

SAMPLE QUESTION PAPER - 5
BUSINESS STUDIES (054)
CLASS XII (2024-25)

Time Allowed: 3 hours

Maximum Marks: 80

General Instructions:

1. This question paper contains 34 questions.
2. Marks are indicated against each question.
3. Answers should be brief and to the point.
4. Answers to the questions carrying 3 marks may be from 50 to 75 words.
5. Answers to the questions carrying 4 marks may be about 150 words.
6. Answers to the questions carrying 6 marks may be about 200 words.
7. Attempt all parts of the questions together.

1. Chhavi, the General Manager of Parashar Equipments, performs the managerial functions of planning organising, staffing, directing and controlling as an ongoing process. Which feature of management is highlighted by the above? [1]

a) Goal oriented process	b) Dynamic function
c) Continuous process	d) Group activity
2. The process of holding securities in electronic form is called dematerialisation. Which of the following statement does not relate to dematerialisation? [1]

a) Demat securities can be pledged or hypothecated to get loans	b) Smooth transfer and settlement of trade through a single account in shares
c) Existing physical shares cannot be converted into electronic form	d) No danger of loss, theft or forgery of share certificates
3. In planning, generally managers have to follow pre-determined plans and they are not in a position to change it. This statement highlights the following limitation of planning: [1]

a) Planning may not work in a dynamic environment

b) Planning is time-consuming

c) Planning leads to rigidity

d) Planning does not guarantee success

4. Companies with stable earnings are likely to:

[1]

i. Pay higher dividend

ii. Not pay any dividend

iii. Pay a lesser dividend

iv. Dividend is not affected by stable earning

a) only i

b) iii and iv

c) ii and iii

d) only iv

5. Controlling is a function which brings back the management cycle to:

[1]

a) Management

b) Planning

c) Organizing

d) Directing

6. Identify the principle of management followed in the following pictorial representation.

[1]



a) Scalar Chain

b) Order

c) Unity

d) Equity

7. Financial market _____ financial assets.

[1]

a) Exchange

b) Creates

c) Creates and Exchange

d) Interchange

8. Suresh has been working under the guidance of Harsh, a carpenter, for the last three years to learn the different skills of this job. Name the on-the-job method of training Suresh is undergoing. [1]
- a) Internship Training b) Apprenticeship Training
c) Induction training d) Vestibule Training
9. Which of the following statements is false regarding financial management? [1]
- a) Aims at reducing the cost of funds procured. b) Facilitates price discovery for securities of company.
c) Is concerned with optimal procurement as well as usage of finance. d) Aims at ensuring availability of enough funds whenever required.
10. **Assertion (A):** Identification and division of work is the first step in the process of organising. [1]
Reason (R): Organising involves identifying and dividing the work that has to be done in accordance with previously determined plans.
- a) Both A and R are true and R is the correct explanation of A. b) Both A and R are true but R is not the correct explanation of A.
c) A is true but R is false. d) A is false but R is true.
11. Choose the **incorrect** statement from the following about functions of a Stock Exchange: [1]
- a) Ensures safety of transactions b) Contributes to economic growth
c) Provides scope for speculation d) Provides liquidity and marketability to new securities
12. A public issue of equity may reduce the management's holding in the company and make it vulnerable to takeover. This factor also influences the choice between debt and equity especially in companies in which the current holding of management is on a lower side. The factor affecting the choice of capital structure is _____. [1]

a) Risk consideration

b) Control

c) Cost of debt

d) Cost of equity

13. **Statement I:** Restrictive trade practice is a trade practice for the purpose of promoting sale, use or supply of any goods or service falsely represents its quality, standard, quantity, composition, style or model. [1]

Statement II: Unfair trade practice is a trade practice which manipulates price or affect the flow of supplies in the market relating to goods and services in such a manner that an unjustified cost is imposed on the consumer.

a) Both the Statements I and II are correct.

b) Both the Statements I and II are not correct.

c) Statement II is correct and Statement I is not correct.

d) Statement I is correct and Statement II is not correct.

14. Planning ensures that the goals 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 to achieve those goals. The above para highlights the following point of importance of planning: [1]

a) Planning provides direction.

b) Planning promotes innovating ideas.

c) Planning is pervasive.

d) Planning establishes standards for controlling.

