratios. ROE is a key financial ratio that measures how efficiently a company is using its shareholders' equity to generate profits. ROE is calculated as follows:</p>	

ROE = (Net Income / Average Shareholders' Equity) \* 100 Calculate the ROE for both companies: For Alfa Ltd :

$$\text{ROE} = (50,000 / (300,000 + 0) / 2) * 100$$

$$\text{ROE} = (50,000 / 300,000) * 100 \quad \text{ROE} = 0.1667 * 100$$

ROE = 16.67% For Beltex Ltd :

$$\text{ROE} = (60,000 / (400,000 + 0) / 2) * 100$$

$$\text{ROE} = (60,000 / 400,000) * 100$$

$$\text{ROE} = 0.15 * 100$$

$$\text{ROE} = 15.00\%$$

Now, let's compare the ROE ratios for both companies:

Alfa Ltd has an ROE of 16.67%, and Beltex Ltd has an ROE of 15.00%.

Answer: Based on the provided financial data, Alfa is using trading on equity more effectively than Beltex. Alfa's higher ROE of 16.67% indicates that it is generating a better return on its shareholders' equity compared to

Beltex, which has an ROE of 15.00%.

This suggests that Alfa is utilising its equity more efficiently to generate

Profits, making its trading on equity strategy more effective.

29

(No, the Cost of Debt (10%) is more than ROI which is 8%).

A company is able to issue debentures for fundraising when the debt cost is less than the cost of capital.

In this question, the cost of capital of Sunrises Limited is 10% which is 8,00,000, as the total capital is 80,00,000.

Now, the return on investment is calculated as

$$\text{ROI} = \text{Return} / \text{Investment}$$

$$= 8,00,000 / 1,00,00,000$$

$$= 8 \%$$

Assuming that the company will be operating with the same efficiency, the additional investment of 80,00,000 will have an ROI of 8%, which will amount to 6,40,000.

The cost of debt will be 8,00,000, which is more than the ROI of 6,40,000. Therefore, it is advisable for a company not to issue a debenture when the cost of debt is higher than the cost of capital.

30

A. Role of financial management in this company is as follows:

1. Financial management will help in taking decisions to purchase fixed assets which will increase the composition of fixed assets.

2. The composition of funds that are used by a company refers to the mix of short and long-term funds that are used by the company. Fund composition is determined by the company's

decision which is regarding profitability and liquidity. It can be said that if a company is looking to attain higher liquidity, it would be looking to opt for long-term financing and companies looking for short-term liquidity will opt for short-term financing.

3. The proportion of debt and equity that should be used in long-term financing or, in other words, the distribution of funds that are raised with a mix of debt and equity, which is taken by financial management.

4. The amount of current assets that a company holds is dependent on the financial decision of the company. A higher amount will lead to more working capital but a decrease in profits and vice versa.

In this case, the basic objective of financial management will be towards increasing or maximising shareholders' wealth. Decisions that will be beneficial for the shareholders, i.e., help in increasing their market value of shares. This can be achieved if financial management takes a decision that results in an increase in the value of shares where benefits obtained from making this decision exceed the cost of taking the financial decision.

B. These points highlight the importance of financial planning for the company:

- i. It enables the company to forecast future requirements.
- ii. Financial plan will be helpful in avoiding any kind of shortage that may occur or surplus that can also occur. It ensures that funds are used optimally.
- iii. It helps in better coordination between the sales and production teams.
- iv. It helps in avoiding any type of waste such as time, money and effort.
- v. If the targets and policies are well defined, then financial planning helps in evaluating the performance in a good way.

#### Proposed Financial Plan

The company can use the 50% through the issue of shares, and the other 50% can be collected using funds that are borrowed from outside in the form of debts.

C. Following factors will affect the capital structure choice:

- i. Company should be opting for debt capital in case of strong cash flow is present. Debt requires payment of principal as well as interest that is applicable to the principal.
- ii. Debt service coverage ratio determines the obligations towards cash payment of a company as against the cash availability. Having a high DSCR can make the company opt for debt as a source of funds.
- iii. Equity cost can be directly related to the financial risk that a company faces. A company having a higher financial risk will see the expectations of shareholders rise, which raises the cost of equity. The rising cost of equity makes it difficult to opt for equity.
- iv. Good stock market conditions are very much conducive to for opting equity capital, whereas poor stock market conditions are difficult for opting for equity capital.
- v. Higher interest coverage ratio, which is a measure of the times EBIT is able to meet interest rate obligations. A higher interest coverage ratio translates to lower risk for the company, which enables a company to opt for a high portion of debt in the composition of its capital structure.

vi. A high rate of floatation cost leads to a reduction of the component in capital structure. A high floatation cost of equity results in a low capital structure.

vii. Higher rate of interest applicable on debt leads to higher debt cost, which makes it difficult to choose debt as capital structure.

D. Factors affecting fixed capital requirements are as follows:

i. Fixed capital can be determined by the type of business. As the company mentioned here (S Limited) is a company which is into manufacturing, it will have a large operating cycle which therefore results in a need for a large amount of fixed capital.

ii. The scale of operations of a company also determines the need for investment in assets such as machinery, land, plants and buildings, which requires a large sum of fixed capital.

iii. A growing company or a company which is seeking expansion will need more amount of fixed capital which is the case with S Limited.

Factors affecting working capital requirements will be as follows:

i. The working capital requirements for a company will vary on the type of business it is conducting. As it is a manufacturing firm will, it will have a large operating cycle as goods need to be transformed from raw materials to finished goods. Therefore, the requirement for working capital will be more for this firm.

ii. As this company is conducting large-scale operations, there will be requirements for a large amount of working capital.

iii. The company is looking to expand its business which requires more working capital as it will lead to higher growth prospects.

iv. As the product that is being manufactured by this company is in high demand, the company would need to produce more to meet the requirements. Therefore, there will be a need for a large amount of working capital.

## CHAPTER-(10) FINANCIAL MARKET

### KEY CONCEPTS IN NUTSHELL:

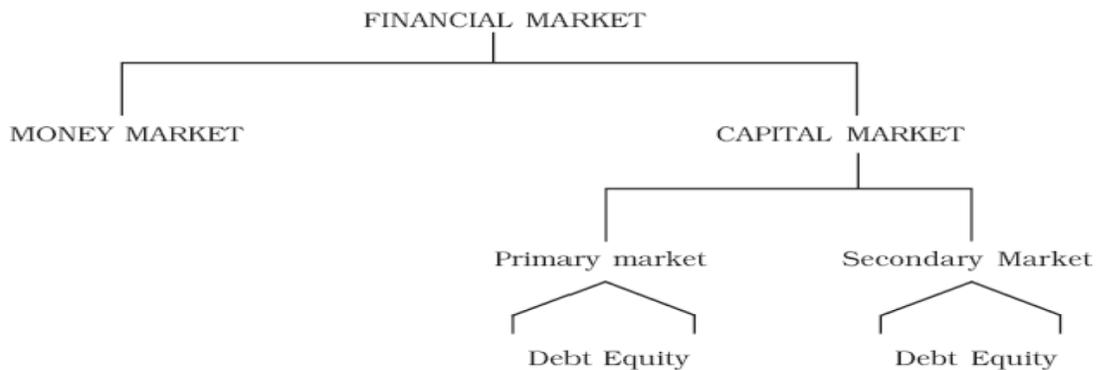
#### CONCEPT OF FINANCIAL MARKET:

It refers to the market which creates and exchange of financial assets.

#### FUNCTIONS OF FINANCIAL MARKET

- 1. Mobilization of savings and channelise them into the most productive uses:** A financial market facilitates the transfer of savings from savers to investors (industries).
- 2. Facilitates price discovery:** In the financial market, the households are suppliers of funds and business firms represent the demand. The interaction between them helps to establish a price for the financial asset which is being traded in that particular market.
- 3. Provide liquidity to financial assets:** Financial markets facilitate easy purchase and sale of financial assets. In doing so they provide liquidity to financial assets, so that they can be easily converted into cash whenever required.
- 4. Reduce the cost of transactions:** Financial markets provide valuable information about securities being traded in the market. It helps to save time, effort and money.

#### Classification of Financial Markets



#### Instruments:

- 1. Treasury Bill (T-bills):** It is basically an instrument of short-term borrowing by the Government of India maturing in less than one year. They are also known as Zero Coupon Bonds.

**2. Commercial Paper:** It is a short-term unsecured promissory note, negotiable and transferable by endorsement and delivery with a fixed maturity period. It is issued by large and creditworthy companies to raise short-term funds at lower rates of interest than market rates. It usually has a maturity period of 15 days to one year.

**3. Call Money:** It is a short-term finance repayable on demand, with a maturity period of one day to fifteen days, used for inter-bank transactions. It is a method by which banks borrow from each other to be able to maintain the cash reserve ratio.

**4. Certificate of Deposit (CD):** It is a unsecured, negotiable short-term instruments in bearer form, issued by commercial banks and development financial institutions. It can be issued to individuals, corporations and companies.

**5. Commercial Bill (Trade Bill):** It is a short-term, negotiable, self-liquidating instrument which is used to finance the credit sales of firms. The bill can be discounted with a bank if the seller (drawer) needs funds before the bill maturity.



**TYPES OF CAPITAL MARKET:**

**Primary Market:** It is also known as the new issues market. It deals with new securities being issued for the first time. A company can raise capital through the primary market in the form of equity shares, preference shares, debentures, loans and deposits.

**Secondary Market:** It is also known as stock market or stock exchange or second-hand market. It is a market for the purchase and sale of existing securities.

**Difference between money market and capital market**

Basis	Money market	Capital market
Duration	It is a market for short term securities.	It is a market for medium and long term securities.
Instrument	Treasury bill, commercial paper, certificate of deposit, commercial bill, call money.	Equity shares, preference shares, debentures, bonds.
Liquidity	More liquid	Less liquid
Risk	More riskier instruments	Less risky instruments
Expected return	Low	Higher
Type of capital	Working capital	Fixed capital

**Difference between Primary Market and Secondary Market**

Primary Market	Secondary Market
<ol style="list-style-type: none"> <li>1. It is the market for new securities.</li> <li>2. Securities are exchanged between company and the investors.</li> <li>3. It promotes capital formation directly.</li> <li>4. Only buying of securities takes place. Securities cannot be sold here.</li> <li>5. There is no fixed geographical location.</li> <li>6. Prices are determined and decided by the management of the company.</li> <li>7. Securities are issued to investors for the first time.</li> </ol>	<ol style="list-style-type: none"> <li>1. It is the market for existing securities.</li> <li>2. Securities are exchanged between investors.</li> <li>3. It promotes capital formation indirectly.</li> <li>4. Both buying and selling of securities can take place in the stock exchange / stock market.</li> <li>5. There is a specified location.</li> <li>6. Prices are determined by demand and supply for the security in the stock exchange.</li> <li>7. Securities may be bought and sold many times but not the first time.</li> </ol>

## STOCK EXCHANGE



- Meaning and definition of Stock exchange: The stock exchange is a market in which existing securities are bought and sold.
- The securities contract (regulation) act, 1956 defines “a stock exchange as an association, organization, body of individuals, whether incorporated or not, established for the purpose of assisting, regulating and controlling of business in buying, selling and dealing in securities”.

### Functions of stock exchange

- 1. Providing Liquidity and Marketability to Existing Securities:** It gives investors the chance to disinvest and re-invest. This provides both liquidity and easy marketability to already existing securities in the market.
- 2. Pricing of Securities:** Share prices on a stock exchange are determined by the forces of demand and supply. A stock exchange is a mechanism of constant valuation through which the prices of securities are determined.
- 3. Safety of Transactions:** The membership of a stock exchange is well regulated and its dealings are well defined according to the existing legal frame work. This ensures that the investing public gets a safe and fair deal on the market.
- 4. Contributes to Economic Growth:** A stock exchange is a market in which existing securities are re-sold or traded. Through this process of disinvestment and re-investment savings get channelized into their most productive investment avenues. This leads to capital formation and economic growth.

**5. Spreading of Equity Cult:** The exchange can play a vital role in ensuring wider share ownership by regulating new issues, better trading practices and taking effective steps in educating the public about investments.

**6. Providing Scope for Speculation:** The stock exchange provides sufficient scope within in the provisions of law for speculative activity in a restricted and controlled manner.

**TRADING PROCEDURE: -**

The procedure for purchase and sale of securities in a stock exchange involves the following steps:

**1. Selection of broker**

The first step is to select a broker who will buy/sell securities on behalf of the investor. This is necessary because trading of securities can only be done through SEBI registered brokers who are the members of a stock exchange. Brokers may be individual, partnership firms or corporate books. The broker charges brokerage / commission for his services.

**2. Opening demat account**

The next step is to open a demat account. Demat (Dematerialised) account refers to an account which an Indian citizen must open with the depository participant (banks, stock, brokers) to trade in listed securities in electronic form. The securities are held in the electronic form by a depository. At present, there are two depositories in India **NSDL** (National Securities Depository Ltd.) and **CDSL** (Central Depository Services Ltd.) Depository interacts with the investors through depository participants. Your Depository Participant will maintain your securities account balances and intimate to you the status of your holding from time to time.

**3. Placing the order**

The next step is to place the order with the broker. The order can be communicated to the broker either personally or through telephone, cell phone, e-mail etc. The instructions should specify the securities to be bought or sold and the price range within which the order is to be executed. Only the securities of listed companies can be traded on the stock exchange.

**4. Executing the order**

According to the instructions of the investor, the broker buys or sells securities. The broker then issues a contract note. A copy of the contract note is sent to the client. The contract note contains the name and the price of the securities, names of the parties, brokerage charged. It is signed by the broker.

**5. Settlement**

This is the last stage in the trading of securities done by the brokers on behalf of their clients. The mode of settlement depends upon the nature of the contract. Monday to Friday. Delivery of shares must be made in dematerialized form, and each exchange has its own clearing house, which assumes all settlement risk.

**D'MAT/Demat ACCOUNT:**

Dematerialization (popularly known as D'Mat) is the process of converting a share certificate from its physical form to electronic form and credit the same number of holdings to the D'Mat A/c which the investor opens with a depository participant. D'Mat Account refers to that account which is opened by the investors with depository participant to facilitate trading in shares.

**SEBI**

• It was set up in 1988 to regulate the functions of the securities markets with a view to promoting their orderly and healthy development, to provide adequate protection to investors and thus to create an environment to facilitate mobilization of adequate resources through the securities market.

- 1st May, 1992 SEBI was granted legal status. It is a body corporate having a separate legal existence and perpetual succession.

### **OBJECTIVES OF SEBI**

- 1. To regulate stock exchanges and the securities industry to promote their orderly functioning.
- 2. To protect the rights and interests of investors, particularly individual investors and to guide and educate them.
- 3. To prevent trading malpractices and achieve a balance between self regulation by the securities industry and its statutory regulation.
- 4. To regulate and develop a code of conduct and fair practices by intermediaries like brokers, merchant bankers etc., with a view to making them competitive and professional.

### **FUNCTIONS OF SEBI**

#### **Protective Functions:**

(i) SEBI prohibits fraudulent and unfair trade practices in the securities market such as

(a) Price Rigging – Making manipulations with the sole objective of inflating or depressing the market price of securities.

(b) Misleading statements: SEBI prohibits misleading statements which are likely to induce the sale or purchase of securities.

(ii) SEBI Prohibits insider trading. An insider is a person connected with the company who is reasonably expected to have access to price sensitive information in respect of securities of a company which is not available to public at large. Directors, promoters etc., are considered as insiders when they make use of privileged information to make individual profits by buying or selling of the securities of the company is called insider trading.

(iii) SEBI undertakes steps to educate investors through investors, camps, T.V, Newspapers etc.,

(iv) SEBI promotes fair practices and code of conduct in securities market such as

a) Companies cannot roll over the debenture holders, funds unilaterally and cannot change terms - term.

b) SEBI is empowered to investigate cases of insider trading and has provisions for still fine and imprisonment.

c) SEBI has stopped the practice of making preferential allotment of shares at lower prices than market price.

(v) SEBI issues timely guidelines clarifications to investors during stock market up's and downs.

#### **Development Function:**

i. SEBI promotes training of intermediaries of the securities market such as brokers, sub – brokers etc.,

ii. SEBI has permitted internet trading in a limited way through registered stock brokers.

iii. In order to reduce the cost of issue, SEBI has made under – writing optional.

iv. SEBI has accepted the system of using the stock exchanges to market IPO's

v. All intermediaries including collecting banks here to register with SEBI

vi. Registration of foreign Institutional investors (FIIs) allowed for the development and growth of Indian markets.

vii. PSU bonds brought under SEBI's purview

viii. Private mutual funds are allowed for the benefit of small investors.

ix. Debenture trustees to be registered by SEBI etc.

## Regulatory Functions:

- i. SEBI registers and regulates the working of mutual funds.
- ii. SEBI regulates takeover of companies
- iii. SEBI conducts inquires and audit of the stock exchange.
- iv. SEBI registers and regulates the working of stock – brokers, Sub – Brokers, Brokers to an issue, and Registrars to an issue, share transfer agents and such other intermediaries in the stock market.
- v. SEBI regulates the business in stock exchanges and securities market.
- vi. SEBI has notified rules and regulations and a code of conduct to regulate the intermediaries in the securities market such as underwriters, merchants, brokers etc.,
- vii. Levying fee or other charges for carrying out the purposes of the Act.

## QUESTION BANK MCQS

Q. NO.	QUESTIONS
Q1.	Which of the following statements is not true with regard to the money market? (a) It involves low market risk. (b) It is situated at specific locations. (c) Deals in unsecured and short-term debt instruments. (d) The instruments traded are highly liquid.
Q2.	It is a market for short-term funds which deals in monetary assets whose period of maturity is up to one year (a) primary market (b) secondary market (c) capital market (d) money market
Q3.	One of the common irregularities noted by the Securities and Exchange Board of India during the inspection of a stock exchange was that it was dealing with unregistered sub- brokers. Identify the related function of the Securities and Exchange Board of India __. (a) Regulatory function (b) Protective function (c) Developmental function (d) None of the above
Q4.	Which of the following statements is not true with regard to stock exchange? (a) It provides a platform for buying and selling of new securities. (b) It curbs the marketability of the securities. (c) By providing a ready market, it extends liquidity to the securities. (d) It provides a platform for buying and selling of old securities. `
Q5.	Assertion (A) Primary market is also known as the new issues market Reason (R) Primary market deals with the securities already traded in market. (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
Q6.	Secondary market deals with the _____ of existing securities (a) Purchase (b) Sale

	(c) Purchase-sale (d) Stock
Q7.	_____ is a part of capital market. (a) Call Money (b) Primary Market (c) Secondary Market (d) Primary and Secondary Market
Q8.	It acts like a bank and keeps securities in electronic form on behalf of the investor. (a) depository participant (b) depository (c) stock exchange (d) none of the above
Q9.	Educating the investors is the ----- function of SEBI. a. protective b. regulatory c. development d. both a and c
Q10.	The new issue market is also known as: (a) primary market (b) secondary market (c) capital market (d) money market
Q11.	Which of the following statements is not true with regard to primary market? a) It is also known as the old issues market. b) it facilitates the transfer of investible funds from savers to entrepreneurs. c) it deals with new securities being issued for the first time. d) it facilitates the transfer of investible funds from savers to entrepreneurs.
Q12.	Stock exchange works as a mechanism for valuation of securities through the forces of demand and supply. Identify the related function performed by the stock exchanges. a) providing liquidity and marketability to existing securities. b) safety of transaction. c) pricing of security. d) spreading of equity cult
Q13.	The process of holding shares in electronic form is known as (a) demutualization (b) dematerialization (c) speculation (d) none of the above
Q14.	It is a number assigned to each transaction by the stock exchange and is printed on the contract note. (a) pan number (b) unique order code (c) contract notes (d) none of the above
Q15.	Assertion (A): Depository participant serves as an intermediary between the investor and the depository (NSDL or CSDL). Reason(R): Only banks are permitted to become depository participants. (a) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A)
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	<p>(b) Both Assertion (A) and Reason (R) are true, but Reason (R) is not the correct explanation of Assertion (A)</p> <p>(c) Assertion (A) is true, but Reason (R) is false</p> <p>(d) Assertion (A) is false, but Reason (R) is true.</p>
Q16.	<p>Assertion(A): SEBI was established to promote orderly and healthy growth of securities market.</p> <p>Reason(R): Price rigging refers to a practice in which the insider uses the sensitive information about the securities of a company to make personal profits.</p> <p>(a) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A)</p> <p>(b) Both Assertion (A) and Reason (R) are true, but Reason (R) is not the correct explanation of Assertion (A)</p> <p>(c) Assertion (A) is true, but Reason (R) is false</p> <p>(d) Assertion (A) is false, but Reason (R) is true</p>
Q17.	<p>A company can raise capital through the primary market in the form of</p> <p>(a) equity shares</p> <p>(b) preference shares</p> <p>(c) debentures</p> <p>(d) all of the above</p>
Q18.	<p>Which of the following is not a protective function of stock exchange?</p> <p>(a) prohibition of fraudulent and unfair trade practices.</p> <p>(b) controlling insider trading.</p> <p>(c) regulation of takeover bids by companies.</p> <p>(d) promotion of fair practices and code of conduct in securities market.</p>
Q19.	<p>Adapting to a change in consumer preference towards online shopping, Fast-Service' started a grocery delivery app. It is a platform that ensures 10-minute deliveries of groceries. Because of this service, Fast-Service earned huge profit within a year. It planned to expand its operations and decided to raise funds by directly issuing its securities to investors.</p> <p>The market through which Fast-Service has decided to raise funds for its expansion is:</p> <p>(a) Money market</p> <p>(b) Primary market</p> <p>(c) Secondary market</p> <p>(d) Both Primary and Secondary markets</p>
Q20.	<p>Reshu's father has gifted her the shares of a large cement company with which he had been working. The securities were in physical form. She already has a bank account and does not possess any other forms of securities.</p> <p>She wished to sell the shares and approached a registered broker for the purpose. Mention one mandatory detail which she will have to provide with the broker.</p>
<b>THREE MARKS QUESTIONS (03 MARKS)</b>	
Q21.	<p>State the protective functions of Securities and Exchange Board of India.</p>
Q22.	<p>Supriya's grandmother who was unwell, called her and gave her as gift packet. Supriya opened the packet and saw many crumpled share certificates inside. Her grandmother told her that they had been left behind by her late grandfather</p> <p>As no trading is now trading is done on physical form, Supriya wants to know the process by adopting which she is in a position to deal with these certificates.</p>
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	<p>(a) Identify and state the process</p> <p>(b) Also, give two reasons to Supriya why dealing with shares in physical form has been stopped.</p>
Q23.	Money market is essentially a market for short-term funds'. In the light of this statement state any three features of money market.
Q24.	<p>Unicon Securities Pvt. Ltd" was established to deal in securities. It was registered as a stock broker with National Stock Exchange (NSE) and Bombay Stock Exchange (BSE) to trade in securities listed at these exchanges. It is also a depository participant with CDSL and NSDL. In the first three years, it developed its business successfully. After that the composition of Board of Directors changed. Some customers complained to the customer care centre of the company that shares purchased by them and for which the payment has been duly made, were not transferred to their D'mat Accounts by "Unicon securities Pvt. Ltd" . The executive of customer care centre promised the aggrieved customers that their shares will be transferred to their respective D'mat Accounts very soon. But the company delayed the matter and didn't transfer the shares of the customers to their D'mat Accounts. This eroded investors confidence and multiplied, their grievances.</p> <ol style="list-style-type: none"> <li>1. Identify the step of trading procedure in a stock exchange which has not been followed by "Unicon Securities Pvt. Ltd".</li> <li>2. Name the Apex statutory body of capital market to whom customer can complain to redress their grievances.</li> </ol>
Q25.	<p>Incorporated in 1990, Raju Dairy Ltd., is one of the leading manufacturers and marketers of dairy-based branded foods in India. In the initial years, its operations were restricted only to collection and distribution of milk. But, over the years it has gained a reasonable market share by offering a diverse range of dairy based products including fresh milk, flavoured yogurt, ice creams, butter milk, cheese, ghee, milk powders etc. In order to raise capital to finance its expansion plans, Raju Dairy Ltd. has decided to approach capital market through a mix of Offer for sale of Rs. 4 crore shares and a public issue of Rs. 2 crore shares.</p> <p><b>In context of the above case: Name and explain the segment of capital market being approached by the company.</b></p>
<b>FOUR MARKS QUESTIONS (04 MARKS)</b>	
Q26.	<p>Charu is a chartered accountant in Prakash Ltd. During the course of meeting with directors she came to know that as against the previous years, this year company is going to declare handsome dividend offer. It is observed that when such news becomes public then the share market jumps up. Considering it, Charu purchase large number of company's share before this news reached the public.</p> <ol style="list-style-type: none"> <li>1. Identify the type of malpractice used by Charu.</li> <li>2. Name the authority which regulate such behaviours. Write any three other functions of this authority</li> </ol>
Q27.	State the functions of stock exchange.
Q28.	<p>A very famous article was published in a finance magazine. A portion of that article is present here: Financial market is not a usual market where you buy commodities but a special place where one can have all the necessary information about the different securities traded in the market. The buyers on the one hand get to know about the securities and they get a place where securities are sold helping reduce the wastage of time, effort and money. The financial experts say otherwise the job of the people involved in the securities transactions would have been really difficult. Securities get a buyer on the one hand and the seller on the other hand on a common platform - this helps in easy conversion of securities into cash. In the economies where there is no stock exchange the funds remain blocked. The money trapped in the houses should come out and flow in the economy and when they are invested in the shares of a company they have the capability to attain the maximum value. People would always like to sell securities on their own conditions. No government intervention can predict the price of securities. The stock market</p>
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	<p>is a place which runs on the forces of demand and supply thus giving a security its price depending upon its demand. One wonders how the economy of a company can grow without the existence of financial market.</p> <p>Identify explain the functions of financial market discussed in the above case</p>
Q29.	<p>Mr. Sanjay Nehra was the Chairman of Taran Bank. The bank was earning good profits. Shareholders were happy as the bank was paying regular dividends. The market price of their shares was also steadily rising. The bank was about to announce taking over the 'Vena Bank.' Mr. Sanjay Nehra knew that the share price of Taran Bank would rise on this announcement. Being a part of the bank, he was not allowed to buy shares of the bank. He called one of his rich friends Sudhir and asked him to invest Rs.5 crores in shares of his bank promising him the capital gains.</p> <p>As expected, the share prices went up by 40% and the market price of Sudhir's shares was now ? 7 crores. He earned a profit of Rs. 2 crores. He gave Rs. 1 crore to Mr. Sanjay Nehra and kept Rs. 1 crore with himself. On regular inspection and by conducting enquiries of the brokers involved, the Securities and Exchange Board of India (SEBI) was able to detect this irregularity. The SEBI imposed a heavy penalty on Mr. Sanjay Nehra.</p> <p>By quoting the lines from the above paragraph, identify and state any two functions that were performed by SEBI in the above case.</p>
Q30.	State any four functions of 'Secondary - Market'.
<b>SIX MARKS QUESTIONS (06 MARKS)</b>	
Q31.	State the functions of SEBI.
Q32.	State the trading procedure of financial securities in stock exchange.
Q33.	State the objectives of SEBI.
Q34.	<p>These days, the development of a country is also judged by its system of transferring finance from the sector where it is in surplus to the sector where it is needed the most. To give strength to the economy, SEBI is undertaking measures to develop the capital market. In addition to this, there is another market in which unsecured and short-term debt instruments are actively traded everyday. These markets together help the savers and investors in directing the available funds into their most productive investment opportunity.</p> <p>Name the function being performed by the market in the above case</p> <p>Name the market segment other than the capital market segment in which unsecured and short-term debt instruments are traded. Also, give any three points of difference between the two.</p>
Q35.	<p>The Bombay Stock Exchange (BSE) is Asia's first stock exchange and the world's 11th largest stock exchange. It became the first stock exchange to be recognized by the Indian Government under the Securities Contracts Regulation Act. Its automated, screen-based trading platform called BSE On-Line Trading (BOLT) had a capacity of 8 million orders per day. The BSE has also introduced a centralized exchange-based internet trading system, BSEWEBx.co.in to enable investors anywhere in the world to trade on the BSE platform.</p> <p>In context of the above case:</p> <ol style="list-style-type: none"> <li>1. Name the organisation that regulates the working of stock exchanges in India.</li> <li>2. State any three functions performed by stock exchanges.</li> <li>3. Give any two advantages of screen-based trading.</li> </ol>
<b>ANSWERS OF MCQS (01 MARKS)</b>	
Ans.1.	b
Ans.2.	d
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Ans.3.	a
Ans.4.	b
Ans.5.	C
Ans.6.	c
Ans.7.	d
ANS.8.	a
ANS.9.	d
ANS.10.	a
ANS.11.	a
ANS.12.	c
ANS.13.	b
ANS.14.	Contract note
ANS.15.	c
ANS.16.	c
ANS.17.	d
ANS.18.	c
ANS.19.	b
ANS.20.	Reshu will have to give her Permanent Account Number (PAN) to the broker as it is mandatory as per law.
<b>ANSWERS OF THREE MARKS QUESTIONS (03 MARKS)</b>	
ANS.21.	<ul style="list-style-type: none"> <li>• SEBI prohibits fraudulent and unfair trade practices in the securities market</li> <li>• Promotion of fair practices and code of conduct in securities market</li> <li>• Undertaking steps for investor protection</li> <li>• Controlling insider trading and imposing penalties for such malpractices</li> </ul>
ANS.22.	<ol style="list-style-type: none"> <li>1. Dematerialisation refers to the process of holding securities in electronic form.</li> <li>2. The two problems of holding shares in physical form are as follows: <ul style="list-style-type: none"> <li>• When the shares certificates are held in physical form, there is danger of loss or theft.</li> <li>• There is risk of forgery, as the buyer may be delivered fake certificates</li> </ul> </li> </ol>
ANS.23.	<p>The three features of money market are described below:</p> <ul style="list-style-type: none"> <li>• It is a market for short term funds whose maturity period is upto one year.</li> <li>• The main participants are institutional investors.</li> </ul> <p>Since the cost of securities may be high, investment in the money market requires huge capital outlay</p>
ANS.24.	<p>The step of trading procedure in a stock exchange which has not been followed by “Unicon Securities Pvt. Ltd” is settlement i.e. the delivery of shares through the D’mat Account of the broker to D’mat account of the investors.</p> <p>The Securities and Exchange Board of India (SEBI) is the Apex statutory body of capital market to whom customer can complain to redress their grievances</p>
ANS.25.	<p>Primary market is the segment of capital market being approached by the company. It is also known as the new issue market as the securities are issued for the first time by the companies through this market.</p>
<b>ANSWERS OF FOUR MARKS QUESTIONS (04 MARKS)</b>	
ANS.26.	<ol style="list-style-type: none"> <li>1. Insider Trading</li> <li>2. Authority is Securities and Exchange Board of India (SEBI). Their functions are: <ol style="list-style-type: none"> <li>(i) Protective functions, (ii) Developmental functions, (iii) Regulatory functions</li> </ol> </li> </ol>
ANS.27.	<b>Functions of Stock Exchange</b>
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	<ul style="list-style-type: none"> <li>• Ensures liquidity and marketability of existing securities by a providing a ready and continuous market for the sale and purchase of securities.</li> <li>• Helps in determining the prices of the securities through the forces of demand and supply.</li> <li>• It promotes the habit of saving and investment among the general public.</li> <li>• It provides a legal framework for fair and safe dealings.</li> <li>• It helps the companies in raising finance thus facilitating capital formation and economic growth.</li> <li>• It provides scope for healthy speculation in a controlled and restricted way.</li> </ul>
ANS.28.	<p>The various functions of financial market highlighted in the above case are:</p> <p>(i) Financial market reduces the cost of transactions. The buyers on the one hand get to know about the securities and they get a place where securities are sold helping reduce the wastage of time, effort and money.</p> <p>(ii) Financial market provides liquidity to financial assets. Securities get a buyer on the one hand and the seller on the other hand on a common platform-this helps in easy conversion of securities into cash.</p> <p>(iii) Financial market helps in mobilization of savings and channelizes them to the most productive avenues.</p> <p>(iv) It helps to determine the price for the financial asset in a particular financial market through the market forces of demand and supply. It provides a common platform for exchange of securities thereby reducing the cost of transactions by saving time, effort and money spent by the buyers and sellers in locating each other.</p>
ANS.29.	<p>The two functions performed by SEBI in the given case are stated below:</p> <ul style="list-style-type: none"> <li>• Regulatory function is being performed by SEBI: “On regular inspection and by conducting inquires of the brokers involved.”</li> <li>• Protective function is performed by SEBI: “The SEBI imposed a heavy penalty on Mr. Sanjay Nehra.”</li> </ul>
ANS.30.	<p>The four functions of secondary market are enlisted below.</p> <ol style="list-style-type: none"> <li>1. One of the basic functions of secondary market is to provide <b>liquidity and market ability</b> to the already existing financial assets and securities. It provides a ready platform for the trading of existing securities.</li> <li>2. It enables a constant valuation of the securities and helps in building the demand and supply. In this way, it helps in determining the price of the securities.</li> <li>3. It ensures safety and fairness in transactions</li> <li>4. It provides a platform for channelizing the savings to the most productive use. In this way, it facilitates growth and development of the economy.</li> </ol>
<b>ANSWERS OF SIX MARKS QUESTIONS (06 MARKS)</b>	
ANS.31.	<p><b>FUNCTIONS OF SEBI</b></p> <p><b>Protective Functions of SEBI</b></p> <ul style="list-style-type: none"> <li>• SEBI prohibits fraudulent and unfair trade practices in the securities market</li> <li>• Promotion of fair practices and code of conduct in securities market</li> <li>• Undertaking steps for investor protection</li> </ul>
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	<ul style="list-style-type: none"> <li>• Controlling insider trading and imposing penalties for such malpractices.</li> </ul> <p><b>Developmental Functions of SEBI</b></p> <ul style="list-style-type: none"> <li>• Ensuring training of intermediaries of securities market</li> <li>• Conducting research and publishing information useful to all market participants</li> <li>• Facilitating flexibility in the working of capital markets.</li> </ul> <p><b>Regulatory Functions of SEBI</b></p> <ul style="list-style-type: none"> <li>• Registration and regulation of brokers, sub-brokers and other players in the financial market.</li> <li>• Registration of collective investment schemes and Mutual Funds.</li> <li>• Conducting enquiries and audits of stock exchanges &amp; intermediaries.</li> <li>• Regulation portfolio exchanges, underwriters, merchant bankers and the dealings in the stock exchanges.</li> <li>• Regulation of take over bids by the companies</li> </ul>
ANS.32.	<p><b>1 Trading procedure:</b> -</p> <p>The procedure for purchase and sale of securities in a stock exchange involves the following steps:</p> <ol style="list-style-type: none"> <li>1. <b>Selection of broker</b> -the first step is to select a broker who will buy/sell securities on behalf of the investor. This is necessary because trading of securities can only be done through sebi registered brokers who are the members of a stock exchange.</li> <li>2. <b>Opening demat account</b> -the next step is to open a demat account. Demat (dematerialised) account refers to an account which an Indian citizen must open with the depository participant (banks, stock, brokers) to trade in listed securities in electronic form.</li> <li>3. <b>Placing the order</b> -the next step is to place the order with the broker. The order can be communicated to the broker either personally or through telephone, cell phone, e-mail etc.</li> <li>4. <b>Executing the order</b> -according to the instructions of the investor, the broker buys or sells securities.</li> <li>5. <b>Settlement</b> -this is the last stage in the trading of securities done by the brokers on behalf of their clients. The mode of settlement depends upon the nature of the contract. equity stock market follows a t+2 rolling settlement. This means that any trade taking place on Monday gets settled by Wednesday.</li> </ol>
ANS.33	<p><b>Objectives of SEBI</b></p> <ul style="list-style-type: none"> <li>• To prevent trading malpractice in the securities markets.</li> <li>• To protect the rights and interest of investors, and to guide and educate them.</li> <li>• To regulate and develop a code of conduct and fair practices by intermediaries like brokers, merchant bankers, etc. with a view to making them competitive and professional.</li> <li>• To regulate stock exchanges and the securities market to promote their orderly functioning.</li> </ul> <p><b>Purpose and Role of SEBI</b></p> <p>SEBI has to be responsive to the needs of three groups, which constitute the market namely:</p> <ol style="list-style-type: none"> <li>b) The issuers of securities so as to provide them a platform for raising capital in an easy, effective and efficient manner.</li> <li>c) The investors so as to protect their interests in securities by keeping them abreast about the developments through true and appropriate information.</li> <li>d) The market intermediaries in order to provide them a framework so as to enable them to perform their functions effectively and efficiently.</li> </ol>
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ANS.34

a. The function being performed by the market is the Allocative function. The market segment other than the capital market segment in which unsecured and short-term debt instruments are traded is called the Money Market. The three points of difference between the two are as follows:

Basis of Difference	Capital Market	Money Market
Time Span of Securities	Capital Market mainly deals in the trading of medium and long-term securities wherein, the maturity period more than one year is.	Money Market deals in the trading of short-term securities wherein, the maturity period can vary from one day to a maximum of one year.
Liquidity	Capital market securities are liquid in nature as they are tradable on stock exchanges, but are less liquid in comparison to the money market securities.	The securities traded are highly liquid in nature.
Returns Expected	Expected returns are higher due to the possibility of capital gains in long-term and regular dividends or	Expected returns are lower due to shorter duration.
Instruments	Instruments traded in capital market comprise of equity shares, preference shares, debentures, bonds and other long term securities.	Instruments traded in money market comprise of treasury bills, commercial bills, certificate of deposits and other short-term securities.

