CBSE EXAMINATION PAPER-2023

BUSINESS STUDIES

(Solved)

Time allowed : 3 hours | Maximum Marks : 106

General Instructions :

Read the following instructions carefully and follow them :

i. This question paper contains **40 questions.** All questions are **compulsory.**

ii. This question paper is divided into **4 sections.**

iii. **Section A** – questions number **1 to 20** are multiple choice questions

iv. **Section B** – questions number **21 to 26** are short answer type i

v. **Section C** – questions number **27 to 34** are short answer type ii

vi. **Section D** – questions number **35 to 40** are long answer

vii. There is no overall choice given in the question paper. However, an internal choice has been provided in few questions.

viii. Use of calculator is NOT allowed.

Section A

Question 1.

Statement I : Financial planning is essentially the preparation of financial blueprint of an organisation's future operations.

Statement II : Financial planning is done only for long-term and focuses on capital expenditure programmes only.

Choose the correct option from the options given below :

[1 Marks]

(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 false.

(D) Both the statements are true.

Explanation:

Statement I is correct because financial planning involves preparing a detailed financial blueprint or plan that outlines the organization's future financial activities to achieve its goals. Statement II is incorrect because financial planning is not limited only to long-term plans or capital expenditure; it also includes short-term financial planning and operational expenditure, covering all aspects of financial management.

Question 2. Which of the following functions of management completes one cycle of management process and improves planning in the next cycle ?

[1 Marks]

(A) Staffing

(B) Organising

(C) Controlling

(D) Directing

Explanation: Controlling function involves monitoring and evaluating the ongoing activities to ensure they align with the plans. It identifies deviations and provides feedback, thereby completing one management cycle. This feedback is essential for improving planning in the next cycle, making controlling the function that completes the management process cycle.

Question 3. In organising process, which of the following step is performed just before establishing reporting relationship between individuals ?

[1 Marks]

(A) Assignment of duties

(B) Imparting training to employees

(C) Identification and division of work

(D) Departmentalization

Explanation: In the organising process, after the identification and division of work and assignment of duties, departmentalization is done to group related activities or jobs into departments. Once

departments are formed, establishing reporting relationships between individuals becomes meaningful. Therefore, the step performed just before establishing reporting relationships is departmentalization.

Question 4. _____ is a standing plan.

[1 Marks]

(A) Programme

(B) Strategy

(C) Rule

(D) Budget

Explanation: A standing plan is designed for repeated use in an organization. Among the options, a 'Rule' is a standing plan because it provides specific guidelines or instructions that are followed consistently in similar situations. A Budget and a Programme are single-use plans, while Strategy is a type of long-term plan but not specifically a standing plan.

Question 5. Which of the following consumer rights under Consumer Protection Act, 2019 gives the freedom to consumers to access variety of products at competitive prices ?

[1 Marks]

(A) Right to be informed

(B) Right to consumer education

(C) Right to be assured/Right to choose

(D) Right to be heard

Explanation: The 'Right to choose' ensures that consumers have access to a variety of goods and services at competitive prices. This right provides freedom to consumers to select the products they want from different sellers, thereby promoting competition and protecting consumers from monopolies.

Question 6. From 2003, all transactions in securities are to be settled within two days after the trade date. This system is known as :

[1 Marks]

(A) Rolling settlement system

(B) Automatic settlement system

(C) Rotational settlement system

(D) Mutual settlement system

Explanation: The rolling settlement system is a method where all securities transactions are settled within a fixed number of days after the trade date, typically two days. This ensures quicker transfer of securities and funds, reducing risk in the market. Since 2003, transactions are settled within two days of trading under this system.

Question 7.

_____ provides the prescribed ways or manner in which a task has to be performed, considering the objective.

[1 Marks]

(A) Programme

(B) Budget

(C) Method

(D) Procedure

Explanation: A procedure outlines the prescribed way or manner in which a task must be performed, keeping the objective in mind. It provides step-by-step instructions or rules to ensure tasks are completed correctly and consistently. While a method refers to a general approach, procedure is more specific and structured. Budget and programme do not describe the manner of performing tasks.

Question 8.