15. The cheapest source of finance is: [1]

a) Debenture

b) Preference share

c) Retained earning

d) Equity share capital

16. **Statement I:** Market offering refers to a complete offer for a product or service, having given features like size, quality, taste, etc; at a certain price; available at a given outlet or location and so on. [1]

Statement II: A good **market offer** is the one which is developed after analysing the needs and preferences of the potential buyers.

a) Both the Statements I and II are not correct.

b) Statement I is correct and Statement II is not correct.

c) Statement II is correct and Statement I is not correct.

d) Both the Statements I and II are correct.

17. Dreams can be turned into reality when managers think in advance what to do and how to do it. This statement highlights the planning function of management. Identify the first step in the process of planning. [1]

a) Identifying alternative courses of action

b) Developing premises

c) Selecting an alternative

d) Setting objectives

18. Match the concept of management in Column I with their respective definition in Column II: [1]

(a) Effectiveness	(i) Doing the task correctly and with minimum cost.
(b) Efficiency	(ii) Finishing the given task on time.
(c) Process	(iii) The primary functions or activities that management performs to get things done.

a) (a) - (i), (b) - (ii), (c) - (iii)

b) (a) - (ii), (b) - (i), (c) - (iii)

c) (a) - (iii), (b) - (ii), (c) - (i)

d) (a) - (i), (b) - (iii), (c) - (ii)

19. Arun is running an **Advertising agency** and earning a lot by providing this service to big industries. The working capital requirement of the firm will be: [1]

a) Nil

b) More

c) Moderate

d) Less

20. Keya Ltd. is a large organisation manufacturing a popular brand of desi ghee and supplying it to various states of India. They manufacture 10,000 litres of desi ghee every day and pack in cartons of 250 ml, 500 ml and 1 litre sizes. The production manager ensures that one out of every ten cartons of each size is checked for quality [1]

control everyday.

The step of the controlling process discussed in the above para is:

- | | |
|--|--------------------------------------|
| a) Setting performance standards | b) Analysing deviations |
| c) Comparison of actual performance with standards | d) Measurement of actual performance |

21. White Elpis Ltd. has recently given job to two employees. Ravi and Suraj are two friends who are from the same college. They both have different work experience as Ravi is a bit older and had worked in an MNC earlier. However both are paid equally. Every person in their department knows that Ravi is more efficient than Suraj. Definitely they see a mismatch in the salaries and the efficiencies of the employees in the company. The marketing department of the same company has this year set a monthly target of 10000 units of sports items to be sold. In the month of March 6000 items were sold and the deviation was 4000 units. In the month of April 8000 units were sold and the deviation was 2000 units. Despite these deviations no effort is being made to track the performance of the company to minimize the gaps. In the above case which two functions of management have been discussed? A very important concept of management has also been overlooked. Identify it. [3]

22. Explain any two features of **Motivation** as an element of Directing. [3]

OR

Give one example of employee recognition.

23. State how the following factors affect the working capital requirements of a company: [3]
- i. Seasonal Factors
 - ii. Production Cycle
 - iii. Operating Efficiency

24. What are the responsibilities of a consumer? [3]

OR

Saksham has a dairy supplying milk, cream, paneer, and desi ghee. For earning more profit, he is practising adulteration by mixing toned milk in full cream milk and animal fats in desi ghee. His customers have complained of several health problems due to

adulteration.

Vaani is one of the customers of Saksham, what steps can she take against Saksham under Consumer Protection Act?

25. The process of planning involves certain logical steps. Explain the first four steps of this "process". [4]

OR

'Planning is the basic function of management'. Comment.

26. State any three points of importance of **Controlling** function of management. [4]

OR

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

27. The Production manager of Britanica Limited instructs a salesman to go-slow in selling the products whereas the marketing manager is insisting on fast selling to achieve the target. Which principle of management is being violated in this case? [4]
28. Give the meaning of **Autocratic** and **Democratic** style of Leadership. [4]
29. What is meant by a **primary market**? Briefly explain the concept of an **initial public offer**. [4]
30. Explain the concept of Consumer Protection and any three points of its importance from the point of view of consumers. [4]
31. Explain in brief the various steps involved in the process of staffing. [6]

OR

Harish, the director of a company, is planning to manufacture stuffed toys for utilizing waste materials from one of his garment factories. He decided that this manufacturing unit will be set-up in a rural area so that people of that area will have more job opportunities. For this, he selected Rehman, Anita Banerjee, Harpreet Kaur and Umesh (a differently-abled but very intelligent and creative person in designing) as the heads of Sales, Accounts, Purchase and Production Departments respectively.

