

# CBSE EXAMINATION PAPER - 2025

## BUSINESS STUDIES

### Solved Paper

### Class– 12<sup>th</sup>

(Delhi & Outside Delhi Sets)

Maximum Marks: 80

Time allowed: 3 hours

#### GENERAL INSTRUCTIONS:

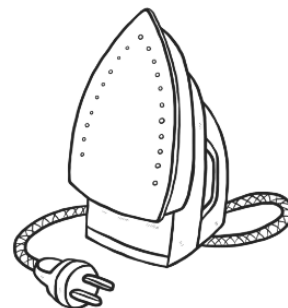
Read the instructions very carefully and strictly follow them:

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

#### Delhi Set– 1

66/1/1

1. The risk related to inability to meet fixed financial charges like interest payment and other repayment obligations is known as: **1**  
(A) Operating risk (C) Business risk  
(B) Financial risk (D) None of the above
2. Bimal Rai is working in Funny Bunny Ltd. The company manufactures games and toys for children. The basic task of Bimal Rai is to integrate diverse elements and coordinate the activities of different departments. He also analyses the business environment and its implications for the survival of the firm. The level of management at which Bimal Rai is working is: **1**  
(A) Top level  
(C) Operational level  
(B) Middle level  
(D) Both Middle and Operational level
3. Salim and Karim are good friends. They started a business of selling high quality seeds for growing organic vegetables. They are offering 200 varieties of vegetable seeds suitable for terrace gardens, balconies and backyards. Due to the growing trend towards healthy consumption habits, there is a huge demand for their seeds. The dimension of business environment being discussed above is: **1**  
(A) Economic Environment  
(C) Social Environment  
(B) Political Environment  
(D) Legal Environment
4. Shridhan wanted to purchase an electric car. He visited a retail showroom of a car company where these cars were displayed. The Marketing Manager of this showroom told Shridhan that the company offers credit facilities, maintenance services and many other services that help in bringing repeat sales and developing brand loyalty for their cars. The marketing function being discussed by the Marketing Manager in the above case is **1**  
(A) Product Designing and Development  
(B) Marketing Planning  
(C) Customer Support Services  
(D) Branding
5. Which of the following statement is correct with respect to 'Exchange Mechanism', a feature of Marketing? **1**  
(A) For an exchange it is necessary that there should be involvement of atleast three parties.  
(B) The parties do not have the freedom to reject other parties offer.  
(C) The acceptance of the offer for each party has to take place on the basis of compulsion.  
(D) For an exchange it is necessary that each party should be capable of offering something of value to the other.
6. One of the responsibilities of an aware consumer is to buy only standardised goods as they provide quality assurance. Identify the quality certification mark to be seen by a consumer in the picture given below: **1**



- (A) ISI Mark (C) Hallmark  
(B) Agmark (D) FPO/FSSAI Mark

**For Visually Impaired Candidates:**

Madhu wants to buy Jewellery for her daughter's marriage. Which of the following quality certification mark should she look for while buying Jewellery:

- (A) FPO/FSSAI Mark (C) Hallmark  
(B) ISI Mark (D) Eco-mark

7. Which of the following is not a protective function of Securities and Exchange Board of India: 1

- (A) Prohibition of fraudulent and unfair trade practices.  
(B) Controlling insider trading and imposing penalties for such practices.  
(C) Promotion of fair practices and code of conduct in securities market.  
(D) Undertaking measures to develop the capital markets by adapting a flexible approach.

8. There are two Statements, Assertion (A) and Reason (R). 1

**Assertion (A):** Larger the lead time, larger is the quantity of material required to be stored and larger shall be the amount of working capital required.

**Reason (R):** If the raw material do not have a record of un-interrupted availability, higher stock levels may be required.

**Choose the correct alternative from the alternatives given below:**

- (A) Assertion (A) is false and Reason (R) is true.  
(B) Both Assertion (A) and Reason (R) are false.  
(C) Assertion (A) is true and Reason (R) is false.  
(D) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A).

9. Which of the following statement is correct about personal selling: 1

- (A) It is an impersonal form of communication.  
(B) Personal selling does not allow a sales person to develop personal relationships with the prospective customers.  
(C) Personal selling involves oral presentation of message in the form of conversation with one or more prospective customers for the purpose of making a sale.  
(D) Personal selling refers to short-term incentives, which are designed to encourage the buyers to make immediate purchase of a product or service.

10. There are two statements, Assertion (A) and Reason (R): 1

**Assertion (A):** Coordination ensures unity of action.

**Reason (R):** Coordination act as a binding force between departments, and ensures that all action is aimed at achieving the goals of the organisation.

**Choose the correct alternative from the alternatives given below:**

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

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

- (C) Assertion (A) is correct, but Reason (R) is wrong.

- (D) Assertion (A) is wrong, but Reason (R) is correct.

11. In an informal organisation, authority arises out of \_\_\_\_\_: 1

- (A) Virtue of position in management

- (B) Company's rules and policies

- (C) Scalar chain

- (D) Personal qualities

12. HG Air Conditioner Pvt. Ltd. is lagging behind its scheduled production target by a month. Despite a high demand, the company is struggling to meet its production target. Even after taking measures like training of employees and assigning additional workers and equipment to the project, the targets could not be met. The Production Manager, now, decided to revise the standards.

Identify the step of the controlling process under which the Production Manager decided to revise the standards. 1

- (A) Setting performance standards

- (B) Measurement of actual performance

- (C) Analysing deviations

- (D) Taking corrective action

13. **Statement-I:** Motivation is a complex process as individuals are heterogeneous in their expectations, perceptions and reactions.

**Statement-II:** Motivation can be either positive or negative.

**Choose the correct option from the following:** 1

- (A) Statement I is true and Statement II is false.

- (B) Statement II is true and Statement I is false.

- (C) Both Statement I and Statement II are true.

- (D) Both Statement I and Statement II are false.

14. Alfa Graphics Ltd. was a reputed Indian company which had been in business for many years. The Chief Executive Officer of the company, Rohit Gupta always believed in understanding the business environment as well as responding and adapting to it.

When he found that a foreign multinational company, Leno Graphics, is entering the Indian market with new substitutes, he prepared to meet this threat by reducing cost and creating good quality and aesthetically appealing layouts, advertisements, logos etc. As a result, Alfa Graphics Ltd. was not only able to retain its own customers, but also started getting new projects.

The point of importance of Business Environment discussed above is: 1

- (A) Tapping useful resources.  
 (B) Identifying threats and early warning signals  
 (C) Improving performance  
 (D) Identifying opportunities and getting first mover advantage.
15. Organising provides a clear description of jobs and related duties. This helps to avoid confusion and duplication.

The point of importance of organising described above is: 1

- (A) Adaptation to change  
 (B) Effective administration  
 (C) Development of personnel  
 (D) Expansion and growth
16. **Statement-I:** Regulation of takeover bids by companies is one of the Regulatory functions of Securities and Exchange Board of India.  
**Statement-II:** Training of intermediaries of securities market is one of the Development functions of Securities and Exchange Board of India.  
**Choose the correct option from the following:** 1
- (A) Statement I is correct and Statement II is incorrect.  
 (B) Statement II is correct and Statement I is incorrect.  
 (C) Both Statement I and Statement II are correct.  
 (D) Both Statement I and Statement II are incorrect.
17. 'High inflation rates generally result in constraints on business enterprises as they increase the various costs of business such as the purchase of raw materials and payment of wages and salaries to employees etc.' The dimension of business environment referred to above is: 1
- (A) Political Environment  
 (C) Social Environment  
 (B) Technological Environment  
 (D) Economic Environment
18. Match the concepts of marketing in Column I with their respective explanations in Column II: 1

Column - I	Column - II
(a) Product concept	(i) Its main focus is on quality, performance and feature of the product.
(b) Selling concept	(ii) Its main focus is on satisfaction of customer needs.
(c) Marketing concept	(iii) Its main focus is on aggressively persuading buyer to purchase the existing product.
(d) Societal concept	(iv) Its main focus is on satisfaction of customer needs and society's well-being.

Choose the correct options from the following:

- (a) (b) (c) (d)  
 (A) (iv) (iii) (ii) (i)  
 (B) (iii) (ii) (i) (iv)  
 (C) (ii) (i) (iii) (iv)  
 (D) (i) (iii) (ii) (iv)

19. Sadhna, a graduate of a reputed institute of management, is a successful manager. She applies her acquired knowledge in a personalised and skillful manner in difficult situations at work. She uses her imagination and creativity in handling these situations.

The aspect of the nature of management highlighted in the above case is: 1

- (A) Management as an Art  
 (B) Management as a Science  
 (C) Management as a Profession  
 (D) Management both as a Science and as a Profession
20. The principles of management can be modified by the managers when the situation so demands.' This highlights which of the following feature of principles of management: 1
- (A) General guidelines (B) Flexible  
 (C) Contingent (D) Mainly behavioural
21. P. Madhav is the production manager of 'Trendy Style Pvt. Ltd.', a firm manufacturing office furniture. His objective is to increase production. by 20% in the next one year. But the Sales Manager, R. Shetty does not approve of the increase in production, till changes are brought about in the quality of wood, locks, handles etc. to incorporate latest trends. This kind of conflict brings to light an important concept of management that can help to link the activities of various departments. 3
- (i) Identify and explain the concept discussed above.  
 (ii) State any two points of importance of the concept identified in (i) above.
22. (a) Give meaning of 'Communication'. State first two elements in the process of communication. 3
- OR**
- (b) State any three 'Organisational barriers' to Communication. 3
23. Madhwan was appointed as a Human Resource Manager in 'Health Grow Ltd.' six months back. As a Human Resource Manager, he has to perform many specialised activities and duties like analyzing jobs by collecting information about jobs and prepare job descriptions, training and development of employees etc.



State three other specialised activities that Madhwan must perform in addition to the above as a Human Resource Manager of Health Grow Ltd. 3

24. (a) State any three points of importance of Financial Planning. 3

OR

- (b) State any three factors that affect the fixed capital requirements of a company. 3

25. (a) State any four points of importance of 'Directing' function of Management. 4

OR

- (b) State any four limitations of internal sources of recruitment. 4

26. (a) Explain the following external sources of recruitment: 4

- (i) Direct Recruitment  
(ii) Casual Callers

OR

- (b) Explain the following non-financial incentives which motivate employees for higher performance: 4

- (i) Employee participation  
(ii) Organisational climate

27. Abha had guests at home. She ordered vegetable, biryani from 'Biryani House'. The biryani came in a beautiful packaging and Abha opened it with lot of excitement. However, when she started serving biryani to the guests, she realised that it was non-vegetarian. She checked the package and noticed that there was no indication whether it was a vegetarian or non-vegetarian biryani. She contacted 'Biryani House' for the same. The manager at 'Biryani House' apologised and immediately sent a vegetarian biryani along with complimentary sweet dish.

Identify and explain the two consumer rights discussed in the above case. 4

28. "Tech Work" an Artificial Intelligence (AI) startup started in 2024. It was earning good profits. It wanted to expand its business and for its research and development, it required 100 crores.

The Chief Executive Officer of "Tech Work" consulted the Finance Manager who suggested that there is a market which facilitates transfer of investible funds from savers to entrepreneurs seeking to establish new enterprises or expand existing ones through the issue of securities.

The management of "Tech Work" decided to raise funds from the investors by issuing equity shares @ 200 per share for the first time.

- (i) Name the type of capital market through which 'Tech Work' decided to raise funds for its expansion.  
(ii) State three features of the market identified in (i) above. 4

29. Ganesh Jain is the Marketing Manager at 'KL Foods Ltd'. He has a team of four employees working under him - Kavya, Ritesh, Pooja and Madhav. Kavya and

Ritesh are temporary employees while Pooja and Madhav's job is permanent. All four of them have been working hard and consistently met all targets. Ganesh Jain wanted to reward them for their good performance. He understood that in all human beings, there exists a hierarchy of needs. So, he identified the need level of each of the employees to provide motivation to them.

Kavya and Ritesh were made permanent in the job with a good pension plan while Pooja and Madhav were given an autonomy status.

- (i) Identify and state the need of employees recognised by Ganesh Jain in the above case.

- (ii) State any two assumptions on which Maslow's Need Hierarchy Theory is based on. 4

30. VK Ltd. is a fast moving consumer goods company. It has shareholders spread all over India. Most of its shareholders depend upon a regular income from their investment.

VK Ltd. has been earning consistent profits. The management of the company keeps in mind the preference of the shareholders regarding payment of dividend. Since its shareholders, in general, desire that at least a certain amount is paid as dividend to them every year, the company declares dividend every year.

Atul, the Finance Manager of the company identified promising growth opportunities. He suggested to the Chief Executive Officer to retain the earnings to finance the required investments instead of declaring dividend every year. For this, the Chief Executive Officer decided to call a General Body Meeting of the shareholders.

