

## CBSE Business Studies Question Paper With Solutions

SET 2 - 66/4/2

**Time Allowed :3 Hours**

**Maximum Marks :80**

**Total questions :34**

### General Instructions

**Read the following instructions very carefully and strictly follow them:**

1. There are total 34 questions in this paper.
2. Answers to questions carrying 3 marks may be from 50 to 75 words.
3. Answers to questions carrying 4 marks may be in about 150 words.
4. Answers to questions carrying 6 marks may be in about 200 words.
5. Attempt all parts of a question together.
6. Questions no. 1 to 20 are Multiple Choice Questions (MCQs), carrying 1 mark each.

1. \_\_\_\_\_ is the step in the controlling process where standards may have to be revised in case the deviation can not be corrected through managerial action.

- (A) Setting Performance Standards
- (B) Measurement of Actual performance
- (C) Comparing Actual Performance with standards and analysing deviations
- (D) Taking corrective action

**Correct Answer:**

- (D) Taking corrective action

**Solution:**

Controlling is a managerial function that involves setting performance standards, measuring actual performance, comparing it with standards, and then taking corrective action. If, after comparing actual performance with the expected standards, significant deviations are found that cannot be corrected by simple managerial steps, then corrective action needs to be taken.

This may include modifying the standards themselves if they are found to be unrealistic, revising the strategies, processes, or even redefining goals. Therefore, it is in the "Taking Corrective Action" step that such a review and revision occur. This step ensures that deviations are corrected and future performances align with objectives.

**Final Answer:** (D) Taking corrective action

#### Quick Tip

The final step in controlling—corrective action—includes reviewing standards if deviations persist. Always relate persistent gaps with this step.

---

**2.** Choose the incorrect statement with respect to levels of management from the following :

- (A) Operational level management is responsible for maintaining quality of output.
- (B) At middle level management, managers carry out the plans formulated by the top level managers.
- (C) At top level management, the managers are responsible for all the activities of the business and its impact on the society.
- (D) At top level management, the managers co-operate with other departments for smooth functioning of the organisation.

**Correct Answer:**

(D) At top level management, the managers co-operate with other departments for smooth functioning of the organisation.

**Solution:**

Top level management includes positions like CEO, MD, and Board of Directors. Their role is primarily strategic, involving policy formulation, setting goals, and directing the company's overall course. They are concerned with external environments and long-term impact on society.

However, coordinating with departments and ensuring the smooth internal functioning of the organisation is primarily a responsibility of the **\*\*middle level\*\*** managers, such as departmental heads. They act as a bridge between top-level directives and operational execution.

Thus, statement (D) wrongly attributes a middle management function to the top level, making it the incorrect statement.

**Final Answer:** (D)

#### Quick Tip

Top management is strategic; middle management coordinates internally; operational level executes. Always align statements with correct responsibilities.

3. 'Merely allocating work is not enough. Each individual should also know who he has to take orders from and to whom he is accountable'.

The above statement is related to one of the steps of organising process. Identify the step from the following :

- (A) Identification and division of work
- (B) Departmentalisation
- (C) Assignment of duties
- (D) Establishing authority and reporting relationship

**Correct Answer:**

- (D) Establishing authority and reporting relationship

**Solution:**

The organising function of management involves several steps. After identifying and grouping activities, and assigning duties to individuals, it is essential to define clear relationships among personnel.

"Establishing authority and reporting relationship" ensures that each employee knows —

1. Whom to report to (accountability)
2. Who gives them orders (authority)
3. And what their decision-making limits are (responsibility and chain of command)

The statement in question explicitly mentions the need for individuals to know whom they take orders from and to whom they are accountable, making option (D) the correct one.

**Final Answer:** (D) Establishing authority and reporting relationship

### Quick Tip

Authority and accountability clarify reporting relationships. If the question involves hierarchy and order flow, this is the step!

4. A multinational sweets and snacks company had been into catering business for the last many years. To add to its prospects and to grow in the long run, it wants to increase its sales volume, the number of products and capital investment.

The organisational objective of management it seeks to achieve is :

- (A) Survival
- (B) Profit
- (C) Growth
- (D) Corporate Social responsibility

**Correct Answer:**

- (C) Growth

**Solution:**

The objective mentioned in the case clearly relates to the future-oriented aim of the business. When a business wants to increase its sales volume, expand the number of products, and invest more capital, it is targeting long-term expansion and development. This is a classic representation of the "Growth" objective of management.

Organizational objectives are usually categorized into survival, profit, and growth.

- Survival is basic and immediate, ensuring the firm can continue operations.
- Profit is necessary to sustain operations and satisfy stakeholders.
- Growth is about scaling the business — more revenue, more products, and more market share.