- i. Identify and state the next three steps that Harish has to follow in the staffing process after selecting the heads of different departments.
- ii. Identify any two values that Harish wants to communicate by setting-up this manufacturing unit.

32. 'Indore Cattle Feeds Limited' is a well known company of its area. For the last few days differences have cropped up between the management and workers. The workers are demanding more bonus. This matter has aggravated so much that the attention of both the parties has been diverted from production to the division of profit. Consequently, the profits of the company began to fall down. [6]
- In order to assess the situation of company's rapidly falling down of profits, a team of specialists in management was invited. After investigations, besides Management-Workers' differences, one more fact was revealed.
- That fact was that the Purchase Manager of the company was purchasing the raw material from another company run by his own son at a price more than the market rate. Consequently, increase in cost of production and reduction in profits had taken place.
- When the news of deteriorating environment of the company was leaked out, the customers felt disappointed. Consequently, many customers left the company and some of them were thinking on these lines. However, the pleasing factor for the company is this that a big company in competition with it has closed its business because of heavy losses. It has advertised in a newspaper also for the sale of factory.
- a. Which technique of scientific management will be suitable and why for the company to rise above this current situation?
 - b. Which principle of management given by Henry Fayol is being ignored by the company? Explain by quoting the relevant lines.
 - c. Which factors of Business Environment are affecting the company? Identify the type and factors of Business Environment.

OR

With rapid advancements in the field of replacing manual work with machines, a Robot named **Sujan** has been invented and developed and is likely to get the citizenship of the country of its origin.

It has led to a stage where machines are being used in place of human beings. **Sujan** is doing all types of work whether routine or hazardous and even answering the queries of

people. However, this issue has to be carefully looked into keeping in mind the consumer attitude towards product innovations, problem of unemployment and its impact on the quality of life. Through the orders and decisions of various commissions and agencies at Centre, State or Local level the Indian Government is playing a very significant role in balancing the use of human and machine power. Various dimensions of business environment are being discussed in the above para.

By quoting the lines from the above identify and explain any three dimensions.

33. What is Organizational Structure. Distinguish between Functional and Divisional structure on the following bases: (i) Formation (ii) Managerial development (iii) Responsibility (iv) Suitability. [6]
34. Haryaram is a famous chain selling a large variety of products in the Indian market. Their products include chips, biscuits, sweets and squashes. It charges a comparatively higher price than its competitors as it sells quality products. Besides, it offers regular discounts to its customers and easy credit terms to its retailers. It has five of its own retail shops. It also sells its products through various grocery stores so that the products are made available to customers at the right place, in the right quantity and at the right time. It regularly uses different communication tools to increase its sales. The above paragraph describes the combination of variables used by Haryaram to prepare its market offering. Identify and explain the variables. [6]

SOLUTION
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1.
(c) Continuous process
Explanation:
Continuous process
2.
(c) Existing physical shares cannot be converted into electronic form
Explanation:
Dematerialisation includes conversion of physical share into electronic form.
3.
(c) Planning leads to rigidity
Explanation:
Planning leads to rigidity
4. (a) only i
Explanation:
Dividends are corporate earnings that companies pass on to their shareholders. Paying Dividends sends a message about a company's future prospects and good performance.
5.
(b) Planning
Explanation:
Planning based on facts makes controlling easier and effective. Controlling improves future planning by providing information derived from past experience. Planning and Controlling are both backward looking as well as a forward looking function.
6. (a) Scalar Chain
Explanation:
Scalar Chain
7.
(c) Creates and Exchange
Explanation:
Financial market Creates and Exchange financial assets
8.
(b) Apprenticeship Training

Explanation:

Apprenticeship Training designed to acquire higher level of skill

9.

(b) Facilitates price discovery for securities of company.

