# CBSE EXAMINATION PAPER-2023

## BUSINESS STUDIES

### (Solved)

Time allowed : 3 hours | Maximum Marks : 106

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**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.**

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) Organizational objective

(B) Both (a) and (c)

(C) Personal objective

**(D) Social objective**

**Explanation:**

Shivam and Sohan Ltd. is running Project 'Nanhi Kali' to support underprivileged girls in completing their education, which benefits society at large. This reflects a social objective, as the project aims to address social issues like education and empowerment of underprivileged girls, rather than just organizational profits or personal goals.

**Question 2.** 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) Social Environment**

(C) Economic Environment

(D) Political Environment

**Explanation:** The scenario describes consumers becoming aware and concerned about pollution and its effects on health, which influences their buying behavior. This relates to the social environment dimension of business environment, as it includes social factors like consumer attitudes, lifestyle changes, and awareness that affect business demand.

**Question 3.**

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

[1 Marks]

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

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

**Explanation:**

The Consumer Protection Act, 2019 establishes that District Commissions are set up by the State Governments, however, State Commissions are also established by the State Governments and National Commission by the Central Government. The incorrect part is that both District and State Commissions are set by State Governments only; National Commission is not set by State Governments. Hence, the statement 'District Commission and State Commission are set by the State Governments.' is incorrect, as it omits the role of the Central Government in setting up the National Commission.

**Question 4.** 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) Identified sponsor

**(C) Impersonality**

(D) Economical

**Explanation:** The feature described is 'Impersonality' because advertising does not involve direct face-to-face interaction between the advertiser and the prospective customers. Instead, it communicates to the audience through various media without personal contact.

**Question 5.** 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 investment in long-term assets and projects. These decisions commit large sums of money for an extended period and significantly impact the business's future. Therefore, they need to be made carefully as they affect the size of assets, profitability, and competitiveness of the business. The other options are incorrect because these decisions are generally irreversible, affect long-term earning capacity, and do impact size of assets and profitability.

**Question 6.** In organising process, which of the following step is performed just before establishing reporting relationship between individuals ?

[1 Marks]

**(A) Assignment of duties**

(B) Departmentalization

(C) Identification and division of work

(D) Imparting training to employees

**Explanation:** In the organizing process, the sequence of steps typically involves identifying and dividing the work, then grouping related activities into departments (departmentalization). After departmentalization, the next step is to establish reporting relationships or authority relationships between individuals within and across these departments. Therefore, departmentalization is performed just before establishing reporting relationships.

**Question 7.** A statement of expected results expressed in numerical terms is a type of plan called as _____.

[1 Marks]

(A) Method

(B) Programme

**(C) Budget**

(D) Procedure

**Explanation:** A budget is a plan that shows expected results expressed in numerical terms, usually related to financial estimates or quantities. It outlines the allocation of resources and projects income and expenditure for a specific period, making it the correct answer among the options given.

**Question 8.** Which of the following functions of management completes one cycle of management process and improves planning in the next cycle ?

[1 Marks]

(A) Organising

(B) Staffing

(C) Directing

**(D) Controlling**

**Explanation:** Controlling is the function of management that completes one cycle of the management process by measuring and evaluating actual performance against the set standards. It helps to identify deviations and errors, which can be corrected to improve future planning. Thus, controlling

ensures that the goals are achieved effectively and provides feedback to refine the planning function in the next cycle.

**Question 9.** Providing job security and pension plan, etc. will satisfy which of the following needs of employees ?

[1 Marks]

(A) Belongingness needs

(B) Basic physiological needs

**(C) Safety/Security needs**

(D) Esteem needs

**Explanation:** Job security and pension plans address an employee's need for safety and security. According to Maslow's hierarchy of needs, safety needs include protection from financial loss and stability in employment, which are provided by job security and pension plans. Therefore, these satisfy the Safety/Security needs of employees.

**Question 10.**

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) Both the statements are true.

(B) Both the statements are false.

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

**(D) Statement I is true and Statement II is false.**

**Explanation:**

Statement I is correct because financial planning involves preparing a financial blueprint that outlines the organization's future financial activities and requirements. However, Statement II is incorrect because financial planning is not done only for the long-term or capital expenditure programs; it encompasses short-term as well as long-term financial planning and includes various aspects such as working capital management and operational expenses, not just capital expenditures.