- (i) Identify two factors affecting dividend decision discussed above.

- (ii) State two other factors that affect the dividend decision of a company. 4

31. (a) Explain the following principles of General Management: 6

- (i) Scalar chain  
(ii) Equity  
(iii) Initiative

OR

- (b) 'Objectives of Management can be classified into organisational, social and personal objectives.' Explain these objectives. 6

32. (a) Explain the following points of importance of 'Planning' function of management: 6

- (i) Planning provides directions.  
(ii) Planning promotes innovative ideas.  
(iii) Planning reduces the risk of uncertainty.

OR

- (b) Explain 'Objectives', 'Rule' and 'Budget' as types of plans. 6

33. DG Ltd., an E-plane car company has developed a revolutionary flying car for passenger mobility.

This hybrid flying car can accommodate upto two persons and features innovative wing like doors for comfortable entry. The seats are designed for utmost comfort, crafted from high quality materials.

The distinguishing feature of this flying car is that its production will be in India and it will utilise biofuel alongside electricity, ensuring a (sustainable mode of transportation.

DG Ltd. has obtained the first testing approval for its category. Priced at ₹2.5 crores, the company has to take decisions in respect of discounts to customers, credit terms etc., so that the customers perceive the price to be in line with the value of the product.

To make the flying car available to the target customers, DG Ltd. is in the process of selecting dealers or intermediaries to reach the customers, providing support to the intermediaries etc.

To communicate the availability, features, merits etc. of the product to the target customers and persuade them to buy the flying car. DG Ltd. decided to go in for digital marketing campaigns, press releases and demos conducted by influencers and journalists.

The above case describes the combination of elements used by DG Ltd. to prepare its market offering.

Quoting lines from the above para, identify and explain the elements. 6

34. Royal Glaze Ltd.' continues to maintain its position as one of the largest consumer goods companies in the world. Its organisational structure is designed to facilitate the achievement of its objectives in alignment with its vision statement. The company maintains two distinct product divisions in its organisational structure - 'Foods' and 'Home Care'.

Looking ahead, the company is focusing on embracing changes so that it can continue to be the market leader. As part of its expansion plans, it is planning to venture into the electronics segment in the near future.

- Identify the organisational structure of 'Royal Glaze Ltd'.
- Draw the organisational structure chart of 'Royal Glaze Ltd.' considering its future plans to enter into Electronics segment.
- State any three advantages of the type of organisational structure drawn in (ii) above. 6

#### Delhi Set- 2

66/1/2

Except these, all other questions have been given in Delhi Set-1

22. (a) Give the meaning of 'Directing' function of management. State any two features of Directing. 3

OR

- (b) State any three 'Semantic Barriers' to communication. 3

25. (a) State any four points of importance of controlling function of management. 4

OR

- (b) State any four merits of external sources of recruitment. 4

26. (a) Explain the following external sources of recruitment: 4

- Campus Recruitment
- Recommendation of Employees

OR

- (b) Explain the following non-financial incentives which

motivate employees for higher performance: 4

- Employee recognition programmes
- Status

31. (a) Explain the following techniques of scientific management: 6

- Time Study
- Motion Study
- Fatigue Study

OR

- (b) Explain any three features of management. 6

32. (a) Explain the following limitations of 'Planning' function of management: 6

- Planning may not work in dynamic environment.
- Planning reduces creativity.
- Planning does not guarantee success.

OR

- (b) Give the meaning of 'Single-use-plans' and 'Standing-plans'. Explain 'Strategy' and 'Policy' as types of plans. 6

#### Delhi Set- 3

66/1/3

Except these, all other questions have been given in Delhi Set-1 & Set-2

20. The application of principles of management dependent upon the prevailing situation at a particular point of time and application of these principles has to be changed as per requirements.' This statement highlights which of the following features of principles of management: 1

- General guidelines
- Flexible
- Contingent

(D) Mainly behavioural

22. (a) Give the meaning of 'Leadership'. State any two features of 'Leadership'. 3

OR

- (b) State any three 'Personal Barriers' to communication. 3

25. (a) State any four benefits of staffing to the organisation. 4

OR

- (b) State any four merits of internal sources of recruitment. 4

26. (a) Explain the following external sources of recruitment: 4

- (i) Employment Exchange
- (ii) Web Publishing

OR

(b) Explain the following non-financial incentives which motivate employees for higher performance: 4

- (i) Employee Empowerment
- (ii) Job Enrichment

31. (a) Explain any three points of importance of management. 6

OR

(b) Explain the following principles of general

management: 6

- (i) Division of work
- (ii) Authority and Responsibility
- (iii) Discipline

32. (a) Explain the following points of importance of 'Planning' function of management: 6

- (i) Planning facilitates decision making.
- (ii) Planning reduces overlapping and wasteful activities.
- (iii) Planning establishes standards for controlling.

OR

(b) Explain 'Procedure', 'Method' and 'Programme' as types of plans. 6

### Outside Delhi Set- 1

66/2/1

**Note: Follow the same General Instructions as given in Delhi Set-1**

1. It is the process of designing and maintaining an environment in which individuals, working together in groups, efficiently accomplish selected aims.' Identify the process. 1

- (A) Management      (B) Organising
- (C) Staffing          (D) Directing

2. Kavi works as a Marketing Manager in stationery mart. It deals in various types of stationery items for many schools across the country. When new session starts in schools, Kavi forecasts the sales of different stationery products for each school for every month. All items are represented in numbers so that it becomes easier for him to compare the actual sales with expected sales.

The type of plan discussed above is: 1

- (A) Strategy          (B) Policy
- (C) Programme      (D) Budget

3. Given below are two statements, Assertion (A) and Reason (R): 1

**Assertion (A):** Directing facilitates introduction of needed changes in the organisation.

**Reason (R):** Directing increases resistance to changes in the organisation.

Choose the correct alternative from the alternatives given below:

- (A) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A).
- (B) Assertion (A) is true, but Reason (R) is false.
- (C) Assertion (A) is false, but Reason (R) is true.
- (D) Both Assertion (A) and Reason (R) are true, but Reason (R) is not the correct explanation of Assertion (A).

4. CVX Ltd. was a leading company, manufacturing home appliances like food processors, juicers and mixer grinders. The company was earning good profits and was paying high dividends to its shareholders consistently. The company now

decided to manufacture soup-making machines, pop-up toasters and electric irons. The company wanted to enter into emerging markets out of India also. Entering these markets will require additional capital investment which will facilitate in production and distribution infrastructure etc. For this, the management decided to retain money out of their earnings to finance the required investment and distribute smaller dividend to the shareholders.

The factor affecting dividend decision which was kept in mind by the management of CVX Ltd. for entering into emerging markets and

launching new products was: 1

- (A) Amount of Earnings
- (B) Stability of Earnings
- (C) Stability of Dividends
- (D) Growth Opportunities

5. Read the following statements carefully: 1

**Statement-I:** Staffing is that part of the process of management which is concerned with obtaining, utilising and maintaining a satisfied and satisfactory workforce.

**Statement-II:** Staffing is a continuous process.

In the light of the given statements, choose the correct alternative from the following:

- (A) Both the Statements are true.
- (B) Both the Statements are false.
- (C) Statement I is true, but Statement II is false.
- (D) Statement II is true, but Statement I is false.

6. Choose the statement that correctly highlights the benefit of using internal sources of recruitment. 1

- (A) It helps in simplifying the process of selection.
- (B) It provides wider choice while selecting the employees.
- (C) It brings new blood in the organisation.
- (D) It is an expensive and time consuming source.



7. Atul was working as an employee in a readymade garments factory. He was very sincere and dedicated and always completed his work in time. It pained him to see that his colleagues were reluctant to do the work even though they had the ability to do it.
- Due to his good behaviour and willingness to work, he was promoted to the post of the supervisor of the same team in which he was a worker earlier. He understood very well that it was not always possible to get the best of work from employees merely by exercising formal authority. He had insights into the causes of behaviour of people. He knew how to get the work done by the workers in a desired manner to achieve the organisational objectives. Under his supervision even the workers who were reluctant to work started working efficiently and effectively.
- From the following, identify the concept used by Atul, as a supervisor to get the work completed: 1
- (A) Leadership  
(C) Motivation  
(B) Financial Incentives  
(D) Non-financial Incentives
8. Isha Sweets' was set by Isha Sharma to prepare and sell organic, vegan and healthy sweets alternatives like hazelnuts date ladoos, dry fruit date burfi, stuffed mejdool date etc. For the last many years, the demand for her products was very high as people these days prefer to buy healthier alternatives for consumption as well as gifting purposes. But this year suddenly, the cost of dates, dry fruits and other ingredients used for preparing these healthy sweets had increased. With rising prices of raw materials, larger amounts of funds were required to maintain a constant volume of production and sales. As a result, the working capital requirement of 'Isha Sweets' became higher.
- The factor which led to an increase in the working capital requirements of Isha Sweets' was: 1
- (A) Availability of raw material  
(C) Scale of business  
(B) Inflation  
(D) Production cycle
9. The process of organising allows a business enterprise to accommodate changes in the business environment. It allows the organisation structure to be suitably modified to pave the way for a smooth transition.
- The point of importance of organising function of management highlighted in the above lines is: 1
- (A) Benefits of specialisation  
(B) Clarity in working relationships  
(C) Optimum utilisation of resources  
(D) Adaptation to change
10. A buyer buys a product or service for what it does for him/her or the benefit it provides to him/her. There can be three type of benefits, a consumer may seek to satisfy from the purchase of a product: (i) Functional benefits, (ii) Social benefits and (iii) \_\_\_\_\_. 1
- (A) Technological benefits  
(C) Psychological benefits  
(B) Economic benefits  
(D) Environmental benefits
11. Nimesh was working as a Production Manager in H.L. Ltd., an electrical wire manufacturing company. One of the vendors who was supplying copper to H.L. Ltd. wanted to close down his business within 15 days as he had to go abroad to live with his son. The vendor was selling all his stocks at 60% discount. Nimesh wrote a letter to the General Manager to seek approval for procurement of this material. But due to rigid rules and cumbersome procedures there was delay in getting sanction and order could not be placed.
- The type of communication barrier that led to procedural delay was: 1
- (A) Semantic barrier  
(B) Psychological barrier  
(C) Organisational barrier  
(D) Personal barrier
12. 'The right of an individual to command his subordinates and to take action within the scope of his position' is called: 1
- (A) Decentralisation  
(B) Authority  
(C) Responsibility  
(D) Accountability
13. As per the Consumer Protection Act, 2019 which of the following statement is correct? 1
- (A) In case the aggrieved party is not satisfied with the order of the District Commission, he can directly appeal before the National Commission.  
(B) In case the aggrieved party is not satisfied with the order of the District Commission, he can directly appeal before the Supreme Court.  
(C) In case the aggrieved party is not satisfied with the order of the State Commission, he can directly appeal before the Supreme Court.  
(D) In case the aggrieved party is not satisfied with the order of the National Commission, he can appeal before the Supreme Court.

14. Identify the dimension of business environment illustrated by the given picture: 1



- (A) Social (B) Political  
(C) Technological (D) Economic

**For Visually Impaired Candidates:**

Shifts in demand from steam locomotives to electric engines, from fountain pens to ball-point pens, from typewriters to computer based word processors highlights which of the following dimension of business environment?

- (A) Economic (C) Political  
(B) Technological (D) Social

15. Given below are two statements, Assertion (A) and Reason (R): 1

**Assertion (A):** Planning involves looking ahead and preparing for the future.

**Reason (R):** The purpose of planning is to meet future events effectively to the best advantage of an organisation.

Choose the correct alternative from the alternatives given below:

- (A) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A).  
(B) Both Assertion (A) and Reason (R) are true, 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.

16. Match the techniques of scientific management given in Column - I with their meaning given in Column - II: 1

Column - I	Column - II
(a) Method Study	(i) It refers to the study of movements like lifting, putting objects, sitting and changing positions etc. which are undertaken while doing a typical job.

(b) Motion Study	(ii) It determines the amount and frequency of rest intervals in completing a task.
(c) Time Study	(iii) It determines the standard time taken to perform a well defined job.
(d) Fatigue Study	(iv) It determines one best way of doing a job.

Choose the correct option from the options given below:

- (a) (b) (c) (d)  
(A) (ii) (iii) (i) (iv)  
(B) (i) (iv) (ii) (iii)  
(C) (iv) (i) (iii) (ii)  
(D) (iii) (ii) (iv) (i)

17. Akshara runs a business in the name of 'AK Solutions' in a well reputed area of her city where people provide spaces to students as library, as study centres and as training and event centres to businesses. Akshara provides only conference halls to big and small enterprises for their meetings and events.

Suddenly, in July 2024, floods affected some libraries and study centres in her neighbouring area. The exams were fast approaching and students were facing a lot of problems as these study centres and libraries had to be closed.

