UP Board Class 12 Business Studies Question Paper 2026 with Solutions

Time Allowed : 3 Hours	Maximum Marks : 70	Total Questions : 30

General Instructions

1. Please check that this question paper contains 23 printed pages.
2. Q.P. Code given on the right hand side of the question paper should be written on the title page of the answer-book by the candidate.
3. Please check that this question paper contains 30 questions.
4. 15 minute time has been allotted to read this question paper. The question paper will be distributed at 10.15 a.m. From 10.15 a.m. to 10.30 a.m., the candidates will read the question paper only and will not write any answer on the answer-book during this period.
5. Question papers are available in both English and Hindi.

1. Management is

(A) A Science
(B) An Art
(C) Both Science and Art
(D) None of these

Correct Answer: (C) Both Science and Art

Solution:

Step 1: Understanding the Concept:
Management is a multifaceted discipline that combines the logical structure of science with the creative execution of art.
It involves a systematic body of knowledge while requiring personal skills for application.

Step 2: Detailed Explanation:
As a science, management has universally accepted principles (like Fayol's or Taylor's) based on observation and experimentation.
As an art, it involves the practical application of these principles using personal creativity and experience to achieve specific results.
Because human behavior is unpredictable, it is often called an "Inexact Science" or "Social Science."

Step 3: Final Answer:
Management is recognized as both a science and an art because it provides theoretical principles and requires practical, creative application.

💡 Quick Tip

In exams, if asked why it is an "Inexact Science," mention that it deals with humans whose behavior cannot be controlled like laboratory chemicals.

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2. Who is known as the father of Scientific management ?

(A) Henry Fayol
(B) Elton Mayo
(C) F.W. Taylor
(D) Peter Drucker

Correct Answer: (C) F.W. Taylor

Solution:

Step 1: Understanding the Concept:
Scientific management refers to a movement that sought to improve industrial efficiency through the scientific study of workflows.

Step 2: Detailed Explanation:
Frederick Winslow Taylor (F.W. Taylor) was an American mechanical engineer who sought to eliminate "rule of thumb" methods.
He introduced techniques like Time Study, Motion Study, and Fatigue Study to standardize work.
Henry Fayol is known as the Father of Administrative/General Management, not Scientific Management.

Step 3: Final Answer:
F.W. Taylor is the father of Scientific Management.

💡 Quick Tip

Remember: Taylor = Shop floor/Scientific efficiency; Fayol = Top level/Administrative principles.

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3. Which Management thinker gave the 14 Principles of Management ?

(A) Maslow
(B) Henry Fayol
(C) McGreger
(D) Elton Mayo

Correct Answer: (B) Henry Fayol

Solution:

Step 1: Understanding the Concept:
The 14 principles of management provide a comprehensive framework for organizational administration and decision-making.

Step 2: Detailed Explanation:
Henry Fayol, a French industrialist, published his observations in the book "Administration Industrielle et Générale" (1916).
His principles include Division of Work, Authority, Discipline, Unity of Command, Unity of Direction, etc.
These principles are flexible and applicable to all types of organizations (Universal Applicability).

Step 3: Final Answer:
The 14 Principles of Management were developed by Henry Fayol.

> Quick Tip
>
> Unity of Command (one boss) and Unity of Direction (one plan) are the two most frequently tested principles from Fayol's list.

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4. Which of the following is not a function of management ?

(A) Planning
(B) Staffing
(C) Directing
(D) Profit-making

Correct Answer: (D) Profit-making

Solution:

Step 1: Understanding the Concept:
Functions of management represent the activities or processes that managers perform to achieve organizational goals.

Step 2: Detailed Explanation:
The traditional functions of management include Planning, Organizing, Staffing, Directing, and Controlling.
Profit-making is an **objective** or a result of successful management, but it is not a functional step in the management process itself.

Step 3: Final Answer:
Profit-making is not a function of management; it is an organizational objective.

> Quick Tip
>
> Think of management functions using the acronym POSDC: Planning, Organizing, Staffing, Directing, Controlling.

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5. Internal and external environment are the parts of

(A) Organization
(B) Control
(C) Business environment
(D) Staffing

Correct Answer: (C) Business environment

Solution:

Step 1: Understanding the Concept:
Business environment consists of all factors (inside and outside) that impact a firm's operations and performance.

