

व्यावसायिक अध्ययन  
**BUSINESS STUDIES**

**VOLUME-II**

कक्षा 12  
**CLASS XII**  
**2025-26**

सामग्री संवर्धन, मूल्यांकन और अध्ययन कैप्सूल का विकास

**CONTENT ENRICHMENT, ASSESSMENT AND DEVELOPMENT  
OF STUDY CAPSULES**



केन्द्रीय विद्यालय संगठन, रायपुर सम्भाग

**KENDRIYA VIDYALAYA SANGATHAN, RAIPUR REGION**

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## COURSE DIRECTOR



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(प्राचार्य, केन्द्रीय विद्यालय महासमुंद )  
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**Business Studies (Subject Code 054)**  
**CLASS–XII (2025-26)**

**Theory: 80 Marks**  
**Project: 20 Marks**

**3 Hours**

Units		Marks
<b>Part A</b>	<b>Principles and Functions of Management</b>	
1.	Nature and Significance of Management	16
2	Principles of Management	
3	Business Environment	
4	Planning	14
5	Organising	
6	Staffing	20
7	Directing	
8	Controlling	
	<b>Total</b>	<b>50</b>
<b>Part B</b>	<b>Business Finance and Marketing</b>	
9	Financial Management	15
10	Financial Markets	
11	Marketing Management	15
12	Consumer Protection	
	<b>Total</b>	<b>30</b>
<b>Part C</b>	<b>Project Work (One)</b>	<b>20</b>

**Part A: Principles and Functions of Management**

**Unit 1: Nature and Significance of Management**

Concept	After going through this unit, the student/ learner would be able to:
Management - concept, objectives, and importance	<ul style="list-style-type: none"> <li>Understand the concept of management.</li> <li>Explain the meaning of 'Effectiveness and Efficiency.</li> <li>Discuss the objectives of management.</li> <li>Describe the importance of management.</li> </ul>
Management as Science, Art and Profession	<ul style="list-style-type: none"> <li>Examine the nature of management as a science, art and profession.</li> </ul>
Levels of Management	<ul style="list-style-type: none"> <li>Understand the role of top, middle and lower levels of management</li> </ul>
Management functions-planning, organizing, staffing, directing and controlling	<ul style="list-style-type: none"> <li>Explain the functions of management</li> </ul>
Coordination- concept and importance	<ul style="list-style-type: none"> <li>Discuss the concept and</li> </ul>

	characteristics of coordination. <ul style="list-style-type: none"> <li>• Explain the importance of coordination.</li> </ul>
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## **Unit 2: Principles of Management**

Principles of Management - concept and significance	<ul style="list-style-type: none"> <li>• Understand the concept of principles of management.</li> <li>• Explain the significance of management principles.</li> </ul>
Fayol's principles of management	<ul style="list-style-type: none"> <li>• Discuss the principles of management developed by Fayol.</li> </ul>
Taylor's Scientific management - principles and techniques	<ul style="list-style-type: none"> <li>• Explain the principles and techniques of 'Scientific Management'.</li> <li>• Compare the contributions of Fayol and Taylor.</li> </ul>

## **Unit 3: Business Environment**

Business Environment- concept and importance	<ul style="list-style-type: none"> <li>• Understand the concept of 'Business Environment'.</li> <li>• Describe the importance of business environment</li> </ul>
Dimensions of Business Environment - Economic, Social, Technological, Political and Legal	<ul style="list-style-type: none"> <li>• Describe the various dimensions of 'Business Environment'.</li> <li>• Understand the concept of demonetization</li> </ul>
Demonetization - concept and features	

## **Unit 4: Planning**

Planning: Concept, importance and limitation	<ul style="list-style-type: none"> <li>• Understand the concept of planning.</li> <li>• Describe the importance of planning.</li> <li>• Understand the limitations of planning.</li> </ul>
Planning process	<ul style="list-style-type: none"> <li>• Describe the steps in the process of planning.</li> </ul>
Single use and Standing Plans. Objectives, Strategy, Policy, Procedure, Method, Rule, Budget and Programme	<ul style="list-style-type: none"> <li>• Develop an understanding of single use and standing plans</li> <li>• Describe objectives, policies, strategy, procedure, method, rule, budget and programme as types of plans.</li> </ul>

## **Unit 5: Organising**

Organising: Concept and importance	<ul style="list-style-type: none"> <li>• Understand the concept of organizing as a structure and as a</li> </ul>
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	process. <ul style="list-style-type: none"> <li>• Explain the importance of organising.</li> </ul>
Organising Process	<ul style="list-style-type: none"> <li>• Describe the steps in the process of organizing</li> </ul>
Structure of organisation- functional and divisional concept. Formal and informal organization - concept	<ul style="list-style-type: none"> <li>• Describe functional and divisional structures of organisation.</li> <li>• Explain the advantages, disadvantages and suitability of functional and divisional structure.</li> <li>• Understand the concept of formal and informal organisation.</li> <li>• Discuss the advantages, disadvantages of formal and informal organisation.</li> </ul>
Delegation: concept, elements and importance	<ul style="list-style-type: none"> <li>• Understand the concept of delegation.</li> <li>• Describe the elements of delegation.</li> <li>• Appreciate the importance of Delegation.</li> </ul>
Decentralization: concept and importance	<ul style="list-style-type: none"> <li>• Understand the concept of decentralisation.</li> <li>• Explain the importance of decentralisation.</li> <li>• Differentiate between delegation and decentralisation.</li> </ul>

### Unit 6: Staffing

Staffing: Concept and importance of staffing	<ul style="list-style-type: none"> <li>• Understand the concept of staffing.</li> <li>• Explain the importance of staffing</li> </ul>
Staffing as a part of Human Resource Management concept	<ul style="list-style-type: none"> <li>• Understand the specialized duties and activities performed by Human Resource Management</li> </ul>
Staffing process	<ul style="list-style-type: none"> <li>• Describe the steps in the process of staffing</li> </ul>
Recruitment process	<ul style="list-style-type: none"> <li>• Understand the meaning of recruitment.</li> <li>• Discuss the sources of recruitment.</li> <li>• Explain the merits and demerits of internal and external sources of recruitment.</li> </ul>
Selection – process	<ul style="list-style-type: none"> <li>• Understand the meaning of selection.</li> <li>• Describe the steps involved in the process of selection.</li> </ul>
Training and Development - Concept and importance, Methods of training - on the	<ul style="list-style-type: none"> <li>• Understand the concept of training and development.</li> </ul>

job and off the job - vestibule training, apprenticeship training and internship training	<ul style="list-style-type: none"> <li>• Appreciate the importance of training to the organisation and to the employees.</li> <li>• Discuss the meaning of induction training, vestibule training, apprenticeship training and internship training.</li> <li>• Differentiate between training and development.</li> <li>• Discuss on the job and off the job methods of training.</li> </ul>
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### Unit 7: Directing

Directing: Concept and importance	<ul style="list-style-type: none"> <li>• Describe the concept of directing.</li> <li>• Discuss the importance of directing</li> </ul>
Elements of Directing	<ul style="list-style-type: none"> <li>• Describe the various elements of directing</li> </ul>
Motivation - concept, Maslow's hierarchy of needs, Financial and non-financial incentives	<ul style="list-style-type: none"> <li>• Understand the concept of motivation.</li> <li>• Develop an understanding of Maslow's Hierarchy of needs.</li> <li>• Discuss the various financial and non-financial incentives.</li> </ul>
Leadership - concept, styles - authoritative, democratic and laissez faire	<ul style="list-style-type: none"> <li>• Understand the concept of leadership.</li> <li>• Understand the various styles of leadership.</li> </ul>
Communication - concept, formal and informal communication; barriers to effective communication, how to overcome the barriers?	<ul style="list-style-type: none"> <li>• Understand the concept of communication</li> <li>• Understand the elements of the communication process.</li> <li>• Discuss the concept of formal and informal communication.</li> <li>• Discuss the various barriers to effective communication.</li> <li>• Suggest measures to overcome barriers to communication.</li> </ul>

### Unit 8: Controlling

Controlling - Concept and importance	<ul style="list-style-type: none"> <li>• Understand the concept of controlling.</li> <li>• Explain the importance of controlling.</li> </ul>
Relationship between planning and controlling	<ul style="list-style-type: none"> <li>• Describe the relationship between planning and controlling</li> </ul>
Steps in process of control	<ul style="list-style-type: none"> <li>• Discuss the steps in the process of controlling.</li> </ul>

## Part B: Business Finance and Marketing

### Unit 9: Financial Management

Financial Management: Concept, role and objectives	<ul style="list-style-type: none"><li>• Understand the concept of financial management.</li><li>• Explain the role of financial management in an organisation.</li><li>• Discuss the objectives of financial management</li></ul>
Financial decisions: investment, financing and dividend - Meaning and factors affecting	<ul style="list-style-type: none"><li>• Discuss the three financial decisions and the factors affecting them.</li></ul>
Financial Planning - concept and importance	<ul style="list-style-type: none"><li>• Describe the concept of financial planning and its objectives.</li><li>• Explain the importance of financial planning.</li></ul>
Capital Structure – concept and factors affecting capital structure	<ul style="list-style-type: none"><li>• Understand the concept of capital structure.</li><li>• Describe the factors determining the choice of an appropriate capital structure of a company.</li></ul>
Fixed and Working Capital - Concept and factors affecting their requirements	<ul style="list-style-type: none"><li>• Understand the concept of fixed and working capital.</li><li>• Describe the factors determining the requirements of fixed and working capital.</li></ul>

### Unit 10: Financial Markets

Financial Markets: Concept	<ul style="list-style-type: none"><li>• Understand the concept of financial market.</li></ul>
Money Market: Concept	<ul style="list-style-type: none"><li>• Understand the concept of money market.</li></ul>
Capital market and its types (primary and secondary)	<ul style="list-style-type: none"><li>• Discuss the concept of capital market.</li><li>• Explain primary and secondary markets as types of capital market.</li><li>• Differentiate between capital market and money market.</li><li>• Distinguish between primary and secondary markets.</li></ul>
Stock Exchange - Functions and trading procedure	<ul style="list-style-type: none"><li>• Give the meaning of a stock exchange.</li><li>• Explain the functions of a stock exchange.</li><li>• Discuss the trading procedure in a stock exchange.</li></ul>

	<ul style="list-style-type: none"> <li>• Give the meaning of depository services and demat account as used in the trading procedure of securities.</li> </ul>
Securities and Exchange Board of India (SEBI) - objectives and functions	<ul style="list-style-type: none"> <li>• State the objectives of SEBI.</li> <li>• Explain the functions of SEBI.</li> </ul>

### Unit 11: Marketing

Marketing – Concept, functions and philosophies	<ul style="list-style-type: none"> <li>• Understand the concept of marketing.</li> <li>• Explain the features of marketing.</li> <li>• Discuss the functions of marketing.</li> <li>• Explain the marketing philosophies.</li> </ul>
Marketing Mix – Concept and elements	<ul style="list-style-type: none"> <li>• Understand the concept of marketing mix.</li> <li>• Describe the elements of marketing mix.</li> </ul>
Product – branding, labelling and packaging – Concept	<ul style="list-style-type: none"> <li>• Understand the concept of product as an element of marketing mix.</li> <li>• Understand the concept of branding, labelling and packaging.</li> </ul>
Price - Concept, Factors determining price	<ul style="list-style-type: none"> <li>• Understand the concept of price as an element of marketing mix.</li> <li>• Describe the factors determining price of a product.</li> </ul>
Physical Distribution – concept, components and channels of distribution	<ul style="list-style-type: none"> <li>• Understand the concept of physical distribution.</li> <li>• Explain the components of physical distribution.</li> <li>• Describe the various channels of distribution.</li> </ul>
Promotion – Concept and elements; Advertising, Personal Selling, Sales Promotion and Public Relations	<ul style="list-style-type: none"> <li>• Understand the concept of promotion as an element of marketing mix.</li> <li>• Describe the elements of promotion mix.</li> <li>• Understand the concept of advertising.</li> <li>• Understand the concept of sales promotion.</li> <li>• Discuss the concept of public relations.</li> </ul>

### Unit 12: Consumer Protection

Consumer Protection: Concept and importance	<ul style="list-style-type: none"> <li>• Understand the concept of consumer protection.</li> <li>• Describe the importance of</li> </ul>
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	consumer protection. <ul style="list-style-type: none"> <li>• Discuss the scope of Consumer Protection Act, 2019</li> </ul>
The Consumer Protection Act, 2019: <i>Source:</i> <a href="http://egazette.nic.in/WriteReadData/2019/210422.pdf">http://egazette.nic.in/WriteReadData/2019/210422.pdf</a>  Meaning of consumer Rights and responsibilities of consumers Who can file a complaint? Redressal machinery Remedies available	<ul style="list-style-type: none"> <li>• Understand the concept of a consumer according to the Consumer Protection Act, 2019.</li> <li>• Explain the consumer rights</li> <li>• Understand the responsibilities of consumers</li> <li>• Understand who can file a complaint and against whom?</li> <li>• Discuss the legal redressal machinery under Consumer Protection Act, 2019.</li> <li>• Examine the remedies available to the consumer under Consumer Protection Act, 2019.</li> </ul>
Consumer awareness - Role of consumer organizations and Non-Governmental Organizations (NGOs)	<ul style="list-style-type: none"> <li>• Describe the role of consumer organizations and NGOs in protecting consumers' interests.</li> </ul>

**Suggested Question Paper Design**  
**Business Studies (Subject Code 054)**  
**Class XII (2025-26)**  
**March 2026 Examination**

**Marks: 80**

**Duration: 3 hrs.**

SN	Typology of Questions	Marks	Percentage
1	<b>Remembering and Understanding:</b> Exhibit memory of previously learned material by recalling facts, terms, basic concepts, and answers. Demonstrate understanding of facts and ideas by organizing, comparing, translating, interpreting, giving descriptions, and stating main ideas	32	40%
2	<b>Applying:</b> Solve problems to new situations by applying acquired knowledge, facts, techniques and rules in a different way	24	30%
3	<b>Analysing, Evaluating and Creating:</b> Examine and break information into parts by identifying motives or causes. Make inferences and find evidence to support generalizations. Present and defend opinions by making judgments about information, validity of ideas, or quality of work based on a set of criteria. Compile information together in a different way by combining elements in a new pattern or proposing alternative solutions.	24	30%
<b>Total</b>		<b>80</b>	<b>100%</b>

## CHAPTER- 1

### NATURE AND SIGNIFICANCE OF MANAGEMENT

**Meaning of management** - Management is a process of getting things done to achieve the goals of an organization effectively and efficiently.

**Effectiveness:** means completing the right task to achieve the goal **within time**.

**Efficiency:** means completion of task using **minimum resources**

#### Features of management

**1. Management is a goal-oriented process-** Management unites the efforts of different individuals in the organisation towards achieving these goals.

**2. Management is all pervasive.-** The activities involved in managing an enterprise are common to all organisations whether economic, social or political

**3. Management is multidimensional.-**

(a) Management of work- performance of some work,

(b) people- “getting work done through people” and

(c ) operations- converting input into the desired output

**4. Management is a continuous process-** The process of management is a series of continuous, composite, but separate functions (planning, organising, directing, staffing and controlling)

**5. Management is a group activity-** Every member of the group has a different purpose for joining the organisation but as members of the organisation they work towards fulfilling the common organisational goal. That's why it is a group activity.

**6. Management is a dynamic function-** Management is a dynamic function and has to adapt itself to the changing environment

**7. Management is an intangible force-** The effect of management is noticeable in an organisation where targets are met according to plans, employees are happy and satisfied, and there is orderliness instead of chaos.

#### Objectives of management

**1. Organisational objectives-** These are related with survival ,profit earning and growth of an organization.

**2. Social objectives** -These are related to welfare of the society including environmental protection.

**3. Personal Objective-** These are related to full filling the financial social and higher-level needs of employees.

#### Importance of management

- Management helps in achieving group goals. – Helps to achieve organizational goals,
- Management improves efficiency- optimum utilization of resources
- Management create a dynamic organisation. – Helps to adapt with the changes
- Management helps in achieving personal objectives- of the employees- salary,growth,etc.
- Management helps in development of society- social objectives like generate employment,quality product,etc.

#### Nature of management

1)Management as science.	2) Management as an art.	4)Management as profession
1. Systematized body of knowledge 2. Principles based on experiments 3. Universal validity	1.Existence of theoretical knowledge 2.Based on continuous practice 3.Personal application	1.Well defined body of knowledge 2.Professional association 3.Ethical code of conduct 4. Restricted entry 5. Service Motive



### Levels of Management –

Top	Middle	Floor /Supervisory Level
Chair person, CEOs, MD, BOD	Divisional Head, plant superintendent, operational manager	Foreman, supervisor
Functions-To plan objectives and frame policies for success and growth of overall organization	To interpretate the policies of top management. To plan the activities of their concerned division To ensure availability of necessary staff and resources in their department	They are responsible for actual implementation of plans at floor level Maintenance of discipline Sends grievance,feedback and report of workers to management and acts as linking pin between workers and management

### Functions of management -

There are main five functions of Management

**Planning :** It is what is to be done and how to be done. ie setting objectives and course of action plan to achieve.

**Organising:** Deciding the organisation structure and establishing the authority and responsibility relationships

**Staffing:** Finding the right person for right job. It is related with appointments and training of staff mainly.


**Directing:** it is to guide ,motivate and communicate properly with d staff so as to achieve organisation goals

**Controlling :** It means monitoring the actual performance and ensuring the achievement of targets and plans.

**Meaning of coordination-** Coordination is the force that binds all the functions of Management it is considered as the essence of management.

1. **Integrated groups-** gives a common focus to group effort
2. **Ensures unity of action-** binding force between departments
3. **It is a continuous process-** It begins at the planning stage and continues till controlling.
4. **It is all pervasive-** required at all levels of management. It integrates the efforts of different departments and different levels.
5. **Coordination is the responsibility of all managers:-** Top management coordinates with subordinates, middle with top and lower level,lower level coordinates the activities of workers.
6. **It is a deliberate function of management-** A manager has to coordinate the efforts of different people in a conscious manner

## QUESTION BANK

MCQS	
Q.NO.	QUESTIONS
Q1	<p>Das is the Managing Director of 'Gamut Ltd.', manufacturing different varieties of cheese. He has an efficient team working under him consisting of Rajat– the Production manager, Vinay – the Marketing manager and Adit – the Finance manager. They understand and interpret the policies made by Das, ensure that their departments have adequate manpower, assign them the necessary duties and motivate them to achieve the desired objectives. Identify at which level Mr. Das is working in the Company.</p> <p>(a) Top Level      (b) Middle Level      (c) Lower Level      (d) None of these</p>
Q2.	<p>Identify the concept of management absent in the picture below.</p>  <p>(a) Coordination.      (b) Cooperation      (c) Delegation      (d) Efficiency</p>
Q3.	<p>."Management cannot be seen but its presence can be felt". Which characteristic of management is highlighted in the above statement?</p> <p>(a) Group activity      (c) Dynamic function (b) Intangible force      (d) Continuous process</p>
Q4.	<p>Identify the basic characteristic of management involved in this statement. "The activities involved in managing an organisation are common to all organisations, whether economic, social or political".</p> <p>(a) It is an intangible force.      (b) It is all-pervasive. (c) It is multidimensional.      (d) None of these</p>
Q5.	<p><b>Statement I:</b> Management is multi-dimensional. <b>Statement II :</b> The activities involved in managing an enterprise are common to all organisations whether economic, social or political. Choose the correct option from the options given below:</p> <p>(a) Statement I is true and II is false      (b) Statement II is true and I is false. (c) Both the statements are false.      (d) Both the statements are true</p>
Q6.	<p><b>Assertion :</b> Efficiency aims at performing tasks with the least wastage of time and effort. <b>Reason :</b> Efficiency is about doing the job in a cost-effective manner, i.e., getting maximum output with minimum input.</p> <p>(a) Both Assertion (A) and the Reason (R) are true and Reason (R) is the correct explanation of Assertion (A) (b) Both Assertion (A) and the Reason (R) are true and Reason (R) is not the correct explanation of Assertion (A) (c) Assertion (A) is true but the Reason (R) is False. (d) Assertion (A) is false but Reason (R) is True</p>