Taking advantage of this opportunity and to help the students 'AK Solutions' adapted itself to the needs of the environment, they decided to convert some of their conference halls into libraries and study centres. They also decided to provide food and other facilities required by the students at subsidised rates. This initiative increased their business manifold and earned them significant goodwill.

The feature of management highlighted in the above case is: 1

- (A) Management is a continuous process.  
(B) Management is an intangible force.  
(C) Management is a dynamic function.  
(D) Management is a group activity.
18. 'Increase in the profit earned by the equity shareholders due to the presence of fixed financial charges like interest' is called: 1
- (A) Financial planning  
(B) Dividend decision  
(C) Financing decision  
(D) Trading on equity

19. Read the following statements carefully:

**Statement-I:** The cost of debt is more than the cost of equity.

**Statement-II:** Lender's risk is lower than the equity shareholder's risk.



In the light of the given statements, choose the correct alternative from the following: 1

- (A) Both the Statements are true.
- (B) Both the Statements are false.
- (C) Statement I is true, Statement II is false.
- (D) Statement I is false, Statement II is true.

20. To ensure that enough funds are available at right time to honour the commitments and to carry out the plans' is discussed in which of the following concepts? 1

- (A) Capital Structure (B) Financial Leverage
- (C) Financial Planning (D) Investment Decision

21. (a) Explain the following functions of Stock Exchange: 3

- (i) Providing liquidity and marketability to existing securities
- (ii) Pricing of securities
- (iii) Safety of transaction

OR

(b) Differentiate between 'Primary Market' and 'Secondary Market' on the basis of any three points. 3

22. Radhika started a business of supplying high class facial kits to beauty parlours in various cities of the country. Initially, the business was doing well and her products were popular. Despite the high quality of the products, Radhika faced difficulties in certain parlours, especially in Kagpur city, where her products failed to gain a strong market presence.

To understand the cause, she appointed a qualified marketing manager. The marketing manager discovered that there was no proper exchange of facts, ideas and views etc. between the incharge of Kagpur city and the employees at different parlours at Kagpur. Vicky, who was the incharge and responsible for overseeing all parlours in Kagpur, was unable to effectively foster a common understanding of the product among the employees. As a result, the employees did not grasp the key benefits and features of the high class facial kits. In turn, the employees were not able to convince potential clients about the product's value. 3

- (i) Identify the concept discussed in the above case.
- (ii) The concept identified in (i) above can be defined as a process having various elements. State first five elements of this process.

23. (a) Give the meaning of 'Capital Market'. Differentiate between 'Capital Market' and 'Money Market' on the basis of: 3

- (i) Participants
- (ii) Instruments

OR

(b) State any three 'Regulatory functions' of Securities and Exchange Board of India. 3

24. Aman, a young graduate was living away from home in another city. He had problems in cooking and heating food. He decided to purchase a microwave oven for the same. He went to the market, visited many shops and compared various microwave oven brands available in the market. He compared features, price, after-sale-service and customer reviews etc. to make an informed choice as per his needs.

After selecting the oven, he checked that it should have an ISI mark. This gave him confidence about the safety, standards and quality of the oven.

After reaching home he followed the manufacturer's instructions for safe installation and use of microwave oven. This helped him in avoiding any risk associated with the usage of microwave oven.

By doing all this Aman kept in mind various responsibilities while purchasing and using the microwave oven. Still he left some of the responsibilities that were not fulfilled by him.

State any three such responsibilities. 3

25. (a) Explain the following principles of management given by Fayol: 4

- (i) Division of work
- (ii) Authority and Responsibility

OR

(b) Explain the following points of significance of principles of management: 4

- (i) Providing managers with useful insights into reality.
- (ii) Optimum utilisation of resources and effective administration.

26. (a) Explain the following features of co-ordination: 4

- (i) Co-ordination integrates group efforts.
- (ii) Co-ordination is the responsibility of all managers.

OR

(b) Explain the following features of management: 4

- (i) Management is a goal-oriented process.
- (ii) Management is a continuous process.

27. Nisha had given some old dresses of her own to her house-helper Beenu. After a few days, Nisha was happily surprised when she saw Beenu wearing one of the dresses beautifully refurbished. On enquiry, Beenu told Nisha that this was done by her daughter who had just completed her Class 12<sup>th</sup> studies. Beenu also told Nisha that she was a little concerned as her daughter did not want to study further. Nisha was very much impressed by the creativity of Beenu's daughter, so she decided to setup a small business for her. Nisha bought 15 sewing machines and appointed 15 girls to refurbish the old dresses. Nisha also arranged old dresses from various sources and employed a person who will sell these dresses at a very low cost for the one's who could not purchase new dresses due to their low income.

Nisha divided the girls in three equal groups, each having five sewing machines. Each group was given a target of refurbishing 150 old dresses in a fortnight with a cost of Rs. 30 per dress.

After a fortnight, Nisha who was supervising this business with Beenu was informed that Group I was able to meet the target by refurbishing 150 old dresses at a cost of Rs. 30 per dress. Group II was able to refurbish 150 old dresses at a cost of Rs. 35 per dress, whereas Group III could refurbish only 140 old dresses but at a cost of Rs. 27 per dress. 4

- (i) Identify the concepts of management discussed above for each of the three groups giving reason in support of your answer.
- (ii) Give meaning of the concepts identified in (i) above and state which one is important for the management and why?

28. Prachi is working as an academic counsellor for specially abled students at one of the top school to provide special support and guidance to these students. She clearly states in advance the methods of teaching and tackling the students. She ensures that the goals are clearly stated for each and every teacher so that they act as a guide for deciding what action should be taken and in which direction.

Her well laid plans will serve as a basis for coordinating the activities and efforts of teachers teaching different subjects to these students. It helps the teachers in bringing clarity of thought and action to their work.

Identify and explain the two points of importance of 'Planning' function of management highlighted in the above para. 4

29. Going to gym and following a protein diet has become a popular trend these days. However, with the busy work culture, many people, especially the youth struggle to find time for weight loss programmes.

Anika was working in a multi-national company, wanted to join a gym for weight loss but could not find time. There is no good gym near her house. One day, Anika was walking out of the office during lunch time and saw an attractive poster of a gym which was near her house. Anika was curious to enquire about their weight loss programme. Next day, when she went to the gym, she was surprised to know about various schemes offered by the gym. They were not only offering 50% discount on the fee of weight loss programme, but were also providing free coach facility and free protein diet for the customer. But these offers were valid only for 10 days. Attracted by these schemes Anika immediately submitted the fee and joined the gym. 4

- (i) Identify and give the meaning of the element of marketing-mix discussed above.
- (ii) The element of marketing-mix identified in (i) above includes various tools of communication. Identify and explain the tools highlighted in the above para.

30. The demand for take away food business is increasing day-by-day. People working in multi-national companies have to work till night very often and they are reluctant to cook food. Taking advantage of this opportunity, Amit and Bijoy started 'Langar', a take away food business. The food became famous because of its good quality and standards of hygiene followed by them.

Over the years, the business became very profitable. They decided to expand the business by opening more branches in different cities. To ensure consistent food quality at all branches and to maintain the hygiene and quality they planned to import machines with advanced technology. The cost of each machine was Rs. 12 crores. They knew that this decision has to be taken very carefully, as it involves a huge cost and that the decision, once taken is irreversible. 4

- (i) Identify and state the financial decision discussed in the above para.
- (ii) Explain any two factors affecting the decision identified in (i) above.

31. (a) Explain the following steps in the process of selection: 6

- (i) Preliminary Screening
- (ii) Selection Tests
- (iii) Employment Interview
- (iv) Reference and Background Checks

OR

- (b) Explain the following non-financial incentives: 6

- (i) Status
- (ii) Organisational climate
- (iii) Job Enrichment
- (iv) Employee participation

32. Asha was running a business of producing and selling pickles, murabbas and papad etc. She was earning a good profit for the last many years. Now, she wanted to add some new products in her product line. Seeing the growing demand of millets, she decided to add some millet products. After doing a lot of market research, she found out that the demand for millet noodles, pasta and ready to eat millet cereals was increasing day-by-day. To give a different taste and to have uniqueness in her products, she prepared a new tasty herb based sauce for cooking these products and decided to launch this along with millet products in the market.

For this Asha hired 10 additional women workers specially trained for the same. However, despite adding more workers, to her surprise, production was not upto the mark.

Concerned about this and to ensure that the activities were performed as per the plans, and that the resources were being used effectively and efficiently for the achievement of predetermined goals, Asha appointed a supervisor Nabita. Nabita monitored the activities and discovered that two of the newly hired workers were spending their whole day gossiping and distracting the other workers. As a result the production was low. 6

- (i) Identify and state the function of management discussed above.
- (ii) State any five points of importance of the function identified in (i) above.
33. (a) State any three advantages and any three limitations of formal organisation. 6

OR

- (b) State any six advantages of functional structure of organisation. 6
34. Ravi and Megha started 'Energylights' a company manufacturing energy-efficient LED lighting after realising an increasing demand for the same. Manufacturing high-quality LED lights with some unique features required substantial investment in technology and high-grade materials. This pushed up their cost of manufacturing. To determine the

price of their LED lights they not only wanted to cover all costs but also wanted to earn a margin of profit over and above the costs. This will set for them the minimum level or the floor price at which the LED lights would be sold. The high demand and the utility provided by these lights will set the upper limit of the price.

Though there was enough competition in LED lights business, even then they kept the price of their lights higher than the competitors because of good quality and its features. They justified the higher price because of the product differentiation and unique methods of advertising and sales promotion etc.

Quoting lines from the above para, identify and explain any three factors which were taken into consideration by Ravi and Megha to determine the price of their LED lights. 6

### Outside Delhi Set- 2

66/2/2

Except these, all other questions have been given in Outside Delhi Set-1

12. "The obligation of a subordinate to properly perform the assigned duty" is called: 1
- (A) Delegation (B) Authority  
(C) Responsibility (D) Accountability
23. (a) Give the meaning of 'Money Market'. Differentiate between 'Capital Market' and 'Money Market' on the basis of: 3
- (i) Investment Outlay  
(ii) Duration

OR

- (b) State any three 'Development functions' of Securities and Exchange Board of India. 3
25. (a) Explain the following principles of management given by Fayol: 4
- (i) Unity of Command  
(ii) Order

OR

- (b) Explain the following points of significance of principles of management: 4
- (i) Scientific Decision  
(ii) Fulfilling Social Responsibility

26. (a) Explain the following features of co-ordination: 4
- (i) Co-ordination ensures unity of action.  
(ii) Co-ordination is a continuous process.

OR

- (b) Explain the following features of management: 4
- (i) Management is a group activity.  
(ii) Management is an intangible force.

31. (a) Explain the following steps in the process of selection: 6

- (i) Selection Decision  
(ii) Medical Examination  
(iii) Job Offer  
(iv) Contract of Employment

OR

- (b) Explain the following financial incentives: 6
- (i) Profit sharing  
(ii) Co-partnership  
(iii) Productivity linked wage incentives  
(iv) Perquisites

33. (a) State any three advantages and any three limitations of informal organisation. 6

OR

- (b) State any three advantages and any three disadvantages of divisional structure of organisation. 6

### Outside Delhi Set- 3

66/2/3

Except these, all other questions have been given in Outside Delhi Set-1 & Set-2

12. 'Answerability for outcome of the assigned task' is called: 1
- (A) Decentralisation (B) Authority  
(C) Responsibility (D) Accountability

23. (a) Differentiate between 'Capital Market' and 'Money Market' on the basis of: 3

- (i) Liquidity  
(ii) Safety  
(iii) Expected Return

OR

- (b) State any three 'Protective functions' of Securities and Exchange Board of India. 3



25. (a) Explain the following principles of management given by Fayol: 4
- (i) Equity
  - (ii) Initiative

OR

- (b) Explain the following points of significance of principles of management: 4
- (i) Meeting changing environment requirements
  - (ii) Management training, education and research
26. (a) Explain the following features of co-ordination: 4
- (i) Co-ordination is an all pervasive function.
  - (ii) Co-ordination is a deliberate function.

OR

- (b) 'Management is multidimensional' is one of the features of management. Explain its following dimensions: 4
- (i) Management of work.
  - (ii) Management of people.

