





SAMPLE QUESTION PAPERS **BUSINESS STUDIES**

CBSE CLASS 12

ALL PAPERS STRICTLY ON REDUCED SYLLABUS AND
AS PER LATEST CBSE SAMPLE PAPER PROVIDED ON 9th OCT 2020

WHAT'S INSIDE

	SOLVED SAMPLE PAPERS (9)	Page
	1 CBSE Sample Paper 2020 ⚡	26
	1 CBSE Sample Paper 2019	44
	1 CBSE 2019 Paper (Topper)	59
	6 Sample Papers 	89
	SELF-ASSESSMENT (3)	
	3 Sample Papers 	173



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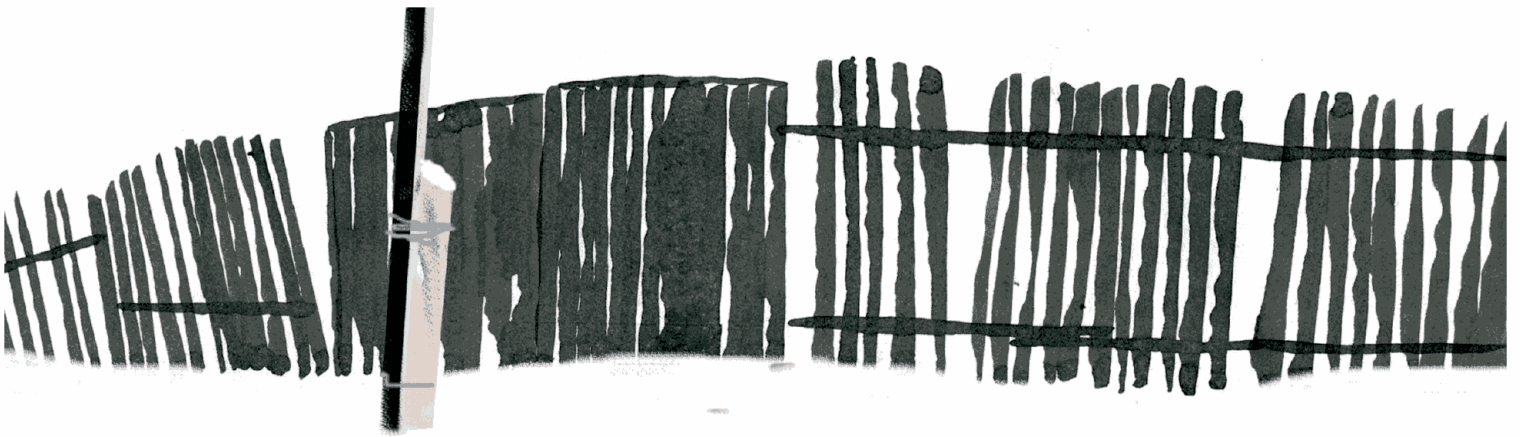
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AGP contributes **Rupee One** on every book purchased by you to the **Friends of Tribals Society** Organization for better education of tribal children.





Hello!

Friends, this year is all about keeping caution, strengthening determination and smart learning. CBSE has made sweeping changes in the paper pattern of all subjects and we at Educart have adhered 100% to those changes.

After the record breaking sales and acceptance of our sample papers last year pan-india, we have launched class 12 books with some critical value additions. This is our special self-prep version for 2021 with the new objective section included.

EduCart has also roped in CBSE Business Studies experts and most experienced teachers, to analyse the new pattern and prepare a fine XIIth Class Business Studies Sample Papers Book for 2021.

Go break a leg!



Reviews



★★★★★ **Read carefully what I am writing**

By Sathya Raji on 2 October, 2020



Guys, this is a very emotional review who has gone through a lot. I lost confidence because of the lack of interest in studies. Dad said focus only on studies but I only like TikTok and PUBG. Now both got banned and I had no other option but to study effectively as mid-terms were near. Now 4 months has passed and I had no preparation of boards at all. So I decided to change things and bought EDUCART.

Their maps (mind maps rather) for the first time in life helped me understand that what all comes in the chapters & what's important in those chapters. I was actually being able to study. I mean how can someone put so much effort in writing the book. So that definately helped me figure some topics well. Today, I finished 2 chapters of chemistry from Educart book and managed to make my father proud.



★★★★★ **Worth for 💰**

By Malika on 3 September, 2020



It's a very good book for the candidates appearing in 2021.... very nice explanation and also very nice editing 👍👍 Go for itt!!!!!!



5★ **Great product**

Student



I recommend this book.... magnificent book for revision...so many good questions are there... My God! the mind maps are super cool... A must buy book ...for class 10 students...just a little mistakes are there but it doesn't matter as those are check points of your learning Mustbuy 👍👍👍👍👍



★★★★★ **Wonderful book 😊**

By S S on 10 September, 2020



Every paper has CBSE questions written in neat way with explanations and related theory. My father purchased this book for me as i m weak in science but i am so happy with it that im posting the review myself to thank educart personally. Edcart, please continue to make such books, in this covid time, this book is what we needed really!



Dear Sir 🗣️

6.77M Subscribers



India ki pehli atma-nirbhar self prep book that really no publisher can match with. Educart question bank is a must buy for all students!



T S Sudhir

(Author of Saina Nehwal's Biography | Journalist | Educator)

To: quickreply@agpgroup.in



Educart Exemplar is my suggested book for this year and I rarely recommend books. This one I have thoroughly read and liked for my students.



RC Chauhan

HOD of Mathematics - DPS

To: quickreply@agpgroup.in



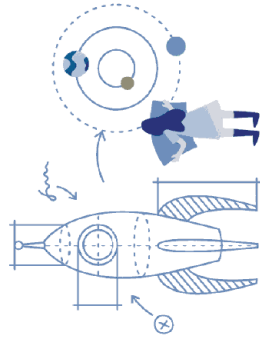
We have reviewed countless Xth Class Maths books but Educart's Sample papers is our top recommendation. Educart has done their homework well on how CBSE students nowadays want to learn solving of maths standard questions.



Contents

Blueprint	vi
Topper Tips	vii
Latest Syllabus	viii
Time Management	xiii
FAQS	xiv
Objective Section Maps	1
Solved Sample Papers	
Sample Paper 1 - CBSE Sample Paper 9 th Oct 2020	26
Sample Paper 2 - CBSE Sample Paper 19 th Sep 2019	44
Sample Paper 3 - CBSE 2019 (Topper)	59
Sample Paper 4	89
Sample Paper 5	104
Sample Paper 6	119
Sample Paper 7	131
Sample Paper 8	145
Sample Paper 9	159
Self-Assessment Papers*	
Sample Paper 10	173
Sample Paper 11	179
Sample Paper 12	186

* Self-assessment papers' solution are available on our website (www.educart.net).



Question Paper Design

Typology of Questions	Objective Type (1 mark)		Subjective Type		Total	
	(3 marks)	(4 marks)	(6 marks)			
Multiple Choice Questions (MCQs)	12Q (2 choice)	-	-	-	12m	
Case Based Question	-	4Q + 4Q	-	-	8m	
Short Answer Type Questions – 1	-	-	4Q (2 choice)	-	12m	
Short Answer Type Questions – 2	-	-	-	6Q (2 choice)	24m	
Long Answer Type Questions	-	-	-	4Q (2 choice)	24m	
	12Q (12m)	8Q (8m)	4Q (12m)	6Q (24m)	4Q (24m)	80m

(vi)

Note: This blueprint is prepared for simplicity purpose, based on the CBSE Sample Paper provided on 9th October 2020.



