

**SAMPLE QUESTION PAPER - 3**  
**BUSINESS STUDIES (054)**  
**CLASS XII**

**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. **The difference between successful and unsuccessful organisations is that successful organisations do not rely on chance but follow deliberate process to synchronise the activities of different departments to ensure that planned objectives are achieved with a minimum of conflict.** [1]

The process mentioned above is:

- |                 |               |
|-----------------|---------------|
| a) Coordination | b) Organising |
| c) Planning     | d) Management |

2. **Maturity period to call money is:** [1]

- |                  |                  |
|------------------|------------------|
| a) 1 to 30 days  | b) 1 to 15 days  |
| c) 15 to 1 years | d) 15 to 90 days |

3. **A plan is framed, it is implemented, and is followed by another plan on the basis of new requirements and future conditions. Which of the following best describes the above statement?** [1]

- |                                             |                                   |
|---------------------------------------------|-----------------------------------|
| a) Planning focuses a achieving objectives. | b) Planning is a mental exercise. |
| c) Planning is continuous.                  | d) Planning is futuristic.        |

4. **Other things remaining the same if the fixed operating cost is high the firm would opt to raise finance from:** [1]

- |                     |                  |
|---------------------|------------------|
| a) Bills receivable | b) Equity shares |
|---------------------|------------------|

c) Commercial paper

d) Debentures

5. \_\_\_\_\_ is not included in the controlling process. [1]

a) Comparison of actual performance with standards

b) Doing work of financial management

c) Measurement of actual performance

d) Analysing deviations

6. Identify the principle of scientific management being ignored in the given picture, where boss is eating food whereas workers are not allowed to take lunch. [1]



a) None of these

b) Science, not rule of thumb

c) Co-operation not individualism

d) Harmony not discord

7.  [1]

a) Customers

b) Government

c) Financial markets

d) Business

8. Sehaj is working as a human resource manager in flora Ltd. He is assigned the work to find out the number and type of personnel available so that he could decide and recruit the required number of persons for each department. Identify the concept involved. [1]

a) Work load analysis

b) All of these

c) Recruitment

d) Work force analysis

9. Which of the following statement is false? [1]

a. Capital structure decision is essentially optimisation of risk-return relationship.

b. The cost of debt is lower than the cost of equity for a firm.

c. High interest coverage Ratio (ICR) is an adequate measure to determine whether a company may use more debt.

d. Equity is risk less for the business.

a) option (a)

b) option (b)

c) option (c)

d) option (d)

10. **Assertion (A):** As an organisation grows in size and complexity, there is a tendency to move towards decentralised decision making. [1]

**Reason (R):** This is because in large organisations those employees who are directly and closely involved with certain operations tend to have more knowledge about them than the top management which may only be indirectly associated with individual operations.

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. Which of the following falls in the Category of Zero Coupon Bond? [1]

a) Certificate of Deposit

b) Commercial Paper

c) Commercial Bill

d) Treasury Bill

12. Dilip is the finance manager of Venus Ltd. He is facing difficulty in deciding the amount of profit earned by the company that should be distributed as dividend to the shareholders. In the current year, the company earned high profit. However, Dilip thinks that it is better to declare higher dividend as he is sure about the earning potential of the company in the coming years. Which of the following factors affected Dilip's choice regarding dividend decision. [1]

a) Taxation Policy

b) Cash Flow Position

c) Shareholders' Preference

d) Stability of Dividends

13. **Statement I:** Under the Consumer Protection Act 2019, a consumer also includes any user of goods if such use is made with the approval of the buyer. [1]

**Statement II:** Any person who obtains goods or avails services for resale or commercial purpose is not treated as a consumer and is outside the scope of Consumer Protection Act 2019.

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

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

c) Both the Statements I and II are correct.

