

SAMPLE QUESTION PAPER - 2

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. In order to enter into a profession, one has to acquire an educational degree by clearing a specified examination conducted by registered institutes. Which feature of the profession is being revealed? [1]

a) Ethical code of conduct	b) Well defined body of knowledge
c) Professional association	d) Restricted entry
2. To be listed on OTCEI, the minimum capital requirement for a company is: [1]

a) Rs. 10 crores	b) Rs. 25 crore
c) Rs. 5 crores	d) Rs. 3 crores
3. Which one of the following is not a limitation of planning? [1]

a) Dynamic environment	b) Top management approach
c) Costly process	d) Rigidity
4. Financial leverage is called favourable if: [1]

a) If the degree of existing financial leverage is low	b) Return on Investment is lower than the cost of debt
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- c) ROI is higher than the cost of debt d) Debt is easily available

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) Mental revolution b) Science, not rule of thumb
c) Co-operation not individualism d) Harmony not discord

7. In the _____ market, prices are determined and decided by the management of the company. [1]

- a) Primary b) Money
c) Stock d) Secondary

8. The CEO of SCT Services, Rajan Gopinaths compensation includes salary, commission and other allowances. The company also pays for his insurance and vacations. Identify one indirect payment being made by the company to the CEO. [1]

- a) Allowances b) Salary
c) Employer paid Insurance d) Commission

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

- a. A higher tax rate makes debt relatively costlier.
b. A company cannot use debt beyond a point.

- c. For maximisation of shareholder's wealth, debt can be used up to any level if ROI is greater than cost of debt.
- d. During a bearish phase, equity shares are more easily sold even at a higher price.

- a) option (c) b) option (a)
c) option (b) d) option (d)

10. **Assertion (A):** Delegation has four major elements. [1]
Reason (R): Delegation is necessary so that the top-level management gets enough time to relax in that time.

- 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 is not a function of Securities and Exchange Board of India (SEBI)? [1]

- a) Registration of brokers and sub-brokers and other players in the market b) Training of intermediaries of the securities market
c) Controlling insider trading d) Pricing of securities

12. Public issue of shares and debentures have to be made under SEBI guidelines. Raising funds from banks and other financial institutions require fulfillment of other norms. The relative ease with which these norms can be met or the procedures completed may also have a bearing upon the choice the source of finance. The factor affecting the choice of capital structure is _____ [1].

- a) Capital structure of other countries b) Regulatory framework
c) Stock market conditions d) Flexibility

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. A sanitizer manufacturing company wants to become a market leader. For this purpose the manager follows an activity with certain logical steps. The first step suggested by him is to increase profits by at least 30% in the next quarter. What will be the last step of the activity being followed by the manager. [1]

- a) Identifying alternative course of action
- b) Evaluating alternative courses of action
- c) Setting objectives
- d) Follow-up action

15. Which of the following is not an objective of financial planning? [1]

- a) To choose the best investment and financing alternatives by focusing on their costs and benefits.
- b) All are the objectives of financial planning.
- c) To ensure availability of funds whenever required.
- d) To see that the firm does not raise resources unnecessarily.

16. **Statement I:** Packaging refers to designing and developing the label to be put on the package. [1]

Statement II: Customer support services include after sales services, handling customer complaints and adjustments, procuring credit services, maintenance services, technical services and consumer information.

- 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.

17. **It involves application of high order thinking skills and intellectual faculties, involving vision and foresightedness to decide the things to be done in the future.** [1]
Which feature of Planning is stated in the above line?

- a) Planning is futuristic. b) None of these.
c) Planning is pervasive. d) Planning is a mental exercise.

18. Match the functions of management in Column I with their explanation in Column II: [1]

(a) Organising	(i) Leading, influencing and motivating employees to perform the tasks assigned to them.
(b) Staffing	(ii) Recruitment and selection of the personnel.
(c) Directing	(iii) Assigning duties, grouping tasks, establishing authority and allocating resources required to carry out a specific plan.