Topper Tips

(on cracking new pattern)

Friends, on request of the Educart team, followed below are some points I've prepared for you to keep in mind whilst attempting the Class 12 Board Exams on the new pattern:

Define Or Differentiate Questions

For such questions, always substantiate your answer with suitable examples for the same. It's good to present your answers in a Tabular form with the basis for each point of differentiation.

Cracking Case-based Questions (Maths)

Here is the trick. CBSE cannot ask any MCQ in case-based questions that is going to take you more than 1-2 minutes to solve as it will be a 1m MCQ each. So don't worry about the length of the question, treat it like a normal value input or understanding or remembering based question and move ahead. Time is of the essence.

New Pattern MCQs (English)

CBSE has made a complete overhaul of MCQ's style of questioning in Reading and Literature comprehensions of English Section A. They are not direct but inference based and analytical thinking driven. Educart has provided detailed explanations in this book for such MCQs to help understand how to come to a conclusive option.

Strictly provide what's or how it is asked (Accountancy)

- Answer all question parts in the order it is asked in. For instance, in a question, a revaluation account, partners' capital and balance sheet should be done in one place and order only.
- Avoid writing anything as it only leads to wastage of time (unless you don't have an answer for it in which case grace marks writing can be tried). For instance, if question asks for only capital account then preparing the balance sheet simultaneously is of no use. Similarly, if journal entries are asked, then do not prepare the ledger account and balance sheet along with it.

15 minutes reading time hack

- There is 30-50% internal choice this time in each section. You get good 15 minutes in the beginning to read the question paper. Use this time to mark the choice questions you are more confident in attempting to avoid wasting critical thinking time while writing the exam.
- Mark the tough questions you definitely don't know the answer to or where you feel you will struggle, and remember to leave space to come back to answering them.

Prioritise your Sections order

Decide which Section you would want to attempt first and which Section at last. Always attempt the easy questions first. This way your confidence will grow and you will be mentally ready to take on the more challenging questions.



Syllabus

UNITS	TOPICS	MARKS
Part A	Principles and Functions of Management	
1.	Nature and Significance of Management	16
2.	Principles of Management	
3.	Business Environment	
4.	Planning	14
5.	Organising	
6.	Staffing	20
7.	Directing	
8.	Controlling	
Part B	Business Finance and Marketing	
9.	Financial Management	15
10.	Financial Markets	
11.	Marketing Management	15
12.	Consumer Protection	
	TOTAL	80
	PROJECT	20

Part A - Principles and Functions of Management

Unit 1 – Nature and Significance of Management	
Concept	After going through this unit, the student/ learner would be able to:
Management - concept, objectives, and importance	<ul style="list-style-type: none"> Understand the concept of management. Explain the meaning of 'Effectiveness and Efficiency. Discuss the objectives of management. Describe the importance of management.
Management as Science, Art and Profession	<ul style="list-style-type: none"> Examine the nature of management as a science, art and profession..
Levels of Management	<ul style="list-style-type: none"> Understand the role of top, middle and lower levels of management.
Management functions-planning, organizing, staffing, directing and controlling	<ul style="list-style-type: none"> Explain the functions of management
Coordination- concept and importance	<ul style="list-style-type: none"> Discuss the concept and characteristics of coordination. Explain the importance of coordination.

Unit 2 – Principles of Management	
Principles of Management- concept and significance	<ul style="list-style-type: none"> • Understand the concept of principles of management. • Explain the significance of management principles.
Fayol's principles of management	<ul style="list-style-type: none"> • Discuss the principles of management developed by Fayol.
Taylor's Scientific management- principles and techniques	<ul style="list-style-type: none"> • Explain the principles and techniques of 'Scientific Management'.
Unit 3 – Business Environment	
Business Environment - concept and importance	<ul style="list-style-type: none"> • Understand the concept of 'Business Environment'. • Describe the importance of business environment
Dimensions of Business Environment- Economic, Social, Technological, Political and Legal	<ul style="list-style-type: none"> • Describe the various dimensions of 'Business Environment'.
Unit 4 – Planning	
Planning - Concept, importance and limitation	<ul style="list-style-type: none"> • Understand the concept of planning. • Describe the importance of planning. • Understand the limitations of planning.
Planning process	<ul style="list-style-type: none"> • Describe the steps in the process of planning.
Unit 5 – Organising	
Organising - Concept and importance	<ul style="list-style-type: none"> • Understand the concept of organizing as a structure and as a process. • Explain the importance of organising.
Organising Process	<ul style="list-style-type: none"> • Describe the steps in the process of organizing
Structure of organisation - functional and divisional concept	<ul style="list-style-type: none"> • Describe functional and divisional structures of organisation.
Delegation: concept, elements and importance	<ul style="list-style-type: none"> • Understand the concept of delegation. • Describe the elements of delegation. • Appreciate the importance of Delegation.
Decentralization - Concept and importance	<ul style="list-style-type: none"> • Understand the concept of decentralisation. • Explain the importance of decentralisation. • Differentiate between delegation and decentralisation.

Unit 6 – Staffing	
Staffing - Concept and importance	<ul style="list-style-type: none"> • Understand the concept of staffing. • Explain the importance of staffing
Staffing process	<ul style="list-style-type: none"> • Describe the steps in the process of staffing
Recruitment process	<ul style="list-style-type: none"> • Understand the meaning and steps in the process of recruitment. • Discuss the sources of recruitment.
Selection - process	<ul style="list-style-type: none"> • Understand the meaning of selection. • Describe the steps involved in the process of selection.
Training and Development - Concept and importance, Methods of training - on the job and off the job - vestibule training, apprenticeship training and internship training	<ul style="list-style-type: none"> • Understand the concept of training and development. • Appreciate the importance of training to the organisation and to the employees. • Discuss on the job and off the job methods of training. • Discuss the meaning of vestibule training, apprenticeship training and internship training. • Differentiate between training and development.
Unit 7 – Directing	
Directing - Concept and importance	<ul style="list-style-type: none"> • Describe the concept of directing. • Discuss the importance of directing
Elements of Directing	<ul style="list-style-type: none"> • Describe the various elements of directing
Motivation - concept, Maslow's hierarchy of needs, Financial and non-financial incentives	<ul style="list-style-type: none"> • Understand the concept of motivation. • Develop an understanding of Maslow's Hierarchy of needs. • Discuss the various financial and nonfinancial incentives.
Leadership - concept, styles - authoritative, democratic and laissez faire	<ul style="list-style-type: none"> • Understand the concept of leadership. • Understand the various styles of leadership.
Communication - Concept, formal and informal communication;	<ul style="list-style-type: none"> • Understand the concept of communication • Discuss the concept of formal and informal communication. • Discuss the various barriers to effective communication.
Unit 8 – Controlling	
Controlling - Concept and importance	<ul style="list-style-type: none"> • Understand the concept of controlling. • Explain the importance of controlling.
Steps in process of control	<ul style="list-style-type: none"> • Discuss the steps controlling.