**Question 11.**

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:** Price of a product or service is influenced by factors such as government and legal regulations, product cost, and the extent of competition in the market. Standardization and grading primarily relate to the quality and classification of products but do not directly affect the price. Therefore, Standardization and Grading is not a factor that affects the price.

**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) Supervisory level management

(D) Both (b) and (c)

**Explanation:** Ashita is working at the Middle level management because her primary role involves integrating diverse elements and coordinating activities of different departments to achieve the overall objectives of the organisation. Middle level managers act as a bridge between Top level management and Supervisory level management, and they are responsible for implementing policies and coordinating the functions of various departments.

**Question 13.** 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-(i), B-(ii), C-(iii)

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

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

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

**Explanation:** The correct matching is A with (i), B with (ii), and C with (iii) because each feature corresponds to its explanation as per the concept of planning. Feature A aligns with explanation (i) as it describes the first characteristic of planning, B matches with (ii) as it explains the second feature, and C corresponds to (iii) which reflects the third feature. This alignment ensures a logical and accurate understanding of the features of planning.

**Question 14.** 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) May lead to increase in costs since there may be duplication of activities across products.**

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

**Explanation:** In a functional structure, the organisation is divided into departments based on functions such as marketing, finance, production, etc. This structure does not typically lead to increased costs due to duplication of activities across products, as each function handles specialised tasks for the entire organisation. However, disadvantages include coordination problems due to information exchange across departments, conflicts of interests among departments, and less emphasis on overall enterprise objectives in favor of departmental goals.

**Question 15.** 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]

<table>
<tr><td>Manufacturing Date : 10/3/23</td><td rowspan="2">Organic Honey :<br></td><td>Quantity : 500 ml</td></tr>
<tr><td>Expiry Date : 10/3/25</td><td>No added sugar 100% pure</td></tr>
<tr><td>Max. Retail Price : ₹ 500</td><td></td><td>Manufacturer : Organic Agro products<br>---------- Uttarakhand</td></tr>
</table>

(A) Packaging

**(B) Labelling**

(C) Branding

(D) None of the above

**Explanation:** Labelling refers to the process of providing important information about the product directly on the package or container, such as its contents, usage instructions, manufacturing details, expiry date, and other relevant data. This helps both marketers and consumers in making informed decisions about the product. Hence, when a decision involves important information about a product, it relates to labelling.

**Question 16.** 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) Rotational settlement system

(C) Automatic settlement system

(D) Mutual settlement system

**Explanation:** The rolling settlement system mandates that all securities transactions be settled within two days from the trade date, ensuring quicker and more efficient clearing of trades. This replaced earlier systems where settlements took longer, improving market liquidity and reducing risk.

**Question 17.**

'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) Price mix

(B) Place mix

**(C) Promotion mix**

(D) Product mix

**Explanation:**

Managing public opinion of an organisation is related to communication and building a favorable image, which falls under the Promotion mix. The Promotion mix includes all activities undertaken to promote the product or the organisation, such as advertising, public relations, and publicity. Product mix, Place mix, and Price mix focus on different aspects like product features, distribution channels, and pricing strategies respectively, and do not directly deal with managing public opinion.

**Question 18.** 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 consumer education

(B) Right to be informed

(C) Right to be heard

**(D) Right to be assured/Right to choose**

**Explanation:** The 'Right to Choose' ensures that consumers have the freedom to select from a variety of goods and services at competitive prices. This right protects consumers from being forced to buy specific products and encourages fair competition among sellers. The other options, such as 'Right to be informed', 'Right to be heard', and 'Right to consumer education', focus on different aspects of consumer protection but do not directly relate to access to variety and competitive pricing.

**Question 19.** 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) Subordinates are given high degree of independence.**

(C) Quick decision-making is facilitated.

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

**Explanation:** In an autocratic leadership style, the leader expects complete obedience from subordinates and does not encourage contradicting or independent decision-making. The leader makes quick decisions unilaterally, and subordinates do not have a high degree of independence. Therefore, the statement 'Subordinates are given high degree of independence.' is incorrect.