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

14. Star Ltd..is a garment manufacturing co. The co. regularly scan the business environment and constantly adapts itself to change in the environment with all these efforts also it became difficult for the company to foresee future trends, competition in the market affects the financial plan of these. Identify the limitation of planning. [1]
- i. leads to rigidity
  - ii. may not work in a dynamic environment
  - iii. reduces creativity
  - iv. huge cost
- a) iii and iv
  - b) ii and iii
  - c) only iv
  - d) only i
15. For optimal procurement of funds, a finance manager identifies different available sources and compares those items in terms of cost and associated risks. Identify concept highlighted in the above lines. [1]
- a) None of these
  - b) Financial management
  - c) Working capital
  - d) Financial decisions
16. **Statement I:** Advertising is a paid form of communication. [1]  
**Statement II:** Advertising is a personal method of promotion.
- a) Statement I is correct and Statement II is not correct.
  - b) Statement II is correct and Statement I is not correct.
  - c) Both the Statements I and II are correct.
  - d) Both the Statements I and II are not correct.
17. A.co. is manufacturing garments. The manager wants to increase profits by purchasing new high-speed machines or increasing the sale price or using waste materials in manufacturing stuffed toys. He decided that **using waste material** is the best solution for him. [1]  
 Identify the concept of management involved.
- a) Planning
  - b) Coordination
  - c) Organizing
  - d) Directing
18. Match the characteristics of coordination in Column I with their explanation in Column II: [1]

|                              |                                                                                                                                         |
|------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------|
| (a) Integrates group efforts | (i) Coordination unifies unrelated or diverse interests into purposeful work activity.                                                  |
| (b) Ensures unity of action  | (ii) A manager has to coordinate the efforts of different people in a conscious and deliberate manner.                                  |
| (c) A deliberate function    | (iii) It acts as the binding force between departments and ensures that all action is aimed at achieving the goals of the organisation. |

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

19. Business risk depends upon \_\_\_\_\_. [1]

- a) Fixed operating costs                      b) All of these
- c) Operating risk                      d) Financial risk

20. The critical point of control is a process of: [1]

- a) Taking corrective action                      b) Analyzing Deviations
- c) Measurement of Actual Performance                      d) Setting Performance Standards

21. In a company, the marketing department's objective is to increase sales by 10 per cent by offering discounts. But, the finance department does not approve of such discounts as it means loss of revenue. [3]

These kinds of conflict arise in organisations because of the lack of one of the concepts of management.

- a. Identify and explain the concept of management highlighted above.
- b. State the characteristic of management the company is violating.

22. Give three advantages and three disadvantages of democratic leadership. [3]

OR

Ayasha Ltd. assured their employees that inspite of recession, no worker will be retrenched from the job.

- (i) Name and explain the type of incentive offered to the employees.
- (ii) Explain one more incentive of the same category.

23. State why the working capital needs for a 'Service-industry' are different from that of a Manufacturing industry. [3]

24. State any eight reliefs available to a consumer under the provision of CPA, 1986. [3]

OR

State any three responsibilities that a consumer should keep in mind while purchasing using and consuming goods and services.

25. Explain any three limitations of planning function of management. [4]

OR

Can planning work in a changing environment? Give a reason to justify your answer.

26. "Planning is looking ahead and controlling is looking back". Comment. [4]

OR

Controlling is a goal-oriented function. Explain.

27. Scientific Management means knowing exactly what you want men to do and seeing [4]  
that they do it in the best and the cheapest way/Taylor developed various  
techniques for application of Scientific Management principles and was able to  
achieve a three-fold increase in productivity in Bethlehem Steel Company, where he  
worked. One of the techniques helps to determine the number of workers to be  
employed; frame suitable incentive schemes and labour costs. Another technique  
recognises those workers who are able to accomplish/exceed the fair day's work and  
is based on the premise that efficiency is the result of the joint efforts of the  
managers and the workers.  
Quoting the lines from the above paragraph, identify and explain the two  
techniques of Scientific Management.

28. Define the term 'Supervision' and explain the functions of a supervisor. [4]

29. These days, the development of a country is also judged by its system of transferring [4]  
finance from the sector where it is in surplus to the sector where it is needed the  
most. To give strength to the economy, SEBI is undertaking measures to develop the  
capital market. In addition to this, there is another market in which unsecured and  
short-term debt instruments are actively traded every day. These markets together  
help the savers and investors in directing the available fund into their most  
productive investment opportunity.

i. Name the function being performed by the market in the above case.

ii. Name the market segment other than the capital market segment in which  
unsecured and short-term debt instruments are traded. Also, give any three  
points of difference between the two.