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

19. Which component of capital structure determines the overall financial risk? [1]

- a) Financial need b) Equity
c) Debt d) Both Debt and Equity

20. Controlling is: [1]

- a) both forward and backwards-looking b) Backward-looking
c) neither forward nor backwards-looking d) Forward-looking

21. XYZ Ltd. is a management oriented company. Time and again all the employees learn from their seniors various ways of dealing with diverse situations. They are provided training whenever required. They are also given incentives both financial as well as [3]

non financial. The result is employees see their development in the organisation. The organisation tries to behave as a responsible constituent of society and always creates good quality products. It has a very good image in the market. The training modules are superb and the employees always try to find unique ways of providing solutions in the context of rapidly changing business environment. This has helped the organisation to adjust frequently in a very good manner.

Which importance of management is highlighted here? Also identify the lines.

22. Which one is the most popular network in organisations under Grapevine network and what does it mean? [3]

OR

Mention any two measures to improve communication effectiveness.

23. Explain briefly the steps involved in the process of financial planning. [3]

24. A ready-to-eat food manufacturing company uses lead in excess of the prescribed limits in its products. The usage of an excess quantity of lead in the products could cause severe health issues to the consumers. [3]

- a. Identify and explain the consumer right violated by the company.
- b. Identify any two values overlooked by the company.

OR

Describe the following rights of a consumer:

- i. Right to be informed
- ii. Right to seek Redressal
- iii. Right to choose

25. What do you mean by a plan? [4]

OR

Give the meaning of 'objectives' and 'procedure' as types of plans.

26. "Controlling implies taking action". Explain. [4]

OR

Does control help in 'judging the accuracy of standards' and 'improving motivation of the employees'? Explain.

27. Factory system of production implies that managers serve as a link between the owners and the workers. Since as managers they had the mandate to **get work done** from the workers, there always exist the possibility of a kind of class conflict, the managers versus workers. Taylor recognised that this conflict helped none, the workers, the managers or the factory owners. Both should realise that each one is important. In such a situation even trade unions will not think of going on strike etc. According to Taylor, **Scientific management has for its foundation the firm conviction that the true interests of the two are one and the same; that prosperity of the business cannot exist for a long time unless it is accompanied by prosperity/well-being of its workers.** Japanese work culture is a classic example of such a situation. In Japanese companies, paternalistic style of management is in practice. There is complete openness between the management and workers. If at all workers go to strike they wear a black badge but work more than normal working hours to gain the sympathy of the management. [4]
- Identify and explain the principle of scientific management highlighted in the above paragraph.
 - To achieve a state like that of Japanese work culture, Taylor called for an important concept. Identify and explain that concept.
28. Explain assumptions of Maslow's need hierarchy theory. [4]
29. Keeping in mind the emerging nature of the securities market in India, Securities and Exchange Board of India was entrusted with the twin task of both regulation and development of the securities market. [4]
- State any two regulatory and two development functions of it.
30. Vastra Ltd. is engaged in the manufacturing of apparel. Over the years, it has become a popular brand due to its good product quality and exclusive designing. The company plans to open its own retail showrooms in metropolitan cities in India. In order to meet its financial needs it has offered for subscription an IPO of Rs.4 lakh equity shares in the price band of Rs.430 - Rs.445 each. As per the guidelines of SEBI, the company has provided a complete disclosure of the relevant details in its prospectus. [4]



- a. Identify and explain the right of the consumer being fulfilled by the directives of SEBI in the above mentioned case.
- b. Briefly explain any two points highlighting the importance of consumer protection from the point of view of the businessmen.

31. Describe briefly the steps involved in the process of staffing. [6]

OR

A newly appointed Personnel Manager is of the view that there is no need for training the workers. Do you agree with this statement? Give reasons in support of your answer.

32. **A good understanding of the environment by business managers enables them not only to identify and evaluate but also to react to the forces external to their firm.** [6]
How would you argue that the success of a business enterprise is significantly influenced by its environment?

OR

Identify the dimensions of business environment in the following cases:

- i. Hand-woven carpets are banned in some European countries as they think there can be involvement of child labour in the manufacturing of these carpets. Products produced through the involvement of child labour are banned in these countries.
- ii. With the winning of a new party in a particular country an automobile company has decided to take back its plan of opening 15 plants in that country.
- iii. In the month of October a greeting card manufacturing company has decided to increase its scale of production of New Year Greeting Cards.
- iv. A chocolate making company has decided to make more sweetened chocolates for people living in a particular country.
- v. A super bike producing company has decided to withdraw its earlier proposal of opening 10 new plants in a country as it finds the per capita income of that country too low to purchase its bikes in large numbers.
- vi. Advertising of a particular brand is taken back as it is expected to hurt the sentiments of a particular section of society. The company takes this decision on a conscientious level.