**Question 20.** _____ is a standing plan.

[1 Marks]

(A) Programme

(B) Budget

(C) Strategy

**(D) Rule**

**Explanation:** A standing plan is a type of plan that is used repeatedly over a long period of time to handle recurring situations. Among the options, a 'Rule' is a standing plan because it provides specific guidelines that must be followed consistently. Programmes and strategies are usually single-use or time-bound plans, and budgets are financial plans for a particular period. Therefore, 'Rule' is the correct answer as it is a standing plan.

## Section B

**Question 21.**

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 to do, how to do it and when to do it. It involves preparing forecasts and setting targets to reduce uncertainty.

(c) Importance of Planning:
1. It provides a clear direction to the activities of the organization, helping to achieve set goals effectively.
2. It helps in identifying potential risks and uncertainties in advance, enabling the firm to prepare and reduce their impact.
Thus, planning is essential to increase sales and earn profits, as shown by Kamal's actions in the firm.

> **Key Points: Planning function - Thinking in advance - Reduces uncertainty**

**Question 22.**

Explain the first two steps in the process of 'controlling' function of management.

[3 Marks]

**Answer: The first two steps in the controlling process are:**
(1) **Setting Performance Standards:** This is the first step in controlling where management sets clear, measurable and achievable standards or benchmarks which serve as the basis for control. These standards can be related to quantity, quality, cost, time or any other performance aspect.
(2) **Measuring Actual Performance:** After setting standards, the next step is to measure the actual performance of employees or processes. This measurement is done by observing, recording or collecting data on the ongoing activities to find out how well the tasks are being performed compared to the set standards.

> **Key Points: Setting performance standards - Measuring actual performance - Standards as benchmarks**

**Question 23.**

Explain any two features of 'directing' function of management.

[3 Marks]

**Answer: Features of Directing Function of Management**
(a) **Guiding and Supervising:** Directing involves guiding employees to perform tasks in the best possible way. Managers give instructions, supervise the work to ensure that tasks are done correctly and efficiently.
(b) **Motivation:** Directing helps to motivate employees by encouraging them, providing incentives, and maintaining a positive work environment. Motivation helps employees to stay focused and achieve organizational goals effectively.

> **Key Points: Guiding and supervising employees - Motivation of employees to achieve goals**

**Question 24.**

'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: Answer:**
(a) Understanding business environment helps managers to identify the opportunities and threats in the market. For example, it would have helped 'Burgers and Fudge' to foresee the competition from multinational firms like McDonalds and Pizza Hut and plan their strategies effectively.
(b) It enables managers to adapt to changes such as customer preferences, technology, and economic conditions. If managers of 'Burgers and Fudge' had better understood these external changes, they could have modified their offerings or marketing techniques to retain customers and remain competitive.
Thus, knowledge of the business environment is essential for making informed decisions and ensuring the survival and growth of a business.

> **Key Points: Helps identify opportunities and threats - Enables adaptation to external changes - Supports informed decision making**

**Question 25.**

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

[3 Marks]

**Answer:** The staffing function of management provides several benefits to an organisation. (a) It helps in acquiring the right people for the right jobs which improves efficiency and productivity. (b) Staffing ensures optimal utilization of human resources by placing employees where their skills are best suited.
(c) It also helps in employee development and growth through training and career planning, leading to higher employee satisfaction and retention.

> **Key Points: Right person for right job - Optimal utilization of human resources - Employee development and satisfaction**

**Question 26.**

State any three benefits of training to employees.

[3 Marks]

**Answer: Benefits of training to employees:**
(a) **Improved skills and knowledge:** Training provides employees with updated skills and knowledge which help them perform their tasks more efficiently and effectively.
(b) **Increased job satisfaction:** When employees receive training, they feel valued and confident in their work, which increases their job satisfaction and motivation.
(c) **Better career growth:** Training helps employees to enhance their qualifications and capabilities, enabling them to seek promotions and grow professionally within the organization.

> **Key Points: Improved skills and knowledge - Increased job satisfaction - Better career growth**

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## Section C

**Question 27.**

Pallavi started a wedding planner company 'Dreams Unlimited' in 2016and 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) Unified Efforts:** The line "She worked hard and united the efforts of different people to achieve this goal" shows that management brings together the efforts of different people to work towards a common objective. It highlights the coordinating function of management.