30. Explain the following consumer rights provided under the Consumer Protection Act, [4]  
2019:

i. Right to safety

ii. Right to be informed

31. Brief the different methods of training.

[6]

OR

In an interview with a leading news channel, Mr. Mukesh Singh, CEO of **Naukri.com** has suggested that the Companies which want more and more people to apply for jobs in their organisation should make the process of applying for jobs easier and candidate friendly. It is for this reason, he said, that most progressive companies today have a short application process. He also said that the application form filled by the candidate is very important as it is the information supplied in the application forms, which helps the manager in eliminating unqualified or unfit job seekers. The company can create a mechanism that attempts to measure certain characteristics of individuals like aptitude, manual dexterity, and intelligence to personality. The candidate may then be called for an in-depth conversation to evaluate their suitability for the job.

- a. Name the process and steps in the process of identifying and choosing the best person out of a number of prospective candidates for a job discussed above.
- b. Also explain the next three steps in the process which can be subsequently performed by the company.

32. 'Kolkata Rice Foods Limited' is a well known rice producing company. The sales have been falling down right from the beginning of the year. The Managing Director Mr Dhiru Bhai Aggarwal is worried about this situation. With a view to find out the solution of this problem, he made a team of four persons. In this team one Manager, one Deputy Manager, one Supervisor and one Senior Worker were included. After the survey, he told the following four reasons for the falling down of the company's sales. [6]

- i. On account of increase in Export Duty made by the Government, the foreign demand has gone down.
- ii. On account of the availability of several eatable substitutes the attention of people has been diverted from rice.
- iii. Some other rice producing companies have set up Imported Machines with which they are producing better quality.
- iv. The export has been affected on account of bitterness created in the relations with one of the chief rice importing countries.

When this report reached the Managing Director, he arrived at the conclusion that all these changes had taken place so fast that they had not been able to guess or to cope with them in time.

- a. Identify the Dimensions of Business Environment discussed in the above case by quoting the relevant lines.
- b. Which point of importance of Business Environment has the Managing Director admitted his inability to make a guess of?

OR

After completing his MBA from the USA, Mr. Ajay came to India to start a new business under the banner Ecom Creations Ltd. He launched a new product in e-learning for senior secondary school students in the commerce stream which already had an established market in the UK and the USA but not in India. His business started flourishing in India. As a result, more Indian companies entered the market with other subjects also.

Identify and quote the lines from the above paragraph which highlight the significance of understanding the business environment.

33. What is the difference between delegation of authority and decentralisation. [6]
34. Nischay, after completing his masters in computer engineering decided to start his own business. He visited his uncle Mr. Jaiprakash who has been running a successful business in web designing. He shared with Nischay that the main reason for his success in the business lies in his approach to building a lifetime relationship with his clients. Therefore, his business is not only restricted to designing web sites according to the specifications of the clients but also providing continuous online assistance to them and handling their grievances effectively and doing all this at a profit. He provides these services at competitive prices. Anybody interested in getting web solutions can contact him through his website. Moreover, whenever the market is sluggish he tries to create demand by offering short-term incentives to the buyers. [6]
- In the context of the above case:
- Define the term 'Marketing Management'.
  - Briefly explain the various elements of the marketing mix being pursued by Mr. Jaiprakash by quoting lines from the para.