ANS.35

1. Securities And Exchange Board of India (SEBI) regulates the working of stock exchanges in India.
  2. Three functions performed by stock exchanges are as follows:
    - Ensures liquidity and marketability of existing securities by a providing a ready and continuous market for the sale and purchase of securities.
    - Helps in determining the prices of the securities through the forces of demand and supply.
    - It provides a legal framework for fair and safe dealings.
- Two advantages of screen-based trading are as follows:
- As the investors get access to the stock market during real time, there is complete transparency in the dealings.
  - It provides a common platform for exchange of securities thereby increasing the efficient transactions by saving time, effort and money.

## CHAPTER (11) MARKETING MANAGEMENT

Marketing is the process of creating, communicating, and delivering products and services that have value for customers, driven by a customer-centric approach to fulfilling needs and wants through exchange. Key features include the focus on customer needs, creating a market offering, building customer value, and utilizing an exchange mechanism. Its functions involve activities like market research, product development, pricing, promotion, and distribution, while the different philosophies guiding it range from the production and selling concepts to the more modern marketing and societal marketing concepts.

### **Concept of marketing**

Marketing is a social process where individuals and groups obtain what they need and want by creating and exchanging products and services of value with others.

It involves understanding customer needs and wants, then developing and bringing products or services to market to satisfy them.

The goal is to provide maximum customer satisfaction, often through a process of "market offering" which includes a combination of products, services, information, or experiences.

### **Features of marketing**

**Needs and Wants:** Marketing addresses the needs and wants of individuals and groups.

**Customer Value:** A key feature is the process of creating value for the customer.

**Exchange:** Marketing operates through an exchange mechanism where goods and services are traded for value.

**Market Offering:** Marketers create a "market offering" which is a combination of products, services, information, or experiences designed to satisfy customer needs.

**Customer Satisfaction:** The ultimate aim is customer satisfaction, achieved by meeting their needs and wants.

### **Functions of marketing**

**Market Research:** Gathering and analyzing market information to understand customer needs and preferences.

**Product Planning and Development:** Designing and developing products to meet identified needs.

**Standardization and Grading:** Setting standards and grades for products to ensure quality and consistency.

**Packaging and Labeling:** Creating packaging and labels that are both informative and attractive.

**Branding:** Developing a brand identity to differentiate products in the market.

**Pricing:** Determining the right price for a product to reflect its value and meet profit objectives.

**Promotion:** Communicating the value of the product to potential customers through advertising, personal selling, and other promotional activities.

**Distribution:** Getting the product to the customer, which includes transportation and storage.

**Financing:** Providing options for financing the purchase of products.

### **Marketing philosophies**

**Production Concept:** Focuses on efficient production and widespread availability at low cost.

**Product Concept:** Assumes consumers will favor products that offer the most quality, performance, and innovative features.

**Selling Concept:** Focuses on aggressive selling and promotion to convince customers to buy what is being produced, with little regard for customer satisfaction.

**Marketing Concept:** Shifts focus from selling to customer needs; a company should try to create products that satisfy customer needs better than competitors.

**Societal Marketing Concept:** A more recent concept that requires marketers to balance the company's needs with society's well-being and the environment

The marketing mix is a set of controllable, tactical marketing tools a company uses to produce the desired response from its target market. The classic model is the 4 Ps: Product, Price, Place, and Promotion. For services, three additional Ps are often included: People, Process, and Physical Evidence.

### **Elements of the marketing mix**

#### **The 4 Ps**

**Product:** This refers to the good or service a company offers to meet customer needs. It includes decisions about product development, branding, features, and packaging.

**Price:** This is the amount customers pay for the product. Pricing strategy considers the product's perceived value, cost, and how it compares to competitors, which can affect profitability.

**Place:** This involves making the product available to the customer, or its distribution. This includes deciding where to sell the product (e.g., physical stores, online) and the logistics of getting it there, such as warehousing and transportation.

**Promotion:** This includes all the activities used to communicate the product's value and persuade customers to buy it. Examples include advertising, public relations, sales promotions, and personal selling.

### **Product:**

Product is one of the four elements of the marketing mix, representing the goods and services offered to a market to satisfy a want or need. It is a bundle of tangible and intangible benefits, including branding, labelling, and packaging, which are crucial for differentiation and communicating value to consumers. **Branding** is a name, term, design, or symbol that identifies a product; **labelling** provides information on the product's package; and **packaging** is the container that protects the product and provides convenience and brand identity.

### **Product as a marketing mix element**

**Definition:** A product is a good or service offered to a market to satisfy a want or need. It encompasses a "bundle of benefits" that includes physical features, supporting services, and other attributes.

**Core concept:** A product is not just a physical item, but a set of tangible and intangible attributes that provides value to the customer. For example, buying a washing machine is not just about the machine itself, but also about the convenience of clean clothes and the associated services.

**Product mix:** This refers to the complete set of products and product lines a company offers. It involves decisions about the design, quality, quantity, and branding of the products.

### **Branding, labelling, and packaging**

**Branding:** A brand is what makes a product unique and different from competitors. It is the name, term, design, symbol, or a combination of these that identifies the goods or services of one seller. A strong brand fosters loyalty and creates a distinct identity.

**Labelling:** This is the process of attaching information to a product, its container, or its packaging. Labels can be part of the packaging or a separate tag, sticker, or barcode.

**Purpose:** Labels are used for identification, to provide information on ingredients and usage, to rate the product, to advertise, and to meet legal requirements.

**Impact:** A good label communicates value and helps customers make informed choices.

**Packaging:** This is the container or wrapper used to protect, transport, and hold the product.

**Purpose:** Its basic function is to protect the product from damage, spoilage, or leakage, but it also increases durability and convenience.

**Role in marketing:** Packaging is also an important means of product identification and plays a vital role in branding and advertising. Attractive packaging can increase sales.

Physical distribution is the process of managing the movement of goods from the point of production to the final consumer. Its key components include order processing, warehousing, inventory management, transportation, and material handling. Distribution channels are the pathways through which these goods travel, ranging from direct sales to using intermediaries like wholesalers and retailers.

### **Price Mix**

Price is a key element of the marketing mix, representing the monetary value customers pay for a product, and is the only element that generates revenue. Factors determining price include production costs, market demand, competitor pricing, and the company's objectives. Distribution channels are the pathways products take from producer to consumer, including options like selling directly to the retailer, using wholesalers and distributors, or selling directly to the consumer.

Price as an element of the marketing mix

**Definition:** Price is the amount of money a customer pays to purchase a product or service.

**Revenue generation:** It is the only element of the marketing mix that generates revenue for a company, while others incur costs.

**Flexibility:** Price is a highly flexible element, unlike product features or long-term distribution commitments, and can be changed quickly to respond to market conditions.

**Impact:** Pricing decisions significantly affect a company's profitability, market share, and consumer perception.

#### **Factors determining a product's price**

**Production costs:** The total cost of producing a good, which includes fixed and variable costs, is a fundamental factor in setting the price.

**Market demand:** The level of demand for the product influences its price, with higher demand often allowing for higher prices.

**Competition:** Competitors' pricing strategies, market share, and the intensity of competition must be considered.

**Company objectives:** A company's goals, such as maximizing profit, gaining market share, or simply covering costs, will guide its pricing strategy.

**Government and legal regulations:** The government may set price controls on certain essential products to protect consumers.

**Customer perception:** The perceived value of the product in the eyes of the customer is crucial. Pricing can position a product as high-end, mid-range, or budget-friendly.

**Other factors:** Other elements to consider include customer location, terms of sale, discounts, and credit policies.

#### Various channels of distribution

**Definition:** A channel of distribution is the path through which goods move from the producer to the final consumer.

**Direct selling:** The producer sells directly to the consumer, bypassing intermediaries.

**Indirect selling:** The producer sells through one or more intermediaries. Examples include:

**Wholesalers:** These are intermediaries who buy in large quantities from producers and sell to retailers.

**Retailers:** These are businesses that sell directly to the final consumers.

**Distributors:** These can be a separate entity that takes ownership of goods and sells them to retailers or other businesses.

**Multichannel approach:** A company may use multiple channels to reach different customer segments, such as having both a physical store and an online presence.

#### **Place:**

##### Components of physical distribution

**Order Processing:** The handling of customer orders, from receiving the order to processing the payment and initiating the shipping process.

**Warehousing:** The storage of goods in a secure location until they are needed or sold.

**Inventory Management:** The process of monitoring and controlling the levels of stock to ensure there are enough products to meet demand without holding excess inventory.

**Transportation:** The physical movement of goods between different points, such as from a factory to a warehouse, or from a warehouse to a customer.

**Material Handling:** The movement and protection of products within a warehouse or facility.

**Customer Service:** Ensuring customer satisfaction through efficient and reliable product delivery.

#### Channels of distribution

**Direct Channel:** The manufacturer sells directly to the end consumer without any intermediaries. An example is an e-commerce store owned and operated by the producer.

**Retailer Channel:** The product moves from the manufacturer to a retailer, who then sells it to the consumer. This is a common model for many products found in brick-and-mortar stores.

**Wholesaler Channel:** The product goes from the manufacturer to a wholesaler, who then sells it to retailers, who finally sell it to the consumer.

**Agent/Broker Channel:** An agent or broker acts as an intermediary between the manufacturer and the wholesaler, retailer, or consumer to help facilitate the sale.

**Promotion:**

Promotion is the marketing mix element used to inform, persuade, and remind consumers about a product, with its core tools forming the promotion mix. The promotion mix includes advertising, sales promotion, personal selling, public relations, and direct marketing, which are used in combination to achieve marketing goals like increasing sales and building brand awareness. Advertising involves paid, non-personal communication, while sales promotion uses short-term incentives to drive immediate sales. Public relations focuses on building and maintaining a positive public image and mutual understanding.

**Promotion as a marketing mix element**

Promotion is the "communication" part of the marketing mix.

It involves all activities a company undertakes to communicate with customers and distribution channels.

The main goals are to inform consumers about a product's benefits, persuade them to buy it, and encourage repeat purchases.

Elements of the promotion mix

The promotion mix is the specific combination of promotional tools a company uses, which can include:

**Advertising:** Paid, non-personal communication through mass media to promote products, services, or ideas.

**Sales Promotion:** Short-term incentives, such as discounts or coupons, to encourage a purchase.

**Personal Selling:** Direct, face-to-face communication with potential customers to make a sale.

**Public Relations (PR):** Efforts to build a positive reputation and "earn" media coverage and public support.

**Direct Marketing:** Communicating directly with targeted individual consumers to generate a response or transaction.

**Digital/Internet Marketing:** Using online channels to promote products and services, a rapidly growing component of the promotion mix.

Advertising

**Concept:** A paid, non-personal form of communication used to inform, persuade, and influence an audience about a product, service, or idea.

**Purpose:** To draw attention to a product's benefits and features, and to influence an audience's attitudes and behavior.

**Mediums:** Can be delivered through various channels like television, radio, newspapers, magazines, and online platforms.

**Sales promotion**

**Concept:** The use of short-term incentives and offers to stimulate demand for a product or service.

**Purpose:** To encourage an immediate purchase, build brand awareness, or foster customer loyalty.

**Examples:** Coupons, discounts, contests, loyalty programs, and special bundle offers.

Public Relations (PR)

**Concept:** A planned effort to establish and maintain a company's reputation and mutual understanding between an organization and its various publics.

**Purpose:** To influence opinion and behavior by creating a positive image and building goodwill, often through earned media like news coverage and press releases rather than paid advertising.

**QUESTION BANK**

**MCQ**

Q.No.	QUESTIONS
1	Read the following statements Assertion(A) and Reason(R). Choose one of the correct alternatives given below- Assertion(A)- Packaging is necessary not just to protect the goods but also to serve as a marketing tool. Reason(R)- Grading is so essential in today's marketing that it's regarded as a marketing pillar.

	<p>(a) Both A and R are correct  (b) A is correct R is incorrect  (c) Both A and R are correct and R is the correct explanation of R  (d) Both A and R are correct and R is not the correct explanation of R</p>
2	<p>Which of the following is the feature of the marketing?  (a) Needs and wants  (b) Creating a market offering  (c) Customer value  (d) All of the above</p>
3	<p>_____ concept is based on those companies who believe in this philosophy that quality of goods or services of good standard can easily attract customers.  (a) Marketing concept  (b) Production concept  (c) Product concept  (d) Selling concept</p>
4	<p>Read the following statements Assertion(A) and Reason(R). Choose one of the correct alternatives given below-  Assertion(A)- Customer support services are extremely successful at generating repeat sales and building brand loyalty for a product.  Reason(R)- All of the services are aimed at raising the dealers' profit margins, which is the key to current marketing success.  (a) Both A and R are correct  (b) A is correct R is incorrect  (c) Both A and R are correct and R is the correct explanation of R  (d) Both A and R are correct and R is not the correct explanation of</p>
5	<p>_____ is the process of classification of products into different groups on the basis of some of its important characteristics.  (a) Grading  (b) Packaging  (c) Standardization  (d) Branding</p>
6	<p>Packaging is important not only for protection of the product but also serves as _____.  (a) Quality product  (b) Complex graphics  (c) Promotional tool  (d) Promotion budget</p>
7	<p>Identify the elements of marketing mix:-  (a) Product  (b) Price  (c) Promotion  (d) All of the above</p>
8	<p>Which of the following is not the function of packaging?  (a) Product protection  (b) Pricing objectives</p>

	<p>(c) Promotion (d) Product identification</p>
<b>9</b>	<p>Karam Limited is offering a travel package for 15 destinations worldwide with free insurance on the bookings for the month of December 2019. Identify the feature of marketing being described in the above lines.</p> <p>(a) Needs and wants (b) Creating a market offering (c) Customer value (d) Exchange mechanism</p>
<b>10</b>	<p>In order to promote the habit of health and hygiene among weaker sections of society, Abhyas Limited has launched low-cost packs of hand wash. Identify the type of marketing philosophy being adopted by the company.</p> <p>(a) Product concept (b) Production concept (c) Marketing concept (d) Societal marketing concept</p>
<b>11</b>	<p>In order to get feedback about its new product launch, Taggi Limited conducted an online survey through a short questionnaire. Identify the marketing function being mentioned in the given line.</p> <p>(a) Gathering and analysing market information (b) Marketing planning (c) Product designing and development (d) Packaging and labelling</p>
<b>12</b>	<p>Read the following statements Assertion(A) and Reason(R). Choose one of the correct alternatives given below-</p> <p>Assertion(A)- The marketing concept strives to identify and meet the wants and requirements of customers in an efficient manner. Reason(R)- Products are purchased based on their quality and other attributes, according to the marketing theory</p> <p>(a) Both A and R are correct (b) A is correct R is incorrect (c) Both A and R are correct and R is the correct explanation of R (d) Both A and R are correct and R is not the correct explanation of R</p>
<b>13</b>	<p>Read the following statements Assertion(A) and Reason(R). Choose one of the correct alternatives given below-</p> <p>Assertion(A)- It is critical to have a firm grasp on the philosophy or concept that will be used Reason(R)- It defines how much focus or weight should be placed on certain aspects in order to achieve the organisational goals</p> <p>(a) Both A and R are correct (b) A is correct R is incorrect</p>

	<p>(c) Both A and R are correct and R is the correct explanation of R</p> <p>(d) Both A and R are correct and R is not the correct explanation of R</p>
<b>14</b>	<p>Read the following statements Assertion(A) and Reason(R). Choose one of the correct alternatives given below-</p> <p>Assertion(A)- The term “market” refers to a location where buyers and sellers meet to conduct business and exchange goods and services.</p> <p>Reason(R)- A market is a group of present and potential customers for a product or service. It does not have to be a specific location.</p> <p>(a) Both A and R are correct</p> <p>(b) A is correct R is incorrect</p> <p>(c) Both A and R are correct and R is the correct explanation of R</p> <p>(d) Both A and R are correct and R is not the correct explanation of R</p>
<b>15</b>	<p>. Ashan Ltd. is a natural and ethical firm that specialises in providing organic bathing items for men and women. The company uses plant-based elements in its goods and is the country’s leading organic brand. It not only meets the needs of its clients, but it also believes in environmental conservation as a whole. Determine the marketing management philosophy that ‘Beauty Products Ltd.’ employs.</p> <p>(a) Social marketing concept</p> <p>(b) Selling concept</p> <p>(c) Production concept</p> <p>(d) Product concept</p>
<b>16</b>	<p>A beauty goods manufacturing firm has decided to determine client demands in order to begin successful marketing of the clothing it produces, and is conducting a SWOT analysis to accomplish so (Strength, Weakness, Opportunity and Threat Analysis). The organisation is working hard to achieve its goals. It has decided to create a blueprint for how much production it will accomplish, how much work it will put into promotion, and all other significant measures it will do to reach its goals. However, the business has one flaw that it would like to address. Last year, the physical movement of the company’s prepared items was not done effectively, and the company wants to make sure it is done correctly this year. It has established a separate department to appropriately carry out this task. I’m hoping for a better future for the company.</p> <p>In the preceding example, which marketing functions were highlighted?</p> <p>(a) Marketing planning and transportation</p> <p>(b) Transportation and identifying customer needs</p> <p>(c) Gathering and analysing market information and planning</p> <p>(d) Both a and c</p>
<b>17</b>	<p>A tea company is attempting to expand its operations. It recognises that the function of the intermediaries will be crucial in this regard. A conference of top management is called, and the causes that are causing the distributors’ potential to be underutilised are discussed. Intermediaries play a critical function in a product like tea. The company has decided to offer them discounts and to launch a robust promotional effort to entice them to participate. In the example above, which aspect of the marketing mix is highlighted?</p> <p>(a) Promotion</p> <p>(b) Price</p> <p>(c) Place</p> <p>(d) Product</p>

18	<p>An electronic manufacturing firm is confident in its ability to sell its goods. The company's major focus is always on the features of the products it produces. They are constantly attempting to add new features, which are added after extensive research on the issue. For them, quality is everything. They strive to maintain the highest levels of quality and take all required procedures in the production process to achieve this. To put it simply, the company's primary strength is the product's quality and features. Which marketing factor is 'Quality and Features' in this case?</p> <p>(a) Product (b) Promotion (c) Place (d) Pricing</p>
19	<p>A chocolate manufacturing firm spends a significant amount of money on marketing, personal selling, and sales promotion strategies to encourage target clients to buy its chocolates. Determine which part of the marketing mix is being discussed.</p> <p>(a) Place (b) Price (c) Promotion (d) Product</p>
20	<p>Read the following statements Assertion(A) and Reason(R). Choose one of the correct alternatives given below-</p> <p>Assertion(A)- A good design can boost a product's performance and offer it a competitive edge in the market</p> <p>Reason(R)- Standardisation is the process of categorising things into several groups based on important qualities such as quality, size, and so on.</p> <p>(a) Both A and R are correct (b) A is correct R is incorrect (c) Both A and R are correct and R is the correct explanation of R (d) Both A and R are correct and R is not the correct explanation of R</p>
<b>THREE MARKS QUESTIONS</b>	
21	<p>Ajay was appointed as the marketing head of "Alfa Enterprise" a manufacturer of toothpaste and toothbrushes. His target sale was 2,000 units a month. Apart from thinking about various channels of distribution to achieve the target, he started visiting schools in underdeveloped areas. He found that even after taking various steps and receiving counselling, some of the schoolchildren did not brush their teeth. He investigated and found that they could not afford to buy toothbrushes and toothpaste. So with due permission, he started donating 200 toothbrushes and toothpaste every month to the school.</p> <p>A. Identify the channel of distribution Ajay would adopt the distribution of toothpaste and toothbrushes and justify it by giving one reason. B. State any two values that Ajay wants to communicate to society.</p>
22	<p>Crackers Ltd., a firecracker-manufacturing company, launched some new products on the eve of Diwali, which attracted many buyers. To meet the increased demand, the company employed children from nearby villages. Although the product was in great demand, appropriate safety warnings for use were not mentioned on the packets, which led to many accidents.</p> <p>(i) Identify and explain the important product-related decision that was not taken into consideration by the company. (ii) Also, identify any two values that were violated by the company.</p>

23	Identify and explain the marketing management philosophy which implies that products and services are bought not merely because of their quality or brand name, but because they satisfy a specific need of a customer.
24	<p>.Nisha, a school bag manufacturer, decided to improve the product for profit maximisation and thus, added a water bottle holder to the existing design.</p> <p>(i)Identify the marketing management philosophy adopted by Nisha.</p> <p>(ii)Explain this philosophy on the basis of (a) Main focus and (b) Means and ends</p>
25	<p>Raheja Foods is a well-known brand in the market. People have admired and purchased their products for years. In terms of repeat purchases and new customers, the brand has experienced significant growth. The company’s top management has decided to launch new items now that the company has grown. The names that will be maintained for the new items provide them with new challenges. The company has decided to release a spice called “Hot” since it has a very spicy flavour and makes food spicy and delicious. There are more products on the list as well. One alternative would be to use fat-free cooking oil. Because the oil will be offered in various packages, on various media, and in various regions, the name of the oil should reflect this. Flour is the third new product to be released. The corporation wants a name for the flour that sets it apart from the competition, since if it doesn’t, it will be just another flour on the market. Frozen foods are also being considered by the company. The corporation has chosen that the name should be simple to remember because individuals from all sorts of backgrounds would need it for cooking, and a long or difficult name may be easily forgotten. The pickles are the last new product on the list that they have opted to launch. They have invested a significant amount of money in the production of this product and wish to market it in the same way that they have been selling Raheja Foods for many years. Clearly, this organisation is putting in a lot of effort to maintain its name.</p> <p>I. Which feature of marketing has been highlighted in the above case-</p> <p>(a) Brand name  (b) Placing of products  (c) Promotion  (d) Both a and c</p> <p>II. Which feature is being highlighted in the above case-</p> <p>(a) Good pricing  (b) Good brand name  (c) Customer choices and preferences  (d) None of these</p> <p>III. Which features of the identified feature of marketing are highlighted in the case-</p> <p>(a) Suggestive benefits  (b) Short and easy to spell and remember  (c) Distinctive  (d) All of the above</p>
<b>FOUR MARKS QUESTIONS</b>	
26	Some characteristics should be kept in mind while choosing a brand name. Explain any two such characteristics that a good brand name should have.

27	<p>Mansi, a shoe manufacturer for school students, decided to maximise her profit by producing and distributing at large scale and thereby reducing the Average Cost of production.</p> <p>(i) Identify the marketing management philosophy adopted by Mansi.  (ii) Explain this philosophy or concept on the basis of  (a) Main focus                      (b) Means and ends</p>
28	<p>Explain the following functions of marketing</p> <p>(i) Gathering and analysing market information  (ii) Customer support services.</p>
29	<p>Ginika, Tanish and Rohit were friends from college days and now they are doing different kinds of business. They regularly meet and discuss their business ideas and exchange notes on customer satisfaction, marketing efforts, product designing, selling techniques, social concerns etc.</p> <p>In one of such meetings, Ginika drew the attention of Tanish and Rohit towards the exploitation of consumers. She said that most of the sellers were exploiting the consumers in various ways and were not paying attention towards the social, ethical and ecological aspects of marketing. whereas she was not doing so. Tanish said that they were under pressure to satisfy the consumers, but stated that the consumers would not buy or not buy enough unless they were adequately convinced and motivated for the same. Rohit stressed that a company cannot achieve its objectives without understanding the needs of the customers. It was the duty of the businessmen to keep consumer satisfaction in mind because business is run by the resources made available to them by the society. He further stated that he himself was taking into consideration the needs of the customers. Identify the various types of thinking that guided Ginika, Tanish and Rohit in the making efforts of their business. Also, state one more feature of the various types of thinking identified that is not given in the above para.</p>
30	<p>Crackers Ltd., a firecracker-manufacturing company, launched some new products on the eve of Diwali, which attracted many buyers. To meet the increased demand, the company employed children from nearby villages. Although the product was in great demand, appropriate safety warnings for use were not mentioned on the packets that led to many accidents.</p> <p>(i) Identify and explain the important product-related decision that was not taken into consideration by the company.  (ii) Also, identify any two values that were violated by the company.</p>
<b>SIX MARKS QUESTIONS</b>	
31	<p>There are several factors that affect the fixation of the price of a product. Explain any four such factors.</p>
32	<p>Though advertising is one of the most frequently used mediums for the promotion of goods and services, it attracts a lot of objections. Explain any of these objections.</p>
33	<p>‘Bending the customer according to the product’ and ‘development of the product according to customer needs’ are two important concepts of marketing management’. Identify the concepts and differentiate between the two.</p>
34	<p>Mediquip Ltd. is a company dealing in distribution of medical equipment. The company recently imported 15000 units of sugar testing machines to test the sugar levels without taking blood samples. For deciding the marketing strategy, the Chief Executive Officer of the company called a meeting of the marketing heads of different zones. In the meeting, Sandeep, the North Zone Marketing Head, suggested that since the machines were sophisticated they need to visit hospitals personally, explain its working to the hospital staff who would be using the machines. He also suggested that additional</p>

trained people may be recruited for the same. Himanshu, another Zonal Head, added that since a lot of money had been spent on the import of the machines, the company was short of funds to pay to the additional staff as suggested by Sandeep. Rahul, a newly appointed Zonal Head of South Zone suggested that since the size of the order is not large, a detailed study of the factors determining the choice of channels of distribution is required before making the right choice.

(a) Identify the factor influencing the choice of channels of distribution which were discussed in the meeting.

(b) Also, explain briefly the other consideration to be taken care of in each factor identified in part (a).

**35** After acquiring the necessary knowledge and skills on starting an Aloe Vera Farm. Ashok wanted to be the leading manufacturer of Aloe Vera products worldwide. He observed that the products were expensive as the demand of the products was more than supply. He was also keen to promote methods and practices that were economically visible, environmentally sound and at the same time protecting public health.

Ashoka's main consideration was about the amount of money paid by the consumers in consideration of the purchase of Aloe Vera products. He also thought that competitors' prices and their anticipated reactions should be considered for this.

After gathering and analysing information and doing correct market planning, he came to know that the consumers compare the value of a product to the value of money which they are required to pay. The consumers will be ready to buy a product when they perceive that the value of the product is at least equal to the value of money which they would pay.

Since he was entering into a new market, he felt that he may not be able to cover all costs. He knew that in the long run the business will not be able to survive unless all costs are covered in addition to a minimum profit.

He examined the quality and features of the products of the competitors and the anticipated reactions of the consumers. Considering the same he decided to add some unique features to the packaging and also decided to provide free home delivery of the products.

The above case relates to a concept which is considered to be an effective competitive marketing weapon. In conditions of perfect competition most of the firms compete with each other on this concept in the marketing of goods and services.

- a) Identify the concept.
- b) Explain briefly any four factors discussed in the above case related to the concept so identified.

**MARKETING MANAGEMENT  
ANSWERS**

**MCQ**

Q.No.	QUESTIONS
1	(b) A is correct R is incorrect
2	D

3	C
4	(b) A is correct R is incorrect
5	A
6	C
7	D
8	B
9	C
10	B
11	A
12	b) A is correct R is incorrect
13	: (c) Both A and R are correct and R is the correct explanation of R
14	(d) Both A and R are correct and R is not the correct explanation of R
15	(a) Social marketing concept
16	(d) Both a and c
17	(c) Place
18	(a) Product
19	(c) Promotion
20	(b) A is correct R is incorrect
	<b>3 MARKS QUESTIONS</b>
21	<p>A; Ajay should go with the zero-level distribution method. This is because he may directly market to schoolchildren and establish a direct relationship with them.</p> <p>B Ajay wants to incorporate the following values in society:</p> <p>Instilling sanitary and healthful practices in schoolchildren</p> <p>Fulfillment of a company's social obligation.</p>
22	<p>(I)The delivery of product information in the form of a tag and graphic on the product's package is referred to as labeling. It describes the product and its components, as well as other important information such as the precautions to be taken when using it and how to use it. The manufacturer did not provide adequate instructions for using crackers, which could lead to mishaps.</p> <p>(II) The company's values were violated in the following ways:</p> <p>(a) Employing children, which is against the child labour law, and</p> <p>(b) Failing to protect consumer safety.</p>
23	The marketing management philosophy referred here is 'Marketing concept'. This concept emphasis that in the long-run, profits can be maximised by identifying and satisfying the needs of present and

	potential customers. Therefore, customer satisfaction becomes the focal point of all business decisions..
24	<p>(i) <b>Product concept or philosophy</b> Firms which follow the product concept, propose that the way to realise business goals is by making high quality products. These firms manufacture the products of superior quality. Nisha is trying to bring improvement in quality, by incorporating a new feature, i.e. adding a water bottle holder in the bag.</p> <p>(ii) (a) <b>Main focus</b> The main focus of this concept is to improve the quality of products. The marketers now believed that potential exchange would be realised when the products are of high quality. Thus, the firm now focused on making superior products and improving them overtime.</p> <p>(b) <b>Means</b> Product improvement.</p> <p><b>Ends</b> Profit through improvement in product quality.</p>
25	<p>I A</p> <p>II B</p> <p>III D</p>
	<b>4 MARKS QUESTIONS</b>
26	<p>One should consider the following while choosing a good brand name:</p> <p>The name should be short, and simple to pronounce, spell, recognise, and remember.</p> <p>It must also include the product's advantages and features.</p> <p>iii. The name should be unique and stand out from the competition.</p> <p>It should be adaptable to diverse packaging or labelling needs, as well as different advertising media and languages.</p> <p>The name should be versatile, allowing for the addition of additional items.</p> <p>A product's brand name must be legally registered and protected.</p>
27	<p>(i) Production concept or philosophy.</p> <p>(ii) (a) <b>Main focus</b> Main focus of this concept is to maximise the quantity of product.</p> <p>(b) <b>Means</b> Availability and affordability of product.</p> <p><b>Ends</b> Earning profits through large scale production and distribution.</p>
28	<p>The main functions of marketing are as follows:</p> <p>(i) <b>Gathering and analysing market information</b> A marketer has to gather information about the market. Gathering and analysing market information helps in identifying the needs of the customers. It forms the basis for product development. It also helps in identifying the opportunities, threats, strengths and weaknesses of the organisation.</p> <p>(ii) <b>Market planning</b> The marketer develops appropriate marketing plans to capture or enhance the existing market share. It provides the guidelines to achieve the marketing objectives, e.g. a marketer of colour TVs, having 2% of current market share in the country, aims at enhancing his market share *0 20% in the next three years.</p> <p>(iii) <b>Product designing and development</b> Product designing and development is concerned with anticipating customers' needs, developing new products and improving the existing products so as to meet the expectations of customers, e.g. when we plan to buy any product say a motorbike, we not only see its features like cost, mileage, etc but also the design, shape, style, etc.</p> <p>(iv) <b>Customer support services</b> Customer is the king of modern market. So customer satisfaction is the main motto of every business firm. Hence, a very important function of marketing management</p>
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	<p>relates to developing customer support services such as after sale services, handling customer complaints, procuring credit services, maintenance services, technical services, and consumer information, etc. All these services aim at providing maximum satisfaction to the customers which is the key to success in modern days.</p>
<p><b>29</b></p>	<p>Ginika's thought process is based on the Societal Marketing Concept. Businesses should consider not only the target market's immediate needs, but also their long-term well-being and interests, according to this philosophy.</p> <p><b>Feature:</b> This way of thinking emphasises the necessity of the organisation paying attention to social and environmental issues such as pollution, deforestation, population explosion, and inflation.</p> <p>Tanish's thought process is based on the Selling concept. According to this theory, a consumer will only buy a product if he is sufficiently convinced of its features, quality, and other attributes.</p> <p><b>Feature:</b> This way of thinking highlights the importance of organisations focusing on strict selling and advertising strategies in order to enhance product sales.</p> <p>Rohit's way of thinking is based on the marketing philosophy. Customer pleasure, according to the marketing notion, is critical to any company's long-term success. In this case, businesses must focus on understanding and addressing customers' demands in a timely and efficient manner. Feature: This way of thinking emphasises that a company should not only work for customer pleasure on its own, but also strive to satisfy customers better than its competitors.</p>
<p><b>30</b></p>	<p>(I) Labeling refers to delivering product information in the form of a tag and graphic on the product's package. It explains the product and specifies its components, as well as other essential information like the precautions to be taken when using it and how to utilize it. The manufacturer failed to provide adequate instructions on how to use crackers, which could result in mishaps.</p> <p><b>(II):</b> The company's values were violated in the following ways:</p> <p>(a) Employing children, which is against the child labour law, and</p> <p>(b) Not protecting the safety of consumers.</p>
	<p><b>6 MARKS QUESTIONS</b></p>
<p><b>31</b></p>	<p>The primary factors that influence price determination are as follows:</p> <p>Product Cost: The most important factor influencing a product's pricing is its cost. The product cost is the sum of all fixed, variable, and semi-variable expenses incurred during the manufacture, distribution, and sale of a product.</p> <p>Fixed costs are those that do not change at any point during production or sales. For example, building rent, salary, and so on.</p> <p>Variable costs are costs that are directly related to production or sales levels. For example, raw material costs, labour costs, and so on.</p> <p>Semi-variable costs vary in direct proportion to the amount of activity but not in direct proportion to the level of activity.</p> <p>Utility and Demand: When a product's price is low, consumers usually want more of it, and vice versa. However, when demand for a product is elastic, a small change in price can result in significant changes in the quantity demanded. When demand is inelastic, a change in pricing has little effect on demand. Inelastic demand enables a company to charge higher prices. Moreover, the customer is willing to</p>
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spend up to the point at which (s)he believes the utility of the product is at least equal to the price paid. As a result, the price of a product is affected by both its utility and demand.