**(b) Adaptability to Change:** The sentence "The requirements of the customers in this industry changed very fast and the company adapted to keep pace with the changing environment" indicates that management is flexible and adapts to changes in the environment to ensure success. This shows that management is dynamic and responsive.

These two features demonstrate how effective management helps an organisation achieve its goals efficiently and successfully.

**Key Points: Management unites efforts of people - Management adapts to changing environment - Management helps achieve organisational goals**

**Question 28.**

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

[4 Marks]

**Answer: Motivation** is a key element of directing function in management that helps in influencing employees to work efficiently. Two main features of motivation are:
(a) **Psychological Process:** Motivation is an internal psychological process that stimulates individuals to act towards achieving their goals. It arises from the needs and desires of employees, thereby encouraging them to perform better.
(b) **Goal-Oriented:** Motivation is always directed towards achieving specific organizational goals. It aligns the interests of employees with the objectives of the organization, leading to higher productivity and job satisfaction.

**Key Points: Motivation is a psychological process - Motivation is goal-oriented - Motivation influences employee behavior**

**Question 29.**

Explain the following as elements of communication process :

(i) Message

(ii) Encoding

(iii) Media

(iv) Decoding

[4 Marks]

**Answer:** (i) **Message**: The message is the information or idea that the sender wants to communicate to the receiver. It can be in the form of words, signs, symbols, or gestures.
(ii) **Encoding**: Encoding is the process of converting the message into a suitable form such as language, symbols, or signals so that it can be transmitted to the receiver.
(iii) **Media**: Media refers to the channel or medium through which the encoded message is transmitted from the sender to the receiver. It can be verbal, non-verbal, written, electronic, etc.
(iv) **Decoding**: Decoding is the process by which the receiver interprets or converts the received message back into meaningful information so that it can be understood.

**Key Points: Message is the information - Encoding is converting message into a form to send - Media is the channel used for transmission - Decoding is interpreting the received message**

**Question 30.**

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

(i) Nature of business

(ii) Credit availed

[4 Marks]

**Answer:** (i) **Nature of business**: The nature of business affects working capital because different types of businesses have different needs. For example, manufacturing businesses need more working capital because they have to buy raw materials, pay wages, and store finished goods. Trading businesses require moderate working capital as they mainly buy and sell goods. Service businesses usually need less working capital since they do not maintain inventory.
(ii) **Credit availed**: Credit availed by a business also influences working capital needs. If a business gets credit from suppliers or lenders, it means it can delay payments, thus reducing the amount of working capital required. Similarly, if the business offers credit to its customers, it increases the working capital demand because cash inflow is delayed. Therefore, more credit availed from suppliers and fewer credits given to customers reduce working capital requirements.

**Key Points: Nature of business determines inventory and cash needs - Manufacturing needs more working capital than trading and service businesses - Credit availed from suppliers reduces working capital needs - Credit extended to customers increases working capital requirements**

**Question 31.**

State any four objectives of **'**Securities and Exchange Board of India**'**.

[4 Marks]

**Answer:** The Securities and Exchange Board of India (SEBI) has the following four main objectives:
**1. Protection of Investors:** SEBI aims to protect the interests of investors in securities and promote their education and awareness.
**2. Regulating the Securities Market:** SEBI regulates the activities of stock exchanges, brokers, and other intermediaries to ensure fair and transparent trading.
**3. Prevention of Malpractices:** SEBI works to prevent fraudulent and unfair trade practices like insider trading and price rigging.

**4. Development of the Securities Market:** SEBI promotes the development of the securities market to make it efficient, transparent, and competitive.

> **Key Points: Protection of investors - Regulation of securities market - Prevention of fraudulent practices - Development of securities market**

**Question 32.**

State any four functions of Stock Exchange.

[4 Marks]

**Answer: Functions of Stock Exchange**

1. **Providing Liquidity:** Stock exchanges provide a platform where shares can be easily bought and sold, ensuring liquidity for investors.
2. **Price Determination:** They help in determining the prices of securities based on supply and demand.
3. **Raising Capital:** Companies can raise long-term funds by issuing shares and debentures to the public through the stock exchange.
4. **Safeguarding Investors Interest:** The stock exchange regulates trading and ensures transparency, protecting investors from fraud or malpractice.