Q7.	<p><b>Assertion(A):</b>Management is termed as a 'Process.</p> <p><b>Reason (R):</b> Management involves a series of inter-related functions, such as planning, organising, staffing, directing and controlling.</p> <p>(a) Both Assertion (A) and Reason (R) are True and Reason (R) is the correct explanation of Assertion (A)</p> <p>(b) Both Assertion (A) and Reason (R) are True and Reason (R) is not the correct explanation of Assertion (A)</p> <p>(c) Assertion(A) is True but Reason(R) is False.</p> <p>(d) Assertion(A) is False but Reason (R) is True.</p>
Q8.	<p><b>Assertion (A) :</b>Coordination is the essence of management.</p> <p><b>Reason(R):</b> Coordination is required at all levels and through all functions of management. Choose one of the correct Options given below:</p> <p>(a) Both Assertion (A) and Reason(R)are true and Reason (R) is the correct explanation of Assertion (A).</p> <p>(b) Both Assertion (A)and Reason(R)are true and Reason(R)is not correct explanation of Assertion (A).</p> <p>(c) Assertion (A) is true but Reason(R) is false.</p> <p>(d) Assertion (A) is false but Reason(R )is true.</p>
Q9.	<p>Human resources are an organizations greatest assets. Despite all developments in technology 'getting work done from people is the major task of a manager'. Identify dimension of management being described above</p> <p>(a) Management of work                      (b)Management of people</p> <p>(c)Management of operations              (d)All of the above</p>
Q10.	<p>..... is concerned with doing the right task.</p> <p>(a)Effectiveness                              (b)Efficiency</p> <p>(c)Both(a)and(b)                              (d)None of these</p>
Q11.	<p>A company's target production is 5000 units in a year. To achieve this target the manager has to operate on double shifts due to power failure most of the time. The manager is able to produce 5000 units but at a higher production cost. In this case the manager is</p> <p>(a)Efficient                                      (b)Effective</p> <p>(c)Efficient as well as effective(d)Neither efficient nor effective</p>
Q12.	<p>Whichlevelofmanagementisresponsibleforthewelfareandsurvivaloftheorganisation?</p> <p>(a)Top level of management              (b)Middle level of management</p> <p>(c)Supervisory level                              (d)Both(b)and(c)</p>
Q13.	<p>Alok a mobility platform is in the process of laying off 400-500 employees in a move aimed at driving cost efficiency. Which objective of management will the firm not be able to achieve by carrying out this process.</p> <p>(a)Efficiency(b)Social(c)Profit(d)Survival</p>
Q14.	<p>What distinguishes a successful manager from a less successful one is the ability to put the principles into practice." Which aspect of the nature of management is highlighted in the above statement?</p> <p>(a)Management as a science                      (b)Management as an art</p> <p>(c)Management as a profession                      (d)Management is an intangible</p>

### Answers of MCQs

- 1.(b) Middle Level
2. (a)Coordination
- 3.(b) Intangible force
- 4.(b) it is all pervasive
5. (d) both the statements are true
6. (a)
- 7(a)
- 8 (a)
- 9 (b) management of people
10. (a) effectiveness
11. (b) effective
12. (a) top level
13. (b) Social
14. (b) Management as an art

### SHORT ANSWER TYPE QUESTIONS(3/4 MARKS)

1.	<p>Josh Enterprises decides to have a meeting of all the key employees of different departments in the organisation. The main motive is to tell the employees to keep the target of 20%increase in sales as the main objective when they work throughout the year. The meeting is full of ideas regarding the employees and processes involved. Various plans are made to harness the potential of the employees and streamline the processes. However with the passage of a few days the external business environment checks the capability of the organisation to adapt to the situations. The company successfully comes out at the end of the year with flying colours. <b>What are the various characteristics of management you can find highlighted here? Also Identify the lines in which these characteristics have been highlighted.</b></p> <p><b>ANSWER:</b></p> <p>The various characteristics of management involved here are:</p> <ol style="list-style-type: none"><li>1. <b>Goal Oriented.</b> The main motive is to tell the employees to keep the target of 20% increase in sales as the main objective when they work throughout the year.</li><li>2. <b>Multi dimensional.</b> Various plans are made to harness the potential of the employees and streamline the processes. Employees—People, and Streamline the process—Operations.</li><li>3. <b>Dynamic.</b> However with the passage of a few days the external business environment Checks the capability of the organization to adapt to the situations</li></ol>
2	<p>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 non financial. The result is employees see their development in the organisation. The organisation tries to behave as a responsible constituent of society and ahvays 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.</p> <p><b>Which importance of management is highlighted here? Also identify the lines. The importance of management highlighted here are:</b></p>

	<p><b>ANSWER:</b></p> <ol style="list-style-type: none"> <li><b>1. Development of personnel.</b> They are also given incentives both financial as well as non financial. The result is employees see their development in the organisation.</li> <li><b>2. Development of society.</b> The organisation tries to behave as a responsible constituent of society and always creates good quality products.</li> <li><b>3. Helps in becoming dynamic organisation.</b> 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.</li> </ol>
3	<p>ABCD Inc. is a company which deals with providing car service at home and on road. There are different departments in this company like Human Resources, Marketing, Finance, Research &amp; Development and Operations. The top management of the company tries its level best to synchronize the activities of different departments in the best possible manner. The result is the increased efficiency and attainment of goals. However with the passing of time the size of the company has grown and now there are many branches of this company. The synchronization has turned more important with the increase in the size of the company and the number of employees. The Departmental Heads of the company are specialists in their respective areas and the top management tries to work with them not with authority but by respecting their views on the subject. Their ego clashes are avoided to ensure smooth functioning of the organisation. <b>Identify the concept of management highlighted above. Write two benefits highlighted in</b></p> <p><b>The above paragraph of this concept.</b></p> <p><b>ANSWER:</b></p> <p>The concept of management highlighted above is that of <b>Coordination</b>. The top management of company tries its level best to synchronize the activities of different departments in the best possible manner.</p> <p><b>The importance of coordination:</b></p> <p><b>1. Growth in size.</b> When the organization grows in size coordination plays an important role in synchronizing all the activities as the number of employees and branches increases. The synchronization has turned more important with the increase in the size of the company and the number of employees.</p> <p><b>Specialisation.</b> The specialists like the departmental heads cannot be tackled just by unity of command. They have their own egos. Here the best way to tackle them is to ensure coordination among them. Their ego clashes are avoided to ensure smooth Functioning of the organisation.</p>
4	<p>Alpha Beta Inc. decided to go for perfect coordination in the various aspects of the company. They focus on synchronization of all the activities of the organisation. For this they know coordination will be the key. At the stage of thinking of what is to be done throughout the year they decide to take into consideration the harmony between the goals of the organisation and those of the individual departments. When they hire employees they pay them only after evaluating their worth in terms of how efficient they are. Finally when the last month of production comes they, time and again check the deviation between the set targets and the actual production done. In the above paragraph the main focus is on coordination. However various functions of management also come in to picture. <b>You have to identify the Three functions of management highlighted above in which coordination can be seen.</b></p>

	<p><b>ANSWER:</b>  <b>The various functions of management highlighted above are:</b></p> <ol style="list-style-type: none"> <li>1. <b>Planning.</b> At the stage of thinking of what is to be done throughout the year <b>they decide</b> to take into consideration the harmony between the goals of the organization and those of the individual departments.</li> <li>2. <b>Staffing.</b> When <b>they hire employees</b> they pay them only after evaluating their worth in terms of how efficient they are.</li> </ol> <p><b>Controlling.</b> Finally when the last month of production came they were time and again <b>Checking the deviation between these targets and the actual production done.</b></p>
5	<p>A floor manager of a mall is a very good manager as he utilises all the functions of management to minimise cost of maintenance of his area. He directs all the staff members under him to follow the targets and advises them to put their efforts in the direction of achievement of these targets. Under his guidance the employees admit that they learn a lot and are able to meet their targets. This has led to the increase in their salaries.  <b>Identify the importance of management highlighted above.</b></p> <p><b>ANSWER:</b>  The importance of management highlighted here are:</p> <ol style="list-style-type: none"> <li>1.) Management increases efficiency (<b>A floor manager of a mall is a very good manager as he utilises all the functions of management to minimise cost of maintenance of his area</b>).</li> <li>2.) Management helps in achieving group goals (<b>He directs all the staff members under him to follow the targets and advises them to put their efforts in the direction of achievement of these targets</b>).</li> <li>3.) Management helps in achieving personal objectives (<b>This has led to the increase in their salaries</b>).</li> </ol>
<b>FOUR MARKS QUESTIONS (04 MARKS)</b>	
1.	<p>Ice Air Manufacturers are the leading AC manufacturers. On meeting the record target they decided to give prize to the best worker of the year. Rajesh who is a very devoted worker wins the prize of the best worker. He is very happy. Mr. Kulkarni who is the CEO of the company gives a very heart touching speech. He tells all the workers present that the company should reach new heights this year. Their contribution will be immense. He tells them that the revenue this year should exceed cost so much so as to reduce the business risk. So that in the coming years company could show increase in the number of workers, number of products produced and also the sales turnover. The speech ends with the promise made by the labour union head that the company will get full support from the workers.</p> <p><b>(a) In the above case which type of objectives are discussed by Mr. Kulkarni in the speech?</b>  <b>(b) What is the other term used for this category of objectives?</b>  <b>(c) At which level of management does Rajesh work in the company?</b></p> <p>(a) The type of objectives discussed are <b>Organisational Objectives</b> since  (b)(i) Profit (<b>revenue this year should exceed cost so much so as to reduce the business risk</b>) and (ii) Growth (<b>increase in the number of workers, number of products produced and also the sales turnover</b>) are discussed here.  (c) The level at which Rajesh works is the non-managerial level since all the workers work at This level and he is a worker (<b>Rajesh who is a very devoted worker</b>).</p>

2.	<p>Explain management as an art do you agree? Give suggestion and support your answer. ANSWER:</p> <p><b>Meaning of art:-</b>Art is defined as the existence of theoretical knowledge based on personalities application practice and creativity.</p> <p><b>Features of art-</b>there are three features of art which can be applicable in management.</p> <p><b>I. existence of theoretical knowledge:</b> art is based on certain basic principle derived from the knowledge of expert and theory.</p> <p>Management has also various theories which are developed by many thinkers in this way management is also like ART.</p> <p><b>II. Personalized application:</b> the principle of practical and theory of Arts use by the persons on that way in which they can apply easily.</p> <p>Management has also personalized application of knowledge because its principle can be used as per the situation and problem arises in this way management is also an art.</p> <p><b>III. based on practice and creativity:</b> art can be developed on the basis of practice in creativity we can create our own style or method.</p> <p>Management is also based on practice and creativity because its theory can be applied as per The given situation in this way management is also an art.</p>
3	<p>Govinda Ltd. is a highly reputed company. Different functions are performed by different individuals in this company, who are bound together in a hierarchy of relationships. Every individual in the hierarchy is responsible for successful completion of a particular task. Mr. Gauranga is responsible for the welfare and survival of the organization. He formulates overall organizational goals and strategies for their achievement. MR. Nityanand ensures that quality of output is maintained, wastage of materials is minimized and safety standards are maintained. Mr. Sanatan assigns necessary duties and responsibilities to the personnel and motivates them to achieve desired objectives <b>At what levels of management are MR. Gauranga, Mr. Nityanand and Mr. Sanatan working in Govinda Ltd.? justify your answer</b></p> <p>ANSWER:</p> <p><b>Mr. Gauranga</b> is working at <b>the top level management</b>. He is responsible for the welfare and survival of the organization. He formulates overall organizational goals and strategies for their achievement.</p> <p><b>2. Mr. Nityanand</b> is working at the <b>lower level management</b>. He ensures that quality of output is maintained, wastage of materials is minimized and safety standards are maintained.</p> <p><b>3. Mr. Sanatan</b> is working at the <b>middle level management</b>. He assigns necessary duties and Responsibilities to the personnel and motivates them to achieve desired objectives</p>
4.	<p>Sridhar's father is working as a section in-charge in a government office.</p> <p><b>Identify the level of management at which he is working? State any five functions that he has to perform at this level.</b></p> <p>ANSWER:</p> <p>Sridhar's father is working as a section in-charge in a government office. He is working at the <b>lower level of management</b>. He has to perform the following functions at this level of management:</p> <ol style="list-style-type: none"> <li><b>1. Supervise the efforts:-</b>He has to directly oversee the efforts of the workforce.</li> <li><b>2. Link between the workers and middle level managers:-</b>He has to serve as a link between the workers and middle level managers.</li> <li><b>3. Ensure sufficient availability of resources:-</b>He has to ensure sufficient availability of resources and good quality of output.</li> <li><b>4. Training to workers:-</b>He has to provide guidance and training to workers.</li> </ol> <p><b>Ensure good working conditions:-</b>Ensure good working conditions for workers.</p>

### LONG ANSWER TYPE QUESTIONS (06MARKS)

1.	<p>A very innovative firm has decided to increase its sales. The company is good but they have noticed that their growth has stagnated for the last couple of years. The top management calls for an emergency meeting. For this they have outlined a series of activities to be performed by each person. The people are told the activities they have to perform. Thus the work is</p> <p>Divided among individuals. The efforts taken by the firm turn out to be very productive for the organisation and it gains huge profit. The newspapers and management institutes also praise the company for its high standards of management. However as time passes the size of the organisation grows and thus they think of bringing another concept of management with a lot of precision. This concept of management is not voluntary but rather based on a lot of clearcut thinking in advance. The main idea is to reduce confusion among the employees regarding any of the activities they have been assigned.</p> <p><b>(a) Identify the functions of management highlighted in the above lines which the company follows.</b></p> <p><b>(b) Also Identify in the above lines a concept of management discussed which the company tries to bring.</b></p> <p><b>(c) Find one importance and one characteristic of this concept highlighted above.</b></p> <p><b>ANSWER:</b></p> <p>(a) The functions of management highlighted above are <b>Planning (The company has decided to increase its sales)</b> and <b>Organising (The work is identified and divided among individuals).</b></p> <p>(b) The concept of management highlighted above is <b>Coordination.</b></p> <p>(c) The importance of coordination</p> <p><b>When the size of the organization increases is told here the characteristic highlighted is coordination is deliberate (The concept of management is not voluntary but based on a lot of clear cut thinking in advance).</b></p>
2.	<p>Radio XYZ is a company which has improved its functioning by proper management. The company has been good in fixing and completing targets. The main reason for its success has been the involvement of all of the employees. The company tries to keep its targets in front of the employees so that each one of them can contribute to the completion of goals. Though their activities may be different yet they contribute to the common targets or goals of the organisation. The company has won the prize for the best organisational climate. This has been possible due to the impact of great managerial discipline which might not be visible to an outsider in the first look but he realises it when he stays in the organisation. Gradually the organisation has developed itself into a very successful company. It has produced different types of radios according to the needs of the customers. During last decade it has adapted to the requirements of the market and produced different type of radios suiting the needs of the customers. The management of three components is always significant to the company employees, process and amount of work to be done. Controlling these three areas is always a top priority to the company. Recently a meeting was held which laid stress on the need of taking good management to all levels and departments of the organisation.</p> <p><b>In the above case find all the characteristics of management and highlight the lines which help you identify them.</b></p> <p><b>ANSWER:</b></p> <p>The following characteristics of Management have been highlighted:</p> <p>(1.) Management is a goal oriented process <b>(The company has been good in fixing and completing targets).</b></p> <p>(2.) Management is a group activity <b>(Though their activities may be different yet they contribute to the common targets or goals of the organisation).</b></p>



	<p>(3.) Management is an intangible force (<b>This has been possible due to the impact of great managerial discipline which might not be visible to an outsider in the first look but he realizes it when he stays in the organisation).</b></p> <p>(4.) Management is a dynamic function (<b>During last decade it has adapted to the requirements of the market and produced different type of radios suiting the needs of the customers).</b></p> <p>(5.) Management is multidimensional (<b>The management of three components is always significant to the company -employees, process and amount of work to be done).</b></p> <p>(6.) Management is all pervasive (<b>Recently a meeting was held which laid stress on the Need of taking good management to all levels and departments of the organisation).</b></p>
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3.	<p>Saagar Ltd. believes in coordination among departments and activities. The company relies heavily on professional coordination. For this the company takes steps throughout the year. Coordination is kept in mind by all the managers regardless of the level they are working at. Throughout the year the various activities are synchronised without failure. Every department ensures that within it every employee and operation is guided by the theme of proper coordination. Whenever an employee takes an action he consults others, whenever needed, thus properly contributing to his team. The process of coordination is just not limited to the employees. Even at the departmental level the various departments use this binding force to create perfect harmony among them so that the organizational goals can be fulfilled. All the coordination that occurs in the organisation is a result of proper training and premeditated attempts by the company to get the best results possible.</p> <p><b>The above case represents all the characteristics of coordination. Identify the lines which represent them and also name the characteristics.</b></p> <p>(1) Coordination is the responsibility of all managers (<b>Coordination is kept in mind by all the managers regardless of the level they are working at).</b></p> <p>(2) Coordination is a continuous process (<b>Throughout the year the various activities are synchronised without failure).</b></p> <p>(3) Coordination is all pervasive (<b>Every department ensures that within it every employee and operation is guided by the theme of proper coordination).</b></p> <p>(4) Coordination is a group activity (<b>Whenever an employee takes an action he consults others whenever needed thus giving properly contributing to his team).</b></p> <p>(5) Coordination involves unity of action (<b>Even at the departmental level the various departments use this binding force to create perfect harmony among them so that the organisational goals can be fulfilled).</b></p> <p>(6) Coordination is a deliberate function (<b>All the coordination that occurs in the organization is a result of proper training and premeditated attempts by the company to get the best Results possible).</b></p>
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## WORKSHEET-1

Time : 40 minutes

MM:20

Q1	<p><b>Assertion (A):</b>Management aims to achieve organizational goals efficiently &amp; effectively.</p> <p><b>Reason(R):</b> Efficiency in management refers to doing the right tasks to achieve goals.</p> <p><b>Options:</b></p> <p>a) Both A and R are true, and R is the correct explanation of A.</p> <p>b) Both A and R are true, but R is not the correct explanation of A.</p> <p>c) A is true, but R is false.</p> <p>d) A is false, but R is true.</p>	1										
Q2	<p>Match the functions of management with their descriptions: Column A (Function)Column B (Description)</p> <table><tr><td>A. Planning</td><td>1.Arrangingresourcestoachieveobjectives</td></tr><tr><td>B. Organizing</td><td>2.Recruitingandtrainingpersonnel</td></tr><tr><td>C. Staffing</td><td>3.Decidinginadvancewhatneedstobedone</td></tr><tr><td>D. Directing</td><td>4.Guidingandsupervisingemployees</td></tr><tr><td>E. Controlling</td><td>5.Monitoringperformanceandmakingcorrections</td></tr></table>	A. Planning	1.Arrangingresourcestoachieveobjectives	B. Organizing	2.Recruitingandtrainingpersonnel	C. Staffing	3.Decidinginadvancewhatneedstobedone	D. Directing	4.Guidingandsupervisingemployees	E. Controlling	5.Monitoringperformanceandmakingcorrections	1
A. Planning	1.Arrangingresourcestoachieveobjectives											
B. Organizing	2.Recruitingandtrainingpersonnel											
C. Staffing	3.Decidinginadvancewhatneedstobedone											
D. Directing	4.Guidingandsupervisingemployees											
E. Controlling	5.Monitoringperformanceandmakingcorrections											
Q3	<p>A multinational sweets and snacks company had been into catering business for the last many years. To add to its prospects and to grow in the long run, it wants to increase its sales volume, the number of products and capital investment. The organisational objective of management it seeks to achieve is:<b>CBSE 2024</b></p> <p>(A) Survival (B) Profit (C)Growth (D) Corporate Social responsibility</p>	1										
Q4	<p>ABC Ltd. Has been facing challenges in meeting its production targets. The management decided to implement new strategies to improve efficiency and effectiveness.</p> <p>a. Which aspect of management is ABC Ltd. Focusing on by implementing new strategies?</p> <p>b. By aiming to meet production targets, which management objectiveis ABC Ltd. addressing?</p>	1										
Q5	<p>Mr. Anil, a production manager, was able to complete his team’s target before the deadline. However, he used more resources than allocated, resulting in increased costs.Identify whether Mr.Anil was effective, efficient, or both. Justify your answer.</p>	3										
Q6	<p>Discuss the nature of management as a science.</p>	3										
Q7	<p>LMN Ltd. Is an organization with three layers of management: top-level (executives) ,middle-level (department heads), and lower-level(supervisors). The communication between the levels is poor, causing delays in decision- making and confusion among employees.</p> <p>How can LMN Ltd. Improve communication and coordination between the different levels of management?</p>	4										
Q8	<p>Kriti Pvt. Ltd. is a growing e-commerce company. The CEO, Mr. Verma, believes that the key to success lies in effective management. He ensures that the company uses its resources efficiently and achieves its objectives like customer satisfaction, employee welfare, and profitability. Recently, he implemented a new system where employees are encouraged to work in teams and use time- saving technologies.</p> <p>a) Identify and explain the concept of management as applied in the above case.</p> <p>b) Explain any three objectives of management highlighted in the case.</p> <p>c) What is the significance of efficiency and effectiveness in this context?</p>	6										