Government and Legal Regulations: Monopolistic businesses in the market typically charge a premium for their products. The government intervenes and regulates commodity pricing to protect the public's interests. As a result, it classifies some items as essential, such as life-saving medications.

Marketing Techniques Used: Different marketing strategies, such as the distribution system, salesperson quality, promotion, type of packaging, customer service, and so on, affect the price of a product. For example, if a company uses high-priced materials to package its products, it will charge a premium.

**32** There are many different perspectives on advertising spending. On one hand, it is regarded as a social waste because it raises manufacturing costs, reduces social values, and broadens consumer requirements and desires. On the other hand, it is regarded as advantageous because it helps to increase sales and earnings.

Here are some reasons why advertising is a waste of money for businesses:

Higher Cost: Advertising costs contribute to the cost of the product and the firm, which is then passed on to customers in the form of higher pricing.

Creates Confusion: When a large number of comparable products are advertised, it is said that the consumer is frequently confused. Those who support commercials, on the other hand, claim that they help consumers understand the wide range of products available on the market. As a result, their options expand, and they can make more informed decisions about the products they want to buy.

Promotes Substandard Products: Advertisements persuade customers to purchase the product. Even low-quality products can be advertised and persuaded to sell. Quality, on the other hand, is regarded as a highly subjective concept. Advertisements inform consumers about a variety of products. Consumers must decide whether or not to purchase the product.

Offensive advertisements: Advertisements can be offensive in the sense that they undermine social values on occasion. Women, for example, are portrayed negatively in some commercials. Advertisements' language, graphics, and content may not always be appealing to society.

**33** 'Bending the customer according to the product' refers to 'selling concept' and 'developing the product according to the customer needs' refers to 'marketing concept' of marketing management.

**34** (A) The following are the three factors that influence the choice of distribution channels in the given question:

1. Factors related to the product (as the machinery is sophisticated)
2. Features of the business (as the company do not have enough funds to pay for more employees)
3. Aspects of the market (as the size of the order is not large)

**(B) Other factors to examine in the circumstances are:**

**1. Product-related factors:** The classification or kind of a product has a significant impact on the channel of distribution that is chosen. It is critical to determine whether the product is perishable or non-perishable, whether it is an industrial or consumer product, and the product's degree of complexity. For example, if a product is complex or sophisticated in nature, it will necessitate shorter distribution channels and cautious handling.

**2. Company attributes:** A company's qualities play a vital influence in determining which distribution channel to use. The distribution channels that a corporation chooses are influenced by its financial strength and the level of control it seeks over intermediaries. Keeping the first in mind, a company that is financially sound and has extra cash to spend would choose a shorter distribution channel. This is because the shorter distribution routes often necessitate more cash for operations such as recruiting more salespeople or opening a larger number of retail shops. Similarly, a corporation that wants to have more control over middlemen should choose shorter distribution networks. The rationale for this is that direct or shorter lines have fewer intermediaries and are thus easier to regulate. Companies with less control over middlemen, on the other hand, can choose longer distribution networks.

**3. Market-related considerations:** Size of the market, geographical concentration of buyers, amount demanded, and other aspects influence channel selection. For example, when the order size is small, shorter channels should be used, and when the order size is huge, long channels should be used. In the same way, if the market is small, shorter channels should be used, and if the market is huge, long channels should be used.

35 (A) The price of the product is the notion stated in the preceding paragraph.

(B) The following are the four elements described in the preceding case:

**i. Quoted Line:** After collecting and analysing data, as well as proper marketing planning.

Customers value a thing based on the value of the money they must spend, he discovered. Consumers will buy a thing if they believe the value of the product is at least equivalent to the amount of money they will pay.

Factor: Demand and Utility

**ii. Quoted Line:** He looked at the quality and characteristics of competitors' products, as well as consumer reactions.

Factor: The market's level of competitiveness.

**iii. Quoted Line:** Taking this into account, he decided to add some distinctive characteristics to the package as well as offer free home delivery of the products.

Factor: The marketing strategies used

**iv. Quoted Line:** He was concerned that because he was entering a new market, he might not be able to cover all costs. He understood that the business would not be able to exist in the long run unless all costs were covered in addition to a minimum profit.

Cost of the product is a factor.

## CHAPTER-12 Consumer Protection

Concept of Consumer Protection-Consumer protection refers to the act of providing adequate protection to consumers against the unscrupulous, exploitative and unfair trade practices of manufacturers, traders, sellers and service providers.

### Importance of Consumer Protection

#### From the Consumer's Point of View

1. Consumers' Ignorance -Many consumers are unaware of their rights, or the remedies available to them. Consumer protection is needed to educate them.
2. Unorganized Consumers- Consumers are scattered and lack unity, making them easy targets for exploitation; hence, they need protection.
3. Widespread Exploitation of Consumer- Consumers often face cheating, adulteration, false ads, and unfair prices, so protection is necessary.

#### From the Business Point of View

1. Long-term Interest of Business-To sustain business, firms must satisfy consumers. Satisfied consumers come back and also bring new consumers through positive word of mouth.
2. Moral Justification -Businesses should protect consumers because it is the right and ethical thing to do.
3. Social Responsibility-businesses must care for consumers as part of their duty towards society.
4. Business uses Society's Resources - Since businesses use resources from society, they are responsible for serving and protecting consumers in return.
5. Government Intervention- To avoid legal action and penalties, businesses must follow consumer protection laws set by the government.

### Consumer Protection Act-2019

The Government of India passed the new Consumer Protection Act, 2019, it is applicable in whole India.

#### Scope of Consumer Protection Act-2019-

It is applicable to the all types of business whether manufacturer or trader or whether supplying goods or providing services including e-commerce firms. It applies to both off-line and on-line transactions through electronic means or by tele-shopping or direct selling or multi-level marketing.

#### Definition of consumer as per consumer protection act- 2019

A consumer is a person who buys any goods or avails services for a consideration, which has been paid or promised, or partly paid and partly promised, or under any scheme of deferred payment. It includes any user of such goods or beneficiary of services if such use is made with the approval of the buyer.

#### Following persons are not considered as Consumer under Consumer Protection Act:

1. The person who obtains goods for re-sale.
2. The person who uses the goods without the approval of the buyer.
3. The person who avails of the services without the approval of the hirer.
4. The person who obtains goods without any consideration,
5. The person who hires or avails of any services without consideration.

#### Consumers' Rights

1. Right to Safety: - The right of safety against such goods/services which are hazardous to his life.
2. Right to be Informed: - Right to have all the information about the product he intends to buy.
3. Right to Choose: - Right to buy goods/services of his choice and no seller can force him to buy.
4. Right to be Heard: - Right to file complaint and to be heard in case of dissatisfaction with a good.
5. Right to Seek Redressal: - Right to get relief in case the good or service which are not as per promised standard.
6. Right to Consumer Education: - Right to acquire knowledge and to be a well-informed consumer.

#### Consumers' Responsibilities

1. Be aware about all Similar Product
6. Don't forget to get Cash Memo

2. Focus on only Standardised Products
3. Learn about the Associated Risks
4. Read Labels Carefully
5. Be Honest in your Dealing

7. Always file Complaint for Genuine Grievances
8. Form Consumer Societies
9. Respect the Environment
10. Assert Yourself

### Who can file a complaint

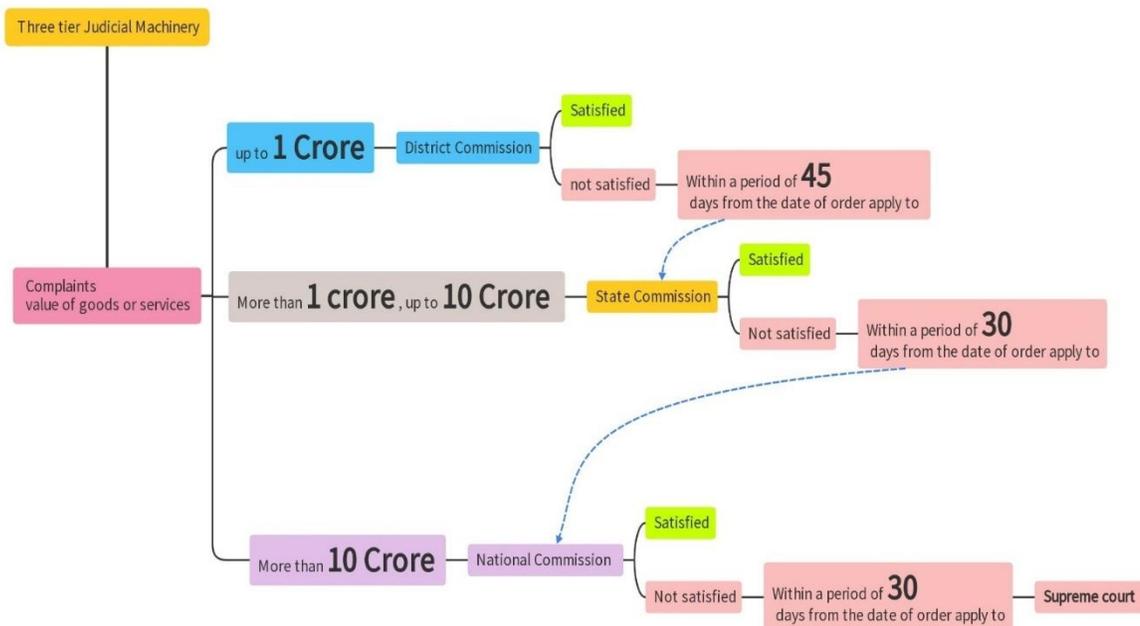
As per Consumer Protection Act 2019, any one of the following can file a complaint.

1. Any consumer.
2. Any voluntary consumer association, registered under any law.
3. The central government or any state government.
4. One or more consumers, where there are numerous consumers having the same interest.
5. In case of death of consumer, his legal heir or legal representative.
6. In case of consumer being minor, his parents or legal guardian.

### Against whom a complaint can be filed?

1. In case of any defective good supplied, a complaint can be filed against the manufacturer or seller or dealer.
2. For any deficient services rendered, a complaint can be filed against the provider of services.

### Three-Tier Redressal Machinery under the consumer protection act-2019



#### 1. District Commission

- The District Commission entertains complaints where the value of goods or services paid does not exceed ₹1 crore.
- Each District Commission consists of a president and two other members.
- District Forum may give grieved parties 5 days for settlement.
- The president can be a retired or working judge of district court.
- If the aggrieved party not satisfied by the jurisdiction of the district commission, then they can file an appeal against the judgement in state commission within 45 days.

#### 2. State commission

- The State Commission entertains complaints where the value of goods or services paid exceed ₹1 crore and up to 10 crores.
- National commission consists of one president and at least four other members.
- Appeal against the order of District Commission can be made in state commission within 30 days.

- The president can be a retired or working judge of high court.

#### **National commission**

- The national commission entertains complaints where the value of goods or services paid exceed ₹10 crore.
- National commission consists of one president and at least four other members one of whom shall be a woman.
- If any of the parties not satisfied by the order of national commission, it can appeal against such order to the supreme court within 30 days.

#### **Relief/Remedies available to Consumers**

1. Removal of Defects
2. Replacement of Goods
3. Refund of Price 8. Withdrawal of Hazardous Goods from the Market
4. Award of Compensation 9. Payment of Adequate Cost
5. Removal of Deficiency in Service
6. Stopping the Sale of Hazardous Goods
7. Discontinuance of Unfair/Restrictive Trade Practices

#### **Role of Consumer Organisations And NGOs**

- (1) Educating the general public about consumer rights by organising training programmes, seminars and workshops.
- (2) Publishing periodicals and other publications to impart knowledge about consumer problems, legal reporting, reliefs available and other matters of interest.
- (3) Carrying out comparative testing of consumer products in accredited laboratories to test relative qualities of competing brands and publishing the test results for the benefit of consumers.
- (4) Encouraging consumers to strongly protest and take an action against unscrupulous, exploitative and unfair trade practices of sellers.
- (5) Providing legal assistance to consumers by way of providing aid, legal advice etc. in seeking legal remedy.
- (6) Filing complaints in appropriate consumer courts on behalf of the consumers.
- (7) Taking an initiative in filing cases in consumer courts in the interest of the general public, not for any individual.
- (8) Consumer unity and Trust Society (CuTS), Jaipur

## Standardisation or quality Marks

Picture of Quality mark	Name of Mark	Where is it used
	<b>FPO mark</b> (Food Product Order)	Packaged fruit beverages, fruit-jams, crushes and squashes, pickles
	<b>ISI mark</b> Indian standard Institute(Bureau of Indian Standards since Jan 1 1987)	Electrical appliances viz: switches, electric motors, wiring cables, heaters, kitchen appliances etc.
	<b>AGMARK</b>	Pulses, cereals, essential oils, vegetable oils, fruits and vegetables
	<b>BIS Hallmark</b>	Gold Jewellery for its purity and fineness
	<b>Ecomark or Eco mark</b>	Issued by the Bureau of Indian Standards (the national standards organization of India) to products conforming to a set of standards aimed at the least impact on the ecosystem.

## ACRONYMS

### 1.Consumer rights

CHERISH

- 1 **CH**- Right to choose
- 2 **E**- Right to Consumer education
- 3 **R**- Right to seek redressal
- 4 **I**- Right to be informed
- 5 **S**- Right to safety
- 6 **H**- Right to be heard.

### 2. Consumer Responsibilities

Honest CBSE Fair Dealings SRCC

1. **HONEST** - Be Honest in dealings
- 2 **C**- Cautious consumers
- 3 **B**- Be aware about various goods and services
- 4 **S**-Form consumer Societies
- 5 **E**- Respect the Environment
- 6 **FAIR** - Assert yourself to ensure to get a Fair deal
- 7 **S**- Buy only Standardized goods
- 8 **R** - Learn about risk Associated
- 9 **C**-Ready to file a Complaint
10. **C**-Ask for Cash Memo

## QUESTION BANK

### MCQS

Q.NO.	QUESTIONS
1	Bhuvan, who was a vegetarian went to a snack bar for having French fries and later found out that it had non-vegetarian content. Neither the advertisement nor the packing of the product displayed that the product has non-vegetarian content.” Which right of consumer is violated?

	<p>(A) Right to Choose          (B) Right to be Informed          (C) Right to be Heard          (D) Right to Seek Redressal</p>
2	<p>Read the following statements: Assertion (A) and Reason (R). Choose one of the correct alternative given below:</p> <p>Assertion (A): According to Right to Choose, Marketers should not force the consumer to buy a particular brand.          Reason(R): Every consumer has the right to choose from a variety of goods and services at competitive prices.</p> <p>A. Assertion (A) is False but Reason (R) is true          B. Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A)          C. Assertion (A) is true but Reason (R) is False          D. Both Assertion (A) and Reason (R) are true and Reason (R) is not the correct explanation of Assertion (A)</p>
3	<p>. ____ mark is used for electrical products</p> <p>a.ISO          b.Agmark          c.FPO          d.ISI</p>
4	<p>Which one of the following is <b>not</b> a consumer right?</p> <p>a) Right to safety          b) Right to seek redressal          c) Right to get discount          d) Right to be heard</p>
5	<p>In case a consumer is not satisfied with the order passed in the State Commission, he can further make an appeal in the National Commission within a time period of</p> <p>(a) 10 days          (b) 20 days          (c) 30 days          (d) 45 days</p>
6.	<p>Which of the following statements is not true with regard to the National Commission?</p> <p>a) It consists of a President and at least five other members, one of whom should be a woman.          (b) The members are appointed by the Central Government.          (c) A complaint can be made to the National Commission when the value of the goods or services in question, along with the compensation claimed, exceeds ₹1 crore.          (d) Where the aggrieved party was not satisfied with the order of the National Commission, the case can be taken to the Supreme Court of India.</p>
7	<p>A toothpaste brand claims “100% cavity protection” in its ads. However, many users report dental issues after using it.          Which consumer right is violated here?</p> <p>A. Right to safety          B. Right to be informed          C. Right to choose          D. Right to consumer education</p>
8.	<p>Which of the following is NOT a consumer responsibility?</p> <p>A. To be honest in dealings</p>

	<p>B. To misuse consumer rights  C. To be aware of legal rights  D. To file complaints for genuine grievances</p>
9	<p>Why should consumers be honest in their dealings?  A. To avoid legal action  B. To maintain ethical standards  C. To get discounts  D. To avoid complaints</p>
10	<p>Who among the following is NOT considered a consumer under the Consumer Protection Act, 2019?  A. A person buying a car for personal use  B. A person hiring a taxi for commuting  C. A person buying goods for resale  D. A person purchasing a washing machine for home use</p>
11	<p>Statement I: The Consumer Protection Act 2019 has replaced the Act 1986 and seeks to widen its scope in addressing consumer concerns.</p> <p>Statement II: The Consumer Protection Act 2019 provides for Setting up of Consumer Mediation Cell to ensure faster dispute settlements by respective commissions.</p> <p>(a) Statement I is true and Statement II is false.  (b) Both the Statements are true.  (c) Statement II is true and Statement I is false.  (d) Both the Statements are false.</p>
12	<p>The Central Consumer Protection Authority (CCPA) was established to:  A) Promote exports  B) Regulate foreign trade  C) Promote, protect, and enforce consumer rights  D) Monitor inflation</p>
13	<p>Who can file a complaint under the Consumer Protection Act?  A) Only the consumer  B) Consumer associations  C) Central or State Government  D) All of the above</p>
14	<p>Which of the following is a valid ground for filing a complaint under CPA 2019?  A) Defective goods  B) Deficiency in services  C) Unfair trade practices  D) All of the above</p>
15	<p>Which of the following situations qualifies for product liability under CPA 2019?  A) Consumer misuses the product  B) Defective product causes injury despite proper use  C) Product expired after purchase  D) Product was given as a gift</p>
16	<p>Sneha booked a flight online and paid extra for a seat of her choice. On boarding, she was given a different seat. What can she claim?  A) Criminal action  B) Deficiency in service under CPA  C) Compensation under Motor Vehicles Act  D) Action under RTI</p>

17	<p>A consumer from Delhi files a complaint in Bengaluru, claiming he can file it from anywhere. Is this valid?</p> <p>A) Yes, because of online jurisdiction  B) No, complaint should be filed where the consumer resides or transaction occurred  C) Yes, consumer has full freedom  D) Only if seller agrees</p>
18	<p>A cosmetic product causes skin burns due to undisclosed harmful chemicals. The consumer sues the company. Under which concept is the manufacturer liable?</p> <p>A) Caveat Emptor  B) Product Warranty  C) Product Liability  D) Service Deficiency</p>
19	<p>A mobile app falsely claims to provide free COVID insurance with every recharge. What kind of practice is this under CPA?</p> <p>A) Trade promotion  B) Unfair trade practice  C) False guarantee  D) Reasonable advertisement</p>
20	<p>Which of the following is a new feature introduced in CPA 2019 for convenience?</p> <p>A) Only written complaints accepted  B) No complaints against online sellers  C) E-filing of complaints and online hearings  D) Complaints only in local language</p>
<b>3 MARKS QUESTIONS</b>	
21	<p>Anita purchased a mobile phone online. Within a week, the screen stopped working. She contacted customer service, but they refused to help, claiming the damage was her fault. Answer the following questions:</p> <p>(a) Which consumer right is violated?  (b) Under which authority can Anita file a complaint if the phone cost ₹25,000?  (c) What remedy can Anita seek under the Consumer Protection Act?</p>
22	<p>A snack packet claims “100% organic” on the front label, but the ingredients list includes artificial preservatives. Answer the following questions:</p> <p>(a) Which consumer right is violated?  (b) What responsibility should consumers exercise in such cases?  (c) Which organization regulates misleading advertisements in India?</p>
23.	<p>A consumer bought a defective washing machine and was unable to get help from the seller. An NGO helped him file a complaint in the District Consumer Commission and provided legal support. Answer the following questions:</p> <p>(a) What specific support did the NGO provide?  (b) How do NGOs help consumers in legal matters?  (c) Why is this role important?</p>
24.	<p>Riya went to buy a packet of packaged drinking water. She noticed a mark labelled ISI on the bottle. Her friend told her that this mark ensures the product meets certain quality standards. Answer the following:</p> <p>(a) What does the ISI mark signify?  (b) Name two other quality certification marks used in India.  (c) Why is it important for consumers to look for such marks while purchasing products?</p>

25.	<p>A consumer paid for a mobile phone online but received a toy instead. The seller stopped responding.</p> <p>Answer the following:</p> <p>(a) Why is consumer protection critical in e-commerce?</p> <p>(b) Which authority can the consumer approach?</p> <p>(c) Mention one benefit of consumer protection to businesses.</p>
<b>4 MARKS QUESTIONS</b>	
26.	<p>Nitish went to a shop to purchase a shirt. The shopkeeper offered him three colours of shirts. Nitish asked him to show him the shirt which was on display. The shopkeeper told him that he could not buy that shirt and would have to choose from the options provided by him. Out of necessity and lack of time Nitish purchased a shirt out of the shirts shown by the shopkeeper. He paid him cash and didn't take the cash memo. Later, when he wore the shirt at home and was about to leave, he found one button of the shirt missing. He went to the shop the next day and asked for replacement. The shopkeeper bluntly denied that the shirt was purchased from him.</p> <ol style="list-style-type: none"> <li>1. Which consumer right of Nitish is violated here?</li> <li>2. Which consumer responsibility was not fulfilled by Nitish which led to this situation?</li> <li>3. Can Nitish file complaint against the shopkeeper?</li> <li>4. From the point of view of business which type of interest has been overlooked by the shopkeeper? Why?</li> </ol>
27	<p>Ramit is running an organisation which is beyond the control of government and the motive of the organisation is welfare of the consumers. One day Sujata comes to his office and tells that her mom purchased a fridge two years back. She is no more and the fridge was purchased in her name. However, the warranty period of the fridge is still active. But the company is denying her the services.</p> <ol style="list-style-type: none"> <li>1. Which type of organisation is being ran by Ramit?</li> <li>2. Name one such example of an organisation.</li> <li>3. Can Ramit help Sujata file a case against the company?</li> <li>4. Which consumer right of Sujata has been violated here?</li> </ol>
28	Who can file a complaint in the consumer court?
29	State the three-functions performed by the Non-Governmental Organisation NGO for consumer protection.
30	<p>Akash wanted to gift a gold chain to his sister on Raksha Bandhan. He visited two jewellery shops. One shop offered a cheaper gold chain without any certification. The other offered a slightly costlier one with a Hallmark. Akash chose the Hallmarked chain. Meanwhile, his father purchased a gas stove with an ISI mark, and his mother insisted on buying food products with FSSAI and Agmark labels.</p> <p>Questions:</p> <ol style="list-style-type: none"> <li>1. What is the significance of a Hallmark on gold jewellery?</li> <li>2. Why is the ISI mark important on a gas stove?</li> <li>3. What do Agmark and FSSAI marks signify?</li> <li>4. Why did Akash choose the costlier gold chain with Hallmark?</li> </ol>
<b>6 MARKS QUESTIONS</b>	
31	"Consumer Protection is not only the responsibility of the government but also of business and consumers themselves." In the light of this statement, explain the responsibilities of consumers and the role of business in consumer protection.
32	Aman purchased a branded air purifier worth ₹1.5 crore for his corporate office. Within a month, the machine started making strange noises and malfunctioned frequently. Despite repeated complaints, the company refused to repair or replace it, even though it was under

	<p>warranty. Aman filed a case against the company and also started a social media campaign to raise awareness among other consumers about the company's unethical practices.</p> <p>Questions:</p> <ol style="list-style-type: none"> <li>1. Under which consumer redressal forum should Aman file his complaint? Give a reason. (1 mark)</li> <li>2. Identify the consumer right exercised by Aman through his awareness campaign. (1 mark)</li> <li>3. Mention any three functions of Consumer Protection Councils. (3 marks)</li> <li>4. Explain how the three-tier redressal system works under the Consumer Protection Act, 2019. (1 mark)</li> </ol>
33	What remedies can a consumer avail of under the Consumer Protection Act, 2019? Explain any six.
34	A consumer's role is not just about demanding rights, but also about acting responsibly. Explain this statement with the help of any six responsibilities of a consumer.
35	<p>A food company advertises its product as "100% pure honey," though tests prove that it contains added sugar. Thousands of consumers buy it based on false advertising. A consumer group files a case against the company.</p> <p>Apply your knowledge to answer:</p> <ol style="list-style-type: none"> <li>1. What kind of unfair trade practice is involved here?</li> <li>2. Which consumer right is violated in this situation?</li> <li>3. How can standardization marks help avoid such incidents?</li> <li>4. Mention three responsibilities of consumers that can protect them from such practices.</li> </ol>

### ANSWERS

1.	(B) Right to be Informed.
2	B. Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A)
3	d. ISI
4	c) Right to get discount
5	(c) 30 days
6	(a) It consists of a President and at least five other members, one of whom should be a woman.
7	B. Right to be informed
8	B. To misuse consumer rights
9	B. To maintain ethical standards
10	C. A person buying goods for resale
11	(b) Both the Statements are true.
12	C) Promote, protect, and enforce consumer rights
13	D) All of the above
14	D) All of the above
15	B) Defective product causes injury despite proper use
16	B) Deficiency in service under CPA
17	B) No, complaint should be filed where the consumer resides or transaction occurred
18	C) Product Liability
19	B) Unfair trade practice
20	C) E-filing of complaints and online hearings
21	<ol style="list-style-type: none"> <li>a) Right to seek redressal</li> <li>(b) District Consumer Commission</li> <li>(c) Repair, replacement, or refund</li> </ol>

22	<p>(a) Right to be informed</p> <p>(b) Read labels and verify claims before purchase</p> <p>(c) Advertising Standards Council of India (ASCI)</p>
23	<p>a) Helped file complaint and provided legal assistance</p> <p>(b) NGOs offer free legal guidance and representation</p> <p>(c) It ensures justice for consumers who lack resources or knowledge</p>
24	<p>a) ISI mark signifies that the product conforms to the quality standards set by the Bureau of Indian Standards (BIS).</p> <p>(b) AGMARK (for agricultural products), FSSAI (for food safety), Hallmark (for gold/jewellery)</p> <p>(c) These marks assure consumers of product safety, quality, and authenticity, helping them make informed choices.</p>
25	<p>a) It safeguards consumers from fraud and builds trust in digital platforms</p> <p>(b) District Consumer Commission</p> <p>(c) It improves brand reputation and customer loyalty</p>
<b>4 MARKS QUESTIONS</b>	
26	<ol style="list-style-type: none"> <li>1. The consumer right of Nitish which is violated here is 'Right to Choose'. The shopkeeper told him that he could not buy that shirt and would have to choose from the options provided by him.</li> <li>2. The consumer responsibility which was not fulfilled by Nitish was 'Ask for a cash memo after purchasing goods and services. He paid him cash and didn't take the cash memo.</li> <li>3. No, Nitish can't file the complaint against the shopkeeper as there is no proof of purchase since he forgot to take the cash memo from him.</li> <li>4. From the point of view of business the interest which has been overlooked by the shopkeeper is 'Long-term interest of business' because a good businessman knows that the customer should be satisfied for repeat purchase and customer retention which eventually helps in increasing the customer base.</li> </ol>
27	<ol style="list-style-type: none"> <li>1. The type of organisation run by Ramit is an NGO. Ramit is running an organisation which is beyond the control of government and the motive of the organisation is welfare of the consumers.</li> <li>2. One example of such an NGO is Consumer Coordination Council (Delhi).</li> <li>3. Yes, Ramit can help Sujata file a complaint against the company because she is representative of a deceased consumer. Her mom is no more and the fridge was purchased in her name.</li> <li>4. The consumer right of Sujata which has been violated here is 'Right to Seek Redressal. However, the warranty period of the fridge is still active. But the company is denying her the services.</li> </ol>
28	<ul style="list-style-type: none"> <li>• Any consumer</li> <li>• Any registered consumer organisation or association</li> <li>• The state and central government</li> <li>• An individual or a group of a consumer on behalf of a number of consumers having the same interest.</li> <li>• A legal beneficiary or agents of the deceased consumer.</li> </ul>

29.	<p>The three-function performed by the non-governmental organisation for consumer protection are.</p> <ul style="list-style-type: none"> <li>• Consumer Education- The consumer organisation and NGO's organise various training programs and seminars to educate and spread awareness about the consumer right and regulation</li> <li>• Publishing Journal- Along with the seminar and training programs, these NGO's also spread awareness through journal and periodicals. These journal and periodicals give awareness about various consumer issues, its legal assistance and other significant functions.</li> <li>• Testing the quality of a product-They provide the quality test for all the products in laboratories and declare the results. This information kept the consumer alert and informed about the product and services that they are buying or availing.</li> </ul>
30	<ol style="list-style-type: none"> <li>1. Hallmark certifies the purity of gold, ensuring that the consumer gets what they pay for.</li> <li>2. The ISI mark confirms that the gas stove meets safety and quality standards, reducing risks like gas leaks.</li> <li>3. Agmark ensures quality of agricultural products, and FSSAI ensures food safety and hygiene.</li> <li>4. Akash chose the Hallmarked chain because it provides assurance of purity, making it a trustworthy and valuable gift.</li> </ol>
<b>6 MARKS QUESTIONS</b>	
31	<p>(A) Responsibilities of Consumers (Any 3 points – 3 marks)</p> <ol style="list-style-type: none"> <li>1. Be Aware of Rights and Remedies – Consumers must know their rights under the Consumer Protection Act.</li> <li>2. Buy Only Quality Marked Products – Check for ISI, Agmark, Hallmark, FSSAI, etc.</li> <li>3. Read Labels Carefully – Understand price, expiry date, ingredients, etc.</li> <li>4. File a Complaint in Case of Malpractice – Don't remain silent if rights are violated.</li> <li>5. Avoid Wastage and Be Environmentally Conscious – Consume responsibly.</li> </ol> <p>(B) Role of Business in Consumer Protection (Any 3 points – 3 marks)</p> <ol style="list-style-type: none"> <li>1. Avoid Unfair Trade Practices – No false advertising, adulteration, or misleading claims.</li> <li>2. Ensure Quality and Safety – Products should comply with BIS standards.</li> <li>3. Maintain Fair Pricing – Avoid overcharging or hidden charges.</li> <li>4. Customer Feedback Mechanism – Provide redressal for grievances.</li> <li>5. Honest Labelling and Packaging – Provide clear product information.</li> </ol>
32	<ol style="list-style-type: none"> <li>1. Aman should file his complaint in the State Consumer Commission, because the value of the product (₹1.5 crore) falls between ₹1 crore and ₹10 crore.</li> <li>2. The right exercised is the Right to be Heard, and also Right to Consumer Education, as Aman tried to raise awareness about the issue.</li> <li>3. Functions of Consumer Protection Councils: <ul style="list-style-type: none"> <li>• Create awareness among consumers about their rights.</li> <li>• Encourage ethical business practices by advising companies and consumers.</li> <li>• Review and recommend policy measures to protect consumer interests.</li> </ul> </li> </ol> <p>Three-tier redressal system:</p> <ul style="list-style-type: none"> <li>• District Commission – for cases up to ₹1 crore.</li> <li>• State Commission – for cases between ₹1 crore and ₹10 crore.</li> <li>• National Commission – for cases above ₹10 crore.</li> </ul> <p>Each forum hears complaints and provides relief depending on the value involved</p>
33.	<p>(Any six)</p> <ol style="list-style-type: none"> <li>1. Removal of defect in goods</li> </ol>

	<ol style="list-style-type: none"> <li>2. Replacement of goods</li> <li>3. Refund of price paid</li> <li>4. Compensation for loss or injury</li> <li>5. Discontinue unfair trade practices</li> <li>6. Pay litigation costs</li> </ol>
34	<p>(Any six)</p> <ol style="list-style-type: none"> <li>1. Be aware of quality and safety.</li> <li>2. Buy only quality marked products (ISI, Agmark, FSSAI).</li> <li>3. Read labels and verify expiry/manufacturing date.</li> <li>4. Collect bills and receipts.</li> <li>5. File complaints when rights are violated.</li> <li>6. Use resources responsibly (environmental awareness).</li> </ol>
35.	<ol style="list-style-type: none"> <li>1. The company used misleading advertisements, an unfair trade practice.</li> <li>2. Right to be Informed is violated.</li> <li>3. Products with FSSAI mark are approved for safety and purity; buying certified goods reduces such risks.</li> <li>4. Responsibilities: <ul style="list-style-type: none"> <li>• Buy only certified products (FSSAI in this case).</li> <li>• Read labels and verify claims.</li> <li>• Report misleading ads to authorities.</li> </ul> </li> </ol>

**KENDRIYA VIDYALAYA SANGATHAN, RO JABALPUR**  
**SAMPLE PAPER 2025-26 SET A**  
**CLASS-12**  
**BUSINESS STUDIES**

**Maximum Marks: 80**  
**Hours**

**Time Allowed: 3**

**General Instructions**

1. This Question Paper Contains 34 Questions.
2. Marks are indicated against each question.
3. Answers should be brief and to the point.
4. Answers to the questions carrying 3 marks may be from 50 to 75 words.
5. Answers to the questions carrying 4 marks may be about 150 words.
6. Answers to the questions carrying 6 marks may be about 200 words.
7. Attempt all parts of the questions together.