33. Decentralisation is an optional policy. Explain why an organisation would choose to be decentralised. [6]

34. Two years ago Suruchi completed her BBA course. As she had knowledge of the business she began taking interest in her parental business. Her father used to do the wholesale business of wheat. Suruchi suggested to her father why not they should also go in for the retail business of wheat. Her father agreed. He entrusted full responsibility for the new business to Suruchi. First of all, she conducted a market survey and tried to obtain information regarding the kind of wheat, price, and weight of its packing, that the people liked desi wheat the most. Many varieties of wheat were already available in the market. In order to show that her wheat was distinct from that of other traders, she gave it the name of Sharbati Healthy Food. Wheat was packed in attractive plastic bags. Weight of each packed wheat bag was either 10kg and 20kg so that it is easily carried and moved from one place to the other. Suruchi pasted a label on each bag giving full information about the wheat packed in. While deciding the price of her product she kept in mind, the expectation of the people, price of competitor's products and reasonable rate of profit. Thus a new business came into being. Within a few days, Suruchi was known as a successful trader.

With reference to the above paragraph identify four functions of marketing.



SOLUTION
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1.
(d) Restricted entry
Explanation:
Restricted entry feature of the profession is revealed here.
2.
(d) Rs. 3 crores
Explanation:
The minimum capital requirement for a company to be listed on the OTCEI is Rs 3 crores and the maximum is Rs 50 crores.
3.
(b) Top management approach
Explanation:
Top management approach is not a limitation of planning.
4.
(c) ROI is higher than the cost of debt
Explanation:
Financial leverage is the degree to which a company uses fixed-income securities such as debt. Therefore, financial leverage is favourable when the uses to which debt can be put generate returns (ROI) greater than the interest expense associated with the debt (Cost of Debt).
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. **(a) Primary**
Explanation:



Primary

8.

(c) Employer paid Insurance

Explanation:

Employer paid Insurance

9.

(c) option (b)

Explanation:

A company cannot use debt beyond a point.

10.

(c) A is true but R is false.

Explanation:

Delegation is necessary so that the top-level management can focus on more important and critical work at that time.

11.

(d) Pricing of securities

Explanation:

Pricing of securities

12.

(b) Regulatory framework

Explanation:

Regulatory framework

13.

(c) Both the Statements I and II are correct.

Explanation:

Both the Statements I and II are correct.

14.

(d) Follow-up action

Explanation:

Follow-up action

15. (a) To choose the best investment and financing alternatives by focusing on their costs and benefits.

Explanation:

The main objectives of financial planning is to ascertain the amount of fixed capital as well as the working capital required in a given period, to determine the amount to be raised

through various sources using a judicious debt-equity mix and to ensure that the required amount is raised on time at the lowest possible cost.

16.

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

Explanation:

Statement II is correct and Statement I is not correct.

17.

(d) Planning is a mental exercise.

Explanation:

Planning requires application of the mind involving foresight, intelligent imagination and sound judgement. It is basically an intellectual activity of thinking rather than doing, because planning determines the action to be taken.

18.

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

Explanation:

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

19.

(c) Debt

Explanation:

Debt is cheaper but is more risky for a business because the payment of interest and the return of principal is obligatory for the business.

20. **(a)** both forward and backwards-looking

Explanation:

Planning based on facts makes controlling easier and effective. controlling improves future planning by providing information derived from past experience. This way, controlling is both forward and backwards-looking.

21. The importance of management highlighted here are:

- i. Development of personnel. They are also given incentives both financial as well as non financial. The result is employees see their development in the organisation.
- ii. Development of society. The organisation tries to behave as a responsible constituent of society and always creates good quality products.
- iii. Helps in becoming dynamic organisation. The training modules are superb and the employees always try to find unique ways of providing solutions in the context of rapidly changing business environment. Management strives to change and adapt to maintain competitiveness and remain relevant.