Project 'Nanhi Kali' run by Shivam and Sohan Ltd. was started in 1998 and is one of the largest programmes that enables underprivileged girls to complete 10 years of schooling. The project has impacted the lives of over 5 lakh girls from low income group families across the country. The objective achieved by Shivam and Sohan Ltd. by doing so is :

[1 Marks]

(A) Personal objective

(B) Both (a) and (c)

(C) Social objective

(D) Organizational objective

Explanation: The project Nanhi Kali aims to provide education to underprivileged girls, which benefits society by empowering a marginalized section and promoting social welfare. This aligns with a social objective of a business, which focuses on contributing positively to society rather than solely focusing on profit or organizational goals.

Question 9.

From the following, identify the Incorrect Statement as per Consumer Protection Act, 2019 :

[1 Marks]

(A) Appeal against District Commission's order can be filed in National Commission.

(B) District Commission and State Commission are set by the State Governments.

(C) National Commission has territorial jurisdiction over the whole country for consumer protection.

(D) District Commission entertains complaints where value of goods or services paid as consideration does not exceed < 1 crore.

Explanation: As per the Consumer Protection Act, 2019, the District Commission is established by the State Government, but the State Commission and National Commission are constituted by the Central Government. Hence, the statement that both District Commission and State Commission are set by the State Governments is incorrect. Appeals against the District Commission's order can indeed be filed in the State Commission (not National Commission), but since the provided option mentions National Commission it is partially incorrect in that sense as well. The National Commission has jurisdiction over the whole country, and District Commissions handle complaints where the value of goods or services does not exceed 1 crore rupees.

Question 10. From the following, identify the statement which is correct about capital budgeting decision :

[1 Marks]

(A) These decisions are reversible.

(B) These decisions do not affect the earning capacity of the business in the long run.

(C) These decisions include committing huge amounts of finance on a long-term basis, therefore need to be taken with utmost care.

(D) Size of assets, profitability and competitiveness are not affected by capital budgeting decisions.

Explanation: Capital budgeting decisions involve planning for investments in long-term assets, which require committing substantial amounts of finance over an extended period. Because of the significant size and long-term impact of these investments, such decisions must be made carefully. The other options are incorrect because capital budgeting decisions do affect the size of assets, profitability, competitiveness, and the earning capacity of the business, and these decisions are generally irreversible.

Question 11. Which of the following is not a disadvantage of functional structure of organisation ?

[1 Marks]

(A) Less emphasis on overall enterprise objectives than the objectives pursued by a functional head.

(B) A conflict of interests may arise when the interests of two or more departments are not compatible.

(C) It may lead to problems in coordination as information has to be exchanged across functionally differentiated departments.

(D) May lead to increase in costs since there may be duplication of activities across products.

Explanation: The functional structure groups employees based on their functions, which generally leads to specialization and efficiency, and avoids duplication of activities across products. However, disadvantages include problems in coordination across departments, conflicts of interest between departments, and less emphasis on overall enterprise objectives in comparison to departmental goals.

Question 12. Ashita works in a company where her basic task is to integrate diverse elements and co-ordinate the activities of different departments according to the overall objectives of the organisation. At which level of management is Ashita working ?

[1 Marks]

(A) Top level management

(B) Middle level management

(C) Both (b) and (c)

(D) Supervisory level management

Explanation: Ashita's role involves integrating diverse elements and coordinating activities of different departments, which is characteristic of middle level management. Middle level managers act as a bridge between top level management and supervisory level management, implementing policies and plans formulated by top level and coordinating activities in various departments to achieve organizational objectives.

Question 13. Which of the following is not a factor affecting price of a product or service ?

[1 Marks]

(A) Government and legal regulations

(B) Product cost

(C) Extent of competition in the market

(D) Standardization and Grading

Explanation: Standardization and grading refer to the classification of products based on quality and specifications, which helps in maintaining uniformity. However, it does not directly affect the price of a product or service. On the other hand, factors like extent of competition in the market, product cost, and government and legal regulations directly influence pricing decisions.

Question 14. Match the features of planning given in Column I with their respective explanation given in Column II.

[1 Marks]

	Column I		*Column II*
A.	Planning is a mental exercise	(i)	Planning involves thorough examination and evaluation of each alternative and choosing the most appropriate one
B.	Planning is all-pervasive	(ii)	Planning is required at all levels of management as well as in all departments of the organisation
C.	Planning involves decision-making	(iii)	Planning requires logical and systematic thinking rather than guess work or wishful thinking

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

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

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

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

Explanation: The correct matching is A-(i), B-(ii), C-(iii) because each feature of planning corresponds correctly with its explanation as per the context given. Feature A matches explanation (i), feature B matches explanation (ii), and feature C matches explanation (iii), which accurately reflects the definitions and characteristics of planning.