Step 2: Detailed Explanation:
1. Internal Environment: Factors within the firm like its mission, culture, and human resources (controllable).
2. External Environment: Factors outside the firm like political, legal, economic, and social forces (mostly uncontrollable).

Step 3: Final Answer:
Internal and external factors are dimensions of the Business Environment.

> Quick Tip
>
> External environment is further divided into "Micro" (Task environment) and "Macro" (General environment).

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6. Which is not a source of recruitment ?

(A) Internal source
(B) External source

(C) Selection
(D) Promotion

Correct Answer: (C) Selection

Solution:

Step 1: Understanding the Concept:
Recruitment is the "positive" process of attracting potential candidates to apply for a job.

Step 2: Detailed Explanation:
Sources of recruitment are categorized as Internal (Promotion, Transfer) and External (Campus, Advertisements).
Selection is the "negative" process of choosing the best candidate and rejecting others. It follows recruitment.

Step 3: Final Answer:
Selection is a stage in the staffing process, not a source for finding candidates.

Quick Tip
Recruitment increases the application pool, while Selection narrows it down.

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7. Maslow is related to

(A) Leadership theory
(B) Motivation theory
(C) Communication theory
(D) Control theory

Correct Answer: (B) Motivation theory

Solution:

Step 1: Understanding the Concept:
Motivation is the psychological process that initiates, guides, and maintains goal-oriented behaviors.

Step 2: Detailed Explanation:
Abraham Maslow proposed the "Hierarchy of Needs" theory.
He argued that individuals are motivated by five levels of needs: Physiological, Safety, Social, Esteem, and Self-actualization.

Step 3: Final Answer:
Maslow is famously associated with the hierarchy theory of motivation.

Quick Tip

Maslow's theory assumes that a satisfied need no longer motivates an individual.

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8. The main objective of financial management is

(A) Profit maximisation
(B) Wealth maximisation
(C) Sales maximisation
(D) Cost minimisation

Correct Answer: (B) Wealth maximisation

Solution:

Step 1: Understanding the Concept:
Financial management deals with the efficient acquisition and allocation of funds.

Step 2: Detailed Explanation:
While profit maximization is a short-term goal, **Wealth Maximization** (maximizing the market price of equity shares) is the primary objective.
It takes into account the time value of money and the risk associated with returns, which simple profit maximization ignores.

Step 3: Final Answer:
The ultimate goal of financial management is to maximize shareholders' wealth.

Quick Tip

Wealth Maximization is synonymous with "Maximizing the market value of the firm's equity shares."

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9. Which two functions are closely related ?

(A) Planning and control
(B) Staffing and motivation
(C) Organisation and supervision
(D) Communication and packaging

Correct Answer: (A) Planning and control

Solution:

Step 1: Understanding the Concept:
Planning and controlling are interlinked functions that form the beginning and end of the management cycle.

Step 2: Detailed Explanation:
Planning sets the standards (goals). Controlling measures actual performance against those standards.
Without planning, there is no basis for control. Without control, planning remains a mental exercise with no realization of goals.

Step 3: Final Answer:
Planning and controlling are inseparable "Siamese twins" of management.

> Quick Tip
>
> Planning is "Forward-looking" (futuristic) and Controlling is "Backward-looking" (evaluative).

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10. Labelling is mainly related to

(A) Finance
(B) Marketing
(C) Staffing
(D) Planning

Correct Answer: (B) Marketing

Solution:

Step 1: Understanding the Concept:
Marketing involves all activities that facilitate the flow of goods and services from producer to consumer.

Step 2: Detailed Explanation:
Labelling is a component of "Product Mix."
It involves designing the information on the product package, such as ingredients, instructions, price, and branding.

Step 3: Final Answer:
Labelling is a marketing function used for product identification and promotion.

Quick Tip

Labeling acts as a "silent salesman" by providing all necessary information to the buyer at the point of purchase.

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11. Define management.

Correct Answer: Management is the process of getting things done with the aim of achieving goals effectively and efficiently.

Solution:

Step 1: Understanding the Concept:
Management is both a process and a set of activities designed to achieve organizational objectives using available resources.

Step 2: Detailed Explanation:
1. **Process:** Refers to the primary functions of planning, organizing, staffing, directing, and controlling.
2. **Effectively:** Doing the right task and completing the activity on time.
3. **Efficiently:** Doing the task correctly with minimum cost and resource wastage.