### ANSWER KEY

Q1	c)A is true ,but R is false.	1
Q2	A→3 B →1 C →2 D→4 E→5	1
Q3	C	1
Q4	<b>a. Improving efficiency and effectiveness.</b> <b>b. Organizational objectives</b>	1
Q5	Mr. Anil was effective but not efficient. Effectiveness refers to achieving goals, which Anil did by completing the target. Efficiency is about achieving goals with minimal cost and optimal resource use. Since he used more resources than needed, he was not efficient.  Thus, Anil achieved the desired result (effectiveness)but at a higher cost (lack of efficiency).	3
Q6	Management is an inexact science –  (i) Systematic body of knowledge  (ii) Based on Experimentation  (iii) Universal validity (explain)	3
Q7	a. Top-Level Management: Should set clear and transparent policies and vision that guide the entire organization.  b. Middle-Level Management: Act as a liaison, ensuring that top-level strategies are translated into actionable plans at the operational level.  c. Lower- Level Management: Should provide feedback to both upper levels about on-the-ground challenges and opportunities.  d. Technology: Use communication too ls and regular meetings to enhance coordination and reduce misunderstandings.	4
Q8	a) The concept of management applied in the case is “getting things done through others efficiently and effectively.” Mr. Verma ensures that resources are utilized optimally and objectives are achieved.  b) Three objectives of management highlighted are: Organizational Objectives: The company focuses on profitability and Customer satisfaction. Social Objectives: By ensuring customer satisfaction and fair treatment of employees, the company fulfils social responsibilities. Personal Objectives: Team work and new systems create a good work environment, addressing employee growth and satisfaction.  c). Effectiveness means achieving end results like customer satisfaction and growth. Efficiency means achieving these with minimum cost and resources. In Kriti Pvt. Ltd., both are achieved by using team work and technology to save time and increase output.	6

## WORKSHEET-2

**TIME:40MIN.**

**M.M: 20 Marks**

Q1	<p><b>Assertion(A):</b> Coordination is considered the essence of management.</p> <p><b>Reason(R):</b> Coordination is a separate function performed by a particular level of management.</p> <p><b>Options:</b></p> <p>a) Both A and R are true, and R is the correct explanation of A.</p> <p>b) Both A and R are true, but R is not the correct explanation of A.</p> <p>c) A is true, but R is false.</p> <p>d) A is false, but R is true.</p>	1						
Q2	<p>Match the management levels with their typical titles: Column A(Management Level) Column B(Typical Titles)</p> <table><tr><td>A. Top-Level Management</td><td>1.DepartmentHead,BranchManager</td></tr><tr><td>B. Middle-Level Management</td><td>2.Supervisor,Foreman</td></tr><tr><td>C. Lower-Level Management</td><td>3.CEO,ManagingDirector</td></tr></table>	A. Top-Level Management	1.DepartmentHead,BranchManager	B. Middle-Level Management	2.Supervisor,Foreman	C. Lower-Level Management	3.CEO,ManagingDirector	1
A. Top-Level Management	1.DepartmentHead,BranchManager							
B. Middle-Level Management	2.Supervisor,Foreman							
C. Lower-Level Management	3.CEO,ManagingDirector							
Q3	<p>Most of the organizations these days have adapted themselves to changing environment. To reach and engage with the target customers, they started to have a strong presence on social media like Facebook, Instagram, etc. <b>(CBSE 2024)</b></p> <p>From the following, identify the feature of management being highlighted:</p> <p>(A) Management is a group activity.</p> <p>(B) Management is a continuous process.</p> <p>(C) Management is multidimensional.</p> <p>(D) Management is a dynamic function</p>	1						
Q4	<p>Panmol Dairy' started using environment-friendly 'Bilona' method of making ghee, unlike other dairies which were using modern methods involving machines and chemicals. By doing this, ‘Panmol Dairy’ is providing employment to hundreds of illiterate people in the rural areas. Which objective of management is ‘Panmol Dairy’ trying to achieve: <b>(CBSE 2024)</b></p> <p>(A) National objective (B) Personal objective (C) Social objective (D) Economic objective</p>	1						
Q5	<p>Two ambitious friends, Sana and Mihir, having passion for creating innovative software applications, established a tech startup named ‘Quick Solutions'. Their software was developed in such a way that it caters to the needs of all sections. Since its inception, 'Quick Solutions' was earning enough revenue to cover the costs. They faced countless challenges from competing with large and well-established companies. But they learned from their mistakes and continuously improved their product. Slowly, their software gained recognition for its quality and uniqueness and the company started making profits. It was a big incentive for Sana and Mihir for the continued successful operation of the enterprise. Within two years, the customer base increased manifold. Now, Sana and Mihir decided to make additional capital investment and hired more employees. They invested in research and development and expanded their product line to meet emerging market demands. ‘Quick Solutions' ultimately became the industry leader because of the tireless efforts of Sana and Mihir.</p> <p>Quoting lines, identify and state the objectives of management discussed in the above case which 'Quick Solutions' seeks to achieve. <b>(CBSE 2024)</b></p>	3						

Q6	XYZ Corp. is facing challenges in achieving its business goals. The top management has not developed clear goals for the departments, and there is a lack of clarity in how resources are being allocated. As a result, the company is Struggling within efficiencies and a lack of focus. What management functions should XYZ Corp. focus on to improve its organizational efficiency and ensure goals are met effectively?	3
Q7	State any four characteristics of management . <b>CBSE 2024</b>	4
Q8	Nalini has an online flower and gifts retail business. She has eight outlets in four cities of India. From November to February, during the wedding season, the demand shoots up. She coordinates the efforts of her staff in a conscious and deliberate manner and plans for the wedding season demand in the month of June itself. She ensures that there is adequate workforce and continuously monitors whether work is proceeding according to plans. She also briefs the marketing department in time to prepare their promotional and advertising campaigns. Thus, her coordination with all departments of the organization begins at the planning stage and continues till controlling. This acts as a binding force between the departments and ensures that all action is aimed at achieving organizational goals. As a result, Nalini is able to give a common focus to group effort to ensure that the business is performing as planned, year after year. <b>CBSE 2024</b> Quoting lines from the above paragraph, identify and explain four features of an important concept of management highlighted in the above case	6

#### ANSWER KEY

Q1	c) A is true ,but R is false.	1
Q2	A→3 B →1 C →2	1
Q3	D	1
Q4	C	1
Q5	<p><b>i) Survival</b> 'Since its inception, 'Quick Solutions' was earning enough revenue to cover the costs</p> <p><b>(ii) Profit</b> 'Slowly, their software gained recognition for its quality and uniqueness and the company started making profits'</p> <p><b>(iii) Growth</b> 'Now, Sana and Mihir decided to make additional capital investment and hired more employees.'</p> <p>OR 'They invested in research and development and expanded their product line to meet emerging market demand (Explain)</p>	3
Q6	<ul style="list-style-type: none"> <li>Planning: XYZ Corp. should focus on the planning function to set clear, actionable goals and objectives for each department. This will help in aligning their efforts towards a common vision.</li> <li>Organizing: Effective resource allocation is essential. The company should organize its resources efficiently to support the goals established during planning.</li> </ul> <p>Controlling: Regular monitoring and control systems must be implemented to ensure that the company is on track to achieve its goals and make adjustments as necessary.</p>	3
Q7	Any four characteristics of management with explanation.	4

Q8	<p>(i) Coordination is a deliberate function.  'She coordinates the efforts of her staff in a conscious and deliberate manner and plans for the wedding season demand in the month of June itself.'  A manager has to coordinate the efforts of different people in a conscious and deliberate manner.</p> <p>(ii) Coordination is a continuous process.  'Thus, her coordination with all departments of the organization begins at the planning stage and continues till controlling.'  Coordination is not a one-time function but a continuous process which begins at the planning stage and continues till controlling.</p> <p>(iii) Coordination ensures unity of action  'This acts as a binding force between the departments and ensures that all action is aimed at achieving organizational goals.'  The purpose of coordination is to secure unity of action in the realization of a common purpose.</p> <p>(iv) Coordination integrates group efforts  'Nalini is able to give a common focus to group effort to ensure that the business is performing as planned, year after year.'  Coordination unifies unrelated or diverse interests into purposeful work activity.</p>	<p>½ mark for quote+ ½ mark for heading+ ½ mark for explanation = 1 ½ x4 = 6 marks</p>
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## **CHAPTER- 2**

### **PRINCIPLES OF MANAGEMENT**

**Concept:** Management principles are the statements of fundamental truth which provide guidelines for managerial decision making and action i.e. they act as guidelines for the practice of management.

#### **Nature of Principles of Management:**

1. Universal Applicability.
2. General Guidelines
3. Formed by Practice and Experimentation.
4. Flexible
5. Mainly Behavioural,
6. Cause and Effect Relationships.
7. Contingent (Careful Application).

#### **Significance of Principles of Management:**

1. Providing Managers with Useful Insight into Reality.
2. Optimum Utilisation of Resources.
3. Effective Administration.
4. Scientific Decisions.
5. Meeting Changing Environment Requirements.
6. Fulfilling Social Responsibility.
7. Management Training. Education and Research.

#### **General Principles of Management Developed by Henri Fayol**

1. **Division of Work:** According to this principle, the entire work should be divided into different tasks and instead of assigning the entire work to one person, one task or work should be assigned to one person according to his competence, qualification and experience leading to specialisation.
2. **Authority and Responsibility:** Authority is the right of a superior to give orders to his subordinates and obtain obedience. Responsibility means obligation to carry out an assigned job on time. There should be balance between the two.
3. **Discipline:** In management discipline means obedience, respect of authority and complying with the rules and regulations of the organisation.
4. **Unity of Command:** This principle states that a subordinate should receive orders/instructions from only one superior at a time and that subordinate should be accountable only to that superior.
5. **Unity of Direction:** Unity of direction states that there should be "ONE HEAD AND ONE PLAN" for a group of activities having the same objective.
6. **Subordination of Individual Interest to General Interest:** An organisation is superior to its individual employees. The interest of the organisation must be given priority over the interest of the individuals or employees.
7. **Remuneration of Employees:** This principle states that remuneration payable to employees should be fair, equitable and reasonable so as to give maximum amount of satisfaction to both the employees and the organisation.
8. **Centralisation and Decentralisation:** Centralisation means the concentration of authority at the top management. On the other hand, decentralisation means sharing of authority at all levels of management.

9. **Scalar Chain:** Scalar chain refers to the formal lines of authority or chain of superiors from highest to lowest rank. The gang plank is a shorter route in a scalar chain which permits two persons at the same level to communicate directly with each other.

10. **Order:** This principle states that in an organisation there should be a place for everyone and everything and that everyone/everything should be at its right place.

11. **Equity:** This principle suggests that managers should be fair and impartial while dealing with their subordinates.

12. **Stability of Tenure of Personnel:** This principle states management should remove the feeling of job insecurity from the minds of employees because if the job of a person is insecure, he will be on lookout for job elsewhere and cannot contribute his maximum. Moreover, the period of service in a position should be fixed and employees should not be moved or rotated from their positions very frequently.

13. **Initiative:** Workers should be encouraged to develop and carry out their plans for improvement.

14. **Espirit de Corps:** Espirit de corps means team spirit or harmony in group effort and mutual understanding among employees.

### **Meaning of Scientific Management:**

Scientific management means knowing exactly what you want men to do and seeing that they do it in the best and cheapest way.

### **Principles of Scientific Management**

1 **Science, not Rule of Thumb:** According to this principle, Taylor stressed that each job performed in the organisation should be based on scientific enquiry and not on intuition, experience and hit and miss methods

2 **Harmony, not Discord (Conflict):** This principle suggests that there should be complete harmony and proper understanding between management and workers and they should work together for achieving organisational goals.

3. **Cooperation, not Individualism:** This principle is an extension of principle of 'Harmony, not Discord'. This principle states that there should be complete cooperation between management and workers

4. **Development of Each and Every Person to his or her Greatest Efficiency and Prosperity:** Taylor insisted that due care should be taken while selecting the employees and after selection, they must be given jobs according to their qualifications, physical, mental and intellectual capabilities. The selected employees must be sent for training from time to time to improve their skills and work performance.

### **Techniques of Scientific Management**

1. **Functional Foremanship:** Taylor suggested that specialisation should be introduced at the supervisory level. He recommended 'Functional Foremanship' for this purpose. Functional foremanship states that the task of supervision is divided into several specialised functions and each function is entrusted to a specialist foreman. The technique of functional foremanship is an extension of the principle of division of work or specialisation but it violates the principle of unity of command. In this technique, Taylor advocated separation of planning and execution function.

2. **Standardisation and Simplification of Work:** Standardisation is the process of setting standards for every step of business operation. Simplification refers to eliminating superfluous (unwanted) varieties, sizes and dimensions.



**3. Work Study:** Work study is a systematic, objective and critical examination of all factors relating to work so as to maximize efficiency. It includes the following techniques:

(i) **Method Study:** Method study refers to finding out one best way of doing a particular job.

(ii) **Motion Study:** Motion study is the technique used to study the various movements like lifting, putting objects, sitting, changing positions, etc., of workers, while performing a particular task .Unnecessary movements should be eliminated.



(iii) **Time Study:** Time study is the technique used to measure the standard time taken by a worker of reasonable skills and ability to perform a given task.


(iv) **Fatigue Study** Fatigue study seeks to determine the amount and frequency of rest intervals required in completing a task

**4. Differential Piece Wage System:** This concept was introduced by FW. Taylor in order to attract highly efficient workers. Differential piece wage system is a method of wage payment in which efficient and inefficient workers are paid at different rates,

**5. Mental Resolution:** Mental revolution means a complete change in the attitude or mindset of workers and management towards each other from competition to cooperation

### QUESTION BANK

	MCQs	
1.	 <p>Which principle is depicted in the above picture?</p> <p>(A) Equity (B) Cooperation, not individualism (C) Harmony, not discord (D) initiative</p>	1
2.	 <p>The following pictorial presentation highlight the need to conduct one of the techniques of scientific management , identify the technique</p> <p>(A)Time study (B) Motion Study (C) Fatigue study (D) Method study</p>	1

3.	 <p>The picture shows the experts doing the study of movements like lifting ,putting objects etc. of workers working in the factory, identify the technique of scientific management depicted :</p> <p>(A) Motion study      (B) Work Study      (C) Time study      (D) Method study</p>	1
4.	<p>A worker directly contact to CEO of the company with a complaint regarding working condition in the factory. Which of the following principle is being violated here?</p> <p>(A) Unity of command    (B) Scalar chain    (C) Unity of direction    (D) Discipline</p>	1
5.	<p>Selina and Manish completed their MBA and started working in multinational companies at the same level. Both are working hard and are happy with their employer. Manish had the habit of backbiting and wrong reporting about his colleagues to impress his boss. All the employees in the organisation knew about it. At a time of performance appraisal the performance of Selina was judged better than Manish. Even then their boss, Kishore decided to promote Manish stating that being a female Selina will not be able to handle the complaints of a higher post. Identify the principle of management which is not followed by the multinational company.</p> <p>(A) Unity of command    (B) Scalar chain    (C) Principle of Equity    (D) Discipline</p>	1
6.	<p>Saksham limited is a large company. manufacturing electric motors. The company has several departments production marketing finance and HRM. Mr. Abhinav, CEO of the company set the target sale of Rs.10,00,000 in the month. To increase the sale, the marketing manager, Mr. Himanshu, insist on offering 10% discount to the customer. But the finance manager, Mr. Aryan, does not approve such discount as it would means loss of the revenue. Because of dual subordination, the sales manager, Mr. Abhishek, could not achieve the sales target. Which principle of management has been overlooked by the company.</p> <p>(A) Unity of command    (B) Scalar chain    (C) Principle of Equity    (D) Discipline</p>	1
7.	<p>Gauri Ltd. Is leading automobile company in which the various departments are setting up their own objectives without paying any interest to the organisational objectives. Which principle of management violated by the Gauri limited.</p>	1

	(A) Unity of command (B) Subordination of individual interest to general interest. (C) Unity of direction (D) Discipline											
8.	She/he keeps machines, materials, tools etc. ready for operations by concerned workers. Whose work is described by this sentence under functional foremanship. (A) Gang Boss (B) Repair Boss (C) Speed Boss (D) Disciplinarian	1										
9.	Mr. Rajput, HR, manager of a company, select each person scientifically, assigns work to its employees according to his/her physical, mental and intellectual capability, He also gives them to required training so that they may produce more and earn more. This will ensure their prosperity for the both company and the workers. Identify the principle of management highlighted in the above case. (A) Development of each and every person to his/her greatest efficiency and prosperity (B) Subordination of individual interest to general interest. (C) Produce more and earn more (D) Physical, mental and intellectual capability development of workers	1										
10.	Prateek is working as a production manager in SSR limited engaged in manufacturing of LED bulbs. There are no class conflicts between the manager and workers. The working conditions are very good. The company is earning huge profit. As a policy matter, management is sharing the gain with the workers because they believe that the prosperity of the employees and company cannot exist for long time without the prosperity of the company cannot exist for a long term without employees' prosperity. Identify the principle of management described in the above paragraph. (A) Science, not rule of thumb (B) Principles of Scientific management (C) Principle of Fatigue Study (D) Harmony not discord	1										
11.	Assertion (A): Techniques are procedures or methods which involves series of steps to be taken to desired goals. Reason (R) principles are the guideline to take decisions or action while practicing techniques. (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.	1										
12.	<table><tr><td colspan="2">Match the following-</td></tr><tr><td>a-Framing rules and regulation and meeting commitment by subordinates and superiors.</td><td>i-Principle of unity of Direction</td></tr><tr><td>b-One unit one plan and unification of efforts towards one direction.</td><td>ii-Principle of Order</td></tr><tr><td>c-No wastage of time in search of a person and material</td><td>iii. Principle of Equity</td></tr><tr><td>d-Fair, kind and just treatment to employees and no discrimination of employees.</td><td>iv- Principle of Discipline</td></tr></table> (A) a-iii, b-iv, c-i, d-ii (B) a-iv, b-i, c-ii, d-iii (C) a-ii, b-iii, c-iv, d-i (D) a-iv, b-iii, c-ii, d-i	Match the following-		a-Framing rules and regulation and meeting commitment by subordinates and superiors.	i-Principle of unity of Direction	b-One unit one plan and unification of efforts towards one direction.	ii-Principle of Order	c-No wastage of time in search of a person and material	iii. Principle of Equity	d-Fair, kind and just treatment to employees and no discrimination of employees.	iv- Principle of Discipline	1
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13.	.....are procedure or methods, which involve a series of steps to be taken to accomplish desired goals. ....are the guideline to take decisions or actions while practicing techniques. (A) Order, Discipline (B) Principles, Techniques (C) Techniques, Principles (D) Discipline, Order	1										

14.	.....principle result is systematic working and improve the efficiency by removing confusion and chaotic conditions and.....principle result in coordination of activities of different personnel's. (A) Principle of Unity of Command, Principle of Unity of Direction (B) Principle of Order, Principle of Stability of Personnel (C) Principle of Decentralization, Principle of Centralization (D) Principle of Unity of Direction, Principle of Unity of Command	1
15.	Which principle of general management advocates that, "Employee turnover should be minimised to maintain organisational efficiency."? (A)Stability of personnel (B) Remuneration of employees (C)Equity (D) Espirit De Corps	1

### ANSWERS FOR MCQs

1	C	2	C	3	A	4	B	5	C
6	A	7	B	8	A	9	A	10	D
11	A	12	B	13	C	14	A	15	A

### SHORT ANSWER TYPE QUESTIONS (3/4 MARKS)

1.	Mr.Kishore, the salesman in Progress Ltd., designed a new cost saving advertisement technique through his personal experience and suggests the same to his sales manager but it was not appreciated by his sales manager and he also warned him not to come with any suggestions in future. Which principle of Fayol is being overlooked by the sales manager? What should have been the appropriate way of response by the sales manager? <b>Ans.</b> Principle of Fayol is being overlooked by the sales manager is Initiative. The appropriate way of response by the sales manager: - salesmen should be encouraged to develop and carry out their plan for improvements.	3
2.	The production manager assigned a target of producing 1,000 TV sets in the month of April to a group of 10 workers. They mutually decided to produce 100 TV sets each. Among them, Prathmesh (one of the worker in the group) fall sick. The other workers refused to divide his work among themselves and concentrated only on the production of their own individual target of production. As a result target of 1,000 TV sets could not be achieved. (a) Name the principle of Fayol which is violated in the given case. (b) What does it state? (c) What should have been the appropriate course at action. <b>Ans.</b>	3