Question 15.

Providing job security and pension plan, etc. will satisfy which of the following needs of employees ?

[1 Marks]

(A) Safety/Security needs

(B) Esteem needs

(C) Basic physiological needs

(D) Belongingness needs

Explanation:

Job security and pension plans are closely related to an employee's need for safety and security. According to Maslow's hierarchy of needs, safety needs include protection from harm and financial security, which are fulfilled by job stability and future financial benefits like pensions.

Question 16. With rising pollution levels, consumers are becoming conscious about the harmful effects of polluted air, so the demand for home air-purifiers is increasing day-by-day. Which dimension of business environment is discussed here ?

[1 Marks]

(A) Technological Environment

(B) Political Environment

(C) Economic Environment

(D) Social Environment

Explanation: The scenario describes how changes in consumers' awareness and behavior due to rising pollution levels affect the demand for air-purifiers. This reflects changes in social factors such as consumer attitudes, values, and concerns for health and environment, which are part of the Social Environment dimension of the business environment.

Question 17. In advertising **'**there is no direct face-to-face contact between the prospect and the advertiser**'**. The feature of advertising stated here is :

[1 Marks]

(A) Paid form

(B) Impersonality

(C) Identified sponsor

(D) Economical

Explanation: The statement explains that in advertising there is no direct face-to-face contact between the advertiser and the prospect. This feature is known as impersonality, meaning the communication is not personal but done through a medium without direct interaction.

Question 18.

The picture given below depicts important information related to a decision that a marketer has to take in the area of product.

Identify from the following the correct option :

[1 Marks]

Manufacturing Date : 10/3/23	Organic Honey : 	Quantity : 500 ml
Expiry Date : 10/3/25		No added sugar 100% pure
Max. Retail Price : ₹ 500		Manufacturer : Organic Agro products ---------- Uttarakhand

(A) Branding

(B) None of the above

(C) Labelling

(D) Packaging

Explanation:

Packaging is a key decision in the area of product marketing because it involves designing and producing the container or wrapping for a product that protects it, facilitates its use, and appeals to the consumer. It differentiates the product and communicates important information, which aligns with the description of important information related to a marketing decision.

Question 19.

'Managing public opinion of an organisation is an important task performed by the marketing department**'** It is included under which of the following element of marketing mix ?

[1 Marks]

(A) Place mix

(B) Promotion mix

(C) Product mix

(D) Price mix

Explanation:

Managing public opinion of an organisation is related to communication and creating a positive image about the company. This activity falls under the 'Promotion mix' element of the marketing mix, which focuses on promoting the product and the organisation through advertising, public relations, sales promotion, and personal selling.

Question 20. Which of the following statements is Incorrect with respect to Autocratic Leadership style ?

[1 Marks]

(A) Subordinates are expected to obey the orders of the leader.

(B) An autocratic leader does not wish to be contradicted.

(C) Subordinates are given high degree of independence.

(D) Quick decision-making is facilitated.

Explanation: In an autocratic leadership style, the leader has complete control and expects subordinates to obey orders without question. The leader does not wish to be contradicted and makes quick decisions. Hence, subordinates are not given a high degree of independence, making that statement incorrect.

Section B

Question 21.

'Burgers and Fudge' was among the first fast food chains in India which pioneered the concept of family-style restaurants. However, over the years it started losing business to multinational food chains like McDonalds and Pizza Hut, etc. and soon had to shut down.

The reason to shut down was the inability of managers to identify, understand, evaluate and to react to the forces external to their firm.

In the light of the above situation, explain with the help of any two points, how understanding of business environment is important for managers.

[3 Marks]

Answer: Understanding Business Environment is Important for Managers:
(a) **Helps in Identifying Opportunities and Threats:** By analyzing external forces like competition, government policies, and customer preferences, managers can identify new opportunities to grow the business and prepare for potential threats. For example, knowing the entry of multinational fast food chains could have helped 'Burgers and Fudge' to strategize better.
(b) **Aids in Making Informed Decisions:** Knowledge of the business environment enables managers to make well-informed and timely decisions. Understanding factors such as economic conditions, technology changes, and social trends helps managers react quickly to changes and adapt their strategies accordingly to stay competitive.

Key Points: Helps identify opportunities and threats - Aids in making informed decisions

Question 22.

