

## CBSE Class 12 Business Studies Question Paper 2024

### Set – 1 (66/1/1) Solutions

Questions no. 1 to 20 are Multiple Choice Questions (MCQs), carrying 1 mark each.

20×1=20

1. For taking the company out of losses, Ravi Kumar took over as the Managing Director of the struggling ‘Vova Watch Company’ in January 2020. As soon as he joined, he tried to find out the reason for the company not doing well. He found that the employees were not involved in decision-making and they had to just follow orders, resulting in low morale of employees.

Recognising the need for change, Ravi Kumar started on a journey to bring back the enthusiasm and motivation of the employees. He initiated open dialogues and encouraged them to actively participate in decision-making. Together, they developed action plans to address the company’s challenges regarding outdated designs and inefficient production processes etc.

As time passed, ‘Vova Watch Company’ transformed from a struggling enterprise to a profit making enterprise. Identify the leadership style of Ravi Kumar:

- |                                 |                                 |
|---------------------------------|---------------------------------|
| (A) Autocratic leadership style | (B) Democratic leadership style |
| (C) Free-rein leadership style  | (D) Both (A) and (B)            |

**Ans:** (B) Democratic leadership style

2. Which of the following is an element of ‘Social Environment’?

- (A) Rates of saving and investment
- (B) Expectations from the workforce

**(C) The nature of relationship of our country with foreign countries**

**(D) Planned outlay in public and private sectors**

**Ans:** (B) Expectations from the workforce

**3. Statement I: Delegation is the entrustment of responsibility and authority to another, and the creation of accountability for performance.**

**Statement II: Irrespective of the extent of delegated authority, the manager shall still be accountable to the same extent as before delegation.**

**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.**

**Ans:** (C) Both the Statements are true.

**4. \_\_\_\_\_ refers to doing the task correctly and with minimum cost.**

**(A) Effectiveness**

**(B) Coordination**

**(C) Process**

**(D) Efficiency**

**Ans:** (D) Efficiency

5. ‘Dovex’ was a large company with a renowned name in healthcare industry, specialising in the development and production of life saving medications and medical devices. With a strong reputation for ethical practices, ‘Dovex’ attracted a large number of investors who had great faith in the company’s future. This allowed ‘Dovex’ to raise capital easily from the market whenever expansion or new projects were to be undertaken. As a result, it could pay high dividends to the shareholders.

The factor affecting dividend decision discussed above, which allowed ‘Dovex’ to pay high dividends to the shareholders is:

- |                        |                              |
|------------------------|------------------------------|
| (A) Cash flow position | (B) Stock market reaction    |
| (C) Legal constraints  | (D) Access to capital market |

Ans: (D) Access to capital market

6. “It is a career oriented process designed to help the employees in the progress towards maturity and actualization of their potential capabilities.” Identify the process:

- |                 |               |
|-----------------|---------------|
| (A) Staffing    | (B) Selection |
| (C) Development | (D) Training  |

Ans: (C) Development

7. ‘SK Builders’ became the market leader in the designer house segment as it was the first to recognize the need of using Artificial Intelligence in designing houses in the changing environment of technological advancement. This highlights the following point of importance of business environment:

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

**(D) It helps in improving performance.**

**Ans:** (B) It enables the firm to identify opportunities and getting the first mover advantage.

**8. In the market, prices are determined and decided by the management of the company.**

**(A) Primary**

**(B) Secondary**

**(C) Money**

**(D) Stock**

**Ans:** (B) Secondary

**9. The process of estimating fund requirements of a business and specifying the sources of funds is called:**

**(A) Capital structure**

**(B) Financial planning**

**(C) Financial management**

**(D) Capital budgeting**

**Ans:** (B) Financial planning

**10. Statement I: A financial market facilitates the transfer of savings from savers to investors.**

**Statement II: It gives savers the choice of different investments and helps to channelise surplus funds into the most productive use.**