Explanation:

The main objective of financial management is to maximize the wealth of shareholders. This include a proper estimation of the funds required for different purposes such as for the purchase of long term assets or to meet day-to-day expenses of business, etc.

10. (a) Both A and R are true and R is the correct explanation of A.

Explanation:

The organising function begins with the division of total work into smaller units. Each unit of total work is called a job. The division of work into smaller jobs leads to specialization because jobs are assigned to individuals according to their qualifications and capabilities.

11.

(d) Provides liquidity and marketability to new securities

Explanation:

Provides liquidity and marketability to new securities

12.

(b) Control

Explanation:

Control

13.

(b) Both the Statements I and II are not correct.

Explanation:

Both the Statements I and II are not correct.

14. (a) Planning provides direction.

Explanation:

Planning provides direction.

15.

(c) Retained earning

Explanation:

Retained earnings is a part of the profit which is not distributed among shareholders as dividends but is retained in the business for future use. It is also known as self-financing. It is available free of cost for the business.

16.
(d) Both the Statements I and II are correct.
Explanation:
Both the Statements I and II are correct.
17.
(d) Setting objectives
Explanation:
Setting objectives
18.
(b) (a) - (ii), (b) - (i), (c) - (iii)
Explanation:
(a) - (ii), (b) - (i), (c) - (iii)
19.
(d) Less
Explanation:
Less
20.
(c) Comparison of actual performance with standards
Explanation:
Comparison of actual performance with standards
21. The functions of management discussed above are **Staffing** (The company has recently given jobs to two employees) and **Controlling** (Deviations are being discussed above).
The concept of management which is missing in the above case is **coordination**. *The process by which a manager synchronises the activities of different departments is known as coordination.* There is lack of coordination in **staffing** (they see a mismatch in the salaries and the efficiencies of the employees in the company) and **controlling** (no effort is being made to track the performance of the company to minimize the gaps).
22. Features of motivation:
- Motivation is an internal feeling.** The urge, drives, desires, aspirations, striving or needs of human being, which are internal, influence human behaviour. For example, people may have the urge or desire for possessing a motorbike, comfortable house, reputation in the society. These urges are internal to an individual.
 - Motivation produces goal directed behaviour.** For example, the promotion in the job may be given to employee with the objective of improving his performance. If the

employee is interested in promotion, it helps to produce a behaviour to improve performance.

OR

Employee recognition is an element of Non Financial Incentives. Recognition means acknowledgement with a show of appreciation. When such appreciation is given to the work performed by employees, they feel motivated to perform at higher level. Example- Congratulating the employee for good performance.

23. i. **Seasonal Factors:** Most business have some seasonality in their operations. In peak season, because of higher level of activity, larger amount of working capital is required. As against this, the level of activity as well as the requirement for working capital will be lower during the lean season.
- ii. **Production Cycle:** Production cycle is the time span between the receipt of raw material and their conversion into finished goods. Some businesses have a longer production cycle while some have a shorter one. Duration and the length of production cycle, affects the amount of funds required for raw materials and expenses. Consequently, working capital requirement is higher in firms with longer processing cycle and lower in firms with shorter processing cycle.
- iii. **Operating Efficiency:** Firms manage their operations with varied degrees of efficiency. For example, a firm managing its raw materials efficiently may be able to manage with a smaller balance. This is reflected in a higher inventory turnover ratio. Similarly, a better debtors turnover ratio may be achieved reducing the amount tied up in receivables. Better sales effort may reduce the average time for which finished goods inventory is held. Such efficiencies may reduce the level of raw materials, finished goods and debtors resulting in lower requirement of working capital.
24. A consumer must also be responsible while purchasing, using, consuming goods and services. This is one of the ways in which consumer protection can be strengthened. The responsibilities of a consumer are as follows:
- The consumer must have knowledge about the products available in the market so that a wise choice can be made.
 - They must buy only standardized goods as they provide quality assurance. Hence, they must look for certification marks like ISI mark for electrical goods, FPO mark on food products, Hallmark on jewellery, etc.
 - They should learn about the risks associated with products and services.

OR

- Discontinuance of unfair practice of adulteration.

- b. Compensation for the loss or injury she has suffered due to dairy products.
- c. Replacement of desi ghee.
- d. Refund of price.