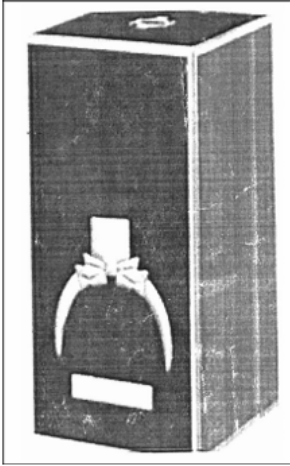
Hence, the desire of the company to increase volume, variety, and investment clearly shows that the company has already achieved survival and profit and is now aiming for expansion — i.e., growth.

**Final Answer:** (C) Growth

### Quick Tip

When a company emphasizes expansion in sales, product range, and capital, it's aiming at growth — a long-term strategic objective.

5. The picture given below is the package of a perfume bottle :



Identify the level of packaging of the box shown above :

- (A) Primary package
- (B) Secondary packaging
- (C) Transportation packaging
- (D) Both (A) and (B)

**Correct Answer:**

- (B) Secondary packaging

**Solution:**

Packaging in marketing can be classified into three levels:

- **Primary packaging** is the immediate container (e.g., the perfume bottle).
- **Secondary packaging** is the outer wrapping or box used for branding and protection (e.g., the box in which the perfume bottle is packed).
- **Transportation packaging** refers to bulk packaging used during shipping.

The image shows a branded cardboard box that encloses the perfume bottle — this is a classic case of secondary packaging. It is used to attract consumers, convey product information, and protect the primary package during handling.

**Final Answer:** (B) Secondary packaging

### Quick Tip

Primary packaging touches the product. The box you see on shelves is usually secondary packaging. Transit boxes are transportation packaging.

6. Rajat was carrying on a business of manufacturing plastic disposables like plastic plates, plastic cups and plastic straws. He heard about the upcoming ban on single use plastics. He was able to identify this external environmental trend which could hinder his firm's performance. So he took action and shifted to manufacturing the plates, cups and straws from bamboo and palm leaves. As a result, his business not only survived but was able to generate profit.

The point of importance of Business Environment highlighted above is :

- (A) It enables the firm to identify opportunities and getting the first mover advantage.
- (B) It helps the firm to identify threats and early warning signals.
- (C) It helps in tapping useful resources.
- (D) It helps in assisting in planning and policy formulation.

**Correct Answer:**

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

**Solution:**

The case describes how Rajat, a businessman, became aware of an impending external change — a ban on single-use plastics. This is a classic example of how the business environment provides early signals or warnings about threats.

Being able to foresee a threat (such as a regulatory ban) allows a business to adapt, pivot, or strategize to minimize negative impact. In this scenario, Rajat shifted to using biodegradable materials, which not only helped him avoid the loss but turned the situation into a profitable one.

This illustrates how understanding and reacting to the business environment helps firms to prepare in advance for challenges, minimizing losses and even gaining a competitive edge.

**Final Answer:** (B)

### Quick Tip

Business Environment gives firms a chance to anticipate threats and take action early. That's how smart businesses survive disruptions.

7. Payal was working in a Multinational company. Her father gifted her a smart phone worth 40,500 on her birthday. The mobile phone was purchased by her father from his friend's shop. After few months, the mobile phone started creating problems. Payal tried to contact the manufacturer many times but he did not respond. Ultimately Payal decided to file a complaint against the manufacturer. The appropriate grievance redressal machinery where Payal can file a complaint is :

- (A) District Forum/Commission
- (B) State Commission
- (C) National Commission
- (D) Supreme Court

**Correct Answer:**

- (B) State Commission

**Solution:**

According to the Consumer Protection Act, the grievance redressal mechanism is divided into three tiers based on the value of the goods/services and compensation claimed.

- **District Forum/Commission**: Claims up to 1 crore.
- **State Commission**: Claims between 1 crore and 10 crore.
- **National Commission**: Claims exceeding 10 crore.

In Payal's case, the value of the product is 40,500 — which is under 1 crore — but the complaint is against the **manufacturer** for not responding to issues, not just the seller. This places greater liability and could push the complaint jurisdiction higher. However, as per standard procedure, since the value is less than 1 crore, **District Commission** is typically correct — but if escalation is sought due to negligence, it may move to **State Commission**.

In some interpretations and for exam-oriented answers, the correct choice here is often provided as **State Commission**.

**Final Answer:** (B) State Commission

**Quick Tip**

Consumer disputes are handled at different levels: District ; 1 crore, State: 1–10 crore, National:  $\geq$  10 crore.

**8.** Which of the following is NOT a feature of demonetisation ?

- (A) It leads to creation of a less-cash or cash-less (free) economy i.e. channeling more savings through the formal financial system and improving tax compliance.
- (B) It is interpreted as a shift on the part of the government indicating that tax evasion will no longer be tolerated or accepted.
- (C) It is viewed as a tax administration measure.
- (D) It led to tax administration channelising savings away from the formal financial system.