22. Cluster network: In this form of communication a person tells something to selected individuals. Those who receive the information further pass it on to another set of selected individuals. In this way this chain moves on. In every organisation, some people have good liaison with other persons. Such people pass on this information to the persons of their choice with the purpose of getting some favour from them.

OR

(i) Clarify the ideas before communication. The problem to be communicated to subordinates should be clear in all its perspective to the executive himself. The entire problem should be studied in depth, analysed and stated in such a manner that is clearly conveyed to subordinates.

(ii) Consult others before communicating. Before actually communicating the message, it is better to involve others in developing a plan for communication. Participation and involvement of subordinates may help to gain ready acceptance and willing cooperation of subordinates.

23. Following are the steps involved in the process of financial planning:

i. **Determining financial objectives-** The financial manager has to estimate the amount of capital needed. The financial manager has to determine the sources of finance, the amount to be raised from various sources and the types of securities to be issued.

ii. **Formulating the policies-** The financial manager lays down the suitable policies and procedures for the administration of capital to achieve the objectives of the firm. Financial policies serve as a guide posts for acquisition, allocation and control of the funds of the firm.

iii. **Reviewing financial plans-** A financial manager has to review the financial policies in the light of changed economic, social and business situations.

24. a. **Right to Safety-** According to this right, the consumer has a right to be protected against goods and services which are hazardous to health, life and property.

b. **Values-**

i. Health and safety of its customers.

ii. Business ethics.

OR

i. **Right to be informed:** The consumer has a right to have complete information about the product he/she intends to buy including its ingredients, date of manufacture, price, quantity, directions for use, etc.

ii. **Right to seek Redressal:** The consumer has a right to get reliefs against unfair trade practice or restrictive trade practices or unscrupulous exploitation in case the product or a



service falls short of his expectations.

iii. **Right to choose:** The consumer has the freedom to access variety of products at competitive prices. This implies that the marketers should offer a wide variety of products in terms of quality, brand, prices, size, etc. and allow the consumer to make a choice from amongst these.

25. ○ A plan is a formulation of certain steps and actions which are essential for achieving specific results.
- Plans can be classified on the basis of what they focus to achieve and the methods adopted viz. objectives, strategy, policy etc.
 - On the basis of usage, plans are of two types i.e. single use plans and standing plans.
 - For example, if the planned output for a week is 1,000 units and actual output is 580 units, the planners have to critically review their plans and modify them.

OR

Objectives

- These are defined as end results which the management seeks to achieve by its operations.
- They are set by the top management of the organisation.
- There must be a time limit for the achievement of objectives.
- These are expressed in quantifiable terms.
- For e.g. increasing sales by 10%

Procedure

- It is a stipulated sequence of a course of action for handling activities.
- They are specified in chronological order.
- Procedures are designed to execute policies and achieve objectives.
- For example, the procedure may be for the purchase of raw material, selection of employees, redressal of grievances, etc.

26. Controlling is a process under which:

- (i) After setting the targets actual performance is compared with the standard or planned performance.
- (ii) This is done in order to identify the deviations or difference between the two.
- (iii) Finally, the aim of doing controlling is to remove these deviations after identifying the causes and taking action to correct or match the actual and planned performance.

OR

Controlling is the last step in the management process. When the staffing is done, the employee controlling is helpful in evaluating their performance and trying to remove the



flaws in their work, if we talk about motivation, their performance needs some additional external push to get them working on a particular task. If your control over your employees is good you can achieve the desired goals in minimal time.

27. a. **Harmony Not Discord:** The principle emphasises that there should be complete harmony between the management and the workers. Management should share gains of the company with the workers and workers should work hard and be willing to embrace change for the good of the company. This requires 'Mental revolution' on the part of both management and workers. Both management and the workers should transform their thinking. Both should realise that they require one another. : Factory system of manufacturing meant that managers worked as a connection between the owners and the employees.
- b. To achieve this state, Taylor called for Mental Revolution.
28. The assumptions of Maslow's need hierarchy theory are as follow:
1. People's behaviour is based on their needs. Satisfaction of such needs influences their behavior.
 2. People's needs are in hierarchical order, starting from basic needs to other higher level needs.
 3. A satisfied need can no longer motivate a person; only next higher level need can motivate him.
 4. A person moves to the next higher level of the hierarchy only when the lower need is satisfied.