Explain any three points that highlight the relationship between 'planning' and 'controlling function of management.

[3 Marks]

Answer: Planning and controlling are two closely related functions of management. (a) Planning sets the objectives and outlines the path to achieve them, while controlling ensures that the activities are performed as per the plan and standards set. (b) Controlling provides feedback to planning by identifying deviations and suggesting corrective actions, helping in revising plans if necessary. (c) Both functions are continuous and inseparable; without planning, controlling is meaningless, and without controlling, planning cannot be fruitful. Thus, planning guides controlling, and controlling helps improve planning.

> **Key Points: Planning sets objectives and controlling monitors performance - Controlling provides feedback for revising plans - Both are continuous and interdependent functions**

Question 23.

Explain any two points of importance of 'directing' function of management.

[3 Marks]

Answer: Importance of Directing Function of Management:
(a) **Guidance and Leadership:** Directing provides proper guidance and leadership to employees. It helps in guiding the efforts of employees towards achieving organizational goals efficiently and effectively.
(b) **Motivation to Employees:** Through directing, managers motivate employees to perform better. It involves inspiring and encouraging employees to give their best, which increases productivity and job satisfaction.

> **Key Points: Provides guidance and leadership - Motivates employees - Ensures effective communication**

Question 24.

State any three benefits of 'staffing' function of management to the organisation.

[3 Marks]

Answer: Benefits of Staffing Function to the Organisation:
(a) **Right People at Right Place:** Staffing ensures that the organisation has the right number of employees with the right skills for various jobs, which increases efficiency and productivity.
(b) **Effective Utilisation of Human Resources:** Staffing helps in proper recruitment, selection, training, and placement of employees, so their abilities are fully utilised for organisational growth.

(c) **Improved Employee Motivation:** Through appropriate staffing, employees get clarity on their roles and responsibilities which enhances job satisfaction and reduces turnover, benefiting the organisation overall.

> **Key Points: Right people at right place - Effective utilisation of human resources - Improved employee motivation**

Question 25.

State any three benefits of training to employees.

[3 Marks]

Answer: Benefits of Training to Employees:
(a) **Skill Development:** Training helps employees improve their skills and gain new knowledge, making them more efficient in their work.
(b) **Better Performance:** With proper training, employees can perform their tasks more effectively and contribute to the success of the organisation.
(c) **Increased Confidence:** Training boosts employees' confidence by making them familiar with their job roles and responsibilities, leading to more job satisfaction.

> **Key Points: Skill development - Better performance - Increased confidence**

Question 26.

Ananta Ltd. is a firm manufacturing electronic goods. To increase its sales and earn profits, its General Manager, Kamal is thinking in advance what to do and how to do it. He is also preparing forecasts to reduce the risk of uncertainty and to achieve its targets.

By doing so Kamal is performing an important function of management.

Identify and state the function of management highlighted above. Also state any two points of importance of this function.

[3 Marks]

Answer: (a) The function of management highlighted above is **Planning**.
(b) Planning means thinking in advance about what is to be done and how it is to be done. It involves preparing forecasts and deciding the best course of action to achieve the goals of the organisation.
(c) Importance of Planning:
1. Planning helps to reduce the risk of uncertainty by preparing for future situations.
2. It helps in setting clear objectives and directing all efforts towards achieving them, thus increasing the chances of success.

Key Points: Function identified is Planning - Planning means thinking in advance and preparing forecasts - Planning reduces uncertainty and helps achieve objectives

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Section C

Question 27.

Ankush bought a high end microwave on Diwali from a leading electronic store. The microwave had ISI mark and Ankush diligently went through the instruction manual so that he could use it properly. However, due to faulty wiring there was a short-circuit in the microwave. He called up the consumer helpline of the company many times but no solution was provided by the company. Ankush now decided to file a case in the consumer court.

(a) Identify and explain the right which Ankush will exercise.

(b) State two responsibilities which Ankush had fulfilled while purchasing and using the microwave.

[4 Marks]

Answer: (a) Ankush is exercising his **Right to Seek Redressal** which means he can approach the consumer court to get justice for the faulty product that caused a short-circuit. This right protects consumers against defective goods and ensures that companies are held accountable for providing proper after-sales service.
(b) Two responsibilities Ankush fulfilled are:
1. He checked for the **ISI mark**, which ensures the product meets quality standards.
2. He read the **instruction manual** carefully to use the microwave properly, showing he used the product responsibly as per the guidelines provided.