**Correct Answer:**

- (D) It led to tax administration channelising savings away from the formal financial system.

**Solution:**

Demonetisation aimed to reduce the circulation of black money and to push more people towards using formal banking channels. As such, it encouraged citizens to deposit cash in banks, use digital transactions, and improve transparency in money flow.

All options (A), (B), and (C) align with this purpose. However, statement (D) contradicts the core objective of demonetisation. It falsely suggests that demonetisation led to a movement away from the formal financial system, which is incorrect.

Therefore, (D) is not a feature of demonetisation.

**Final Answer:** (D)

**Quick Tip**

Demonetisation promotes movement \*towards\* formal systems, not away. Watch for such reverse logic traps.

**9.** Lyka Ltd. launched its new range of herbal shampoos at the beginning of the year. As per



legal framework, Lyka Ltd. provided the name and address of the manufacturer, the weight, manufacturing date, expiry date, maximum retail price etc. on the package and label of the herbal shampoo.

The consumer right highlighted above is :

- (A) Right to choose
- (B) Right to be informed
- (C) Right to consumer education
- (D) Right to safety

**Correct Answer:**

- (B) Right to be informed

**Solution:**

One of the primary consumer rights is the **\*\*Right to be Informed\*\***. It ensures that the consumer gets complete information about the product they are purchasing — including its price, quality, quantity, ingredients, date of manufacturing/expiry, and directions for use. Lyka Ltd. providing all this information on the package reflects adherence to this consumer right. This empowers the consumer to make an informed choice and protects them from unfair trade practices.

**Final Answer:** (B) Right to be informed

#### Quick Tip

If the question mentions product labels, details, or disclosures — it's usually linked to the Right to be Informed.

---

**10.** 'It is a process that allocates or directs funds available for investment into their most productive instrument opportunity'.

This is known as :

- (A) Financial planning
- (B) Financial Intermediation
- (C) Allocative function
- (D) Capital budgeting

**Correct Answer:**

(C) Allocative function

**Solution:**

The allocative function refers to the financial system's role in directing or allocating scarce resources — primarily funds — to their most efficient uses. It ensures that available capital flows to businesses or individuals where the return is expected to be highest.

This promotes economic growth and ensures productive utilisation of resources. The process described in the question perfectly fits this definition, making option (C) correct.

**Final Answer:** (C) Allocative function

**Quick Tip**

If you see “most productive use of funds,” think of allocation — hence, Allocative Function.

---

**11. Which of the following is an advantage of Informal organisation ?**

(A) It provides stability to the organisation because behaviour of employees can be fairly predicted since there are specific rules to guide them.

(B) It leads to effective accomplishment of goals by providing a framework for the operations to be performed.

(C) It enhances the employee's job satisfaction since it gives them a sense of belongingness in the organisation and allows them to find like minded people.

(D) It helps in avoiding duplication of efforts as there is no ambiguity in the role that each member has to play.

**Correct Answer:**

(C) It enhances the employee's job satisfaction since it gives them a sense of belongingness in the organisation and allows them to find like minded people.

**Solution:**

An informal organisation refers to the network of personal and social relationships that naturally arise between people within an organisation. It is not officially documented but has a profound impact on employee morale.

The key benefit is that it creates a support system where employees feel comfortable, valued,

and connected. This improves their job satisfaction, loyalty, and overall organisational culture.

**Final Answer:** (C)

**Quick Tip**

Informal structure = social bonding = job satisfaction. Always pick the human angle in such questions.

---

**12.** \_\_\_\_\_ is the process by which a manager synchronises the activities of different departments.

- (A) Management
- (B) Planning
- (C) Co-ordination
- (D) Directing

**Correct Answer:**

(C) Co-ordination

**Solution:**

Co-ordination is the essence of management. It is the function that integrates the efforts of various departments and ensures that all activities are harmonised. It avoids overlaps, resolves conflicts, and ensures the alignment of departmental efforts towards common goals. It is needed at every level and in every function. Without coordination, planning, directing, or organizing may become misaligned and inefficient.

**Final Answer:** (C) Co-ordination

**Quick Tip**

When asked about synchronising departmental activities — it's always coordination. It binds all functions together.

---

**13. Statement –I :** That part of a brand which can be spoken is called a brand name.

**Statement –II :** That part of the brand which is given legal protection is called Trademark.

Choose the correct option from the following :

- (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.

**Correct Answer:**

- (C) Both the statements are true.

**Solution:**

**Statement I** correctly defines a brand name. A brand name is the verbal part of a brand — it is that part which can be spoken, such as "Nike" or "Pepsi". These names are easily recognizable and help in distinguishing one product from another in the market.

**Statement II** also holds true because when a brand name, logo, symbol, or design is legally registered under trademark law, it becomes a **Trademark**. This registration gives the owner exclusive rights and legal protection against misuse.