> **Key Points: Providing liquidity - Price determination - Raising capital - Safeguarding investors interest**

**Question 33.**

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 will exercise the **Right to Seek Redressal**. This right allows consumers to approach consumer courts if they receive faulty products or poor services. Since the microwave had faulty wiring and the company did not provide a solution, Ankush can file a complaint in the consumer court to get compensation or replacement.

(b) The two responsibilities Ankush fulfilled are:

1. He checked the ISI mark on the microwave, which assures quality and safety.
2. He read the instruction manual carefully to use the microwave properly, showing care in usage.

**Key Points: Right to Seek Redressal - Checking ISI mark before purchase - Reading instruction manual before use**

**Question 34.**

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]

**Answer:** (a) Source of finance Srijan should choose is **Equity Share Capital** or **Issuing Shares**. (b) Two reasons for choosing this source are: 1. Since the cash flow position is not strong and fixed operating costs are high, raising funds by equity will not increase fixed obligations like interest payments. 2. Equity capital does not require repayment on a fixed date, reducing financial pressure on the business. (c) Another important factor Srijan should consider is the **Control and Ownership** of the company. Issuing equity shares may dilute the existing ownership and control of the family business. Therefore, he should carefully evaluate how much equity to issue to retain sufficient control over the restaurant while raising required funds.

**Key Points: Source of finance: Equity Share Capital - Reasons: No fixed repayment obligation - No increase in fixed costs - Factor to consider: Control and ownership dilution**

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## Section D

**Question 35.**

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 adopted by Abhishek are:
**1. Time and Motion Study:** Abhishek scientifically analysed work and found the best way of doing the job by eliminating unproductive movements of workers which reduced the time to complete the job.
**2. Rest Pause System:** He gave more rest intervals to his employees to regain their stamina and increase productivity.

(b) Two principles of General Management of Henri Fayol adopted by Abhishek are:
**1. Equity:** Abhishek followed a no-discrimination policy on the basis of sex, religion, caste, etc., ensuring fairness and justice towards all employees.
**2. Remuneration of Personnel:** He ensured that compensation was fair to both employees and the organisation, motivating workers and maintaining satisfaction.

Thus, Abhishek effectively applied both scientific management techniques of F.W. Taylor and general management principles of Henri Fayol in his business to improve efficiency and employee welfare.

> **Key Points: Time and Motion Study - Rest Pause System - Equity and Remuneration principles of Fayol**

**Question 36.**

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 the 'Type of organisation' identified in (a) above.

[6 Marks]

**Answer:** (a) The type of organisation discussed above is a **Formal Organisation**. It is characterised by clearly defined job descriptions, rules, procedures, authority and responsibility. Formal organisations have systematic coordination among activities to achieve organisational goals efficiently and effectively. In such organisations, roles and responsibilities are well laid down and employees

know their limits and duties.

(b) **Advantages of Formal Organisation:**
1. **Clear authority and responsibility:** Since boundaries of authority and responsibility are clearly specified, it helps avoid confusion and conflicts among employees.
2. **Systematic Coordination:** Organised and formal procedures enable smooth coordination among various departments and employees, leading to better achievement of goals.

**Limitations of Formal Organisation:**
1. **Inflexibility:** Formal organisations may become rigid due to strict rules and procedures which can limit creativity and quick decision making.
2. **Impersonal Relations:** Emphasis on rules and formal authority may reduce personal and informal relationships among employees, affecting morale and teamwork.

> **Key Points: Formal Organisation - Clear authority and responsibility - Systematic coordination - Advantage: Clarity in roles - Advantage: Better coordination - Limitation: Inflexibility - Limitation: Impersonal relations**

**Question 37.**

Explain the steps in the staffing process of management after **'**Placement and Orientation**'**.