Step 3: Final Answer:
Management is the art of getting work done through others while maintaining efficiency and effectiveness.

Quick Tip

Always distinguish between Effectiveness (Result-oriented) and Efficiency (Cost-oriented) in your definition.

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12. Mention any two principles of Scientific Management given by F. W. Taylor.

Correct Answer: 1. Science, Not Rule of Thumb. 2. Harmony, Not Discord.

Solution:

Step 1: Understanding the Concept:
Taylor's principles aim to apply scientific methods to management problems to improve industrial productivity.

Step 2: Detailed Explanation:
1. **Science, Not Rule of Thumb:** This principle suggests that we should not stick to old methods of doing work; rather, we should constantly experiment to find the one "best way" of doing the job.
2. **Harmony, Not Discord:** There should be complete agreement between the management and the workers. Both should realize they are mutually dependent.

Step 3: Final Answer:
The two principles are Science, Not Rule of Thumb, and Harmony, Not Discord.

> Quick Tip
>
> Taylor emphasized a "Mental Revolution" to achieve harmony between workers and management.

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13. What is meant by business environment ?

Correct Answer: Business environment refers to 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.

Solution:

Step 1: Understanding the Concept:
Every business operates within a framework of factors that influence its survival and growth.

Step 2: Detailed Explanation:
It includes social, political, legal, technological, and economic forces.
For example, a change in government policy (political) or a new invention (technological) can create opportunities or threats for a business.

Step 3: Final Answer:
Business environment is the aggregate of external forces that impact organizational decision-making.

> Quick Tip
>
> Remember the PESTEL model: Political, Economic, Social, Technological, Environmental, Legal.

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14. Define planning.

Correct Answer: Planning is deciding in advance what to do, how to do it, when to do it, and who is to do it.

Solution:

Step 1: Understanding the Concept:
Planning is the primary function of management that bridges the gap between where we are and where we want to go.

Step 2: Detailed Explanation:
It involves setting objectives and developing appropriate courses of action to achieve these objectives.
It is a mental exercise requiring foresight and imagination.

Step 3: Final Answer:
Planning is the process of setting goals and determining the best way to achieve them.

Quick Tip
Planning reduces uncertainty by anticipating the future and preparing for changes.

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15. What is meant by delegation of authority ?

Correct Answer: Delegation of authority is the downward transfer of authority from a superior to a subordinate.

Solution:

Step 1: Understanding the Concept:
A manager cannot perform all tasks alone, so they share some of their work and authority with their subordinates.

Step 2: Detailed Explanation:
It has three essential elements:
1. Authority: The right to command.
2. Responsibility: The obligation to perform the task.
3. Accountability: The answerability for the final outcome.

Step 3: Final Answer:
Delegation is the act of assigning duties and the power to perform them to subordinates.

Quick Tip

Remember: ”Authority can be delegated, but accountability cannot be delegated (absolute responsibility remains with the superior).”

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16. State any two external sources of recruitment.

Correct Answer: 1. Campus Recruitment. 2. Advertisements.

Solution:

Step 1: Understanding the Concept:
External recruitment means finding and hiring candidates from outside the organization.

Step 2: Detailed Explanation:
1. **Campus Recruitment:** Visiting colleges and universities to hire fresh talent.
2. **Advertisements:** Posting job openings in newspapers, magazines, or online portals to attract a wide range of candidates.

Step 3: Final Answer:
Two common external sources are Campus Recruitment and Advertising.

Quick Tip

External sources bring ”fresh blood” and new ideas into the organization but are more expensive than internal sources.

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17. What is Motivation ?

Correct Answer: Motivation is a process of stimulating people to action to accomplish desired goals.

Solution:

Step 1: Understanding the Concept:
Motivation is the internal drive that encourages people to work enthusiastically.

Step 2: Detailed Explanation:
It involves three terms: Motive (an inner state), Motivator (the technique used), and Motivation (the process).
It can be positive (incentives like bonus) or negative (fear of punishment).

Step 3: Final Answer:
Motivation is the psychological force that determines the direction and intensity of a person's effort at work.

💡 Quick Tip
Motivation converts an employee's "Ability to work" into "Willingness to work."

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18. What is meant by Controlling ?

Correct Answer: Controlling is the process of comparing actual performance with planned standards and taking corrective action if there are any deviations.

Solution:

Step 1: Understanding the Concept:
Controlling ensures that activities in an organization are performed according to the plans.