Q. No	Questions	Marks
1	<p>The project managers in an organisation set targets for the upcoming months and outline strategies to achieve them. At the same time, they assign specific roles and responsibilities to their team members. They motivate them to meet the deadline, by celebrating their achievements and taking their feedback. Thus, various functions are simultaneously performed by all managers all the time. Name the characteristic of Management discussed above.</p> <p>a) Management is a dynamic function  b) Management is a continuous process  c) Management is an intangible force  d) Management is goal oriented</p>	1
2	<p>Read the following statements:  Assertion (A) and Reason (R).  Choose the correct alternative from those given below:  ASSERTION(A): Maslow's need hierarchy theory of motivation is widely recognised and appreciated yet criticised.  REASON(R): Even though Maslow's theory focuses on needs as a basis of motivation and helps to develop understanding about the motivation phenomenon, his propositions are questioned on their classification and hierarchy.  Alternatives :</p> <p>(a) Both Assertion (A) and Reason (R) are 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 the Assertion.  (d) Both Assertion (A) and Reason (R) are true, and Reason (R) is the correct explanation of the Assertion.</p>	1
3	<p>Assertion (A): Efficiency in Management is concerned with result.  Reason (R): Effectiveness is also increased when for the same output; fewer resources are used and less cost are incurred.</p> <p>A. Both the statements (A) and (R) are correct and (R) is the correct explanation of (A)  B. Both the statements (A) and (R) are correct but (R) is not the correct explanation of (A)  C. Statement (A) is correct but Statement (R) is incorrect.  D. Both the statements (A) and (R) are incorrect</p>	1
4	<p>Principles of management can be modified by the manager when the situation demands. This statement implies that the principles of management are:</p>	1

	<p>A. Rigid  B. Contingent  C. Flexible  D. Universally applicable</p>	
5	<p>‘Flavors of South’ is a famous chain of South Indian restaurants. It believes in complete cooperation between labor and management. Its management encourages the employees for their constructive suggestions. They take their employees into confidence for all important decisions. Choose the correct Principles of Scientific management highlighted in the above statement:</p> <p>A. Science, Not rule of Thumb  B. Harmony, Not discord  C. Co-operation, not Individualism  D. Development of each and every person to his or her greatest efficiency and prosperity</p>	1
6	<p>Read the following statements carefully:  Statement I- The objective of financial management is to maximize the wealth of directors of the company.  Statement II- The financing decision of the company is unaffected by the extent of retained earnings.  In the light of given statements , choose the correct alternative from the following:  (a)Both the statements are true.  (b) Both the statements are false.  (c) Statement I is true, Statement II is false.  (d) Statement II is true, Statement I is false.</p>	1
7	<p>The growing awareness about healthcare has led to an increase in the demand for health care products and services in the country. Identify the feature of business environment being described in the above case.</p> <p>A. Dynamic nature  B. Uncertainty  C. Relativity  D. Interrelatedness</p>	1
8	<p>Plans are prepared for a specific period of time, may be for a month, a quarter or a year. At the end of that period, there is a need for a new plan to be drawn on the basis of new requirements and future conditions. The feature of planning reflected in the above lines is:</p> <p>A. Planning is futuristic  B. Planning is continuous  C. Planning is Pervasive  D. Planning is mental exercise</p>	1
9	<p>Companies are required to ensure that the dividend does not violate the terms of loan agreement.’ Identify the relevant factor affecting dividend decisions being discussed above.  a) Access to capital market b) Legal constraints c) Stock market reaction d) Contractual constraints</p>	1
10	<p>The Finance Manager of Elle Pharma Limited, Mr Ashish Manjrekar wants to raise funds through debt or equity to the extent of ₹2 crores. For this purpose, he approaches a well regulated financial market that facilitates the mobilisation of long term capital for companies. Identify the market where Mr Ashish Manjrekar can raise the funds.  a) Money market b) Secondary market c) Capital market d) Wholesale debt market</p>	1
11	<p>Choose the correct statement about the meaning of depository.  a) Depository holds and transfers securities in the Demat Form.  b) Depository serves as an intermediary and buys and sells securities on the instructions of clients.  c) Depository is like a bank and keeps securities in electronic form on behalf of investors.</p>	1

	d) Depository buys securities from a company and sells to the public at a higher price.	
12	Arth Nivesh Limited has a high fixed operating cost. The Finance Manager informs the Chief Finance Officer that, in case the company decides to take a loan, for its future financial needs, its fixed financial cost will also increase leading to an overall increase in cost. Identify the factor affecting choice of capital structure discussed above. a) Cost of debt b) Floatation cost c) Risk consideration d) Control	1
13	'Game of Clones', a reputed amusement company has decided to run an advertising campaign for which it is hiring various celebrities. The campaign involves an expenditure of ₹ 150 Crores. Identify the financial decision involved in the above case. a. Long term investment decision                      b. Financing decision c. Working capital decision                                d. Dividend decision	1
14	The important aspect of staffing include----- A. Selection B. Training C. Recruitment D. All of the above	1
15	Which of the following is <b>not</b> an advantage of using external source of recruitment? A. Qualified personnel B.Wider choice C.Fresh talent                      D.Economical source	1
16	A product will be purchased only if it is perceived to be giving the greatest benefit for the money. Name the feature of marketing reflected in this statement a) Creating a market offering    b) Customer value    c) Exchange mechanism    d) Needs and wants	1
17	Which style of leadership is being illustrated in the picture given below:  A.Democratic Leadership    B.Autocratic Leadership C.Free-rein Leadership        D.None of the above	1
18	Atul was working as an employee in a readymade garments factory. He was very sincere and dedicated and always completed his work in time. It pained him to see that his colleagues were reluctant to do the work even though they had the ability to do it. Due to his good behaviour and willingness to work, he was promoted to the post of the supervisor of the same team in which he was a worker earlier. He understood very well that it was not always possible to get the best of work from employees merely by exercising formal authority. He had insights into the causes of behaviour of people. He knew how to get the work done by the workers in a desired manner to achieve the organizational objectives. Under his supervision even the workers who were reluctant to work started working efficiently and effectively. From the following, identify the concept used by Atul, as a supervisor to get the work completed: A. Leadership    B. Financial Incentives    C. Motivation    D. Non-financial Incentives	1
19	Deviations are said to be positive in nature when: A. Planned performance are more than the actual performance B. Actual performance are more than the Planned performance C. Both Planned performance and the actual performance are the same D. None of the above	1

20	Name the element of marketing mix which includes deciding about the features, quality, packaging, labelling and branding of goods or services or 'anything of value' which is offered to the market for sale. a) promotion    b) place    c) product    d) price	1
21	A. State any three points of significance of decentralization. <b>OR</b> B. State any three limitation of formal organization.	3
22	Anabel Creations, an apparel designing company has a huge pile of young men's and women's garments to be sold across its branches in various cities. In order to clear the stock, the company has decided to give a heavy discount on its garments, with a view to lure the buyers. It is also visiting various colleges for sponsoring fashion shows in order to push its sales. However, the garments are not liked by the customers as they have not been made as per their needs and preferences. a) Identify and state the Marketing Management philosophy being followed by Anabel Creations. b) Name and state any two other philosophies of Marketing apart from the one identified in part a.	3
23	A. A) Give any three points of distinction between the money market and capital market. <b>OR</b> B. B) Give any three protective functions performed by Securities and Exchange Board of India.	3
24	Muralidhar Parekh started textile printing business in Gujarat in the year 2022 by using practices like eco-friendly dyeing and printing processes in order to ensure environmental sustainability. Soon the business started flourishing. For the financial year 2024-25, Muralidhar formulated the organisational goal of increasing sales by 10% and framed strategies for their achievement. Since his job was complex and stressful, he appointed subordinates to carry out the main task of implementing and controlling the plans and strategies made by him. Identify the level at which the necessary workforce was appointed for implementing and controlling the plans and strategies made by Muralidhar Parekh. What will they need to do to carry out this main task? State any two points.	3
25	Describe the following concepts of Principles of Management: a. Unity of Command    b. Division of Work    c. Discipline    d. Remuneration of Persons	4
26	A) Explain why planning is considered as : a) pervasive    b) futuristic function of management. <b>OR</b> B) Explain the following as a type of plans : a) strategy    b) procedure	4
27	"Dimensions of business environment mean all the factors, forces and institutions which have direct or indirect influence over the business transactions" Explain any four dimensions of Business Environment with examples.	4
28	A) Explain the following functions of Marketing: a. Customer support services    b. Packaging and labelling <b>OR</b> B) Explain two features of the following: a. Personal selling    b. Advertising	4
29	When candidates from outside the organization are invited to fill the vacant job position then it is known as external recruitment. Despite many disadvantages, external source of recruitment is very popular. Explain any four advantages of external source of recruitment.	4
30	"Setting up of (target) standard is the first step in the controlling process". Explain the next four steps in the process of controlling.	4
31	Well-being Ltd. is a company engaged in production of organic foods. Presently, it sells its products through indirect channels of distribution. But, considering the sudden surge in the	6

	<p>demand for organic products, the company is now inclined to start its online portal for direct marketing. The financial managers of the company are planning to use debt in order to take advantage of trading on equity. In order to finance its expansion plans, it is planning to ' raise a debt capital of Rs. 40 lakhs through a loan @ 10% from an industrial bank. The present capital base of the company comprises of Rs. 9 lakh equity shares of Rs. 10 each. The rate of tax is 30%. In the context of the above case:</p> <p>(1) What are the two conditions necessary for taking advantage of trading on equity?</p> <p>(2) Assuming the expected rate of return on investment to be same as it was for the current year i.e. 15% , do you think the financial managers will be able to meet their goal. Show your workings clearly.</p>	
32	<p>Malini and Shalini recently completed their web designing course from a reputed University in Mumbai. Malini opened her own website development company ' Rapid Software Private Limited' .In order to ensure a smooth flow of communication and better control over the operations of her business, she divided the entire work of a company into four departments i.e web designing, accounting, research and development and customer service. All departments are required to report to a coordinating head. The company became successful in the market as all operations were carried out with a high degree of specialisation.</p> <p>Shalini joined a big group named Babylon.com,Inc. which offered a variety of services like Babylon Web Services, Babylon Prime, Babylon Retail. She was appointed as the head of Babylon Web Services division and was made responsible for the profit or loss of her service division.She was happy to take the responsibility as the division would function as an autonomous unit, thus enabling her to make faster decisions.</p> <p>(a). Identify the types of the framework within which managerial and operating tasks are performed, in the organisations, of which, Malini and Shalini were a part of.</p> <p>(b). Give any four differences between the frameworks identified above.</p>	6
33	<p>Identify and explain the communication barrier discussed in each of the following cases and name the broad category of each communication barrier to which they relate:</p> <p>A. 'MNB Ltd.' launches a new software programme using Artificial Intelligence. Ajit, the Project Manager, explains the new software system to employees in the organisation, using terms like 'cloud computing', 'machine learning', etc. Since the employees are not specialists in this field, they cannot understand the actual meaning of many words used by the Project Manager.</p> <p>B. Rajesh, working as Production Manager in 'KLM Ltd.', approaches the General Manager, Kumar to discuss the problems he is having at work. Rajesh tells him about the increasing workload and the need for additional support. However, Kumar who is working on an important file, keeps glancing at it while nodding occasionally. He does not make eye contact with Rajesh or stop reading the file He responds saying "Okay Rajesh, just try to manage". Rajesh leaves the office feeling disappointed.</p> <p>C. Suresh is a senior technician at a company manufacturing spare parts of a car. He suggests a new method for reducing the idle time on machines to increase efficiency. He presents his idea during a team meeting and is appreciated by everyone. But the manager Pankaj, does not offer any appreciation award for his brilliant idea.</p>	6
34	<p>A. A) State any six reliefs available to a consumer under Consumer Protection Act, 2019. OR B. State the rights available under Consumer Protection Act, 2019 for the protection and promotion of interest of consumers.</p>	6

SAMPLE PAPER 2025-26

CLASS-12

BUSINESS STUDIES

**MARKING SCHEME (SET-A)**

Q. No	Answers	Marks
1	b) Management is a continuous process	1
2	d) Both Assertion (A) and Reason (R) are true, and Reason (R) is the correct explanation of the Assertion.	1
3	C. Statement (A) is correct but Statement (R) is incorrect.	1
4	C. Flexible	1
5	C. Co-operation, not Individualism	1
6	b) Both the statements are false.	1
7	D. Interrelatedness	1
8	B. Planning is continuous	1
9	d) Contractual constraints	1
10	c) Capital Market	1
11	c) Depository is like a bank and keeps securities in electronic form on behalf of investors.	1
12	c) Risk consideration	1
13	a) Long term investment decision	1
14	D. All of the above	1
15	D. Economical source	1
16	b) Customer value	1
17	A. Democratic Leadership	1
18	C. Motivation	1
19	B. Actual performance are more than the Planned performance	1
20	c) product	1
21	<p>A. With correct explanation</p> <ul style="list-style-type: none"> <li>i. Develops initiative among subordinates</li> <li>ii. Develop managerial talent for the future</li> <li>iii. Quick decision making</li> </ul> <p style="text-align: center;"><b>OR</b></p> <p>B. With correct explanation</p> <ul style="list-style-type: none"> <li>i. The formal organisation may lead to procedural delays.</li> <li>ii. Poor organizational practices may not provide adequate recognition to creative talent.</li> <li>iii. It does not provide a complete picture of how an organization works, as it is difficult to understand all human relationship through a formal structure.</li> </ul> <p><b>(1 mark each for correct point and explanation)</b></p>	3
22	<p>i. a) The Marketing Management philosophy followed by Anabel Creation is the Selling concept.. This business philosophy assumes that the customers would not buy, or not buy enough, unless they are adequately convinced and motivated to do so.</p> <p>Therefore, firms must undertake aggressive selling and promotional efforts to make customers buy their products. The use of promotional techniques such as advertising, personal selling and sales promotion are considered essential for selling of products.</p> <p>b)The Production Concept- The focus of business activities is on production of goods. It is believed that profits can be maximised by producing at large scale, thereby reducing the average cost of production. Consumers would favour those products which are widely available at an affordable price. Thus, availability and affordability of the products are considered to be the key to the success of a firm.</p>	3

	<p>The Product Concept- products. The focus of business activity is on bringing continuous improvement in the quality, incorporating new features etc. Thus, product improvement became the key to profit maximisation of a firm, under the concept of product orientation.</p> <p>The Marketing Concept- It assumes that in the long run an organisation can achieve its objective of maximisation of profit by identifying the needs of its present and prospective buyers and satisfying them in an effective way. All the decisions in a firm are taken from the point of view of the customers. Customer's satisfaction becomes the focal point of all decision making in the organisation.</p> <p>The Societal Marketing Concept- The business orientation should not be short-sighted to serve only consumers' needs. It should also consider large issues of long-term social welfare. The societal marketing concept holds that the task of any organisation is to identify the needs and wants of the target market and deliver the desired satisfaction in an effective and efficient manner so that the long-term well-being of the consumers and the society is taken care of.</p> <p>(1 mark for identification And 1 mark each for any two philosophy)</p>	
23	<p>Any three differences 1mark for Each difference (1X3=3 (Any3))</p> <p style="text-align: center;"><b>OR</b></p> <p>B) Protective functions performed by Securities and Exchange Board of India:</p> <ol style="list-style-type: none"> <li>1. Prohibition of fraudulent and unfair trade practices like making mis- leading statements, manipulations, price rigging etc.</li> <li>2. Controlling insider trading and imposing penalties for such practices.</li> <li>3. Undertaking steps for investor protection.</li> <li>4. Promotion of fair practices and code of conduct in the securities market.</li> </ol> <p>(1×3=3 Any 3)</p>	3
24	<p>The level at which necessary workforce would be appointed for implementing and controlling the plans and strategies is Middle Level. He is required to do the following to carry out the main task at the Middle Level :( any two)</p> <ol style="list-style-type: none"> <li>(i) interpret the policies framed by top management,</li> <li>(ii) ensure that their department has the necessary personnel,</li> <li>(iii) assign necessary duties and responsibilities to them,</li> <li>(iv) motivate them to achieve desired objectives</li> <li>(v) co- operate with other departments for smooth functioning of the organisation. At the same time they are responsible for all the activities of first line managers.</li> </ol> <p>(1 mark for identification b)1x2=2 (Any2))</p>	3
25	<p>a. 1 MARK FOR EACH correct explanation)</p>	4
26	<p>A) a) Planning is pervasive: Planning is required at all levels of management as well as in all departments of the organisation. It is not an exclusive function of top management nor of any particular department. But the scope of planning differs at different levels and among different departments. For example, the top management undertakes planning for the organisation as a whole. Middle management does the departmental planning. At the lowest level, day-to-day operational planning is done.</p> <p>b) Planning is futuristic: Planning essentially involves looking ahead and preparing for the future. The purpose of planning is to meet future events effectively to the best advantage of an organisation. It implies peeping into the future, analysing it and predicting it. Through forecasting, future events and conditions are anticipated and plans are drawn accordingly.</p>	4

	<p>OR</p> <p>B) a) Strategy A strategy provides the broad contours of an organisation's business. It will also refer to future decisions defining the organization's direction and scope in the long run. A strategy is a comprehensive plan for accomplishing an organisation objectives. This comprehensive plan will include three dimensions:</p> <p>(i) determining long term objectives,</p> <p>(ii) adopting a particular course of action, and</p> <p>(iii) allocating resources necessary to achieve the objective. Whenever a strategy is formulated, the business environment needs to be taken into consideration.</p> <p>b) Procedure Procedures are routine steps on how to carry out activities. They detail the exact manner in which any work is to be performed. They are specified in a chronological order. Procedures are specified steps to be followed in particular circumstances. They are generally meant for insiders to follow.</p> <p>(2X2 =4)</p>	
27	<p>a. Economic environment</p> <p>b. Social environment</p> <p>c. Political environment</p> <p>d. Technological environment</p> <p>e. Legal environment</p> <p>(1 mark for each (Any four))</p>	4
28	<p>A) a) Customer support services- Customer support services such as after sales services, handling customer complaints and adjustments, procuring credit services, maintenance services, technical services and consumer information aim at providing maximum satisfaction to the customers, which is the key to marketing success. They are very effective in bringing repeat sales from the customers and developing brand loyalty for a product.</p> <p>b) Packaging refers to designing and developing the package for the products. Labelling refers to designing and developing the label to be put on the package. The label may vary from a simple tag to complex graphics. Packaging and labelling have become so important in modern day marketing that these are considered as the pillars of marketing. Packaging is important not only for protection of the products but also serves as a promotional tool.</p> <p>OR</p> <p>B) a) Personal selling- Features</p> <p>(i) Personal Form: In personal selling a direct face-to-face dialogue takes place that involves an interactive relationship between the seller and the buyer.</p> <p>(ii) Development of Relationship: Personal selling allows a salesperson to develop personal relationships with the prospective customers, which may become important in making sales.</p> <p>b) Advertising- Features (any two)</p> <p>(i) Paid Form: Advertising is a paid form of communication. That is, the sponsor has to bear the cost of communicating with the prospects.</p> <p>(ii) Impersonality: There is no direct face-to-face contact between the prospect and the advertiser. It is therefore referred to as an impersonal method of promotion. Advertising creates a monologue and not a dialogue.</p> <p>(iii) Identified Sponsor: Advertising is undertaken by some identified individual or company, who makes the advertising efforts and also bears the cost of it</p> <p>(2X2 =4)</p>	4
29	<p>Advantages of external source of recruitment:</p> <p>a. Fresh talent</p> <p>b. Wider choice</p> <p>c. Qualified personnel</p> <p>d. Latest technological knowledge</p> <p>e. Competitive spirit</p> <p>(1 mark for each description (Any Four))</p>	4
30	<p>a. measuring performance</p> <p>b. compare performance</p> <p>c. analyzing deviation</p> <p>d. taking corrective measures</p>	4

(1 mark for each description)

31

1. The two conditions necessary for taking advantage of trading on equity are :
- o The rate of return on investment should be more than the rate of interest.
  - o The amount of interest paid should be tax deductible.

Sources	Situation 1	Situation 2
	Amount (in Rs.)	Amount (in Rs.)
Equity shares	90,00,000	90,00,000
10 % Debentures	NIL	40,00,000
Total Capital	90,00,000	1,30,00,000
EBIT	13,50,000	19,50,000
Less: Interest	— —	(4,00,000)
EBT	13,50,000	15,50,000
Less: Tax @ 30%	– (4,05,000)	– (4,65,000)
EAT	9,45,000	10,85,000
No. of shares of Rs. 10 each	9,00,000	9,00,000
EPS	$9,45,000/9,00,000= 1.05$	$10,85,000/9,00,000 = 1.21$

Yes, the financial managers will be able to meet their goal as the projected EPS, with the issue of debt, is higher than the present EPS.

6

32

- a. The type of framework (structure) highlighted are **Functional Structure and Divisional Structure.**
- b. Distinction between Functional and Divisional Structure

Basis	Functional Structure	Divisional Structure
Formation	Formation is based on function	Formation is based on product lines and is supported by functions
Specialization	Functional specialization	Product specialization
Responsibility	Difficult to fix on a department	Easy to fix responsibility for performance
Managerial Development	Difficult, as each functional manager has to report to the top management	Easier, autonomy as well as the chance to perform multiple functions helps in managerial development

6

<b>2 marks for the identification of the two structures and 4 marks for any four differences</b>			

33	<p>a. Technical jargon – Semantic Barrier Generally specialists use technical jargon while explaining to persons who are not specialists in the concerned field. Therefore, they may not understand the actual meaning of many such words.</p> <p>b.Lack of attention – Psychological Barrier The preoccupied mind of receiver and the resultant non listening of message acts as a major psychological barrier.</p> <p>c.Lack of proper incentives – Personal Barrier If there is no motivation or incentive for communication, subordinates may not take initiative to communicate.</p> <p><b>(1 mark for identification And 1 mark each for correct explanation of all)</b></p>	6
34	<p>A) Reliefs available to a consumer under Consumer Protection Act, 2019(any six):</p> <ul style="list-style-type: none"> <li>(i) To remove the defect in goods or deficiency in service.</li> <li>(ii) To replace the defective product with a new one, free from any defect.</li> <li>(iii) To refund the price paid for the product, or the charges paid for the service.</li> <li>(iv) To pay a reasonable amount of compensation for any loss or injury suffered by the consumer due to the negligence of the opposite party.</li> <li>(v) To pay punitive damages in appropriate circumstances.</li> <li>(vi) To discontinue the unfair/ restrictive trade practice and not to repeat it in the future.</li> <li>(vii) Not to offer hazardous goods for sale.</li> <li>(viii) To withdraw the hazardous goods from sale.</li> <li>(ix) To cease manufacture of hazardous goods and to desist from offering hazardous services.</li> <li>(x) To pay any amount (not less than 5% of the value of the defective goods or deficient services provided), to be credited to the Consumer Welfare Fund or any other organisation/person, to be utilised in the prescribed manner.</li> <li>(xi) To issue corrective advertisement to neutralise the effect of a misleading advertisement.</li> <li>(xii) To pay adequate costs to the appropriate party.</li> </ul> <p>OR</p> <p>B)1. Right to Safety: The consumer has a right to be protected against goods and services which are hazardous to life and health. For instance, electrical appliances which are manufactured with substandard products or do not conform to the safety norms might cause serious injury. Thus, consumers are educated that they should use electrical appliances which are ISI marked as this would be an assurance of such products meeting quality specifications.</p> <p>2. Right to be Informed: The consumer has a right to have complete information about the product he intends to buy including its ingredients, date of manufacture, price, quantity, directions for use, etc.</p> <p>3. Right to Choose: The consumer has the freedom to choose from a variety of products at competitive prices. This implies that the marketers should offer a wide variety of products in terms of quality, brand, prices, size, etc. and allow the consumer to make a choice from amongst these.</p> <p>4. Right to be Heard: The consumer has a right to file a complaint and to be heard in case of dissatisfaction with a good or a service. It is because of this reason that many enlightened business firms have set up their own consumer service and grievance cells. Many consumer organisations are also working towards this direction and helping consumers in redressal of their grievances.</p> <p>5. Right to seek Redressal: The consumer has a right to get relief in case the product or service falls short of his expectations. The Consumer Protection Act provides a number of reliefs to the consumers including replacement of the product, removal of defect in the product, compensation paid for any loss or injury suffered by the consumer, etc.</p> <p>6. Right to Consumer Education: The consumer has a right to acquire knowledge and to be a well informed consumer throughout life. He should be aware about his rights and the reliefs available to him in case of a product or service.</p>	6

# KENDRIYA VIDYALAYA SANGATHAN R.O JABALPUR

Sample paper 2025-26

Class XII

Subject-Business Studies (SET-B)

Maximum Time- 3 hours

Maximum Marks- 80

**General instructions :**

This question paper contains 34 questions.

Marks are indicated against each question.

Answers should be brief and to the point.

Answers to the questions carrying 3 marks may be from 50 to 75 words.

Answers to the questions carrying 4 marks may be about 150 words.

Answers to the questions carrying 6 marks may be about 200 words.

Attempt all parts of the questions together.

SR. NO.	QUESTIONS	MA RK
Q.1	<p>As an application of this principle, we find that Public Sector Undertakings have developed entire townships as, for example, BHEL has developed Ranipur in Hardwar (Uttaranchal). Identify the significance of principle of management.</p> <p>(a) Fulfilling social responsibility (b) Efficient utilization of resources (c) Meeting changing environment requirements (d) All of the above</p>	1
Q.2	<p>Assertion A : Democratic management is based on the principle of peoples participation.</p> <p>Reason R : A leaders who takes administrative decision by himself/herself believes in democratic procedures.</p> <p>In light of the above statements, choose the correct answer from the options given below:</p> <p>a) Both A and R are true and R is the correct explanation of A</p>	1

	<p>b) Both A and R are true but R is NOT the correct explanation of A</p> <p>c) A is true but R is false</p> <p>d) A is false but R is true</p>	
Q.3	<p>GreenTech Pvt. Ltd. is a company that manufactures eco-friendly packaging materials. Due to increased demand, the company decided to expand its operations and open a new production unit in another city. To staff the new unit, the HR manager was given the task of recruiting new employees.</p> <p>The HR manager first informed existing employees about the job openings and asked them to refer suitable candidates.</p> <p>Identify the source of recruitment used by Green techPvt.ltd.</p> <p>a) Advertisement</p> <p>b) Campus placement</p> <p>c) Casual callers</p> <p>d)Recommendation by existing employees</p>	1
Q.4	<p>Pawan is working as a production manager in SMS Limited engaged in manufacturing of CFL bulbs. There are no class conflicts between the manager and workers. The working conditions are very good. The company is earning huge profit. As a policy matter, management is sharing the gain with the workers because they believe that the prosperity of the employees and company cannot exist for long time without the prosperity of the company cannot exist for a long-term without employees' prosperity. Identify the principle of management described in the above paragraph.</p> <p>(a) Science, not rule of thumb</p> <p>(b) Principal of scientific management</p> <p>(c) Principle of fatigue study</p> <p>(d) Harmony not discord</p>	1
Q.5	<p>Sanket a class twelfth commerce student in a reputed school in Punjab.Shasank is his elder brother who is doing his Masters in Hospital administration from Delhi after completing his B. Sc course. During vacations when Shasank comes home, sanket shows him the business studies project that he is preparing on the</p>	1

	<p>topic “Principles of Management. Shasank tells him that these principles are also a part of MBA course curriculum at the beginner’s level as they form the core of management in practice. Outline the feature of principle of management highlighted above.</p> <p>a) Pervasive b) Flexible c) Continuous d) Rigid</p>	
Q.6	<p>Out of the following, select the combination of importance of Business Environment.</p> <p>(a) It helps in identifying opportunities and taking first mover advantages (b) It helps in tapping useful resources (c) It helps in identifying threat and provides early warning signals (d) It consists of specific and general forces. (e) It is uncertain and complex.</p> <p>Choose the correct combination out of the following.</p> <p>(a) a, b and c only (b) a, band d only (c) c, d and e only (d) b, c and d only</p>	1
Q.7	<p>Mr. Paramveer, the sales executive of ABC Ltd, possess good marketing techniques, his techniques involve oral presentation of message, convincing the customer with face to face interaction, etc. Identify the element of promotion mix used by Rajiv.</p> <p>a) personal selling b) Advertisement c) Sales promotion d) Public relation</p>	1
Q.8	<p>Bhoopendra joined a food processing unit as a factory worker. Since he was expected to work on sophisticated machinery ,he was asked to undergo a special training .Identify the source of recruitment being used by the management.</p> <p>a) Vestibule training b) Apprenticeship training c) Internship training d) Induction training</p>	1

Q.9	<p>Jai is a senior manager in a software consultancy firm. He regularly prepares performance reports of his subordinates as part of appraisal. The step of controlling process is:</p> <p>(a) Measuring of performance  (b) Analysing deviation  (c) Compare performance against standard  (d) Taking corrective</p>		1										
Q.10	<p>If there is no reward or appreciation for a good suggestion, the subordinates may not be willing to offer useful suggestions.' The given statement is related to which category of barriers of communication? identify the type of communicationbarriers.</p> <p>a) Personal Barrier  b) Semantic Barrier  c) Psychological Barrier  d)Organisational Barrier</p>		1										
Q.11	<p>Kanchi's grandmother in her will gave shares worth 50 lac in her name, when she opened the bank locker to get the share certificates, she found all were in very bad shape, half torn etc.To overcome this problem financial market has started a new concept called:</p> <p>(a) Dematerialisation  (b) Demutualisation  (c) Both (a) and (b)  (d) None of the above</p>		1										
Q.12	<table border="1"> <thead> <tr> <th data-bbox="354 1377 833 1423">COLUMN A</th> <th data-bbox="833 1377 1252 1423">COLUMN B</th> </tr> </thead> <tbody> <tr> <td data-bbox="354 1423 833 1524">i)The name of whole class of product</td> <td data-bbox="833 1423 1252 1524">a. Brand mark</td> </tr> <tr> <td data-bbox="354 1524 833 1625">ii) A part of name which can be spoken</td> <td data-bbox="833 1524 1252 1625">b. Trade mark</td> </tr> <tr> <td data-bbox="354 1625 833 1726">iii) A part of brand which cannot be spoken</td> <td data-bbox="833 1625 1252 1726">c.Generic mark</td> </tr> <tr> <td data-bbox="354 1726 833 1770">iv) A registered brand name</td> <td data-bbox="833 1726 1252 1770">d.Brand name</td> </tr> </tbody> </table>	COLUMN A	COLUMN B	i)The name of whole class of product	a. Brand mark	ii) A part of name which can be spoken	b. Trade mark	iii) A part of brand which cannot be spoken	c.Generic mark	iv) A registered brand name	d.Brand name		1
COLUMN A	COLUMN B												
i)The name of whole class of product	a. Brand mark												
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iii) A part of brand which cannot be spoken	c.Generic mark												
iv) A registered brand name	d.Brand name												
<p>Options:  l) i(c). ii (d).iii(a)iv. (b)</p>													

	<p>II) i(d). ii (c).iii (a).iv ( b)</p> <p>III) i(b).ii (a). iii(d). iv(c)</p> <p>IV) i (a).ii (c).iii ( d).iv ( b)</p>	
Q.13	<p>Assertion (A) The main objective of any organization is the optimal utilization of resources so as to derive maximum advantage from them.</p> <p>Reason (A) The main aim of every manager in any organization is to complete work without minimizing the cost.</p> <p>(a)Both A and R are true and R is the correct explanation of A.</p> <p>(b) Both A and R are true and R is not the correct explanation of A</p> <p>(c) A is true but R is false.</p> <p>(d) A is false but R is true</p>	1
Q.14	<p>Look at the picture and identify the functions of management.</p>  <p>a) Organizing b) Staffing c) Directing d) Planning</p>	1
Q.15	<p>Mr Harshit is the HR manager of Madhur Store Pvt. Ltd. He has to appoint some sales person's for the store. As the customers</p>	1

	<p>come to the store of different nature, he wants to find out salesperson's Maturity and Emotions in dealing with the customers. Identify the selection test required in the above case:</p> <p>(a) Intelligent Test  (b) Aptitude Test  (c) Personality Test  (d) Trade Test</p>	
Q.16	<p>One of the concept of financial management takes into consideration the growth, performance, investment and requirement of fund for given period. Identify the concept.</p> <p>(a) Financial management  (c) Capital structure  (b) Investment decision  (d) Financial decision</p>	1
Q.17	<p>Customers of different banks can use same ATM machine for withdrawal of money. This is related to which factor of fixed capital requirement</p> <p>(a) Diversification  (b) Growth Prospects  (c) Availability of finance  (d) Level of collaboration</p>	1
Q.18	<p>Bhoomika is planning to enter in the business of Herbal Shampoo in the beginning she was thinking there are very few companies making herbal shampoo, but when she started selling her product she realised that many companies are already in the business of selling herbal shampoo. Identify the factor affecting working capital in the above case.</p> <p>(a) Growth prospects  (b) Nature of business  (c) Level of competition  (d) Business cycle fluctuation</p>	1
Q.19	<p>ABC Ltd. issued prospectus for the subscription of its shares for 500 crores in 2008. The issue was oversubscribed by 20 times. The company issued shares to all the applicants on pro-rata basis.</p>	1

	<p>Later SEBI inspected the prospectus and found some misleading statement about the management of the company in it. SEBI imposed a penalty of 5 crores and banned its three executive directors for dealing in securities market for three years.</p> <p>Identify the function and its type performed by SEBI in the above case.</p> <p>a) Protective function  b) Development function  c) Regulatory function  d) Management function</p>	
Q.20	<p>Assertion (A): Trading on Equity raises the return of equity shareholders.</p> <p>Reason (R): Cost of debt is lower than the cost of equity and interest paid on debt is a deductible expense.</p> <p>Alternatives:</p> <p>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 and 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.</p>	1
Q.21	<p>State any three advantages of informal organizations</p> <p style="text-align: center;">OR</p> <p>Explain the elements of delegation of authority.</p>	3
Q.22	<p>As a global leader in the consumer electronics and entertainment industries, Sony has set forth Road to Zero environmental plan', to achieve a zero environmental effect by the year 2050 by producing world-class products in a manner that both protects and promotes a healthy and sustainable planet.</p> <p>In the context of above case:</p> <p>1. Identify the marketing philosophy being implemented by the company.</p>	3

	<p>2. Outline the main focus and end of the relevant marketing philosophy.</p> <p>3. State any two other marketing philosophy.</p>	
Q.23	<p>Explain the functions of stock exchange</p> <p style="text-align: center;">OR</p> <p>Give any three points of distinction between the primary and secondary market.</p>	3
Q.24	<p>The management of Shivam Ltd. strongly believes that the members of an organization should work towards fulfilling the common organizational goals. This requires team work and integration of efforts of all individuals, departments and specialists. This is because all the individuals and departments depend on each other for information and resources to perform their respective activities. Managers need to reconcile differences in approach, timing, effort or interest. At the same time it should enable all its members to grow and develop. Thus, there is a need to harmonize individual goals and organizational goals.</p> <p>1. Identify the concept of management discussed above.</p> <p>2. Explain any two features of the concept identified in(a)</p>	3
Q.25	<p>What is meant by packaging? State any three functions of packaging?</p> <p style="text-align: center;">OR</p> <p>Explain any four advantages of branding to the marketer</p>	4
Q.26	<p>Explain any four limitations of planning.</p> <p style="text-align: center;">OR</p> <p>Explain the following as types of plans:</p> <p>a) Objective</p> <p>b) Rules</p>	4
Q.27	<p>Bookworm' Inc. is a well-established company in India that has been publishing and selling physical books for over 50 years. They have a strong reputation, a wide network of bookstores, and a loyal customer base of readers who love the feel and smell of paper books.</p>	4