**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.**

**Ans:** (C) Both the Statements are true.

**11. Choose the incorrect statement from the following about functions of a Stock Exchange:**

**(A) Provides liquidity and marketability to new securities**

**(B) Ensures safety of transactions**

**(C) Contributes to economic growth**

**(D) Provides scope for speculation**

**Ans:** (A) Provides liquidity and marketability to new securities

**12. Online retailer 'Bizen' has grown to be the biggest provider worldwide in the field of e-commerce. Its revenues are growing steadily year after year. It owes its success to the rapid rate of digitisation and its organisational structure. 'Bizen's Managing Director, Mohit makes strategic decisions and has control over the entire organisation. In 'Bizen', jobs of similar nature are grouped together into Human Resource Department, Marketing Department, Purchase Department and Research and Development Department. These departments are further divided into sections and all departmental heads report to Mohit who is the co-ordinating head. This ensures efficiency in the utilization of manpower and minimizes duplication of efforts. The type of organizational structure of 'Bizen' is:**

**(A) Informal organisational structure**

**(B) Divisional organisational structure**

**(C) Functional organisational structure**

**(D) Both (B) and (C)**

**Ans:** (C) Functional organisational structure

**13. Match the terms given in Column I with their meanings in Column II:**

Column I	Column II
1. Placement	(i) Introducing the selected employee to other employees and familiarising him with the rules and policies of the organisation
2. Recruitment	(ii) It refers to the employee occupying the position or post for which he/she has been selected
3. Orientation	(iii) Evaluating an employee's current and/or past performance as against certain predetermined standards
4. Performance Appraisal	(iv) The process of searching for prospective employees and stimulating them to apply for jobs in the organization

**Choose the correct option from the following :**

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

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

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

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

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

**14. 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:**

- |                                   |  |
|-----------------------------------|--|
| <b>(A) Planning is futuristic</b> | <b>(B) Planning is continuous</b>        |
| <b>(C) Planning is pervasive</b>  | <b>(D) Planning is a mental exercise</b> |

**Ans:** (B) Planning is continuous

**15. The marketing management philosophy which uses availability and affordability as a means to achieve the objectives is:**

- |                              |                               |
|------------------------------|-------------------------------|
| <b>(A) Marketing concept</b> | <b>(B) Selling concept</b>    |
| <b>(C) Product concept</b>   | <b>(D) Production concept</b> |

**Ans:** (D) Production concept

**16. Identify the tool of promotion used by 'Mehta Sons Garments' to boost its sales:**

- |                            |                             |
|----------------------------|-----------------------------|
| <b>(A) Advertising</b>     | <b>(B) Personal selling</b> |
| <b>(C) Sales promotion</b> | <b>(D) Public relations</b> |

**Ans:** (C) Sales promotion



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

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

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

**(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.**

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

**18. Which of the following is *not* a component of ‘Physical Distribution’?**

- |                              |  |
|------------------------------|--|
| <b>(A) Inventory control</b> | <b>(B) Standardisation and grading</b> |
| <b>(C) Order processing</b>  | <b>(D) Transportation</b>              |

**Ans:** (B) Standardisation and grading

**19. Beenu had a bookstore in Sabad called ‘Book-mark’. For years, the bookstore was doing reasonably well but with the rise of digital books and online retailers, her sales had declined. Beenu’s daughter, who had just completed her MBA with a specialisation in marketing decided to launch a marketing campaign to revive the bookstore. The campaign’s focus was on the joy of reading books in physical form, the joy of turning pages and the warm atmosphere of the bookstore. She organised story writing and other competitions every weekend. The information of these was given to the parents and children through television, radio, children’s magazines, etc. Attractive prizes were offered to the winners. This increased the footfall of the children and their parents and the bookstore soon became popular.**

**The tool of communication used by Beenu’s daughter to revive the bookstore was:**

- |                            |                             |
|----------------------------|-----------------------------|
| <b>(A) Advertising</b>     | <b>(B) Personal selling</b> |
| <b>(C) Sales promotion</b> | <b>(D) Public relations</b> |

**Ans:** (C) Sales promotion

**20. ‘Best Electronics’ is led by its visionary Chief Executive Officer, Nikhil. It has a reputation for good quality products and customer service. Nikhil recognised the need to continually innovate and provide customers with the latest products. He wanted the company to be the market leader in electronics.**

**Nikhil knew that to realise his ambitious vision, he needed a clear and well-defined plan that would provide broad contours of the company’s business. His team conducted extensive market research to uncover emerging trends, customer preferences, and potential competitors. On its basis, a plan was prepared defining the company’s direction**

and scope in the long run. On the implementation of the plan 'Best Electronics' became the market leader in two years. The type of plan which helped 'Best Electronics' to become the market leader was:

(A) Policy

(B) Rule

(C) Strategy

(D) Procedure

Ans: (C) Strategy

21. (a) State any three features of business environment.

