Class 12 Business Studies Chapter 8: Controlling - Notes, Important Questions and MCQs (2026-27)

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These Class 12 Business Studies Chapter 8 notes cover “Controlling” from the NCERT textbook Principles and Functions of Management (2026-27): meaning and importance of controlling, its limitations, the relationship between planning and controlling, and the controlling process with critical point control and management by exception – with tables, Q&A, 10 MCQs and a free PDF.

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Chapter Overview

Controlling means ensuring that activities in an organisation are performed as per the plans. It compares actual performance with standards, finds deviations and takes corrective action.

Controlling is a goal-oriented, pervasive and continuous function that is both backward-looking (comparing past performance) and forward-looking (improving future performance). It is closely linked with planning.

Important Topics and Concepts

Importance of Controlling

- Accomplishing organisational goals.

- Judging accuracy of standards.
- Making efficient use of resources.
- Improving employee motivation.
- Ensuring order and discipline.
- Facilitating coordination in action.

Limitations of Controlling

- Difficulty in setting quantitative standards (e.g. employee morale).
- Little control on external factors (government policy, technology).
- Resistance from employees.
- Costly affair – especially for small firms.

Relationship between Planning and Controlling

- Planning is the basis of controlling; controlling without planning is blind.
- Planning without controlling is meaningless.
- Planning is prescriptive; controlling is evaluative.
- Planning looks ahead; controlling looks back – but both look forward and backward.
- They are inseparable twins of management.

Controlling Process

- 1. Setting performance standards (quantitative and qualitative).
- 2. Measurement of actual performance.
- 3. Comparing actual performance with standards.
- 4. Analysing deviations – using critical point control and management by exception.
- 5. Taking corrective action.

Critical Point Control and Management by Exception

- Critical point control: focus on key result areas (KRAs) critical to success, as not everything can be controlled.
- Management by exception: only significant deviations beyond permissible limits should be brought to management’s notice.
- Benefits: saves time and effort, focuses attention on important problems, facilitates delegation, timely action.

Planning vs Controlling

Comparison.

Basis	Planning	Controlling
Function	First function	Last function
Nature	Prescriptive	Evaluative
Direction	Looks ahead	Looks back (also ahead)
Basis	Sets standards	Uses standards
Link	Basis for control	Ensures plans succeed

Controlling Process – Examples

Step	Example
Set standards	Produce 500 units a day
Measure performance	Actual output 450 units
Compare	Shortfall of 50 units
Analyse deviation	Machine breakdown identified – critical point
Corrective action	Repair or replace machine; train workers

Important Definitions and Terms

Term	Meaning
Controlling	Ensuring activities follow plans
Standard	Criterion against which performance is measured
Deviation	Difference between actual and standard
Corrective action	Steps to remove deviations
Critical point control	Focus on key result areas
Management by exception	Only significant deviations reported
KRA	Key result area
Backward-looking	Compares past performance
Forward-looking	Improves future performance
Prescriptive	Telling what should be done

Short Answer Questions

Q1. Define controlling.

Ensuring that activities are performed according to plans.

Q2. Why is controlling both backward and forward-looking?

It reviews past performance and improves future performance.

Q3. State two limitations of controlling.

Difficulty in setting quantitative standards and resistance from employees.

Q4. How are planning and controlling related?

Planning sets standards; controlling ensures they are met – they are interdependent.

Q5. What is the first step of controlling?

Setting performance standards.

Q6. What is critical point control?

Focusing control on key result areas critical to success.

Q7. What is management by exception?

Q8. Why is controlling costly?

It requires time, effort and systems to measure and compare performance.

Long Answer Questions

Q1. Explain the importance of controlling.

Accomplishing goals.

Judging accuracy of standards.

Efficient use of resources.

Employee motivation.

Order, discipline and coordination.

Q2. Explain the steps in the controlling process.

Setting standards.

Measuring performance.

Comparing with standards.

Analysing deviations – CPC and MBE.

Taking corrective action.

Q3. Explain the relationship between planning and controlling.

Planning is the basis of control.

Control without plans is blind.

Planning is prescriptive, control evaluative.

Both look back and ahead.

Interdependent functions.

MCQs with Answers

1. Last function of management(a) planning (b) staffing (c) controlling (d) directingAnswer: (c) controlling

2. First step of controlling(a) measuring performance (b) setting standards (c) comparing (d) corrective actionAnswer: (b) setting standards

3. Only significant deviations reported(a) critical point control (b) management by exception (c) budgeting (d) planningAnswer: (b) management by exception

4. Controlling is(a) prescriptive (b) evaluative (c) creative (d) optionalAnswer: (b) evaluative

5. Planning without controlling is(a) meaningless (b) blind (c) perfect (d) rigidAnswer: (a) meaningless

6. Key result areas are focus of(a) MBE (b) critical point control (c) staffing (d) directingAnswer: (b) critical point control

7. Controlling looks(a) only back (b) only ahead (c) both back and ahead (d) nowhereAnswer:

8. A limitation of controlling(a) ensures order (b) costly affair (c) improves motivation (d) judges standardsAnswer: (b) costly affair

9. Comparing actual with standard reveals(a) deviation (b) premise (c) policy (d) budgetAnswer: (a) deviation

10. Controlling without planning is(a) meaningless (b) blind (c) efficient (d) evaluativeAnswer: (b) blind

Quick Revision Points

- Meaning; backward and forward-looking.
- Six importance points.
- Four limitations.
- Planning–controlling relationship.
- Five-step process.
- CPC and MBE.

Chapter Summary

Controlling ensures activities follow plans by comparing actual performance with standards and correcting deviations. It helps achieve goals, judge standards, use resources efficiently, motivate employees and maintain discipline, though it is costly and limited by external factors.

Planning and controlling are interdependent. The controlling process sets standards, measures and compares performance, analyses deviations using critical point control and management by exception, and takes corrective action.

Exam Tips and PYQ Pattern

- Learn the five steps in order.
- Identify CPC vs MBE in case studies.
- Write planning–controlling relationship points.
- Use numeric examples for deviations.
- Remember “blind” and “meaningless” phrases.

Frequently Asked Questions

Is this chapter in the 2026-27 CBSE syllabus?

Yes. It is part of the NCERT Class 12 Business Studies Part I textbook “Principles and Functions of Management”, prescribed in the CBSE 2026-27 syllabus.

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What are the steps in the controlling process?

Setting standards, measuring actual performance, comparing it with standards, analysing deviations and taking corrective action.

A principle that only significant deviations beyond limits should be reported to management.

Conclusion

Controlling completes the management functions. Learn the process and comparisons and save the free PDF.

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Author Bio: Written and reviewed by the Nextoper Editorial Team, a group of CBSE business studies educators who build chapter notes directly from the NCERT textbook and past board paper patterns.

Freshness Note: These notes follow the NCERT Class 12 Business Studies textbook, Principles and Functions of Management (NCERT reprint 2026-27, rationalised syllabus), and the CBSE syllabus for the 2026-27 session. Last checked on 26 November 2026.