	<p>However, a new wave of change is sweeping the country. The government has launched the 'Digital India' campaign, promoting internet connectivity and digital literacy across all sections of society. As part of this initiative, they have relaxed taxes on electronic devices and online services.</p> <p>Simultaneously, a new start-up, 'E-Read', has entered the market. 'E-Read' offers a popular e-reader device and a subscription service for e-books. Their business model is simple: for a low monthly fee, customers get unlimited access to a massive library of digital books, which they can read on their devices or phones. 'E-Read' has also partnered with popular social media influencers who are promoting the convenience and eco-friendly nature of e-books. Their marketing messages highlight how e-books save paper and are easy to carry, especially for students and professionals.</p> <p>'Bookworm' Inc. is now facing a significant threat. Their traditional sales are declining, and they are unsure how to compete with this new, digital-first company. The company's management is meeting to discuss their future strategy.</p> <p>Identify and explain the dimensions of business environment.</p>	
Q.28	<p>Controlling is an indispensable function of management. Without controlling the best of plans can go away “. Do you agree? Explain any four reasons in support of your answer</p>	4
Q. 29	<p>"Mega-Mart" is a large retail company with a central warehouse. The warehouse operations are managed by Mr. Yashveer Singh, who has been in the job for 20 years. The primary job of the 50 workers is to pick items from shelves, pack them, and prepare them for shipping to various retail stores.</p> <p>The current process is disorganized. Each worker decides their own path through the warehouse and uses whatever packing materials they can find. As a result, productivity is low, and there are frequent delays in shipments. The workers are often stressed, and disputes over who is responsible for which task are common.</p>	4

	<p>Mr. Yashveer Singh often gives instructions based on his past experience, without any formal analysis of the work.</p> <p>Identify the principles of management which are being violated in the above context.</p>	
Q. 30	<p>Tech Innovations Inc. is a rapidly growing startup specializing in developing cutting-edge mobile applications and software solutions. Founded three years ago by a group of young, tech-savvy entrepreneurs, the company has seen explosive growth, and its team has expanded from 5 to 50 employees.</p> <p>Recently, the company's flagship product, "Innovate Task," a productivity app, received a massive funding injection. To handle the increased workload and capitalize on this success, the management team has decided to launch two major projects:</p> <ul style="list-style-type: none"> <li>* Project "Quantum Leap": A new AI-powered personal assistant app.</li> <li>* Project "Fusion": An enterprise-level software suite for corporate clients.</li> </ul> <p>To execute these projects successfully, the company needs to hire new talent. The Human Resources (HR) department, led by Mr. Sharma, has been tasked with the crucial responsibility of building the teams for these projects.</p> <ol style="list-style-type: none"> <li>a) Identify the function of management.</li> <li>b) Explain the process of function of management identified in (a)</li> </ol>	6
Q. 31	<p>The directors of a manufacturing company are thinking of issuing Rs. 20 lacs additional debentures for expansion of their production capacity. This will lead to an increase in debt-equity ratio from 2:1 to 3:1.</p> <p>What are the factors do you think the directors should keep in view before taking the decision, name them &amp; explain any four?</p>	6
Q. 32	<p>RAM Design' is a pioneering advertisement making company. Mr. Manan is a dynamic manager who has recently joined the organization. He receives complete support from the management. There is proper infrastructure, planning mechanism and subordinate</p>	6

	<p>support. He gives orders and motivates the subordinates to perform their best. The demanding work involves him almost throughout the day. He is busy giving messages, talking to his subordinates or seniors, etc. throughout the day. One day he meets his friend yashveer who is working at the lower-level management though he himself is a part of middle level management. He finds that even yashveer is involved in communicating and supervising his employees throughout the year though he works at the lower-level management. Similar is the case with his seniors working at the higher-level management. He feels relaxed after knowing this and continues his work with even more dedication.</p> <p>a) Which function of management is highlighted in the above case?</p> <p>b) Identify the features of this function of management highlighted in the above case.</p> <p style="text-align: center;">OR</p> <p>Explain the different types of monetary and non monetary incentives.</p>	
Q. 33	<p>A company, which manufactures a popular brand of toys, has been enjoying good market reputation. It has a organisational structure with separate departments for Production, Marketing, Finance, Human Resources and Research and Development. Lately to use its brand name and also to cash on to new business opportunities it is thinking to diversify into manufacture of new range of electronic toys for which a new market is emerging.</p> <p>Explain regarding organization structure giving concrete reasons with regard to benefits the company will derive from the steps of diversify into manufacture new range of electronic toys .</p>	6
Q. 34	<p>State any four responsibilities that a consumer must keep in mind while purchasing gold Jewellery under Consumer Protection Act, 2019 .</p> <p style="text-align: center;">OR</p> <p>B) State the rights available under Consumer Protection Act, 2019 for the protection and promotion of interest of consumers.</p>	6

KENDRIYA VIDYALAYA SANGATHAN  
BUSINESS STUDIES(54)  
CLASS- 12  
MARKING SCHEME SET-B

QNO	ANSWERS	MARKS
1	(d) All of the above	1
2	c). A is true but R is false	1
3	Recommendation by the Existing employees	1
4	(d) Harmony not discord	1
5	Management is a pervasive function	1
6	(a) a, b and c only	1
7	Personal selling	1
8	Vestibule training	1
9	Measuring of actual performance	1
10	(a) Personal Barrier	1
11	Dematerialisation	1
12	(c) . (d). (a). (b)	1
13	A is true but R is false.	1
14	(a)Organizing	1
15	Personality Test	1
16	Financial planning	1
17	Level of collaboration	1
18	Level of competition	1

19	Protective function	1															
20	a) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A).	1															
21	<p>1. Faster Communication 2. Flexibility and Innovation 3. Improved Teamwork and Cooperation</p> <p style="text-align: center;"><b>OR</b></p> <p>1. <b>Authority:</b> This is the right to make decisions, give orders, and command resources to carry out assigned tasks. When a manager delegates work, they must also delegate enough authority to the subordinate to complete the task effectively.</p> <p>2. <b>Responsibility:</b> This is the obligation to perform the assigned task properly. Once a task is delegated, the subordinate becomes responsible for its completion. However, responsibility cannot be delegated—only authority can be.</p> <p>3. <b>Accountability:</b> This means the subordinate is answerable for the outcome of the task to the superior. Even though the task is delegated, the final accountability remains with the person who assigned the work</p>	3															
22	<p>The marketing philosophy being implemented by Sony is the societal marketing concept. Two other marketing philosophies are:</p> <p>a) Production concept b) Selling concept</p>	3															
23	<p>1. <b>Facilitates Buying and Selling of Securities:</b> It provides a regulated marketplace where investors can buy and sell shares, bonds, and other securities easily and transparently.</p> <p>2. <b>Price Determination:</b> Through demand and supply forces, the stock exchange helps in the valuation of securities, determining the market price based on real-time trading activity.</p> <p>3. <b>Safety and Security in Dealings:</b> Stock exchanges operate under strict regulations, ensuring that investors are protected and that fraudulent practices are minimized.</p> <p style="text-align: center;"><b>OR</b></p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Basis</th> <th style="text-align: left;">Primary market</th> <th style="text-align: left;">Secondary market</th> </tr> </thead> <tbody> <tr> <td><b>Meaning</b></td> <td>It is the market where new securities are issued for the first time</td> <td>It is the market where existing securities are bought and sold.</td> </tr> <tr> <td><b>Parties involved</b></td> <td>Involves the company and investors</td> <td>Involves investor-to-investor transactions</td> </tr> <tr> <td><b>Purpose</b></td> <td>Helps companies to raise fresh capital.</td> <td>Provides liquidity to existing investments</td> </tr> <tr> <td></td> <td></td> <td></td> </tr> </tbody> </table>	Basis	Primary market	Secondary market	<b>Meaning</b>	It is the market where new securities are issued for the first time	It is the market where existing securities are bought and sold.	<b>Parties involved</b>	Involves the company and investors	Involves investor-to-investor transactions	<b>Purpose</b>	Helps companies to raise fresh capital.	Provides liquidity to existing investments				3
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24	The concept of management discussed above is <b>Coordination.</b>	3															

	<p>three features of coordination          Coordination is an all-pervasive function          Coordination is a continuous process</p>	
25	<p><b>Packaging</b> refers to the process of designing and enclosing a product in a suitable container or wrapper to ensure its protection, convenience, and promotion. It plays a key role in preserving the product and attracting customers.</p> <p><b>Three Functions of Packaging:</b></p> <p><b>1. Protection:</b>          Packaging protects the product from damage, spoilage, leakage, or contamination during storage, transportation, and handling.</p> <p><b>2. Identification:</b>          Packaging helps in identifying the product and brand through labels, colors, and logos, making it easier for customers to recognize.</p> <p><b>3. Promotion:</b>          Attractive and well-designed packaging acts as a marketing tool that draws customer attention and promotes the product at the point of sale.</p> <p style="text-align: center;"><b>OR</b></p> <p><b>four advantages of branding to the marketer:</b></p> <p><b>1. Helps in Product Differentiation:</b>          Branding helps distinguish a marketer's product from competitors' products. A unique brand name, logo, or symbol makes the product stand out in the market.</p> <p><b>2. Builds Customer Loyalty:</b>          A strong and trusted brand creates loyal customers who repeatedly buy the product, ensuring consistent sales and long-term business.</p> <p><b>3. Enables Premium Pricing:</b>          Well-established brands often enjoy a higher reputation, allowing marketers to charge a premium price compared to unbranded or lesser-known products.</p> <p><b>4. Simplifies Introduction of New Products:</b>          When a company has a trusted brand, launching new products under the same brand name becomes easier and more successful due to customer trust and familiarity.</p>	4
26	<p><b>1. Rigidity:</b>          Once a plan is made, it may create a rigid framework for action. This reduces flexibility and makes it difficult to adapt to sudden changes or unexpected situations.</p> <p><b>2. Time-Consuming Process:</b>          Planning involves detailed analysis and forecasting, which takes a lot of time and effort. In urgent situations, it may delay immediate action.</p> <p><b>3. Does Not Guarantee Success:</b>          Even the best plans may fail due to unforeseen events like natural disasters, political instability, or economic changes. Planning cannot predict everything.</p>	4

	<p><b>4. Costly Process:</b> Planning requires investment in terms of money, time, and resources for research, analysis, and documentation, which may not always yield proportional benefits.</p> <p style="text-align: center;"><b>OR</b></p> <p><b>a) Objective:</b> Objectives are the end results that an organization aims to achieve within a specific time frame. They are broad goals that guide all organizational activities. Objectives provide direction to employees and help in aligning efforts. For example: "Increase sales by 15% in the next financial year."</p> <p><b>b) Rules:</b> Rules are specific statements that define what must or must not be done in a given situation. They are rigid and mandatory in nature. Rules do not allow any flexibility or discretion and must be followed strictly. For example: "No smoking in the office premises."</p>	
27	<p><b>i) Economic Environment:</b> Government Policies: The "Digital India" campaign and the relaxation of taxes on electronic devices and online services are direct government policies that are shaping the market</p> <p><b>ii) Social Environment</b> Bookworm's customers love the "feel and smell of paper books," a growing segment of the population, influenced by convenience and eco-friendliness, is opting for e-books.</p> <p><b>iii) Technological Environment</b> The "Digital India" campaign, promoting internet connectivity and digital literacy, is a critical enabler for E-Read's business model.</p> <p><b>iv) Political and Legal Environment</b> The government's decision to relax taxes on electronic devices and online services is a specific legal and political action that favors E-Read and digital businesses.</p>	4
28	<p><b>i) Ensuring Goal Achievement:</b> It helps to ensure that all activities are on track to meet the organization's objectives.</p> <p><b>ii) Optimal Use of Resources:</b> Effective controlling helps in minimizing waste and ensuring that resources like labor, materials, and finances are used efficiently</p> <p><b>iii) Evaluating the Accuracy of Standards:</b> The controlling function provides valuable feedback on the effectiveness of the standards and plans that were initially set.</p> <p><b>iv) Maintaining Discipline and Order:</b> Controlling establishes a framework of rules and procedures that all employees must follow</p> <p>Facilitating Coordination: Controlling provides a common direction to all departments and employees, ensuring that their efforts are coordinated towards achieving the overall organizational goals</p>	4
29	Principles of management are being violated:	4

	<p>i) <b>Division of Work:</b> The workers' tasks are not clearly defined. Each worker decides their own path, leading to disorganization and disputes over who is responsible for which task.</p> <p>ii) <b>Discipline:</b> The lack of a clear process and the disorganized nature of the work suggest a lack of discipline among the workers and in the overall system.</p> <p>iii) <b>Order:</b> The disorganized process, with workers choosing their own paths and materials, is a direct violation of the principle of order, which emphasizes having a designated place for everything and everyone</p> <p>iv) <b>Espirit de Corps:</b> The frequent disputes and stressed workers indicate a lack of harmony and unity among the team</p>	
30	<p>a) <b>Staffing</b></p> <p>b) 1. <b>Manpower Planning:</b> This initial step involves forecasting future workforce needs based on business goals and current staffing levels. It helps identify the number and types of employees required to achieve organizational objectives.</p> <p>2. <b>Recruitment:</b> This stage focuses on attracting potential candidates to fill vacant positions..</p> <p>3. <b>Selection:</b> After attracting candidates, the selection process evaluates and screens applicants to choose the most suitable individuals for the roles. This may involve interviews, tests, and background checks.</p> <p>4. <b>Placement and Orientation:</b> Once selected, new employees are introduced to the organization and their specific roles.</p> <p>5. <b>Training and Development:</b> Providing employees with the necessary skills and knowledge for their roles is crucial.</p>	4
31	<p>This is a <b>financing decision</b>, as it involves a company's choice of how to raise funds for its operations and growth</p> <p>The factors the directors should consider before issuing an additional Rs. 20 lakhs in debentures are</p> <p><b>Cost of Debt:</b> This is the interest rate the company will have to pay on the new debentures.</p> <p><b>Market Conditions</b> The directors should also consider the market's perception of the company</p> <p><b>Debt-Equity Ratio</b> A higher ratio indicates increased financial risk, as the company has a larger obligation to service its debt</p> <p><b>Financial Risk</b> Directors must analyze whether the company's cash flow is strong and stable enough to handle the increased interest payments and principal repayments</p>	6
32	<p>The function of management highlighted in the above case is <b>Directing</b></p> <p>The features of this function of management highlighted in the case are:</p> <p>i) <b>Initiates Action:</b> Directing is the function that translates plans into action.</p> <p>ii) <b>Pervasive Function:</b> Directing is a pervasive function that takes place wherever a superior-subordinate relationship exists, regardless of the level of management.</p> <p>iii) <b>Continuous Activity:</b> Directing is a continuous activity that a manager has to perform constantly.</p> <p style="text-align: center;">Or</p>	6

	<p>Examples of monetary incentives include:</p> <p>i) <b>Salaries and Wages:</b> The most basic form of monetary incentive, providing a fixed, regular payment for work performed.</p> <p>ii) <b>Bonuses:</b> These can be based on individual performance, team performance, or company-wide profit.</p> <p>iii) <b>Commissions:</b> Compensation based on a percentage of sales or deals closed..</p> <p><b>Types of Non-Monetary Incentives:</b></p> <p>i) <b>Public Recognition and Appreciation:</b> Acknowledging an employee's hard work and accomplishments in a public setting.</p> <p>ii) <b>Professional Development and Growth:</b> Providing opportunities for employees to learn new skills and advance their careers.</p> <p>iii) <b>Job enrichment:</b> More challenging work to explore the potential.</p>	
33	<b>Divisional structure</b> , its meaning and advantages with proper explanation	6
34	<p>1. <b>Be Quality-Conscious:</b> Consumers have the responsibility to check for quality marks. For gold jewelry, this means looking for the Bureau of Indian Standards (BIS) Hallmark.</p> <p>2. <b>Insist on a Cash Memo/Invoice:</b> A consumer must always insist on a proper cash memo or invoice..</p> <p>3. <b>Do Not Get Carried Away by Advertisements:</b> Consumers should not blindly trust advertisements or the words of the seller.</p> <p>4. <b>Be Aware and Seek Information:</b> It is the consumer's responsibility to be educated about their rights and the details of the product they are buying.</p> <p style="text-align: center;">OR</p> <p>The Act defines and provides for the following six consumer rights:</p> <p>i) <b>Right to Safety:</b> The right to be protected against the marketing of goods and services which are hazardous to life and property.</p> <p>ii) <b>Right to be Informed:</b> The right to be informed about the quality, quantity, purity, standard, and price of goods, products, or services..</p> <p>iii) <b>Right to Choose:</b> The right to be assured, wherever possible, of access to a variety of goods and services at competitive prices</p> <p>iv) <b>Right to be Heard:</b> forums. the right to be represented in various forums formed to consider consumer welfare.</p> <p>v) <b>Right to Seek Redressal:</b> consumers to receive adequate compensation or consideration from respective consumer forums in case they have been wronged.</p> <p>vi) <b>Right to Consumer Education:</b> The right to acquire the knowledge and skill to be an informed consumer.</p>	6

<b>KENDRIYA VIDYALAYA SANGATHAN JABALPUR REGION</b> <b>BUSINESS STUDIES (054)</b> <b>SAMPLE QUESTION PAPER( SET C)</b> <b>CLASS XII (2025-26)</b>		
<b>MM – 80</b>		<b>TIME: 3 Hours</b>
	<b>General instructions :</b> 1 This question paper contains 34 questions. 2. Marks are indicated against each question. 3. Answers should be brief and to the point. 4. Answers to the questions carrying 3 marks may be from 50 to 75 words. 5. Answers to the questions carrying 4 marks may be about 150 words. 6. Answers to the questions carrying 6 marks may be about 200 words. 7. Attempt all parts of the questions together	
1	SMART - TECH Ltd. is a big and well-reputed company. The biggest challenge for the company is managing many employees at the same time. As the company has various departments like human resources, marketing, finance, etc., it is very necessary for the company to maintain unity in different departments. All the employees work hard for the organisation. Despite their different interest, they all perform various activities together so as to achieve the objectives of the company. The career of employees is shown a developmental path through proper training modules and job enrichment. Ajay is a manager who assigns all duties and responsibilities to his employees in the department. He uses all sources to develop proper communication with them and leaves no attempt to motivate them. 1. "As the company has various departments like human resource, marketing, finance, etc., it is necessary for the company to maintain unity in different departments." Which characteristic of coordination is highlighted here? (a) It integrates Group Efforts (b) It is a Continuous process (c) It ensures Unity of Action (d) It is Pervasive	1
2	Which statement is false among the following statement? A. Business environment is a group of specific and general powers. B. By developing new ways of doing things the firm can cope up with changing technological environment. C. Technological improvement shifts in customer preferences or entry of new competition in the market is an example of uncertainty. D. Early identification of opportunities helps an enterprise to be the first to exploit them instead of losing them to competitors.	1
3	<b>Statement I</b> The process of communication gets completed only when the receiver understands the message .	1

	<p><b>Statement II</b> By becoming a good listener a manager can control the communication barriers to a great extent .</p> <p><b>Alternatives</b></p> <p>(a) Statement I is true and statement II is false  (b) Statement II is true and statement I is false  (c) Both the statements are true  (d) Both the statements are false</p>	
4	<p>Shirt Up' is a company engaged in the production of men's shirts. The company follows Taylor's differential wage rate payment method and has the following piece rate wages</p> <p>(i) ₹15 per shirt to every worker who is able to produce the standard output of 8 shirts or more, per day.  (ii) 12 per shirt to every worker who is not able to produce the standard output.</p> <p>Calculate the wages payable to Satish, who produced 11 shirts.</p> <p>(a) Rs. 132 (b) Rs.33 (c) Rs.165 (d) None of these</p>	1
5	<p>Radhika and Vani who are young fashion designers, left their job with a famous fashion designer chain, set-up a company Fashionate Pvt. Ltd. They decided to run a boutique during the day and coaching class for entrance examination of National Institute of Fashion Designing in the evening. For the coaching they hired the first floor of a nearby building. Their major expense was money spent on photocopying notes for their students. They thought of buying a photocopier knowing fully that their scale of operation was not sufficient to make full use of the photocopier.</p> <p>In the basement of the building of 'Fashionate Pvt. Ltd, Praveen and Ramesh were carrying on a stationery business in the name of 'Neo Prints Pvt. Ltd. Radhika approached Praveen with the proposal to buy a photocopier jointly which could be used by both of them without making separate investment . Praveen agreed to this proposal.</p> <p>Identify the factor affecting fixed capital requirements of 'Fashionate Pvt. Ltd.</p> <p>(a) Diversification  (b) scale of operation  (c) Technique upgradation  (d) level of collaboration</p>	1
6	<p>Ananya's grandfather while telling her about the past of Indian economy told her that even after opening up of our economy in 1991, foreign companies found it very difficult to cut through the bureaucratic red tape to get permits for doing business in India.</p> <p>Sometimes it took months to process even their application in process. As a result, these companies were discouraged from investing in India but the situation has improved overtime.</p>	1

	<p>Identify the element of business environment which was the cause for discouragement to foreign companies based on above case.</p> <p>(a) Economical (b) Social (c) Political (d) Legal</p>	
7	<p>Read the following statements Assertion(A) and Reason(R). Choose one of the correct alternatives given below</p> <p>Assertion(A)- Customer support services are extremely successful at generating repeat sales and building brand loyalty for a product.</p> <p>Reason(R)- All of the services are aimed at raising the dealers' profit margins, which is the key to current marketing success.</p> <p>(a) Both A and R are correct (b) A is correct R is incorrect (c) Both A and R are correct and R is the correct explanation of R (d) Both A and R are correct and R is not the correct explanation of R</p>	1
8	<div data-bbox="375 947 878 1415" data-label="Image"> </div> <p>As the above given picture shows a step is one of the step of a function of the management, Identify the earlier two steps :</p> <p>(a) Setting up of standards and comparison of actual performance with standards. (b) Measurement of actual performance and comparison of actual performance with standards (c) Comparison of actual performance with standards and analyzing deviation (d) Comparison of actual performance with standards and taking corrective measures</p>	1

9	<p>Many reputed business organisations keep a database of unsolicited applicants in their offices. Such job seekers can be a valuable source of manpower. A list of such job seekers can be prepared and can be screened to fill the vacancies as they arise. The source of recruitment discussed above is:</p> <p>(a) Direct recruitment      (b) Casual callers (c) Labour contractors      (d) Campus recruitment</p>	1								
10	<p>Sarvesh is the CEO of 'Newcastle Enterprises', one of the world's most successful companies. He holds good qualities of a successful leader .He chooses highly motivated and capable managers who can perform their tasks creatively and adequately without his help. He allows the group members to work on their own tasks and resolve issues themselves. He intervenes, but only when needed to correct an unfavorable situation. He does not use power unless it is absolutely essential. He even allows mistakes to happen for his people to learn from them. He supports them and supplies them the required information to complete the assigned task. Identify the leadership style adopted by Sarvesh.</p> <p>(a) Autocratic style of leadership (b) democratic style of leadership (c) Laissez Faire style of leadership (d) None of these</p>	1								
11	<p>Match the Column I with appropriate in column II</p> <table border="1" data-bbox="313 1087 1133 1402"> <thead> <tr> <th>Column I</th> <th>Column II</th> </tr> </thead> <tbody> <tr> <td>A Money Market</td> <td>(i) It is market for medium and long term funds</td> </tr> <tr> <td>B Capital Market</td> <td>(ii) it is market for short term funds</td> </tr> <tr> <td>C Primary market</td> <td>(iii) It deals with the new securities issued for the first time</td> </tr> </tbody> </table> <p>Codes</p> <p>A    B    C</p> <p>(a) (i) (ii) (iii) (b) (iii) (i) (ii) (c) (ii) (i) (iii) (d) (iii) (ii) (i)</p>	Column I	Column II	A Money Market	(i) It is market for medium and long term funds	B Capital Market	(ii) it is market for short term funds	C Primary market	(iii) It deals with the new securities issued for the first time	1
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C Primary market	(iii) It deals with the new securities issued for the first time									
12	<p>Tomato Ltd., a food delivery service app has recently faced criticism for the tampering of their product delivery boys. Tomato Ltd. decided to put a hologram seal on the food packets in order to protect the from spoilage, leakage, pilferage, damage, along with a tag with a safety warning for the consumers to check the seal. Which concept of marketing discussed above is</p>	1								

	<p>performing the important function of communicating with the potential buyer and promoting the sale.</p> <p>(a) Branding (b) Product designing and development (c) labelling (d) packaging</p>	
13	<p>Ram Murty, a Professor of Management conducted a class on 'Management principles' and explained to his students the significance of Management Principles. In the next class, the Professor asked his students to play roles of different managers. He gave them various situations and asked them to think like managers and provide solutions to the problems given in these situations. Each student applied the principles of management to the given situation in his own personalized manner depending upon his creativity. The nature of management highlighted in the above case is:</p> <p>(a) Management as a Science (b) Management as an Art (c) Management as profession (d) None of these</p>	1
14	<p>Mr. Reeshabh Bhandari is the chief manager in 'Bhandari Pustak Parkashans'.</p> <p>He is fond of continuing to present innovative ideas while planning for his business. His ideas are very significant. It has been observed several times that these ideas take the form of concrete plans. This is the reason that Mr. Bhandari's contribution to the growth and prosperity of the company continues to be quite great.</p> <p>Identify the 'importance of planning' described above.</p> <p>(a) Planning provides direction (b) Planning reduces the risk of uncertainty (c) Planning reduces overlapping and wasteful activities (d) Planning promotes innovative Ideas</p>	1
15	<p>Which one of the following is correct sequence of the steps involved in the selection process.</p> <p>(a) Medical Examination, Contract of Employment, Reference and Background Checking, Selection Decision, Job Offer</p> <p>(b) Reference and Background Checking, Selection Decision, Contract of Employment, Medical Examination, Job Offer</p> <p>(c) Job Offer, Reference and Background Checking, Selection Decision, Medical Examination, Contract of Employment</p> <p>(d) Reference and Background Checking, Selection Decision, Medical Examination, Job Offer, Contract of employment</p>	1

16	<p>Raghav's friend Raman works as a Chartered Accountant in Solutions Ltd. Raman, in a meeting with the Board of Directors of the Company, came to know that the firm would soon be declaring a Bonus issue which would result in increase in the price of shares. Considering this, Raman advised Raghav to purchase the shares of Solutions Ltd., who acted on his advice and bought the shares before time. Which function of SEBI can control such malpractices?</p> <p>(a) Protective Functions (b) Regulatory Functions (c) Development function (d) None of these</p>	1
17	<p>ABC Ltd. has Debt Equity ratio of 3:1, whereas XYZ Ltd. has Debt Equity Ratio of 1:1. Name the advantage ABC Ltd will have over XYZ Ltd., when the rate of interest is lower than the rate of return on investment of the company.</p> <p>(a) Trading on Equity (b) Low Risk (c) Low cost of Equity d) Greater Flexibility</p>	1
18	<p>Asha's grandfather was unwell. He called Asha and gave her a box containing cash and certain papers which were crumpled. She saw them carefully and found that these were share certificates. Asha now wants to know the process through which she can trade in these shares. She also learnt about the trading procedures and got to know about SEBI as well.</p> <p>Which process would have been done by Asha to facilitate trading?</p> <p>(a) Demutualisation (b) Remutualisation (c) Dematerialisation (d) Rematerialisation</p>	1
19	<p>A company dealing in apparels has decided to clear its stock. It has a huge pile of unsold stock in all its branches across the country. It has decided to give discount on its products. It even has decided to go for various fashion shows in different colleges. They also have decided to sponsor a few events. Identify the marketing management philosophy highlighted above.</p> <p>(a) Marketing concept (b) Selling Concept (c) Production concept (d) Product concept</p>	1
20	<p>Which of the following statement is not correct?</p> <p>(a) Financial leverage is the proportion of debt in the overall capital (b) Purchase of Machinery is linked to working capital decision</p>	1

	(c) EPS will rise with increase in debt only when $ROI < \text{Cost of Debt}$ (d) Both (b) and (c)	
21	Differentiate between 'Delegation' and 'Decentralisation' on following bases. (i) Meaning (ii) freedom of Action (iii) Status  OR Explain the following two importance of the Delegation : (i) Reduces workload (ii) Improves motivation	3
22	Explain following functions of Financial Market: (i) Price discovery (ii) reducing cost transaction  OR State any three regulatory function of SEBI	3
23	Choco Ltd. offers a wide variety of chocolate products. It has an action program of not selling its products by their generic name but under different names like Choco-silk bar, Choco-Munchy and Choco-crunchy etc. for different customer segments. All these names have great popularity and acceptability in the markets. As the company policy the products were offered at reasonable and affordable prices for targeting a mass customer base. During the festive season the company launched a massive promotional campaign to increase its revenue and achieve its communication objectives. The company introduced free gifts for the customers. Their on-ground sales team delivers the product not only to the departmental stores but also to small shops, so that all segments of customers can easily get the products. They also provide information and support services to customers to ensure repeat sales. From the viewpoint of the management function, Briefly explain any two activities of marketing which the firm will be involved in, apart from the above-mentioned ones it's already performing.	3
24	Rishikesh has recently joined AMB Ltd, a company manufacturing refrigerators. He found that his department was under-staffed and other departments were not cooperating with his department for smooth functioning of the organisation. Therefore, he ensured that his department has the required number of employees and its cooperation with other departments is improved. (a) Identify the level at which Rishikesh was working. (b) Also, state two more functions required to be performed by Rishikesh at this level	3
25	Give any four points explaining why packaging is important.  OR Explain the following factors which affects the price : (i) Cost (ii) competition (iii) Government Policy (iv) Pricing strategy	4





	<p>directing the available funds into their most productive investment opportunity.</p> <p>(i) Name the function being performed by the market in the above case.</p> <p>(ii) Name the market segment other than the capital market segment in which unsecured and short-term debt instruments are traded.</p> <p>(iii) Also, give any four points of difference between the two.</p>	
32	<p>Jaideep recently joined as the managing director of Tivori Ltd., an apparel designing Company. He observed that the company had a number of experienced fashion designers on its payroll. They regularly offered useful suggestions which neither appreciated nor rewarded by the company. Instead the company outsourced the services to some renowned fashion designers and paid them a good compensation for their services. Because of this, the employees felt disheartened and stopped giving useful suggestions.</p> <ul style="list-style-type: none"> <li>• Identify the communication barrier discussed above.</li> <li>• State the category of this communication barrier.</li> </ul> <p>Explain any other communication barrier of the same category</p>	6
33	<p>- Art Creations Ltd.' is a well known chain of large department store offering various types of products under one roof. The company owns fifty stores in various parts of the country. Each store is placed under the charge of a manager who is allowed to run their stores autonomously by deciding about the products which may be promoted, appointment of staff, ways to handle customer complaints etc. As these managers have a deeper knowledge of the local situations, it enables them to take these decisions effectively keeping in view the local circumstances and consumers' needs. This approach helps to improve customer service and at the same time serves to boost morale and increase the job satisfaction of the store managers as it empowers them to innovate and use their initiatives.</p> <p>(i) In the context of above case: Identify and explain the policy followed by 'Art Creations Ltd.' to run their stores successfully.</p> <p>(ii) Also, give any four points highlighting the importance of the approach followed as identified in part (a) of the question.</p>	6
34	<p>Enumerate the Importance of a consumer under the Consumer Protection Act, 2019.</p> <p style="text-align: center;">OR</p> <p>Explain the Role of NGO in the context of consumer Protection Act 2019.</p>	6

<b>MARKING SCHEME – BUSINESS STUDIES – PRE-BOARD 2025-2026</b>		
1	(c ) It ensures Unity of Action	1
2	C. Technological improvement shifts in customer preferences or entry of new competition in the market is an example of uncertainty.	1
3	(c )Both the statement are true	1
4	(C ) Rs.165	1
5	(d) Level of collaboration	1
6	(c) Political	1
7	b) A is correct R is incorrect	1
8	(c )Comparison of actual performance with standards and analyzing deviation	1
9	(b) Casual callers	1
10	c) Laissez Faire style of leadership	1
11	(c) (ii) (i) (iii)	1
12	(c) labelling	1
13	(b) Management as an Art	1
14	(d) Planning promotes innovative Ideas	1
15	(d) Reference and Background Checking, Selection Decision, Medical Examination, Job Offer, Contract of employment	1
16	(a) Protective Functions	1
17	(a) Trading on Equity	1
18	(c) Dematerialisation	1
19	(b) Selling Concept	1
20	(d) Both (b) and (c)	1
21	1 marks for each difference OR 1 .5 marks for each explanation	3
22	Explanation of any 2 activity <b>1. Market Research:</b> Choco Ltd. may conduct market research to gather data on customer preferences, buying habits, and demographics to better understand their target audience and identify new opportunities. <b>2. Product Development:</b> The company may engage in product development to create new and innovative chocolate products or flavors to stay competitive and meet changing customer needs. <b>3. Branding and Packaging:</b> Choco Ltd. may focus on branding and packaging activities to create distinctive and attractive packaging for their products, reinforcing their brand identity and differentiating themselves from competitors.	3
23	Explanation of any two of the following function :	3