3

OR

(b) State any three features of 'Demonetization'.

3

Ans:

(a) Features of Business Environment:

1. **Dynamic Nature:** The business environment is constantly changing due to factors like technological advancements, market trends, and regulatory changes. Companies need to adapt to these changes to remain competitive.

2. **Complexity:** The business environment comprises various interconnected elements, such as economic conditions, legal regulations, and social trends. This complexity makes it challenging to predict and manage.

3. **Uncertainty:** Businesses face uncertainty due to unpredictable changes in the environment, such as shifts in consumer preferences or sudden economic downturns. This uncertainty requires businesses to be flexible and responsive.

OR

(b) Features of 'Demonetization':

1. **Withdrawal of Currency Notes:** Demonetization involves the removal of certain currency notes from circulation. For example, in India, high-denomination notes were withdrawn to combat black money and counterfeit currency.

2. **Impact on Transactions:** It temporarily disrupts transactions as people need to exchange old notes for new ones or use alternative payment methods. This can lead to short-term inconvenience and adjustments.

3. **Encouragement of Digital Payments:** Demonetization often encourages the use of digital payment methods, such as online banking and mobile wallets, to reduce reliance on cash and promote a more transparent economy.

22. **Kanav, after passing out of college with specialization in renewable energy, was determined to start a solar power plant. The venture required heavy investment in plant and machinery and less on manual labour. Kanav invested in the latest solar panel technology and infrastructure and purchased the latest solar panels, inverters and battery storage systems.**

Despite the high risk and substantial investment, Kanav's business had good expansion possibilities. The world was increasingly moving towards clean energy solutions, and there was a growing demand for sustainable power sources. So, Kanav decided to create a higher capacity to meet the anticipated demand quickly. This entailed further investment in fixed assets which Kanav was able to arrange.

As the years passed, the solar power plant did very well and played a pivotal role in the city's transition towards a greener and more sustainable future.

**Identify and explain the two factors affecting the fixed capital requirements discussed in the above case.**

**Ans:** In the case of Kanav's solar power plant, the two factors affecting the fixed capital requirements are:

1. **Investment in Technology and Infrastructure:** Kanav needed to invest a lot in advanced technology and infrastructure, like the latest solar panels and storage systems. This high

investment in fixed assets is essential for setting up and running a solar power plant efficiently. Fixed capital includes things like machinery, equipment, and buildings, which are necessary for the plant's operations.

**2. Expansion Possibilities and Anticipated Demand:** Kanav anticipated a growing demand for clean energy and decided to expand the plant's capacity. This required additional investment in fixed assets to meet the expected increase in demand. By planning for future growth and investing in more capacity, Kanav ensured the plant could handle more production and contribute to the city's green energy goals.

In simple terms, Kanav's decisions on investing in the latest technology and planning for future growth influenced how much fixed capital was needed for his solar power plant.

**23. A renowned car company named 'BB Motors' was known for producing high performance cars. They were committed to ensure that its employees had the skills and knowledge to build these innovative high-performance cars. To achieve this, they implemented a unique approach for training. The company transformed a section of its factory into what they called the 'Learning Floor'. Actual work environment was created by allotting a specialized space. The space was equipped with a range of car components, tools and sophisticated car equipment identical to those used on the factory floor, where the company's employees would undergo their training.**

**Identify and explain the method of training used by 'BB Motors' to ensure that its employees had the skills and knowledge to build innovative high-performance cars. 3**

**Ans: Training Method Used by 'BB Motors':** The training method used by 'BB Motors' is called "On-the-Job Training" (OJT).