31. (a) Explain the following steps in the process of staffing: 6
- (i) Placement and Orientation
  - (ii) Training and Development
  - (iii) Performance Appraisal
  - (iv) Promotion and Career Planning

OR

- (b) Explain the following non-financial incentives: 6
- (i) Career Advancement Opportunity
  - (ii) Employee Recognition Programmes
  - (iii) Job Security
  - (iv) Employee Empowerment

33. (a) Give meaning of 'Formal Organisation'. State any five features of formal organisation. 6

OR

- (b) Differentiate between 'Functional Structure' and 'Divisional Structure' of organisation on any six basis. 6



# ANSWERS

Delhi Set-1

66/1/1

1. Option (B) is correct.  
*Explanation:* Financial risk is the potential danger that the company faces of not being able to meet its fixed financial obligations.
2. Option (A) is correct.  
*Explanation:* Top management consists of the senior-most executives in an organisation, such as the CEO, chairman and vice presidents, who are responsible for formulating overall goals and strategies, as well as ensuring the welfare and survival of the organisation. They coordinate the activities of various departments, analyse the business environment and make decisions that align with the organisation's long-term objectives.
3. Option (C) is correct.  
*Explanation:* The growing trend towards healthy consumption habits indicates a shift in consumer preferences, which is a key factor in the social environment. The social environment includes changes in lifestyle, habits and attitudes of people. In this case, the demand for organic vegetable seeds is driven by increasing health consciousness and a preference for organic food, both of which fall under social factors.
4. Option (C) is correct.  
*Explanation:* Customer support services include services like after-sales services, handling customer complaints and adjustments, maintenance services, technical services, etc.
5. Option (D) is correct.  
*Explanation:* The Exchange Mechanism in marketing involves two or more parties engaging in a transaction, each offering something of value to the other. This is a fundamental aspect of marketing, ensuring mutual benefit.
6. Option (A) is correct.  
*Explanation:* The ISI Mark (Indian Standards Institute) is a certification mark issued by the Bureau of Indian Standards (BIS) for industrial and consumer products, ensuring quality and safety. Electrical appliances like irons, fans, heaters, etc. must have this mark to assure consumers of their safety and performance.
7. Option (D) is correct.  
*Explanation:* Undertaking measures to develop the capital market by adopting a flexible approach is a developmental function of SEBI.
8. Option (D) is correct.  
*Explanation:* If raw materials are readily available, businesses can maintain lower stock levels. However, if there are supply uncertainties or longer lead times (the time between placing an order and receiving materials), companies must keep higher stock levels. This increases the quantity of materials stored and requires more working capital.
9. Option (C) is correct.  
*Explanation:* Personal selling involves face-to-face contact between seller and the prospective customer for effecting a sale.
10. Option (A) is correct.  
*Explanation:* Coordination ensures that all departments work together towards a common goal, aligning their actions to achieve the organisation's objectives. It acts as a unifying force, promoting synergy and efficiency across functions.
11. Option (D) is correct.  
*Explanation:* In an informal organisation, authority is derived from personal influence, trust and leadership qualities rather than formal positions or hierarchical structures.
12. Option (D) is correct.  
*Explanation:* The remedial or corrective action to be taken aims to remove deficiencies. It involves changes in working methods, materials, machines, policies and procedures.
13. Option (C) is correct.  
*Explanation:*  
**Statement I:** is true because motivation is indeed a complex process influenced by individual differences in expectations, perceptions and reactions.  
**Statement II:** is also true since motivation can be positive (rewards, recognition) or negative (fear of punishment, disciplinary actions).
14. Option (B) is correct.  
*Explanation:* Threats refer to the external environmental trends and changes that will hinder a firm's performance. Environmental awareness can help managers identify various threats in a timely manner and serve as an early warning signal.
15. Option (B) is correct.  
*Explanation:* Clarity in working relationships enables proper execution of work. Management of an enterprise thereby becomes easy and this brings effectiveness in administration.
16. Option (C) is correct.  
*Explanation:* **Statement I:** is correct because regulating takeover bids is part of SEBI's regulatory functions to ensure fair and transparent corporate acquisitions.  
**Statement II:** is also correct because training intermediaries in the securities market is a

developmental function of SEBI, aimed at improving market efficiency and protecting investors.

17. Option (D) is correct.

**Explanation:** Economic environment refers to factors like interest rates, inflation rates and changes in disposable income of people, which impact on business enterprise.

18. Option (D) is correct.

**Explanation:** The main function of the product concept is to focus on the quality and features of the product. The selling concept focuses on persuading buyers to purchase the product using aggressive selling techniques. The marketing concept focuses on satisfaction of customer needs. The societal concept focuses on satisfaction of customer needs and society's well being.

19. Option (A) is correct.

**Explanation:** Art is the skilful and personal application of existing knowledge to achieve desired results.

20. Option (B) is correct.

**Explanation:** The statement mentions that principles of management can be modified by managers when the situation demands. This reflects the feature of flexibility in management principles, as they are not rigid rules but adaptable guidelines that can be adjusted based on specific circumstances.

21. (i) The concept discussed is Coordination.

Coordination is the force that binds all the other functions of management. It is the common thread that runs through all activities, such as purchase, production, sales, and finance to ensure continuity in the working of the organisation.

(ii) **The importance of coordination is:**

(a) **Growth in size:** Coordination ensures that large organisations work towards a common goal. It helps the organisation to grow by integrating the individual and organisational goals of the organisation.

(b) **Functional differentiation:** Different functions of the organisation are divided into several departments, divisions and sections but all of them are dependent on each other for the performance of their activities. Coordination links the activities of different departments.

22. (a) Communication is the process of exchange of ideas, views, facts, feelings, etc., between or among people to create a common understanding. The word 'communication' is derived from the Latin word 'communis', which means 'common'. It implies a common understanding.

**The first two elements in the process of communication are:**

(i) **Sender:** It refers to the person who conveys his thoughts or ideas to the receiver.

(ii) **Message:** It is the content of ideas, feelings, suggestions, order, etc., that has to be communicated.

OR

(b) **The organisational barriers to communication are:**

(i) **Organisational Policy:** If the organisational policy does not permit free flow of communication, then it is not effective.

(ii) **Rules and Regulations:** Rigid rules and procedures hamper communication and lead to delays in decision-making.

(iii) **Status:** Status of the superiors create psychological distance between the superiors and subordinates due to which there is a lack of communication.

23. (i) **Recruitment:** It is the process of searching for prospective employees and stimulating them to apply for the job in the organisation. It creates a pool of employees thus, providing the organisation with fresh talent and wider choice.

(ii) **Performance appraisal:** The Human Resource Manager evaluates the employee's current and past performance against pre-determined standards to provide feedback for the performance and appraise it.

(iii) **Compensation plan:** HR designs competitive compensation structures that align with industry standards. This includes salary packages, benefits and incentive plans to motivate employees and retain top talent.

24. (a) **Financial planning is important in an organisation because:**

(i) **Forecasting Future Events**

Financial planning involves forecasting future business situations. It makes the firm better prepared to face the future.

(ii) **Prepares the Organisation**

Financial planning prepares the organisation to face business shocks and surprises in an efficient manner.

(iii) **Helps in Co-ordination**

It helps in coordinating the different business functions like sales and production by stating the policies and procedures well in advance.

OR

(b) **The factors which affect the fixed capital requirement of an organisation are:**

(i) **Nature of the Business:** The fixed capital requirement varies according to the nature of the business. For example, manufacturing companies require a heavy investment in fixed capital, such as land, buildings and plant and machinery, while trading enterprises require less fixed capital.

(ii) **Size of the Business:** A large-scale origination generally requires more fixed capital than a small-scale enterprise because of the increased scale of



operations. For example, public utility concerns such as railways and electric supply companies require a huge investment in fixed assets.

(iii) **Types of Technique:** The type of technique affects the fixed capital requirement. A capital-intensive company requires more investment in fixed capital, as a large investment is required in plants and machinery. However, firms using labour-intensive technique require less fixed capital.

25. (a) **The importance of directing is:**

(i) **Integrates employee efforts:** The organisational goals are achievable only when individual efforts are integrated. Directing integrates employee's endeavours in such a manner that independent individual efforts add to the organisational performance.

(ii) **Facilitates changes:** An enterprise operates in a dynamic environment. If an appropriate system of direction exists within an organisation, it helps motivate workers to take on the challenges of unfamiliar situations. Thus, directing enables a firm to remain dynamic and responsive to new developmental changes.

(iii) **Initiates action:** Directing helps an organisation to progress. With the help of directing, other managerial functions are initiated and become operational. It helps the management to supervise, exchange information, guide and encourage people at work to perform in the desired way to achieve organisational aims and objectives.

(iv) **Brings stability and balance in the organisation:** Directing promotes cooperation and commitment among the employees and helps to achieve stability and balance among various internal stakeholders, activities and departments.

OR

(b) **The limitations of internal sources of recruitment are:**

(i) It reduces the scope for induction of fresh talent in the organisation and there is no infusion of new blood which could bring out new ideas.

(ii) The employees become lethargic if they get time-bound promotions. They miss out on the motivation to perform in an exemplary manner.

(iii) A new enterprise cannot recruit the workforce using internal sources of recruitment.

(iv) The spirit of competition among the employees is hampered.

26. (a) (i) **Direct Recruitment:** This refers to the process of hiring candidates directly by displaying vacancies on notice boards or at the company's gate. It is commonly used to fill lower-level positions such as clerical, technical or factory workers without any intermediary.

(ii) **Casual Callers:** Many companies maintain a database of unsolicited job seekers who apply on their own. These candidates, known as casual callers, can be considered for recruitment whenever a vacancy arises, helping to reduce hiring time and cost

OR

(b) (i) **Employee Participation:** Employee participation means giving employees more autonomy and powers. It makes them feel that their jobs are important and this feeling encourages them to contribute positively by using their skills and talents in job performance.

(ii) **Organisational Climate:** Organisational climate indicates the characteristics that describe an organisation and distinguish one organisation from the other. These characteristics influence the behaviour of individuals in the organisation. Some of these characteristics are individual autonomy, reward orientation, consideration to employees, risk-tasking, etc., If managers take positive measures regarding these aspects, it helps to develop better organisational climate.

27. (i) **Right to be Informed:** It states that the consumer has the right to have complete information about the product which he intends to buy. Here, the box should indicate whether it has vegetarian content or non-vegetarian content inside it.

(ii) **Right to seek redressal:** This states that every consumer has the right to seek relief if a product or service falls short of expectations. Since the wrong product was delivered to Abha, she can approach the consumer court to seek compensation.

28. (i) **Primary Market**

(ii) **The features of primary market are:**

(a) The primary market is the market of new issues where the securities are sold by new companies or further new issues of securities take place by existing companies.

(b) Only buying of securities take place in this market. Securities cannot be sold in the primary market.

(c) The prices of the securities are determined by the management of the company.

29. (i) Kavya and Ritesh – Safety/Security needs

Pooja and Madhav – Esteem needs

(ii) **The assumptions of Maslow's Need Hierarchy Theory are:**

(a) People's behaviour is based on their needs and satisfaction of these needs influences their behaviour.

(b) People's needs are in hierarchal order starting from basic needs to other higher-level needs.

(c) A satisfied need can no longer motivate a person. The next level need can motivate them.

(d) A person moves to the next level of hierarchal need only when the lower need is satisfied.

(Any two)

30. (i) **The two factors affecting the dividend decision are:**

(a) **Shareholder's preference:** If the shareholders want to have more dividend the management will declare higher dividend in order to attract more investment in the form of new share capital to be issued. So, the shareholder's preference is always kept in mind by the management.

(b) **Growth Opportunities:** Companies having good growth opportunities retain more money out of their earnings so as to finance the required investment. The dividend in growth companies is, therefore, smaller than that in the non-growth companies.

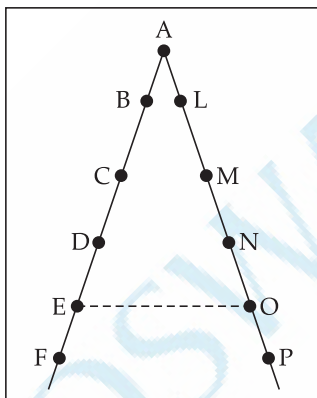
(ii) **Two other factors which affect the dividend decision are:**

(a) **Cash Flow Position:** The payment of dividends involves an outflow of cash. A company may be earning profit but may be short on cash. The availability of enough cash in the company is necessary for the declaration of dividends.

(b) **Stability in Earnings:** A company having higher and stable earnings can declare higher dividends than a company with lower and unstable earnings.

31. (a) (i) **Scalar Chain**

The formal lines of authority from highest rank to lowest rank are known as the scalar chain. According to Fayol, every organisation should have a chain of authority and communication that runs from the top to the bottom and must be followed by the managers and the subordinates.



(b) **Equity**

This principle emphasises kindness and justice in the behaviour of managers towards workers. This will ensure loyalty and devotion. According to Fayol, "Good sense and experience are needed to ensure fairness to all employees, who should be treated as fairly as possible".

(c) **Initiative**

Workers should be encouraged to develop and implement their plans for improvement. Initiative involves taking the first step with self-motivation and should be encouraged. However, it does not

mean going against the established practices of the company for the sake of being different. A good company should have an employee suggestion system through which initiative/suggestions lead to substantial cost/time reduction.

**OR**

(b) Management is a process of getting things done through and with the people in an effective and efficient manner.