	<ul style="list-style-type: none"> <li>(i) Standardisation and Grading</li> <li>(ii) Physical distribution</li> <li>(iii) Transportation</li> <li>(iv) Storage and warehousing</li> </ul>	
24	<p>Rishikes is working at middle level.(1 mark)</p> <p>Functions required to be performed by Rishikesh: (Any two)</p> <ol style="list-style-type: none"> <li>1. To interpret the policies framed by the top management.</li> <li>2. To ensure that their department has the necessary personnel.</li> <li>3. To assign necessary duties and responsibilities to the employees of their respective departments for implementation of the plan.</li> <li>4. To motivate employees of their respective departments to achieve the desired objectives.</li> <li>5. To co-operate with other departments for smooth functioning of the organisation. (Or any other correct function)</li> </ol>	3
25	<p><b>1-Rising Standards of Health and Sanitation:</b> With the increasing standards of living in the country, people have become more conscious about health and sanitation..</p> <p><b>2. Self-Service Outlets:</b> The self-service outlets are becoming very popular, p major cities and towns. As a result of this, some of the traditional role assigne selling in respect of promotion has gone to packaging.</p> <p><b>3. Innovational Opportunity:</b> Recent developments and innovations in the area of packaging have completely changed the marketing scene in the country</p> <p><b>4. Product Differentiation:</b> Packaging helps in creating the brand image of the product by differentiating it from other products. The colour, size, material etc., of package creates real difference in the minds of the consumers about the quality of the product.</p> <p style="text-align: center;">OR</p> <p>I)Cost : the cost involves the fixed cost, variable cost ,and semi variable cost ,. The total cost is set as a minimum level of price at which the goods can be sold.</p> <p>(ii) competition <b>The price of the goods is affected by the competition as the price can be set higher in case of low competition .</b></p> <p>(iii) Government Policy: The government restricts the price of the necessity product and on the other product there is price flexibility</p> <p>(iV) Pricing strategy: Pricing strategy includes the following</p> <ol style="list-style-type: none"> <li>a) Obtaining market share leadership-low price will be set to aquire large share of market.</li> <li>b) Serviving in competition market :low price will set to servive in market .</li> <li>c) Attaining product quality leadership: firms set higher price to maintain quality standards.</li> </ol>	4
26	The importance of planning indicated in the above case are:	4

	<p>1. Planning provides directions. It has in advance given targets to all its departments and employees.</p> <p>2. Planning reduces overlapping and wasteful activities. They know that now they won't have to do unconcerned activities thus leading to more focused approach resulting in saving of resources.</p> <p>3. Planning facilitates decision making. The main core team of the company has decided to weigh all the options and then choose the best one.</p> <p>4.</p> <p style="text-align: center;">OR</p> <p>The limitations of planning highlighted in the above case are:</p> <p>1. Planning leads to rigidity. Because of the firm's advance planning it could not suddenly bring changes in its plans as the whole organisation had started implementing the decided plan.</p> <p>2. Planning may not work in a dynamic environment. However, the firm knows that the external environment is changeable and continues to vary in a fast manner.</p> <p>3. Planning involves huge costs. It has decided to allocate a portion of its budget specifically for proper planning as it knows that there are going to be expenses like Expert's fee, survey charges, etc.</p> <p>4.</p>	
27	[Ans- 1 (c), 2 (b), 3 (d), 4 (a)]	4
28	Controlling , comparison of actual performance with standard(2 marks) Explanation of Next steps taken by the manager : (i)analysis of deviation (ii)taking corrective measures(2 marks)	4
29	<p>(i) Functional Foremanship; (1 Mark)</p> <p>(ii) Mr. Rajkumar should separate planning and executing functions function should be managed by a group of four foremen, i.e. total of eight specialists (instead of one should guide and direct the workman. It will improve the quality of supervision, which in turn, will improve the efficiency of workman (1 Mark)</p> <p>(iii) division of Work.(1 mark for identification and 1 mark for explanation)</p>	4
30	<p>1.Recruitment i.e. searching for qualified people.</p> <p>2. Analysing job, collecting information about jobs to prepare job descriptions.</p> <p>3. Developing compensation and incentives plans.</p>	4

	4. Training and development of employees for efficient performance and carrier growth.	
31	- (a) Mobilisation of savings and channeling them into the most productive uses.(1/2 mark) (b) Money market(1/2 mark) Difference between Capital Market and Money Market: (Any four)(1 mark each)	6
32	<ul style="list-style-type: none"> <li>• The communication barrier discussed in the above paragraph is Lack of proper incentives</li> <li>• It is a type of Personal barrier</li> <li>• Other communication barriers of the same category are: <ul style="list-style-type: none"> <li>• Fear of challenge to authority: - If a superior may with hold or suppress the communication which he perceives is likely to adversely affect his authority.</li> <li>• Lack of confidence of superior on his subordinates: A superior may not seek the advice or opinions of their subordinates if they do not have confidence on their competency.</li> </ul> </li> </ul>	6
33	The approach followed by ‘Art Creations Ltd.’ to run their stores successfully is Decentralization.(1 Mark) Decentralization refers to systematic effort to delegate to the lowest level all authority except that which can be exercised at central points.(1 mark) The importance of decentralization is highlighted through the following points: Develops initiative among subordinates: Develops managerial talent for the future: Quick decision making(1 mark for each)	6
34	Consumers Ignorance : Majority of consumers are not aware of their rights and reliefs available to them as a result of which they are exploited. In order to save consumers from exploitation, consumer protection is needed. 2. Unorganised Consumers : In India consumers are still unorganised and there is lack of consumer organisations also, thus consumer protection is required. 3. Widespread exploitation of Consumers : Consumers are exploited on large scale by means of various unfair trade practices and consumer protection is required to protect them from exploitation. <b>Importance of Consumer Protection from the Point View of Business</b>	6

1. Long term business interest : It is always in the interest of the business to keep its customer satisfied, Global competition could be win only after satisfying customers. Satisfied customers lead to repeat sales and help in increasing customer base of business.
2. Moral Justification : It is the moral duty of any business to take care of consumer interest & avoid any form of their exploitation & unfair trade practices like defective & unsafe products, adulteration, false & misleading advertising, hoardings black marketing etc.
3. Business uses society s resources : Every business uses the resources of the society and thus it is their responsibility to work in the interest of the society.
4. Social Responsibility : A business has social responsibilities towards various groups like owner, workers, government, customers etc. Thus, customers should be provided qualitative goods at reasonable prices.
5. Government Intervention : If a business engage in any form of unfair trade practices then government take action against it, which adversely affect its goodwill.

OR

NGOs play an important role in protecting and promoting consumers' interest. Some of the important NGOs and consumer organisations include Consumer Coordination Council, Common Cause, Consumer Protection Council,

Consumers' Association, Mumbai Grahak Panchayat, etc. The following are some of the functions performed by these organisations in regard of consumer protection.

(i) Consumer Education: The NGOs and consumer organisations organise various training programmes and workshops to educate the consumer about their rights and responsibilities.

(ii) Publishing Journals: In addition to the training programmes and seminars, they also spread awareness through journals and periodicals. These journals and other publications provide knowledge about various consumer problems, legal remedies available and other such matters.

(iii) Legal Assistance: They also provide legal assistance and aid to the consumers and help

(iv) Encouraging Protest against Exploitation: They encourage the consumers to protest strongly against any form of exploitation and unfair trade practices.

(v) Assistance in Filing Complaints: They encourage the consumers to file complaints in appropriate forums and also file complaints on their behalf.

(vi) Taking Initiatives: They not only encourage the consumers to register complaints but also take initiatives themselves in filing cases in the general interest of the public.

(vii) Testing Quality of the Products: They carry out the quality tests for various products in laboratories and publish the results. Such results help the consumers in making informed choice

## **SAMPLE PAERS CLASS-XI**

**KENDRIYA VIDYALAYA SANGATHAN R.O JABALPUR**

**Session Ending Examination 2025-26**

**Blue-Print**

**class XI**

**Subject-Business Studies**

<b>CH. NO.</b>	<b>Name of the Chapter</b>	<b>1 Marks MCQS</b>	<b>3 Marks Short Answer</b>	<b>4 Marks Short Answer</b>	<b>6 Marks Long Answer</b>	<b>Total</b>
<b>PART-A FUNDAMENTALS OF BUSINESS</b>						
1	Nature and Purpose of Business	2			1	2 (8)
2	Forms of Business Organisations	1	1	1		3 (8)
3	Public, Private and Global Enterprises	3		1		4 (7)
4	Business Services	3		1		4 (7)
5	Emerging Modes of Business	2	1			3 (5)
6	Social Responsibility of Business and Business Ethics	2	1			3 (5)
<b>PART-B FINANCE AND TRADE</b>						
7	Sources of Business Finance	1	1		1	3 (10)
8	Small Business	1	1		1	3 (10)
9	Internal Trade	1	1		1	3 (10)
10	International Business	4			1	5 (10)
	<b>Total</b>	<b>1 x 20 = 20</b>	<b>3 x 6 = 18</b>	<b>4 x 3 = 12</b>	<b>6 x 5 = 30</b>	<b>34 (80)</b>

**Total Questions= 34**

**Maximum Marks= 80**

**Maximum Time = 3 hours**

No of Options 1 Marks (nil)

3 Marks (2),4 Marks (2) ,6 Marks (2)

**KENDRIYA VIDYALAYA SANGATHAN, JABALPUR REGION**

**CLASS: XI 2025-26**

**SUBJECT: BUSINESS STUDIES (054) SET-A**

**Max.Marks:80**

**Duration: 3 hours**

<b><u>General Instructions:</u></b>		
	<ul style="list-style-type: none"><li>Marks for questions are indicated against each question.</li><li>This question paper contains 34 questions.</li><li>Answer should be brief and to the point.</li><li>Question Nos. 1–20 are MCQs questions carrying 1 mark each.</li><li>Question Nos. 21-24 are short answer questions carrying 3 marks each. Answers to them should not normally exceed 50-75 words each.</li><li>Question Nos. 25–30 are also short answer questions carrying 4 marks each. Answers to them should not normally exceed 150 words each.</li><li>Question Nos. 31–34 are long answer questions carrying 6 marks each. Answers to them should not normally exceed to 200 words each.</li><li>Attempt all parts of Questions together.</li></ul>	
Q. No	Question	mark
1	<p>Assertion (A) Business represents exchange of Goods and Services. Reason (R) Risk and Uncertainties are always there with any form of business. Codes (A) Both A and R are true. R is the correct explanation of A (B) Both A and R are true, but R is not the correct explanation of A (C) A is correct, but R is incorrect (D) A is incorrect, but R is correct</p> <p>अभिकथन )A) व्यवसाय वस्तुओं और सेवाओं के आदानप्रदान को दर्शाता है।- कारण )R) जोखिम और अनिश्चितताएँ किसी भी प्रकार के व्यवसाय में हमेशा रहती हैं। कूट )A) A और R दोनों सत्य हैं। R, A की सही व्याख्या है। )B) A और R दोनों सत्य हैं, लेकिन R, A की सही व्याख्या नहीं है। )C) A सही है, लेकिन R गलत है। )D) A गलत है, लेकिन R सही है।</p>	1
2	<p>Sita is a practicing Chartered Accountant. She has her C.A. Firm at Ranchi. She deals in providing Income Tax and GST related services to her clients against very reasonable consultancy fees. She has her own professional coaching classes for C.A. Enrolled Students. Identify the types of economic activities performed by Sita as referred in the above case. (A) Business (B) Profession 1 (C) Employment (D) None of the above</p>	1



	(c) अग्नि बीमा (d) जीवन बीमा	
6	<p>IRCTC's portal for ticket booking is an example of which of the following categories of business? (A) B2B (B) B2C (C) C2C (D) Intra B</p> <p>टिकट बुकिंग के लिए IRCTC का पोर्टल निम्नलिखित में से किस श्रेणी के व्यवसाय का उदाहरण है?</p> <p>(A) B2B (B) B2C (C) C2C (D) Intra B</p>	1
7	<p>A person gets his stock of Rs.25,000 insured for Rs.35,000. A fire occurs and the whole stock gets damaged. The insurance company will pay him only Rs.25,000, the actual value of his stock and not Rs.35,000. Which principle of insurance is applied in this case?</p> <p>(a) Principle of Contribution (b) Principle of Subrogation</p> <p>(c) Principle of Indemnity (d) Principle of Insurable Interest</p> <p>एक व्यक्ति अपने 25,000 रुपये के स्टॉक का 35,000 रुपये में बीमा करवाता है। आग लग जाती है और पूरा स्टॉक क्षतिग्रस्त हो जाता है। बीमा कंपनी उसे केवल 25,000 रुपये, जो उसके स्टॉक का वास्तविक मूल्य है, का भुगतान करेगी, न कि 35,000 रुपये का। इस मामले में बीमा का कौन सा सिद्धांत लागू होता है?</p> <p>(a) अंशदान का सिद्धांत (b) प्रत्यायोजन का सिद्धांत</p> <p>(c) क्षतिपूर्ति का सिद्धांत (d) बीमायोग्य हित का सिद्धांत</p>	1
8	<p>To protect the environment from all types of pollution is a responsibility towards:</p> <p>(a). Community (b).Government</p> <p>(c).Suppliers (d).Investors</p> <p>पर्यावरण को सभी प्रकार के प्रदूषण से बचाना निम्नलिखित के प्रति ज़िम्मेदारी है:</p> <p>(a) समुदाय (b) सरकार</p> <p>(c) आपूर्तिकर्ता (d) निवेशक</p>	1
9	<p>LIC is an example of.....</p> <p>(a) Statutory Corporation</p> <p>(b) Public Company</p> <p>(c) Government company</p> <p>(d) Departmental Undertaking</p>	1

	<p>एलआईसी एक उदाहरण है.....</p> <p>(a) सांविधिक निगम (b) सार्वजनिक कंपनी (c) सरकारी कंपनी (d) विभागीय उपक्रम</p>	
10	<p>Which one is not the feature of Joint Stock company a )Perpetual succession    b) Artificial person    c) Limited liability    d) Lack of secrecy</p> <p>संयुक्त स्टॉक कंपनी की निम्नलिखित में से कौन सी विशेषता नहीं है?</p> <p>a) शाश्वत उत्तराधिकार    b) कृत्रिम व्यक्ति    c) सीमित देयता    d) गोपनीयता का अभाव</p>	1
11	<p>Owner's fund remain invested in the business for a _____ duration: a) Short    b) Very short    c) Long    d) None of the above</p> <p>स्वामी का कोष व्यवसाय में _____ अवधि के लिए निवेशित रहता है:</p> <p>a) लघु    b) अति लघु    c) दीर्घ    d) उपरोक्त में से कोई नहीं</p>	1
12	<p>Retailers who have no fixed place of sale are called_____</p> <p>(a) Itinerant retailers (b) Street traders (c) Market traders (d) Hawkers</p> <p>जिन खुदरा विक्रेताओं का बिक्री का कोई निश्चित स्थान नहीं होता, उन्हें _____ कहा जाता है</p> <p>(a) घुमंतू खुदरा विक्रेता (b) सड़क व्यापारी (c) बाज़ार व्यापारी (d) फेरीवाले</p>	1
13	<p>. What is the role of a wholesaler in the market?</p> <p>A. Supply various goods and services in the market according to the demand of the consumers. B. An important marketing channel for goods from producers C. Purchases the goods from the manufacturer in bulk quantity and re-sells them to 1retailers in small quantity D. None of the above</p> <p>बाजार में थोक विक्रेता की क्या भूमिका होती है?</p>	1

	<p>A. उपभोक्ताओं की मांग के अनुसार बाजार में विभिन्न वस्तुओं और सेवाओं की आपूर्ति करना।</p> <p>B. उत्पादकों से वस्तुओं के लिए एक महत्वपूर्ण विपणन माध्यम।</p> <p>C. निर्माता से थोक मात्रा में माल खरीदकर खुदरा विक्रेताओं को कम मात्रा में पुनर्विक्रय करना।</p> <p>D. उपरोक्त में से कोई नहीं।</p>	
14	<p>Which of the following is a document related to payment in connection with export transactions?</p> <p>(a) Export Invoice</p> <p>(b) Shipping Bill</p> <p>(c) Cart Ticket</p> <p>(d) Letter of Credit</p> <p>निम्नलिखित में से कौन सा दस्तावेज़ निर्यात लेनदेन के संबंध में भुगतान से संबंधित है?</p> <p>(a) निर्यात चालान</p> <p>(b) शिपिंग बिल</p> <p>(c) कार्ट टिकट</p> <p>(d) साख पत्र</p>	1
15	<p>The shareholders who do not get the right to participate in the annual meeting of the company but get the preferential right for the payment of dividend. identify the type of shareholders that are being mentioned in the above lines.</p> <p>(A) Equity Shares</p> <p>(B) Debentures</p> <p>(C) Preference Shares</p> <p>(D) None of the above</p> <p>वे शेयरधारक जिन्हें कंपनी की वार्षिक बैठक में भाग लेने का अधिकार नहीं मिलता, लेकिन लाभांश भुगतान का अधिमान्य अधिकार प्राप्त होता है। ऊपर दी गई पंक्तियों में उल्लिखित शेयरधारकों के प्रकार की पहचान कीजिए।</p> <p>(A) इक्विटी शेयर।</p> <p>(B) डिबेंचर</p> <p>(C) अधिमान्य शेयर</p> <p>(D) उपरोक्त में से कोई नहीं</p>	1

16	<p>If Kuber Industries has investment in plant and machinery worth ₹ 19 crore, then it will be classified as:</p> <p>(a) Medium Enterprise (b) Micro Enterprise          © Small Enterprise (d) None of the above</p> <p>यदि कुबेर इंडस्ट्रीज ने संयंत्र और मशीनरी में ₹19 करोड़ का निवेश किया है, तो इसे इस प्रकार वर्गीकृत किया जाएगा:</p> <p>(a) मध्यम उद्यम (b) सूक्ष्म उद्यम          © लघु उद्यम (d) उपरोक्त में से कोई नहीं</p>	1
17	<p>14 World Trade Organisation was founded on</p> <p>(a) 11th November, 2005 (b) 1st January, 1995          (c) 11th December, 2015 (d) 11th January, 2015</p> <p>विश्व व्यापार संगठन की स्थापना कब हुई थी</p> <p>(a) 11 नवंबर, 2005 (b) 1 जनवरी, 1995 (c) 11 दिसंबर, 2015 (d) 11 जनवरी, 2015</p>	1
18	<p>When your brand gets legal protection and no one else is allowed to use it , this is called __</p> <p>A. Patent B Copy right C. None of these D. Trade mark</p> <p>जब आपके ब्रांड को कानूनी सुरक्षा मिल जाती है और किसी और को इसका इस्तेमाल करने की अनुमति नहीं होती, तो इसे __ कहते हैं</p> <p>A. पेटेंट B. कॉपीराइट C. इनमें से कोई नहीं D. ट्रेडमार्क</p>	1
19	<p><b>Assertion (A):</b> Products of small industries give a tough competition to products of large companies.</p> <p><b>Reason (R):</b> Small industries are unable to use modern technology and it is difficult for them to invest in quality research.</p> <p>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 and 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</p> <p>अभिकथन (A): छोटे उद्योगों के उत्पाद बड़ी कंपनियों के उत्पादों को कड़ी प्रतिस्पर्धा देते हैं।</p>	1

	<p>कारण (R): छोटे उद्योग आधुनिक तकनीक का उपयोग करने में असमर्थ हैं और उनके लिए गुणवत्तापूर्ण अनुसंधान में निवेश करना कठिन है।</p> <p>a. अभिकथन (A) और कारण (R) दोनों सत्य हैं और कारण (R), अभिकथन (A) की सही व्याख्या है।</p> <p>b. अभिकथन (A) और कारण (R) दोनों सत्य हैं और कारण (R), अभिकथन (A) की सही व्याख्या नहीं है।</p> <p>c. अभिकथन (A) सत्य है लेकिन कारण (R) असत्य है।</p> <p>d. अभिकथन (A) असत्य है लेकिन कारण (R) सत्य है।</p>	
20	<p>Preference shares and debentures comes under the category of:</p> <p>a) Short term funds      b) External source of funds      c) Long term funds      d) Both B and C</p> <p>अधिमान्य शेयर और डिबेंचर निम्न श्रेणियों में आते हैं:</p> <p>a) अल्पकालिक निधियाँ      b) निधियों का बाह्य स्रोत</p> <p>c) दीर्घकालिक निधियाँ</p> <p>d) B और C दोनों</p>	1
21	<p>State three differences between “Business, employment and profession”</p> <p>OR</p> <p>Explain any three objectives of the business.</p> <p>“व्यवसाय, रोज़गार और पेशे” के बीच तीन अंतर बताइए।</p> <p>या</p> <p>व्यवसाय के किन्हीं तीन उद्देश्यों की व्याख्या कीजिए।</p>	3
22	<p>Ratna, after completing her MBA begin to help her father, Mr. Ratendra in his business. The business had a limited capital investment. Ratna wants to use the modern business techniques in every area of business, namely, purchase, sales, production, finance etc. In fact, she wanted to implement the methods, which she had learnt in her MBA course, in her father’s business. As soon as she started adopting latest techniques, the workers begin to protest and resist the changes. So she become disappointed and left her father’s business. She started working in an MNC. Ratendra was unable to assume the responsibility of all managerial tasks such as purchasing, selling, financing etc. Good workers started leaving the organization. The goodwill of the business in the market went on declining. In no time, the liabilities of the business became many times more than the assets. On account of the pressure exerted on him by the creditors, Mr. Ratendra had to repay the debts of the business by disposing off his personal properties.</p> <p>a) Identify the form of business organization discussed in above para.</p>	3

Quoting the relevant lines from the para explained any two limitations of the form of business organization identified in (a).

एमबीए पूरा करने के बाद, रत्ना ने अपने पिता श्री रत्नेंद्र के व्यवसाय में हाथ बँटाना शुरू कर दिया। व्यवसाय में सीमित पूँजी निवेश था। रत्ना व्यवसाय के हर क्षेत्र, जैसे क्रय, विक्रय, उत्पादन, वित्त आदि में आधुनिक व्यावसायिक तकनीकों का उपयोग करना चाहती थी। वास्तव में, वह अपने एमबीए पाठ्यक्रम में सीखी गई विधियों को अपने पिता के व्यवसाय में लागू करना चाहती थी। जैसे ही उसने नवीनतम तकनीकों को अपनाना शुरू किया, कर्मचारियों ने विरोध और बदलावों का विरोध करना शुरू कर दिया। इसलिए वह निराश हो गई और अपने पिता का व्यवसाय छोड़ दिया। उसने एक बहुराष्ट्रीय कंपनी में काम करना शुरू कर दिया। रत्नेंद्र क्रय, विक्रय, वित्तपोषण आदि सभी प्रबंधकीय कार्यों की ज़िम्मेदारी लेने में असमर्थ थे। अच्छे कर्मचारी संगठन छोड़ने लगे। बाजार में व्यवसाय की साख घटती गई। कुछ ही समय में, व्यवसाय की देनदारियाँ परिसंपत्तियों से कई गुना अधिक हो गईं। लेनदारों द्वारा उन पर डाले गए दबाव के कारण, श्री रत्नेंद्र को अपनी निजी संपत्ति बेचकर व्यवसाय का ऋण चुकाना पड़ा।

a) उपरोक्त अनुच्छेद में चर्चा किए गए व्यावसायिक संगठन के स्वरूप की पहचान कीजिए। पैरा से प्रासंगिक पंक्तियों को उद्धृत करते हुए (ए) में पहचाने गए व्यवसाय संगठन के स्वरूप की किन्हीं दो सीमाओं को स्पष्ट करें।

### OR

Sharma brothers inherited some ancestral property. They decided to form a Hindu undivide family consisting of four male members. Mr. Raman Sharma was eldest brother so he became "Karta. The business took a loan of ₹20 lac from Canara Bank, which was to be returned within 5 years. Due to poor financial position of the business, they were unable to repay the loan Brothers sold the ancestral property for 10 lac and paid the amount to Canara Bank. The bank filed a case for recovery of balance amount. Mr. Raman Sharma pleaded the court that the loan was taken for the purpose of Business; so all members of business are liable to repay. The court said all members are responsible only to the extent of their share in business and business property is already sold, but you being Karta will have to repay whole amount even by selling your personal property:

(a) In this case who has unlimited liability?

(b) Was the decision of court to claim only from Raman is justified?

शर्मा बंधुओं को कुछ पैतृक संपत्ति विरासत में मिली थी। उन्होंने चार पुरुषों वाला एक हिंदू अविभाजित परिवार बनाने का फैसला किया। श्री रमन शर्मा सबसे बड़े भाई थे, इसलिए वे "कर्ता" बन गए। व्यवसाय ने केनरा बैंक से ₹20 लाख का ऋण लिया था, जिसे 5 वर्षों के भीतर चुकाना था। व्यवसाय की खराब वित्तीय स्थिति के कारण, वे ऋण चुकाने में असमर्थ थे। भाइयों ने पैतृक संपत्ति ₹10 लाख में बेच दी और केनरा बैंक को राशि चुका दी। बैंक ने शेष राशि की वसूली के लिए मुकदमा दायर किया। श्री रमन शर्मा ने अदालत में दलील दी कि ऋण व्यवसाय के उद्देश्य से लिया गया था; इसलिए व्यवसाय के सभी सदस्य इसे चुकाने के लिए उत्तरदायी हैं। अदालत ने कहा कि सभी सदस्य केवल व्यवसाय में अपने हिस्से तक ही उत्तरदायी हैं और व्यावसायिक संपत्ति पहले ही बेची जा चुकी है, लेकिन कर्ता होने के नाते आपको अपनी निजी संपत्ति बेचकर भी पूरी राशि चुकानी होगी:

(क) इस मामले में किसकी देयता असीमित है?

(ख) क्या केवल रमन से दावा करने का अदालत का निर्णय उचित था?

23 Puma stores are networks of retail shops owned and operated by Puma Company. These shops operate in different parts of country. One can easily identify these shops in any part of the country as they have same appearance, even their interior is also identical. All the shops are supplied the goods from head office only and all the policies for all branches are made by head office only. Even store sells some goods at uniform prices.

- (a) State the type of retail store mentioned in above case  
(b) State any two features of it.

प्यूमा स्टोर, प्यूमा कंपनी के स्वामित्व और संचालन वाली खुदरा दुकानों का एक नेटवर्क है। ये दुकानें देश के विभिन्न हिस्सों में संचालित होती हैं। देश के किसी भी हिस्से में इन दुकानों को आसानी से पहचाना जा सकता है क्योंकि ये दिखने में एक जैसी हैं, यहाँ तक कि इनका इंटीरियर भी एक जैसा है। सभी दुकानों को सामान केवल मुख्यालय से ही आपूर्ति किया जाता है और सभी शाखाओं के लिए सभी नीतियाँ मुख्यालय द्वारा ही बनाई जाती हैं। यहाँ तक कि स्टार भी कुछ सामान एक समान कीमतों पर बेचता है।

- (a) ऊपर दिए गए मामले में उल्लिखित खुदरा स्टोर के प्रकार बताइए।  
(b) इसकी कोई दो विशेषताएँ बताइए।

3(1+2)

24	<p>Discuss the objectives of WTO?</p> <p>विश्व व्यापार संगठन के उद्देश्यों पर चर्चा करें?</p>	3
25	<p>Name the principles of insurance related to below given statements?</p> <p>i. This principle states that it is the duty of the insured to take reasonable steps to minimise the loss or damage to the insured property. The insured must behave with great prudence and not be careless just because there is an insurance cover. If reasonable care is not taken like any prudent person then the claim from the insurance company may be lost.</p> <p>ii. According to it, the insurer undertakes to put the insured, in the event of loss, in the same position that he occupied immediately before the happening of the event insured against. In other words the insurer undertakes to compensate the insured for the loss caused to him/her due to damage or destruction of property insured. The compensation payable and the loss suffered are to be measured in terms of money.</p> <p>iii. According to this principle, an insurance policy is designed to provide compensation only for such losses as are caused by the perils which are stated in the policy.</p> <p>iv. It refers to the right of the insurer to stand in the place of the insured, after settlement of a claim, as far as the right of insured in respect of recovery from an alternative source is involved. After the insured is compensated for the loss or damage to the property insured by him/her the right of ownership of such property passes on to the insurer. This is because the insured should not be allowed to make any profit, by selling the damaged property or in the case of lost property being recovered.</p> <p>नीचे दिए गए कथनों से संबंधित बीमा के सिद्धांतों के नाम बताइए?</p> <p>i. यह सिद्धांत बताता है कि बीमित व्यक्ति का यह कर्तव्य है कि वह बीमित संपत्ति को होने वाले नुकसान या क्षति को कम करने के लिए उचित कदम उठाए। बीमाधारक को बहुत विवेक से काम लेना चाहिए और सिर्फ इसलिए लापरवाह नहीं होना चाहिए क्योंकि उसके पास बीमा कवर है। अगर किसी विवेकशील व्यक्ति की तरह उचित देखभाल नहीं की जाती है तो बीमा कंपनी से दावा खो सकता है।</p> <p>ii. इसके अनुसार, बीमाकर्ता नुकसान की स्थिति में बीमाधारक को उसी स्थिति में रखने का वचन देता है, जिस स्थिति में वह बीमाकृत घटना के घटित होने से ठीक पहले था। दूसरे शब्दों में, बीमाकर्ता बीमाकृत संपत्ति के नुकसान या विनाश के कारण बीमाधारक को हुए नुकसान की भरपाई करने का वचन देता है। देय मुआवजा और हुई हानि को पैसे के रूप में मापा जाना चाहिए।</p>	4

	<p>iii. इस सिद्धांत के अनुसार, एक बीमा पॉलिसी केवल उन नुकसानों के लिए मुआवजा प्रदान करने के लिए डिज़ाइन की गई है जो पॉलिसी में बताए गए खतरों के कारण होते हैं।</p> <p>iv. यह बीमाकर्ता के उस अधिकार को संदर्भित करता है, जिसके तहत दावे के निपटान के बाद, बीमाधारक के स्थान पर खड़ा होना, जहां तक वैकल्पिक स्रोत से वसूली के संबंध में बीमाधारक का अधिकार शामिल है। बीमाधारक को उसके द्वारा बीमाकृत संपत्ति के नुकसान या क्षति के लिए मुआवजा दिए जाने के बाद, ऐसी संपत्ति के स्वामित्व का अधिकार बीमाकर्ता को मिल जाता है। ऐसा इसलिए है क्योंकि बीमाधारक को क्षतिग्रस्त संपत्ति को बेचकर या खोई हुई संपत्ति की वसूली के मामले में कोई लाभ कमाने की अनुमति नहीं दी जानी चाहिए।</p>	
26	<p>Write a short note on the scope of e-business. ई-व्यवसाय के दायरे पर एक संक्षिप्त टिप्पणी लिखें।</p>	4
27	<p>The Businesses are responsible for aggravating pollution, so it becomes the moral duty of businessmen to take some steps for controlling this problem." In the light of this Statement, explain the role of business in environmental protection. OR Business assumes various responsibilities towards different interested groups. Explain such responsibilities towards government and consumers.</p> <p>प्रदूषण को बढ़ाने के लिए व्यवसाय जिम्मेदार हैं, इसलिए इस समस्या को नियंत्रित करने के लिए कुछ कदम उठाना व्यवसायियों का नैतिक कर्तव्य बनता है।" इस कथन के आलोक में, पर्यावरण संरक्षण में व्यवसाय की भूमिका की व्याख्या कीजिए। या व्यवसाय विभिन्न हितधारक समूहों के प्रति विभिन्न जिम्मेदारियाँ निभाता है। सरकार और उपभोक्ताओं के प्रति ऐसी जिम्मेदारियों की व्याख्या कीजिए।</p>	4
28	<p>Differentiate between share and debenture on the following basis</p> <p>a) Nature b) Voting right c) Redemption d) Risk</p> <p>निम्नलिखित आधार पर शेयर एवं डिबेंचर में अंतर बताइय</p> <p>a) प्रकृति b) मतदान का अधिकार c) पुनर्भुगतान</p>	4

	<p>d) जोखिम</p> <p style="text-align: center;"><b>Or.</b></p> <p>As a source of finance retained profit is better than other sources. Do you agree with this view ? Give reasons to support your answer.</p> <p>वित्त के स्रोत के रूप में बनाए रखा गया लाभ अन्य स्रोतों की तुलना में बेहतर है। क्या आप इस विचार से सहमत हैं? अपने जवाब का समर्थन करने के लिए कारण दीजिए।</p>	
29	<p>Manisha started a business of Home Cleaning Services under the name of 'Care home'. Her total investment in the equipment is Rs. 75 lacs.</p> <p>(a) Identify the category in which her business will fall under Micro, Small and Medium Enterprises Development Act, 2006.</p> <p>(b) State any three roles played by Small business in India.</p> <p>मनीषा ने 'केयर होम' नाम से गृह सफाई सेवाओं का व्यवसाय शुरू किया। उपकरणों में उनका कुल निवेश 75 लाख रुपये है।</p> <p>(a) सूक्ष्म, लघु और मध्यम उद्यम विकास अधिनियम, 2006 के अंतर्गत उनके व्यवसाय की श्रेणी बताइए।</p> <p>(b) भारत में लघु व्यवसाय द्वारा निभाई जाने वाली किन्हीं तीन भूमिकाओं का उल्लेख कीजिए।</p>	4
30	<p>Distinguish between Departmental store and Multiple shop. (Any four points)</p> <p>डिपार्टमेंटल स्टोर और मल्टीपल शॉप के बीच अंतर बताइए। (कोई चार बिंदु)।</p>	4
31	<p>Write the meaning of company and its three merits and two limitations.</p> <p>कंपनी का अर्थ तथा इसके तीन गुण एवं दो सीमाएँ लिखिए।</p> <p style="text-align: center;">OR</p> <p>Explain the following:</p> <p>a. Memorandum of association</p> <p>b. Article of association</p> <p>c. Consumer's cooperative society</p> <p>d. Farmer's cooperative society</p> <p>निम्नलिखित की व्याख्या कीजिए:</p> <p>a. संस्था का ज्ञापन</p> <p>b. संस्था के अनुच्छेद</p>	6

	c. उपभोक्ता सहकारी समिति d. किसान सहकारी समिति	
32	a) Explain the meaning of Statutory corporation and its two features b) Elaborate the meaning of Government company and its two features. क) वैधानिक निगम का अर्थ और उसकी दो विशेषताएँ स्पष्ट कीजिए। ख) सरकारी कंपनी का अर्थ और उसकी दो विशेषताएँ विस्तार से बताइए।	6
33	Differentiate between Shares and Debentures . शेयर और डिबेंचरों के बीच अंतर बताइए।	6
34	Identify the document highlighted in the following statement 1) This certificate specifies the origin of goods exported 2) This document is issued by the commanding officer of the ship to the exporter after the cargo is loaded on the ship. 3) This document is prepared by shipping company to acknowledge the receipt of goods on ship and gives an undertaking to carry them to port of destination 4) This document is the most appropriate and secure method of payment to settle international transactions. 5) On the basis of this document customs office grants permission for the export. 6) This document is prepared by the importer and it shows the detail of goods imported and is used by custom authorities to determine import duty. निम्नलिखित कथन में उल्लिखित दस्तावेज़ की पहचान कीजिए। 1) यह प्रमाणपत्र निर्यात किए गए माल की उत्पत्ति को निर्दिष्ट करता है। 2) यह दस्तावेज़ जहाज के कमांडिंग अधिकारी द्वारा निर्यातक को माल जहाज पर लादने के बाद जारी किया जाता है। 3) यह दस्तावेज़ शिपिंग कंपनी द्वारा जहाज पर माल की प्राप्ति की पुष्टि करने और उसे गंतव्य बंदरगाह तक ले जाने का वचन देने के लिए तैयार किया जाता है। 4) यह दस्तावेज़ अंतर्राष्ट्रीय लेनदेन के निपटान के लिए भुगतान का सबसे उपयुक्त और सुरक्षित तरीका है। 5) इस दस्तावेज़ के आधार पर सीमा शुल्क कार्यालय निर्यात की अनुमति देता है। 6) यह दस्तावेज़ आयातक द्वारा तैयार किया जाता है और यह आयातित माल का विवरण दर्शाता है और सीमा शुल्क अधिकारियों द्वारा आयात शुल्क निर्धारित करने के लिए इसका उपयोग किया जाता है।	6

**KENDRIYA VIDYALAYA SANGATHAN, JABALPUR REGION**

**CLASS: XI 2025-26**

**MARKING SCHEME**

**SUBJECT: BUSINESS STUDIES (054)**

**Max.Marks:80**

**Duration: 3 hours**

**General Instructions:**

- Marks for questions are indicated against each question.
- This question paper contains 34 questions.
- Answer should be brief and to the point.
- Question Nos. 1–20 are MCQs questions carrying 1 mark each.
- Question Nos. 21-24 are short answer questions carrying 3 marks each. Answers to them should not normally exceed 50-75 words each.
- Question Nos. 25–30 are also short answer questions carrying 4 marks each. Answers to them should not normally exceed 150 words each.
- Question Nos. 31–34 are long answer questions carrying 6 marks each. Answers to them should not normally exceed to 200 words each.
- Attempt all parts of Questions together.