## Solutions

1. **(a)** Coordination  
**Explanation:** Coordination
2.  
**(b)** 1 to 15 days  
**Explanation:** Maturity of 1 to 15 days used for inter-bank transaction.
3.  
**(c)** Planning is continuous.  
**Explanation:** Planning is continuous.
4.  
**(b)** Equity shares  
**Explanation:** Equity Shares
5.  
**(b)** Doing work of financial management  
**Explanation:** Measurement of actual performance, Comparison of actual performance with standards and Analyzing deviations are part of the controlling process.
6.  
**(c)** Co-operation not individualism  
**Explanation:** Cooperation, not individualism being ignored in the given picture.
7.  
**(c)** Financial markets  
**Explanation:** Financial markets act as a link between savers and business firms.
8.  
**(b)** All of these  
**Explanation:** All of these are included
9.  
**(c)** option (c)  
**Explanation:** High interest coverage Ratio (ICR) is an adequate measure to determine whether a company may use more debt.
10. **(a)** Both A and R are true and R is the correct explanation of A.  
**Explanation:** Both A and R are true and R is the correct explanation of A.
11.  
**(d)** Treasury Bill  
**Explanation:** Treasury Bill fall under the category of zero-coupon bonds
12.  
**(d)** Stability of Dividends  
**Explanation:** Companies generally follow a policy of stabilising dividend per share. The increase in dividends is generally made when there is confidence that their earning potential has gone up and not just the earnings of the current year.

13. (c) Both the Statements I and II are correct.  
**Explanation:** Both the Statements I and II are correct.
14. (d) only i  
**Explanation:** Planning is rigid.
15. (b) Financial management  
**Explanation:** Financial management
16. (a) Statement I is correct and Statement II is not correct.  
**Explanation:** Statement I is correct and Statement II is not correct.
17. (a) Planning  
**Explanation:** Planning as a concept of management is been discussed here.
18. (b) (a) - (i), (b) - (iii), (c) - (ii)  
**Explanation:** (a) - (i), (b) - (iii), (c) - (ii)
19. (a) Fixed operating costs  
**Explanation:** Fixed operating costs
20. (b) Analyzing Deviations  
**Explanation:** Critical Point of control is a part of analyzing deviations in the controlling process.
21. a. The case study given above is the concept of co-ordination of management. Concept of Management Co-ordination is the process in which the activities of different departments are coordinated. This means that the desired goal of the entire organisation, all the departments should work together with a team spirit to achieve it.
- b. In the case study given above, the group activity characteristic of company management is being violated. A group activity refers to some activity in which the management of any organisation is not done separately, but all the employees and departments of all the organizations work together. A person cannot have all kinds of qualities, so the person for whom the tasks of those qualities are prescribed, the group of all the individuals is able to achieve the common desired objective of the organization. So all the departments of the organisation work as a group. Every organisation has a diverse group of individuals working in it. Every person has a different purpose but they all work towards the same goal. Thus, an important aspect of management is to work on teamwork and coordination of individual effort to achieve common goals.
22. The three advantages of democratic leadership are:
1. Morale.
  2. Creation of more efficiency and productivity.

3. Availability of sufficient time for constructive work.

The three disadvantages of democratic leadership are:

1. A requirement of educated subordinates.
2. Delay in decisions.
3. Lack of responsibility and managers.

OR

(i) The name of the incentive offered is Job security. Employees want their job to be secure. They want certain stability about future income and work so that they do not feel worried on these aspect and work with greater zeal.

(ii) Employee participation: It means involving employees in decision making if the issues related to them. In many companies, these programmes are in practice in the form of joint management committees, work committees, canteen committees etc.

23. Service industries need less working capital because they do not require any inventory. They do not have any manufacturing process. They need to incur day to day expenses far more than a manufacturing business.

24. The reliefs available to a consumer under the CPA, 1986 are

- i. 'Remove its defects' order can be passed by the authority if after proper testing the product proves to be defective.
- ii. Orders can be passed to replace the defective product with a new non-defective productive of the same type.
- iii. Orders can be passed to refund the price paid by the complainant for the product.
- iv. To pay a reasonable amount of compensation for any loss suffered.
- v. To pay punitive damages in appropriate circumstances.
- vi. Not to offer hazardous goods for sale.
- vii. To withdraw the hazardous goods from sale.
- viii. To cease the manufacture of hazardous goods.

OR

While purchasing, using and consuming goods and services, consumers have following responsibilities:

- i. Be aware of different goods and services available.
- ii. Buy only standardised goods.
- iii. Learn about the various risks associated with products.