(i) **Organisational Objectives:** Management is responsible for setting and achieving objectives for the organisation. It has to achieve a variety of objectives in all areas considering the interest of all stakeholders including, shareholders, employees, customers and the government. The main objective of any organisation should be to utilise human and material resources to the maximum possible advantage, i.e., to fulfil the economic objectives of a business. These are survival, profit and growth.

(ii) **Social Objectives:** It involves the creation of benefits for society. As a part of society, every organisation, whether it is business or non-business, has a social obligation to fulfil. This refers to consistently creating economic value for various constituents of society. This includes using environmentally friendly methods of production, providing employment opportunities to the underprivileged sections of society and providing basic amenities like schools and healthcare, etc., for community. The box given below illustrates how a company can fulfil its social responsibility.

(iii) **Personal Objectives:** Organisations are made up of people who have different personalities, backgrounds, experiences and objectives. They all become part of the organisation to satisfy their diverse needs. These vary from financial needs such as competitive salaries and perks, social needs such as peer recognition and higher level needs such as personal growth and development. Management has to reconcile personal goals with organisational objectives for harmony in the organisation.

32. (a) (i) **Planning provides direction:** Planning ensures that the goals or objectives are clearly stated so that they act as a guide for deciding what action should be taken and in which direction. If goals are well-defined, employees are aware of what the organisation has to do and what they must do to achieve those goals.

(ii) **Planning promotes innovative ideas:** Since planning is the first function of management, new ideas can take the shape of concrete plans. It is the most challenging activity for the management as it guides all future actions leading to growth and prosperity of the business.

(iii) **Planning reduces the risks of uncertainty:** Planning

is an activity which enables a manager to look ahead and anticipate changes. By deciding in advance, the tasks to be performed, planning shows the way to deal with changes and uncertain events. Changes or events cannot be eliminated but they can be anticipated and managerial responses to them can be developed.

OR

- (b) **Objectives:** Objectives are the ends which the management wants to achieve by its operations. All the managerial activities are directed towards achieving these objectives. They define the future state of affairs which the organisation strives to realise. They serve as a guide for overall business planning. Objectives need to be expressed in specific terms, i.e., they should be measurable in quantitative terms, in the form of a written statement of desired results to be achieved within a given time period.

**Rule:** A rule is a statement that specifies what is to be done or not to be done. It is a guide to behaviour. A rule does not allow for any flexibility or discretion and prescribes a penalty for violation.

**Budget:** A budget is a statement of expected results expressed in numerical terms. It is a plan which quantifies future facts and figures. For example, a sales budget may forecast the sales of different products in each area for a particular month. A budget may also be prepared to show the number of workers required in the factory at peak production times. Since a budget represents all items in numbers, it becomes easier to compare actual figures with expected figures and take corrective action subsequently. Thus, a budget is also a control device from which deviations can be taken care of.

33. **The elements used are:**

- (a) **Product:** "This hybrid flying car can accommodate up to two persons and features innovative wing like doors for comfortable entry. The seats are designed for utmost comfort, crafted from high quality materials."
- Product means goods or services or 'anything of value', which is offered to the market for sale.
- (b) **Price:** "Prices at ₹2.5 crore, the company has to take decisions in respect of discounts to customers, credit terms, etc., so that the customers perceive the price to be in line with the value of the product."

Price is the amount paid by a buyer or received by a seller in consideration of the purchase/sale of a product.

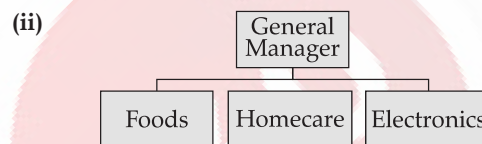
- (c) **Place:** "To make the flying car available to the target customers, DG Ltd. is in the process of selecting dealers or intermediaries to reach the customers, providing support to the intermediaries, etc.

It is concerned with making the goods and services available at the right place so that people can purchase the same.

- (d) **Promotion:** "To communicate the availability, features, merits, etc. of the product to the target customers and persuade them to buy the flying car, DG Ltd. decided to go in for digital marketing campaigns, press releases and demos conducted by influencers and journalists.

It refers to a combination of tools used to communicate with potential customers to inform them about a product and persuade them to buy it.

34. (i) **Divisional structure**



(iii) **The advantages of divisional structure are:**

- (a) Product specialisation helps in the development of varied skills in a divisional head and this prepares him for higher positions. This is because he gains experience in all functions related to a particular product.
- (b) Divisional heads are accountable for profits, as revenues and costs related to different departments can be easily identified and assigned to them. This provides a proper basis for performance measurement. It also helps in fixing of responsibility in cases of poor performance of the division and appropriate remedial action can be taken.
- (c) It promotes flexibility and initiative because each division functions as an autonomous unit which leads to faster decision-making.
- (d) It facilitates expansion and growth as new divisions can be added without interrupting the existing operations by merely adding another divisional head and staff for the new product line. **(Any three)**

Delhi Set- 2

66/1/2

22. (a) Directing is a managerial function that involves guiding, leading, motivating and supervising employees to ensure they work efficiently towards achieving organisational goals. It establishes communication between management and employees, ensuring coordination of efforts.

**Features of Directing:**

- (i) **Continuous Process:** Directing is an ongoing activity that continues throughout the life of an organisation. Managers constantly guide and motivate employees

to achieve objectives.

- (ii) **Initiates Action:** Unlike other managerial functions like planning or organising, directing leads to the actual execution of tasks. It ensures that employees take necessary actions to fulfil organisational goals.

OR

- (b) **Semantic Barriers to Communication**

- (i) **Symbols with different meanings** – Different meanings of the same word can lead to confusion.



For example, the word “value” may mean price to one person and ethical principles to another.

- (ii) **Technical Jargon** – The use of specialised or technical terms that are difficult for a layperson to understand can create barriers. For example, legal or medical terms may not be clear to non-experts.
- (iii) **Unclarified assumptions**: Some communications may have certain assumptions which are subject to different interpretations. For example, a boss may instruct his subordinate, “Take care of our guest”. The boss may mean that the subordinate should take care of transport, food and accommodation of the guest until he leaves the place. The subordinate may interpret that the guest should be taken to the hotel with care. Actually, the guest suffers due to these unclarified assumptions.

25. (a) **Importance of controlling function of management are:**

- (i) **Helps in Achieving Organisational Goals** – The controlling function measures progress towards the organisational goals and brings to light the deviations, if any, and indicates corrective action. It, thus, guides the organisation and keeps it on the right track so that organisational goals might be achieved.
- (ii) **Improving employee motivation**: A good control system ensures that employees know well in advance what they are expected to do and what are the standards of performance on the basis of which they will be appraised. It, thus, motivates them and helps them to give better performance.
- (iii) **Judging Accuracy of Standards**: A good control system enables management to verify whether the standards set are accurate and objective. An efficient control system keeps a careful check on the changes taking place in the organisation and in the environment and helps to review and revise the standards in light of such changes.
- (iv) **Ensures Proper Utilisation of Resources**: By exercising control, a manager seeks to reduce wastage and spoilage of resources. Each activity is performed in accordance with predetermined standards and norms. This ensures that resources are used in the most effective and efficient manner.

OR

(b) **Merits of External Sources of Recruitment**

- (i) **Wider Talent Pool**: External recruitment provides access to a large number of qualified candidates with diverse skills and experiences.
- (ii) **Introduction of Fresh Ideas**: New employees bring innovative ideas and perspectives, contributing to organisational growth and creativity.
- (iii) **Better Selection of Candidates**: Organisations can select the most suitable candidates from a competitive market, ensuring higher competence and efficiency.

- (iv) **Competitive Spirit**: If a company taps external sources, the existing staff will have to compete with the outsiders. They will work harder to show better performance.

26. (a) (i) **Campus Recruitment**: It is the process of hiring fresh graduates from educational institutions such as colleges and universities. Companies conduct campus placement drives to recruit young talent who can be trained according to organisational needs.

- (ii) **Recommendation of Employees**: Existing employees may recommend potential candidates for job vacancies. Since current employees understand the company culture, their recommendations are often reliable and help in selecting trustworthy and competent candidates.

OR

(b) (i) **Employee Recognition Programmes**: These programmes acknowledge and appreciate employees’ contributions through awards, certificates, or public appreciation. Recognition boosts morale and encourages employees to perform better.

- (ii) **Status**: Status refers to the respect, prestige and authority an employee enjoys within the organisation. Higher designations, better workspaces and exclusive privileges motivate employees to work with commitment and dedication.

31. (a) **Techniques of Scientific Management:**

- (i) **Time Study**: This technique determines the standard time required to complete a specific task by analysing multiple observations of the work. It helps set performance standards and improve efficiency.
- (ii) **Motion Study**: Motion study involves analysing the different movements of a worker while performing a task to identify and eliminate unnecessary motions. It aims to reduce fatigue and increase productivity.
- (iii) **Fatigue Study**: This study examines the impact of continuous work on employee efficiency and suggests appropriate rest intervals to maintain productivity. It ensures that workers do not experience excessive physical or mental exhaustion.

OR

(b) **Features of Management:**

- (i) **Goal-Oriented Process**: Management is focused on achieving specific organisational goals by efficiently utilising resources. It aligns efforts towards common objectives like profitability, growth and customer satisfaction.
- (ii) **Pervasive Function**: Management is required in all types of organisations, whether business, government, or social institutions. It operates at all levels and in every department, making it a universal function.
- (iii) **Continuous Process**: Management is an ongoing activity that involves planning, organising, staffing, directing and controlling. It does not stop after achieving a goal but continues to ensure long-term success and adaptation to changes.

32. (a) **Limitations of the planning function of management:**

- (i) **Planning may not work in a dynamic environment:** The business environment is constantly changing due to factors like economic fluctuations, technological advancements, government policies and competition. Rigid planning may become ineffective when unexpected changes occur.
- (ii) **Planning reduces creativity:** Planning, typically done by top management, limits creativity by restricting middle management and employees from deviating from set plans or making independent decisions. As a result, initiative is stifled, and people focus on following orders rather than innovating or thinking creatively.
- (iii) **Planning does not guarantee success – Planning alone doesn't guarantee success;** it must be effectively implemented and adapted to changing circumstances. Relying on past plans can create a false sense of security, leading to failure. While planning is a valuable tool for guiding action, it's not a one-size-fits-all solution.

OR

- (b) **Single-Use Plans:** Single-use plans are designed for one-time activities or specific projects that do not recur in the future. These plans are created to achieve particular objectives and are discarded once the goal is accomplished. They include budgets, programmes and projects, such as launching a new product or

organising a corporate event. Since these plans are not used repeatedly, they are highly detailed to the specific task at hand.

**Standing Plans:** Standing plans are long-term, reusable plans that provide guidelines for handling recurring situations in an organisation. These plans ensure consistency in decision-making and operations by establishing methods, procedures, policies and rules. Examples of standing plans include company policies on employee conduct, procedures for customer service and safety regulations. Unlike single-use plans, standing plans are continuously referred to and modified as needed to align with the organisation's goals and external changes.

**Strategy and Policy as Types of Plans**

**Strategy:** A strategy is a broad, long-term plan that determines the direction an organisation will take to achieve its objectives. It involves resource allocation, market positioning and competitive advantage. For example, a company might adopt a strategy to expand internationally through franchising or mergers.

**Policy:** A policy is a set of general guidelines that assist in decision-making for recurring situations. Policies ensure uniformity in handling various operational aspects, such as employee promotions, customer complaints or pricing strategies. Unlike strategies, policies provide a framework within which decisions can be made, allowing for some degree of flexibility.

Delhi Set-3

66/1/3

20. Option (C) is correct.

**Explanation:** This statement highlights the contingent nature of management principles, meaning their application depends on the specific situation at a given time. Management principles are not rigid; they need to be adapted according to changing circumstances, business environments and organisational needs.

22. (a) Leadership is the ability of an individual to influence, guide and motivate others towards the achievement of organisational goals. It involves directing and inspiring team members to work efficiently and effectively.

**Features of Leadership:**

- (i) **Influence and Inspiration:** A leader influences the behaviour and actions of followers through vision, motivation and communication.
- (ii) **Goal-Oriented Process:** Leadership focuses on achieving common objectives by aligning team efforts with the organisation's vision.

OR

- (b) **Personal Barriers to Communication:**

- (i) **Fear of challenge to authority:** If a superior perceives that a particular communication may adversely affect his authority, he or she may withhold or suppress such communication.

- (ii) **Lack of confidence of a superior in their subordinates:** If superiors do not have confidence on the competency of their subordinates, they may not seek their advice or opinions.

- (iii) **Unwillingness to communicate:** Sometimes, subordinates may not be prepared to communicate with their superiors, if they perceive that it may adversely affect their interests.

25. (a) **Proper staffing ensures the following benefits to the organisation:**

- (i) Helps in discovering and obtaining competent personnel for various jobs.