Since both statements are accurate in business terminology, option (C) is the correct answer.

**Final Answer:** (C)

#### Quick Tip

Brand Name = Speakable; Trademark = Legally protected. Don't confuse them.

---

**14.** \_\_\_\_\_ is the process of holding securities in electronic form.

- (A) Financial Intermediation
- (B) Dematerialisation
- (C) Allocative function
- (D) Mobilisation of securities

**Correct Answer:**

- (B) Dematerialisation

**Solution:**

Dematerialisation refers to the process of converting physical share certificates into electronic records maintained in a Demat account. It is an essential component of

modern-day trading, where buying and selling of securities are done online.

It offers benefits such as reduction in paperwork, elimination of forgery or theft, faster settlement, and better accessibility. It is a key feature introduced by the Depositories Act, 1996 and made mandatory by SEBI.

**Final Answer:** (B) Dematerialisation

**Quick Tip**

Demat = No paper shares. It simplifies security holding and trading.

---

**15.** Samaira and her friend, Sana wanted to watch a movie over the weekend. They booked the movie tickets online and chose the seats as per their preference at the click of a button at the desired movie hall. Now going to theatre for booking of tickets is no longer required.

The dimension of business environment reflected in the above para is :

- (A) Political environment
- (B) Social environment
- (C) Legal environment
- (D) Technological environment

**Correct Answer:**

- (D) Technological environment

**Solution:**

The scenario clearly highlights the impact of technology on consumer behavior and business operations. Online ticket booking, digital seat selection, and reduced physical dependency on counters are all results of technological innovations.

This change signifies the **Technological Environment**, which refers to forces related to scientific improvements and innovations that affect productivity and efficiency in business operations.

This environment creates opportunities for businesses and convenience for customers.

**Final Answer:** (D)

### Quick Tip

Anything that shows the impact of apps, websites, or devices — it's Technological Environment.

**16. Statement –I :** Business Environment is dynamic as it differs from country to country.

**Statement –II :** Business Environment is largely uncertain as it is very difficult to predict future happenings.

Choose the correct option from the following :

- (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.

**Correct Answer:**

- (C) Both the statements are true.

**Solution:**

Statement I is correct because the business environment is indeed **dynamic**, i.e., constantly changing, and it differs across regions and countries based on legal, economic, technological, and political systems.

Statement II is also true as the business environment is **uncertain** — changes in customer preferences, government regulations, and global trends are often unpredictable. Businesses must stay agile and responsive to remain competitive.

Thus, both statements are accurate.

**Final Answer:** (C)

### Quick Tip

Dynamic = Changes quickly; Uncertain = Can't be predicted easily. Business environment is both!

**17.** Read the following statements Assertion (A) and Reason (R). Choose the correct option from the given options.

**Assertion (A) :** Amount of Earnings is a major determinant of the decision about dividend.

**Reason (R) :** Dividends are paid out of current and past earnings.

Choose the correct option from the following:

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

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

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

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

**Correct Answer:**

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

**Solution:**

The dividend decision is one of the core financial decisions a company must make. It depends primarily on the amount of earnings — because dividends can only be declared and paid out of profits. If a company has insufficient or no earnings, it cannot pay dividends. Reason (R) supports this assertion as dividends are indeed paid from the company's current profits or accumulated past profits, as per legal guidelines.

Therefore, both Assertion and Reason are true, and the Reason correctly explains the Assertion.

**Final Answer:** (A)

#### Quick Tip

Dividends = Paid only from profits. More profit = More dividend paying capacity.

---

**18.** Which of the following is **NOT** a feature of 'Directing' function of management?

(A) Directing initiates Action.

(B) Directing takes place at every level of management.

(C) Directing ensures that activities are performed as per plans.

(D) Directing flows from top to bottom.

**Correct Answer:**

(C) Directing ensures that activities are performed as per plans.

**Solution:**

While planning and controlling are the functions responsible for ensuring that activities are performed as per plans, directing is primarily concerned with leading, guiding, supervising, and motivating employees.

The function of directing comes into play only after the planning is done. Its main features include initiating action, being pervasive at all managerial levels, and having a top-down approach (i.e., senior managers direct subordinates).

Hence, option (C) is not a feature of directing but more aligned with controlling.

**Final Answer:** (C)

**Quick Tip**

Directing = Leading, guiding, motivating. “As per plan” = Controlling, not directing.

---

**19.** ‘Marbury biscuits’ launched its new range of oat cookies in three varieties. They decided to distribute free samples of their biscuits in schools as a part of their promotional campaign. Identify the tool of promotion used by ‘Marbury Biscuits’:

- (A) Advertising
- (B) Personal Selling
- (C) Sales Promotion
- (D) Public Relations

**Correct Answer:**

(C) Sales Promotion

**Solution:**

Sales promotion refers to short-term incentives offered to customers to encourage them to purchase or try out a product. Distributing free samples is a common form of sales promotion — especially used when a company is launching a new product in the market.