[6 Marks]

**Answer: Steps in Staffing Process after Placement and Orientation:**
After placement and orientation, the staffing process continues with the following important steps:
**1. Training and Development:** Newly placed employees undergo training to improve their skills and knowledge related to their job roles. Continuous development programs help employees grow professionally and increase their efficiency.
**2. Performance Appraisal:** This step involves evaluating the performance of employees periodically to assess their progress and identify areas for improvement. It helps management make decisions about promotions, increments, and training needs.
**3. Compensation and Benefits:** Ensuring employees receive fair compensation and benefits based on their performance and company policies is crucial for motivation and retention.
**4. Promotion and Transfer:** Based on their performance and organizational needs, employees may be promoted to higher positions or transferred to different departments or locations.
**5. Career Planning:** Helping employees plan their career paths within the organization encourages long-term growth and loyalty.
**6. Maintenance of Employee Relations:** Maintaining good relationships through effective communication, conflict resolution, and healthy work environment ensures employee satisfaction and reduces turnover.
These steps collectively ensure that employees remain productive, motivated, and aligned with organizational goals after their placement and orientation.

**Key Points: Training and Development - Performance Appraisal - Compensation and Benefits - Promotion and Transfer - Career Planning - Maintenance of Employee Relations**

**Question 38.**

Explain the steps in the selection process of staffing function of management after **'**Reference and Background checks**'**..

[6 Marks]

**Answer: Steps in the Selection Process after Reference and Background Checks**

After the reference and background checks, the following steps take place in the selection process:

(a) **Medical Examination**: The candidate is subjected to a medical examination to ensure that he or she is physically and mentally fit for the job. This step helps to confirm that the candidate meets the health requirements of the organization.

(b) **Job Offer**: Once the candidate passes the medical examination, a formal job offer is made. This offer usually includes details about the position, salary, benefits, joining date, and other important terms and conditions.

(c) **Acceptance of Offer**: The candidate reviews the job offer and if everything is satisfactory, accepts the offer by signing the appointment letter or contract.

(d) **Appointment Letter**: After acceptance, the organization issues an appointment letter that officially confirms the employment. It serves as a legal document binding both parties.

(e) **Induction and Orientation**: The final step is the induction or orientation program where the new employee is introduced to the organization's policies, culture, colleagues, and job responsibilities. This helps the employee to adjust to the new working environment effectively.

These steps ensure a systematic and fair selection process, leading to the recruitment of the right candidate for the organization.

**Key Points: Medical Examination - Job Offer - Acceptance of Offer - Appointment Letter - Induction and Orientation**

**Question 39.**

Explain the following as functions of marketing :

(i) Marketing Planning

(ii) Product Designing and Development

(iii) Standardisation and Grading

[6 Marks]

**Answer:** (a) **Marketing Planning**: It involves setting marketing goals and designing strategies to achieve them. Marketing planning helps a company to anticipate market trends, understand customer needs, allocate resources efficiently, and coordinate marketing activities effectively. It ensures that all marketing efforts are focused on achieving business objectives and responding to market changes.
(b) **Product Designing and Development**: This function focuses on creating and improving products to meet customer requirements. It includes designing the product's features, appearance, quality, and functionality. Effective product design attracts customers and differentiates the product from competitors. Development ensures that the product is feasible and can be produced economically.
(c) **Standardisation and Grading**: Standardisation means producing goods of uniform quality and features to meet certain standards. Grading involves grouping products into categories based on their quality, size, or other attributes. These functions help customers make informed choices, build trust in the brand, and facilitate easier marketing and distribution.

**Key Points: Marketing Planning sets goals and strategies - Product Designing ensures customer satisfaction and product uniqueness - Standardisation and Grading maintain quality and help customers in selection**

**Question 40.**

**'**The important product related decisions include decisions about the packaging, labelling and branding of products.**'** Explain these important decisions.

[6 Marks]

**Answer: Packaging:** Packaging refers to designing and producing the container or wrapper for a product. It protects the product from damage, attracts customers with appealing designs, provides convenience in handling and storage, and helps in promoting the product by displaying important information.
**Labeling:** Labeling means providing information related to the product on its package. It includes details such as the product name, ingredients, usage instructions, manufacturing date, expiry date, price, and manufacturer details. Labels help consumers make informed decisions and ensure safety and legal compliance.
**Branding:** Branding is the process of creating a unique name, symbol, or design to identify and differentiate a product from others. It helps build customer loyalty, creates a strong image of the product in the market, and supports marketing and promotional activities. Good branding increases the perceived value and trust in the product.
These decisions are important because they influence customer buying behavior, product recognition, and overall business success.

**Key Points: Packaging protects and promotes the product - Labeling provides essential product information - Branding creates unique identity and customer loyalty**