25. While business planning is important and a requisite for every organization, it does have some limitations:

- i. **Rigidity:** Once the planning function is complete and the action plan is set, then the manager tends to only follow the plan. The manager may not be in a position to change the plan according to circumstances. Or the manager may be unwilling to change the plan. This sort of rigidity is not ideal for an organization.
- ii. **Not ideal in Dynamic Conditions:** In an economic environment rarely anything is stagnant or static. Economic, political, environmental, legal conditions keep

changing. In such a dynamic environment it becomes challenging to predict future changes. And if a manager cannot forecast accurately, the plan may fail.

- iii. **Planning can also reduce creativity:** While making a plan takes creativity after that managers blindly follow the plan. They do not change the plan according to the dynamic nature of the business. Sometimes they do not even make the appropriate suggestions to upper management. The work becomes routine.

OR

A business organisation survives within a business environment and factors of business environment keeps on changing. The rapidly changing situations present a serious difficulty in the task of planning. Factors like government policies, taste and preference of consumer, competitor policies, technological advancement etc keeps on changing. Since plans are rigid so there is no scope for any changes to be made in them. Plans which are made according to one specific situation may not work when the situation changes. Also, future anticipations made by the managers are not always true.

Therefore, it can be said that planning does not work in the dynamic environment.

26. The given statement is not fully correct.

| From the point of view of Planning                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | From the point of view of Controlling                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>Planning is looking ahead:</b></p> <ul style="list-style-type: none"> <li>Planning is looking ahead and is called a forward-looking function because on this basis the future of the company is decided.</li> <li>All plans are prepared for future and implementation comes back to planning.</li> <li>All plans are based on forecasting about future conditions, which are based on real experiences.</li> </ul> <p><b>Controlling is looking back:</b></p> <ul style="list-style-type: none"> <li>Controlling is concerned with the post-mortem of past activities.</li> <li>Planning is a backward-looking function because as mentioned above, all decisions are taken as per the experience.</li> </ul> | <p><b>Controlling is looking ahead:</b></p> <ul style="list-style-type: none"> <li>Controlling is a forward-looking function of management because it involves amendment of future plans</li> <li>All corrective action initiated by the management through controlling will help in improving the future performance because it involves removing the deviation between actual and standard performance</li> </ul> <p><b>Planning is looking back:</b></p> <ul style="list-style-type: none"> <li>Planning is done by past experiences because a plan has to be made taking past experiences in mind .</li> <li>While formulating a plan, it is important to keep in mind all previous problems faced and other good or bad experiences of the past.</li> </ul> |

OR

Controlling function of management means a process of ensuring that activities in an organisation are performed according to the standards and goals set in advance. Controlling ensures that physical and human resources are being used effectively and efficiently for the achievement of pre-determined goals. In this way, controlling is a goal-oriented function of management.

27. **Time Study:-** One of the techniques helps to determine the number of workers to be employed; framesuitable incentive schemes and labour costs. It circumscribes the conventional time taken to complete a well-defined job.

**Differential Piece Wage System:-** Another technique recognises those workers who are able to accomplish/exceed the fair days work and is based on the premise that efficiency is the result of the joint effortsof the managers and the workers.

28. The supervision means instructing, guiding, monitoring and observing the employees while they are performing jobs in the organisation.

The word supervision is the combination of two words, i.e., supervision where super means over and above and vision means seeing. So, supervision means seeing the activities of employees from over and above.

Role of Supervisor:

Supervisor plays two important roles:

1. Role of Mediator or Linking Pin:

Supervisor plays the role of linking pin as he communicates the plans, policies, decisions and strategies of management to subordinates and complaints, grievances and suggestions of subordinates to management.

2. Role of a guide:

Whenever subordinates are in doubt and need help the supervisor guides them to come out from their problematic situations.