Part B - Business Finance and Marketing

Unit 9 – Financial Management	
Financial Management - Concept, role and objectives	<ul style="list-style-type: none"> Understand the concept of financial management. Explain the role of financial management in an organisation. Discuss the objectives of financial management
Financial decisions: investment, financing and dividend - Meaning and factors affecting	<ul style="list-style-type: none"> Discuss the three financial decisions and the factors affecting them.
Financial Planning - Concept and importance	<ul style="list-style-type: none"> Describe the concept of financial planning. Explain the importance of financial planning.
Capital Structure - Concept and factors affecting capital structure	<ul style="list-style-type: none"> Understand the concept of capital structure. Describe the factors determining the choice of an appropriate capital structure of a company.
Fixed and Working Capital - Concept and factors affecting their requirements	<ul style="list-style-type: none"> Understand the concept of fixed and working capital. Describe the factors determining the requirements of fixed and working capital.
Unit 10 – Financial Markets	
Financial Markets - Concept, Functions and types	<ul style="list-style-type: none"> Understand the concept of financial market. Explain the functions of financial market. Understand capital market and money market as types of financial markets.
Money market and its instruments	
Capital market - Concept, types (primary and secondary), methods of floatation in the primary market	<ul style="list-style-type: none"> Discuss the concept of capital market. Explain primary and secondary markets as types of capital market. Differentiate between capital market and money market. Discuss the methods of floating new issues in the primary market. Distinguish between primary and secondary markets.
Stock Exchange - Meaning, Functions and trading procedure	<ul style="list-style-type: none"> Give the meaning of a stock exchange. Explain the functions of a stock exchange. Discuss the trading procedure in a stock exchange. Give the meaning of depository services and demat account as used in the trading procedure of securities.

Securities and Exchange Board of India (SEBI) - objectives and functions	<ul style="list-style-type: none"> • State the objectives of SEBI. • Explain the functions of SEBI.
Unit 11 – Marketing	
Marketing - Concept, functions and philosophies - Product, Price and Standard	<ul style="list-style-type: none"> • Understand the concept of marketing. • Discuss the functions of marketing. • Explain the marketing philosophies.
Marketing Mix - Concept and elements	<ul style="list-style-type: none"> • Understand the concept of marketing mix. • Describe the elements of marketing mix.
Product - Branding, labelling and packaging – Concept	<ul style="list-style-type: none"> • Understand the concept of product as an element of marketing mix. • Understand the concepts of branding, labelling and packaging.
Price - Concept, Factors determining price	<ul style="list-style-type: none"> • Understand the concept of price as an element of marketing mix. • Describe the factors determining price of a product.
Physical Distribution - Concept	<ul style="list-style-type: none"> • Understand the concept of physical distribution.
Promotion - Concept and elements; Advertising, Personal Selling, Sales Promotion and Public Relations	<ul style="list-style-type: none"> • Understand the concept of promotion as an element of marketing mix. • Describe the elements of promotion mix. • Understand the concept of advertising and personal selling • Understand the concept of sales promotion. • Discuss the concept of public relations.
Unit 12 – Consumer Protection	
Consumer Protection - Concept	<ul style="list-style-type: none"> • Understand the concept of consumer protection.
Consumer Protection Act 1986: Meaning of consumer Rights and responsibilities of consumers Who can file a complaint? Redressal machinery Remedies available	<ul style="list-style-type: none"> • Understand the concept of a consumer according to the Consumer protection Act 1986. • Discuss the scope of Consumer Protection Act, 1986 • Explain the consumer rights • Understand the responsibilities of consumers • Understand who can file a complaint and against whom? • Discuss the legal redressal machinery under Consumer protection Act 1986. • Examine the remedies available to the consumer under Consumer protection Act 1986.

Deleted for 2021

Part A: Principles and Functions of Management

Unit 3: Business Environment – Demonetization - concept, Impact of Government policy changes on business with special reference to liberalization, privatization and globalization in India

Unit 4: Planning – Single use and standing plans. Objectives, Strategy, Policy, Procedure, method Rule, budget and Programme

Unit 6: Staffing – Staffing as a part of Human Resource Management concept

Unit 7: Directing – Barriers to effective communication, how to overcome the barriers

Unit 8: Controlling – Relationship between planning and controlling

Unit 5: Organising – Formal and informal organisation- concept

Unit 5: Organising – Formal and informal organisation- concept

Unit 5: Organising – Formal and informal organisation- concept

Part B: Business Finance and Marketing

Unit 11: Marketing – Physical Distribution – components and channels of distribution

Unit 12: Consumer Protection – Consumer Protection: importance, Consumer awareness
- Role of consumer organizations and Non-Governmental Organizations (NGOs)



Time Management

The 3 hour long board paper needs to be attempted strategically so that you are not cut short for time on any question at the end. This means you need to complete each section of the paper within a pre-defined duration. Our experts have figured out the optimum time duration for each section for you to keep in mind. Please see below the time management chart for all subjects:

BUSINESS STUDIES				
Section	Question Type	Questions	Time To Be Spent (Per Question)	Total Time
Objective	MCQ	12Q (1m each)	2 min per question	$12 \times 2 = 24 \text{ min}$
	CBQ	8Q (1m each)	6 min reading time x (2 passages) 2 min per question	$(2 \times 6) + (8 \times 2) = 28 \text{ min}$
Subjective	SA-1	4Q (3m each)	5 min per question	$4 \times 5 = 20 \text{ min}$
	SA-2	6Q (4m each)	8 min per question	$6 \times 8 = 48 \text{ min}$
	LA	4Q (6m each)	10 min per question	$4 \times 10 = 40 \text{ min}$
				Total Time: 2 hours 40 min
				Revision Time: 20 min



FAQs

1. Can we use black pen in CBSE board exam 2021?

As per last year's CBSE guideline, students appearing for CBSE Board Exams can write answers ONLY with a Blue color pen (blue or royal blue). It should be a ball point, gel or fountain pen.

If the students want to use a black pen to highlight or bold the points in answers or for writing titles or headlines then it is allowed.

2. Will the CBSE 2021 paper on reduced syllabus come based on the sample paper CBSE released? Will the difficulty level be the same?

Yes, it will be exactly as per the paper pattern and type of questions introduced by CBSE in the 9th October 2020 uploaded Sample paper. As far as the difficulty level is concerned, expect an easier paper than the provided sample paper as CBSE will not want to reduce chances of students to pass considering COVID-19 has made things a bit difficult. However, this Educart book is prepared keeping a medium difficulty level to prepare students fully for the upcoming new pattern paper.

3. When will CBSE provide datesheet for 2021 boards?

Exact dates for all subjects' exams is usually provided in the month of December of the ongoing academic session. Last year it came on 16th December 2019. Expect the same in the month of December and expect the exams start date to be later than March for the 2020-21 session.

4. How shall I prepare when there is not much time left?

When in shortage of time, less material to study from, is better. This can be done by focusing on only NCERT books (for theory) and our Educart sample papers for practice and nothing else. Educart Sample papers book is 100% designed on the upcoming 2021 paper to help you cover questions on all possible topics with detailed explanations.

5. What is the Pass Marks Cut-off and Criteria?

A candidate has to obtain a grade higher than E (i.e. atleast 33% marks) in all the five subjects of external examination in the main or at the compartmental examinations.

6. How do I access latest CBSE circulars and announcements?

You can always email us on quickreply@agpgroup.in for any update you want. As far as official source is concerned, refer: www.cbseacademic.nic.in/circulars.html.

7. What is the process of applying for a recheck of Marks in a particular subject?

Any student has the right to do so within a week from date of declaration of CBSE board exam result.

The whole process of verification of marks is done online. Steps to apply for verification/rechecking of the answer sheet, are as follows: Apply for rechecking of marks on the CBSE's website www.cbse.nic.in by filling in your details and paying Rs. 500 per subject online (only). The result of verification of marks will be uploaded on the website automatically.