	<p>a) Principle of Fayol which is violated in the given case is <i>Espirit De Corps</i></p> <p>b) <i>Espirit de corps</i> ‘means unity is strength’. Fayol emphasized on team work and harmony among employees. He suggested that every employee in the organization must consider himself as a part or member of a team and try to achieve the team goal. A manager should replace ‘I’ with ‘we’ in organizational communication.</p> <p>c) Other workers should divide his work among themselves and concentrate on the production of group targets rather than their own individual target.</p>									
3	<p>Rama" Ltd. was engaged in the business of manufacturing auto components. Lately, its business was expanding due to increased demand for cars. The competition was also increasing. .In order to keep its market share intact, the company directed its workforce to work overtime. But this resulted in lot of problems. Due to increased pressure of work the efficiency of workers declined. Sometimes the subordinates had to work for more than one superiors. The workers were becoming undisciplined. The spirit of teamwork, which had characterised the company previously, had begun to wane.</p> <p>Identify any three principles of management which were being violated, quoting the lines from the above case.</p> <p><b>Ans.</b></p> <table> <tr> <th>Principle violated</th> <th>Line quoted</th> </tr> <tr> <td>Unity of command</td> <td>Sometimes the subordinates had to work for more than one superiors</td> </tr> <tr> <td>Discipline</td> <td>The workers were becoming undisciplined.</td> </tr> <tr> <td><i>Espirit De Corps</i></td> <td>The spirit of teamwork, which had characterised the company previously, had begun to wane.</td> </tr> </table>	Principle violated	Line quoted	Unity of command	Sometimes the subordinates had to work for more than one superiors	Discipline	The workers were becoming undisciplined.	<i>Espirit De Corps</i>	The spirit of teamwork, which had characterised the company previously, had begun to wane.	3
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<i>Espirit De Corps</i>	The spirit of teamwork, which had characterised the company previously, had begun to wane.									
4.	<p>'Hemraj Constructions Ltd'. had never given any importance to the suggestions of its employees. All the employees in the company considers themselves superior than the other. They neither help anybody nor get help from anybody. Last year, Mr. Shivam was appointed as Chief Manager of the company. He was an MBA from IIM Ahmedabad and also seven-year experience of the same post. Immediately after taking charge he decided to deal with both the problems of the company. He convened a meeting of all the employees and said, "All the employees are free to give their suggestions. Besides, the one who gives the best suggestion will be awarded a prize. In addition, he advised them to discard ego and extend help in each other's work. We will have to give it the shape of a movement. Those who participate in this movement will be promoted at the</p>	2+2=4								

	<p>earliest." Shivam proved to be a good leader.</p> <p>Identify and explain the principles of management discussed above by quoting the lines.</p> <p><b>Ans.</b></p> <p>Principle of management - Line quoted - Explanation</p> <p><b>Initiative</b> - ‘All the employees are free ..... best suggestion will be awarded a prize.’- Workers should be encouraged to develop and carry out their plans for improvements according to Fayol. Initiative means taking the first step with self-motivation.</p> <ul style="list-style-type: none"> <li>• Initiative ‘means eagerness to initiate action without being asked to do so. According to Fayol, employees should be allowed to think and execute plans, to bring about improvements in work related matters.</li> <li>• However initiative does not imply freedom to do whatever people like. They must observe discipline. So once the decisions are taken by management, every employee must follow it whether it is according to his suggestions or not</li> </ul> <p><b>Espirit De Corps</b> In addition, he advised ..... each other’s work •</p> <p>Espirit de corps ‘means unity is strength’.</p> <ul style="list-style-type: none"> <li>• Fayol emphasized on team work and harmony among employees. He suggested that every employee in the organization must consider himself as a part or member of a team and try to achieve the team goal.</li> <li>• A manager should replace ‘I’ with ‘we’ in organizational communication.</li> </ul>	
5	<p>‘Raipur Ltd.’ is a famous services providing company. Mr. Aryan Malhotra is its Managing Director. He continuously motivates his Research and Development department that new and latest methods of doing work be explored. The provisions has also been made to give reward to those employees who will participate in a particular exploration. He also believes that two groups working on managerial and non-managerial posts are similar to two wheels of an organisational vehicle. If this vehicle (organisation) is to be driven in a right way then both the wheels should be property aligned. Mr. Aryan is a successful leader. Among his employees, he has instilled the feeling that no decision will be taken without consulting the subordinates. To excel in this field, is the main motive of Mr. Aryan and he paid lot of attention to training of employees.</p> <p>Identify the principles of scientific management discussed above by quoting the lines.</p> <p><b>Ans.</b> Principle of scientific management Line quoted</p>	4

	<p><b>Science and not rule of thumb</b></p> <p>“He continuously motivates his Research and Development department that new and latest methods of doing work be explored.”</p> <p><b>Harmony and not discord</b></p> <p>“ He also believes that two ..... wheels should be property aligned.”</p> <p><b>Co-operation and not individualism</b></p> <p>“The provisions has also been made to give reward to those employees who will participate in a particular exploration.”</p> <p><b>Development of each and every person to his/her greatest efficiency and prosperity</b></p> <p>“he paid lot of attention to training of employees”</p>	
6.	<p>. In your school, you observe that books are kept in office, chalks in the library and office records in the staff room.</p> <p>1. Which principle of management is violated here and why?</p> <p>2. How will that affect the achievement of school objectives?</p> <p>3. As a manager, what steps will you take to rectify the shortcomings?</p> <p><b>Ans.1.</b> The principle of ‘Order’</p> <p>2. In the absence of orderliness, school objectives will not be achieved efficiently and effectively.</p> <p>3. Things should be placed at appropriate places to achieve maximum efficiency with given time framework.</p>	4
7.	<p>The production manager of an automobile company asked the foreman to achieve a target production of 200 scooters per day. But he did not give him the authority of requisition tools and materials from the stores department. Can the production manger blame the foreman if he is not able to achieve the desired target? Explain briefly the principle relating to the situation.</p> <p><b>Ans.</b> No, the production manager cannot blame the foreman because he did not give him the authority to requisition tools and materials form the stores department. Since he has no authority, he could not fulfill his responsibility.</p> <p>In this case the principle of ‘Authority and Responsibility’ is violated.</p>	3
8.	<p>Soniya Ltd. was engaged in the business of manufacturing auto components. Lately, its business was expanding due to increased demand for cars. The competition was also increasing. In order to keep its market share intact, the company directed its workforce to work overtime. But this resulted in many problems. Due to increased pressure of work the efficiency of workers declined. Sometimes, the subordinates had to work for more</p>	3

	<p>than one superior. The workers were becoming indisciplined. The spirit of teamwork, which had characterized the company previously, had begun to wane.</p> <p>Identify any three principles of management (as given by Henry Fayol) which were beginning to be violated, quoting the lines from the above case.</p> <p><b>Ans.</b> 1. Unity of command “sometimes, the subordinates had to work for more than one superior.”</p> <p>2. Discipline ‘The workers were becoming indisciplined.’</p> <p>3. Esprit de corps</p>	
9.	<p>Neeraj is selected for the post of software developer in an IT Company. On the first day of his joining</p> <p>Mehul, his project manager tells Neeraj that during the course of his work he will come across many such opportunities which may tempt him to misuse his powers for individual or family’s benefit at the cost of larger general interest of the company. In such situations, he should rather exhibit exemplary behavior as it will raise his stature in the eyes of the company. Also, for interacting with anyone in the company on official matters, he should adopt the formal chain of authority and communication.</p> <p>In context of the above case:</p> <p>Identify and explain the various principles of management that Mehul is advising Neeraj to follow while doing his job.</p> <p><b>ANS.</b> The various principles of management that Mehul is advising Neeraj to follow while doing his job are as follows:</p> <p>1. Subordination of Individual Interest to General Interest:</p> <p>2. Scalar Chain.</p>	4
10.	<p>Davinder is a class twelfth commerce student in a reputed school in Punjab. Satinder is his elder brother who is doing his Masters in Hospital administration from Delhi after completing his B. Sc course. During vacations when Satinder comes home, Davinder shows him the business studies project that he is preparing on the topic ‘Principles of Management’. Satinder tells him that these principles are also a part of MBA course curriculum at the beginner’s level as they form the core of management in practice. But he finds this principle different from those of pure science. In context of the above case:</p> <p>1. Outline the concept of principles of management.</p> <p>2. Why does Satinder find the principle of management different from those of pure science?</p> <p>3. Why do the principles of management form the core of management in practice?</p>	4



<p>Explain by giving any two points highlighting the importance of principles of management.</p> <p><b>Ans.1.</b> The principles of management serve as a broad and general guideline for the managerial decision making and action.</p> <p>2. Satinder finds the principles of management different from those of pure science because the management principles are not as rigid as principles of pure science. This is due to the fact that they deal with the human behaviour and thus, need to be applied creatively in the light of given situation.</p> <p>3. The importance of principles of management is described below:</p> <p>Providing managers with useful insights into reality.</p> <p>Optimum utilization of resources and effective administration.</p>	
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### LONG ANSWER TYPE QUESTIONS(6 marks)

1.	<p>Hritik is desirous of setting up a small factory to manufacture different kinds of ecofriendly packaging materials. He proposes to adopt a logical approach to his business rather than hit and trial method as he knows that this can result in tremendous saving of human energy as well as wastage of time and materials. He plans to adopt paternalistic style of management in practice in order to avoid any kind of class-conflict that may emerge between him and the workers. Moreover, he plans to seek the opinion of his workers before taking any important decisions and also offers incentives to them for providing valuable suggestions for the business. In context of the above case, identify and explain the various principles of scientific management that Hritik plans to apply in his business.</p> <p><b>ANS.1.</b> The various principles of scientific management that Hritik plans to apply in his business are described below:</p> <p><b>1. Science, not Rule of Thumb:</b></p> <ul style="list-style-type: none"> <li>• According to this principle, there should be scientific study and analysis of each element of a job, in order to replace the old rule of thumb approach or hit and trial method.</li> <li>• This method can be developed through study and analysis. This study and analysis involves investigation of traditional methods also through work-study, unifying the best practice and developing a standard method of work. The method so developed should substitute Rule of Thumb throughout the organisation.</li> </ul> <p><b>2. Harmony, Not Discord:</b></p> <ul style="list-style-type: none"> <li>• According to this principle, there should be complete harmony and proper understanding between management and workers and they</li> </ul>	6
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	<p>should work together for organisational goals.</p> <p><b>3. Cooperation, Not Individualism:</b></p> <ul style="list-style-type: none"> <li>• This principle is an extension to ‘Harmony, not discord’</li> <li>• Competition should be replaced by cooperation</li> <li>• Taylor stated that there should be an almost equal distribution of work and responsibility between workers and management</li> </ul>	
2.	<p>The directors of Subroto Ltd. want to set up an industry in the remote and hilly areas of the country for producing mineral water. They have decided to divide the task of construction and management between two different managers each specializing in their area. The plant will have a proper set up and construction will involve proper sections from where the worker will collect all the material required and a store for keeping the bottled water before it is dispatched. They will not transfer their managers frequently into different wings. The CEO has devised a set of rules and regulations for the workers which if violated will be penalized for. Quoting the lines from the paragraph identify and explain the principles of management as given by Henri Fayol.</p> <p><b>ANS.2.</b> Various principles by Henry Fayol are as follows:</p> <p><b>1. Unity of Direction-</b> “They have.....dispatched.”</p> <p>All the units of an organisation should be moving towards the same objectives through coordinated and focused efforts</p> <p><b>2. Stability of Personnel-</b> “They will.....different wings.”</p> <p>It is always in the interest of the enterprise that its trusted, experienced and trained employees do not leave the organisation</p> <p><b>3. Discipline:</b> “The CEO.....penalized for.”</p> <p>Discipline requires good supervisor at all levels, clear and fair agreement regarding rules and judicious application of penalties.</p>	6
3.	<p>Fayol and Taylor both have contributed immensely to the knowledge of management, which has become a basis for further practice by managers. Taylor thought that by scientifically analyzing work it would be possible to find ‘one best way’ to do it. He is most remembered for his time and motion studies and functional foremanship. He said that the best result would come from the partnership between a trained and qualified management and a cooperative and innovative workforce. Fuel explained what amounts to a manager's work and what principles should be followed in doing this work. In the light of the above discussion, differentiate between the contribution of Taylor and Fayol on the following basis:</p> <p>(i) Approach    (ii) Emphasis    (iii) Area of work    (iv) method</p> <p>(v) Focus    (vi) Recognition</p> <p><b>ANS.3. Difference between the contributions by Henri Fayol and</b></p>	6

	<p><b>F W Taylor</b></p> <table> <tr> <td><b>Basis</b></td><td><b>Henri Fayol</b></td><td><b>F.W. Taylor</b></td></tr> <tr> <td>Approach</td><td>Top-level/general management</td><td>Shop-floor/operational management</td></tr> <tr> <td>Focus</td><td>Overall organization</td><td>Efficiency of workers</td></tr> <tr> <td>Emphasis</td><td>Administrative principles</td><td>Scientific techniques</td></tr> <tr> <td>Area of Work</td><td>Managerial level</td><td>Supervisory level</td></tr> <tr> <td>Method</td><td>Personal observation and experience</td><td>Scientific analysis</td></tr> <tr> <td>Recognition</td><td>Father of General Management</td><td>Father of Scientific Management</td></tr> </table>	<b>Basis</b>	<b>Henri Fayol</b>	<b>F.W. Taylor</b>	Approach	Top-level/general management	Shop-floor/operational management	Focus	Overall organization	Efficiency of workers	Emphasis	Administrative principles	Scientific techniques	Area of Work	Managerial level	Supervisory level	Method	Personal observation and experience	Scientific analysis	Recognition	Father of General Management	Father of Scientific Management	
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Method	Personal observation and experience	Scientific analysis																					
Recognition	Father of General Management	Father of Scientific Management																					
4.	<p>Vignesh completed his MBA at a reputed Business School in Lucknow. He was impressed by the principles and techniques of scientific management developed by FW Taylor. On completing his MBA, he wanted to apply scientific management in his family's business of fast-food chain of restaurants named 'Burger Mania'. His main goal was to reduce costs which increased output. To begin with, he wanted to develop a standard method which would be followed throughout the organisation. He investigated traditional methods through work study and unified the best practices. The standard method, i.e. the best way of doing the job was then develop taking into account all parameters right from the procurement of raw materials till the delivery of the final product to the customer. Vignesh also believed that each person should not only be scientifically selected but should also be given the required training to increase efficiency. For this, he set up a special training unit called 'Hamburger' in Bengaluru where the workers were given the required training to increase efficiency. At 'Hamburger' workers were given the required training to learn the best method. At the factory, the ingredients making up a burger word in strategically placed to reduce the time taken for excess movements. The Standard Time and other parameters were determined on the basis of work study and Vignesh rewarded the workers for meeting the standard output. Now, 'Burger Mania' has standardized process, raw material, time, machinery, product and working conditions that ensured the food they send out to their customers as the same high standards of excellence and level of quality in every chain of franchisee. The application of scientific management to every aspect of restaurant operations led to Burger Mania's widespread success. Quoting the lines from the above, explain the principles and techniques of scientific management used by 'Burger Mania'.</p> <p><b>ANS.4.</b> Various principles and techniques of scientific management are as follows:</p> <ol style="list-style-type: none"> <li>1. Science, not rule of thumb "to begin with ..... best practices"</li> </ol> <ul style="list-style-type: none"> <li>• According to this principle, there should be scientific study and analysis of each element of a job, in order to replace the old rule of thumb approach or hit and trial method.</li> </ul> <ol style="list-style-type: none"> <li>2. Development of each and every person to his/her greatest efficiency and prosperity "Vignesh also believed ..... increase efficiency."</li> </ol> <ul style="list-style-type: none"> <li>• According to this principle, management should aim to develop workers to</li> </ul>	6																					

	<p>their greatest efficiency and prosperity.</p> <p>1. Method study “The standard ..... to the customer.”</p> <ul style="list-style-type: none"> <li>• Method study is concerned with finding ‘one best way’ of doing a job.</li> </ul> <p>2. Motion study “at the factory ..... movements.”</p> <ul style="list-style-type: none"> <li>• Motion study refers to making thorough analysis of various motions being performed by a worker while he is doing a particular task.</li> </ul>	
5.	<p>Explain the technique of Functional Foremanship. List and explain the functions of any four foremen.</p> <p>ANS.5. Functional Foremanship is a Taylor’s technique that divides managerial tasks into planning and execution handled by specialists.</p> <p>Planning Department Foremen:</p> <ol style="list-style-type: none"> <li>1. Instruction Card Clerk – Prepares detailed job instructions.</li> <li>2. Route Clerk – Determines the flow of work.</li> <li>3. Time and Cost Clerk – Sets timelines and estimates cost.</li> <li>4. Disciplinarian – Maintains discipline.</li> </ol> <p>Production Department Foremen (if asked):</p> <ul style="list-style-type: none"> <li>• Gang Boss, Speed Boss, Repair Boss, Inspector.</li> </ul>	6
6.	<p>Q.6. A company ensures that all its activities related to a particular product are grouped together under one manager. It also ensures that each employee receives orders from only one superior. Identify and explain the principles involved. (Case-based)</p> <p>ANS.6. Unity of Direction – One head, one plan for activities with the same objective.</p> <p>Unity of Command – One employee receives orders from one superior only.</p> <p>Explanation: Ensures clarity in objectives and avoids confusion in authority, which improves coordination and discipline.</p>	6
7.	<p>"Taylor's principles are more concerned with shop-floor level, while Fayol's principles are for general management." Justify by explaining any three principles from each.</p> <p>ANS.7. Taylor’s Principles (Shop-floor level):</p> <ol style="list-style-type: none"> <li>1. Scientific Approach – Replaces rule of thumb.</li> <li>2. Functional Foremanship – Division of work.</li> <li>3. Work Study – Enhances efficiency through analysis.</li> </ol> <p>Fayol’s Principles (Administrative level):</p> <ol style="list-style-type: none"> <li>1. Unity of Direction – Coordination of efforts.</li> <li>2. Scalar Chain – Clear hierarchy.</li> <li>3. Discipline – Following rules and regulations.</li> </ol> <p>Justification: Taylor focused on productivity and efficiency of workers, while Fayol focused on managerial effectiveness across levels.</p>	6
8.	<p>Raj and Simran are both qualified eye surgeons and good friends. After obtaining a certificate of practice, they decide to pursue a career of their own choice. Raj starts an eye care centre in the city whereas Simran joins a government hospital in a small village. They meet after a long time in a party. Raj invites Simran to visit his eye care centre and she accepts his invitation. She observes at his clinic that there is a fixed place for everything and everyone and it is present there so that there is no hinderance in the activities of the clinic. Also, Raj always tends to replace ‘I’ with ‘We’ in all his conversations with the staff members. Later on Raj shares with her that he always deals with lazy staff sternly to send the message that everyone is equal in his eyes.</p>	6

	<p>In context of the above case:</p> <p>Identify and explain the various principles of management that Raj is applying for the successful management of his eye care centre.</p> <p>List any two values that Simran wants to communicate to the society by taking up a job in a village.</p> <p><b>ANS.8.</b> 1.The various principles of management that Raj is applying for the successful management of his eye care centre are described below:</p> <ul style="list-style-type: none"> <li>• Order</li> <li>• Espirit de Corps</li> <li>• Equity</li> </ul> <p>2. The two values that Simran wants communicate to the society by taking up a job in a village are:</p> <ul style="list-style-type: none"> <li>• Humanity</li> <li>• Concern for poor</li> </ul>	
9.	<p>Anshul owns a small scale factory where utility items are prepared from waste material like paper mache items, paper and cloth bags, decorative material etc. over the past few weeks, he was observing that the productivity of one of his very efficient worker, Ramdas, is going down. So he decides to probe into the matter and confronts Ramdas one day. On being asked, Ramdas shares with Anshul that he has deliberately slowed down in his work as many of the less efficient workers often pull his leg saying that there is no need for him to be more efficient when everybody is being paid at the same rate. Taking a lesson from this insight, Anshul decides to implement an incentive bonus plan so as differentiate between efficient and inefficient workers.</p> <p>In context of the above case:</p> <p>Name and explain the incentive bonus plan that Anshul may implement so as differentiate between efficient and inefficient workers.</p> <p><b>ANS.9.</b> Differential Piece wage System is the incentive bonus plan that Anshul may implement so as differentiate between efficient and inefficient workers.</p>	6
10.	<p>Swaraj is running an office furniture showroom. Most of his clients are businessmen and they prefer to buy goods on credit. Keeping this in mind, he has given the power to the sales manager, Mr. Bhardwaj, to offer a credit period of only 20 days, while negotiating a deal with a buyer. On a specific day, Mr. Bhardwaj finds that if he can offer a credit period of 30 days as an exception to a prospective buyer, he is likely to finalize a highly profitable deal for the business. So Mr. Bhardwaj requests Swaraj to grant him additional authority for offering a credit period of 30 days in the interest of the business. But swaraj refuses to extend his authority and as a result, the deal is not finalized. In context of the above case:</p> <p>Can Mr. Bhardwaj be held responsible for loss of the deal? Why or why not? Give a suitable reason in support of your answer.</p>	6