'BB Motors' created a special area in their factory known as the 'Learning Floor.' This area mimics the actual work environment where employees will be working. They used real car parts, tools, and equipment that employees will use in their regular jobs. By training employees in this realistic setting, they can practice and learn the skills they need while working with the same equipment they will use on the job. This hands-on approach helps them become skilled and knowledgeable about building high-performance cars, ensuring they are well-prepared for their tasks.

**24. (a) State any three protective functions of Securities and Exchange Board of India. 3**

**OR**

**(b) Differentiate between 'Money Market' and 'Capital Market' on any three bases. 3**

**Ans:**

**(a) Three Protective Functions of Securities and Exchange Board of India (SEBI):**

- 1. Preventing Fraud:** SEBI ensures that companies and brokers do not engage in fraudulent activities or mislead investors. They set regulations to prevent dishonest practices and protect investors' interests.
- 2. Ensuring Transparency:** SEBI mandates that companies provide accurate and timely information about their financial status and operations. This transparency helps investors make informed decisions.
- 3. Regulating Market Intermediaries:** SEBI oversees the functioning of intermediaries like brokers and mutual funds to ensure they operate fairly and ethically. This regulation helps maintain market integrity and investor confidence.

**OR**

**(b) Differences Between 'Money Market' and 'Capital Market':**

**1. Purpose:**

- Money Market: Deals with short-term financial instruments, typically with maturities of one year or less. It helps in managing short-term liquidity needs.
- Capital Market: Focuses on long-term investments, including stocks and bonds, with maturities longer than one year. It helps in raising long-term capital for companies and governments.

**2. Instruments:**

- Money Market: Includes instruments like treasury bills, commercial paper, and certificates of deposit. These are low-risk and provide quick returns.

- Capital Market: Includes equity shares, debentures, and bonds. These are used for long-term investment and typically involve higher risk and returns.

### 3. Participants:

- Money Market: Involves entities needing short-term funds such as banks, corporations, and government institutions. It's more about managing short-term financial needs.

- Capital Market: Involves investors looking for long-term returns, including individual investors, mutual funds, and institutional investors. It focuses on long-term growth and investment.

**25. 'Verfab' was a garment manufacturing company known for its high quality fashionable clothing. They had been in the fashionable clothing business for the last 23 years. The company was earning enough profit and the demand for their fashionable clothing was rising tremendously. The company was expanding and needed to hire new talent to meet the growing demand. They followed a comprehensive process to ensure that they brought in the best candidates.**

**The process began with a first-round evaluation of applications. The Human Resources team carefully reviewed each candidate's qualifications, experience and suitability for the available positions. It eliminated unqualified or unfit job seekers based on the information supplied in the application forms and shortlisted 21 candidates who met the basic requirements.**

**The shortlisted candidates were then asked to take a series of tests that attempted to measure certain characteristics of individuals, ranging from manual dexterity to intelligence to personality. These tests included assessments of their sewing skills, attention to detail, and knowledge of garment manufacturing processes.**

**15 candidates who performed well in the tests were invited for a formal in-depth conversation with the senior staff from the design team. Thereafter, 10 candidates were found suitable for the job position available.**

**Since these 10 candidates had cleared all the above steps, 'Verfab' conducted verification by contacting their previous employers to confirm the details the candidates had provided.**

Thereafter, a decision was made to choose 8 candidates who were best fitted for the roles.

Explain the steps of the comprehensive process discussed above till the verification stage, to ensure that the company brought in the best candidates to meet the growing demand for fashionable clothing. 4

Ans:

1. **Initial Screening:** Review Applications: The HR team looked at all the job applications to check qualifications and experience. They removed candidates who didn't meet the basic requirements.
2. **Testing:** Skills and Characteristics Tests: The shortlisted candidates took various tests to assess their skills and abilities, such as sewing skills, attention to detail, and knowledge of garment manufacturing.
3. **Interview:** Formal Interview: The top-performing candidates from the tests were invited to have in-depth interviews with senior staff from the design team to further assess their suitability for the job.
4. **Final Selection:** Verification: The company then verified the details provided by the final candidates by contacting their previous employers to confirm their past job information.
5. **Hiring Decision:** Choosing Candidates: After verification, the company selected the best 8 candidates who were the most suitable for the available roles.