Overall, the verification will be restricted to checking whether all the answers have been checked, there has been no mistake in totalling of marks for each question and the marks have been transferred correctly on the title page of the answer book. A candidate may also apply for obtaining a copy of the evaluated answer book(s) at a later stage if not satisfied with the evaluation

8. What is the best way to practice from this book to score good marks?

In order to crack the board exam, this book is custom made to start with Topper Tips and Time management. This includes an explanation of how to smartly structure your 3 hours during the paper.

Once, you have covered the basics, you can go through the exclusive CBSE last year Topper hand-written solutions and CBSE papers to get a feel of what is normally asked and how to answer them.

Then you start with our most likely 6 solved sample papers, where you time yourself to complete each paper and cross-check your performance with our detailed solutions.

Lastly, the unsolved papers help you self-assess without the temptation of looking at the back and fine-tune your preparation. These are solid papers that, if done well will fully prepare you to do well in the 2021 board exam.

9. Who should I reach out to for any issue related to examination, re-evaluation of copy or any serious matter?

Ideally your only point of contact should be your school and they will take action on your behalf by submitting a request to CBSE regional office. However, we have managed to source some useful contacts in CBSE. Please **refer to the next page** for more information.



IMPORTANT CBSE CONTACTS

Lots of students and parents face the problem of not knowing how best to contact CBSE for matters related to *Examination, admission fees, last-minute change of subject, direct admissions, passing criteria, examination centre related issue, unfair means or even re-evaluation of results* if not satisfactory. This list is not exhaustive.

We have compiled a comprehensive list of contacts of your nearest CBSE Regional Offices for various issues depending on the region you belong to. CBSE prefers any request to be sent to Regional Offices only and that also via the head of your school ideally. It is, therefore, advised to make the request accordingly through a proper channel for prompt and timely action.

Your School Location/Region	CBSE Regional Office (RO) Contact Details
General	Dr. Sanyam Bhardwaj (Controller of Examinations) sanyamb.cbse@nic.in 011-22515828 Dr. Joseph Emmanuel (Director (Academics)) directoracad.cbse.nic.in 011-23212603
Delhi, Foreign Schools	CBSE, PS-1-2, Institutional Area, I.P. Extn, Patparganj, Delhi - 110092 rodelhi.cbse@nic.in 91-11-22239177-80, 22235948, 22235904
Uttar Pradesh, Uttarakhand	CBSE, 35 B, Civil Station, M.G. Marg, Civil Lines, Allahabad - 211001 roallahabad.cbse@nic.in 91-532-2407970-72
Haryana, Chandigarh, Punjab, J&K, Himachal Pradesh	CBSE, Sector- 5, Panchkula, Haryana - 134152 ropanchkula.cbse@nic.in 91-172-2585193/2583547
Tamil Nadu, Kerala, Andhra Pradesh, Karnataka, Maharashtra, Goa, Puducherry, Andaman and Nicobar Islands, Daman and Diu	CBSE, New No-3, Old No. 1630 A, "J" Block, 16th Main Road, Anna Nagar West, Chennai - 600040 rochennai.cbse@nic.in 91-44-26162214, 26162213, 26162264
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Rajasthan, Gujarat, M.P, Dadra and Nagar Haveli	CBSE, Todarmal Marg, Ajmer - 305001 rojmer.cbse@nic.in 91-145-2627460
Bihar and Jharkhand	CBSE, Ambika Complex, Behind State Bank Colony, Near Brahmsthan, Sheikhpura, Raza Bazar, Bailey Road, Patna-800014 ropatna.cbse@nic.in 91-612-2295048, 2295080
West Bengal, Orissa, Chhattisgarh	CBSE, 6 th Floor, Alok Bharti Complex, Shaheed Nagar, Bhubaneswar-751007 robhubaneshwa.cbse@nic.in 91-674-2542312

SOLUTION

WITH CBSE MARKING SCHEME

Note: The text in all the grey boxes are solutions given in the CBSE Marking Scheme 2020-2021.

SECTION - A

1. (b) Departmentalisation

Explanation: In the process of organising, the first step is identifying and dividing the work into manageable activities so that duplication can be avoided. Once work has been divided into small and manageable activities then those activities which are similar in nature are grouped together. This grouping process is called departmentalisation.



Related Theory

- ↳ Coordination involves synchronisation of different actions or efforts of the various units of an organisation.
- ↳ Organisation structure provides the framework which enables the enterprise to function as an integrated unit by regulating and coordinating the responsibilities of individuals and departments.
- ↳ Delegation refers to the downward transfer of authority from a superior to subordinate.

2. (d) All the above

Explanation: All three given features of business environment i.e., specific and general forces, dynamic and relativity are highlighted in the above statement. Specific forces such as investors, customers, competitors, and suppliers affect individual enterprises directly. General forces such as social, political, legal and technological conditions have impact on all business enterprises. Business environment is dynamic in that it keeps on changing whether in terms of technological improvements, political instability or shift in consumer preferences. It is a relative concept as it differs from country to country.



Related Theory

- ↳ The different dimensions of business environment are:
 - Economic environment
 - Social environment
 - Technological environment
 - Political environment
 - Legal environment

3. (c) Restricted entry

Explanation: Restricted entry is one of the characteristic of profession. The entry to a profession is restricted through an examination or through acquiring an educational degree. The statement, "Any one can be called manager irrespective of the educational quality possessed" does not fulfill the characteristic of restricted entry to profession as a management.



Related Theory

- ↳ The reasons for importance of management are:
 - Helps in achieving group goals
 - Increases efficiency
 - Creates a dynamic organisation
 - Helps in achieving personal objectives
 - Helps in the development of society.

4. (c) Political environment

Explanation: Political environment includes political conditions such as general stability and peace in the country and specific attitudes that elected government representatives hold towards business.



Related Theory

- ↳ Social environment of the business include the social forces like customs and traditions, values, social trends, society's expectations from business etc.
- ↳ Technological environment includes forces relating to scientific improvements and innovations which provide new ways of producing goods and services and new methods and techniques of operating a business.
- ↳ Legal environment includes various legislations passed by the government administrative orders issued by government authorities, court judgements as well as the decisions rendered by various commissions and agencies.

5. (a) Management

Explanation: Management is an activity which is necessary wherever there is group of people working in an organisation. Management aims at guiding their efforts towards achieving a common goal. Management is, thus, a process of getting things done with the aim of achieving goals

effectively and efficiently. Process means the primary functions or activities that management performs to get things done. These functions are planning, organising, staffing, directing and controlling.



Related Theory

The characteristics of management are:

- It is a goal oriented process.
- It is all pervasive.
- It is multi-dimensional.
- It is a continuous process.
- It is a group activity.
- It is a dynamic function.
- It is an intangible force.

6. (b) Inter-relatedness

Explanation: Different elements or parts of business environment are closely inter-related. The increase in demand for many ayurvedic medicines is due to the spread of corona virus. Both the elements here are inter-related.



Related Theory

Some other features of business environment are:

- Totality of external forces
- Specific and general forces
- Dynamic nature
- Uncertainty
- Complexity
- Relativity

7. (b) Constitution of the country

Explanation: Social environment of business include the social forces like customs and traditions, values, social trends, society's expectations from business etc.



Related Theory

Business environment means the sum total of all individuals, institutions, and other forces that are outside the control of a business enterprise but that may affect its performance. Birth and death rate, population shifts and life expectancy are elements of social environment which are outside the control of a business environment.