	Also, explain the related principle.	
	<p>ANS.10. 1. No, Mr. Bhardwaj cannot be held responsible for loss of the deal in the above case as he was not given the necessary authority to carry out his responsibility. There is an imbalance in authority and responsibility.</p> <p>2.The name of the related principle is Authority and Responsibility.</p>	

### WORKSHEET - 1

**TIME :40mins.**

**M.M.20**

1.	<p>Nikita and Sunil completed their MBA and started working in multinational companies at the same level. Both are working hard and are happy with their employer. Sunil had the habit of backbiting and wrong reporting about his colleagues to impress his boss. All the employees in the organisation knew about it. At a time of performance appraisal the performance of Nikita was judged better than Sunil. Even then their boss, Mohan decided to promote Sunil stating that being a female Nikita will not be able to handle the complaints of a higher post. Identify the principle of management which is not followed by the multinational company.</p> <p>(a) Unity of command (b) Scalar chain (c) Principle of Equity (D) Discipline</p>	1
2.	<p>Sigma limited a large company. manufacturing electric motors. The company has several departments production marketing finance and HRM. Mr. Shashank, CEO of the company set the target sale of Rs.10,00,000 in the month. To increase the sale, the marketing management, Mr. Ishaan, insist on offering 10% discount to the customer. But the finance manager, Mr. Mohak, does not approve such discount as it would means loss of the revenue. Because of dual subordination, the sales manager, Mr. Anshik, could not achieve the sales target. Which principle of management has been overlooked by the company.</p> <p>(a) Unity of command (b) Scalar chain (c) Principle of Equity (d) Discipline</p>	1
3.	<p>Mona Ltd. Is leading automobile company in which the various departments are setting up their own objectives without paying any interest to the organisational objectives.Which principle of management violated by the Mona limited?</p> <p>(a) Unity of command (b)Subordination of individual interest to general interest. (c) Unity of direction (d) Discipline</p>	1
4.	<p>The manager of an organisation always undermines the employee's performance because he don't like him.</p> <p>Identify the principle of management violated by manager</p> <p>(a) Unity of command (b) Subordination of individual interest to general interest. (c) Unity of direction (d) Equity</p>	1

	<p><b>QUESTION NO.5 TO 7 ARE BASED ON THE PARA GIVEN BELOW.</b></p> <p><b>CHOOSE THE CORRECT OPTION GIVEN BELOW FOR EACH</b></p> <p>QUESTION: Mr. A works in a bulb manufacturing company. Each bulb which is manufactured is of standard size and quality. Further if there is any unrequired type of bulb manufactured then its production is stopped. Last month when the company came to know that 10 watt bulbs were no more liked by customers, their production was stopped. He works in the purchase department. His job is to purchase the filaments required to make bulbs. This time when he purchases the filament he gets the instruction from the seller that some special care needs to be taken in the first hour of fixing the filaments inside the bulb. Mr. A knows this information should be given immediately to the production department before the assembling process starts. However he finds that his company's policies only allow him to give the message to his immediate boss who will further pass this message to his boss. The passing of this message will continue till it reaches the desired person in the production department.</p>	
5.	<p>Which technique of management is followed here?</p> <p>(A) Method study (B) Fatigue study</p> <p>(C) Standardisation and simplification (D) Functional foremanship</p>	1
6.	<p>Name the principle of management followed here by the company?</p> <p>(A) Order (B) Scalar Chain (C) Stability of tenure of employees (D) Equity</p>	1
7.	<p>Which way is to be chosen now by Mr. A to speed up the work.</p> <p>(A) Gang Plank (B) Scalar Chain</p> <p>(C) Direct communication (D) Informal communication</p>	1
8.	<p>Sanchit, after completing his entrepreneurship course from Sweden returned to India and start a coffee shop 'Aroma Coffee Can' in a famous mall in New Delhi. The speciality of the coffee ship was the special aroma of coffee and a wide variety of flavours to choose from. Somehow, the business was neither profitable nor popular. Sanchit was keen to find out the reason. He appointed Sandhya, an MBA from a reputed college, as a Manager to find out the causes for the same. Sandhya took feedback from the clients and found out that though they loved the special unique aroma of coffee but were not happy with the long waiting time being taken to process the order. She analysed &amp; found out that there were many unnecessary in obstructions between which could be eliminated. She fixed a standard time for processing the order. She also realised that there were some flavours whose demand was not enough. So, she also decided to stop the sale of such flavours. As a result within a short period Sandhya was able to attract the customers.</p> <p>Identify &amp; explain any two techniques of scientific management used by Sandhya to solve the problem</p>	3
9.	<p>Explain the following principles of general management .</p> <p>(a) Division of work (b) Authority and Responsibility</p>	4
10.	<p>KVB Hotels is a disciplined organisation. It has many branches. The organisation tries to apply discipline in all its branches with equal effectiveness. However it knows that the nature and location of different branches are different. They work under the impact of different cultures and work environments. Even then discipline as an important management principle is applied to all its branches - big or small, within the country or at foreign locations. Recently it formed a special body of five members to do research on cross functional expertise. The organisation has learnt through the experience of the competitors that understanding among various functional departments is important for</p>	6

	<p>increasing the productivity of the organisation. So broadly it can be understood how such body is going to likely effect the organisation through others' experience. When it comes to remuneration of employees the organisation adopts payment of different salaries for the same post. The logic given the organisation is that remuneration is based on situations and depends upon the employee's capacity and the expenses involved in a particular city.</p> <p>Which natures of principles of management have been highlighted in the above case?</p>	
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### ANSWERS:

1	C	2	A	3	B	4	D
5	C	6	B	7	A		

8.	<p>The two techniques of scientific management used by Sandhya to solve the problem are: (any two)</p> <p><b>Time study:</b> It seeks to determine the standard time taken to perform a well-defined job. The objective of time study is to determine the number of workers to be employed, frame suitable incentive schemes and determine labour costs. By using time measuring devices for each element of task the standard time is fixed for the whole of the task by taking several readings.</p> <p><b>Simplification (Standardisation and Simplification):</b> Simplification aims at eliminating superfluous diversity of products in terms of varieties, sizes and dimensions. It not only helps to reduce inventories but also save cost of labour, machines and tools. Thus it helps to increase turnover by ensuring optimum utilisation of resources.</p> <p><b>Motion study:</b> Motion study refers to the study of movements of limbs of a worker while doing a particular task. It seeks to divide all such movements into three categories namely; Motions which are required Motions which are unnecessary Motions which are incidental. Thus, motion study helps to eliminate unnecessary movements of a work and enables him to complete the given task efficiently</p>	<p>½ for identification 1 for explanation 1.5+1.5=3</p>
9.	<p><b>1-Division of work-</b> The entire work of the organization should be divided into small specialised tasks and each tasks should be performed by a specialist or a trained employee.</p> <p><b>2-Authority and Responsibility-</b> Authority is the right of a superior to give orders to his subordinates and obtain obedience. Responsibility means obligation to carry out an assigned job on time(or duty to complete the given work). There should be balance between authority and responsibility</p>	<p>2+2</p>
10.	<p>The natures of principles of management highlighted above are:</p> <p>1) <b>Universal Applicability:</b> The principles of management can be applied to all types of organisations and their branches regardless of their sizes and nature. However they should be applied with some change (Even then discipline as an important management principle is applied to all its branches - big or small, within the country or at foreign locations).</p> <p>2) <b>Cause and effect relationships:</b> A cause and effect relationship is established by the management principles. However this cause and effect is exact as conditions are</p>	<p>2+2+2=6</p>




	not same and differ (So broadly it can be understood how such body is going to likely effect the organization through others' experience). 3) Contingent: A principle of management is applied according to a given situation (The logic givenby the organisation is that remuneration is based on situations and depends upon the employee's capacity and the expenses involved in a particular city.	
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**TIME: 40 min.**

**WORKSHEET-2**

**MM. 20**

1	This principle leads to undermining of authority , indiscipline , confusion and instability in the organization , if violated. a) Unity of Direction                      b) Unity of Command c) Discipline                                      d) Authority and Responsibility	1
2	Fayol is famous as a) Father of Scientific Management    b) Father of Operational management c) Father of General Management        d) All of the above	1
3	Which Principle of Scientific Management says that employees must be rewarded when they make suggestions that lead to cost savings within the company? a) Cooperation not individualism b) Harmony not discord c) Science, not a rule of thumb d) All of the above	1
4	 <p>From the above picture, identify and explain the principle of management :</p> <p>a) Unity of Direction                      b) Unity of Command c) Division of work                        d) Authority and Responsibility</p>	1
5	KVB Ltd is manufacturing files and folders from the old clothes to discourage use of plastic files and folders. For this, they employ people from nearby villages where very less job opportunities are available. An employee, Harish, designed a plan for the cost reduction but it was not welcomed by the production manager. Another employee gave some suggestion for improvement in design, but it was also not appreciated by the production manager. State the principle of management described in the above para.	4
6	1) Explain any two principles of Fayol from the following: a) Discipline    b) Order    c) Initiative 2) Differentiate between contributions made by F.W.Taylor and Henry Fayol on any three basis. <b>CBSE SAMPLE PAPER 2023-24</b>	3+3=6
7	1) Explain any two techniques of Scientific Management from the following: a) Method study    b) Motion study    c) Time study 2) Differentiate between Unity of Command and Unity of Direction on any three basis. <b>CBSE SAMPLE PAPER 2023-24</b>	3+3=6

**ANSWERS:**

1	B	2	C	3	A	4. C
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5.	Initiative -Henry Fayol suggested that workers should be encouraged to develop and carry out their plans for improvements. Initiative means taking the first step with self-motivation			
6.	Correct explanation of ANY TWO principles 1 ½ for each . 1 mark for each difference.			
7.	Correct explanation of the techniques 1 ½ for each technique.			
	Basis	Unity of Command	Unity of Direction	
	Meaning	One subordinate should receive orders from and should be responsible to only one superior.	Each group of activities having same objective must have one head and one plan	
	Aim	It prevents dual subordination.	It prevents overlapping of activities	
	Implications	It affects an individual employee	It affects the entire organisation.	

## **CHAPTER-3**

### **BUSINESS ENVIRONMENT**

**Meaning** -The sum total of individuals, institutions and other forces that are outside the control of a business enterprise but that may affect its performance.

#### **Features/ Characteristics/Nature of Business Environment-DISTURC**

**Meaning** -The sum total of individuals, institutions and other forces that are D-Dynamic Nature

I-Inter-relatedness

S-Specific and general forces

T-Totality of external forces

U-Uncertainty

R-Relativity

C-Complexity

#### **Importance of business environment-CPT TOP**

- a) It enables the firm to identify opportunities and getting the first mover advantage.
- b) It helps the firm to identify threats and early warning signals.
- c) It helps in tapping useful resources.
- d) It helps in coping with rapid changes.
- e) It helps in assisting in planning and policy formulation.
- f) It helps in improving performance

#### **Elements or Dimensions of Business Environment SLEPT**

##### **S- Social Environment**

The social environment of business includes the social forces like customs and traditions, values, social trends, society's expectations from business etc.

Traditions define social practices that have lasted for centuries.

For Example: -Diwali, Id, Christmas and Guru Parv in India.

##### **T- Technological Environment**

Technological environment includes forces relating to scientific improvements and innovations which provide new ways of producing goods and services and new methods and techniques of operating a business.<sup>28</sup>

For Example: - Recent technological, advances in computers and electronics have modified the ways in which companies advertise their product.

##### **E-Economic Environment**

Interest rates, inflation rates, change in income of the people, stock market and the value of rupee is some of the economic factors that can affect management practices in a business enterprise.

##### **P-Political Environment**

Political environment includes political conditions such as general stability and peace in the country and specific attitudes that elected government representatives hold towards business.

##### **L-Legal Environment**

Legal environment includes various legislations passed by the government administrative orders issued by government authorities, court judgments as well as the decisions rendered by the various commissions and agencies at every level of the government Centre, state or local.

##### **Demonetization**

Demonetization can be defined as an economic policy where a certain currency unit ceases to be recognized or used as a legal tender. In other words, the act to cease a currency a unit or put an official stop on its status as a legal tender is called demonetization

### Impact of Demonetization

#### 1. Money/Interest Rates

- (i) Decline in cash transactions.
- (ii) Bank deposits increased.
- (iii) Increase in financial savings.

2. Private Wealth: Declined since some high demonetized notes were not returned and real estate price fell.


3. Public Sector Wealth: No effect

4. Digitization: Digital transactions amongst new users (Rupay/Aadhar Enabled Payment System (AEPS)).

5. Real Estate Prices - declined.

6. Tax Collection -Rise in income tax collection because of increased disclosure.

### QUESTION BANK

Q.N	MCQs	M
<u>1</u>	'Demand for reservation in jobs for minorities' refers to an example of key component of General environment of business. Name the component.	<u>1</u>
<u>2</u>	 <p>Identify the business dimension of the business environment illustrated by the picture given above in which National Green Tribunal banned ten year old diesel cars to protect environment.            (a) Economic Environment (b) Legal Environment (c) Technological Environment (d) Political Environment</p>	<u>1</u>
<u>3</u>	Dino Industries is facing a lot of opposition as it pays salary to women workers as compared to men workers. Which dimension of environment is being violated by the company? (a) Social Environment (b) Technological Environment (c) Legal Environment (d) Political Environment	<u>1</u>
<u>4</u>	Maruti was the first company to recognize the need for small cars in an environment of rising petrol prices and large middle class population in India so they become the leader in the small car market. Which importance of business environment is highlighted here? (a) First mover advantage (b) Identify the early threat (c) Adjust with the change (d) None of the above	<u>1</u>
<u>5</u>	Assertion: Business environment includes both specific and general forces. However, manager should be careful for both forces but give priority or more focus to specific force. Reason: If work force of Techvia Pvt. Ltd. Is not satisfied due to unequal distribution of remuneration, it will affect smooth functioning of the entire industry and will not affect the functioning of Techvia Pvt. Ltd. (a) Both Assertion and reason are true and reason is correct explanation of	<u>1</u>



### MCQ Answer key

1	The demand for reservation in jobs for minorities is an example of the political and legal environment, which is a key component of the general environment of business.  The political and legal environment refers to the influence of government policies, political stability, legal framework, and laws on the operations of a business.
2	B. <u>Legal environment</u>
3	A. <u>Soial environment</u>
4	A.First mover advantage
5	C.Assertion is true, reason is false.
6	<u>Technical environment</u>
7	A.Political Environment
8	1. Economic
9	(a) Technological
10	(d) Economic environment

### SHORT ANSWER TYPE QUESTIONS (3/4 MARK)

<b><u>1.</u></b>	<p>Read the passage given below and answer the following questions: SILKY Ltd. is a company which deals in hair products. It has its branches in all the parts of the world. However, the requirements of hair products are different in different parts of the world. This is due to the change in climate and lifestyles of people in the different countries. The market in which it is dealing is known for awareness of health. The more the awareness the more is the demand for such products. Company knows that the demand for these products is unpredictable as new products keep on coming and the industry keeps on changing frequently. There is a research and development department which keeps on updating the latest changes.</p> <p>Q1.This is due to the change in climate and lifestyles of people in the different countries.” Which feature of business environment is being highlighted here? A.Relativity B. Dynamic Nature C. Uncertainty D. None of these</p> <p><b>ANS. <u>(B-Dynamic nature)</u></b></p> <p>Q2.Company knows that the demand for these products is unpredictable as new products keep on coming and the industry keeps on changing frequently. Identify the feature of business environment, which is being highlighted here? A.Complexity B. Relativity C. Interrelatedness D. Uncertainty</p> <p><b>ANS. <u>(D-Uncertainty)</u></b></p> <p>Q3. The requirements of hair products are different in different parts of the world. This is due to the change in climate and lifestyles of people in the different countries. Identify the business environment dimension which is being highlighted here? A Social Environment      B. Technological Environment C.Economic Environment    D. Legal Environment</p> <p><b>ANS. <u>(A-Social Environment)</u></b></p>	<b><u>3</u></b>
<b><u>2.</u></b>	Mr. Ajay after completing MBA from USA comes to India to start a new business under the banner Ecom Creations Ltd. He launches a new product in e-learning for Senior Secondary School students in Commerce stream, which already has a	<b><u>3</u></b>

	<p>established market in UK and USA but not in India. His business starts flourishing in India. Now more Indian companies entered into the market with other subjects also. Identify and quote the lines from above para which highlight the significance of understanding business environment.</p> <p><b>ANSWER</b></p> <p>“Comes to India to start a new business ... launches a new product in elearning for Senior secondary school students in Commerce stream.” 1. It helps in assisting in planning and policy formulation. 2. It helps the firm to identify opportunities and get the first mover advantage. “His business starts flourishing in India.” 1. It helps in improving performance. “Now more Indian companies entered into the market with different subjects also.” 1. It helps the firm to identify threats and early warning signals.</p>	
<u>3.</u>	<p>The Government of India announced ‘Demonetization ‘ of Rs. 500 and Rs. 1,000 currency notes with effect from the midnight of November 8, 2016. As a result, the existing Rs 500 and Rs.1,000 currency notes ceased to be legal tender from that date. New currency notes of denomination of Rs 500 and Rs 2,000 issued by RBI after announcement. Discuss the features of demonetization in light of the legal and economic environment</p> <p><b>ANSWER</b></p> <ol style="list-style-type: none"> <li>1. It is viewed as a tax administration measure.</li> <li>2. It has intolerance towards tax evasion.</li> <li>3. It leads to channelizing savings into the formal financial system.</li> <li>4. It aims to create a cashless economy.</li> </ol>	<u>3</u>
<u>4.</u>	<p>ABC Ltd. manufactures fashionable and designer clothes. Recently it finds that the demand for its products has been declining. After market research it was discovered that fashion and tastes of the consumers is changing at a fast pace. Customers’ demand is increasing. New competitors have entered the market with new designs. It is very difficult for the company to predict future happenings. Also, it is difficult to know the extent of the relative impact of the social, economic, political, technological or legal factors on decrease in demand of its products in the market. A meeting was held in which managers from different functional levels heading Production, Marketing, Finance, etc., for example, Chief Operating Officer, Chief Finance Officer, Vice President (Marketing) were present to discuss how to deal with the situation. After a long discussion, it was decided that they would study and analyze the market first to identify customer tastes and fashion and then manufacture garments accordingly. It was also decided to increase expenditure on advertising, after-sales services, etc.</p> <p><b>Identify any two features of business environment by quoting the lines from the above case.</b></p> <p><b>ANSWER</b></p> <p>Features of business environment: 1. Dynamic nature: „fashion and taste of the consumers is changing at a fast pace. “ 2. Uncertainty: „It is very difficult for the company to predict future happening. “ 3. Complexity: „It is difficult to know the extent of the relative impact of the social, economic, political, technological or legal factors on decrease in demand of its products in the market</p>	<u>4</u>
<u>5.</u>	<p>Mr. Anand after completing MBA from Uk comes to India to start a new business under the banner ABC Ltd. He launches a new product in e-learning for senior Secondary School students in Commerce stream, which already has an established</p>	<u>4</u>

	<p>market in UK and USA but not in India. His business starts flourishing in India. Now more Indian companies entered into the market with other subjects also. Identify and quote the lines from above para which highlight the significance of understanding business environment.</p> <p><b>ANSWER</b></p> <p>Comes to India to start a new business ... launches a new product in e-learning for Senior secondary school students in Commerce stream.” 1. It helps in assisting in planning and policy formulation. 2. It helps the firm to identify opportunities and get the first mover advantage. □ “His business starts flourishing in India.” 1. It helps in improving performance. □ “Now more Indian companies entered into the market with different subjects also.” 1. It helps the firm to identify threats and early warning signals.</p>	
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### **LONG ANSWER TYPE QUESTION (6 MARKS )**