- (ii) Makes for higher performance, by putting right person on the right job.

- (iii) Ensures the continuous survival and growth of the enterprise through succession planning for managers.

- (iv) Helps to ensure optimum utilisation of the human resources. By avoiding overmanning, it prevents under-utilisation of personnel and high labour costs. At the same time, it avoids disruption of work by indicating in advance the shortages of personnel.

- (v) Improves job satisfaction and morale of employees through objective assessment and fair reward for their contribution.

(Any four)

OR

- (b) **Merits of Internal Sources of Recruitment:**

- (i) **Cost-effective:** Internal recruitment saves costs related to advertising, screening and hiring external candidates.
- (ii) **Faster Process:** Since existing employees are already familiar with the organisation, the recruitment and training process is quicker.
- (iii) **Boosts Employee Morale:** Promoting employees from within the organisation enhances motivation and job satisfaction.
- (iv) **Tool of Training:** Transfer is a tool for training the employees to prepare them for higher positions. Also, people recruited from within the organisation do not need induction training.

26. (a) **The external source of recruitment:**

- (i) **Employment Exchange:** It is a government-run agency where job seekers register themselves, and employers notify vacancies. It helps match candidates with suitable job opportunities, particularly for unskilled and skilled operative jobs.
- (ii) **Web Publishing:** This refers to online job portals, company websites and social media platforms used by employers to advertise vacancies. It provides a broader reach, enabling organisations to attract skilled professionals from diverse geographical locations.

OR

(b) **Non-financial incentives which motivate employees for higher performance:**

- (i) **Employee Empowerment:** It refers to granting employees more autonomy and decision-making authority in their work. This enhances their confidence, fosters innovation and increases job satisfaction, leading to higher motivation and performance.
- (ii) **Job Enrichment:** It involves designing jobs with added responsibilities, challenges and opportunities for personal growth. By making work more meaningful and engaging, employees feel valued and motivated to perform at their best.

31. (a) **Importance of Management:**

- (i) **Achieves Organisational Goals:** Management helps in setting clear objectives and ensures that all resources—human, financial and material are utilised efficiently to achieve these goals. It provides direction to employees and aligns their efforts with the organisation's mission.
- (ii) **Increases Efficiency and Productivity:** By following the principles of planning, organising, staffing, directing and controlling, management helps reduce the wastage of resources and enhances overall productivity. Effective management ensures that tasks are completed in a structured and timely manner, leading to higher efficiency.
- (iii) **Encourages Innovation and Adaptability:** Management fosters a work environment that promotes creativity and innovation. It helps businesses adapt to changing market conditions

by encouraging employees to come up with new ideas and solutions, ensuring long-term growth and sustainability.

OR

(b) **Principles of general management:**

- (i) **Division of Work:** This principle states that work should be divided among individuals based on their skills and expertise. Specialisation leads to increased efficiency, improved productivity and higher quality output as employees become more proficient in their tasks.
- (ii) **Authority and Responsibility:** Authority refers to the right of managers to give orders, while responsibility is the obligation to fulfil assigned tasks. Fayol emphasised that authority should be balanced with responsibility to ensure accountability. If authority exceeds responsibility, it may lead to misuse of power, while excessive responsibility without adequate authority can cause inefficiency.
- (iii) **Discipline:** Discipline is essential for the smooth functioning of an organisation. It involves adherence to rules, regulations and agreements. A disciplined workforce ensures a respectful work environment, minimises conflicts and promotes cooperation among employees and management. Fayol believed that discipline must be enforced at all levels for organisational success.

32. (a) **Importance of planning function of management:**

- (i) **Planning facilitates decision-making:** Planning provides a clear direction by setting objectives and identifying possible courses of action. It helps managers evaluate alternatives systematically and make informed decisions that align with the organisation's goals.
- (ii) **Planning reduces overlapping and wasteful activities:** Proper planning ensures that resources such as time, money and effort are utilised efficiently. By defining responsibilities clearly, it minimises duplication of work and prevents unnecessary wastage, leading to cost-effectiveness and better coordination.
- (iii) **Planning establishes standards for controlling:** Planning sets performance benchmarks, making it easier for managers to compare actual performance with planned targets. This helps identify deviations and take corrective actions promptly, ensuring that the organisation stays on track to achieve its goals.

OR

- (b) (i) **Procedure:** A procedure is a series of sequential steps that must be followed to accomplish a task. It ensures uniformity and consistency in work by providing a structured way of performing activities. For example, the procedure for employee recruitment may include steps like job posting, screening applications, conducting interviews and selecting candidates.



(ii) **Method:** A method refers to the specific way in which a particular task is performed. It focuses on the best technique to carry out an operation efficiently. Methods improve productivity and reduce errors by standardising work processes. For instance, a company may adopt the 'Six Sigma' method to improve quality control in manufacturing.

(iii) **Programme:** A programme is a detailed action plan that includes objectives, policies, procedures, budgets and schedules for achieving a specific goal. It integrates various plans to ensure coordinated efforts in project execution. For example, a company launching a new product may create a programme covering production, marketing and distribution activities.

### Outside Delhi Set- 1

66/2/1

1. Option (A) is correct.

*Explanation:* Management is the process of designing and maintaining an environment where individuals and teams work together efficiently to achieve organisational goals. It involves planning, organising, staffing, directing and controlling to ensure that resources are used effectively and objectives are met.

2. Option (D) is correct.

*Explanation:* A budget is a financial plan that represents expected income and expenses numerically over a specific period. In this case, Kavi is forecasting sales for different stationery products for each school and comparing actual sales with expected sales, which is a characteristic of budgeting.

3. Option (B) is correct.

*Explanation:* Directing involves guiding, motivating and leading employees to achieve organisational goals. It helps in introducing changes smoothly by providing proper communication, leadership and motivation. However, directing reduces resistance to change rather than increasing it. Effective leadership and communication help employees accept and adapt to changes rather than resist them.

4. Option (D) is correct.

*Explanation:* The dividend decision is influenced by a company's growth opportunities. Since CVX Ltd. planned to expand into emerging markets and launch new products, it required additional capital investment for production and distribution infrastructure. To finance this expansion, the company decided to retain more earnings instead of distributing higher dividends. This decision aligns with the growth opportunities factor, as companies with high expansion plans tend to retain profits to reinvest in business growth.

5. Option (A) is correct.

*Explanation:* Staffing involves recruiting, selecting, training, developing and maintaining employees to ensure an efficient and satisfied workforce. It ensures that the right people are in the right jobs at the right time. Also, staffing is a continuous process. As businesses grow, employees leave, retire or get promoted, requiring ongoing recruitment and workforce management.

6. Option (A) is correct.

*Explanation:* Internal sources of recruitment involve promoting, transferring or rehiring existing employees from within the organisation. Since the employees are already familiar with the company's culture, work environment and expectations, the selection process becomes simpler compared to external recruitment.

7. Option (C) is correct.

*Explanation:* Atul didn't rely solely on formal authority or financial incentives; instead, he tapped into his insights about human behaviour and used those insights to motivate his team. This helped transform the attitude of reluctant workers, leading them to work efficiently and effectively.

Hence, Motivation is the concept Atul used to achieve this outcome.

8. Option (B) is correct.

*Explanation:* Inflation refers to the general increase in the prices of goods and services over time. In this case, the cost of dates, dry fruits and other ingredients increased, leading to higher expenses for raw materials. As a result, Isha Sweets required more working capital to maintain the same level of production and sales.

9. Option (D) is correct.

*Explanation:* The statement highlights how organising helps a business modify its structure to accommodate changes in the business environment. This ensures a smooth transition and enables the organisation to remain flexible and responsive to external factors, which is the essence of adaptation to change.

10. Option (C) is correct.

*Explanation:* Consumers seek psychological benefits from products, such as a sense of security, confidence, prestige or personal satisfaction. These benefits influence buying decisions along with functional (practical use) and social (status, recognition) benefits.

11. Option (C) is correct.

*Explanation:* Organisational barriers arise due to rigid rules, cumbersome procedures, hierarchical approvals or lack of flexibility in decision-making. In this case, delays in sanctioning the procurement

due to procedural rigidity prevented Nimesh from placing the order, making it an organisational barrier to communication.

12. Option (B) is correct.

**Explanation:** Authority is the right of an individual to command subordinates and take action within the scope of their position. It is a key element of management that enables decision-making and ensures the smooth functioning of an organisation.

13. Option (D) is correct.

**Explanation:** Under the Consumer Protection Act, 2019, the appellate mechanism is structured as an aggrieved party dissatisfied with the order of the District Commission may appeal to the State Commission. If not satisfied with the State Commission's order, the appeal can be made to the National Commission. Finally, if the party is not satisfied with the National Commission's order, an appeal can be made to the Supreme Court on a substantial question of law.

14. Option (C) is correct.

**Explanation:** The image depicts an AI-powered news anchor, which represents advancements in technology. This highlights the technological dimension of the business environment, as businesses are increasingly adopting AI and automation.

15. Option (A) is correct.

**Explanation:** Planning indeed involves looking ahead and preparing for the future as it helps businesses anticipate and respond to upcoming challenges and opportunities. The purpose of planning is to ensure that an organisation is well-prepared to handle future events effectively and to its best advantage.

16. Option (C) is correct.

**Explanation:** (a) **Method Study** → (iv): Method study focuses on finding the most efficient way to complete a task.

- (b) **Motion Study** → (i): Motion study analyses worker movements to eliminate unnecessary motions and improve efficiency.

- (c) **Time Study** → (iii): Time study sets a standard time for tasks to improve productivity.

- (d) **Fatigue Study** → (ii): Fatigue study focuses on providing appropriate rest periods to avoid exhaustion and improve efficiency.

17. Option (C) is correct.

**Explanation:** Management is dynamic because it continuously adapts to changes in the business environment. In this case, AK Solutions adapted to the changing needs caused by the floods by converting conference halls into study centres

and libraries. This flexibility and responsiveness to external conditions demonstrate that management is not static but evolves to meet new challenges and opportunities.

18. Option (D) is correct.

**Explanation:** Trading on equity is a strategy where a company uses fixed financial charges, like interest on borrowed funds, to increase earnings for shareholders. If the company earns more than the debt cost, the remaining profit benefits the shareholders, increasing earnings per share. However, this strategy comes with financial risk if the company's earnings are insufficient to cover fixed charges.

19. Option (D) is correct.

**Explanation:** The cost of debt is generally lower than the cost of equity because interest on debt is a tax-deductible expense, reducing the effective cost. Debt holders take lower risks compared to equity shareholders because they receive fixed interest payments and have a priority claim in case of liquidation. Equity shareholders face more uncertainty because they receive dividends only after all other obligations are met and bear the highest risk if the company incurs losses.

20. Option (C) is correct.

**Explanation:** Financial planning ensures that a business has adequate funds available at the right time to meet its obligations and execute its plans effectively. It involves estimating financial requirements, determining sources of funds, and managing financial resources efficiently.

21. (a) **Functions of Stock Exchange:**

- (i) **Providing Liquidity and Marketability to Existing Securities:** The stock exchange ensures that investors can buy and sell securities easily, converting their investments into cash whenever needed. This continuous trading process enhances marketability and ensures smooth financial transactions.

- (ii) **Pricing of Securities:** Stock exchanges determine the fair price of securities through demand and supply forces. Prices fluctuate based on company performance, economic conditions and investor sentiment, ensuring transparency in valuation.

- (iii) **Safety of Transaction:** Stock exchanges operate under strict regulations to prevent fraud, insider trading and price manipulation. Regulatory bodies like SEBI ensure secure and ethical trading, boosting investor confidence.

OR

- (b) **Difference between Primary Market and Secondary Market:**

Basis	Primary Market	Secondary Market
(i) Meaning	It is the market where new securities are issued for the first time by companies to raise capital.	It is the market where previously issued securities are bought and sold among investors.
(ii) Purpose	Helps companies raise funds for expansion and growth.	Provides liquidity and marketability to existing securities.
(iii) Intermediaries	Investment banks, underwriters and regulatory bodies facilitate the issuance of securities.	Stock exchanges, brokers and traders facilitate the buying and selling of securities.

22. (i) The concept discussed in the given case is Communication.

Communication is the process of exchanging information, ideas, and views between individuals or groups to create a common understanding. In this case, ineffective communication between Vicky (the in-charge) and the employees in Kagpur resulted in a lack of awareness about the product's features and benefits, leading to poor sales.

(ii) **Elements of the Communication Process:**

- Sender** – The person who initiates the communication by conveying a message.
- Message** – The information, idea or facts that need to be communicated.
- Encoding** – The process of converting the

message into a suitable form, such as words, symbols, or gestures.

- Channel** – The medium used to transmit the message, such as verbal communication, written documents or digital platforms.

- Decoding:** It is the process of converting encoded symbols of the sender.