Unlike advertising, which spreads awareness, or personal selling, which involves one-on-one persuasion, or public relations that build a long-term image, sales promotion gives an



immediate boost in product trial.

By giving away free samples in schools, Marbury Biscuits is encouraging trials and gaining early feedback.

**Final Answer:** (C)

**Quick Tip**

Free samples = Sales Promotion. It's a direct and short-term tactic to generate customer interest.

**20.** Match the functions of Securities and Exchange Board of India given in Column-I with their headings given in Column-II :

**Column-I**

**Column-II**

- |  |                            |
|--|----------------------------|
| A. Training of intermediaries of securities markets                      | (i) Regulatory function    |
| B. Regulation of takeover bids by companies                              | (ii) Protective function   |
| C. Controlling insider trading and imposing penalties for such practices | (iii) Development function |

Choose the correct alternative:

- (A) A(ii); B(iii); C(i)
- (B) A(i); B(ii); C(iii)
- (C) A(iii); B(ii); C(i)
- (D) A(iii); B(i); C(ii)

**Correct Answer:**

- (C) A(iii); B(ii); C(i)

**Solution:**

The SEBI performs multiple roles: regulatory, protective, and developmental. Let us match the functions to these roles:

**Training of intermediaries** such as brokers and underwriters is aimed at educating market participants and is part of SEBI's Development Function. Hence A — (iii). **Regulation of takeover bids** is to protect the interest of investors and ensure transparency. It falls under SEBI's Protective Function. Hence B — (ii).

- **Controlling insider trading** and imposing penalties is a part of its legal oversight to maintain market integrity — a **Regulatory Function**. Hence C — (i).

**Final Answer:** (C) A(iii); B(ii); C(i)

#### Quick Tip

Development = Training; Protective = Safeguarding investors; Regulatory = Enforcing rules.

**21.** (a) Identify the concept discussed above which would help the employees to do the job in a better way using Artificial Intelligence Technology.

(b) State any five benefits of the concept identified in (a) above to the organisation.

#### **Solution:**

(a) The concept discussed is **Training and Development**.

(b) Five benefits of Training and Development to the organisation are:

1. **Improved Performance:** Employees perform better due to enhanced skills and understanding of new technologies like AI.
2. **Reduced Supervision:** Well-trained employees require less supervision and guidance, thus saving managerial time and effort.
3. **Increased Morale:** Continuous learning opportunities keep employees motivated and boost job satisfaction.
4. **Reduced Errors:** Proper training helps in minimising errors, wastage, and accidents at work.
5. **Adaptability:** It equips employees with skills to face technological changes and innovation confidently.

#### Quick Tip

Employee development is a strategic investment that pays off through increased efficiency and organisational competitiveness.

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

- (i) Participants
- (ii) Investment Outlay
- (iii) Expected Return

**Solution:**

**Capital Market vs Money Market:**

**Participants:** Capital market involves investors like individuals, institutional investors, etc., whereas money market involves RBI, banks, large corporate houses.

**Investment Outlay:** Capital market requires larger outlays as investments are in long-term instruments like shares; money market requires smaller outlays in instruments like treasury bills.

**Expected Return:** Capital market offers higher but riskier returns. Money market gives lower but safer returns.

**OR**

(b) Factors affecting Long-Term Investment Decision:

**Cash Flows of the Project:** Cash inflows and outflows determine the viability of a project. Consistent positive cash flows make a project favourable.

**Investment Criteria Involved:** Techniques like NPV, ROI, Payback Period help evaluate the profitability and risk before investment decisions are made.

**Quick Tip**

Capital markets are long-term and yield higher returns; money markets are short-term and more liquid.

---

**23.** (a) 'Planning and controlling are inseparable twins of management'. Explain with the help of any three points.

**OR** (b) Explain 'Critical point control' and 'Management by exception' as discussed in the controlling process.

**Solution:** (a) **Planning and controlling are inseparable twins of management –**

Explanation with 3 points:

1. **Planning sets objectives and controlling ensures their accomplishment –** Planning lays

down what is to be done and controlling checks whether it is being done as per the plan.

2. **Controlling is based on planning** – It compares actual performance with planned standards. Without planning, there is nothing to control.

3. **Both are forward and backward looking** – Planning is forward-looking as it is based on forecasting, and controlling is backward-looking as it reviews past performance to improve future planning.

**OR**

(b) **Critical Point Control and Management by Exception:**

- **Critical Point Control:** Focuses on key result areas (KRAs) which significantly affect the organisation. Only crucial deviations are monitored.

- **Management by Exception:** Only significant deviations are brought to the attention of top managers, saving time and energy.