This process helped 'Verfab' ensure they hired well-qualified and capable individuals to meet their growing demand.

26. (a) State any four characteristics of management. 4

OR

(b) State any four functions performed by Top Level Management. 4

Ans:

(a) Four Characteristics of Management

1. **Goal-Oriented:** Management focuses on achieving specific goals and objectives of the organization, such as increasing sales or improving quality.
2. **Universal Application:** Management principles apply to all types of organizations, whether they are businesses, non-profits, or government agencies.
3. **Integrates Resources:** Management combines various resources, including human, financial, and material resources, to achieve the organization's goals efficiently.
4. **Continuous Process:** Management is an ongoing activity that involves planning, organizing, leading, and controlling on a regular basis to ensure organizational success.

OR

(b) Four Functions Performed by Top Level Management

1. **Setting Objectives:** Top-level management establishes the long-term goals and overall direction of the company, such as expanding into new markets or increasing profitability.
2. **Strategic Planning:** They create strategies and policies for achieving the company's objectives, like developing new product lines or entering new markets.
3. **Organizing Resources:** They make high-level decisions about resource allocation and organizational structure, ensuring that all departments work towards the common goals.
4. **Controlling and Monitoring:** They oversee the performance of the organization to ensure that strategies are implemented effectively and make adjustments as needed to stay on track.

27. Differentiate between 'Delegation' and 'Decentralisation' on any four bases.

4

Ans:

Basis	Delegation	Decentralization
<b>Definition</b>	Assigning specific tasks and responsibilities to subordinates while retaining overall control.	Distributing decision-making authority and responsibility across various levels of the organization.
<b>Scope of Authority</b>	Limited to specific tasks or projects assigned by the manager.	Broader, involving decision-making power across different levels or units.
<b>Control</b>	Control remains with the manager who delegates the tasks.	Control is spread out across different levels or units within the organization.
<b>Responsibility</b>	Responsibility for the tasks is transferred to subordinates, but the overall responsibility remains with the manager.	Responsibility for decisions and operations is shared among various units or managers

28. (a) Explain how the following factors affect the working capital requirement of a business:

4

(i) Operating efficiency

(ii) Credit availed

OR

**(b) Explain how the following factors affect the choice of capital structure of a company:**

4

**(i) Flexibility**

**(ii) Cost of equity**

**Ans:**

**(a) Factors Affecting Working Capital Requirement**

**(i) Operating Efficiency:** Operating efficiency refers to how well a company manages its day-to-day operations. Efficient operations mean that the company uses its resources effectively, which can reduce the amount of working capital needed. For example, if a company can turn its inventory into sales quickly and manage its receivables efficiently, it will need less working capital to finance these activities. Conversely, poor operating efficiency can lead to higher working capital needs as the company may have excess inventory, delayed receivables, or inefficient cash management.

**(ii) Credit Availed:** Credit availed refers to the credit terms a company gets from its suppliers or financial institutions. If a company has access to favorable credit terms, such as longer payment periods from suppliers, it can reduce its working capital requirement. This is because it can delay payments while using the cash for other business needs. On the other hand, if credit terms are not favorable, the company may need more working capital to pay suppliers on time and manage its operations effectively.

**OR**

**(b) Factors Affecting the Choice of Capital Structure**

**(i) Flexibility:** Flexibility in capital structure means the ability to adapt to changing business conditions. Companies prefer a capital structure that allows them to adjust their financing mix (debt vs. equity) easily as their needs change. A flexible capital structure helps a company respond to market opportunities or financial challenges without significant disruptions. For example, a company with too much debt might find it difficult to raise additional funds if needed, whereas a balanced structure allows for more options and adjustments.

**(ii) Cost of Equity:** The cost of equity refers to the return expected by shareholders for their investment in the company. It is an important factor in choosing a capital structure because companies need to balance between debt and equity to minimize the overall cost of capital. If the cost of equity is high, a company might prefer to use more debt in its capital structure to take advantage of lower interest rates on debt and reduce the overall cost of financing. However, too much debt can increase financial risk, so companies need to carefully consider this balance.