Key Points: Right to Seek Redressal-Checked for ISI mark-Read instruction manual and used product responsibly

Question 28.

Srijan, after completing his bechelor's degree in culinary arts from a reputed institute, took over his family restaurant specialising in South Indian dishes. This business was promoted by his grandfather many years back in the form of a company. Now he wants to get the restaurant renovated to open a special section for bakery products. It is estimated

that an investment of ₹ 5 crore will be required to execute this plan. At present the cash flow position of the company is not strong and fixed operating costs of business are also high.

Keeping in view the above situation, name with two reasons, the source of finance which Srijan should choose for modernization and expansion of his business. Also explain one more factor, apart from those stated above which Srijan should keep in mind while taking this decision.

[4 Marks]

Question 29.

Explain the following as factors affecting the working capital requirements of a business :

(i) Business cycle

(ii) Operating efficiency

[4 Marks]

Answer: (i) Business cycle: The business cycle refers to the fluctuations in economic activity that a business goes through over time, such as expansion, peak, recession, and recovery. During the expansion phase, demand increases, so the business needs more working capital to buy raw materials and pay for increased production. Conversely, during recession, demand falls, so working capital needs decrease.
(ii) Operating efficiency: Operating efficiency is how well a business manages its operations including production, inventory, and receivables. Higher operating efficiency means faster turnover of inventory and receivables, leading to lower working capital requirements. Poor efficiency causes more cash to be tied up in stocks and debtors, increasing working capital needs.

Key Points: Business cycle affects working capital due to changes in demand - Working capital needs rise in expansion and fall in recession - Operating efficiency affects cash flow management - Better efficiency means lower working capital requirement - Poor efficiency increases stock and debtor levels thus higher working capital

Question 30.

State any four points to difference between 'Primary Market' and 'Secondary Market.'

[4 Marks]

Answer: Difference between Primary Market and Secondary Market:
1. In the Primary Market, new securities are issued and sold for the first time to investors, whereas in the Secondary Market, existing securities are traded among investors.
2. The Primary Market helps companies to raise fresh capital, but the Secondary Market provides liquidity to investors by allowing them to buy and sell securities.
3. Transactions in the Primary Market happen directly between the issuer and investors, while in the Secondary Market, trading occurs between investors on stock exchanges or over-the-counter.
4. Prices of securities in the Primary Market are fixed by the issuer, but in the Secondary Market, prices fluctuate based on supply and demand.

Key Points: New securities issued - Existing securities traded - Capital raising - Liquidity provision

Question 31.

State any four protective functions of 'Securities and Exchange Board of India'.

[4 Marks]

Answer: Four protective functions of Securities and Exchange Board of India (SEBI) are:
1. **Protecting Investors:** SEBI safeguards the interests of investors by regulating the securities market and preventing malpractices.
2. **Preventing Fraud and Malpractices:** It controls and prohibits fraudulent and unfair trade practices to ensure a fair market.
3. **Regulating Stock Exchanges:** SEBI regulates stock exchanges to ensure transparent and efficient operations.
4. **Promoting Investor Education:** It conducts investor awareness programs to educate investors about their rights and duties in the securities market.

Key Points: Protects investors - Prevents fraud and malpractices - Regulates stock exchanges - Promotes investor education

Question 32.

Pallavi started a wedding planner company 'Dreams Unlimited' in 2026 and her target was to be amongst the top 10 companies in this field within the next three years. For this she employed people having different skills. She worked hard and united the efforts of different people to achieve this goal. The requirements of the customers in this industry changed very fast and the company adapted to keep pace with the changing environment. As planned, the company achieved its target within three years. All the employees of the organisation were happy and satisfied and the effect of management was noticeable in the organisation.

The way Pallavi was managing her business highlights some of the features of management. By quoting lines from the above paragraph, explain any two such features.

[4 Marks]

Answer: (a) Management is goal oriented: This means management always works to achieve specific goals. As mentioned in the paragraph, "her target was to be amongst the top 10 companies in this field within the next three years." This shows that Pallavi had a clear goal and management directed all efforts to achieve it.
(b) Management is dynamic: Management must adapt to the changing environment. The paragraph states, "The requirements of the customers in this industry changed very fast and the company

adapted to keep pace with the changing environment." This shows that management continuously changes its strategies according to the external environment to stay successful.