**Quick Tip**

Planning sets the goal; controlling ensures the path is followed properly.

---

24. (a) Identify and state the nature of management discussed in the above case.

(b) Quoting lines from the above para, state any two features of nature of management identified in (a) above.

**Solution:**

(a) The nature of management discussed is **Management as an Art**.

(b) Two features of management as an art:

1. **Personalised Application:** “They used basic knowledge in their unique manner...” shows application varies individually.

2. **Creative Practice:** “They adopted three different slums...in their own creative manner” highlights creativity in execution.

**Quick Tip**

Management becomes an art when theoretical knowledge is applied skillfully for results.

---

**25. (a)** Four points highlighting importance of **Directing Function** of management:

**Solution: 1. Initiates Action:** Directing is the function that initiates actions in the organisation by instructing employees.

**2. Integrates Efforts:** It unites efforts of individuals and departments towards achieving common objectives.

**3. Provides Motivation:** Directing motivates employees by providing leadership and proper communication.

**4. Facilitates Change:** Helps employees adapt to changes in the organisation by explaining reasons and guiding the new course.

**OR**

b) Explain the following as ‘Semantic barriers to communication’ : (i) Badly Expressed message

(ii) Symbols with different meanings

**Solution: (b) Semantic Barriers to Communication:**

(i) **Badly Expressed Message:** When a message is not clearly or properly worded, it leads to misunderstanding. Poor sentence structure, jargon, or ambiguous terms hinder communication.

(ii) **Symbols with Different Meanings:** The same word or symbol can mean different things to different people. For instance, the word “value” may mean price to a marketer but ethics to a teacher.

#### Quick Tip

Effective directing and clear communication are key to successful execution of plans.

---

**26.** Nishi had gone to a grocery store to make routine purchases. On reaching home, as she took out Binx tomato chips packet from the bag to give it to her son, she felt that it was underweight. She checked its weight on the kitchen weighing scale and found that it weighed 60 grams whereas the label on the chips packet mentioned the weight of the packet as 100 grams. She approached the manufacturer and complained about it. The manufacturer

offered her a gift hamper and requested her not to disclose this to anyone. Nishi refused to accept the gift hamper and took the issue to a redressal agency.

(a) State two responsibilities discharged by Nishi, as a consumer, in the above case.

(b) State any two reliefs which can be granted to Nishi, if the consumer court is satisfied about the genuineness of the complaint.

**Solution:**

(a) Two responsibilities discharged by Nishi as a consumer are:

1. **Being Aware:** Nishi was vigilant and aware about the weight mentioned on the packaging and cross-verified it at home.

2. **Filing a Complaint:** She took initiative to file a complaint with the redressal agency instead of settling for hush compensation.

(b) Two reliefs which can be granted by the consumer court are:

1. **Replacement or Refund:** The court can order the manufacturer to replace the product or refund the amount paid by Nishi.

2. **Compensation for Loss or Injury:** The court may also order payment for any physical or mental harassment or inconvenience caused to the consumer.

**Quick Tip**

Consumers must exercise their rights and fulfill responsibilities to ensure fair trade practices and protect others from exploitation.

---

**27.** Kaysons Ltd. was a reputed company manufacturing automotive parts for electric vehicles. As the demand for the electric vehicles grew, Kaysons Ltd. needed more capital to keep up with the demand for automotive parts. Atul, the Finance Manager of Kaysons Ltd. suggested that the company should raise funds through a public issue of shares as the stock market was bullish. The Chief Executive Officer fully understood that this process of raising funds would not only reduce the managements' holding in the company but would also require considerable expenditure. Even then he agreed with the Finance Manager and the public issue of shares was made complying with the guidelines of Securities and Exchange Board of India.

Identify and state four factors affecting choice of capital structure being discussed above.

**Solutionr:**

The four factors affecting the choice of capital structure discussed in the above case are:

1. **Stock Market Conditions:** The bullish market trend influenced the company's decision to raise capital through public issue as it was expected that shares would be well received by investors.
2. **Cost of Financing:** The CEO was aware that public issue would incur considerable expenditure which directly affects the cost of financing.
3. **Control Considerations:** Issuing more shares would reduce the control of the existing management which was also a consideration.
4. **Compliance with Regulatory Framework:** The decision to raise funds through public issue was in compliance with SEBI guidelines, highlighting legal considerations in capital structure decisions.

**Quick Tip**

Capital structure is influenced by both internal business considerations and external market conditions.

---

**28.** Explain the following factors affecting the working capital requirements of a company:

- (a) Production cycle
- (b) Seasonal factors

**Solution:**

- (a) **Production Cycle:** It refers to the time span between the procurement of raw materials and the completion of production. A longer production cycle means a company needs more working capital to carry the process until sales are made.
- (b) **Seasonal Factors:** Businesses that deal in seasonal products experience fluctuations in demand throughout the year. They require higher working capital during peak seasons to stock up inventory and meet the surge in demand.