25. The steps involved in the "planning process" are as follows:

1. **Establishing objectives:** Objectives are those endpoints for whose attainment all the activities are undertaken. These should be realistic, specific and clear so as to specify what is to be accomplished by the network of policies, procedures, strategies, rules, and programmes. Thus, the first step in the planning process is defining objectives.
2. **Developing premises:** Planning premises are the anticipated environments in which plans are expected to operate. They include assumptions or forecasts of the future and known conditions that will affect the operation of the plans. They provide useful facts and information and facilitate the work of planning.
3. **Identifying the alternative courses of action:** The next step in the planning process is to identify the various alternatives available to achieve the objectives. Most of the times identifying the various alternatives is a difficult task and it depends upon the creativity and logical thinking of the planner which opens up different avenues for the firm.
4. **Evaluating the alternatives courses of action:** At this stage, it is seen as to what extent a particular course can help in the attainment of the objectives. Each and every alternative has its own pros and cons. Every alternative is evaluated with its merits and demerits in the light of the objectives to be achieved and their feasibility is judged accordingly.

OR

Planning precedes the execution of all other managerial functions. After plans are made, other managerial functions like organizing, staffing, directing and controlling are performed within the framework of such plans. That is why, planning is the primary function of management as it is the base for all other functions.

26. Controlling assures that organization's resources are utilized effectively and efficiently, controlling also assures that the activities of the organization are performed as per the plans.

Importance of Controlling functions are:

- i. **Accomplishing Organizational goals:** Controlling function measures progress towards organisational goals. The controlling function measures performance towards the organisational goals and brings to light the deviations, if any, and indicates corrective action.
- ii. **Judging accuracy of standards:** A good control system enables to set accurate standards. While performing the function of controlling, a management should have a good control

system which enables management to verify whether the standards set are accurate and objective.

- iii. **Making efficient use of resources:** A manager seeks to reduce the wastage of the resources used by exercising controlling functions. Controlling makes it possible to use human and physical resources efficiently. Under controlling, it is ensured that no employee can delay his work performance.

OR

Relationship between planning and controlling

- i. Controlling takes place on the basis of standards developed by planning. All work done through the planning and evaluation done after the controlling.
 - ii. Planning without controlling is meaningless as controlling ensures that the events work according to the plans.
 - iii. Planning prescribes an appropriate course of action for achieving objectives whereas controlling evaluates whether decisions have been translated into desired actions.
 - iv. Planning and controlling are both forward looking as well as looking back.
27. The principle violated in this case is “Unity of Command”. Salesman must get command from one boss but he is getting command from two bosses at the same time. The consequence of violating this principle can be :
- i. The salesman will remain confused regarding whose orders to be followed in particular.
 - ii. There may be a clash of egos of the superiors which may lead to an unhealthy environment in the organization.
 - iii. The salesman will have an option for excuses and may become a work shirker.
 - iv. Discipline and order is disturbed due to the work-shirking approach of the salesman.
28. **Autocratic:** Under this style, all decision-making power is vested in the leader and he exercises complete control over his subordinates. Autocratic leaders typically make choices based on their ideas and judgments and rarely accept advice from followers.
- Democratic:** The democratic management style involves managers reaching decisions with the input of the employees but being responsible for making the final decision.
29. The primary market is a market which deals with new securities being issued for the first time. Initial public offer means the first public offering of securities of a company which is followed by a listing of its shares on the stock market. The initial public offer is the first issue of securities to the public. Under this method, the company wanting to raise capital issues a prospectus to attract the investors.
- SEBI registered brokers have to be appointed for the purpose of accepting applications and placing orders with the company. The issuer company also appoints a registrar to the issue

having connectivity with the exchange. The lead manager coordinates all the activities amongst intermediaries to connect with the issue.

30. A consumer is the one who assumes to be treated like a King as they bring business to the seller. Previously “consumer was asked to beware” but these days fingers have been pointed to seller “let seller be beware” as due to policies introduced, government laws, consumer protection, NGO and the increased competition in the market. Consumer Protection is a term given to a practice wherein we need to protect the consumer from the unfair practice, educating them about their rights and responsibilities and also redressing their grievances. In simple words, it refers to protect the consumers against the unfair practices of the producers and sellers.