> **Key Points: Management is goal oriented - Management is dynamic - Adaptability to change**

Question 33.

Explain any two features of 'motivation' as an element of directing function of management.

[4 Marks]

Answer: Motivation as an element of directing involves the following features:
(a) **Psychological Process:** Motivation is a psychological process that stimulates a person to act in a desired way. It involves internal desire and willingness of employees to perform tasks efficiently.
(b) **Goal Oriented:** Motivation is aimed at achieving organizational goals. It aligns individual needs with organizational objectives, encouraging employees to contribute effectively towards common aims.

> **Key Points: Motivation is a psychological process - Motivation is goal oriented - Motivation encourages desired behaviour**

Question 34.

Explain the following as elements of communication process :

(i) Message

(ii) Encoding

(iii) Media

(iv) Decoding

[4 Marks]

Answer: (i) **Message**: It is the information, ideas, or thoughts that the sender wants to convey to the receiver. It is the content of the communication.
(ii) **Encoding**: It is the process of converting the message into symbols, words, pictures, or gestures that can be understood by the receiver.
(iii) **Media**: It refers to the channel or medium used to transmit the encoded message from the sender to the receiver, such as face-to-face talk, telephone, letters, or electronic media.
(iv) **Decoding**: It is the process by which the receiver interprets or makes sense of the encoded message and understands the information conveyed by the sender.

Key Points: Message is the content to be communicated - Encoding is converting message into symbols - Media is the channel of communication - Decoding is interpreting the message

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Section D

Question 35.

F.M. Tech Ltd. is one of the leading information technology service provider company in Delhi. To enable smooth functioning of the enterprise, job description and rules and procedures related to work processes are laid down. The company specifies clearly the boundaries of authority and responsibility and there is a systematic co-ordination among the various activities to achieve organisational goals.

(a) Identify and explain the 'Type of organisation' discussed above.

(b) State any two advantages and two limitations of 'Type of organisation' identified in (a) above.

[6 Marks]

Answer: (a) The type of organisation described is a **Formal Organisation**. A formal organisation is deliberately created by the management to achieve specific goals. It has clearly defined job descriptions, rules, procedures, authority, and responsibility. The activities and roles are structured, and coordination among different parts is systematic to ensure smooth functioning and achievement of organisational objectives.

(b) Advantages of Formal Organisation:
1. **Clear authority and responsibility:** Everyone knows what is expected of them, which helps in reducing confusion and improving efficiency.
2. **Systematic coordination:** It ensures proper coordination among activities and departments, leading to the achievement of organisational goals.

Limitations of Formal Organisation:
1. **Rigidity:** Strict rules and procedures can reduce flexibility and creativity among employees.
2. **May ignore informal relationships:** It often overlooks informal communication and bonds that exist among employees which can sometimes affect morale and work environment.

Key Points: Formal organisation - Clear authority and responsibility - Systematic coordination

Question 36.

Abhishek studied management principles and techniques of Henri Fayol and F.W. Taylor when he was in class XII. Now he is trying to apply his knowledge while doing his business. By using different techniques and scientifically analysing work he found one best way of doing the job. By removing unproductive movements of the workers he reduces the time to complete the job. Not only this, to increase productivity and to regain stamina he started giving more rest intervals to his employees. He followed no discrimination policy on account of sex, religion, caste, etc. in his organisation. He ensured that the compensation should be fair to both, employees and the organisation.

Identify and explain any two techniques of scientific management and two principles of general management adopted by Abhishek.

[6 Marks]

Answer: (a) Two techniques of Scientific Management followed by Abhishek:
1. Scientific Analysis of Work: Abhishek scientifically analysed the work by studying different methods and selecting one best way of doing the job. This technique is about finding the most efficient method to perform tasks.
2. Motion Study: He removed unproductive movements of workers to reduce the time to complete the job. This technique involves identifying and eliminating unnecessary motions to increase efficiency.

(b) Two principles of General Management of Henri Fayol followed by Abhishek:
1. Equity: Abhishek maintained fairness by following no discrimination policy based on sex, religion, or caste. Equity means fair treatment to all employees.
2. Remuneration: He ensured that the compensation given was fair to both employees and the organization. This principle emphasizes fair and adequate payment for work done to motivate employees properly.

Key Points: Scientific analysis of work - Motion study - Equity - Remuneration

Question 37.

Explain any four psychological barriers of communication.