8. (b) Coordination is a deliberate function

Explanation: In an organisation, a manager has to coordinate the efforts of different people in a conscious and deliberate manner. Even where members of a department willingly cooperate and work, coordination gives direction to that willing spirit. Cooperation in the absence of coordination may lead to wasted efforts and coordination without cooperation may lead to dissatisfaction among employees.



Related Theory

Coordination ensures unity of action by acting as a binding force between departments and ensuring all action is aimed at achieving the goals of the organisation.

- ↳ Coordination is a continuous process as it is not a one time function. It begins at the planning stage and continues till controlling.
- ↳ Coordination is an all pervasive function as it is required at all levels of management due to the interdependent nature of activities of various departments.

9. (d) Controlling

Explanation: Controlling function finds out how far actual performance deviates from standards, analyses the cause of such deviations and attempts to take corrective actions based on the same. This process helps in formulation of future plans in the light of the problems that were identified and thus, helps in better planning in the future periods.



Related Theory

- ↳ Planning involves setting objectives and developing appropriate courses of action to achieve these objectives.
- ↳ Organising is a process that initiates implementation of plans by clarifying jobs and working relationships and effectively deploying resources for attainment of identified and desired results.
- ↳ Directing refers to the process of instructing, guiding, counselling, motivating and leading people in the organisation to achieve its objectives.

10. (b) Control by exception

Explanation: Control by exception is an important principle of management control based on the belief that an attempt to control everything results in controlling nothing. Thus, only significant deviations which go beyond the permissible limit should be brought to the notice of the management. If the plans lay down 2 percent increase in labour cost as an acceptable range of deviation, only increase in labour cost beyond 2 percent should be brought to the notice of the management. However, in case of major deviation from the standard, say 5 percent, the matter has to receive immediate action of management on a priority basis.



Related Theory

- ↳ The steps involved in controlling process are:
 - setting performance standards
 - Measurement of actual performance
 - Comparison of actual performance with standards
 - Analysing deviations
 - Taking corrective action

11. (b) Organising

Explanation: Organising initiates implementation of jobs by clarifying jobs and working relationships.



Related Theory

- ↳ The benefits of organising function are:



- Benefits of specialisation
- Clarity in working relationships
- Optimum utilisation of resources
- Adaptation to change
- Effective administration
- Development of personal
- Expansion and growth

OR

(b) Divisional structure

Explanation: Divisional structure comprises of separate business units or divisions. Each division or unit has a divisional manager responsible for performance and how has authority over the unit.



Related Theory

Functional structure is created by grouping of jobs of similar nature under functional and organising these major functions as separate departments. All departments report to a coordinating head.

12. (d) (i), (iii), (ii)

Explanation: Product concept of marketing management philosophy emphasise on the quality of the product. Product improvement is the key to profit maximisation of a firm, under the product concept.

Selling concept focuses on aggressive selling and products. The use of promotional techniques such as advertising, personal selling and sales promotion are considered essential for selling of products.

Marketing concept implies that focus on satisfaction of customer's needs is the key to the success of any organisation in the market.

OR

(d) Gathering and analysing market information

Explanation: Marketing is concerned with exchange of goods and services from producers to consumers in such a way that maximises the satisfaction of customer's needs. Gathering and analysing market information is necessary to identify the needs of the customers and take various decisions for the successful marketing of the products and services.



Related Theory

Standardisation refers to producing goods of predetermined specifications, which helps in achieving uniformity and consistency in the output.

Product designing contributes to making the product attractive to the target customers.

Customer support services refer to after sales services, handling customers complaints and adjustments, procuring credit services, maintenance services, technical services and consumer information.

13. (d) Offer through prospectus

Explanation: Offer through prospectus involves inviting subscription from the public through issue of prospectus. A prospectus makes a direct appeal to investors to raise capital, through an advertisement in newspapers and magazines.

14. (b) Private placement

Explanation: Private placement is the allotment of securities by a company to institutional investors and same selected individuals.

15. Both (a) and (b)

Explanation: Raising funds from institutional investors in called private placement. Private placement of securities helps to raise capital more quickly. Also, access to primary markets can be expensive on account to various mandatory and non-mandatory expenses. Therefore, private placement is preferred being less expensive.

16. (a) ₹ 8,000 crores

Explanation: E-IPO is the system of issuing capital to the public through the online system of the stock exchange. In this, the company has to enter into an agreement with the stock exchange. This is called Initial Public Offer (IPO). SEBI registered brokers has to be appointed for the purpose of accepting applications and placing orders with the company.



Related Theory

Offer for sale is a method of floatation in primary market under which securities are not issued directly to the public but are offered for sale through intermediaries like issuing houses or stock brokers.

Rights issue is a privilege given to the existing shareholders to subscribe to new issues of shares according to terms and conditions of the company.

17. (b) Trademark

Explanation: A brand or part of brand that is given legal protection is known as trademark. The protection is given against its use by other firms. Thus, the firm, which got its brand registered, gets the exclusive rights for its use.



Related Theory

Brand mark is that part of a brand which is not utterable. It appears in the form of a symbol, design, distinct colour scheme or lettering.

18. (a) Marketing methods used

Explanation: The element of marketing mix discussed here is price. Pricing occupies an important place in the marketing of good and services by a firm. Price fixation process



is affected by elements of marketing such as distribution system, quality of salesman employed, quality and amount of advertising, sales promotion efforts, the type of packaging, product differentiation, credit facility and customer services provided. For example, if a company provides free home delivery, it has some of the flexibility in fixing prices.



Related Theory

There are number of factors which affect the fixation of the price of a product. Some of the important factors are:

- Product cost
- Utility and demand
- Extent of competition in the market
- Government and legal regulations
- Pricing objectives
- Marketing methods used

19. (b) Regarding the channels and using intermediaries

Explanation: The fourth important element of marketing mix is the physical distribution of products and services. It is concerned with making the goods and services available at the right place. The two important decisions relating to this aspect are regarding physical movements of goods from producers to consumers and regarding the channels or using intermediaries in distribution process. Here, in this case, the company has developed a strong distribution network in India and abroad by setting up retail outlets and reaching out to customers through internet selling. The decision here is regarding the channels of distribution or using intermediaries.



Related Theory

Channels of distribution are set of firms and individuals that take title or assist in transferring title to particular goods or services as it moves from the producers to consumers.

20. (d) Any of the above

Explanation: Promotion is an important element of marketing mix by which marketers makes use various tools of communication to encourage exchange of goods and services in the market. The function of promotion is normally performed by the marketing department but the company may also set up a separate department or outsource it to outside agency.

21. Top level management
Functions of top-level management:(any two)
1. The top-level managers are responsible for the welfare and survival of the organisation.

2. They analyse the business environment and its implications for the survival of the firm.
3. They formulate overall organisational goals and strategies for their achievement.
4. They are responsible for all the activities of the business and for its impact on society.

Explanation: Top level of management is a team consisting of managers from different functional levels whose basic task is to integrate diverse elements and coordinate the activities of different departments according to the overall objectives of the organisation.

The functions of top level of management are:

- (i) They are responsible for the welfare and survival of the organisation;
- (ii) They analyse the business environment and its implications for the survival of the firm.

22. **Internship training:** is a joint programme of training in which educational institutions and business firms cooperate. Selected candidates carry on regular studies for the prescribed period.