Q. No	Question	mark
1	ANS : B	1
2	ANS: B	1
3	ANSWER : (b) One man one vote	1
4	Ans (b)	
5	<b>Answer: (d) Life Insurance</b>	
6	ANSWER ; (B) B2C	
7	Answer. c) Principle of Indemnity	
8	ANSWER : (a). Community	
9	Answer. a) Statutory Corporation	
10	Ans- (d )Lack of secrecy	
11	ANSWER ; c) Long	
12	Answer. a) Itinerant retailers	
13	Answer: C) Purchases the goods from the manufacturer in bulk quantity and re-sells them to retailers in small quantity	
14	Ans (d) Letter of Credit	
15	Answer: (C) is correct. Explanation: Preference shares, also called preferred stocks, enable preference shareholders to receive dividends announced by companies before ordinary shareholders.	
16	ANSWER ; (a) Medium Enterprise	

17	Ans (b) 1st January, 1995	
18	Ans. B .Copy right	
19	ANSWER ; (d) Assertion (A) is False but Reason (R) is True.	
20	<b>Answer:</b> d) Both B and C	
21	ANSWER ; One mark for each correct difference (any three) OR One marks for each correct objective of business (any three)	3
22	<p><b>Ans.</b> a) Sole Proprietorship b) Limited Resources:- “The business had a limited capital investment”</p> <p>Resources of sole proprietorship are limited to the personal savings of the owner. They cannot arrange a bank loan also as banks and financial institutions may hesitate to extend loan to them</p> <p>2) Unlimited Liability:- “Mr. Ratnendra had to repay the debts of the business by disposing off his personal properties.” Sole proprietor has unlimited liabilities. In case assets of the business is insufficient to pay off business debt personal property of the owner is utilized to pay off business debt.</p> <p style="text-align: center;"><b>OR</b></p> <p><b>Ans.</b> (a) Karta' has unlimited liability. (b) Yes, because only Karta has unlimited liability remaining members have limited liability</p>	3
23	ANS; a) Chain store b) 1 . Large size 2. Specialized in one line (any other)	3(1+2)
24	<b>ANS:</b> The major objectives of WTO are as follows: 1. To ensure reduction of tariffs and other trade barriers imposed by different countries. 2. To improve standards of living, create employment, increase income and effective demand and facilitate higher production and trade. 3. To facilitate optimum use of world's resources for sustainable development.	3
25	1. Mitigation - (1) 2. Proximate cause –(1) 3, Indemnity - (1) 4. Subrogation –(1)	4
26	<p><b>Answer:</b> Scope of e-business is very wide. It is summarized below:</p> <p>1. <b>B2B Commerce:</b> Business to Business—Both the parties are business firms, e.g. Manufacturer of an automobile requires assembly of a large number of</p>	4

components which are being manufactured by different firms; Maruti Udyog, Bajaj Auto etc. use B2B commerce.

2. **B2C Commerce:** Business to Customer—Transaction taking place between business and individual customers. It facilitates promotion of products on line. e.g. music or film. Companies sell products and services on line to customer e.g. Amul.com sell Amul products online.
3. **Intra – B. Commerce:** Parties involved are from within a given business firm. It makes it possible for the marketing department to interact constantly with the production department to get information about customer requirement.
4. **C2C Commerce:** Consumer to consumer—Business originates from the consumer and the ultimate destination is also consumer. Its area of application is the formation of consumer forum, e.g. selling used books over the internet.

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ANSWER Answer: Businessmen bear a significant responsibility in environmental protection, given their role in production processes and resource utilization. They should adopt eco-friendly practices, invest in green technologies, and promote awareness about environmental issues. This includes using sustainable materials, reducing waste, and participating in initiatives like tree planting and river cleaning.

OR

Businesses have a range of responsibilities towards different interest groups, including the government and consumers. Towards the government, businesses are expected to pay taxes, obey laws, and avoid unethical or illegal practices. Towards consumers, businesses must provide quality goods and services at reasonable prices, offer proper after-sales service, and avoid misleading advertising or unfair trade practices.

Responsibilities towards the Government:

**Paying Taxes:** Businesses are obligated to pay various taxes, such as corporate tax, sales tax, and excise duty, which contribute to government revenue for public services and development projects.

**Obeying Laws and Regulations:** Businesses must adhere to all applicable laws and regulations, including those related to labor, environment, and product safety.

**Avoiding Unethical Practices:** Businesses should avoid bribery, corruption, and other illegal activities that can undermine the integrity of the government and society.

**Supporting Government Initiatives:** Businesses can support government initiatives related to social welfare, environmental protection, and economic development.

Responsibilities towards Consumers:

**Providing Quality Goods and Services:** Businesses should offer products and services that meet the needs and expectations of consumers, ensuring they are safe, reliable, and durable.

**Reasonable Pricing:** Businesses should avoid price gouging or other unfair pricing practices and offer products and services at a fair and affordable price.

**Proper After-Sales Service:** Businesses should provide adequate after-sales service, including repairs, replacements, and technical support, to ensure customer satisfaction.

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	<p>Transparency and Information: Businesses should be transparent about their products and services, providing accurate information about ingredients, usage instructions, and potential risks.</p> <p>Avoiding Misleading Advertising: Businesses should avoid deceptive or misleading advertising practices that could mislead consumers.</p> <p>Respecting Consumer Rights: Businesses should respect consumer rights, including the right to information, the right to choose, the right to safety, and the right to be heard.</p>	
28	<p><b>ANSWER</b> ; One marks for each basis</p> <p>Or.</p> <p>Yes, Explain advantage of retained earning.</p>	4
29	<p><b>ANSWER</b> ;</p> <p>a. Micro enterprises (1) b. Any 3 roles of Small business. (3)</p>	4
30	<p>Answer ;</p> <p>Any four correct differences.</p>	4
31	<p><b>ANSWER</b>; meaning of company (1 mark)</p> <p>Merits :limited liability , perpetual existence , transfer of interest (3 marks) Demerits ; lack of secrecy , numerous rules regulations . ( 2 marks)</p> <p>OR</p> <p><b>ANSWER</b> ; 1½ mark for each correct explanations (1½ x 4 = 6 marks)</p>	6
32	<p><b>ANSWER</b> :</p> <p>a) 1 mark for meaning and 1 marks each for correct feature (1+2 = 3 marks) b) 1 mark for meaning and 1 marks each for correct feature (1+2 = 3 marks)</p>	6
33	<p>Differentiate between Shares and Debantures .</p> <p>शेयर और डिबेंचरों के बीच अंतर बताइए।</p> <p><b>ANSWER</b></p>	6 ( 1x6)

	<b>Basis</b>	<b>Shares</b>	<b>Debentures</b>
	i) Status of holder	Owners	Creditors
	ii) Voting rights	Yes	No
	iii) Return	Dividend to shareholders	Interest to debenture holders
	iv) Charge	No charge on assets	Creates charge on assets
	v) Risk	Primary risk bearer	Minimum risk bearer
	vi) Redemption	Redeemed only at the winding up of the company	Redeemed on expiry of fixed period of time

34	<p>Identify the document highlighted in the following statement</p> <ol style="list-style-type: none"> <li>1) This certificate specifies the origin of goods exported</li> <li>2) This document is issued by the commanding officer of the ship to the exporter after the cargo is loaded on the ship.</li> <li>3) This document is prepared by shipping company to acknowledge the receipt of goods on ship and gives an undertaking to carry them to port of destination</li> <li>4) This document is the most appropriate and secure method of payment to settle international transactions.</li> <li>5) On the basis of this document customs office grants permission for the export.</li> <li>6) This document is prepared by the importer and it shows the detail of goods imported and is used by custom authorities to determine import duty.</li> </ol> <p><b>ANSWER ;</b> 1) Certificate of origin 2) Mates Receipts 3) Bill of lading 4) letter of credit 5) shipping bill 6) Bill of entry</p>	6
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**KENDRIYA VIDYALAYA SANGATHAN JABALPUR REGION**

**SAMPLE QUESTION PAPER**

**SESSION ENDING EXAMINATION (2025-26)**

**BUSINESS STUDIES (054) SET-B**

**CLASS - XI**

**MM – 80**

**TIME: 3 Hrs.**

**General instructions:**

- 1 This question paper contains 34 questions.
2. Marks are indicated against each question.
3. Answers should be brief and to the point.
4. Answers to the questions carrying 3 marks may be from 50 to 75 words.
5. Answers to the questions carrying 4 marks may be about 150 words.
6. Answers to the questions carrying 6 marks may be about 200 words.
7. Attempt all parts of the questions together.

1 The structure in which there is a separation of ownership and management is called

- a)Sole proprietorship
- b)Partnership
- c)Company
- d)All business organizations

वह संरचना जिसमें स्वामित्व और प्रबंधन का पृथक्करण होता है, कहलाती है

- a) एकल स्वामित्व
- b) साझेदारी
- c) कंपनी

1

	d) सभी व्यावसायिक संगठन	
2	<p>Which of the following broad categories of industries covers oil refinery and sugar mills?</p> <p>(a) Primary industries</p> <p>(b) Secondary industries</p> <p>(c) Commercial industries</p> <p>(d) Tertiary industries</p> <p style="text-align: center;">OR</p> <p>Reward or return in the form of salary is the key element of:</p> <p>(a) Business</p> <p>(b) Employment</p> <p>(c) Profession</p> <p>(d) All of these</p> <p>निम्नलिखित में से कौन सी व्यापक उद्योग श्रेणियों में तेल शोधन और चीनी मिलें शामिल हैं?</p> <p>(a) प्राथमिक उद्योग</p> <p>(b) द्वितीयक उद्योग</p> <p>(c) वाणिज्यिक उद्योग</p> <p>(d) तृतीयक उद्योग</p> <p>या</p> <p>वेतन के रूप में पुरस्कार या प्रतिफल किसका प्रमुख तत्व है?</p> <p>(a) व्यवसाय</p>	1

	<p>(b) रोज़गार</p> <p>(c) पेशा</p> <p>(d) ये सभी</p>	
3	<p>Choose one of the correct alternatives</p> <p>Assertion: Selling of refurbished washing machine is an example of C2C Commerce. Reason: Buyer and seller of such a product are consumers only.</p> <p>(A) Assertion is correct, reason is not (B) Assertion is incorrect, reason is correct. (C) Assertion and reason both are correct. (D) Assertion and reason both are incorrect</p> <p style="text-align: center;">OR</p> <p>IRCTC's portal for ticket booking is an example of which of the following categories of business?</p> <p>(A) B2B                      (B) B2C                      (C) C2C                      (D) Intra B</p> <p>सही विकल्पों में से एक चुनें।</p> <p>कथन: रीफर्बिश्ड वाशिंग मशीन बेचना C2C कॉमर्स का एक उदाहरण है। कारण: ऐसे उत्पाद के क्रेता और विक्रेता केवल उपभोक्ता होते हैं।</p> <p>(A) अभिकथन सही है, कारण सही नहीं है। (B) अभिकथन गलत है, कारण सही है। (C) अभिकथन और कारण दोनों सही हैं। (D) अभिकथन और कारण दोनों गलत हैं।</p> <p>या</p>	1



	<p>(a) संयुक्त उद्यम</p> <p>(b) वैश्विक उद्यम</p> <p>(c) बड़ा निगम</p> <p>(d) विशाल कंपनी।</p> <p style="text-align: center;">OR</p> <p>Which does not have a separate Legal Entity?</p> <p>(a) Departmental Undertaking</p> <p>(b) Statutory Corporation</p> <p>(c) Govt. company</p> <p>(d) Private company</p> <p>किसकी कोई अलग कानूनी इकाई नहीं है?</p> <p>(ए) विभागीय उपक्रम</p> <p>(बी) सांविधिक निगम</p> <p>(सी) सरकार। कंपनी</p> <p>(डी) निजी कंपनी</p>	
6	<p>ONGC is an example of an Indian energy multinational company.</p> <p>(a) True</p> <p>(b) False</p> <p>(c) Partly True</p> <p>(d) Can't Say</p>	1

	<p>ओएनजीसी एक भारतीय ऊर्जा बहुराष्ट्रीय कंपनी का उदाहरण है।</p> <p>(a) सत्य</p> <p>(b) असत्य</p> <p>(c) आंशिक सत्य</p> <p>(d) नहीं कहा जा सकता</p>	
7	<p>Ethics are</p> <p>(a) Same as law</p> <p>(b) Narrower than law</p> <p>(c) Broader than law</p> <p>(d) None of the above</p> <p>नैतिकता हैं</p> <p>(ए) कानून के समान</p> <p>(बी) कानून से भी संकीर्ण</p> <p>(सी) कानून से भी व्यापक</p> <p>(डी) उपरोक्त में से कोई नहीं</p>	1
8	<p>Preference shareholders get voting right:</p> <p>(a) always</p> <p>(b) when they do not receive dividend for 2 consecutive years</p> <p>(c) when preference shareholders are redeemed</p> <p>(d) never</p>	1

	<p>अधिमान्य शेयरधारकों को मतदान का अधिकार प्राप्त होता है:</p> <p>(a) हमेशा</p> <p>(b) जब उन्हें लगातार 2 वर्षों तक लाभांश प्राप्त नहीं होता</p> <p>(c) जब अधिमान्य शेयरधारकों को भुनाया जाता है</p> <p>(d) कभी नहीं</p>	
9	<p>Debenture holders are real owners of the company.(True/False) 1</p> <p>डिबेंचर धारक कंपनी के वास्तविक मालिक हैं। (सही/गलत)</p> <p style="text-align: center;">OR</p> <p>SanJay Limited is a company dealing in organic products. The company requires funds for short term, in order to meet the additional demands during festival season. The financial manager of the company has suggested that the company can borrow funds from Om Limited. Om Limited is a company dealing in garments. Name the source of raising funds that has been suggested by the financial manager of the company.</p> <p>a) Preference shares</p> <p>b) Inter corporate deposits</p> <p>c) Equity shares</p> <p>d) Public deposits</p> <p>संजय लिमिटेड जैविक उत्पादों का कारोबार करने वाली कंपनी है। त्यौहारी सीज़न के दौरान अतिरिक्त माँगों को पूरा करने के लिए कंपनी को अल्पावधि के लिए धन की आवश्यकता है। कंपनी के वित्तीय प्रबंधक ने सुझाव दिया है कि कंपनी ओम लिमिटेड से धन उधार ले सकती है। ओम लिमिटेड कपड़ों का कारोबार करने वाली कंपनी है। कंपनी के वित्तीय प्रबंधक द्वारा सुझाए गए धन जुटाने के स्रोत का नाम बताइए।</p> <p>ए) वरीयता शेयर</p> <p>बी) अंतर-कॉर्पोरेट जमा</p> <p>ग) इक्विटी शेयर</p> <p>घ) सार्वजनिक जमा</p>	1



	<p>a) सस्ते विक्रेता</p> <p>b) फेरीवाले</p> <p>c) बाज़ार व्यापारी</p> <p>d) फुटपाथ विक्रेता</p>	
12	<p>In a survey conducted by the Government of India, it was found that many farmers of the country are unable to secure loan for their agricultural needs. Keeping this in mind, the Government decided to form a Public Enterprise under a special Act of the Parliament, which will be free from government interference and will have financial and operational autonomy. Which type of Public Enterprise would you suggest to the government?</p> <p>a) Departmental Undertaking</p> <p>b) Statutory Company</p> <p>c) Statutory Corporation</p> <p>d) Government Company</p> <p>भारत सरकार द्वारा किए गए एक सर्वेक्षण में पाया गया कि देश के कई किसान अपनी कृषि आवश्यकताओं के लिए ऋण प्राप्त करने में असमर्थ हैं। इसे ध्यान में रखते हुए, सरकार ने संसद के एक विशेष अधिनियम के तहत एक सार्वजनिक उद्यम बनाने का निर्णय लिया, जो सरकारी हस्तक्षेप से मुक्त होगा और वित्तीय एवं परिचालन स्वायत्तता रखता होगा। आप सरकार को किस प्रकार के सार्वजनिक उद्यम का सुझाव देंगे?</p> <p>a) विभागीय उपक्रम</p> <p>b) सांविधिक कंपनी</p> <p>c) सांविधिक निगम</p> <p>d) सरकारी कंपनी</p>	1

13	<p>..... is a temporary arrangement under which a depositor is allowed to draw by cheque more than the amount available to his credit up to a specified limit.</p> <p>(a) Cash credit (b) Term loan (c) Bank overdraft (d) Consumer credit</p> <p>यह एक प्रकार का बचत बैंक खाता है जिसमें एक विशेष सीमा की पहुंच स्वचालित रूप से सावधि जमा खाते में स्थानांतरित हो जाती है।</p> <p>(ए) चालू जमा (बी) एकाधिक जमा (सी) सावधि जमा (डी) आवर्ती जमा</p> <p style="text-align: center;">OR</p> <p>UPI stands for _____.</p> <p>(A) Unified Payment Interface (B) Union Pay Interface (C) Union payment Interface (D) Unique Payment Interface</p> <p>UPI का अर्थ _____ है।</p> <p>(A) एकीकृत भुगतान इंटरफ़ेस (B) यूनियन पे इंटरफ़ेस (C) यूनियन भुगतान इंटरफ़ेस</p>	1

	(D) विशिष्ट भुगतान इंटरफ़ेस	
14	<p>State which of the following statements regarding reasons for international business are correct:</p> <p>a) International business transactions involve use of currencies of more than one country.</p> <p>b) Labour productivity and production costs differ among nations due to various socioeconomic, geographical and political reasons</p> <p>c) Availability of various factors of production differs among nations</p> <p>d) All of the above</p> <p>अंतर्राष्ट्रीय व्यापार के कारणों के संबंध में निम्नलिखित में से कौन से कथन सही हैं? बताइए।</p> <p>a) अंतर्राष्ट्रीय व्यापार लेनदेन में एक से अधिक देशों की मुद्राओं का उपयोग शामिल होता है।</p> <p>b) विभिन्न सामाजिक-आर्थिक, भौगोलिक और राजनीतिक कारणों से विभिन्न देशों में श्रम उत्पादकता और उत्पादन लागत भिन्न होती है।</p> <p>c) विभिन्न देशों में उत्पादन के विभिन्न कारकों की उपलब्धता भिन्न होती है।</p> <p>d) उपरोक्त सभी</p>	1
15	<p>Mehak is a practicing Chartered Accountant. She has her C.A. Firm in Bangalore. She deals in providing Income Tax and GST related services to her clients against very reasonable consultancy fees. Identify the type of economic activity performed by Mehak as referred to in the above case.</p> <p>(a) Business      (b) Profession      (c) Employment      (d) None of the above</p>	1

	<p>महक एक चार्टर्ड अकाउंटेंट हैं। बेंगलोर में उनकी सीए फर्म है। वह अपने ग्राहकों को बहुत ही उचित परामर्श शुल्क पर आयकर और जीएसटी से संबंधित सेवाएँ प्रदान करती हैं। उपरोक्त मामले में उल्लिखित महक द्वारा की जाने वाली आर्थिक गतिविधि के प्रकार की पहचान कीजिए।</p> <p>(a) व्यवसाय      (b) पेशा      (c) रोज़गार      (d) उपरोक्त में से कोई नहीं</p>	
16	<p>Under Start up scheme government of India offers:</p> <p>(a) Easy Registration (b) Tax exemption (c) No inspection (d) All of the above</p> <p>स्टार्ट अप योजना के तहत भारत सरकार ऑफर करती है:</p> <p>(ए) आसान पंजीकरण (बी) कर छूट (सी) कोई निरीक्षण नहीं (डी) उपरोक्त सभी</p>	1
17	<p>The maximum amount up to which a company can issue capital is called</p> <p>(a) Authorized Capital (b) Called Up Capital (c) Issued Capital (d) Subscribed Capital</p> <p>वह अधिकतम राशि जिस तक कोई कंपनी पूंजी जारी कर सकती है, कहलाती है</p> <p>(a) अधिकृत पूंजी (b) मांगी गई पूंजी</p>	1

	(c) जारी पूंजी (d) अभिदत्त पूंजी	
18	<p>Statement 1: Borrowed Funds are permanent source of finance.</p> <p>Statement 2: Borrowers are under legal obligation to pay interest even in case of losses.</p> <p>Alternatives:</p> <p>a. Both the statements are true.</p> <p>b. Both the statements are false.</p> <p>c. Statement 1 is true and Statement 2 is false.</p> <p>d. Statement 2 is true and Statement 1 is false.</p> <p>कथन 1: उधार ली गई धनराशि वित्त का स्थायी स्रोत है।</p> <p>कथन 2: उधारकर्ता हानि होने पर भी ब्याज का भुगतान करने के लिए कानूनी रूप से बाध्य हैं।</p> <p>विकल्प:</p> <p>a. दोनों कथन सत्य हैं।</p> <p>b. दोनों कथन असत्य हैं।</p> <p>c. कथन 1 सत्य है और कथन 2 असत्य है।</p> <p>d. कथन 2 सत्य है और कथन 1 असत्य है।</p>	1
19	<p>This is not a problem of international business</p> <p>A. High Risk</p> <p>B. Different languages</p> <p>C. Legal procedures</p> <p>D. Earning of foreign exchange</p> <p>यह अंतरराष्ट्रीय व्यापार की समस्या नहीं है</p> <p>(ए) उच्च जोखिम</p>	1

(बी) विभिन्न भाषाएँ

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(ई) विदेशी मुद्रा की कमाई

20 Match the following items of column A with the items given in column B

1

	Column A		Column B
A	Patent	(i)	Symbol
B	Copyright	(ii)	Shape
C	Trademark	(iii)	Music
D	Design	(iv)	Process

कॉलम A की निम्नलिखित वस्तुओं को कॉलम B में दी गई वस्तुओं से मिलाएँ

	कॉलम ए		कॉलम बी
A	पेटेंट	(i)	प्रतीक
B	कॉपीराइट	(ii)	आकार
C	ट्रेडमार्क	(iii)	संगीत
D	डिजाइन	(iv)	प्रक्रिया

(a) A(ii) B(iii) C(i) D(iv)

(b) A(ii) B(i) C(iii) D (iv)

(c) A(iv) B(iii) C(i) D(ii)

(d) A(iv) B(i) C(iii) D(ii)

21 What are the causes of business risks?

3

व्यावसायिक जोखिमों के कारण क्या हैं?

	<p style="text-align: center;">Or</p> <p>Explain the term Business, Profession and Employment</p> <p>व्यवसाय, पेशा और रोजगार शब्द की व्याख्या करें</p>	
22	<p>What are the features of Departmental undertaking? Any three?</p>	3
23	<p>Raman is a trader dealing in low cost fashionable footwear. In order to sell his goods he opens his shops on fixed days in different market</p> <p>In the context of the above case</p> <p>a) How would you classify Aman as a type of retailer b) Name the category of that type of retail trade as identified in part ( I ) c) Explain any two features of this category</p> <p>अमन एक व्यापारी है जो कम कीमत के फैशनेबल जूते बेचता है। अपना माल बेचने के लिए वह अलग-अलग बाजारों में तय दिनों पर अपनी दुकानें खोलता है। उपरोक्त मामले के संदर्भ में, आप अमन को खुदरा विक्रेता के रूप में कैसे वर्गीकृत करेंगे? भाग (I) में पहचाने गए खुदरा व्यापार के प्रकार का नाम बताइए। इस श्रेणी की कोई दो विशेषताएँ</p>	3
24	<p>What are the benefits of international business.</p> <p>अंतर्राष्ट्रीय व्यापार के क्या लाभ हैं?</p> <p style="text-align: center;">Or</p> <p>Describe the objectives of WTO in promoting international trade.</p> <p>अंतर्राष्ट्रीय व्यापार को बढ़ावा देने में विश्व व्यापार संगठन के उद्देश्यों का वर्णन करें।</p>	3
25	<p>After completing a course in gemology, Esha joins her father in the family business of fashion jewellery. Her father owns two showrooms at different locations in the city and operates his business through them. However, Esha intends to expand the business by venturing into online retailing. She also intends to introduce flexible manufacturing with the use of computer networks wherein the marketing department can interact constantly with the production department and get the customized products made as per the requirements of the individual customer.</p>	4

	<p>a. How is the mode of business that Esha intends to adopt different from the one that her father has been following over the years?</p> <p>b. Distinguish between the two different modes of business as identified in part (a) of the question by giving any four points.</p> <p>रत्न विज्ञान में कोर्स पूरा करने के बाद, ईशा अपने पिता के फैशन ज्वेलरी के पारिवारिक व्यवसाय में शामिल हो जाती हैं। उनके पिता शहर में अलग-अलग जगहों पर दो शोरूम के मालिक हैं और उनके ज़रिए अपना व्यवसाय चलाते हैं। हालाँकि, ईशा ऑनलाइन रिटेलिंग में कदम रखकर अपने व्यवसाय का विस्तार करना चाहती हैं। वह कंप्यूटर नेटवर्क के इस्तेमाल से लचीले विनिर्माण की भी शुरुआत करना चाहती हैं, जहाँ मार्केटिंग विभाग, उत्पादन विभाग के साथ लगातार संपर्क में रह सके और ग्राहकों की ज़रूरतों के हिसाब से अनुकूलित उत्पाद बनवा सके।</p> <p>क. ईशा जिस व्यवसाय पद्धति को अपनाना चाहती हैं, वह उनके पिता द्वारा वर्षों से अपनाए जा रहे व्यवसाय से किस तरह अलग है?</p> <p>ख. प्रश्न के भाग (क) में बताए गए दो अलग-अलग व्यवसाय पद्धतियों के बीच कोई चार बिंदु बताकर अंतर स्पष्ट कीजिए।</p>	
26	<p>Name the principles of insurance related to below given statements?</p> <p>i. This principle states that it is the duty of the insured to take reasonable steps to minimise the loss or damage to the insured property. The insured must behave with great prudence and not be careless just because there is an insurance cover. If reasonable care is not taken like any prudent person then the claim from the insurance company may be lost.</p> <p>ii. According to it, the insurer undertakes to put the insured, in the event of loss, in the same position that he occupied immediately before the happening of the event insured against. In other words the insurer undertakes to compensate the insured for the loss</p>	4

caused to him/her due to damage or destruction of property insured. The compensation payable and the loss suffered are to be measured in terms of money.

iii. According to this principle, an insurance policy is designed to provide compensation only for such losses as are caused by the perils which are stated in the policy.

iv. It refers to the right of the insurer to stand in the place of the insured, after settlement of a claim, as far as the right of insured in respect of recovery from an alternative source is involved. After the insured is compensated for the loss or damage to the property insured by him/her the right of ownership of such property passes on to the insurer. This is because the insured should not be allowed to make any profit, by selling the damaged property or in the case of lost property being recovered

नीचे दिए गए कथनों से संबंधित बीमा के सिद्धांतों के नाम बताइए।

i. यह सिद्धांत बताता है कि बीमित व्यक्ति का यह कर्तव्य है कि वह बीमित संपत्ति को होने वाले नुकसान या क्षति को कम करने के लिए उचित कदम उठाए। बीमित व्यक्ति को अत्यंत विवेकपूर्ण व्यवहार करना चाहिए और केवल बीमा कवर होने के कारण लापरवाही नहीं करनी चाहिए। यदि किसी विवेकशील व्यक्ति की तरह उचित सावधानी नहीं बरती जाती है, तो बीमा कंपनी से प्राप्त दावा खो सकता है।

ii. इसके अनुसार, बीमाकर्ता, हानि की स्थिति में, बीमित व्यक्ति को उसी स्थिति में रखने का वचन देता है, जिसमें वह बीमित घटना के घटित होने से ठीक पहले था। दूसरे शब्दों में, बीमाकर्ता, बीमित व्यक्ति को बीमित संपत्ति के नुकसान या विनाश के कारण हुई हानि की भरपाई करने का वचन देता है। देय क्षतिपूर्ति और हुई हानि को धन के रूप में मापा जाना चाहिए।

iii. इस सिद्धांत के अनुसार, एक बीमा पॉलिसी केवल उन नुकसानों के लिए क्षतिपूर्ति प्रदान करने के लिए डिज़ाइन की गई है जो पॉलिसी में वर्णित खतरों के कारण होते हैं।

iv. यह दावे के निपटारे के बाद, जहाँ तक किसी वैकल्पिक स्रोत से वसूली के संबंध में बीमाधारक का अधिकार शामिल है, बीमाकर्ता के उस अधिकार को संदर्भित करता है जिसके तहत वह बीमित व्यक्ति के स्थान पर खड़ा होता है। बीमित व्यक्ति को उसके द्वारा बीमित संपत्ति के नुकसान या क्षति के लिए मुआवजा मिलने के बाद, ऐसी संपत्ति का स्वामित्व बीमाकर्ता को हस्तांतरित हो जाता है। ऐसा इसलिए है क्योंकि बीमित

	व्यक्ति को क्षतिग्रस्त संपत्ति को बेचकर या खोई हुई संपत्ति की वसूली की स्थिति में कोई लाभ कमाने की अनुमति नहीं दी जानी चाहिए।	
27	<p>Identify the type of itinerant trader from the following:</p> <p>a) Traders who open their shop on a fixed day.  b) Petty retailers who have temporary independent shops.  c) Traders commonly found in populated areas.  (d) Deepanshu deals only in second-hand books.</p> <p>निम्नलिखित में से भ्रमणशील व्यापारी के प्रकार की पहचान करें:</p> <p>A. वे व्यापारी जो एक निश्चित दिन पर अपनी दुकान खोलते हैं।  B. छोटे खुदरा विक्रेता जिनकी अस्थायी स्वतंत्र दुकानें हैं।  C. व्यापारी आमतौर पर आबादी वाले क्षेत्रों में पाए जाते हैं।  D. दीपांशु केवल सेकेंड-हैंड किताबों का कारोबार करता है।</p>	4
28	<p>Britannia Industries Ltd. is committed to helping secure every child's right to growth and development through good food every day. The company is working in partnership with Global Alliance for Improved Nutrition (GAIN) and the Naandi Foundation to supply iron-fortified Tiger biscuits to supplement the Mid- Day Meal program in schools. Iron deficiency among Indian children is a key cause of school dropouts as well as decreased productivity. In keeping with its core essence of "Swasth Khao Tan Man Jagao", the company constantly strives to find sustainable opportunities to drive home the message of nutrition and good food habits among children at the right age.</p> <p>In the context of the above case answer the following questions:</p> <p>a. Identify the kind of social responsibility being discharged by Britannia Industries Ltd.  b. Briefly explain any two other kinds of social responsibilities.</p>	4

	<p>ब्रिटानिया इंडस्ट्रीज लिमिटेड, हर बच्चे के दैनिक अच्छे भोजन के माध्यम से विकास और वृद्धि के अधिकार को सुरक्षित करने में मदद करने के लिए प्रतिबद्ध है। कंपनी स्कूलों में मध्याह्न भोजन कार्यक्रम के पूरक के रूप में आयरन-फोर्टिफाइड टाइगर बिस्कुट की आपूर्ति हेतु ग्लोबल अलायंस फॉर इम्प्रूव्ड न्यूट्रिशन (GAIN) और नांदी फाउंडेशन के साथ साझेदारी में काम कर रही है। भारतीय बच्चों में आयरन की कमी स्कूल छोड़ने और उत्पादकता में कमी का एक प्रमुख कारण है। "स्वस्थ खाओ तन मन जगाओ" के अपने मूल सिद्धांत के अनुरूप, कंपनी बच्चों में सही उम्र में पोषण और अच्छे भोजन की आदतों का संदेश पहुँचाने के लिए स्थायी अवसर खोजने का निरंतर प्रयास करती है।</p> <p>उपर्युक्त मामले के संदर्भ में, निम्नलिखित प्रश्नों के उत्तर दीजिए:</p> <p>a. ब्रिटानिया इंडस्ट्रीज लिमिटेड द्वारा निभाई जा रही सामाजिक जिम्मेदारी के प्रकार की पहचान कीजिए।</p> <p>b. किन्हीं दो अन्य प्रकार की सामाजिक जिम्मेदारियों की संक्षेप में व्याख्या कीजिए।</p>	
29	<p>After completing MBA from FMS, Delhi, Raveena decided to enter into a startup business. She wants to explore the dairy product business after hearing news of adulteration being found in the milk all over Delhi. She does feasibility studies and finds there is a demand for healthy and quality products in the market. She is confused about the options available to her for her startup. Suggest any 4 ways through which she can finance it..</p> <p>एफएमएस, दिल्ली से एमबीए करने के बाद, रवीना ने एक स्टार्टअप व्यवसाय शुरू करने का फैसला किया। दिल्ली भर में दूध में मिलावट की खबरें सुनने के बाद, वह डेयरी उत्पादों के व्यवसाय में हाथ आजमाना चाहती हैं। वह व्यवहार्यता अध्ययन करती हैं और पाती हैं कि बाजार में स्वस्थ और गुणवत्तापूर्ण उत्पादों की मांग है। वह अपने स्टार्टअप के लिए उपलब्ध विकल्पों को लेकर असमंजस में हैं। ऐसे कोई 4 तरीके सुझाएँ जिनसे वह इस व्यवसाय को वित्तपोषित कर सकें।</p>	4
30	<p>What preferential rights are enjoyed by preference shareholders? Explain.</p>	4