Step 2: Detailed Explanation:
The steps involve: Setting standards $\rightarrow$ Measuring performance $\rightarrow$ Comparing $\rightarrow$ Analyzing deviations $\rightarrow$ Taking corrective action.

Step 3: Final Answer:
Controlling is a goal-oriented function that checks if work is progressing as per the schedule.

💡 Quick Tip
Control is not the end of the process; it is the beginning of the next planning cycle.

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19. State any two factors affecting fixed capital requirement.

Correct Answer: 1. Nature of Business. 2. Scale of Operations.

Solution:

Step 1: Understanding the Concept:
Fixed capital represents funds invested in long-term assets like land, building, and machinery.

Step 2: Detailed Explanation:
1. **Nature of Business:** A manufacturing concern requires huge investment in plant and

machinery, hence high fixed capital. A trading concern needs less.
2. **Scale of Operations:** A large-scale organization requires more fixed capital compared to a small-scale organization.

Step 3: Final Answer:
Nature of business and the size of operations are key determinants of fixed capital needs.

> Quick Tip
>
> Capital intensive industries always require more fixed capital than labor intensive ones.

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20. State two functions of labelling.

Correct Answer: 1. Describe the product and specify its contents. 2. Identification of the product or brand.

Solution:

Step 1: Understanding the Concept:
Labelling refers to designing a tag or a label that provides information about the product.

Step 2: Detailed Explanation:
1. **Information Provider:** It tells the buyer about the price, expiry date, ingredients, and how to use the product.
2. **Identification:** It helps the consumer distinguish the product from competing brands.

Step 3: Final Answer:
Functions include providing product details and aiding in brand recognition.

> Quick Tip
>
> Labeling also helps in grading products (e.g., Yellow Label, Green Label tea).

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21. Explain the importance of Management as both an Art and a Science.

Correct Answer: Management is a science because it follows principles and an art because it requires personal skill for application.

Solution:

Step 1: Understanding the Concept:
Management is a synthesis of the logic of science and the creativity of art.

Step 2: Detailed Explanation:
Management as a Science:
- It has a systematized body of knowledge.
- Principles are based on continuous observation and experimentation.
- While not as exact as physics (it is a social science), its principles are universally valid.

Management as an Art:
- It involves the personalized application of theoretical knowledge.
- Success in management depends on how creatively a manager handles a situation.
- It improves through constant practice.

Step 3: Final Answer:
Therefore, management is not purely one or the other but a blend of both science (theory) and art (practice).

> Quick Tip
>
> Science provides the "Why" (reasoning) and Art provides the "How" (execution).

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22. What is business environment ? Explain significance of natural environment in business.

Correct Answer: Business environment is the set of external forces affecting a firm. Natural environment includes ecological and physical factors that provide resources.

Solution:

Step 1: Understanding the Concept:
The environment dictates what a business can and cannot do. Natural environment specifically concerns the availability of natural resources and ecological balance.

Step 2: Detailed Explanation:
Significance of Natural Environment:
1. **Resource Availability:** It provides essential raw materials like minerals, water, and timber.
2. **Energy Supply:** Businesses depend on natural energy sources (coal, petroleum, solar).
3. **Weather and Climate:** Certain industries like agriculture, tourism, and garments are highly affected by seasonal changes.
4. **Sustainability:** Businesses must operate eco-friendly ways to ensure long-term survival (Corporate Social Responsibility).

Step 3: Final Answer:
The natural environment is critical as it provides the physical inputs and sets ecological limits for industrial activity.

Quick Tip
"Going Green" is now a competitive advantage in the modern business environment.

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23. Explain the difference between delegation and decentralisation.

Correct Answer: Delegation is sharing work with one subordinate, while decentralization is a policy to distribute authority at all levels.

Solution:

Step 1: Understanding the Concept:
Both involve sharing authority, but they differ in scope and intent.

Step 2: Detailed Explanation:
1. **Nature:** Delegation is a compulsion (one person cannot do everything). Decentralization is an optional policy.
2. **Scope:** Delegation is limited to a superior and their subordinate. Decentralization covers the whole organization.
3. **Purpose:** Delegation is to reduce the burden of a manager. Decentralization is to empower all employees and increase autonomy.
4. **Responsibility:** In delegation, the superior remains accountable. In decentralization, accountability is shared more broadly.