Importance of Consumer Protection from the point of view of consumers: The importance of consumers’ protection from the point of view of the consumers can be made clear with the help of the following points:

- i. **Consumers’ Ignorance:** Generally, the consumers are not aware of their rights. It is only because of this ignorance that they cannot raise their voice against their exploitation rampant in the market. They bear this exploitation ungrudgingly thinking it as a part of the market. Hence, they remain inactive in this respect. Therefore, it has become necessary in public interest that they should be educated about their rights so that they become activated.
 - ii. **Unorganised Consumers:** Consumers are unorganised and this fact alone highlights the importance of consumers’ protection. A single consumer raising his voice against exploitation is not as effective as the voice of an organised consumers’ body can be. So far the consumers have not shown such an attitude that they should raise their voice in an organised manner. Consumers’ protection encourages the consumers to organise themselves.
 - iii. **Widespread Exploitation of Consumers:** These days consumers are being exploited on a large scale. Following are some of the examples of their exploitation:
 - a. Adulteration in consumers’ products.
 - b. Inferior quality of goods and services.
 - c. Misleading advertisement.
31. Various steps in the process of staffing are as follows
- i. **Estimating manpower requirements-** It refers to finding out the number of persons or employees and type of employees needed in the organisation in near future. At the time of determining the number of persons required, the possibilities regarding internal

promotions, retirements, resignations and dismissals, etc.

- a. **Work load analysis-** Finding the number and type of employees required to perform various jobs.
 - b. **Work force analysis-** Analysing existing work force already occupying the job positions.
 - c. **Comparison-** The manager compares the two and find out the excess of work load over work force indicating under staffing, and thus fulfills the gap.
- ii. **Recruitment-** It refers to the process of inducing the people to apply for the job in the organisation. After assessing the number and type of required employees, the manager tries to get a greater number of applicants for the job, so that the organisation can select better candidates.
 - iii. **Selection-** It refers to the choosing of most suitable candidate to fill the vacant job position. Selection is done through a process, which involves tests, interviews, etc. It is important to keep in mind that the ability of the applicant and the nature of work must match.
 - iv. **Placement and orientation-** Placement refers to join the post for which a person has been selected. After this, a brief presentation about the company is given and employee is introduced to his superiors, subordinates and colleagues and it refers to orientation.
 - v. **Training and development-** In this step, training is imparted to the selected candidate, by which he/she can enhance his/her skills, knowledge, which increases their efficiency and effectiveness.
 - vi. **Performance appraisal-** It refers to evaluating the performance of employees against some standards which are known to employees in advance. To judge his capability his actual work performance is compared with the work assigned to them.
 - vii. **Promotion and career planning-** Promotions are an integral part of people's career. It means people placed in positions of increased responsibility on the basis of their capability and it usually means more pay, responsibility and job satisfaction.
 - viii. **Compensation-** It refers to fixing the compensation of an employee for his contribution to the organisation. It includes pay, rewards and other incentives given to all the employees. It includes direct as well as indirect payments. It may be of two types:
 - a) **Direct Financial Payments-** It includes wages, salaries, incentives, commissions and bonuse
 - b) **Indirect payments-** It includes insurance, medical, vacations etc

OR

- i. The next three steps that Harish has to follow in the staffing process after selecting the heads of different departments are as follows:
 - a. **Placement and Orientation:** Placement refers to the process of giving the charge of the job for which they have been appointed. Orientation may involve a series of activities related to introducing the new employee to other employees and familiarising him with the rules and policies of the organization. Moreover, he is taken around the workplace and made aware of the fire safety policy, canteen, conference room, etc.
 - b. **Training and Development:** Organisations either have in-house training centres or make alliances with training and educational institutes. This is done to ensure continuous learning of their employees and in order to strengthen their competencies for both present and future jobs. This helps to motivate them and enables them to perform better and contribute more towards the realization of organizational effectiveness and efficiency.
 - c. **Performance Appraisal:** It is a process of evaluating the worth of an employee to the organization. It may be done in both formal and informal ways. The process performance appraisal includes defining the job, appraising performance and providing feedback.
 - ii. The two values that Harish wants to communicate to society by setting up this manufacturing unit are:
 - a. Rural development
 - b. Sustainable development
32. a. Here, the technique of the Mental Revolution of scientific management will be suitable for effecting improvement in the current situation of the company because it implies changing the attitude of the workers and the managers. Mental revolution aimed at improving the thinking of both, to create a better working environment. The concept of the Mental Revolution enunciated on cooperation and mutual trust between the workers and the managers.
- b. Here the principle of management of 'Subordination of Individual Interest to General Interest' has been ignored. This fact is evident from the following lines: "The Purchase Manager of the company was purchasing the raw material from another company run by his own son at a price more than the market rate".
- c. The following factors of Micro Environment are affecting the company:
- i. Customers: The customers are unhappy with the environment of the company. Hence, they have left the company.
 - ii. Competitor: The Competitor company is closing its business. It will have a positive impact on the company.