Vestibule training: Employees learn their jobs on the equipment they will be using, but the training is conducted away from the actual work floor. Actual work environments are created in a class room and employees use the same material, files and equipment.

Internship training can be classified as On-the-job method of training

Vestibule training can be classified as off-the-job method of training

23. Yes. Importance of controlling: (Any two)

1. **Accomplishing organisational goals:** The controlling function measures progress towards the organisational goals and brings to light the deviations, if any, and indicates corrective action.
2. **Judging accuracy of standards:** A good control system enables management to verify whether the standards set are accurate and objective.
3. **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.



4. **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 are appraised.

5. **Ensuring order and discipline:**

Controlling creates an atmosphere of order and discipline in the organisation.

6. **Facilitating coordination in action:**

Controlling provides direction to all activities and efforts for achieving organisational goals.

OR

Measurement of Actual performance:

Performance should be measured in an objective and reliable manner. There are several techniques for measurement of performance. Wherever possible measurement of work should be done during the performance.

Comparing actual performance with standards:

This step involves comparison of actual performance with the standard. Such comparison will reveal the deviation between actual and desired results.

Standards become easier when standards are set in quantitative terms.

24. **Development Functions of Securities and Exchange Board of India:**

1. Training of intermediaries of the securities market.
2. Conducting research and publishing information useful to all market participants.
3. Undertaking measures to develop the capital markets by adapting a flexible approach.

OR

Money market instruments are: (Any three)

1. Treasury Bill is basically an instrument of short-term borrowing by the Government of India maturing in less than one year.
2. Commercial paper is a short-term unsecured promissory note, negotiable and transferable by endorsement and delivery with a fixed maturity period.
3. Call money is short term finance repayable on demand, with a maturity period of one day to fifteen days used for inter bank transactions.

4. Certificate of deposit are unsecured, negotiable, short term instruments in bearer form, issued by commercial banks and development financial institutions.

5. Commercial bill is a bill of exchange used to finance the working capital requirements of business firms.

Explanation:

The different money market instruments are:

1. **Treasury bill:** A treasury bill is an instrument of short-term borrowing by the Government of India maturing in less than one year. They are also known as zero coupon bonds issued by the Reserve Bank of India on behalf of the Central Government to meet its short term requirements of funds. Treasury bills are issued in the form of promissory note. They are issued at a price which is lower than their face value and repaid at par.
2. **Commercial paper:** It is a short term unsecured promissory note, negotiable and transferable by endorsement and delivery with a fixed maturity period. It is issued by large and creditworthy companies to raise short term funds at lower rates of interest than market rates. It usually has a maturity period of 15 days to one year. Funds raised through commercial paper are used to meet the floatation cost. This is known as Bridge financing.
3. **Call money:** Call money is short finance repayable on demand, with a maturity period of one day to fifteen days, used for inter bank transactions. Commercial banks have to maintain a minimum cash balance known as cash reserve ratio. Call money is a method by which banks borrow from each other to be able to maintain the cash reserve ratio. The interest rate paid on call money loans is known as the call rate.

25. **Selection:** Selection is the process of choosing from among the pool of the prospective job candidates developed at the stage of recruitment. Even in case of highly specialised jobs where the choice space is very narrow, the rigour of the selection process serves two important purposes:

- (i) it ensures that the organisation gets the best among the available and
- (ii) it enhances the self-esteem and prestige of those selected and conveys to them the seriousness with which the things are done in the organisation.

Placement and orientation: Orientation is introducing the selected employee to other employees and familiarising him with the rules and policies of the organisation. Placement refers to the employee occupying the position or post for which the person has been selected.

Explanation: Selection is the step in the process of staffing discussed here. Selection is the process of choosing from among the pool of the prospective job candidates developed at the stage of recruitment. Even in case of highly specialised jobs where the choice space is very narrow, the rigour of the selection process serves two important purposes: (i) it ensures that the organisation gets the best among the available; (ii) it enhances the self-esteem and prestige of those selected and conveys to them the seriousness with which the things are done in the organisation. The rigour involves a host of tests and interviews. Those who are able to successfully negotiate the test and the interviews are offered an employment contract, a written document containing the offer of employment, the terms and conditions and the date of joining.

The next two steps following the step of selection in the process of staffing are as follows:

- (i) **Orientation:** Joining a job marks the beginning of socialisation of the employee at the work place. Orientation is introducing the selected employee to other employees and familiarising him with the rules and policies of the organisation.
- (ii) **Placement:** Placement refers to the employee occupying the position or post for which the person has been selected.

- 26. Democratic or participative leader:** A democratic leader will develop action plans and make decisions in consultation with his subordinates. He will encourage them to participate in decision making. This kind of leadership style is more common now-a-days, since leaders also recognise that people perform best if they have set their own objectives. They also need to respect the others opinion and support subordinates to perform their duties and accomplish organisational objectives. They exercise more control by using forces within the group.

Explanation: The leadership style adopted by Promod is Democratic or participative style. Democratic leadership refers to a style where the leader consults its subordinates before taking the final decision. This way he encourages the participation of subordinates. He decentralises authority and allows the subordinates to share

his power. A democratic leader listens to the suggestions, grievances and opinions of the subordinates. The characteristics of democratic leadership style are as follows:

- (i) **Cooperative relations:** The main characteristic of democratic leadership style is the existence of cooperative relations among the managers and employees. Participation in decision making gives a feeling of confidence to subordinates as a result of which they are always ready to cooperate.
- (ii) **Trust in subordinates:** The managers have full trust in subordinates and this trust increases their morale.

27. Positive aspects of informal communication:

1. Sometimes, grapevine channels may be helpful as they carry information rapidly and therefore, may be useful to the manager at times.
2. Informal channels are used by the managers to transmit information so as to know the reactions of his/her subordinates.

Negative aspects of informal communication:

1. The grapevine/informal communication sometimes gets distorted. It also leads to generating rumours and informal discussions and sometimes may hamper the work environment.
2. It is very difficult to detect the source of such communication.

Explanation: The communication arising out of the need of employees to exchange their views is informal communication. Informal system of communication is generally referred to as the grapevine because it spreads throughout the organisation with its branches going out in all directions in utter disregard to the levels of authority.

The positive aspects of informed communication are:

- (i) This way of communication is helpful as grapevine channels carry information rapidly and therefore may be useful to managers at times.
- (ii) Informal channels are used by the managers to transmit information so as to know the reactions of his/her subordinates.

The negative aspects of informal communication are:

- (i) The informal communication spreads rapidly and sometimes gets distorted. It is very difficult to detect the source of such communication.



- (ii) Informal communication leads to generate rumours which are not authentic. People's behaviour is affected by rumours and informal discussions and sometimes may hamper work environment.

OR

(a) **Leadership:** Leadership is the process of influencing the behaviour of people by making them strive voluntarily towards achievement of organisational goals. Leadership indicates the ability of an individual to maintain good interpersonal relations with followers and motivate them to contribute for achieving organisational objectives.

(b) **Motivation:** Motivation means incitement or inducement to act or move. In the context of an organisation. It means the process of making subordinates to act in a desired manner to achieve certain organisational goals.

- (a) The element of directing possessed by Astha is leadership.

Leadership is the process of influencing the behaviour of people by making them strive voluntarily towards achievement of organisational goals. Leadership indicates the ability of an individual to maintain good interpersonal relations with followers and motivate them to contribute for achieving organisational objectives. The important features of leadership are as follows:

- (i) It indicates ability of an individual to influence others;
- (ii) It tries to bring change in the behaviour of others;
- (iii) It indicates inter personal relations between leaders and follower; and
- (iv) It is exercised to achieve common goals of the organisation.