Step 3: Final Answer:
Delegation is a process between individuals, whereas decentralization is an organizational philosophy.

Quick Tip
Remember: "Decentralization is the result of delegation multiplied across all levels."

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24. Discuss Maslow's hierarchy of needs theory of motivation.

Correct Answer: A theory suggesting human needs follow a five-level pyramid.

Solution:

Step 1: Understanding the Concept:
Abraham Maslow suggested that human behavior is based on the satisfaction of needs in a specific order.

Step 2: Detailed Explanation:
The hierarchy consists of:
1. **Physiological Needs:** Basics like food, shelter, and salary.
2. **Safety/Security Needs:** Physical safety and job security.
3. **Social/Belongingness Needs:** Friendships, affection, and group belonging.
4. **Esteem Needs:** Respect, status, and recognition.
5. **Self-actualization Needs:** Achieving one's full potential.

Step 3: Final Answer:
The theory states that as lower-level needs are satisfied, higher-level needs emerge as motivators.

Quick Tip
In exams, always draw the pyramid diagram starting from Physiological (bottom) to Self-actualization (top).

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25. Explain any five functions of marketing.

Correct Answer: Analysis, Planning, Product design, Branding, and Promotion.

Solution:

Step 1: Understanding the Concept:
Marketing functions cover the entire range of activities from market research to after-sales service.

Step 2: Detailed Explanation:
1. **Market Information:** Gathering and analyzing data about what customers want.
2. **Marketing Planning:** Preparing a plan to achieve objectives like increasing market share.
3. **Product Design:** Developing the product's features and performance.
4. **Standardization and Grading:** Ensuring products meet quality standards and sorting them by size/grade.
5. **Promotion:** Communicating with the target market through ads, sales promotions, etc.

Step 3: Final Answer:
Marketing functions focus on value creation and customer satisfaction.

Quick Tip

Marketing is not just selling; selling is only a small part of marketing.

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26. Explain McCarthy's '4P' Model of Marketing.

Correct Answer: Product, Price, Place, Promotion.

Solution:

Step 1: Understanding the Concept:
The Marketing Mix (4Ps) represents the tools a manager uses to satisfy consumers and achieve sales goals.

Step 2: Detailed Explanation:
1. **Product:** Refers to the goods/services (quality, brand, packaging).
2. **Price:** The amount customers pay (discounts, credit terms).
3. **Place:** How the product reaches the consumer (channels of distribution, logistics).
4. **Promotion:** How customers are informed (advertising, personal selling).

Step 3: Final Answer:
The 4P model is the foundation of traditional marketing strategy.

Quick Tip

Modern marketing has added 3 more Ps for services: People, Process, and Physical Evidence.

27(a). Discuss the importance of Business environment in management decision-making.

Correct Answer: Understanding the environment helps in identifying opportunities, threats, and resource allocation.

Solution:

Step 1: Understanding the Concept:
Environment scanning allows managers to make informed strategic decisions.

Step 2: Detailed Explanation:
1. **Opportunity Identification:** Being the first to identify a favorable trend (First Mover

Advantage).
2. **Threat Identification:** Predicting obstacles and preparing a backup plan.
3. **Tapping Resources:** Knowing what the environment offers (labor, capital) helps in better planning.
4. **Coping with Change:** Dynamic environments require managers to adjust policies quickly.

Step 3: Final Answer:
Knowledge of the environment is the basis for sound planning and policy formulation.

> Quick Tip
>
> Use SWOT Analysis (Strengths, Weaknesses, Opportunities, Threats) to analyze the business environment.

27(b). Write a detailed article on Management in 21st Century.

Correct Answer: 21st-century management focuses on globalization, digital technology, and human capital.

Solution:

Step 1: Understanding the Concept:
The modern business world is characterized by volatility, uncertainty, complexity, and ambiguity (VUCA).

Step 2: Detailed Explanation:
- **Digital Transformation:** Integration of AI, Cloud, and Big Data in daily operations.
- **Workforce Diversity:** Managing global teams with different cultural backgrounds.
- **Flat Structures:** Moving away from rigid hierarchies to flexible, team-based models.
- **Social Responsibility:** Higher focus on sustainability and ethics.

Step 3: Final Answer:
Management in the 21st century requires agility, technological literacy, and emotional intelligence.