<b><u>1</u></b>	<p>Eco-friendly products are gaining power as the consumers’ awareness about environmental issues has increased over the years and they are conscious about choosing products that do not have adverse effects on the environment. They are now more conscious about the carbon emission and climate change effects, and want themselves to be „seen“ as a green advocate among their peers. In such a scenario, it has become a challenge for the companies as they have to not only meet the needs of the consumers but also ensure that their products are safe and environment friendly. At a result, there is growing need for better and advanced technologies to works as a catalyst in this regard. <b>1. Identify the relevant feature of business environment being discussed above.</b></p> <p><b>2. Describe briefly any three points which highlight the importance of business environment and its understanding by managers.</b></p> <p><b><u>ANSWER</u></b></p> <p>1. Inter-relatedness is the relevant feature of business environment which is being discussed above.</p> <p>2. The three points which highlighted the importance of business environment and its understanding by managers are described below: 1. It enables the firm to identify opportunities and getting the first mover advantage: The dynamic business environment provides numerous opportunities for a business to evolve as per the changing needs. Therefore, early identification of the forthcoming opportunities helps an enterprise to be the first to exploit them instead of losing them to the competitors. 2. It helps the firm to identify threats and early warning signals: sometimes the changes in the external environment may pose as a threat and hinder a firm’s performance. An awareness about the business environment helps the managers to identify such threats on time and take necessary decisions and action.</p> <p>3. It helps in tapping useful resources as the enterprise designs policies that allow it to get the resources that it needs so that it can convert those resources into outputs that the environment desires.</p>	<b><u>6</u></b>
<b><u>2</u></b>	<p>In May 2016, the government had launched a web-based application which will provide as opportunity to all the industries dealing in hazardous waste to apply online and get online permissions for import and export of certain categories of waste, which is for reuse, recycling or recovery while it will also help authorities in web-based processing, generation and grant of various types of permissions to the entrepreneurs and industries. It is also aimed at implementing the concept of paperless and green office and provide information regarding number authorizations or consent order granted by the State</p>	<b><u>6</u></b>



	<p>Pollution control Boards (SPCBs). <b>Identify and explain the various dimensions of business environment being referred in the above case.</b></p> <p><b>ANSWER</b></p> <p>1. The various dimensions of business environment being referred to the in the above case are as follows:</p> <ol style="list-style-type: none"> <li>1. Political Environment:</li> <li>2. Technological Environment:</li> <li>3. Legal Environment:</li> <li>4. Social Environment:</li> <li>5. Economic Environment</li> </ol>	
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### **WORKSHEET-1**


**Time: 40 min.**

**M.M: 20**

1	<p>In a recent ruling, the Supreme Court of India has ordered an immediate stop on commercial activities in a 500-metre radius of the Taj Mahal and asked Agra Development Authority to ensure compliance of its directive. Which dimension of business environment is reflected here?</p> <p>(a)Social      (b)Technological      (c)Legal      (d)Political</p>	<u>1</u>
2	<p>These days consumers are making eco-friendly and healthy choices and are saying no to all things made of plastic and replacing it with stainless steel and ceramic containers, thus forcing business to change as well.</p> <p>Identify the feature of business environment highlighted above:</p> <p>(a)Totality of external sources      (b) Specific and general forces (c)Inter-relatedness      (d)Dynamic nature</p>	<u>1</u>
3	<p>Hitesh and Reena are entrepreneurs. They noticed that every year in the months of November and December, Delhi, the capital city of India, witnesses poor air quality and rise in pollution levels. They also observed that nowadays people are more concerned about quality of life. Sensing the need, they were the first to bring into the market a new 'Anti-Pollution W-98 Mask' which was not only helpful in combating the pollution but also in increasing the life expectancy of people. Their venture saw a massive success as there was no competitor. From the following, identify the importance of Business Environment highlighted above:</p> <p>(a) Business Environment helps the firm to identify threats and early warning signals. (b) Business Environment helps in tapping useful resources. (c) Business Environment helps in improving performance. (d) Business Environment enables the firm to identify the opportunities and in getting the first mover advantage.</p>	<u>1</u>

4	<p>Plastic utensils are often used as a low cost, convenient option for business or personal use. These utensils are lightweight, easy to transport and can be disposed off easily instead of cleaned and reused. But plastic utensils are harmful from health point of view and create various environmental issues. Nowadays health and fitness trend is becoming popular. People are looking for different alternatives and have started opting for paper-made, steel or glass utensils which has tremendously increased the demand of these products. The above para discusses an important dimension of Business Environment which is:</p> <p>(a) Economic Environment      (b) Social Environment (c ) Technological Environment (d) Political Environment</p>	<u>1</u>
5	<p>“Cartoony Planet” is a well-known indoor playground reorganizing parties for children in Noida. It has many play-stations and it organizes various activities for the kids to enjoy. Looking at the increasing number of children visiting ‘Cartoony Planet’, a new indoor playground in the name of ‘Tiny-Tots House’ came up with advanced swings, play stations and entertainment activities near ‘Cartoony Planet’. To compete with the newly opened indoor playground, ‘Cartoony Planet’ also added some advanced swings and entertainment activities to attract more children.</p> <p>The above information highlights one of the features of business environment. Identify the feature from the following:</p> <p>(A) Uncertainty                      (B) Dynamic Nature (C) Relativity                        (D) Interrelatedness</p>	<u>1</u>
6	<p>‘Dolma’ and ‘Una’ were gardeners with decades of hands-on experience. They were the first one to recognise the need of indoor gardens specially for plant-lovers living in apartments. They took advantage of this opportunity and decided to offer beautiful designing ideas for indoor gardening through their innovative venture ‘My Space’. ‘My Space’ offered creative ideas like ‘Garden wall’, ‘Hanging Garden’, ‘Window Garden’, ‘Book-shelf Garden and many more. Since there were no competitors, they soon became the market leaders in the field. From the following points identify the importance of Business Environment highlighted above:</p> <p>(A) Business Environment helps the firm to identify threats and early warning signals. (B) Business Environment helps in tapping useful resources. (C) Business Environment enables the firm to identify opportunities and getting the first mover advantage. (D) Business Environment helps in assisting in planning &amp; policy formulation</p>	<u>1</u>
7	<p>‘Digilocker’ is a flagship initiative of ‘Ministry of Electronics and IT’, Government of India. It aims at digital empowerment of the citizens by providing access to authentic digital documents such as academic certificates issued by different Examination Boards, Driving Licenses, Vehicle registrations etc. in a digital format. The above para discusses a few dimensions of Business Environment. Identify the correct dimensions from the following:</p> <p>(A) Economic Environment and Technological Environment (B) Social Environment and Economic Environment (C) Social Environment and Political Environment (D) Political Environment and Technological Environment</p>	<u>1</u>

8	<p>The Go-Vegan Movement has been an integral part of western nations owing to its numerous health and environmental benefits. India too has witnessed a propelling vegan food market. Concerned with the quality of life, people have shifted to a variety of plant-based food alternatives that offer great taste and health benefits and strengthen the immune system. The dimension of business environment discussed above is :</p> <p>(A)Economic environment                      (B) Social environment (C)Technological environment                (D) Political environment</p>	<u>1</u>
9	<p>Raunaq, while studying at the university, felt that there should be a food joint in the university campus to provide food to students round the clock After passing out of college, he set up 'Hunger Point', a food joint with a varied menu ranging from burgers, pizzas, street food and much more, in the university campus. For this, he obtained necessary permissions from the university administration. Since he was the first one to recognize the need for a food joint for all the students in an environment where students study day and night, it soon became a popular eating joint.</p> <p>Within six months, 'Hunger Point' started earning good profits. Identify the point of importance of business environment discussed in the above case:</p> <p>(A) It enables the firm to identify opportunities and get the first mover advantage. (B) It helps the firm to identify threats and early warning signals. (C) It helps in assisting in planning and policy formulation. (D) It helps in improving performance.</p>	<u>1</u>
10	<p>Choose the incorrect statement with respect to demonetization:</p> <p>(A) The two largest denomination notes of ₹ 500 and ₹ 1000 were demonetized with immediate effect, ceasing to be legal tender except for buying properties. (B) The aim of this step was to curb corruption and accumulation of black money. (C) It led to the tax administration channelizing savings into the formal financial system. (D) Restrictions were placed on the convertibility of domestic money and bank deposits.</p>	<u>1</u>
11	<p>Statement - I: Business Environment is dynamic as it differs from country to country. Statement II: Business Environment is largely uncertain as it is very difficult to predict future happenings. Choose the correct option from the following:</p> <p>(A) Statement I is true and Statement II is false. (B) Statement II is true and Statement I is false. (C) Both the statements are true. (D) Both the statements are false.</p>	<u>1</u>
12	<p>Which of the following is NOT a feature of demonetization?</p> <p>(A) It leads to creation of a less-cash or cash-less (free) economy i.e. channeling more savings through the formal financial system and improving tax compliance. (B) It is interpreted as a shift on the part of the government indicating that tax evasion will no longer be tolerated or accepted. (C) It is viewed as a tax administration measure. (D) It led to tax administration channelizing savings away from the formal financial system.</p>	<u>1</u>

13	<p>Rajat was carrying on a business of manufacturing plastic disposables like plastic plates, plastic cups and plastic straws. He heard about the upcoming ban on single use plastics. He was able to identify this external environmental trend which could hinder his firm's performance. So he took action and shifted to manufacturing the plates, cups and straws from bamboo and palm leaves. As a result, his business not only survived but was able to generate profit. The point of importance of Business Environment highlighted above is:</p> <p>(A) It enables the firm to identify opportunities and getting the first mover advantage.          (B) It helps the firm to identify threats and early warning signals.          (C) It helps in tapping useful resources.          (D) It helps in assisting in planning and policy formulation.</p>	<u>1</u>
14	<p>'Since business environment consists of numerous interrelated and dynamic conditions or forces which arise from different sources, it becomes difficult to comprehend at once</p>	<u>1</u>
15	<p><b>what exactly constitutes a given environment'. Thus, it is relatively easier to understand the environment in parts but difficult to grasp in its totality. Identify the feature of business environment highlighted above:</b>          (A) Uncertainty (B) Complexity          (C) Relativity (D) Dynamic nature.</p> <p>'Demand for reservation in jobs for minorities' refers to an example of key component of General environment of business. Name the component.</p>	1
16	<p>Identify the dimensions of the business environment illustrated by the picture given above in which Sapna who has joined the workforce recently is working on an accounting software</p>  <p>(A) Technological and social. (B) Technological and political          (C) Political and economic (D) Social and legal</p>	1
17	<p>'VBR Cinema', an Indian multiplex cinema hall was the first to recognize the change in consumption habits of people. It changed its food menu from burgers, pizza, soft drinks, etc. and switched over to healthier options like salads and smoothies, soups and anjeer-based sweets. Within a month, the revenue of the multiplex from sale of food items doubled. 'VBR Cinema', by continuously monitoring the environment and adopting suitable business practices, was able to improve its revenues and profits and was hopeful that it will continue to succeed in the market in the long run too. Identify and explain one dimension of business environment and one point of importance of understanding the business environment highlighted in the above case.</p>	<u>4</u>

### ANSWER KEY

1	(c) Legal	1
2	(d) Dynamic nature	1
3	(d) Business Environment enables the firm to identify the opportunities and in getting	1

	the first mover advantage.	
4	(b) Social environment	1
5	(B) Dynamic Nature	1
6	(C) Business Environment enables the firm to identify opportunities and getting the first mover advantage.	1
7	(D) Political Environment and Technological Environment	1
8	(B) Social environment	1
9	(A) It enables the firm to identify opportunities and get the first mover advantage	1
10	(A) The two largest denomination notes of ₹ 500 and ₹1,000 were demonetized with immediate effect, ceasing to be legal tender except for buying properties.	1
11	(B) Statement II is true and Statement I is false.	1
12	(D) It led to tax administration channelizing savings away from the formal financial system.	1
13	(B) It helps the firm to identify threats and early warning signals.	1
14	(B) Complexity	1
15	The demand for reservation in jobs for minorities is an example of the political and legal environment, which is a key component of the general environment of business.	1
16	Technical and social environment	1
17	Dimension of Business Environment Social Environment The social environment of business includes the social forces like customs and traditions, values, social trends, society's expectations from business, etc. *Importance of understanding the business environment highlighted above It helps to improve performance The enterprises that continuously monitor their environment and adopt suitable business practices are the ones which not only improve their present performance but also continue to succeed in the market for a longer period.	4

**TIME: 40 min.**

**WORKSHEET-2**

**M.M: 20**

<b>1</b>	Statement - I: Business Environment is dynamic as it differs from country to country. Statement II: Business Environment is largely uncertain as it is very difficult to predict future happenings. Choose the correct option from the following: (A) Statement I is true and Statement II is false. (B) Statement II is true and Statement I is false. (C) Both the statements are true. (D) Both the statements are false.	<b>1</b>
<b>2</b>	Which of the following is NOT a feature of demonetization? (A) It leads to creation of a less-cash or cash-less (free) economy i.e. channeling more savings through the formal financial system and improving tax compliance. (B) It is interpreted as a shift on the part of the government indicating that tax evasion will no longer be tolerated or accepted. (C) It is viewed as a tax administration measure. (D) It led to tax administration channelising savings away from the formal financial system. Ans (D) It led to tax administration channelising savings away from the formal financial system.	<b>1</b>
<b>3</b>	Samaira and her friend, Sana wanted to watch a movie over the weekend. They booked the movie tickets online and chose the seats as per their preference at the click of a button at the desired movie hall. Now going to theatre for booking of tickets is no longer required.	<b>1</b>

	<p>The dimension of business environment reflected in the above para is:</p> <p>(A) Political environment                      (B) Social environment (C) Legal environment                      (D) Technological environment</p>	
4	<p>Q. Rajat was carrying on a business of manufacturing plastic disposables like plastic plates, plastic cups and plastic straws. He heard about the upcoming ban on single use plastics. He was able to identify this external environmental trend which could hinder his firm's performance. So he took action and shifted to manufacturing the plates, cups and straws from bamboo and palm leaves. As a result, his business not only survived but was able to generate profit.</p> <p>The point of importance of Business Environment highlighted above is:</p> <p>(A) It enables the firm to identify opportunities and getting the first mover advantage. (B) It helps the firm to identify threats and early warning signals. (C) It helps in tapping useful resources. (D) It helps in assisting in planning and policy formulation.</p>	1
5	<p>Since business environment consists of numerous interrelated and dynamic conditions or forces which arise from different sources, it becomes difficult to comprehend at once what exactly constitutes a given environment'. Thus it is relatively easier to understand the environment in parts but difficult to grasp in its totality.</p> <p>Identify the feature of business environment highlighted above:</p> <p>(A) Uncertainty    (B) Complexity    (C) Relativity    (D) Dynamic nature</p>	1
6	<p>. As per Plastic Waste Management Rule 2022, single use plastic items were prohibited in Delhi from 1 July, 2022.</p> <p>The dimension of business environment referred to here is</p> <p>(A) Economic environment                      (B) Legal environment (C) Technological environment                      (D) Political environment</p>	1
7	<p>Which of the following is not an element of social environment?</p> <p>(A) Composition of family                      (B) Consumption habits (C) Rates of saving and investment                      (D) Educational system and literacy rates</p>	1
8	<p>Q. Due to increasing presence of women in the workforce, 'Kisan Mart' comes out every Friday with big discount offers on daily use items to attract office-going women to shop on weekends.</p> <p>Which dimension of business environment is being highlighted in the above case?</p> <p>(A) Social environment                      (B) Legal environment (C) Political environment                      (D) Technological environment</p>	1
9	<p>Raunaq, while studying at the university, felt that there should be a food joint in the university campus to provide food to students round the clock After passing out of college, he set up 'Hunger Point', a food joint with a varied menu ranging from burgers, pizzas, street food and muchmore, in the university campus. For this, he obtained necessary permissions from the university administration. Since he was the first one to recognize the need for a food joint for all the students in an environment where students study day and night, it soon became a popular eating joint Within six months, 'Hunger Point' started earning good profits.</p> <p>Identify the point of importance of business environment discussed in the above case:</p> <p>(A) It enables the firm to identify opportunities and get the first mover advantage. (B) It helps the firm to identify threats and early warning signals. (C) It helps in assisting in planning and policy formulation. (D) It helps in improving performance.</p>	1
10	<p>Choose the incorrect statement with respect to demonetization:</p> <p>(A) The two largest denomination notes of ₹ 500 and ₹ 1000 were demonetized with</p>	1

	immediate effect, ceasing to be legal tender except for buying properties. (B) The aim of this step was to curb corruption and accumulation of black money. (C) It led to the tax administration channelizing savings into the formal financial system. (D) Restrictions were placed on the convertibility of domestic money and bank deposits.											
11	"It may be difficult to know the extent of the relative impact of the social, economic, political, technological or legal factors on change in demand of a product in the market." Identify the feature of business environment is highlighted by this point. (a) Uncertainty    (b) Complexity    (c) Inter-relatedness    (d) Relativity											
12	<table border="1"><thead><tr><th>Column I</th><th>Column II</th></tr></thead><tbody><tr><td>1)Suppliers and creditors</td><td>i)Opportunities</td></tr><tr><td>2) Social and Political</td><td>ii)Specific force</td></tr><tr><td>3)Gaining the profits for being a pioneer</td><td>iii)General forces</td></tr><tr><td>4) Positive external trend</td><td>iv)getting the first mover advantage</td></tr></tbody></table> a) i, ii, iii, iv    (b) ii, iii, iv, i.    (c) iii, iv, i, ii.    (d) iv, i, ii, iii	Column I	Column II	1)Suppliers and creditors	i)Opportunities	2) Social and Political	ii)Specific force	3)Gaining the profits for being a pioneer	iii)General forces	4) Positive external trend	iv)getting the first mover advantage	
Column I	Column II											
1)Suppliers and creditors	i)Opportunities											
2) Social and Political	ii)Specific force											
3)Gaining the profits for being a pioneer	iii)General forces											
4) Positive external trend	iv)getting the first mover advantage											
13	An electronics company quickly modified its product line to include 5G-compatible smartphones after the government announced a nationwide rollout of 5G technology. This swift change helped the company stay competitive. Identify and explain four features of the business environment visible in the situation.	4										
14	The Government is considering a pioneer proposal to launch a single debit-cum credit card to increase the ease and usage for the consumers. The card which will be called the "National Mobility Card" will have unique advantages for making payments in metro, buses, parking and making transactions during visits abroad. After hearing this news, Mega Bank decided to launch a "Mega Mobility Card" on similar lines, so that they could be the first to exploit the opportunity, arising due to the increasing trend of digitization. In order to improve their performance, they laid down a plan to hire more people in their marketing department and prepared guidelines to train their sales force to market the new card facility being launched by the bank. By quoting the lines, identify and explain the importance of understanding Business Environment discussed above.	4										

### ANSWERS

1	Ans (B) Statement II is true and Statement I is false.	1
2	Ans (D) It led to tax administration channelising savings away from the formal financial system.	1
3	Ans (D) Technological environment	1
4	Ans (B) It helps the firm to identify threats and early warning signals.	1
5	Ans. (B) Complexity	1
6	Ans. (B) Legal environment	1
7	Ans. (C) Rates of savings and investment	1
8	(A) Social environment	1
9	Ans. (A) It enables the firm to identify opportunities and get the first mover advantage.	1
10	Ans. (A) The two largest denomination notes of ₹ 500 and ₹1,000 were demonetized with immediate effect, ceasing to be legal tender except for buying properties.	1
11	B. Complexity	1
12	(b) ii, iii, iv, i.	1
13	1. Dynamic Nature	4

	2. Specific and General Forces 3. Interrelatedness 4. Adaptability	
14	Following are the points of importance of understanding Business Environment discussed: (i) "Improve existing card facility-" It helps the firm in identifying threat and early warning signal. (ii) "Exploit opportunity arising--" It helps to identify opportunities and get first-mover advantage. (iii) "Improve their performance---"- It helps in improving performance. (iv) "Planned to hire more-----guidelines to train sales force"- It helps in assisting in planning and policy	4



## CHAPTER -4

### PLANNING

**Concept:** Planning means thinking in advance what is to be done, how, when and by whom. It bridges the gap between where we are and where we want to go.

#### **Features:**

1. Planning **focuses on achieving objectives** as specific goals are set out in the plans along with activities to be undertaken to achieve them.
2. Planning is **pervasive** It is required in all organisations and at all levels of management.
3. Planning is a **continuous process** Once a plan is framed, it is implemented and then it is followed by another and so on.
4. Planning is **futuristic** It involves looking ahead and preparing for the future.
5. **Planning involves decision-making** It involves choosing the best one from among various alternatives.
6. Planning is a **mental exercise** It requires application of mind involving foresight and vision, intelligent imagination and sound judgement.

#### **Importance:**

1. Planning **provides direction** to action by stating in advance how the work is to be done.
2. Planning **reduces the risk of uncertainty** by looking forward and anticipating changes.
3. Planning **reduces overlapping and wasteful activities** by coordinating the efforts of different divisions.
4. Planning **promotes innovative ideas** requiring application of mind and foresight.
5. Planning **facilitates decision-making** by making a choice from among the alternative courses of action.
6. Planning **establishes standard** against which actual performance is measured.