23. (a) **Capital Market:** The Capital Market is a financial market where long-term securities such as equity shares, debentures and bonds are bought and sold. It helps businesses raise funds for expansion and provides investment opportunities to individuals and institutions.

**Difference between Capital Market and Money Market:**

Basis	Capital Market	Money Market
(i) Participants	Financial institutions, banks, corporate entities, foreign investors and ordinary retail investors from members of the public	RBI, banks, financial institutions and finance companies. Individual investors although permitted to transact in the secondary money market, do not normally do so.
(ii) Instrument	Equity shares, debentures, bonds, preference shares, etc.	Treasury bills, commercial papers, certificates of deposit and call money, etc.

OR

(b) **Regulatory Functions of SEBI:**

- Registration of brokers and sub-brokers and other players in the market.
- Registration of collective investment schemes and Mutual Funds.
- Regulation of stock brokers, portfolio exchanges, underwriters and merchant bankers and the business in stock exchanges and any other securities market.
- Regulation of takeover bids by companies.
- Calling for information by undertaking inspection, conducting enquiries and audits of stock exchanges and intermediaries.
- Levying fee or other charges for carrying out the purposes of the Act.
- Performing and exercising such power under Securities Contracts (Regulation) Act 1956, as may be delegated by the Government of India.

(Any three)

24. **Three Consumer Responsibilities Not Fulfilled by Aman:**

- Read labels carefully so as to have information about prices, net weight, manufacturing and expiry dates, etc.
- Ask for a cash memo on purchase of goods or services. This would serve as a proof of the purchase made.
- Assert yourself to ensure that you get a fair deal.

25. (a) **Principles of Management by Henri Fayol:**

- Division of Work:** This principle states that work should be divided into smaller tasks and assigned to individuals based on their specialisation. Specialisation increases efficiency, improves skill development and enhances productivity. For example, in a manufacturing unit, different workers are assigned tasks such as assembling, packaging, and quality control, leading to better efficiency.
- Authority and Responsibility:** Authority refers to the right to give orders, while responsibility is the obligation to perform assigned tasks. There should be a balance between authority and responsibility to



prevent misuse of power and ensure accountability. If a manager has the authority to make decisions, they should also be responsible for their consequences.

OR

**(b) Significance of Principles of Management:**

**(i) Providing Managers with Useful Insights into Reality:**

Management principles help managers understand business realities and deal with challenges effectively. They act as guidelines for decision-making, improving efficiency and adaptability in dynamic environments. For example, the principle of unity of command prevents confusion by ensuring that an employee receives instructions from only one superior.

**(ii) Optimum Utilisation of Resources and Effective Administration:**

Management principles promote efficient use of resources such as manpower, materials and money. They help reduce wastage and ensure smooth workflow, leading to effective administration. For instance, the principle of division of work enhances productivity, while order and discipline ensure a well-organised workplace.

**26. (a) Features of Co-ordination:**

**(i) Co-ordination Integrates Group Efforts:**

Co-ordination unifies unrelated or diverse interests into purposeful work activity. It gives a common focus to group effort to ensure that performance is as it was planned and scheduled.

**(ii) Co-ordination is the Responsibility of all managers:**

Co-ordination is the function of every manager in the organisation. Top level managers need to coordinate with their subordinates to ensure that the overall policies for the organisation are duly carried out. Middle level management coordinates with both the top level and first line managers. Operational level management coordinates the activities of its workers to ensure that work proceeds according to plans.

OR

**(b) Features of Management:**

**(i) Management is a goal-oriented process:**

Management focuses on achieving organisational goals effectively and efficiently. All managerial activities, such as planning, organising, staffing, directing and controlling, are aimed at fulfilling business objectives. For example, a company aiming to increase market share will plan strategies, allocate resources and monitor progress to achieve this goal.

**(ii) Management is a continuous process:**

Management is an ongoing activity that involves continuous decision-making, implementation and evaluation. It does not end after achieving a single goal but evolves as new challenges and objectives arise. For example, even after successfully launching a product, managers must continuously improve marketing strategies, production efficiency and customer service to sustain growth.

**27. (i) Concepts of Management identified for Each Group:**

**Group I: Effectiveness and Efficiency:** The group was able to meet the target of refurbishing 150 dresses while maintaining the specified cost of Rs. 30 per dress. This means they achieved both the desired result (effectiveness) and did so by utilising resources optimally (efficiency).

**Group II: Effectiveness but not Efficiency:** This group met the target of refurbishing 150 dresses but exceeded the cost limit of Rs. 30 per dress (the actual cost) to Rs. 35 per dress. While they were effective in achieving the goal, they were not efficient as they did not control costs properly.

**Group III: Efficiency but not Effectiveness:** This group refurbished the dresses at a lower cost of Rs. 27 per dress, which means they were efficient in managing costs. However, they failed to meet the target of 150 dresses (only refurbished 140), meaning they lacked effectiveness.

**(ii) Effectiveness:** Effectiveness refers to achieving the desired goal or target within the stipulated time. It focuses on results and ensures that objectives are met, regardless of the resources used.

**Efficiency:** Efficiency refers to accomplishing a task with minimum resources and costs. It ensures optimum utilisation of inputs such as time, money, and labor to achieve maximum output.

For management, it is important to be both effective and efficient. Effectiveness and efficiency are two sides of the same coin. But these two aspects need to be balanced. It is important for management to achieve goals (effectiveness) with minimum resources i.e., as efficiently as possible while maintaining a balance between effectiveness and efficiency. Usually high efficiency is associated with high effectiveness which is the aim of all managers. But undue emphasis on high efficiency without being effective is also not desirable. Poor management is due to both inefficiency and ineffectiveness.

**28. The two points of importance of the planning function highlighted in the paragraph are:**

**(i) Planning provides directions:**

By stating in advance how work is to be done planning provides direction for action. Planning ensures that the goals or objectives are clearly stated so that they act as a guide for deciding what action should be taken and in which direction. If goals are well defined, employees are aware of what the organisation has to do and what they must do to achieve those goals. Departments and individuals in the organisation are able to work in coordination. If there was no planning, employees would be working in different directions and the organisation would not be able to achieve its desired goals.

**(ii) Planning reduces overlapping and wasteful activities:**

Planning serves as the basis of coordinating

the activities and efforts of different divisions, departments and individuals. It helps in avoiding confusion and misunderstanding. Since planning ensures clarity in thought and action, work is carried on smoothly without interruptions. Useless and redundant activities are minimised or eliminated. It is easier to detect inefficiencies and take corrective measures to deal with them.

29. (i) The element of the marketing mix discussed above is Promotion. Promotion involves all the activities a company undertakes to communicate with its target audience about its products or services. It is aimed at informing, persuading and reminding potential customers about the offerings, thereby stimulating demand.
- (ii) The various tools of Communication highlighted in the Paragraph
- (a) **Advertising:** "The attractive poster displayed near Anika's office." Advertising is used to create awareness and capture interest. The poster serves as a visual communication tool that informs potential customers about the gym's location, services, and special schemes.
- (b) **Sales Promotion:** "The limited-time offer of a 50% discount, free coach facility, and free protein diet." Sales promotions are short-term incentives designed to encourage immediate action. The attractive discount and additional benefits serve as inducements to overcome hesitation, prompting potential customers like Anika to join the gym quickly.
30. (i) The financial decision discussed in the paragraph is the Investment Decision. Investment Decision refers to decisions regarding the allocation of funds into long-term assets or projects. It involves evaluating the potential returns, risks and costs associated with capital expenditures.
- (ii) **Factors Affecting the Investment Decision**
- (a) **Cash flows of the project:** When a company takes an investment decision involving huge amount it expects to generate some cash flows over a period. These cash flows are in the form of a series of cash receipts and payments over the life of an investment. The amount of these cash flows should be carefully analysed before considering a capital budgeting decision.
- (b) **The rate of return:** The most important criterion is the rate of return of the project. These calculations are based on the expected returns from each proposal and the assessment of the risk involved. Suppose, there are two projects, A and B (with the same risk involved), with a rate of return of 10 per cent and 12 per cent, respectively, then under normal circumstance, project B should be selected.
- (c) **The investment criteria involved:** The decision to invest in a particular project involves a number of

calculations regarding the amount of investment, interest rate, cash flows and rate of return. There are different techniques to evaluate investment proposals which are known as capital budgeting techniques. These techniques are applied to each proposal before selecting a particular project.

(Any two)

31. (a) **Steps in the Selection Process:**

- (i) **Preliminary Screening:** This is the first step where the initial applications are reviewed. It helps eliminate unqualified candidates based on basic criteria such as educational qualifications, experience, and job suitability.
- (ii) **Selection Tests:** Candidates who pass the screening process undergo various tests to assess their skills, intelligence, aptitude and personality. These tests help in evaluating their job-related abilities.
- (iii) **Employment Interview:** This step involves face-to-face interaction between the employer and the candidate. It helps in assessing the candidate's communication skills, confidence, attitude and overall suitability for the job.
- (iv) **Reference and Background Checks:** The employer verifies the candidate's previous work experience, character and credibility by checking references provided by the candidate. This ensures reliability and trustworthiness.

OR

(b) **Non-Financial Incentives:**

- (i) **Status:** Status refers to the rank or position of an employee in the organisation. A higher status provides recognition and respect, and motivates employees to work efficiently.
- (ii) **Organisational Climate:** A positive organisational climate includes a good work culture, healthy relationships, fair policies and open communication. It helps employees feel valued and motivated.
- (iii) **Job Enrichment:** Job enrichment involves adding more responsibilities and challenges to an employee's role, making the work more meaningful and increasing job satisfaction.
- (iv) **Employee Participation:** When employees are involved in decision-making, they feel a sense of ownership and commitment to the organisation. It boosts morale and enhances productivity.
32. (i) The function of management discussed in the given case is Controlling.
- Controlling is the process of ensuring that activities are carried out as per the plan and that resources are utilised efficiently to achieve organisational goals. It involves monitoring performance, comparing it with standards, identifying deviations and taking corrective actions.
- (ii) **Importance of controlling function of management:**
- (a) **Accomplishing organisational goals:** The

controlling function measures progress towards the organisational goals and brings to light the deviations, if any, and indicates corrective action. It, thus, guides the organisation and keeps it on the right track so that organisational goals might be achieved.

- (b) **Judging accuracy of standards:** A good control system enables management to verify whether the standards set are accurate and objective. An efficient control system keeps a careful check on the changes taking place in the organisation and in the environment and helps to review and revise the standards in light of such changes.
- (c) **Making efficient use of resources:** By exercising control, a manager seeks to reduce wastage and spoilage of resources. Each activity is performed in accordance with predetermined standards and norms. This ensures that resources are used in the most effective and efficient manner.
- (d) **Improving employee motivation:** A good control system ensures that employees know well in advance what they are expected to do and what are the standards of performance on the basis of which they will be appraised. It, thus, motivates them and helps them to give better performance.
- (e) **Ensuring order and discipline:** Controlling creates an atmosphere of order and discipline in the organisation. It helps to minimise dishonest behaviour on the part of the employees by keeping a close check on their activities.
- (f) **Facilitating coordination in action:** Controlling provides direction to all activities and efforts for achieving organisational goals. Each department and employee are governed by predetermined standards which are well coordinated with one another. This ensures that overall organisational objectives are accomplished. **(Any five)**

### 33. (a) Advantages of Formal Organisation:

- (i) **Clear chain of Command:** It establishes well-defined authority and responsibility, ensuring smooth communication and decision-making.
- (ii) **Stability and Efficiency:** A formal structure provides stability by setting clear policies, procedures and rules, improving operational efficiency.
- (iii) **Accountability and Discipline:** Employees are accountable for their tasks, and discipline is maintained due to the structured environment.

#### Limitations of Formal Organisation:

- (i) **Rigidity in Operations:** Strict rules and procedures can make the organisation less adaptable to changes and innovation.
- (ii) **Slow Decision-Making:** Due to hierarchical levels, decision-making may become time-consuming and bureaucratic.
- (iii) **Limited Employee Initiative:** Employees may feel restricted in expressing creativity as they must follow

set procedures strictly.

OR

### (b) Advantages of Functional Structure of Organisation:

- (i) **Specialisation:** Employees become experts in their respective fields, leading to higher efficiency and productivity.
- (ii) **Operational Efficiency:** Since tasks are divided among specialised departments, work is carried out systematically and effectively.
- (iii) **Clear Roles and Responsibilities:** Each department has specific functions, reducing confusion and ensuring accountability.
- (iv) **Better Coordination within Departments:** Employees working in the same function can easily collaborate, improving teamwork and decision-making.
- (v) **Economies of Scale:** Resource sharing and specialization reduce costs and lead to better utilization of manpower and equipment.
- (vi) **Scope for Growth and Expansion:** As businesses grow, additional functions can be introduced without disrupting the entire structure.