> Quick Tip
>
> Focus on "Soft Skills" like leadership and empathy in your discussion of modern management.

28(a). Explain the process of staffing.

Correct Answer: Manpower planning, Recruitment, Selection, Placement, Training, Appraisal.

Solution:

Step 1: Understanding the Concept:
Staffing involves putting the right people in the right jobs.

Step 2: Detailed Explanation:
1. **Estimating Manpower:** Determining how many people are needed.
2. **Recruitment:** Attracting candidates.
3. **Selection:** Picking the best candidate.
4. **Placement:** Assigning the job.
5. **Training:** Improving skills.
6. **Appraisal:** Evaluating performance.

Step 3: Final Answer:
Staffing is a continuous process that ensures the organization has a competent workforce.

> Quick Tip
>
> Staffing is the only management function that deals specifically with the human asset.

28(b). What is meant by centralisation and decentralisation ? Tell the difference between two.

Correct Answer: Centralisation is top-level authority; decentralisation is dispersed authority.

Solution:

Step 1: Understanding the Concept:
Centralization keeps power at the top; Decentralization spreads it across the hierarchy.

Step 2: Detailed Explanation:
- **Centralization:** Better for small firms, ensures uniform decisions, but can be slow.
- **Decentralization:** Better for large firms, encourages initiative at lower levels, and allows quick local decisions.

Step 3: Final Answer:
Most organizations maintain a balance of both depending on the nature of the decision.

Quick Tip

Standardized decisions should be centralized; operational ones should be decentralized.

29(a). Describe the interrelationship between planning and controlling.

Correct Answer: Planning sets standards; controlling evaluates them.

Solution:

Step 1: Understanding the Concept:
Planning and controlling are interdependent. One cannot exist effectively without the other.

Step 2: Detailed Explanation:
1. **Planning provides the base for control:** Without a plan, there is nothing to measure performance against.
2. **Control provides data for future planning:** Analyzing deviations helps in making better plans for the next cycle.
3. **Both are forward and backward looking:** They create a continuous cycle of improvement.

Step 3: Final Answer:
Planning and controlling are two sides of the same management coin.

Quick Tip

Controlling identifies "gaps" that planning must fix in the future.

29(b). Explain the meaning and methods of training.

Correct Answer: Training improves job skills. Methods are On-the-job and Off-the-job.

Solution:

Step 1: Understanding the Concept:
Training is the process of enhancing the skills of an employee to perform a specific job.

Step 2: Detailed Explanation:
- **On-the-job:** Apprenticeship, Internship, Induction (Learning by doing).
- **Off-the-job:** Lectures, Case Studies, Vestibule training (Learning before doing).

Step 3: Final Answer:
Training is essential for both employee growth and organizational efficiency.

> 💡 Quick Tip
>
> Vestibule training is used when employees need to handle expensive or complex machinery in a simulated environment.

30(a). "Consumer Protection is a social necessity, not merely a legal obligation." Explain with reference to Consumer Protection Act, 2019.

Correct Answer: Consumer protection ensures ethical business and societal welfare beyond just following laws.

Solution:

Step 1: Understanding the Concept:
A business uses society's resources and must therefore protect the interests of society (consumers).

Step 2: Detailed Explanation:
1. **Social Responsibility:** Avoiding malpractices like adulteration or false ads.
2. **Ethical Justification:** Doing what is morally right.
3. **Business Survival:** Long-term success depends on consumer trust.
The CPA 2019 provides a framework (3-tier grievance machinery) to enforce these rights.

Step 3: Final Answer:
Protecting consumers is a vital social goal for sustainable economic growth.

> 💡 Quick Tip
>
> Consumer protection helps in preventing government intervention by promoting self-regulation.

30(b). What is meant by Branding? State features of a good brand.

Correct Answer: Branding is giving a distinct identity to a product.

Solution:

Step 1: Understanding the Concept:
Branding includes the brand name, mark, and trademark.

Step 2: Detailed Explanation:
Features of a good brand name:
1. **Simple:** Easy to pronounce and remember (e.g., Lux, Nike).
2. **Suggestive:** Suggests benefits (e.g., Fair & Lovely).
3. **Distinctive:** Different from others.
4. **Legal:** Capable of being registered as a trademark.

Step 3: Final Answer:
Branding is a critical marketing tool for creating a unique market identity.

Quick Tip

A brand name becomes a trademark once it gets legal protection from the government.