OR

- i. **Technological Environment:** 'With rapid advancements in the field of replacing manual work with machines, a robot named \Sujan has been invented and developed'. It consists of scientific improvements and innovations which provide new ways of producing goods, rendering services, new methods and techniques to operate a business.
 - ii. **Social Environment:** 'However, this issue has to be carefully looked into keeping in mind the consumer attitude towards product innovations, problem of unemployment and its impact on the quality of life'. Social Environment consists of social forces like traditions, values, social trends, level of education, the standard of living etc. All these forces have a vast impact on business.
 - iii. **Legal environment:** 'Through the orders and decisions of various commissions and agencies at Centre, State or local level the Indian Government is playing a very significant role in balancing the use of human and machine power.' It includes various laws passed by the government, administrative orders issued by government authorities, court judgments as well as decisions rendered by the central, state or local governments.
33. An organizational structure defines how activities such as task allocation, coordination and supervision are directed towards the achievement of organizational aims. It specifies the relationships between people, work and resources. It allows correlation and coordination among human, physical and financial resources and this enables a business enterprise to accomplish desired goals.

Basis	Functional Structure	Divisional Structure
Formation	Formation is based on functions.	Formation is based specialized divisions
Managerial Development	Difficult, as each functional manager has to report to the top management.	Easier, autonomy as well as the chance to perform multiple functions helps in managerial development.
Responsibility	Difficult to fix responsibility on a particular department.	Easy to fix responsibility for performance.
Suitability	More suitable for organisations engaged in production and distribution of a single product or a small number of products.	More suitable for the firms having several products and each product ha distinct features.

34. The four Ps are the key factors that are involved in the marketing of a good or service. They are the product, price, place, and promotion. Often referred to as the marketing mix, the four Ps are constrained by internal and external factors in the overall business environment, and they interact significantly with one another. As per this question these 4 ps i.e. product, place, price, and promotion are used by the Haryarama to to prepare its market offerings. The combination of variables used by Haryaram to prepare its market offerings are described below:

a. **Product:** "Their products include chips, biscuits, sweets and squashes."

A product is anything of value i.e. a product or service offered to a market to satisfy its needs or wants. A product includes physical product, after sale service, handling grievances etc. The type of product also partially dictates how much businesses can charge for it, where they should place it, and how they should promote it in the marketplace. Every marketer needs to constantly review and revise its products in order to enhance customer's satisfaction and have a competitive edge.

b. **Price:** "It charges a comparatively higher price than its competitors."

Price is the monetary value paid in consideration for the purchase of a product or service by a buyer to its seller. It is a very crucial decision for the marketers as consumers are very sensitive to the pricing. The factors affecting price determination are the cost of the product, the utility and demand, the extent of competition in the market, government and legal regulations, pricing objectives and marketing methods used.

c. **Place:** "It has five of its own retail shops." Or "It also sells its products through various grocery shops."

It is considered an important element of marketing mix because it includes all those activities that help in making the goods and services available to the prospective buyers in the right quantity, at the right time and in the right condition. The two main decisions involved in physical distribution are a physical movement of goods from producers to consumers and choice of channels of distribution.

d. **Promotion:** "It regularly uses different communication tools to increase its sales."

Promotion refers to the set of activities undertaken by a marketer to inform the prospective buyers about the product and persuade them to make a purchase. The various components of promotion mix are advertising, sales promotion, personal selling and public relation."