**29. Piyush is the Production Manager of a shoe company 'Comforty'. He has 1000 workers under him in his department. Piyush booked a special order for 300 pairs of gents shoes at an estimated cost price of ₹ 500 per pair plus a 20% profit margin. This order is to be completed within 10 days. After completion of the order, Piyush found out that the production cost of one pair of shoes was ₹ 700. He tried to find out the reason but he couldn't. He reported it to the Chief Executive Officer. For this the Chief Executive Officer appointed Abhay, who was not only a specialized Cost Accountant, but also a qualified Human Resource Manager. After two days, Abhay reported that the set target could have been completed by only 800 workers. This revealed that there was overmanning in the organization. The organization was not utilizing the human resources optimally which had led to high labour cost.**

The above case highlights an important function of management.

4

**(i) Identify the function of management discussed above.**

**(ii) State any three points of importance of the function identified in (i) above.**

**Ans:**

**(i) Function of Management Identified:** The function of management discussed in the above case is Controlling. Controlling involves monitoring and evaluating the performance of the organization to ensure that objectives are achieved efficiently and effectively.

**(ii) Three Points of Importance of Controlling:**

1. **Ensures Goal Achievement:** Controlling helps ensure that the company's goals and targets are met. By monitoring performance and comparing it with the set standards, management can make necessary adjustments to achieve the desired outcomes.
2. **Optimizes Resource Utilization:** It helps in identifying issues such as overmanning or inefficient resource use. In this case, it revealed that the company had more workers than needed, leading to higher costs. Proper controlling helps in utilizing resources more effectively.
3. **Improves Performance:** Regular control and evaluation help in identifying and correcting deviations from the plan. This improves overall performance by addressing problems early and implementing corrective actions to enhance efficiency and productivity.

**30. Anuj, after a lot of research, paid 'SS Developers' an advance of ₹ 2 crore to build a lavish house for him. They promised to deliver the property within 18 months. At the end of 18 months, Anuj asked for the delivery of the property many times but the developer did not respond. Anuj realized that 'SS Developers' was not in a position to hand over the property to him. Anuj asked for a refund of the money with interest, which 'SS Developers' refused. Anuj approached the consumer court with his complaint.**

**(i) Which grievance redressal agency had Anuj approached ?**

**(ii) State any three reliefs Anuj is likely to get, if the consumer court is satisfied with the complaint.**

**4**

**Ans:**

**(i) Grievance Redressal Agency:** Anuj approached the Consumer Court or Consumer Redressal Forum. This is the agency responsible for handling disputes between consumers and service providers or sellers, especially when the consumer has issues like delays or unsatisfactory services.

**(ii) Reliefs Anuj is Likely to Get:**

1. Refund of the Money: Anuj may receive a refund of the ₹2 crore he paid, as the developer did not fulfill their promise to deliver the property.
2. Interest on the Refund: Anuj might also get compensation in the form of interest on the amount refunded, as the payment was held for a long period without service delivery.
3. Compensation for Damages: Anuj could be awarded additional compensation for any financial or emotional distress caused by the delay and inconvenience of not receiving the property as promised.

**31. (a) Explain the following techniques of Scientific Management: 6**

- (i) Time study
- (ii) Differential piece wage system
- (iii) Motion study

**OR**

**(b) Explain the following features of principles of management: 6**

- (i) General guidelines
- (ii) Mainly behavioural
- (iii) Formed by practice and experimentation

**Ans:**

**(a)**

(i) Time study involves measuring how long it takes to complete a specific task or activity. By observing and recording the time it takes for each step of a task, managers can identify the most efficient way to perform it. This helps in setting standards and improving productivity by eliminating unnecessary steps.

(ii) This system is a way to pay workers based on their performance. Workers who produce more than a set standard get paid at a higher rate per piece they produce. Those who produce less than the standard earn a lower rate. This encourages employees to work more efficiently to earn more money.