(b) The element of directing performed by Neeraj is motivation. Motivation means incitement or inducement to act or move. It is a process of making subordinates to act in a desired manner to achieve certain organisational goals. The features of motivation are as follows:

- (i) It is an internal feeling;
- (ii) It produces goal directed behaviour;
- (iii) It can be either positive or negative; and
- (iv) It is complex process as the individuals are heterogenous in their expectations, perceptions and reactions.

28. Following are the factors affecting working capital requirement of a company: (Any four)

1. **Nature of Business:** The basic nature of a business influences the amount of working capital required. A trading organisation usually needs a smaller amount of working capital compared to a manufacturing organisation.
2. **Scale of Operations:** For organisations which operate on a higher scale of operation, the quantum of inventory and debtors required is generally high. Such organisations, therefore, require large amounts of working capital as compared to the organisations which operate on a lower scale.
3. **Business Cycle:** Different phases of business cycles affect the requirement of working capital by a firm. In case of a boom, the sales as well as production are likely to be larger and, therefore, a larger amount of working capital is required.
4. **Seasonal Factors:** Most businesses have some seasonality in their operations. In peak season, because of higher levels of activity, larger amounts of working capital is required.
5. **Production Cycle:** Production cycle is the time span between the receipt of raw material and their conversion into finished goods.
6. **Credit Allowed:** Different firms allow different credit terms to their customers. These depend upon the level of competition that a firm faces as well as the credit worthiness of their clientele.
7. **Operating Efficiency:** Firms manage their operations with varied degree of efficiency.
8. **Availability of Raw material:** Higher the quantity of material to be stored, higher the amount of working capital required.
9. **Growth Prospects:** If the growth potential of a concern is perceived to be higher, it will require a higher amount of working capital.
10. **Level of competition:** Higher level of competitiveness may necessitate higher stocks of finished goods to meet urgent orders from customers.



OR

Following are the factors affecting capital structure of the company: (Any four)

1. **Cash Flow Position:** Size of projected cash flows must be considered before borrowing. Cash flows must not only cover fixed cash payment obligations but there must be sufficient buffers also.
2. **Interest Coverage Ratio (ICR):** The interest coverage ratio refers to the number of times earnings before interest and taxes of a company covers the interest obligation
3. **Debt Service Coverage Ratio (DSCR):** Debt Service Coverage Ratio takes care of the deficiencies referred to in the Interest Coverage Ratio (ICR). The cash profits generated by the operations are compared with the total cash required for the service of the debt and the preference share capital.
4. **Cost of debt:** A firm's ability to borrow at a lower rate increases its capacity to employ higher debt. Thus, more debt can be used if debt can be raised at a lower rate.
5. **Tax Rate:** A higher tax rate makes debt relatively cheaper vis-a-vis equity.
6. **Floatation cost:** Process of raising funds involves some costs, these considerations may affect the choice between debt and equity, hence the capital structure.
7. **Risk Consideration:** Business risk depends upon fixed operating cost. Fixed operating costs result in higher business risk and vice-versa. Total risk depends upon business risk and financial risk.
8. **Flexibility:** To maintain flexibility it must maintain some borrowing powers to take care of unforeseen circumstances.
9. **Capital Structure of other companies:** It has been observed that the capital structure of competing companies also affect the capital structure of the company in question.
10. **Stock Market Conditions:** Stock market conditions often affect the choice between equity and debt.

29. **Choice of Technique:** As he wishes to stick to a low investment model, we may suggest him to go with the labour-intensive approach to manufacture N-95 masks. Since better technology would cost him much and his risk appetite is not conducive for capital intensive techniques of production.

Financial Alternatives: As he wishes to stick to a low investment model, we may suggest him to go with the lease option for fixed assets like building, heavy machinery etc. as this may reduce his investments requirement in the business.

Explanation:

Choice of Technique: Some organisations are capital intensive whereas others are labour intensive. A capital intensive organisation requires higher investment in plant and machinery as it relies less on manual labour. Labour intensive organisations, on the other hand, require less investment in fixed assets. Here, in this case, Deeraj can choose labour intensive option as it will require low investment.

Financing Alternatives: A developed financial market may offer leasing facilities as an alternative to outright purchase. As Deeraj wants to make low investment in fixed capital he can take fixed asset i.e. land and building and plant and machinery on lease. When an asset is taken on lease, the firm pays lease rentals and uses it. By doing so, it avoids huge sums required to purchase it.

30. (a) Right to safety: The consumer has a right to be protected against goods and services which are hazardous to life and health. For instance, electrical appliances which are manufactured with substandard products or do not conform to the safety norms might cause serious injury. Thus, consumers are educated that they should use electrical appliances which are ISI marked as this would be an assurance of such products meeting quality specifications.
- (b) Right to Consumer Education: The consumer has a right to acquire knowledge and to be a well-informed consumer throughout life. He should be aware about his rights and the reliefs available to him in case of a product or service falling short of his expectations.

31. **Science not rule of thumb:** Taylor pioneered the introduction of the method of scientific inquiry into the domain of scientific inquiry into the domain of management practice. We have already referred to the limitations of the rule of thumb approach of management.
- As different managers would follow their indigenous rules of thumb. It is but a statement of the obvious that all would not be equally effective. Taylor believed that there was only one best method to maximise efficiency.



This method can be developed through study and analysis. The method so developed through study and analysis. The method so developed should substitute 'Rule of Thumb' throughout the organisation. Scientific method involved investigation of traditional methods through work-study, unifying the best practices and developing a standard method.

Harmony, not discord: Factory system of production implied that managers served as a link between the owners and the workers. Since as managers they had the mandate to 'get work done' from the workers. Taylor recognised that this conflict helped none, the workers, the managers or the factory owners. He emphasised that there should be complete harmony between the management and workers. Both should realise that each one is important. To achieve this state, Taylor called for a complete Mental Revolution on part of both management and workers. It means that management and workers should transform their thinking. Management should share the gains of the company with the workers. At the same time workers should work hard and be willing to embrace change for the good of the company.

Development of each and every person to his or her greatest efficiency and prosperity:

As such, scientific management also stood for worker development. Worker training was essential also to learn the 'best method' developed as a consequence of the scientific approach. Taylor was of the view that the concern for efficiency could be built in right from the process of employee selection. Each person should be scientifically selected. Then work assigned should suit her/his physical, mental and intellectual capabilities. To increase efficiency, they should be given required training. Efficient employees would produce more and earn more. This will ensure their greatest efficiency and prosperity for both company and workers.

32. Yes.

Importance of Planning (Any four)

1. **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.

2. **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.
3. **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.
4. **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.
5. **Planning facilitates decision making:** Planning helps the manager to look into the future and make a choice from amongst various alternative courses of action. The manager has to evaluate each alternative and select the most viable proposition. Planning involves setting targets and predicting future conditions thus helping in taking rational decisions.
6. **Planning establishes standards for controlling:** Planning provides the goals or standards against which actual performance is measured. By comparing actual performance with some standard, managers can know whether they have actually been able to attain the goals. If there is any deviation it can be corrected. Therefore, we can say that planning is a prerequisite for controlling.