29. **Regulatory Functions**

- i. Registration of brokers and sub brokers and other players in the market.
- ii. Registration of collective investment schemes and Mutual Funds.

Development Functions

- i. Training of intermediaries of the securities market.
- ii. Conducting research and publishing information useful to all market participants.

30. a. The Right to information is being fulfilled by the directives of SEBI in the above mentioned case.

According to the Right to information, the consumer has the right to get complete information about the product that he/she may propose to buy including its contents, date of manufacture and expiry, maximum retail price, quantity, directions for use etc.

Moreover, as per law, it is mandatory for the marketers to provide complete information about the product/service to buyers.



b. An analysis of marketing management has made it clear that consumer is a king pin in the market. The producer should produce goods keeping in mind the requirements of consumers and satisfy the consumer but it is observed that this obligation is neglected by some businessmen and they are involved in the unfair practices such as supply of substandard quality, adulteration etc. So there is need for consumer protection. Hence consumer protection means protecting the interest of consumer. The importance of consumer protection from businessmen's point of view is outlined below:

- i. Long - term interest of business: In order to ensure long term interest of business it is important that businessmen strive to earn profits only through consumer satisfaction. This will not only ensure the survival of business but also lead to its growth in the future.
- ii. Business uses society's resources: Since a business employs society's resources to create offerings so they need to safeguard the consumer's interests.

31. Staffing is referred as both line and a staff activity. Steps involved in the staffing process are:

Manpower Planning: The organization estimates the total manpower requirement by considering all the departments of the organization. It is not only about the number of people but also the type of people. Three steps are involved in manpower planning; a) Workload analysis, b) Workforce analysis and c) Comparing both to find out requirement.

Recruitment: Recruitment refers to the process of inducing people to apply for the job. The requirements can be fulfilled from inside the organisation by promotions and transfers. To recruit people from outside the organisations contact various placement consultants or advertise in the newspaper.

Selection: Selection refers to selecting the most suitable candidate to fill the vacant job position. It involves test, interviews, etc. Selected candidates are less than the number of rejected candidates, that's why this method is also called a negative process.

Placement and Orientation: Placement refers to occupying of the post for which he is selected. Orientation refers to the introduction of new employee to the existing employees.

Induction: it is concerned with the process of introduction of a new employee to the organization.

Training and development: To improve the competency of employees and to motivate them. It is more accurately considered as a process of skill formation and behavioural change.

Performance appraisal: Promotion and Compensation are given on the basis of performance appraisal.

OR



No, I do not agree with this statement. Proper training is required to the workers because of following reasons:

- i. **Addressing Weaknesses:** Most employees have some weaknesses in their workplace skills. A training program allows you to strengthen those skills that each employee needs to improve
 - ii. **Systematic learning:** Training is a systematic learning which improves knowledge and skills of employees. It helps in reducing the wastage of efforts and money.
 - iii. **Higher profits:** Training helps in increasing the efficiency and productivity of the workers which lead to high quality products and higher profits.
 - iv. **More efficient:** Training makes the employee more efficient and more technical. They can handle any machine easily. Thus, less prone to accidents.
 - v. **Increases Morale of employees:** Training increases the satisfaction and morale of employees.
 - vi. Increased job satisfaction and morale among employees.
 - vii. Increases capacity to adopt new technologies and methods.
 - viii. Increases innovation in strategies and products.
32. **Business Environment:** It means sum total of all individuals, institutions and other forces that are outside the control of business enterprise but that may affect its performance.
- The importance of the business environment is highlighted by the following facts:
- i. **First Mover Advantage:** The business environment provides many opportunities for the firms to improve their performance. The firms which are able to scan these opportunities at an early stage get maximum benefit and can leave their competitors behind.
 - ii. **Warning Signal:** Environment understanding helps an enterprise to recognize qualitative information in advance, which can be used to prepare it for facing likely challenges.
 - iii. **Tapping Useful Resources:** Business requires many resources like raw materials, tools, types of equipment, finance, labour etc. for performing business activities. These resources are known as inputs. The business environment provides all these inputs to the business firms for carrying out their activities and also expects something in return.
 - iv. **Coping with Rapid Changes:** The business environment is very dynamic. One can see changes like new technologies, fragmented markets, more demanding customers, heavy global competition and so on. Thus, in order to efficiently cope with these changes, managers must understand the environment and should adopt appropriate courses of action at the right time. It helps management become more sensitive to the ever-changing needs of customers. As a result, they are able to respond to such changes effectively.