(iii) Motion study involves analyzing the movements and actions involved in performing a task. By studying these movements, managers can identify and eliminate unnecessary actions, making the process more efficient. The goal is to simplify tasks and reduce wasted motion.

**OR**

**(b)**

(i) Principles of management serve as broad guidelines for managing an organization. They are not strict rules but rather general suggestions that help managers make decisions and handle various situations more effectively.

(ii) The principles of management focus largely on how people behave in an organization. They consider human factors such as motivation, communication, and teamwork to improve how people work together and manage tasks.

(iii) Management principles are developed through trial and error, as well as practical experience. Over time, managers test different approaches and learn from their successes and failures, which helps in forming these principles based on real-world practice.

**32. Atul Sharma was the Chief Executive Officer of a footwear company, 'Stepone Footwear'. The company manufactured innovative and comfortable footwear for all age groups. Atul Sharma was known for meticulous planning. He ensured that the goals and objectives of the company are clearly stated so that they act as a guide for deciding what action should be taken and in which direction. Before each season, 'Stepone Footwear' carefully analysed market trends, customer preferences and production schedules. This analysis enabled the company to look ahead and anticipate changes and develop**

managerial responses, wherever necessary. As a result, they were able to consistently deliver innovative and comfortable shoes to the market.

During one season, there was a sudden surge in demand for eco-friendly shoes. ‘Stepone Footwear’ had already planned their production for the year with specific goals to be achieved within a specific time frame. The managers of ‘Stepone Footwear’ did not have the flexibility to change the plan to cope with the changed circumstances. Another shoe company ‘Eco Step’ quickly adapted and started manufacturing comfortable eco-friendly shoes. By not being able to adjust to the rapidly changing market, ‘Stepone Footwear’ faced inventory surplus while ‘Eco Step’ emerged as a market leader in sustainable eco-friendly footwear.

Quoting lines from the above paragraph, identify and explain two benefits and two limitations of ‘Planning’ function of management discussed in the above case. 6

**Ans:** Benefits of Planning

### 1. Clear Goals and Direction

**Quoted Line:** “He ensured that the goals and objectives of the company are clearly stated so that they act as a guide for deciding what action should be taken and in which direction.”

Planning helps in setting clear goals and objectives, which guide the company’s actions and decisions. It ensures everyone in the organization knows what to aim for and how to proceed, leading to organized efforts and efficient operations.

### 2. Anticipation of Changes

**Quoted Line:** “Before each season, ‘Stepone Footwear’ carefully analysed market trends, customer preferences and production schedules. This analysis enabled the company to look ahead and anticipate changes.”

Planning involves analyzing current trends and anticipating future changes. This helps companies prepare for potential challenges and stay ahead of the competition by developing effective responses to market demands.

### Limitations of Planning

#### 1. Lack of Flexibility

**Quoted Line:** “The managers of ‘Stepone Footwear’ did not have the flexibility to change the plan to cope with the changed circumstances.”

Once a plan is set, it can be rigid and hard to adjust quickly. If unexpected changes occur, such as a sudden surge in demand for eco-friendly products, the company might struggle to adapt, leading to issues like inventory surplus.

## 2. Possible Obsolescence

**Quoted Line:** “‘Eco Step’ quickly adapted and started manufacturing comfortable eco-friendly shoes. By not being able to adjust to the rapidly changing market, ‘Stepone Footwear’ faced inventory surplus while ‘Eco Step’ emerged as a market leader.”

Planning can sometimes lead to problems if the plan becomes outdated or does not align with current market trends. In this case, ‘Stepone Footwear’ couldn’t adjust their plan quickly enough, causing them to miss out on new market opportunities while a competitor benefited.

While planning provides direction and helps anticipate changes, it can also limit flexibility and become obsolete if not updated to reflect current market conditions.