### Quick Tip

Companies with long production cycles and seasonal sales must plan their working capital well in advance.

**29.** ‘Shanta Enterprises’ was in the business of manufacturing solar panels for the last fifteen years. With their expertise now they were able to manufacture good quality solar panels at lower cost. As a result ‘Shanta Enterprises’ was flooded with orders and was able to generate a good profit margin.

To motivate the employees the company decided to compensate some of them for their hard work. Arvind and Yogesh, who were working on contract basis, were absorbed permanently in the company. Both were happy as now there was stability about their future income. Ekta, a regular employee of the company, working as Research and Development Manager, was awarded the ‘Best Employee of the year Award’.

- (a) Identify and explain the incentives given by Shanta Enterprises to its employees.
- (b) State the needs of the employees being met by such incentives as per Maslow’s Need Hierarchy theory.

#### **Solution:**

- (a) The incentives given are:

1. **Job Security (Non-Financial Incentive):** Arvind and Yogesh were offered permanent employment, providing stability and security.
2. **Recognition (Non-Financial Incentive):** Ekta received recognition in the form of an award for her performance.

- (b) Needs met as per Maslow’s Theory:

1. **Safety Needs:** By offering permanent jobs, the company satisfied Arvind and Yogesh’s need for job security and future stability.
2. **Esteem Needs:** By recognizing Ekta’s work publicly, her esteem needs for recognition and appreciation were fulfilled.



### Quick Tip

Incentives aligned with Maslow's hierarchy help create a motivated and satisfied workforce.

**30. (a)** Explain the following steps of the selection process:

- (i) Selection Tests
- (ii) Employment Interview

**OR**

(b) State any four points of importance of 'Staffing' function of management **Solution:**

(i) **Selection Tests:** These are designed to test the candidates' mental ability, reasoning skills, aptitude, and personality. There are various types of tests used such as intelligence tests, aptitude tests, trade tests, and personality tests. These tests help in shortlisting candidates who are mentally and intellectually suitable for the job.

(ii) **Employment Interview:** After clearing the selection tests, the candidate is interviewed by a panel of experts. This face-to-face interaction gives the employer an opportunity to assess the candidate's confidence, communication skills, leadership traits, decision-making ability, and job knowledge. The interview also allows candidates to get clarity about the job role.

**Final Answer:** Detailed explanation of both steps shows they are critical filters in the staffing process and ensure the selection of competent and capable personnel.

### Quick Tip

Selection tests are the first screening layer, while interviews add a personal assessment, ensuring both technical and behavioral fit.

**31. (a)**

Explain the following as types of plans:

- (i) Objectives
- (ii) Policy
- (iii) Programme

**Solution:**

(i) **Objectives:** These are the end results or goals that management seeks to achieve.

Objectives are set for the entire organisation and serve as a guide for all managerial levels.

For example, a company may set a goal to increase its market share by 10(ii) **Policy:** A

policy is a general guideline that directs thinking or behavior in decision-making. For

example, a company may have a policy of promoting employees internally rather than hiring externally.

(iii) **Programme:** A programme is a detailed statement about a project which includes objectives, policies, procedures, rules, budgets and task assignments. For example, launching a new product line may require a programme that outlines the steps, resource allocation, timeline, and personnel involved.

**Final Answer:** These plans differ in scope and depth but collectively ensure alignment with the strategic vision of the organization.

**Quick Tip**

Objectives define where the company wants to go, policies tell how to behave, and programmes show how to implement the plan.

---

**32.**

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.

**Solution:**

(a) The concept of management used by Preeti is **Delegation of Authority**.

(b) **Importance of Delegation of Authority:**

1. **Effective Management:** It enables managers like Preeti to distribute routine work to subordinates, thereby focusing on core strategic decisions.
2. **Employee Development:** Rahul and Riya were given authority and scope to take decisions, which helped them develop decision-making and leadership skills.
3. **Motivation of Employees:** Delegation empowers subordinates and boosts their confidence as they feel valued and trusted.
4. **Facilitates Growth:** By delegating work, Preeti could work on expanding her channel, thus supporting the business's growth.
5. **Quick Decision Making:** When authority is delegated, decisions are taken faster at various levels, improving response time and efficiency.

**Final Answer:** (a) Delegation of Authority

(b) Explained five points reflect how delegation is crucial for strategic focus and business growth.

#### Quick Tip

Delegation is a win-win tool: it reduces a manager's burden and grooms subordinates for future responsibilities.