29. i. The function performed by the market in the above case is—Mobilisation of savings and channelising them into the most productive use or allocative function.  
ii. Money market is the market segment where unsecured, short-term debt instruments are traded. The three points difference between money and capital market are

| Basis    | Capital market                                                                                                                                                                                                                                                                          | Money market                                                                                                            |
|----------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------|
| Meaning  | It refers to the whole network of organisations, institutions and instruments that deal in medium and long-term funds. Capital markets channel the wealth of savers to those who can put it to long-term productive use, such as companies or governments making long-term investments. | Money market is a market for short-term funds which deals in monetary assets whose period of maturity is upto one year. |
| Duration | Period of maturity is more than one year.                                                                                                                                                                                                                                               | Period of maturity ranges from one day to one year.                                                                     |

|           |                                                    |                                                                       |
|-----------|----------------------------------------------------|-----------------------------------------------------------------------|
| Liquidity | Only actively traded securities have ready market. | In this market, there is a formal arrangement for creating liquidity. |
|-----------|----------------------------------------------------|-----------------------------------------------------------------------|

30. i. **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 confirm 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. Right to Safety means getting protected against the marketing of goods and services that are hazardous to the life and property of an individual.
- ii. **Right to e Informed:** The consumer has a right to have complete information about the product he intends to buy including its date of manufacture, price, quantity, directions for use, etc. It is because of this reason that the legal framework in India requires the manufacturers to provide such information on the package and label of the product.
31. 1. **Apprenticeship training:** Under this method, the students get practical training while they study. Thus, this method is based on the cooperation between the employers and the vocational or technical institutions. A few large undertakings have their own training institutes. Under this method, a balance between theory and practice is maintained.
2. **Vestibule training:** This method is contrast to the on-the-job method. Under this method, new workers are trained for specific jobs on special machines or equipment in a separate room located in the plant or workshop itself. An experienced workman is entrusted with the task of training. He should actually demonstrate the machine. Besides, other devices such as lecture, conference, group discussion, role playing, etc, are also used to impart training. This method is suitable only when a large number of new recruit are to be trained simultaneously.
3. **Internship:** Under this method, the students get practical training while they study. Thus, this method is based on the cooperation between the employers and the vocational or technical institutions. A few large undertakings have their own training institutes. Under this method, a balance between theory and practice is maintained. This method is highly suitable to train skilled and technical personnel and not for others. Besides, it is also a time consuming process.

OR

- a. Selection is the process of identifying and choosing the best person out of a number of prospective candidates for a job discussed above.
- Steps in the process of selection discussed:
- Preliminary Screening.
  - Selection Tests
  - Employment interview

b. Next three steps in the process which can be subsequently performed by the company are:

- i. **Reference and background checks:** Many employers request names, addresses and telephone numbers of references for the purpose of verifying information and gaining additional information on an applicant. Previous employers, known persons, teachers and university professors can act as references.
- ii. **Selection Decision:** The final decision has to be made from among the candidates who passed the tests, interviews and reference checks. The views of the concerned manager will be generally considered in the final selection.
- iii. **Medical Examination:** After the selection decision and before the job offer is made, the candidate is required to undergo a medical fitness test. The job offer is given to the candidate being declared fit after the medical examination.

32. A business environment includes all external factors and forces which have a certain degree of impact on the business actions, decisions, and strategies of the firm. Usually, the success of a business is dependent on its environment. Businesses are expected to identify, appraise, and respond to all threats and opportunities in their environments. One Feature of Business Environment is Complex. A business environment has a plethora of factors, events, conditions, and influences arising from a variety of sources. Therefore, it is very difficult to understand all the factors affecting a given environment at any time. Although we can understand it in parts, it is impossible to grasp it in totality.

The Two Dimensions of Business Environment are:

- i. **Technological Environment:** The primary forces that are responsible for the improvement in the scientific field and new innovations being introduced in the market for improving the quality of goods and services and techniques for operating business more efficiently are known as technological factors in the business environment. Just like two sides of the same coin, technological changes are threats to some organisations and opportunities for other.
- ii. **Political Environment:** This factor consists of external factors such as political stability and peace in the country. The foresight of the ruling party and its perspective towards business. Needless to say, the political environment is easily the most important dimension of the business environment.