	<p>पूर्वाधिकारी शेयर को कौन से अधिमान्य अधिकार प्राप्त हैं?</p> <p>व्याख्या कीजिए।</p> <p>OR</p> <p>Explain ANY four features of a borrowed fund..</p> <p>अथवा</p> <p>उधार ली गई धनराशि की किन्हीं चार विशेषताओं की व्याख्या कीजिए।</p>	
31	<p>(A) Post and Telegraph department is part of a government ministry. It is fully managed, controlled and financed by the concerned Ministry. The annual budget of the ministry makes provision for the funds needed by the government. The ministry is answerable to the Parliament for its functioning.</p> <p>Answer the following questions on the basis of above paragraph.</p> <ol style="list-style-type: none"> <li>1. Name the sector under which the Post and Telegraph department comes.</li> <li>2. Name the kind of organisation it is.</li> <li>3. How are the revenues of the department treated?</li> <li>4. What is the legal status of such organizations?</li> </ol> <p>(B) State any two Features of one person company</p> <p>(ए) डाक और तार विभाग एक सरकारी मंत्रालय का हिस्सा है। यह पूरी तरह से संबंधित मंत्रालय द्वारा प्रबंधित, नियंत्रित और वित्तपोषित है। मंत्रालय का वार्षिक बजट सरकार के लिए आवश्यक धनराशि का प्रावधान करता है। मंत्रालय अपने कामकाज के लिए संसद के प्रति जवाबदेह है।</p> <p>उपरोक्त अनुच्छेद के आधार पर निम्नलिखित प्रश्नों के उत्तर दीजिए।</p> <ol style="list-style-type: none"> <li>1. उस क्षेत्र का नाम बताइए जिसके अंतर्गत डाक एवं तार विभाग आता है।</li> <li>2. यह किस प्रकार का संगठन है उसका नाम बताइये।</li> </ol>	6

	<p>3. विभाग के राजस्व का प्रबंधन किस प्रकार किया जाता है?</p> <p>4. ऐसे संगठनों की कानूनी स्थिति क्या है?</p> <p>(बी) एक व्यक्ति कंपनी की कोई दो विशेषताएं बताएं।</p>	
32	<p>'Identify the source of finance highlighted in the following case</p> <p>a) it is the permanent source of capital and its not redeem during the lifetime of the company</p> <p>b) it facilitate the purchase of good and service without making immediate payment</p> <p>c) in case of winding up of the company the capital is refunded after payment of debenture but before the payment of equity shares</p> <p>d) this source put a permanent obligation on the company to pay interest every year</p> <p>e) their holders enjoy the right to vote and control them .</p> <p>f) This source involves ploughing back of profit.</p> <p>निम्नलिखित मामले में हाइलाइट किए गए वित्त के स्रोत की पहचान करें</p> <p>a) यह पूंजी का स्थायी स्रोत है और इसे कंपनी के जीवनकाल के दौरान भुनाया नहीं जा सकता</p> <p>b) यह तत्काल भुगतान किए बिना माल और सेवा की खरीद की सुविधा प्रदान करता है</p> <p>c) कंपनी के समापन के मामले में पूंजी डिबेंचर के भुगतान के बाद लेकिन इक्विटी शेयरों के भुगतान से पहले वापस कर दी जाती है</p> <p>d) यह स्रोत कंपनी पर हर साल ब्याज का भुगतान करने की स्थायी बाध्यता डालता है</p> <p>e) उनके धारकों को वोट देने और नियंत्रण का अधिकार प्राप्त है।</p> <p>f) इस स्रोत में लाभ को वापस लगाना शामिल है।</p>	6

	<p style="text-align: center;">OR</p> <p>Distinguish between shares and debentures on any six basis?  शेयर और डिबेंचर के बीच किन्हीं छह आधारों पर अंतर बताएं?</p>	
33	<p>Identify the document highlighted in the following statements</p> <p>(a) This certificate specifies the origin of goods exported</p> <p>(b) On the basis of this document, customs office grants permission for the export</p> <p>(c) This document gives security in the method of payment of settling international transactions</p> <p>(d) This document is issued by the commanding officer of the ship to the exporter after the cargo is loaded on the ship</p> <p>(e) This document is prepared by the shipping company to acknowledge the receipt of goods on ship and gives an undertaking to carry them to port of destination</p> <p>(f) This document contains the detailed information regarding price, quality, size, weight etc. of products which the exporter can supply</p> <p>निम्नलिखित कथनों में उल्लिखित दस्तावेज़ की पहचान करें</p> <p>(a) यह प्रमाणपत्र निर्यात किए गए माल की उत्पत्ति को निर्दिष्ट करता है</p> <p>(b) इस दस्तावेज़ के आधार पर, सीमा शुल्क कार्यालय निर्यात के लिए अनुमति देता है</p> <p>© यह दस्तावेज़ अंतरराष्ट्रीय लेनदेन के निपटान के भुगतान की विधि में सुरक्षा देता है</p> <p>(d) यह दस्तावेज़ जहाज के कमांडिंग अधिकारी द्वारा निर्यातक को जहाज पर माल लोड होने के बाद जारी किया जाता है</p> <p>(e) यह दस्तावेज़ शिपिंग कंपनी द्वारा जहाज पर माल की प्राप्ति को स्वीकार करने और उन्हें गंतव्य के बंदरगाह तक ले जाने का वचन देने के लिए तैयार किया जाता है</p>	6

	(f) इस दस्तावेज़ में उन उत्पादों की कीमत, गुणवत्ता, आकार, वजन आदि के बारे में विस्तृत जानकारी होती है जिन्हें निर्यातक आपूर्ति कर सकता है	
34	<p>Rohit and Aswin felt that there was an opportunity for business in providing a service of online grocery stores for working people. They analysed the idea in terms of technical, financial and economic liability. Once they found all the aspects satisfactory, they decided to start a company called “Anytime @ home” private Ltd. They got the name registered with the registrar.</p> <p>a. which steps of formation of a company are being referred to here?</p> <p>b. Explain the next three steps associated with it.</p> <p>रोहित और अश्विन को लगा कि कामकाजी लोगों के लिए ऑनलाइन किराना स्टोर की सेवा प्रदान करने में व्यवसाय की संभावना है। उन्होंने तकनीकी, वित्तीय और आर्थिक दायित्व के संदर्भ में इस विचार का विश्लेषण किया। जब उन्हें सभी पहलू संतोषजनक लगे, तो उन्होंने "एनीटाइम @ होम" प्राइवेट लिमिटेड नामक एक कंपनी शुरू करने का फैसला किया। उन्होंने रजिस्ट्रार के पास नाम पंजीकृत करवाया।</p> <p>क. यहाँ कंपनी गठन के किन चरणों का उल्लेख किया जा रहा है?</p> <p>ख. इससे जुड़े अगले तीन चरणों की व्याख्या कीजिए।</p>	6

**KENDRIYA VIDYALAYA SANGATHAN**  
**JABALPUR REGION**  
**SAMPLE QUESTION PAPER**  
**SESSION ENDING EXAMINATION (2025-26)**  
**MARKING SCHEME SET-B**

**BUSINESS STUDIES (054)**  
**CLASS - XI**

1	C	1
2	B OR B	1
3	C OR B	
4	A	
5	B OR (A) Departmental undertaking	
6	A	
7	© broader than law	
8	(b)	
9	False OR (B) intercorporate deposits	
10	design	
11	(d) all of the above OR c) Market Traders	
12	c) Statutory Corporation	
13	(c) Bank overdraft or (A) Unified Payment Interface	
14	d) All of the above	
15	(b) Profession	
16	D All of the above	
17	(a) Authorized Capital	
18	d. Statement 2 is true and Statement 1 is false.	
19	D Earning of foreign exchange	
20	( c ) A(iv) B(iii) C(i) D(ii)	
21	1. Natural causes 2. Human causes 3. Economic causes 4. Other causes	1*3=3

	<p>½ mark for heading and ½ mark for explanation</p> <p>Or</p> <p>Meaning of Business Profession and employment</p>	
22	<ol style="list-style-type: none"> <li>1. No separate legal entity</li> <li>2. Operated by civil servants</li> <li>3. Fully financed by govt.</li> </ol> <p>Any other features</p>	1*3=3
23	<ol style="list-style-type: none"> <li>a) Itinerants</li> <li>b) Periodic market trader</li> <li>c) Features of periodic traders</li> </ol>	1++1+1=3
24	<p>IMPROVED BUSINESS VISION</p> <p>EARNING OF FOREIGN EXCHANGE</p> <p>IMPROVED STANDARD OF LIVING</p> <p>OR</p> <ul style="list-style-type: none"> <li>● <b>Administer and enforce trade rules:</b> The WTO sets and enforces the rules for international trade, ensuring that agreements are followed by member countries.</li> <li>● <b>Act as a forum for trade negotiations:</b> It provides a venue for member governments to negotiate and monitor agreements to further liberalize trade.</li> <li>● <b>Resolve trade disputes:</b> The organization provides a structured mechanism for settling trade disputes between member countries, which helps prevent trade wars and ensures stability.</li> </ul>	1*3=3
25	<p>(i) E -COMMERCE</p> <p>DIFFERENCE BETWEEN E BUSINESS AND TRADITIONAL BUSINESS</p>	2+2=4
26	<ol style="list-style-type: none"> <li>(a) Mitigation of losses</li> <li>(b) indemnity</li> <li>(c) Causa proxima</li> <li>(d) subrogation</li> </ol>	1*4=4

27	<p>(a) Periodic Market Traders</p> <p>(b) Cheap Jacks</p> <p>© Street Traders</p> <p>(d) Second hand goods shops</p>	<p>1*4=4</p>
28	<p>(a) Social responsibility</p> <p>(b) Suppliers</p> <p>(c) Social responsibility is must for business</p> <p>(d) By fulfilling its responsibility towards various groups of the society</p>	<p>1*4</p> <p>=4</p>
29	<p>1. Boot Strapping. 2. Crowd Funding. 3. Angel Investment. 4. Venture Capital</p>	<p>1*4</p> <p>=4</p>
30	<p>1. FIXED RATE OF DIVIDEND PRIOR TO EQUITY SHAREHOLDER</p> <p>2. REPAYMENT OF CAPITAL DURING WINDING UP PRIOR TO EQUITY SHAREHOLDER</p> <p>Or</p> <p>Borrowed Fund</p> <p>Generally Secured, fixed rate of interest, fixed obligation, sources of borrowed fund</p>	<p>1+(1*3)=</p> <p>4</p>
31	<p>(i) Departmental Undertakings 1</p> <p>(ii) Public Sector 1</p> <p>(iii) Govt. Treasury 1</p> <p>(iv) NO SEPARATE LEGAL ENTITY TREATED AS PART OF GOVT</p> <p>B. TWO FEATURES OF OPC</p>	
32	<p>a. Equity shares</p> <p>b. Trade credit</p> <p>c. Preference share</p> <p>d. Debentures</p> <p>e. Equity Shares</p> <p>f. Retained Earning</p> <p>Or</p>	

Difference between Shares and Debentures		
Base	Shares	Debentures
1. Nature	Shares are the capital.	Debentures are a loan.
2. Return	Dividend.	Interest.
3. Voting Right	Full voting right.	No voting right.
4. Holder	Owner is called shareholder.	Creditor.
5. Types	There are two types of shares.	More than two types.
6. Security	Not secured by any charge.	Secured and generally carry a charge on the assets of the company.

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33	<p>Ans. A. Certificate of origin</p> <p>b. Carting order</p> <p>c. Letter of credit</p> <p>d. Mate's Receipt</p> <p>e. Bill of lading</p> <p>f. Shipping bill</p>	
34	<p>a. PROMOTION ( NAME APPROVAL)</p> <p>(iv) Fixing up Signatories to the Memorandum of Association</p> <p>(v) Appointment of professionals:</p> <p>(vi) Preparation of necessary documents:</p>	2 X 3

**KENDRIYA VIDYALAYA SANGATHAN JABALPUR REGION**

**SESSION ENDING EXAMINATION (2025-2026)**

**CLASS 11 - BUSINESS STUDIES SET-C**

**Time Allowed:** 3 hours

**Maximum Marks:** 80

**General Instructions:**

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

1	Activities which are meant for assisting trade are known as _____ a) auxiliaries to trade b) banking and finance c) advertising d) profession	[1]
2	Commerce includes _____ a) Business and Trade b) Trade and Aids to trade c) Business and Industry d) Business andAids to trade	[1]
3	<b>Assertion (A):</b> Business is considered to be an economic activity. <b>Reason (R):</b> Business is undertaken with the objective of earning money or livelihood. a) Both A and R are true and R is the correct explanation of A. b) Both A and R are true but R is not the correct explanation of A. c) A is true but R is false. d) A is false but R is true.	[1]
4	Profits do not have to be shared. This statement refers to: a) Partnership	[1]

	<p>b) Joint Hindu family business</p> <p>c) Company</p> <p>d) Sole proprietorship</p>	
5	<p>When a partnership is formed for the accomplishment of a particular project or venture, then it is known as:</p> <p>a) Partnership at will</p> <p>b) Limited Partnership</p> <p>c) General Partnership</p> <p>d) Particular partnership</p>	[1]
6	<p>A person who is not a partner in a firm but knowingly allows himself to be represented as a partner in a firm is called _____.</p> <p>a) sleeping partner</p> <p>b) nominal partner</p> <p>c) partner by holding out</p> <p>d) active partner</p>	[1]
7	<p>Statutory Corporation falls under which of the following category:</p> <p>a) Public Limited Company</p> <p>b) Private Sector</p> <p>c) Private Limited Company</p> <p>d) Public Sector Enterprises</p>	[1]
8	<p><b>Assertion (A):</b> Departmental Undertakings is the oldest and most traditional form of organising public enterprises.</p> <p><b>Reason (R):</b> These enterprises are established as departments of the ministry and are considered part or an extension of the ministry itself.</p> <p>a) Both A and R are true and R is the correct explanation of A.</p> <p>b) Both A and R are true but R is not the correct explanation of A.</p> <p>c) A is true but R is false.</p> <p>d) A is false but R is true.</p>	[1]

9	<p>Services like banking, insurance, transportation, warehousing and communication services belong to which of the following services:</p> <p>a) Personal services</p> <p>b) Individual services</p> <p>c) Business services</p> <p>d) Social services</p>	[1]
10	<p>Insurance provides financial support to the beneficiary after the death of the policy - holder is called _____.</p> <p>a) wealth insurance</p> <p>b) money - back policy</p> <p>c) health insurance</p> <p>d) life insurance</p>	[1]
11	<p><b>Assertion (A):</b> An enterprise must respect the laws of the country and pay taxes regularly and honestly.</p> <p><b>Reason (R):</b> It is the company's responsibility towards the government and community.</p> <p>a) Both A and R are true and R is the correct explanation of A.</p> <p>b) Both A and R are true but R is not the correct explanation of A.</p> <p>c) A is true but R is false.</p> <p>d) A is false but R is true.</p>	[1]
12	<p>Which of the following is a source for raising owner's funds?</p> <p>a) Trade Credit</p> <p>b) Debentures</p> <p>c) Public Deposits</p> <p>d) Equity Shares</p>	[1]
13	<p>Funds required for day to day business operations is known as _____.</p> <p>a) Working capital</p> <p>b) Operating capital</p>	[1]

	<p>c) All of these</p> <p>d) Fixed capital</p>	
14	<p>For which of the following is working capital required:</p> <p>a) Purchasing land and buildings</p> <p>b) Purchasing current assets</p> <p>c) Purchasing furniture and fixtures</p> <p>d) Purchasing plant and machinery</p>	[1]
15	<p>Any industry located in a rural area which produces any goods renders any service with or without the use of power is known as _____.</p> <p>a) city industry</p> <p>b) town industry</p> <p>c) village industry</p> <p>d) district industry</p>	[1]
16	<p>A maximum investment that is required for equipment in Microenterprises which are engaged in rendering services is -</p> <p>a) ₹ 5 lakhs</p> <p>b) ₹ 10 lakhs</p> <p>c) ₹ 15 lakhs</p> <p>d) ₹ 20 lakhs</p>	[1]
17	<p>Which of the following issues faced by small businesses is incorrect regarding the raw materials required by them for production?</p> <p>a) Low bargaining power due to the small quantity of purchases made by them</p> <p>b) Compromise on the quality as they have to pay high prices to get good quality materials</p> <p>c) Large storage facilities to store the materials</p> <p>d) Required raw materials are not available easily</p>	[1]
18	<p>Which of the following comes under Modern Small Industries?</p> <p>a) Powerlooms</p>	[1]

	b) Coir c) Khadi d) Handicrafts	
19	Full form of GST is - a) Goods and State Tax b) Goods and Services Tax c) Government and Services Tax d) Government and State Tax	[1]
20	When does GST has been implemented in India? a) July 1, 2017 b) Jan 1, 2016 c) Jan 1, 2017 d) July 1, 2016	[1]
21	State any three differences between e - business and traditional business.	[3]
22	Explain any two special schemes which are implemented for developing industries in rural, backward, and hilly areas.  <p style="text-align: center;"><b>OR</b></p> <p>The Research and Development Department of Maharaja Private Limited developed a formula after putting in a lot of labour. This formula was quite New, Useful, and Non - obvious. Not only this but this formula could be practically used in the related industry. One could get in this formula a glimpse of the Ingenuity and Creativity of the Research and Development Department of the company. The company is apprehensive lest somebody else should get the benefit of this formula.</p> <p>Identify the Intellectual Property Right through the use of which the company can be relieved of this apprehension.</p>	[3]
23	How does the wholesalers help the manufacturer in availing the economies of scale?	[3]
24	State the importance of the bill of lading.  <p style="text-align: center;"><b>OR</b></p> Differentiate between sight and issuance drafts.	[3]
25	Explain the nature of business risk.	[4]

26	<p>Bharat Heavy Electricals Limited (BHEL) owned and founded by the Government of India, is an engineering and manufacturing company based in New Delhi, India. It was established in 1964. BHEL is India's largest power generation equipment manufacturer. It is managed by the board of directors nominated by the government. As Government is the majority shareholder, it exercises control over affairs of the company.</p> <p>i. How will you classify BHEL as a form of public sector enterprise?</p> <p>ii. Also, state features of this type of public sector enterprise.</p> <p style="text-align: center;"><b>OR</b></p> <p>Indian Railways is the fourth largest railway network in the world. It is owned and operated by the Government of India through the Ministry of Railways. It is responsible for rail transport in India. Indian Railways is the world's eighth biggest employer and had 1.331 million employees at the end of 2015 - 16. Discounted tickets are available for senior citizens (above sixty years) and some other categories of passengers including the specially – abled students, sports persons, persons affected by serious diseases, or persons appearing for competitive examinations.</p> <p>In the context of the above case answer the following questions:</p> <p>i. Indian Railways is classified as which type of public sector enterprise?</p> <p>ii. In what category are the employees of Indian Railways placed?</p> <p>iii. State any two values that Indian Railways wants to communicate to society.</p>	[4]
27	<p>Sachin Ltd. is a well - known manufacturer of sanitary fittings. Recently, the company was short of funds for meeting its day - to - day expenses. So, the company approached one of its suppliers to grant 60 days credit on the purchase of raw material. On the basis of the creditworthiness of SachinLtd., the supplier granted the credit.</p> <p>i. Identify the source of finance highlighted in the given case.</p> <p>ii. Also, state its three merits.</p> <p style="text-align: center;"><b>OR</b></p> <p>Pluto Electricals Ltd. has been successfully manufacturing electrical accessories for the past ten years. As the profit margin is good, the company has been managing all the financial requirements of the business through the profits reinvested in the business.</p> <p>Identify the source of finance being mentioned in the given case and state its three merits.</p>	[4]
28	<p><b>Rakhi Footwear Ltd.</b> deals in shoes. This company has opened 500 shops in different places in the whole country. The specialty of the business of this company is that at all its shops the goods available are of the same type and their price also is the same.</p>	[4]

	<p>By starting this type of business, the company has done away with the Middlemen. The people are happy to buy goods from the producer or manufacturer directly.</p> <p>Identify the trade of 'Rakhi Footwear Ltd.' and describe any three of its features.</p>	
29	<p>Rajinder Singh and his brother Ravinder Singh own a large-scale retail outlet at a central location in Amritsar. They deal with varied kinds of products like textiles, footwear, cosmetics, etc. which are sold through different divisions within the establishment.</p> <p>In the context of the above case answer the following questions:</p> <p>i. Identify the type of retail outlet being described in the above lines.</p> <p>iii. State any three features of the type of retail outlet as identified in part (i) of the question.</p>	[4]
30	<p>Pradeep wants to export auto spare parts to Mr. David in Switzerland. Mr. David has asked for an enquiry to seek information about availability of goods, price, quality and terms and conditions for export of goods. In response to the enquiry, Pradeep sends a reply in the form of a Proforma Invoice. Mr. David found the price and terms and conditions acceptable. So, he placed the order for goods. After verifying the creditworthiness of Mr. David, Pradeep obtains an export license and arranges the pre-shipment finance.</p> <p>On the basis of given case study, state the next two steps to be followed by Pradeep related to the procedure of export trade.</p>	[4]
31	<p>Godsend Wishes Ltd. is a well known real estate company in India. The company is planning to float a public issue of shares to raise fresh capital. As per the norms, it will have to take prior approval from SEBI (Securities and Exchange Board of India) before going ahead with raising funds from the public. Moreover, the company is planning to appoint HDFC Bank Limited as underwriters to the issue.</p> <p>In the context of the above case answer the following questions:</p> <p>i. Why is approval from SEBI considered necessary?</p> <p>ii. Who are underwriters? Is their appointment necessary whenever a public company wishes to raise the required funds from the public by means of an issue of shares and debentures?</p> <p style="text-align: center;"><b>OR</b></p> <p>Sunanda subscribed to the shares issued by Jolly Ltd. The prospectus of Jolly Ltd. included a statement that was misleading in the forms and contents. Believing the prospectus to be true, Sunanda had subscribed for shares and sustained a loss.</p> <p>In the context of the above case answer the following questions:</p>	[6]

	<p>i. Define the term 'prospectus'.</p> <p>iv. Can Sunanda sue for compensation of loss? Justify your answer.</p>	
32	<p>Gauri took an insurance policy for her home without disclosing that the home is being used to house the catering business. After a few months, a gas cylinder explosion caused major damage to her property. Consequently, she filed a claim against the insurance company for compensation of loss. On investigating the matter, the insurance company discovered the commercial use of the home and refused to pay any claims.</p> <p>Identify and explain the principle of insurance which has been violated in the above case.</p>	[6]
33	<p>“Certain factors have forced and convinced the business enterprises to consider their social responsibilities”. Enumerate and discuss the factors in brief.</p>	[6]
34	<p>Superb Ltd. is a well - diversified company engaged in the development of real estate, tourism, and textiles. The company plans to raise a sum of Rs.120 crores in order to finance its expansion plans. Presently, there is a conflict among its financial managers as to whether the company should float an issue of equity shares or debentures to raise the required amount of funds.</p> <p>Which of the two sources of funds will you suggest considering the fact that the company has not raised much debt capital so far and why?</p>	[6]

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**JABALPUR REGION**  
**SAMPLE QUESTION PAPER**  
**SESSION ENDING EXAMINATION (2025-26)**  
**MARKING SCHEME SET-C**

**BUSINESS STUDIES (054)**  
**CLASS - XI**

1	(a) auxiliaries to trade	1
2	(b) Trade and aids to trade	1
3	(a) Both A and R are true and R is the correct explanation of A.	1
4	(d) Sole proprietorship	1
5	(d) Particular partnership	1
6	(c) partner by holding out	1
7	(b) Public Sector Enterprises	1
8	(b) Both A and R are true but R is not the correct explanation of A.	1
9	(c) Business services	1
10	(d) life insurance	1
11	(a) Both A and R are true and R is the correct explanation of A.	1
12	(d) Equity Shares	1
13	(a) Working capital	1
14	(b) Purchasing current assets	1
15	(c) village industry	1
16	(b) ₹ 10 lakhs	1
17	(c) Large storage facilities to store materials	1
18	(a) Powerlooms	1
19	(b) Goods and Services Tax	1
20	(a) July 1, 2017	1
21	1 mark for each correct difference	3
22	<p>Two special schemes for developing industries in rural, backward, and hilly areas are as follows:</p> <ol style="list-style-type: none"> <li>i. <b>Priority financing:</b> Under this scheme, Commercial banks, co-operative banks, regional rural banks, and state financial corporations advance loans to small businesses operating in the rural, backward, and hilly areas.</li> <li>ii. <b>Provision of land and industrial sheds:</b> For establishing industries in rural, backward, and hilly areas, the government provides land and industrial sheds for the industrial purposes at concessional rates. They do not charge any rent in initial years while some states allow payment in installments.</li> </ol> <p style="text-align: center;">OR</p> <p>Patent</p> <p>A Patent is a form of right granted by the government to an inventor or their successor in title, giving the owner the right to exclude others from making, using, selling, offering to sell and importing an inventor for a limited period of time in exchange for the public disclosure for the invention.</p>	3
23	The wholesaler acts as an intermediary between the manufacturer and retailer. He is very close to the manufacturer. Wholesalers often purchase goods in bulk	3

	quantities from manufacturers. They buy in bulk which enables manufacturers also to produce in bulk and avail benefits of large-scale production. Once a purchase is made, the wholesalers distribute the goods in small quantities to retailers for further resale. However, during this process, they provide manufacturers with a variety of warehousing facilities such as collection, storage, marketing and distribution of goods. These services reduce the burden on manufacturers by creating time and place utility, thus enabling them to produce goods on a large scale and benefit from the economies of scale.	
24	<p>i. It is a document of title which gives the holder the right to possession of the goods.</p> <p>ii. It is a very important document as it serves as a receipt issued by a carrier to a shipper.</p> <p>iii. It is a contract of affreightment comprising the terms and conditions on which the shipping company has agreed to carry the goods to the destination port.</p> <p>iv. It may be used as collateral security for raising loans.</p> <p style="text-align: center;">OR</p> <p>1 mark for each correct difference.</p>	3
25	<p>The business risk may be defined in terms of the possibility of occurrence of unfavourable events; which maximize chances of losses and minimize chances for gain, in business.</p> <p>The nature of business risk is explained below:</p> <p><b>i. It arises due to uncertainties:</b> A business is started and operated on the basis of forecasts and assumptions about the likely future events which may or may not hold good. Therefore, the uncertainty of the expected or unexpected event may cause a risk of loss to the business.</p> <p><b>ii. Risk is an essential part of every business:</b> Every business is exposed to one or the other kind of risk. Risks can not be eliminated though they can be minimized by making suitable provisions in advance.</p> <p><b>iii. Profit is the reward of the risk:</b> An entrepreneur undertakes risks of investing his capital under the expectation of higher profits. Profit is thus the reward for risk-taking.</p> <p><b>iv. Degree of risk depends mainly upon the nature and size of business:</b> The nature of the business (a type of goods and services produced) and the size (volume of production) of the business determines the amount of risk. Larger the scale of business, higher will be the possibility of risk.</p>	4
26	<p>BHEL is a Government Company. Features of Government Company.</p> <p>i. It is an organisation created under the Companies Act, 2013 or any other previous Company Law.</p> <p>ii. The company can file a suit in a court of law against any third party and be sued.</p>	4

	<p>iii. The company can enter into a contract and can acquire property in its own name.</p> <p>iv. The management of the company is regulated by the provisions of the Companies Act, like any other public limited company.</p> <p style="text-align: center;">OR</p> <p>a. Indian Railways is classified as a departmental undertaking. This is because it has been established as a department of the ministry and it is subject to direct control of the ministry. Its management is directly under the concerned ministry and is accountable to the ministry.</p> <p>b. The employees of a departmental undertaking are government servants and are headed by Indian Administrative Service (IAS) officers and civil servants who are transferable from one ministry to another.</p> <p>c. The two values that Indian Railways wants to communicate to the society are:</p> <ol style="list-style-type: none"> <li>i. Concern for elderly persons</li> <li>ii. Humanity</li> </ol>	
27	<p>The source of finance highlighted is 'Trade Credit'. The merits of Trade Credit are:</p> <p><b>i. Convenient Source:</b> It is a convenient and continuous source of finance as it does not require any legal formalities.</p> <p><b>ii. Ready Availability:</b> Trade credit is readily available to creditworthy firms.</p> <p><b>iii. Helps in raising inventory level:</b> Trade credit can be used to finance the increase in inventory of goods if the organisation expects higher sales in the future.</p> <p><b>iv. No charge on assets:</b> There is no need for creating any sort of charge against firm's assets for obtaining the trade credit.</p> <p style="text-align: center;">OR</p> <p>Source of finance mentioned in the given case is 'Retained Earnings'. Merits of Retained Earnings are:</p> <ol style="list-style-type: none"> <li>i. Dependable Source: Retained earnings are more dependable than external sources as they do not depend on investors' preference and market conditions and are permanent funds.</li> <li>ii. Economical: It is a very economical method of financing as it does not involve any cost in the form of interest, dividend, or floatation cost.</li> <li>iii. More freedom: Retained earnings do not dilute the control as there is no increase in the number of shareholders. As funds are generated internally, there is a greater degree of operational freedom and flexibility.</li> <li>iv. Ability to absorb shocks in business: It enhances the capacity of the business to absorb unexpected and sudden business shocks arising due to economic depression and uncertainty of the capital market.</li> </ol>	4

28	<p>The name of trade of 'Rakhi Footwear Ltd.' is 'Chain Store'. Its main merits/advantages are the following:          Merits of Chain Store are as follows:</p> <ol style="list-style-type: none"> <li>1. Economies of scale: As there is central procurement, the multiple-shop organisation enjoys the economies of scale.</li> <li>2. Elimination of middlemen: By selling directly to the consumers, the multiple-shop organisation is able to eliminate unnecessary middlemen in the sale of goods and services.</li> <li>3. No bad debts: Since all the sales in these shops are made on cash basis, there are no losses on account of bad debts.</li> <li>4. Transfer of goods: The goods not in demand in a particular locality may be transferred to another locality where it is in demand. This reduces the chances of dead stock in these shops.</li> <li>5. Low cost: Because of centralised purchasing, elimination of middlemen, centralised promotion of sales and increased sales, the multiple shops have lower cost of business.</li> </ol>	4
29	<p>a. The type of retail outlet is described in the above lines is a departmental store.          b. The two merits of a departmental store are as follows:</p> <ol style="list-style-type: none"> <li>iii. Attract a large number of customers since they are typically located in central places.</li> <li>iv. Convenience in buying as a wide variety of products are available under one roof.</li> </ol> <p>The two limitations of a departmental store are as follows:</p> <ol style="list-style-type: none"> <li>(i) High operating cost is incurred in pursuit of offering more services to the customers which are eventually passed on to the consumers in terms of higher prices.</li> <li>(ii) High possibility of loss as the scale of operation and operating costs are high.</li> </ol>	4
30	<p>The next steps to be followed by Pradeep in the export trade are:</p> <ol style="list-style-type: none"> <li>iii. Production or Procurement of Goods</li> <li>iv. Pre-shipment Inspection</li> <li>v. Excise Clearance</li> <li>iv. Obtaining a Certificate of Origin</li> <li>v. Reservation of Shipping Space</li> <li>vi. Packing and Forwarding</li> <li>vii. Insurance of Goods</li> <li>viii. Customs Clearance</li> <li>ix. Obtaining Mates Receipt</li> <li>x. Payment of Freight and Issuance of Bill of Lading</li> </ol>	4

	<ul style="list-style-type: none"> <li>xi. Preparation of Invoice</li> <li>xii. Securing Payment.</li> </ul>	
31	<p>a. SEBI (Securities and Exchange Board of India) is the regulatory authority in India and has issued guidelines for the disclosure of information and investor protection. Therefore, any company who wishes to invite funds from the general public must make adequate disclosure of all relevant information and must not conceal any material information from the potential investors.</p> <p>b. In case a company is not reasonably assured of a good public response to the issue, it may appoint underwriters to the issue. Underwriters undertake to buy the shares if these are not subscribed by the public. They receive a commission for underwriting the issue. Appointment of underwriters is not necessary whenever a public company wishes to raise the required funds from the public by means of the issue of shares and debentures.</p> <p style="text-align: center;"><b>OR</b></p> <p>a. A prospectus is 'any document described or issued as a prospectus including any notice, circular, advertisement or other documents inviting deposits from the public or inviting offers from the public for the subscription or purchase of any shares or debentures of a body corporate'.</p> <p>b. Yes, Sunanda can sue for compensation of loss. As the investors make up their minds about investment in a company primarily on the basis of the information contained in the prospectus, there must not be a misstatement in the prospectus and all significant information must be fully disclosed. In this case, Sunanda had to sustain loss because she believed that the facts given in the prospectus issued by Jolly Ltd. were true.</p>	6
32	<p>The <i>principle of utmost good faith</i> has been violated as Gauri didn't mention about the commercial use of the home while taking the policy. The principle of utmost good faith is described below:</p> <ul style="list-style-type: none"> <li>i. An insurance contract is a contract of <i>uberrimae fidei</i> as it is based on utmost good faith which should be displayed by both the parties involved therein, i.e., the insurer and the insured.</li> <li>ii. The insurer should make full and accurate disclosure of all material facts related to the subject matter of the proposed insurance. The insurer should at the same time make all the terms and conditions of the contract clear.</li> <li>iii. The contract of insurance will be voidable at the discretion of the insurer if the insured does not disclose any facts which are likely to affect the mind of a wise insurer in fixing the amount of premium or the decision to accept the proposal of insurance.</li> </ul>	6
33	<p>Factor's are as follows:</p> <ol style="list-style-type: none"> <li>1. <b>Economic Factor:</b> A business enterprise is basically an economic entity and, therefore, its primary social responsibility is economic i.e., produce</li> </ol>	6

	<p>goods and services that society wants and sell them at a profit. There is little discretion in performing this responsibility.</p> <p>2. <b>Legal Factor:</b> Every business has a responsibility to operate within the laws of the land. Since these laws are meant for the good of the society, a law abiding enterprise is a socially responsible enterprise as well.</p> <p>3. <b>Ethical Factor:</b> This includes the behaviour of the firm that is expected by society but not codified in law. For example, respecting the religious sentiments and dignity of people while advertising for a product. There is an element of voluntary action in performing this responsibility.</p> <p>4. <b>Discretionary Factor:</b> This refers to purely voluntary obligation that an enterprise assumes, for instance, providing charitable contributions to educational institutions or helping the affected people during floods or earthquakes.</p>	
34	<p>In my opinion, if the company has not raised much debt so far it should issue debentures to raise the required amount of funds.</p> <p>The various advantages of issue of debentures over the issue of equity shares are:</p> <ol style="list-style-type: none"> <li>a. Even if the earnings of the company are high the debenture holders are still paid interest at a fixed rate, whereas the dividend at a higher rate will have to be paid to equity shares holders in such a situation. This is because the return to equity shareholders varies with the profits of the company.</li> <li>b. Unlike the equity shareholders, the debenture holders do not have any right to participate in the management and control of the company.</li> <li>c. The amount of interest paid on debentures is treated as a tax-deductible expense, whereas the amount that the company pays as dividends is taxable.</li> <li>d. The flotation cost of raising funds through debentures is relatively less than that on equity.</li> </ol>	6