OR



The various dimensions of business environment highlighted above are:

- i. Legal Environment.
- ii. Political Environment.
- iii. Social Environment.
- iv. Social Environment.
- v. Economic Environment.
- vi. Social Environment.

Since nothing is preventing the company legally, the decision is taken after taking into consideration the social feelings of the people.

33. Decentralization is an optional policy but it increases the importance of a subordinate's role. It spreads the decision-making process to all the levels of management. It develops managerial talent and facilitates growth by providing enough opportunities for all the subordinates to show their decision-making ability. Decentralization must always be balanced with centralization in areas of major policy decisions. The major policy decisions cannot be totally decentralized as the onus of such decisions lies on the top-level management.

An organization may choose decentralization because of following reasons:

- i. **Develops initiative among subordinates:** Decentralisation motivates lower level employees to take decisions in favor of organization regarding the problems they face. It promotes self-reliance and confidence among the subordinates and encourages them to take initiative and show their talent and skills. When employees at the lower level get the freedom to take their own decisions and to develop the solutions for the various problems they encounter, they learn to depend on their own judgments and are always ready to accept accountability of their decisions. Decentralization highlights those subordinates who have talent and potential to become dynamic leaders.
- ii. **Develops managerial talent for the future:** When authority is decentralized, employees get a chance of using their own judgments. They learn and understand how to take decisions in crunch situations. This leads to developing their managerial skills. They get experience by completing the given tasks independently which help in the smooth functioning of an enterprise. They get a chance to prove themselves for the managerial positions. Thus, they develop as managerial talent for the future.
- iii. **Quick decision-making:** In a way, the subordinates are independent to take their decisions, therefore, their dependence on their superiors is no longer in the picture. They take the decisions in no time if they believe that the decisions would be beneficial for the organization.



iv. **Relief to top management:** In the process of decentralization top-level managers are not overburdened with the responsibilities and authority. Decentralization improves managerial efficiency because managers get more time to concentrate on important matters and in strategic planning and policy making. By empowering the employees, managers get freedom from routine work and they get opportunities to explore new areas. However, initially, the managers must decentralize only those tasks which are not of strategic importance.

v. **Facilitates growth:** Decentralisation results in the growth and diversification of the enterprise. It provides more freedom to the subordinates which motivate them to do the work in an effective manner best suited for their department. As a result, each department doing its best which help in increasing the productivity and organization is able to make more returns which can be used for the expansion of the organization.

vi. **Better control:** Decentralisation provides better control because performance can be evaluated at each level and the departments can be individually held accountable for their results. It is the process of making subordinate accountable or answerable to the superior for final results. It flows top to downwards i.e. subordinate is answerable or accountable to his superior. A subordinate is fully answerable to his superior for the performance of the task assigned to him. In no way, the subordinates must believe that their decisions will not be questioned, and they will not be held accountable in case a decision backfires.

34. Following four functions of marketing have been highlighted in this paragraph:

i. **Gathering and Analysing Market Information:** It refers to the identification of consumers requirements and their expectations so that various decisions relating to the marketing of goods and services are taken successfully. (Before commencing her retail trade of wheat, Suruchi gathered various information from the market and analysed the same)

ii. **Branding:** It refers to the process by which special identity of the product is established. (To have a distinct identity of her product from other competitors, Suruchi named it Sharbati Healthy Food)

iii. **Packing and Labelling:** Packaging refers to those activities which are related to designing and production of the containers in which the products are packed. Labelling refers to the process of preparing a label. (Suruchi is doing the job of packaging and labelling)

iv. **Pricing:** It refers to all those decisions which are concerned with the price fixation of any product or service. (Suruchi is taking all those decisions which are related to the fixation of price of wheat)