OR

Identifying alternative courses of action: Once objectives are set assumptions are made. Then the next step would be to act upon them. There may be many ways to act and achieve objectives. All the alternative courses of action should be identified. The course of action

which may be taken could be either routine or innovative. An innovative course may be adopted by involving more people and sharing their ideas.

Remaining steps to be carried out to complete the process are as follows:

1. **Evaluating alternative courses:** The next step is to weigh pros and cons of each alternative. Each course will have many variables which have to be weighed against each other. The positive and negative aspects of each proposal need to be evaluated in the light of the objective to be achieved.
2. **Selecting an alternative:** This is the real point of decision making. The best plan has to be adopted and implemented. The ideal plan, of course, would be the most feasible, profitable and with least negative consequences. Most plans may not always be subjected to a mathematical analysis.
3. **Implementing the plan:** This is the step where other managerial functions also come into the picture. The step is concerned with putting the plan into action.
4. **Follow up action:** To see whether plans are being implemented and activities are performed according to schedule is also part of the planning process. Monitoring the plans is equally important to ensure that objectives are achieved.

33. Decentralisation-
Importance of Decentralisation (Any five)

1. **Develops initiative among subordinates:** Decentralisation helps to promote self-reliance and confidence amongst the subordinates.
2. **Develops managerial talent for the future:** Formal training plays an important part in equipping subordinates with skills that help them rise in the organisation but equally important is the experience gained by handling assignments independently.
3. **Quick decision making:** The management hierarchy can be looked upon as a chain of communication. In a decentralised organisation however, since decisions are taken at levels which are nearest to the points of action and there is no requirement for approval from many levels the process is much faster.

4. **Relief to top management:** Decentralisation diminishes the amount of direct supervision exercised by a superior over the activities of a subordinate because they are given the freedom to act and decide albeit within the limits set by the superior.
5. **Facilitates growth:** Decentralisation awards greater autonomy to the lower levels of management as well as divisional or departmental heads. This allows them to function in a manner best suited to their department and fosters a sense of competition amongst the departments.
6. **Better control:** Decentralisation makes it possible to evaluate performance at each level and the departments can be individually held accountable for their results.

Explanation: The philosophy being followed by S & M Ltd. is decentralisation. Decentralisation explains the manner in which decision making responsibilities are divided among hierarchical levels. It refers to delegation of authority throughout all the levels of the organisation. Decision making authority is shared with lower levels and is consequently placed nearest to the points of action. Decision making authority is pushed down the chain of command. It is a philosophy that implies selective dispersal of authority because it propagates the belief that people are competent, capable and resourceful. The importance of decentralisation is as follows:

- (i) **Develops initiative among subordinates:** Decentralisation helps to promote self-reliance and confidence amongst the subordinates. This is because when lower managerial levels are given freedom to take their own decisions they learn to depend on their own judgement. It also keeps them in a state wherein they are constantly challenged and have to develop solutions to various problems they encounter. A decentralisation policy helps to identify those executives who have the necessary potential to become dynamic leaders.
- (ii) **Develops managerial talent for the future:** Formal training plays an important part in equipping subordinates with skills that help them rise in the organisation but equally important is the experience gained by handling assignments independently. Decentralisation gives them a chance to prove their abilities and create a reservoir of qualified manpower who can be considered to fill up more challenging positions through promotions. Thus, it is a

means of management education as well as an opportunity for trained manpower to use its talent in real life situations.

- (iii) **Quick decision making:** The management hierarchy can be looked upon as a chain of communication. In centralised organisation, because every decision is taken by the top management the flow of information is slow as it has to traverse many levels. This reduces the speed of decision making and makes it difficult for an enterprise to adapt to dynamic operating conditions. In decentralised organisation, however, since decisions are taken at levels which are nearest to the points of action and there is no requirement for approval from many levels, the process is much faster. There are also less chances of information getting distorted because it doesn't have to go through long channels.
- (iv) **Relief to top management:** Decentralisation diminishes the amount of direct supervision

exercised by a superior over the activities of a subordinate because they are given the freedom to act and decide albeit within the limits set by the supervisor. Decentralisation leaves the management with more time which they can devote to important policy decisions rather than occupying their time with both policy as well as operational decisions.

- (v) **Facilitates growth:** Decentralisation awards greater autonomy to the lower levels of management as well as divisional or departmental heads. This allows them to function in a manner best suited to their department and fosters a sense of competition amongst the departments. Consequently, with each department doing its best in a bid to outdo the other, the productivity levels increase and the organisation is able to generate more returns which can be used for expansion purposes.

Following are the points of differences between advertising and personal selling (Any Six)

34.	Advertising	Personal Selling
1.	Advertising is an impersonal form of communication.	Personal selling is a personal form of communication.
2.	Advertising involves transmission of standardised messages, i.e., the same message is sent to all the customers in a market segment.	In personal selling, the sales talk is adjusted keeping view of customer's background and needs.
3.	Advertising is inflexible as the message can't be adjusted to the needs of the buyer.	Personal selling is highly flexible. as the message can be adjusted.
4.	It reaches masses, i.e., a large number of people can be approached.	Only a limited number of people can be contacted because of time and cost considerations.
5.	In advertising the cost per person reached is very low.	The cost per person is quite high in the case of personal selling.
6.	Advertising can cover the market in a short time.	Personal selling efforts take a lot of time to cover the entire market.
7.	Advertising makes use of mass media such television, radio, newspaper, and magazines.	Personal selling makes use of sales staff, which has limited reach.
8.	Advertising lacks direct feedback. Marketing research efforts are needed to judge customers' reactions to advertising.	Personal selling provides direct and immediate feedback. Sales persons come to know about the customers' reactions immediately.
9.	Advertising is more useful in creating and building interest of the consumers in the firm's products.	Personal selling plays an important role at the awareness stage of decision making.
10.	Advertising is more useful in marketing to the ultimate consumers who are large in numbers	Personal selling is more helpful in selling products to the industrial buyers or to intermediaries such as dealers and retailers who are relatively few in numbers.

OR

The marketing mix consists of various variables, which have broadly been classified into four categories, popularly known as four Ps of marketing.

These are: (i) Product, (ii) Price, (iii) Place, and (iv) Promotion, and are discussed as follows:

1. **Product:** Product means goods or services or 'anything of value', which is offered to the market for exchange.

The concept of product relates to not only the physical product as mentioned in the above examples but also the benefits offered by it from the customer's view point (for example toothpaste is bought for whitening teeth, strengthening gums, etc.). The concept of product also includes the extended product or what is offered to the customers by way of after sales services, handling complaints, availability of spare parts etc. These aspects are very important, particularly in the marketing of consumer durable products (like Automobiles, Refrigerators, etc.). The important product decisions include deciding about the features, quality, packaging, labelling and branding of the products.

2. **Price:** Price is the amount of money customers have to pay to obtain the product. In the case of most of the products, the level of price affects the level of their demand. The marketers have not only to decide about the objectives of price setting but to analyse the factors determining the price and fix a price for the firm's products.
3. **Place:** Place or Physical Distribution include activities that make firm's products available to the target customers. Important decision areas in this respect include selection of dealers or intermediaries to reach the customers, providing support to the intermediaries (by way of discounts, promotional campaigns, etc.).
4. **Promotion:** Promotion of products and services include activities that communicate availability, features, merits, etc. of the products to the target customers and persuade them to buy it. Most marketing organisations undertake various promotional activities and spend a substantial amount of money on the promotion of their goods through using a number of tools such as advertising, personal selling and sales promotion techniques (like price discounts, free samples, etc.).