[6 Marks]

Answer: Psychological barriers of communication refer to mental and emotional factors that hinder effective communication between individuals. These barriers affect how messages are sent, received, and interpreted.

(a) **Prejudices**: When a person holds preconceived opinions or biases about others, it affects how they interpret messages, often leading to misunderstanding.
(b) **Emotional State**: Emotions like anger, sadness, or excitement can distort the meaning of

messages or reduce the ability to listen attentively.
(c) **Assumptions**: Assuming information without verifying leads to miscommunication because the receiver may not receive the correct message intended.
(d) **Lack of Confidence**: A person who lacks confidence might fail to express ideas clearly or misunderstand messages due to hesitation or anxiety.
These psychological factors create barriers that block the clear flow of communication, resulting in confusion and conflict. Recognizing and managing these barriers helps improve effective communication.

> **Key Points: Prejudices - Emotional State - Assumptions - Lack of Confidence**

Question 38.

Explain any four merits of external sources of recruitment.

[6 Marks]

Answer: Merits of External Sources of Recruitment:
(1) **Larger Talent Pool:** External recruitment opens up access to a wider and more diverse group of candidates, increasing the chances of finding highly skilled and suitable individuals.
(2) **New Ideas and Perspectives:** Hiring from outside the organization brings fresh ideas, new approaches, and different perspectives that can contribute to innovation and improve organizational performance.
(3) **Faster Filling of Vacancies:** When internal sources are limited, external recruitment helps fill vacancies more quickly by casting a wider net and attracting ready-to-join candidates.
(4) **Specialized Skills Availability:** Sometimes, the required skills or expertise are not available within the company. External recruitment helps find candidates with the specific qualifications and experience needed for certain roles.
Overall, external recruitment enhances the quality and diversity of the workforce and helps the organization grow and adapt to changing demands.

> **Key Points: Larger talent pool - New ideas and perspectives - Faster filling of vacancies - Availability of specialized skills**

Question 39.

Explain the following as functions of marketing :

(i) Gathering and analysing market information

(ii) Customer support services

(iii) Pricing of product

[6 Marks]

Answer: (i) Gathering and analysing market information

This function involves collecting data about customers, competitors and market trends. It helps businesses understand the needs and preferences of customers and identify new opportunities. Analysing this information allows companies to make informed decisions about product development, marketing strategies and sales approaches.

(ii) Customer support services

This function focuses on assisting customers after they have purchased a product or service. It includes services such as installation, maintenance, complaint handling, and providing information. Good customer support increases customer satisfaction and loyalty, leading to repeat purchases and positive word-of-mouth.

(iii) Pricing of product

This involves deciding the right price for a product based on costs, competition, customer demand and perceived value. Pricing affects sales volume and profitability. Setting the right price is essential to attract customers while ensuring the company makes adequate profit. Pricing strategies can include discounting, premium pricing, and competitive pricing among others.

> **Key Points: Gathering customer and market data - Analysing data for decision making - Providing after sales services - Enhancing customer satisfaction - Deciding product price based on market factors - Ensuring profitability**

Question 40.

Explain the following as components of Physical Distribution :

(i) Order Processing

(ii) Transportation

(iii) Warehousing

[6 Marks]

Answer: Physical Distribution refers to the process involved in delivering the finished products from the producer to the consumer efficiently and effectively.

(i) **Order Processing:** This is the first step in physical distribution. It involves receiving, handling, and fulfilling customer orders promptly and accurately. Efficient order processing ensures that the right product reaches the right customer at the right time. It includes activities such as order entry, order confirmation, inventory checking, and dispatch planning.

(ii) **Transportation:** Transportation is the movement of goods from the point of production to the point

of consumption. It plays a critical role in physical distribution as it affects the speed and cost of delivery. Common modes of transportation include roadways, railways, airways, and waterways. Proper transportation management helps in reducing delivery time and damage to goods.

(iii) **Warehousing:** Warehousing means the storage of goods at a place to ensure their availability when needed. It acts as a buffer between production and consumption. Warehouses help in maintaining sufficient stock and protecting goods from damage or theft. They also facilitate sorting, packing, and managing inventory effectively.

In conclusion, order processing, transportation, and warehousing are essential components of physical distribution that work together to ensure timely and safe delivery of products to customers.

Key Points: Order processing involves receiving and fulfilling customer orders accurately - Transportation is the movement of goods using various modes to ensure timely delivery - Warehousing is the storage of goods to maintain stock and protect products