#### **Limitations:**

1. Planning **leads to rigidity** because managers cannot change the plan after its implementation
2. Planning **may not work in a dynamic environment** because it is very difficult to accurately forecast the future changes.
3. Planning **reduces creativity** Initiative and creativity of employees get lost or reduced since they cannot deviate from plans.
4. Planning **involves huge costs** in terms of time and money.
5. Planning is a **time consuming process**: and sometimes not much time is left for implementation of plans.

6. Planning **does not guarantee success**: It is meaningless unless it is translated into action. It is not always true that plan which has worked successfully in the past will bring success in the future also.

### **Planning Process**

1. **Defining objectives** for the entire organisation and each department or unit within the organisation.
2. **Developing planning premises**, i.e., assumptions about the future, which are the base material upon which plans are to be drawn.
3. **Identifying alternative courses of action** to achieve objectives and targets.
4. **Evaluating alternative courses of action**: The positive and negative aspects of each alternative are evaluated.
5. **Selecting an alternative**: The best plan has to be adopted and implemented, which is the most feasible, profitable and with least negative consequences.
6. **Implementing the plan i.e., putting the plan into action**. This step involves organising for labour and purchase of machinery.
7. **Follow-up Action**: It means to see whether plans are being implemented and activities are being performed according to plans.

### **Types of Plans**

**Single use plan** is developed for a one-time event or project; and is discarded when the project or event is over e.g., Budget for Annual General Meeting of shareholders.

**Standing plans** are used over and over again because they focus on organisational situations that occur repeatedly, e.g., selection procedure of employees.

1. **Objectives**: Objectives are the ends or results which an organisation wants to achieve by its operations.
2. **Strategy**: It is an overall plan prepared for meeting the challenge posed by the activities of competitors and other environmental forces.
3. **Policy**: It is a general statement that guides decision making.
4. **Procedure**: A procedure is the plan that determine the sequence of doing any work for achieving objectives.
5. **Method**: Methods can be defined as standardised ways in which a given task has to be performed.
6. **Rule**: Rules are codes of conduct. They tell us what is to be done and what is not to be done in specific situations.
7. **Programme**: A programme is a combination of objectives, policies, procedures, rules, resources, etc. It is a well defined scheme designed to achieve a particular objective.
8. **Budget**: A budget is a statement of expected results expressed in numerical terms for a definite period of time in the future.

## QUESTION BANK

### MCQ's:

1.	<p>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? [CBSE Sample Paper (2021-22)]</p> <p>(a) Follow-up action      (b) Identifying alternative course of action</p> <p>(c) Setting objectives      (d) Evaluating alternative courses of action</p>	
2.	<p>'Uttam Ayurveda Ltd. is an established Indian company manufacturing organic consumer goods like toothpastes and shampoos. It has planned to increase its market share from 30% to 40% in the current financial year.</p> <p>With the expanding market of organic products, other companies in the consumer goods industry have also launched these products with organic components. The competition in the market has increased and it was found that the sales of Uttam Ayurvedic Ltd. came down and its market share was reduced to 23%</p> <p>Identify the limitation of planning highlighted in the above case.</p> <p>(a) Planning may not work in dynamic environment</p> <p>(b) Planning is time-consuming</p> <p>(c) Planning involves huge cost</p> <p>(d) Planning reduces overlapping and wasteful activities.</p>	
3	<p>Statement-Based Questions</p> <p>In the following Questions, read the following statements and choose the correct alternative among those given below:</p> <p>Alternatives:</p> <p>(a) Both the Statements are true.    b) Both the Statements are false.</p> <p>(c) Statement 1 is true and Statement 2 is false.</p> <p>(d) Statement 2 is true and Statement 1 is false.</p> <p>Statement 1: Top management undertakes departmental planning, while middle management is involved in strategic planning.</p> <p>Statement 2: When there is only one alternative, then there is no need for planning.</p>	
4.	<p>Statement 1: Planning provides the standards against which the actual performance is evaluated.</p> <p>Statement 2: Planning helps to make uncertain future events certain, to a certain extent.</p>	
5.	<p>Statement 1: Planning works perfectly in a dynamic environment.</p> <p>Statement 2: Planning guarantee success for an organisation.</p>	
6.	<p>Prem Lal, the Managing Director of Awasthi Ltd, retired after 33 years of service. The responsibility was given to Raj, Raj realised that there was lot of rivalry, confusion and</p>	

	<p>misunderstanding among the departmental heads. He detected inefficiencies, took corrective measures and developed a master plan for the organisation to follow. This served as a basis for coordinating the activities of all the departments, led to clarity of thought and action and work got off to a smooth start. The point of importance of planning discussed above is:</p> <p>(a) Planning reduces overlapping and wasteful activities</p> <p>(b) Planning establishes standards for controlling</p> <p>(c) Planning reduces the risks of uncertainty</p> <p>(d) Planning promotes innovative ideas,</p>	
7	<p>The purpose of planning is to meet future events effectively to the best advantage of an organisation. This statement highlights which of the following features of planning? (CBSE, 2023)</p> <p>(a) Planning focuses on achieving objectives</p> <p>(b) Planning involves decision-making</p> <p>(c) Planning is the primary function of management</p> <p>(d) Planning is futuristic</p>	
8.	<p>In planning, generally managers have to follow pre-determined plans and they are not in a position to change it. This statement highlights the following limitation of planning: (CBSE, 2023 )</p> <p>(a) Planning may not work in a dynamic environment</p> <p>(b) Planning does not guarantee success</p> <p>(c) Planning leads to rigidity</p> <p>(d) Planning is time-consuming</p>	
9.	<p>Sudha and Shweta were twin sisters. After completing their education from college, they decided to start business. As they were Commerce students, they knew the importance of deciding in advance what to do. While discussing the same with their mother, they got a new idea of starting a 'Cloud Kitchen'. Both the and how to do. It was very challenging for them as this decision was to guide all their future actions. Sisters were very excited to start this. The idea took the shape of a concrete plan and within a month, they were successful in starting their 'Cloud Kitchen'. (CBSE 2024)</p> <p>Identify the point of importance of planning highlighted in the above case</p> <p>(a) Planning reduces the risk of uncertainty</p> <p>(b) Planning promotes innovative ideas</p> <p>(c) Planning establishes standards for controlling</p> <p>(d) Planning reduces overlapping and wasteful activities</p>	
10.	<p>. No admission below 60%. Which kind of plan is highlighted? (CBSE 2023)</p> <p>(a) Policy (b) Procedure (c) Rule (d) Method</p>	

## ANSWERS

1. (a) 2. (a) 3. (d) 4. (a) 5.(b) 6. (a) 7. (d) 8. (c) 9. (b) 10. (a)

**ASSERTION REASON QUESTIONS:-**

	<p>In the following Questions, read the following statements: Assertion (A) and Reason (R). Choose the correct alternative among those given below:</p> <p>Alternatives:</p> <p>(a) Both Assertion (A) &amp; Reason (R) are True &amp; Reason (R) is the correct explanation of Assertion</p> <p>(b) Both Assertion (A) &amp; Reason (R) are True &amp; Reason (R) is not the correct explanation of Assertion</p> <p>(c) Assertion (A) is True but Reason (R) is False.</p> <p>(d) Assertion (A) is False but Reason (R) is True.</p>
1.	<p>Assertion (A): Planning is a choice making activity.</p> <p>Reason (R): Planning involves selecting the best alternative out of various</p>
2.	<p>Assertion (A): Planning is a primary function of management.</p> <p>Reason (R): Planning has no meaning unless it contributes for achievement of predetermined goals</p>
3	<p>. Assertion (A): Planning is Pervasive.</p> <p>Reason (R): Planning is required at all levels and in all departments of the organisation.</p>
4.	<p>Assertion (A): Planning essentially involves looking ahead and preparing for future through forecasting (CBSE, 2021 )</p> <p>Reason (R): Forecasting helps to anticipate future events and drawing up of plans.</p>
5.	<p>Assertion (A): The need for planning arises only when there is one alternative.</p> <p>Reason (R): Decision-making is an integral part of planning.</p>
6	<p>Assertion (A): Planning provides direction for action.</p> <p>Reason (R): Planning states the objectives in advance so that they act as a guide for deciding the future course of action.</p>
7.	<p>Assertion (A): Planning works fantastically in a dynamic environment.</p> <p>Reason (R): Plans operate in an external environment, which consists of a number of dimensions.</p>
8.	<p>. Assertion (A): Planning facilitates decision-making.</p> <p>Reason (R): Planning helps the manager in selecting the only alternative available with the firm.</p>
9	<p>. Assertion (A): Planning provides the base for controlling.</p> <p>Reason (R): Planning establishes the standards against which the actual performance is evaluated</p>
10	<p>Assertion (A): Planning is futuristic.</p> <p>Reason (R): Planning is concerned with the future which is certain and does not require forecast</p>

**Answers**

1. (a) 2. (b) 3. (a) 4. (a) 5. (d) 6. (a) 7 (d) 8. (c) 9. (a) 10. (c)

### CASE-BASED QUESTIONS (3-4MARKS)

1.	<p>A company gave its Sales Executives the directive that they could sell the goods on credit. Also it told them very clearly to inform the customers that if upto one month they did not make the payment, after the completion of this period, they would have to pay interest for the whole period at the rate of 10% per annum.</p> <p>In the paragraph given above two types of plans has been mentioned. Identify them, quoting the relevant lines.</p> <p><b>Answer:</b></p> <p>1) Policy: The Company gave... sell the goods on credit".</p> <p>(ii) Rule: "if up to one month interest for the whole period at the rate of 10% per annum."</p>
2	<p>Varsha Jain after completing her fashion designing course from Indian Institute of Fashion Technology planned to enter into designer clothing venture. She had to address issues like her target customers, channel of distribution to be used, pricing policy, etc.</p> <p>(a) Identify the type of plan that Varsha Jain needs to develop to provide direction and scope to her organization in the long run.</p> <p>(b) Also explain briefly two more types of plans.</p> <p><b>Answer:</b></p> <p>(a) Strategy</p> <p>(b) (i) Policy It refers to those general statements which are decided for the guidance of the enpläsees while taking decision.</p> <p>(ii) procedure: It refers to a set of specified steps to be followed to carry out a particular</p>
3	<p>Raman a worker, is given a target of assembling two computers per day. Due to his habit of doing things differently, an idea struck him which would not only reduce the assembling time of computers but would also reduce the cost of production of the computers. Raman's supervisor instead of appreciating him, ordered him to complete the work as per the methods and techniques decided earlier as nothing could be changed at that stage. The given para describes one of the limitations of planning function. Name and explain that limitation.</p> <p><b>Answer:</b> The limitation is "Planning reduces Creativity" explain that limitation.</p>
4	<p>Which type of plan is highlighted in each of the following statements?</p> <p>(i) Alcohol is not permitted within the factor premises.</p> <p>(ii) Company follows the practice of hiring employees who are above 18 years of age.</p> <p>(ii) They are the ends which the management seeks to achieve through its operations.</p> <p>(iv) A company follows sequential steps for purchase of goods.</p> <p>(v) Any employee found logging to any social networking site in the office will be subject to strict disciplinary action.</p> <p>(vi) These are general statements that channelize energies towards a particular direction.</p> <p>(vii) It provides the prescribed manner in which a task has to be performed.</p>

	<p>(x) Strict penal actions against anyone who uses office stationery for personal use.</p> <p>(X) It facilitates comparison of actual results with the planned ones.</p> <p>(xi) A discount of 10% will be offered to all the customers buying goods worth 20,000 and more.</p> <p><b>Answer.</b> (i) Rules; (ii) Policy; (iii) Objectives; (iv) Procedure; (v) Rules; (vi) Policy; (vii) Methods; (viii) (ix) Rules; (x) Budget; (xi) Policy.</p>
5	<p>Rahul decided to start a desert cooler manufacturing business. He sets the target of earning 20% profit on sales in the first year. He was very much concerned about the future prospects of the business, which were uncertain.</p> <p>For this, he gathered information from the potential market and analyzed that the demand for wall mounted coolers is increasing day by day. He used this information as the base for future planning. On the basis of the gathered information, he called a meeting in the following week to find new methods to achieve the objective.</p> <p>(i) Identify the function of management involved in the above case.</p> <p>(ii) Enumerate the next two steps, which have been followed by Rahul that are related to the process of one of the functions of management.</p> <p><b>Answer:</b> (i) Planning</p> <p>(2) (a) Identifying alternative courses of action.</p> <p>(b) Evaluating alternative courses of action</p>

### LONG ANSWER TYPE QUESTIONS (6 marks)

1.	<p>Saurabh Jain set up a telecom business in Nasik named as 'Ketone', with an ambitious target of reaching out to 90% of the Indian population within one year. He chose this business on the belief that the demand for data services will increase 4 times within the next 2-3 years. To fulfill such an ambitious target, he had to either acquire an existing telecom business or collaborate or go independent aggressively in the light of tough competition.</p> <p>He assessed the proposals of different companies vis-s-vis earnings per share, tax liabilities, dividends paid etc. and their future projections knowing fully well that the projections may change if the country's economic policies get modified.</p> <p>The above paragraph discusses some of the steps of one of the functions of management. By quoting the lines from the above paragraph, explain these steps in chronological order. (CBSE 2022)</p> <p><b>Answer: The Steps discussed in the above case are:</b></p> <p>(1) <b>Setting Objectives:</b> "Saurabh Jain set a telecom business in Nasik, named as 'Ketone', with an aim of reaching out to 90% of the Indian population within one year." target Objectives may be set for the entire organisation and each department of the organisation. They specify what the organisation wants to achieve.</p> <p>(ii) <b>Developing Premises:</b> "He chose this business on the belief that the demand for data services will increase 4 times within the next 2-3 years." A manager is required to make certain assumptions about the future called premises.</p>
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	<p>Assumptions are the base material upon which plans are to be drawn.</p> <p><b>(iii) Identifying an Alternative Course of Action:</b>          "To fulfil such an ambitious target, he had to either acquire an existing telecom business or collaborate or go independent aggressively in the light of tough competition."          As there may be many ways to achieve the objectives, all the alternative courses of action should be identified and thoroughly discussed.</p> <p><b>(iv) Evaluating Alternative Courses:</b>          "He assessed the proposals of different companies vis-a-vis earnings per share, tax liabilities, dividends paid etc. and their future projections knowing fully well that the projections may change if the country's economic policies get modified."          The pros and cons of each alternative are weighted in the light of objective to be achieved, their feasibility and consequences.</p>
2	<p>An auto company C. Ltd. is facing a problem of declining market share due to increased competition from other new and existing players in the market. Its competitors are introducing lower priced models for mass consumers who are price sensitive. C Ltd. realized that it needs to take steps immediately to improve its market standing in the future. For quality conscious consumers. C Limited plans to introduce new models with added features and new technological advancements. The company has formed a team with representatives from all the levels of management. This team will brainstorm and will determine the steps that will be adopted by the organisation for implementing the above strategy.</p> <p>Explain the features of Planning highlighted in the situation given above. [NCERT]</p> <p><b>Answer:</b> The features of planning highlighted in the above case are:</p> <p>(i) Planning is Pervasive:          (ii) Planning is Futuristic:          (iii) Planning is a mental exercise:</p>
3.	<p>The Government of India in its budget for the financial year of 2021-22 reiterated its support for the Electric Vehicle sector. The Government launched several schemes and incentives to boost their demand as well as to motivate manufacturers to invest in the same. Inspired by these incentives and concerned about the environmental impact of gas and diesel-powered engines. Nitin Kothari has set up an electric car manufacturing unit at Bhilwara. He set a target of earning a Return On Investment of 10% in the first year itself and forecasted that the demand for electric cars will increase by 20 million in the next few years. The above case highlights the first two steps of the process of one of the important functions of management. [CBSE 2023 (66/2/1)]</p> <p>(a) Identify the function of management discussed above.          (6) State the remaining steps required to complete the above process.</p> <p><b>Answer:</b> (a) It is planning.          (b) Remaining steps required to complete planning          (1) Identifying alternative courses of action: There may be MANY WAYS to act and achieve objectives. Now the planners are required to identify various alternatives.          (2) Evaluating alternative courses: At this step PROS and CONS of each alternative are to be analyzed.          (3) Selecting an alternative: This is the point of REAL DECISION-MAKING. The best plan has to be adopted.          (4) Implementing the Plan: This is the step which is concerned with putting the PLAN into ACTION, At this step, other MANAGERIAL FUNCTIONS also come into the picture.          (5) Follow-up action: At this step, it is ensured that plans are being implemented as per schedule.</p>



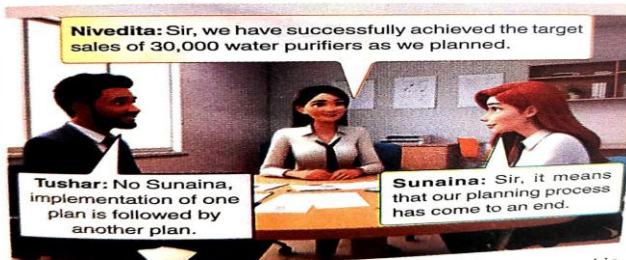
4.	<p>Identify and explain the type of plans in the following cases:</p> <p>[CBSE 2023 (66/4/1)]</p> <p>(a) Ananta Travel and Tourism Pvt. Ltd.' is providing tourism and hospitality services to its customers. To achieve its objectives the company prepares a comprehensive plan taking into consideration the business environment.</p> <p>(b) Amit is Chief Executive Officer of 'Mannat Raj Industries'. He developed the broad parameters within which the managers may function. By doing so he tried to provide a base for interpreting strategy which was stated in general terms.</p> <p>Answer: 4. (a) The type of plan is Strategy: (b) The type of plan is Policy:</p>
5	<p>Explain the following limitations of planning:</p> <p>(1) Planning reduces creativity (ii) Planning involves huge costs</p> <p>Answer. (i) Planning reduces creativity (ii) Planning involves huge costs (for explanation refer to gist of the chapter)</p> <p>[CBSE 2023 ]</p>
6.	<p>Diamond Logistics Company had a turnover of ₹25 lakh during the year ended 31st March. 2022. In a board meeting held on 15th April, 2022, it was decided to achieve a turnover off ₹45 lakh for the next year. To accomplish this objective after taking into consideration the business environment, a comprehensive plan was drawn. The Chief Executive Officer (CEO) of the company also released a plan that would not only guide the thinking of the managers and their decision-making but also channelise their energies towards achievement of this target</p> <p>Identify and explain the three types of plans discussed in the above para.[CBSE 2023 (66/3/3)]</p> <p>Answer: Types of Plans with explanation (1) Objective: (if) Strategy: (iii) Policy:</p>

**Q. 2.** Name the 'Limitation of planning' is being illustrated in the given image.



**Ans.** The Limitation 'Planning may not work in a Dynamic Environment' is being highlighted.

**Q. 1.** Identify the characteristic of planning highlighted in the given picture.



**Ans.** The characteristic 'Planning is Continuous' is being highlighted.

**Q. 6.** Which type of plan is being violated in the following pictorial presentation?



**Ans.** Rules.

1.	Which importance of planning is highlighted in the lines, "If goals are well-defined, employees are aware of what the organisation has to do and what they must do to achieve those goals"? (A) Planning facilitates decision-making (B) Planning promotes innovative ideas (C) Planning provides direction (D) Planning reduces the risk of uncertainty	1
2	Indian Drugs and Pharmaceuticals Ltd.' is engaged in the manufacturing and distribution of medicines, The Company has set up an objective of increasing its sales turnover by 20%. To achieve this objective, the company has decided to diversify into baby health care products. Accordingly, the company has identified various alternative courses of actions for the diversification process. They divided this process by determining the positives and the negatives and selected the ideal plan which is the most feasible and profitable. Which steps of planning have been followed in the above case? A. Identifying alternatives B. Follow up action C. Selecting an alternative D. Both (A) and (C )	1
3	Statement I: Planning may not work in a dynamic environment. Statement II: There may be obstacles to effective planning as it cannot foresee everything. (A) Both the above statements are true (B) Both the above statements are false (C) Statement I is true and statement II is false (D) Statement I is false and statement II is true.	1
4	Which of the following statements correctly explains the limitation of planning 'Planning does not guarantee success?[CBSE 22] (A)Planning is required at all levels of management and in all the departments of the organisation. (B) Planning involves thorough examination and evaluation of available alternatives. (C)Relying on a previously tried and tested successful plan just because it had worked before and will work again. (D)By deciding in advance the tasks to be performed, planning shows the way to deal with changes and uncertain events.	1
5	After completing the diploma in bakery, Priya started an outlet in food court of a mall. She decided to sell five types of pizzas and low sugar muffins with proper planning. She was ready to face the uncertainties and also there was no duplication of work. In short period only her business got a name in the market. Identify and explain the points of importance of planning highlighted in above para.	3
6	Alpha Ltd. has a plan of increasing profit by 20%. The company spent a lot of time and money to frame and implement this plan. The competition increased, so it could not change its plan to beat its competitors because huge amount of money is already spent. The plan failed and company suffered huge loss.State any two limitations of planning.	3
7	Explain 'Policy'and 'Method' as type of plans.	4
8	'Setting objectives is the first step in the process of one of the significant functions management. (A) Identify the function of management referred above. (B)State the next five steps of the process.	6

## ANSWERS

1.C. 2.D. 3.C. 4.C.