As it decides what is the ideology of the party which is dominant in the country. For example, after globalisation India let foreign companies enter Indian market for giving a boost to different industries such as the food processing industry, the technological industry.

Businesses function with the nature and the framework of the political party. The components of a political environment consist of the constitution of the country, political stability, political ideology, political outlook on business sectors, the extent of government intervention and degree of politicisation of business and economic issues.

OR

- a. The understanding of the business environment helps in assisting in planning and policy formulation as its understanding and analysis can be the basis for deciding the future course of action or decision making. It enables the firm to identify opportunities and getting the first-mover advantage instead of losing them to its competitors. The lines from the given paragraph are:  
"After completing his MBA from the USA, Mr. Ajay came to India to start a new business under the banner Ecom Creations Ltd. He launched a new product in e-learning for senior secondary school students in the commerce stream which already had an established market in the UK and the USA but not in India."
- b. It helps in improving the performance of an enterprise through continuous monitoring of the environment and adopting suitable business practices that help to improve both their present and future performance. The lines from the given paragraph are:  
"His business started flourishing in India."
- c. It helps the firm to identify threats and early warning signals that are likely to hinder a firm's performance and take timely actions. The lines from the given paragraph are:  
"As a result, more Indian companies entered the market with other subjects."

|     |             |                           |                                                                                                                              |                                                                                                                                                                                                                                                                             |
|-----|-------------|---------------------------|------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 33. | <b>S.no</b> | <b>Basis</b>              | <b>Delegation of Authority</b>                                                                                               | <b>Decentralisation</b>                                                                                                                                                                                                                                                     |
|     | 1           | Nature                    | It is compulsory act because no individual can perform all tasks on his own.                                                 | It is an optional policy decision. It is done at the discretion of the top management.                                                                                                                                                                                      |
|     | 2           | Scope                     | It involves entrusting the authority by a manager to his immediate subordinates in a work unit. Thus, it is narrow in scope. | It involves systematic delegation of authority at all levels and in all functions of the organisation. It is an extension of delegation to the lowest level in the organisation. It amounts to pushing down authority to all managerial levels. Thus, it is wider in scope. |
|     | 3           | Purpose                   | To lessen the burden of the manager.                                                                                         | To increase the role of the subordinates in the organisation by giving them more autonomy.                                                                                                                                                                                  |
|     | 4           | Status                    | It is a process followed to share tasks.                                                                                     | It is the result of the policy decision of the top.                                                                                                                                                                                                                         |
|     | 5           | Freedom of action/Control | Subordinates have less freedom of action since they are kept under                                                           | Managers have greater freedom of action since they are not kept under close supervision by their superiors.                                                                                                                                                                 |

| S.no | Basis | Delegation of Authority               | Decentralisation |
|------|-------|---------------------------------------|------------------|
|      |       | close supervision by their superiors. |                  |

34. a. Marketing management is the art and science of choosing target markets and getting, keeping, and growing customers through creating, delivering, and communicating superior customer value.
- b. The various elements of the marketing mix being pursued by Mr. Jaiprakash are as follows:
- Product:** "his business is not only restricted to designing web sites according to the specifications of the clients but also providing continuous online assistance to them and handling their grievances' effectively."  
A product is anything of value i.e. a product or service offered to a market to satisfy needs or wants. A product includes physical product, after sale service, handling grievances etc. Every marketer needs to constantly review and revise his products in order to enhance customer's satisfaction and have a competitive edge.
  - Price:** "doing all this at a profit. He provides these services at competitive prices."  
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.
  - Place:** "Anybody interested in getting web solutions can contact him through his website. "  
It is considered an important element of the 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. Two main decisions involved in physical distribution are physical movement of goods from producers to consumers and choice of channels of distribution.
  - Promotion:** "Moreover, whenever the market is sluggish he tries to create demand by offering short-term incentives to the buyers."  
Promotion refers to the set of activities undertaken by a marketer to inform the prospective buyers about the product and persuading them to make a purchase. The various components of the promotion mix are advertising, sales promotion, personal selling and public relation.