---

**33.** (a) Explain the following as functions of marketing : (i) Gathering and Analysing Market Information (ii) Standardisation and Grading (iii) Consumer Support Services

**Correct Answer:** (i) **Gathering and Analysing Market Information:** This function involves collecting data regarding customer preferences, market demand, competition, pricing trends, etc. The insights gained help in making informed decisions related to product design, pricing strategies, and promotional tactics. (ii) **Standardisation and Grading:** Standardisation ensures that products conform to certain predetermined quality norms, thereby building trust. Grading involves categorising products into different quality tiers, such as Grade A or B, to meet different customer preferences and budgets. (iii) **Consumer Support Services:** These are post-sale services like warranties, installation support,

maintenance, and feedback handling. Such services enhance customer satisfaction and foster brand loyalty.

**Solution:** Marketing is not limited to just selling products. It begins before the product is even launched and continues after the sale is made. Gathering and analysing information helps identify consumer needs and adapt accordingly. Standardisation maintains consistent quality, and grading helps cater to various market segments. Consumer support strengthens post-purchase experience and improves brand retention.

**Final Answer:** Effective marketing includes research, quality control, and after-sale services to ensure customer satisfaction and brand value.

#### Quick Tip

Don't just memorize definitions—link each marketing function to a real-life example or brand. That strengthens your answer and helps you recall faster in exams.

---

**OR** (b) Explain the components of Physical distribution.

**Correct Answer:** (i) **Order Processing:** It is the starting point of physical distribution. It includes receiving orders, verifying stock availability, issuing invoices, and arranging delivery. A smooth process reduces delays and increases customer satisfaction. (ii)

**Transportation:** It is the movement of goods from manufacturer to consumer. Choosing the right mode—road, rail, air, or sea—depends on the type of goods, cost, speed, and destination. (iii) **Warehousing:** This involves storing goods until they are needed.

Warehouses ensure product availability during peak demand and reduce delivery lead times.

(iv) **Inventory Control:** It is the process of maintaining optimum inventory levels. It prevents both under-stocking and over-stocking, thus reducing wastage and improving cash flow.

**Solution:** Physical distribution is the backbone of supply chain management. Every component ensures that goods reach consumers in the right condition and at the right time. A delay in any one of these processes—say, inefficient warehousing or poor inventory control—can break the chain and affect customer satisfaction and sales.

**Final Answer:** Together, these components help deliver the right product, to the right

customer, at the right time and cost.

#### Quick Tip

Efficient physical distribution reduces costs and increases customer satisfaction—think Amazon’s logistics for a real-world reference!

**34.** Ankur Sachdeva did his MBA from ITB University. He decided to apply his knowledge of scientific management in the fast food restaurant chain ‘Coffee Bean’ set up by him. This restaurant was providing burgers, fries, shakes etc. as a part of its menu. Now a days people are quality conscious, so he was using standardised raw materials, processes, methods, working conditions, machinery etc. The objective was to establish standards of excellence. By doing this he was not only able to reduce the cost but was also able to provide new varieties of burgers, fries and shakes leading to increased turnover.

Ankur Sachdeva also believed that there was only one best method to maximise efficiency. As a result he developed best way of grilling burgers, cooking fries and preparing shakes. His main objective was to maximise the satisfaction of customers, which he was able to achieve. Not only to learn the best way of doing a job, but to perform their tasks efficiently, ‘Coffee Bean’ regularly invests in training and development programmes to equip employees with the necessary skill and knowledge. ‘Coffee Bean’ believed that efficient employees will produce more and earn more. This will ensure their greatest efficiency and prosperity for both company and workers.

The above case highlights the use of Scientific principles and techniques by ‘Coffee Bean’. Explain any one such principle and two techniques.

**Correct Answer: Principle – Science, Not Rule of Thumb:** Ankur rejected guesswork and applied scientific methods to every task. For example, identifying the best way to grill burgers and prepare shakes aligns with this principle. It ensures consistency, productivity, and customer satisfaction.

**Technique 1 – Standardisation and Simplification of Work:** He used standardised raw materials, machinery, and procedures across all outlets. Standardisation leads to cost control, higher efficiency, and uniform customer experience. Simplification avoids unnecessary

variety and streamlines operations.

**Technique 2 – Training and Development:** Employees were regularly trained to perform tasks in the most efficient manner. Training increases skill, reduces wastage, and helps the organization achieve excellence. Taylor emphasized that trained workers are more productive and prosperous.

**Solution:** Ankur implemented the scientific management philosophy successfully. By replacing traditional practices with a systematic approach and investing in employee training, he not only reduced costs but also improved product variety and customer satisfaction. These methods are classic examples of Taylor's principles that aim at achieving maximum prosperity for both the employer and the worker.

**Final Answer:** Scientific Management brings structure, consistency, and growth to businesses when its principles and techniques are applied thoughtfully.

#### Quick Tip

Always link Taylor's principles to modern business practices like fast-food chains or assembly-line manufacturing to make your answers stronger and relatable.