

# BUSINESS STUDIES

## PART I

### PRINCIPLES AND FUNCTIONS OF MANAGEMENT

*Textbook for Class XII*

विद्यया ऽ मृतमश्नुते



एन सी ई आर टी  
NCERT

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**OFFICES OF THE PUBLICATION  
DIVISION, NCERT**

NCERT Campus  
Sri Aurobindo Marg  
New Delhi 110 016

Phone : 011-26562708

108, 100 Feet Road  
Hosdakere Halli Extension  
Banashankari III Stage  
Bengaluru 560 085

Phone : 080-26725740

Navjivan Trust Building  
P.O. Navjivan  
Ahmedabad 380 014

Phone : 079-27541446

CWC Campus  
Opp. Dhankal Bus Stop  
Panihati  
Kolkata 700 114

Phone : 033-25530454

CWC Complex  
Maligaon  
Guwahati 781 021  
0361-2674869

Phone :

**Publication Team**

Head, Publication Division : M. Siraj Anwar

Chief Editor : Shveta Uppal

Chief Business Manager : Gautam Ganguly

Chief Production Officer (In-charge) : Arun Chitkara

Assistant Editor : Vijay Kumar

Production Assistant : Sunil Kumar

**Cover**

Shveta Rao

**Layout and Illustrations**

Ashwani Tyagi

## FOREWORD

The National Curriculum Framework (NCF), 2005, recommends that children's life at school must be linked to their life outside the school. This principle marks a departure from the legacy of bookish learning which continues to shape our system and causes a gap between the school, home and community. The syllabi and textbooks developed on the basis of NCF signify an attempt to implement this basic idea. They also attempt to discourage rote learning and the maintenance of sharp boundaries between different subject areas. We hope these measures will take us significantly further in the direction of a child-centred system of education outlined in the National Policy on Education (1986).

The success of this effort depends on the steps that school principals and teachers will take to encourage children to reflect on their own learning and to pursue imaginative activities and questions. We must recognise that, given space, time and freedom, children generate new knowledge by engaging with the information passed on to them by adults. Treating the prescribed textbook as the sole basis of examination is one of the key reasons why other resources and sites of learning are ignored. Inculcating creativity and initiative is possible if we perceive and treat children as participants in learning, not as receivers of a fixed body of knowledge.

These aims imply considerable change in school routines and mode of functioning. Flexibility in the daily time-table is as necessary as rigour in implementing the annual calendar so that the required number of teaching days are actually devoted to teaching. The methods used for teaching and evaluation will also determine how effective this textbook proves for making children's life at school a happy experience, rather than a source of stress or boredom. Syllabus designers have tried to address the problem of curricular burden by restructuring and reorienting knowledge at different stages with greater consideration for child psychology and the time available for teaching. The textbook attempts to enhance this endeavour by giving higher priority and space to opportunities for contemplation and wondering, discussion in small groups, and activities requiring hands-on experience.

The National Council of Educational Research and Training (NCERT) appreciates the hard work done by the textbook development committee

responsible for this book. We wish to thank the Chairperson of the advisory group in Social Sciences Professor Hari Vasudevan and the Chief Advisor for this book, Professor D.P.S. Verma (*Retd.*) Delhi School of Economics, University of Delhi and Dr. G.L. Tayal, Reader, Ramjas College, University of Delhi for guiding the work of this committee. Several teachers contributed to the development of this textbook; we are grateful to their principals for making this possible. We are indebted to the institutions and organisations which have generously permitted us to draw upon their resources, material and personnel. We are especially grateful to the members of the National Monitoring Committee, appointed by the Department of Secondary and Higher Education, Ministry of Human Resource Development under the Chairpersonship of Professor Mrinal Miri and Professor G.P. Deshpande, for their valuable time and contribution. As an organisation committed to the systemic reform and continuous improvement in the quality of its products, NCERT welcomes comments and suggestions which will enable us to undertake further revision and refinement.

New Delhi  
20 November 2006

*Director*  
National Council of Educational  
Research and Training

## TEXTBOOK DEVELOPMENT COMMITTEE

### **CHAIRPERSON, ADVISORY COMMITTEE FOR TEXTBOOKS IN SOCIAL SCIENCES AT SENIOR SECONDARY LEVEL**

Hari Vasudevan, *Professor*, Department of History, University of Calcutta, Kolkata

### **CHIEF ADVISOR**

D.P.S. Verma, *Retired Professor*, Department of Commerce, Delhi School of Economics, University of Delhi, Delhi.

### **ADVISOR**

G.L. Tayal, *Reader*, Ramjas College, University of Delhi, Delhi.

### **MEMBERS**

Anand Saxena, *Reader*, Deen Dayal Upadhyaya College, University of Delhi.

Davinder K. Vaid, *Professor*, Department of Education in Social Sciences and Humanities, NCERT, New Delhi.

M.M. Goyal, *Reader*, PG DAV College, University of Delhi.

Narsimha Murthy, *Principal*, University Post-Graduate College, Subedari, Anam Konda, Distt. Warangal, Andhra Pradesh.

Pooja Dasani, *PGT (Commerce)* Convent of Jesus and Mary, Gol Dakkhana, New Delhi.

R.B. Solanki, *Principal*, B.R. Ambedkar College, University of Delhi.

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Sumati Verma, *Reader*, Sri Aurobindo College, University of Delhi.

Y.V. Reddy, *Reader*, Department of Commerce, Goa University, Goa.

### **MEMBER COORDINATOR**

Minoo Nandrajog, *Reader*, Department of Education in Social Sciences and Humanities, NCERT, New Delhi.

## NOTE TO THE TEACHER

This textbook is expected to provide a good understanding of the environment in which a business operates. A manager has to analyse the complex, dynamic situations in which a business is placed. Therefore, content enrichment in the form of business news and abstracts of articles from business journals and magazines has been given as inset material (boxes). This will encourage students to be observant about all business activity and discover what is happening in business organisations with the expectation that they will update their knowledge through the use of libraries, newspapers, business oriented TV programmes and the internet. Various types of questions are given and case problems have been introduced to test the application of subject knowledge to realistic business situations.

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# **THE CONSTITUTION OF INDIA**

## **PREAMBLE**

**WE, THE PEOPLE OF INDIA**, having solemnly resolved to constitute India into a <sup>1</sup>**[SOVEREIGN SOCIALIST SECULAR DEMOCRATIC REPUBLIC]** and to secure to all its citizens :

**JUSTICE**, social, economic and political;

**LIBERTY** of thought, expression, belief, faith and worship;

**EQUALITY** of status and of opportunity; and to promote among them all

**FRATERNITY** assuring the dignity of the individual and the <sup>2</sup>[unity and integrity of the Nation];

**IN OUR CONSTITUENT ASSEMBLY** this twenty-sixth day of November, 1949 do **HEREBY ADOPT, ENACT AND GIVE TO OURSELVES THIS CONSTITUTION.**

1. Subs. by the Constitution (Forty-second Amendment) Act, 1976, Sec.2, for "Sovereign Democratic Republic" (w.e.f. 3.1.1977)
2. Subs. by the Constitution (Forty-second Amendment) Act, 1976, Sec.2, for "Unity of the Nation" (w.e.f. 3.1.1977)