**33. Ayush and Rhea were passionate about sustainable agriculture and healthy living. They wanted to start a business selling organic produce. They had a small farm in a rural area where they began growing fresh organic produce and herbs.**

**In the beginning, they faced challenges in marketing their organic products. They realized that their high quality produce needed better presentation and a strong identity to stand out in a competitive market.**

**They named the business ‘Earthy Store’ which indicated the products’ benefits and qualities and reflected the values of the business — sustainability and health. They chose a ‘logo’ that incorporated elements of nature and used earthy colours to convey their organic commitment. They designed and developed eco-friendly biodegradable bags and reusable containers to courier their products to the customers. They also added personal touch by including handwritten notes in each bag.**

**They also designed and developed product stickers with detailed information about organic certification, nutritional benefits, date of manufacture, date of expiry, etc. The**

stickers so developed were put on the bags and reusable containers for customers convenience.

**‘Earthy Store’ created a user-friendly website and established strong media presence to inform potential customers about their products and persuading them to buy the same. Within a couple of months, they had built a loyal customer base which made them earn profits even in a competitive environment. In a year, they were able to secure contracts with local grocery stores and restaurants.**

**Quoting lines from the above paragraph, identify and explain the three functions of marketing discussed in the above case.**

6

**Ans: 1. Branding**

**Quoted Line:** “They named the business ‘Earthy Store’ which indicated the products’ benefits and qualities and reflected the values of the business — sustainability and health.”

Branding involves creating a name, logo, and identity for a business that reflects its values and appeals to customers. ‘Earthy Store’ used branding to convey their commitment to sustainability and health, helping their products stand out in the market.

**2. Packaging**

**Quoted Line:** “They designed and developed eco-friendly biodegradable bags and reusable containers to courier their products to the customers. They also added a personal touch by including handwritten notes in each bag.”

Packaging involves designing and producing the materials used to contain and protect products. ‘Earthy Store’ focused on eco-friendly and reusable packaging, which not only protected their products but also aligned with their values and improved customer experience.

**3. Promotion**

**Quoted Line:** “They created a user-friendly website and established a strong media presence to inform potential customers about their products and persuade them to buy the same.”

Promotion includes the activities and strategies used to inform and persuade customers to buy products. 'Earthy Store' used their website and media presence to reach potential customers, promote their organic produce, and build a loyal customer base.

Branding helped 'Earthy Store' establish a strong identity, packaging ensured their products were presented in an appealing and sustainable way, and promotion involved communicating with potential customers to drive sales and build loyalty.

**34. (a) Give the meaning of 'Training'. Explain the following methods of training: (i) Apprenticeship Training, (ii) Internship Training** **6**

**OR**

**(b) Explain any four points of importance of 'Directing' function of management.** **6**

**Ans:**

**(a) Meaning of Training:** Training refers to the process of teaching employees the skills and knowledge they need to perform their jobs effectively. It helps in improving their performance and preparing them for more complex tasks or higher responsibilities.

**Methods of Training:**

1. **Apprenticeship Training:** Apprenticeship training is a method where a new employee, known as an apprentice, learns a trade or skill through a combination of on-the-job training and formal education. This method involves working under the guidance of an experienced worker or mentor. For example, a person learning to become a skilled electrician would work alongside a seasoned electrician to gain hands-on experience.

2. **Internship Training:** Internship training involves students or recent graduates working in a company for a specific period to gain practical experience in their field of study. Interns typically work on real projects and tasks while learning about the industry and the company's operations. For instance, a business student might intern at a marketing firm to understand how marketing campaigns are developed and managed.

**OR**

(b)

1. **Provides Guidance:** Directing helps in guiding and supervising employees to ensure that they are working towards the company's goals. Managers provide instructions and feedback to help employees perform their tasks effectively.

2. **Motivates Employees:** Through directing, managers can motivate employees by recognizing their efforts, setting clear goals, and providing support. Motivation leads to increased productivity and job satisfaction.

3. **Facilitates Communication:** The directing function ensures effective communication between managers and employees. Clear communication helps in understanding expectations, resolving issues, and coordinating tasks.

4. **Ensures Coordination:** Directing helps in coordinating the efforts of different employees and departments. This coordination ensures that all parts of the organization are working together towards achieving common objectives.

Training helps employees gain the necessary skills for their roles, with methods like apprenticeship and internship providing practical, hands-on experience. Directing is crucial as it guides, motivates, and coordinates employees to ensure effective performance and communication within the organization.