### 34. Factors affecting Price Determination in 'Energylights':

#### (i) Cost of Production:

**Quote from the case:** "To determine the price of their LED lights they not only wanted to cover all costs but also wanted to earn a margin of profit over and above the costs."

The cost of technology and high-grade materials increased the manufacturing cost. To ensure profitability, they set the price at a level that covered all costs and provided a reasonable profit margin.

#### (ii) Demand for the Product:

**Quote from the case:** "The high demand and the utility provided by these lights will set the upper limit of the price."

Since LED lights had high demand, Ravi and Megha had the flexibility to set a higher price without losing customers. The utility and energy efficiency of the product allowed them to charge a premium price.

#### (iii) Competition and Market Conditions:

**Quote from the case:** "Though there was enough competition in LED lights business, even then they kept the price of their lights higher than the competitors because of good quality and its features."

Despite competition, they differentiated their product based on quality and unique features.

They justified the higher price through product differentiation, unique advertising, and sales promotion strategies.



## Outside Delhi Set-2

66/2/2

12. Option (C) is correct

**Explanation:** Responsibility refers to the obligation of a subordinate to properly perform the assigned duty. It arises when a superior delegates tasks and the subordinate is expected to complete them efficiently. Responsibility is an essential element of delegation and cannot be transferred.

23. (a) The Money Market is a segment of the financial

market where short-term financial instruments with high liquidity and maturities of one year or less are traded. It facilitates borrowing and lending of funds for short durations and includes instruments like treasury bills, commercial papers and certificates of deposit.

**Difference between Capital market and Money market on the following basis:**

Basis	Capital Market	Money Market
(i) Investment Outlay	Investment in the capital market i.e. securities does not necessarily require a huge financial outlay. The value of units of securities is generally low i.e. Rs 10, Rs 100 and so is the case with minimum trading lot of shares which is kept small i.e. 5, 50, 100 or so.	In the money market, transactions entail huge sums of money as the instruments are quite expensive.
(ii) Duration	The capital market deals in medium and long term securities such as equity shares and debentures.	Money market instruments have a maximum tenure of one year, and may even be issued for a single day.

OR

(b) **Development Functions of Securities and Exchange Board of India:**

- (i) Training of intermediaries of the securities market.
- (ii) Conducting research and publishing information useful to all market participants.
- (iii) Undertaking measures to develop the capital markets by adapting a flexible approach.

25. (a) **Principle of Management given by Fayol:**

- (i) **Unity of Command:** An employee should receive orders from only one superior at a time. This prevents confusion, conflict and inefficiency in decision-making and execution.
- (ii) **Order:** This principle highlights the need for orderly arrangement of both men and materials. It allows everything to have its place and purpose in the organisation, which brings discipline and efficiency into its operations.

OR

(b) **Significance of Principles of Management:**

- (i) **Scientific Decision:** The principles of management provide a systematic and rational approach to decision-making. They help managers make informed, logical and objective decisions based on facts rather than intuition, reducing the risk of errors.
- (ii) **Fulfilling Social Responsibility:** Management principles emphasise ethical business practices and encourage organisations to contribute to societal well-being. This includes fair wages, environmental protection, consumer rights, and corporate social responsibility (CSR) initiatives.

26. (a) **Features of Co-ordination:**

- (i) **Co-ordination ensures unity of action:** Coordination brings together the efforts of different departments

and individuals to achieve a common organisational goal. It aligns various activities, eliminating conflicts and ensuring smooth functioning.

- (ii) **Co-ordination is a continuous process:** Coordination is not a one-time activity but an ongoing process. It starts with planning and continues through organising, directing, staffing and controlling, ensuring harmony in all business operations.

OR

(b) **Features of Management:**

- (i) **Management is a group activity:** Management is not an individual effort but a collective process that involves a group of people working together to achieve common organisational goals. It ensures coordination among employees and departments to maximise efficiency and productivity.
- (ii) **Management is an Intangible Force:** Management cannot be seen or touched, but its presence is felt through the smooth functioning of an organisation. Its effectiveness is reflected in the growth, productivity, employee satisfaction and achievement of organisational objectives.

31. (a) **Steps in the Process of Selection:**

- (i) **Selection Decision:** This step involves evaluating the candidates based on their performance in tests, interviews, and other selection criteria to finalise the most suitable candidate for the job.
- (ii) **Medical Examination:** The selected candidates undergo a medical check-up to ensure they are physically and mentally fit for the job. This step helps prevent workplace health-related issues.
- (iii) **Job Offer:** Once the candidate clears all previous stages, a formal job offer is made, including details like salary, benefits, and terms of employment.

(iv) **Contract of Employment:** After accepting the job offer, the candidate signs a formal employment contract that outlines the job role, responsibilities, terms, and conditions of employment, making the selection process official.

OR

(b) **Financial Incentives:**

(i) **Profit Sharing:** This is a financial incentive where employees receive a share of the company's profits in addition to their regular salaries. It encourages employees to contribute towards increasing the company's profitability.

(ii) **Co-partnership:** Under this scheme, employees become part-owners of the company by acquiring shares. This promotes a sense of belonging, motivation and commitment towards organisational success.

(iii) **Productivity Linked Wage Incentives:** These incentives are given to employees based on their performance and productivity. Higher efficiency and better results lead to increased earnings, motivating employees to work harder.

(iv) **Perquisites:** Also known as 'perks,' these are additional financial benefits given to employees, such as housing, medical benefits, company cars, and travel allowances, which enhance job satisfaction and motivation.

33. (a) **Advantages of Informal Organisation:**

(i) **Faster Communication:** Information flows quickly and informally among employees, helping in faster decision-making.

(ii) **Job Satisfaction:** Provides social support and a sense of belonging, enhancing employee morale and satisfaction.

(iii) **Flexibility:** It is adaptable to changes and allows employees to work collaboratively beyond the rigid structure of the formal organisation.

**Limitations of Informal Organisation:**

(i) **Resistance to Change:** Informal groups may resist organisational changes, making it difficult for management to implement new policies.

(ii) **Spread of Rumors:** Unofficial communication can lead to misinformation and workplace conflicts.

(iii) **Lack of Accountability:** Since it is not officially recognised, there is no formal control over decisions and actions taken within informal groups.

OR

(b) **Advantages of Divisional Structure:**

(i) **Better Accountability:** Each division operates as an independent profit center, making it easier to assess performance and hold managers accountable.

(ii) **Faster Decision-Making:** Since each division has autonomy, decisions can be made quickly without waiting for approval from top management.

(iii) **Specialisation and Growth:** Divisions focus on specific products, markets or regions, leading to specialisation and better opportunities for expansion.

**Disadvantages of Divisional Structure:**

(i) **Higher Costs:** Duplication of resources across divisions, such as finance and HR, increases operational costs.

(ii) **Coordination Challenges:** Lack of synergy between divisions may lead to inefficiencies and conflicts in overall organisational goals.

(iii) **Limited Control by Top Management:** With decentralised decision-making, top management may face difficulty in maintaining control and uniform policies.

Outside Delhi Set- 3

66/2/3

12. Option (D) is correct.

**Explanation:** Accountability means being answerable for the results of a task, making it the correct choice.

23. (a) **Difference between Capital Market and Money**

**Market based on the following basis:**

Basis	Capital Market	Money Market
(i) Liquidity	Less liquid as investments are long-term.	Highly liquid due to short-term instruments.
(ii) Safety	The risk involved in investment is comparatively high.	The risk involved in investment is comparatively low.
(iii) Expected Return	The return on the investment is expected to be high.	Lower returns due to short-term nature.

OR

(b) **Three Protective Functions of SEBI:**

- Prohibition of fraudulent and unfair trade practices like making misleading statements, manipulations, price rigging, etc.
- Controlling insider trading and imposing penalties for such practices.
- Undertaking steps for investor protection.
- Promotion of fair practices and code of conduct in securities market.

(Any three)

25. (a) **Principle of Management given by Fayol:**

(i) **Equity:** Managers should treat employees with equity and not discriminate against employees whether it is in gender or caste or religion. When management is seen as fair and kind, employees feel a sense of loyalty and commitment to the organisation.

(ii) **Initiative:** Fayol advocated that workers be given the power to make suggestions and execute tasks without having to wait for orders. It encourages innovation, efficiency and accountability among the workforce.

OR

**(b) Significance of principle of management:**

- (i) Meeting changing environment requirements:** Management principles help organisations adapt to dynamic business environments, including economic, social, technological and political changes. By following these principles, businesses can make strategic adjustments to stay competitive and relevant in evolving market conditions.
- (ii) Management training, education, and research:** Management principles serve as a foundation for training future managers, improving education, and conducting research in management studies. They provide systematic guidelines for managerial decision-making and problem-solving, ensuring efficiency and effectiveness in business operations.

**26. (a) Features of Co-ordination:**

- (i) Co-ordination is an all-pervasive function:** Co-ordination is required at all levels and in all departments of an organisation. It ensures that various functions such as production, marketing, finance and human resources work in sync to achieve organisational goals. It is equally essential in all types of organisations, whether business, government or social institutions.
- (ii) Co-ordination is a deliberate function:** Co-ordination does not happen automatically; it requires conscious and planned efforts by management. Managers need to actively integrate the efforts of different individuals and departments to ensure unity of action and avoid conflicts.

OR

**(b) Features of management:**

- (i) Management of Work:** Every organisation exists to perform certain tasks or activities that contribute to achieve its objectives. Management ensures that work is planned, organised and executed efficiently using available resources. It involves setting goals, designing processes, and improving productivity to maximise output.
- (ii) Management of People:** People are the most important resource in an organisation. Management focuses on effectively utilising human resources by motivating employees, fostering teamwork and maintaining a good working environment. It involves leadership, communication and conflict resolution to enhance employee performance and satisfaction.

**31. (a) Steps in the process of staffing:**

- (i) Placement and Orientation:** The employee will be placed in appropriate job role based on the skills and qualification post selecting the employee. This is known as orientation (or induction), where the new employee is introduced to the organisation's policies, culture, and work environment.
- (ii) Training and Development:** Employees receive training that enhances their skills and improves performance. Development programs prepare employees for higher roles as they climb up the corporate ladder.

**(iii) Performance Appraisal:** This step involves evaluating an employee's job performance against predefined standards. Feedback is provided, and performance is assessed to determine areas of improvement, rewards or promotions.

**(iv) Promotion and Career Planning:** Employees are given opportunities for growth within the organisation based on their performance and potential. Promotion involves upgrading an employee's position, while career planning ensures a structured path for professional advancement.

OR

**(b) Non-financial incentives:**

**(i) Career Advancement Opportunity:** Employees are motivated when they see opportunities for growth within the organisation. Providing training, promotions, and skill development programs encourages employees to perform better and stay committed to their roles.

**(ii) Employee Recognition Programmes:** Recognising employees for their achievements boosts morale and motivation. This can include awards, public appreciation, certificates, or even informal praise, making employees feel valued and respected.

**(iii) Job Security:** A stable and secure job environment reduces stress and increases employee loyalty. When employees feel assured about their future in the organisation, they focus on productivity rather than job uncertainty.

**(iv) Employee Empowerment:** Giving employees more autonomy in decision-making and task execution enhances their confidence and job satisfaction. It fosters creativity, innovation and a sense of ownership in their work.

**33. (a) Formal Organisation**

A formal organisation refers to the structured and well-defined system of roles, responsibilities and relationships established within an organisation to achieve specific objectives. It is officially designed by the management and follows a clear chain of command.

**Features of Formal Organisation:**

- (i)** It specifies the relationships among various job positions and the nature of their interrelationship. This clarifies who has to report to whom.
- (ii)** It is a means to achieve the objectives specified in the plans, as it lays down rules and procedures essential for their achievement.
- (iii)** Efforts of various departments are coordinated, interlinked and integrated through the formal organisation.
- (iv)** It is deliberately designed by the top management to facilitate the smooth functioning of the organisation.
- (v)** It places more emphasis on work to be performed than interpersonal relationships among the employees.



OR

(b) Difference between functional structure and divisional structure:

Basis	Functional Structure	Divisional Structure
(i) Basis of Formation	Group activities based on functions such as marketing, finance, HR, etc.	Group activities based on products, geographical regions or customer segments.
(ii) Specialisation	Ensures specialisation in specific functional areas.	Focuses on product-based or region-based specialisation.
(iii) Autonomy	Decision-making is centralised within functions.	Divisions operate as separate units with more autonomy.
(iv) Cost Efficiency	More economical as resources are shared across functions.	Comparatively expensive due to duplication of resources across divisions.
(v) Suitability	Suitable when the size of the organisation is large, has a diversified activities and operations require a high degree of specialisation.	Suitable for organisations with multiple product lines or operating in different regions.
(vi) Responsibility	Difficult to fix responsibility for performance issues.	Easier to assign accountability as each division operates independently.

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