5.Points of importance highlighted in above para are:

(i)Planning reduces the risk of uncertainties. - "Ready to face uncertainties...."

(ii) Planning reduces overlapping and wasteful activities. "No duplication...."

6. (i) Planning involves huge cost

(ii) Planning is time consuming

(iii) Planning may not work in dynamic environment.

7.Give Correct explanation.

8.(A) Planning

(B) Next five steps of the process of planning:

(i) Developing planning premises is the next step in the process of planning. Planning premises are the assumptions that serve as the base material upon which plans are to be drawn.

(ii) Identifying alternative courses of action which may be used to achieve the set objectives

(ii) Evaluating alternative course of action involves evaluating the positive and negative aspects of each proposal in the light of the objective to be achieved.

(iv) Selecting the best alternative is the real point of decision making and involves selecting the best possible course of action.

(v) Implementing the plan is the step where other managerial functions also come into the picture

**TIME: 40 min.**

**WORKSHEET -2**

**MAX. MARKS- 20**

1	<p>Best Electronics’ is led by its visionary Chief Executive Officer, Nikhil.It has a reputation for good quality products and customer service. Nikhil recognised the need to continually innovate and provide customers with the latest products. He wanted the company to be the market leader in electronics.Nikhil knew that to realise his ambitious vision, he needed a clear and well-defined plan that would provide broad contours of the company’s business. His team conducted extensive market research to uncover emerging trends, customer preferences, and potential competitors. On its basis, a plan was prepared defining the company’s direction and scope in the long run. On the implementation of the plan ‘Best Electronics’ became the market leader in two years. The type of plan which helped ‘Best Electronics’ to become the market leader was :</p> <p>(a)Policy. (b) Rule. (c )Strategy (d) Procedure</p> <p>CBSE 2024</p>	1						
2	<p>Match the feature of planning given in Column I with their respective explanation given in Column II.</p> <table><tr><td>A.Planning is a mental exercise</td><td>i) Planning involves thorough examination and evaluation of each alternative and choosing the most appropriate one</td></tr><tr><td>B.Planning is all pervasive</td><td>ii) Planning is required at all levels of management as well as in all departments of the organisation</td></tr><tr><td>C.Planning involves decision-making</td><td>iii) Planning required logical and systematic thinking rather than guess work or wishful thinking</td></tr></table> <p>a. A-(i),B-(ii),C-(iii)                      b-(iii),B-(ii),C-(i) c. A-(ii),B-(iii), C-(i)                      d-A-(i),B-(iii),C-(ii)</p>	A.Planning is a mental exercise	i) Planning involves thorough examination and evaluation of each alternative and choosing the most appropriate one	B.Planning is all pervasive	ii) Planning is required at all levels of management as well as in all departments of the organisation	C.Planning involves decision-making	iii) Planning required logical and systematic thinking rather than guess work or wishful thinking	1
A.Planning is a mental exercise	i) Planning involves thorough examination and evaluation of each alternative and choosing the most appropriate one							
B.Planning is all pervasive	ii) Planning is required at all levels of management as well as in all departments of the organisation							
C.Planning involves decision-making	iii) Planning required logical and systematic thinking rather than guess work or wishful thinking							

3	<p>Sudha and Shweta were twin sisters. After completing their education from college, they decided to start a business. As they were commerce students, they knew the importance of deciding in advance 'what to do' and 'how to do'. It was very challenging for them as this decision was to guide all their future actions. While discussing the same with their mother, they got a new idea of starting a 'Cloud Kitchen'. Both the sisters were very excited to start this. The idea took the shape of a concrete plan and within a month, they were successful in starting their 'Cloud Kitchen'.</p> <p>Identify the point of importance of planning highlighted in the above case:</p> <p>A. Planning reduces the risk of uncertainty  B. Planning promotes innovative ideas.  C. Planning establishes standard for controlling.  D. Planning reduces overlapping and wasteful activities. (CBSE 2024)</p>	1
4	<p>Read the following statements: Assertion (A) and Reason (R). Choose the correct alternative from those given below:</p> <p>Assertion (A): Planning involves looking ahead and preparing for the future.  Reason (R): The purpose of planning is to meet future events effectively to the best advantage of an organization. CBSE 2025</p> <p>A. Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A).  B. Both Assertion (A) and Reason (R) are true, but Reason (R) is not the correct explanation of Assertion (A).  C. Assertion (A) is true, but Reason (R) is false.  D. Assertion (A) is false, but Reason (R) is true.</p>	1
5	<p>'Diamond Logistics Company' had a turnover of ₹25 lakh during the year ended 31st March, 2022. In a board meeting held on 15th April, 2022, it was decided to achieve a turnover of ₹45 lakh for the next year. To accomplish this objective after taking into consideration the business environment, a comprehensive plan was drawn. The Chief Executive Officer (CEO) of the company also released a plan that would not only guide the thinking of the managers and their decision-making but also channelise their energies towards achievement of this target.</p> <p>Identify and explain the three types of plans discussed in the above para. [CBSE 2023]</p>	3
6	<p>Explain objective, rules and budget as types of plans. (CBSE 2025)</p>	3
7	<p>Setting objectives is the first step in the process of one of the significant functions of management.'</p> <p>1) Identify the function of management referred above.  2) State the next 3 steps of the process. CBSE 2023</p>	4
8	<p>Atul Sharma was the Chief Executive Officer of a footwear company, 'Stepone Footwear'. The company manufactured innovative and comfortable footwear for all age groups. Atul Sharma was known for meticulous planning. He ensured that the goals and objectives of the company are clearly stated so that they act as a guide for deciding what action should be taken and in which direction. Before each season, 'Step one Footwear' carefully analysed market trends, customer preferences and production schedules. This analysis enabled the company to look ahead and anticipate changes and develop managerial responses, wherever necessary. As a result, they were able to consistently deliver innovative and comfortable shoes to the market. During one season, there was a sudden surge in demand for eco-friendly shoes. 'Step one Footwear' had already planned their production for the year with specific goals to be achieved within a specific time frame. The managers of 'Stepone Footwear' did not have the flexibility to change the plan to cope with the changed circumstances. Another shoe company 'Eco Step' quickly adapted and started manufacturing comfortable eco-friendly shoes. By</p>	6

	<p>not being able to adjust to the rapidly changing market, 'Stepone Footwear' faced inventory surplus while 'Eco Step' emerged as a market leader in sustainable eco-friendly footwear. Quoting lines from the above paragraph, identify and explain two benefits and two limitations of 'Planning' function of management discussed in the above case.</p> <p style="text-align: center;">CBSE 2024</p>	
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### ANSWERS

1.(C). 2.(B). 3.(B). 4.(A)

5.(i) strategic plan

(ii) Budget

(iii) Objective

6. Explain them

7.(i) Planning

(ii).a) developing premises

b) listing the various alternatives for achieving the objectives.

c) evaluation.

8. Two importance of planning

(i) Planning provides direction-

(ii) Promotes innovative ideas-

Two limitations

(i) Rigidity

(ii) May not work in dynamic environment.

## **CHAPTER-5**

### **ORGANISING**

**Concept:** Organising can be defined as identifying and grouping various activities in the organisation and bringing together the physical, financial and human resources and establishing most productive relations among them for the achievement of specific goals.

#### **Steps in the process of organising :**

- (i) **Identification and division of work :** The total work is divided into various activities.
- (ii) **Departmentalisation :** The work of same nature are grouped together and assigned to particular department.
- (iii) **Assignment of duties :** The responsibility of each individual or post is decided.
- (iv) **Establishing reporting relationships :** Each individual should also know from whom he has to take orders and to whom he is accountable. It helps in coordination among various departments.

#### **Importance of Organising**

1. It **leads to specialisation** by systematic allocation of jobs.
2. It leads to **clarity in working relationships** by specifying who has to report to whom.
3. It leads to **optimum utilisation of resources** by avoiding duplication of work and minimising wastage of resources and efforts.
4. It **helps in adaptation to change** by allowing the enterprise to adjust itself according to the changes in business environment by suitably modifying the organisation structure.
5. It helps in **effective administration** by providing a clear description of jobs and working relationships.
6. It helps in **development of personnel** by delegation of work to subordinates.
7. It **helps in expansion and growth** by allowing a business enterprise to add more job positions, departments and even diversify their product lines.

**Organisation Structure:** It is the network of job positions, responsibilities and authority at different levels of organisation.

**Span of management:** Number of subordinates that can be effectively managed by a superior

**Organization chart:** Chart showing organization structure.

#### **TYPES OF ORGANISATION STRUCTURE :On the basis of Grouping of Activities**

<b><u>FUNCTIONAL STRUCTURE :</u></b> It is formed by grouping of activities of similar nature under one department.	<b><u>DIVISIONAL STRUCTURE</u></b> It is formed by grouping activities related to one product under one department/division.
<b><u>Suitability :</u></b> (i) Large organizations producing one line of product; (ii) Organizations which require high degree of functional specialization with diversified activities.	<b><u>Suitability :</u></b> (i) Multi product (Tata, Reliance); (ii) When an organization grows and needs to add more employees more departments or introduce new level of management.
<b><u>Advantages :</u></b> (i) Leads to occupational specialisation. (ii) Promotes coordination within a department.	<b><u>Advantages :</u></b> (i) Leads to product specialisation. (ii) Helps in fixation of responsibility for divisional performance.

(iii) Increases managerial and operational efficiency. (iv) Leads to economies of scale which reduces cost. (v) Makes training of employees easier. (vi) Ensures that different functions get due attention	(iii) Promotes flexibility, new initiatives and faster decision making. (iv) Facilitates expansion and growth of organisation.
<b><u>Disadvantages :</u></b> (i) More emphasis on departmental objectives rather than organisational objective. (ii) Difficulty in inter-departmental coordination	<b><u>Disadvantages :</u></b> (i) Divisional conflicts over funds allocation. (ii) Increase in cost due to duplication of work. (iii) Ignorance of organisational interest

## DIFFERENCE-

S.No.	Basis	Functional Structure	Divisional Structure
1.	Formation	It is based on functions.	It is based on product lines and is supported by functions.
2.	Responsibility	It is difficult to fix a department.	It is easy to fix responsibility for performance.
3.	Specialisation	Functional specialization	Product specialisation.
4.	Managerial Development	It is difficult, as each functional manager has to report to the top management.	It is easier, autonomy as well as the chance to perform multiple functions helps in managerial development.
5.	Cost	It is economical as the functions are not duplicated.	It is costly as there is duplication of resources in various departments.
6.	Coordination	It is difficult for a multiproduct company.	It is easy, because all functions related to a particular product are integrated in one.
7.	Suitability	It is most suitable when the size of the organisation is large, has diversified activities and operations require a high degree of specialisation.	It is suitable for those business enterprises where a large variety of products are manufactured using different productive resources.

<b><u>Formal Organisation</u></b> : It is a network of jobs and positions with clearly defined functions and relationships, designed by management to accomplish objectives of the enterprise	<b><u>Informal Organisation</u></b> : It is a network of social relationships among the employees which emerges spontaneously within the formal organisation
<b><u>Features :</u></b> (i) Specifies working relationship. (ii) Means to achieve the objectives of the organisation. (iii) Coordinates and integrates diverse activities. (iv) Emphasis on work rather than on interpersonal relationship. (v) Deliberately created by top management	<b><u>Features :</u></b> (i) Originates within the formal organisation. (ii) Standards of behaviour evolves from the group norms. (iii) Independent channels of communication are developed by the group members. (iv) Emerges spontaneously, not deliberately created by the management.

<b><u>Advantages :</u></b> (i) Easier to fix responsibility. (ii) Avoids duplication of efforts. (iii) Effective accomplishment of goals. (iv) Stability of the organisation. (v) Established chain of command	<b><u>Advantages :</u></b> (i) Faster speed of communication. (ii) Fulfills social needs of the members. (iii) Fills wide gaps of formal structure
<b><u>Disadvantages :</u></b> (i) Leads to procedural delays in decision making. (ii) Does not allow any deviations from rigidly laid down policies. (iii) Ignore the psychological and social needs of the employees.	<b><u>Disadvantages :</u></b> (i) Spreads rumours (ii) Resists changes (iii) Peer Pressure

## **.DELEGATION OF AUTHORITY**

Delegation of Authority: Definition

Delegation refers to the downward transfer of authority from a superior to a subordinate.

Elements of Delegation- Authority, Responsibility and Accountability:

<b>Basis</b>	<b>Authority</b>	<b>Responsibility</b>	<b>Accountability</b>
Meaning	Authority refers to the right of an individual to command his subordinates and to take action within the scope of his position.	Responsibility is the obligation of a subordinate to properly perform the assigned duty.	Accountability implies being answerable for the final outcome, one authority has been delegated and responsibility accepted, one cannot deny accountability.
Delegation	Can be delegated.	Cannot be entirely delegated.	Cannot be delegated at all.
Origin	Arises from formal position in the organisation.	Arises from delegated authority.	Arises from responsibility.
Flow	Flows downward from superior to subordinate.	Flows upward from subordinate to superior.	Flows upward from subordinate to superior.

### **Importance of Delegation**

1. **Effective Management:** It leads to effective management as by relieving the employees from doing routine work; it provides them with time to excel in new areas.
2. **Employee Development:** It promotes employee development as they are entrusted with more opportunities to utilize their
3. **Motivation of employees:** It helps to motivate employees as when a subordinate is entrusted with a task; it is not merely the sharing of work but involves trust on the



superior's part and commitment on the part of the subordinate.

4. **Facilitation of growth:** It facilitates the growth of an organisation as it seeks to enrich the quality of manpower and widens the scope of using internal recruitment by providing them with training and experience through exposure to varied jobs.
5. **Basis of management hierarchy:** It provides the basis of management hierarchy as it establishes superior-subordinate relationships, which are the basis of hierarchy of management.
6. **Better coordination:** It facilitates better coordination amongst the departments, levels and functions of management by providing clarity in reporting relationships.

## DECENTRALISATION

### Decentralisation: Definition

Decentralisation refers to systematic dispersal of authority to the lowest level, except that which can be exercised at central points.

## CENTRALISATION AND DECENTRALISATION

An organization is said to be Centralised when the decision-making authority is retained by higher management levels whereas it is Decentralised when such authority is delegated towards the management levels.

### Importance of Decentralisation

1. It seeks to develop initiative in the subordinates by promoting self-reliance and confidence amongst them and also helps to identify those executives who have the necessary potential to become dynamic leaders.
2. It provides relief to top management as the subordinates are allowed to operate independently within their area of jurisdiction. Consequently, the need for direct supervision is reduced.
3. It facilitates quick decision making as the employees are allowed to act independently within their area of jurisdiction without consulting others.
4. It develops managerial talent for the future by providing the employees with the necessary training and experience through exposure to varied challenging jobs and also facilitates identification of those employees who may and those who may not be successful in assuming greater responsibility.

## QUESTION BANK

Q. No.	MCQS	Mark
1	Organising is a process by which the manager (a) Establishes order out of chaos (b) Removes conflict among people over work or responsibility sharing (c) Creates an environment suitable for teamwork (d) All of the above	1

2	It is defined as the framework within which managerial and operating tasks are performed. (a) Span of management (b) Organisational structure (c) Informal organization (d) None of the above	1
3	It refers to the number of subordinates that can be effectively managed by a superior. (a) Organisational structure (b) Informal organisation (c) Span of management (d) None of the above	1
4	As the span of management increases in an organisation, the number of levels of management in the organization. (a) Increases (b) Decreases (c) Remains unaffected (d) None of the above	1
5	Uranus Ltd divides work into functions like production, purchase, marketing, etc. Identify the type of organisational structure. (a) Functional structure (b) Relational structure (c) Divisional structure (d) None of the above	1
6	Identify the type of organisational structure which facilitates occupational specialisation. (a) Functional structure (b) Horizontal structure (c) Network structure (d) Divisional structure	1
7	Identify the type of organisational structure which makes training of employees easier, as the focus is only on a limited range of skills. (a) Network structure (b) Divisional structure (c) Functional structure (d) Matrix structure	1
8	This type of organisational structure is most suitable when the size of the organisation is large and operations require a high degree of specialisation. (a) Divisional structure (b) Functional structure (c) Network structure (d) Matrix structure	1
9	Under this type of organisational structure, manpower is grouped on the basis of different products manufactured. (a) Divisional structure (b) Functional structure (c) Network structure (d) Matrix structure	1
10	Which of the following is not a feature of functional structure? (a) It promotes functional specialisation (b) Managerial development is difficult (c) It is easy to fix responsibility for performance (d) It is an economical structure to maintain	1
11	Rishabh ensures work is divided into manageable activities and grouped by similarity. Identify the step in the organising process. (a) Identification and division of work (b) Departmentalisation (c) Assignment of duties (d) Establishing reporting relationships	1
12	Indigo Ltd has 300 employees grouped by departments: Production, Finance, Tech, HR. Identify the organisational structure. (a) Functional structure (b) Divisional structure (c) Informal structure (d) None of the above	1
13	Which of the following is not a merit of divisional structure? (a) It promotes product specialisation (b) It ensures that different functions get due attention (c) It promotes flexibility and faster decision making (d) It facilitates expansion and growth	1

### ANSWER KEY

ANS .MCQ							
1 (C)	2 (D)	3 (B)	4 (C)	5 ( b )	6 (A)	7 (A)	8 (C)
9 (B)	10 (A)	11 (C)	12 (B)	13 (A)	14 (B)		

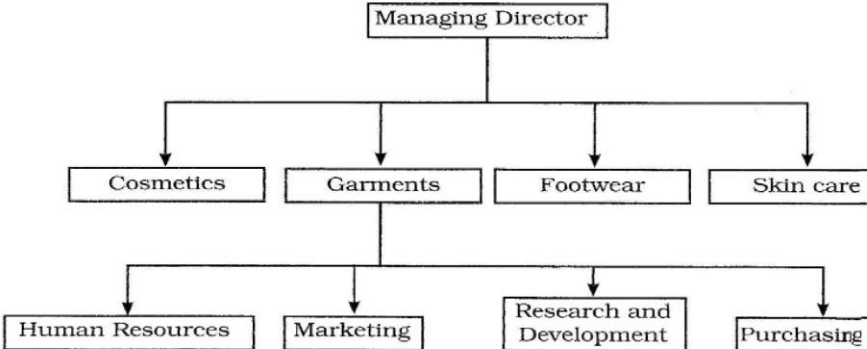
Q.N	CASE-BASED MCQs	mark
1	<p>Read the following text and answer the questions given below:</p> <p>Bimal, the owner of 'Reliable Constructions' decided to begin a campaign in order to create awareness among the residents for creating a clean and safe environment. In an effort to develop clean surroundings in the area, he formed a team of 20 members to list the different ways that can be adopted for keeping the area clean. Different people had different suggestions, someone suggested to take the help of local residents including young children, one suggestion was to involve unemployed youth. The idea to take the help of volunteers was also given. A combination of the most effective strategies after evaluating all options was selected for implementation. To achieve the desired goals and objectives, various activities were identified like:</p> <ul style="list-style-type: none"><li>(i) Purchase of essential items like dustbins, garbage bags, brooms, phenyl, etc.</li><li>(ii) Door-to-door collection of garbage.</li><li>(iii) Recycling of garbage.</li><li>(iv) Disposal of garbage, etc.</li></ul> <p>Thus, an organisational design was chosen which grouped similar activities together in order to minimize duplication of effort. After identification and grouping of these activities, the work was allocated among the different members.</p> <p>Q. 1. "To achieve the desired goal various activities were identified like....." Which step does this represent in the process of organizing?</p> <p>(A) Identification and division of work                      (B) Departmentalisation</p> <p>(C) Assignment of duties                      (D) Establishing reporting relationships</p> <p>Q. 2. "Thus, an organisational design was chosen which grouped similar activities together in order to minimize duplication of effort." Which organisational design is being referred to in this line?</p> <p>(A) Functional                      (B) Divisional</p> <p>(C) Formal                      (D) Informal</p> <p>Q. 3. "Thus, an organisational design was chosen which grouped similar activities together in order to minimize duplication of effort." Which step under the process of organizing is being referred to in this line?</p> <p>(A) Identification and division of work                      (B) Departmentalisation</p> <p>(C) Assignment of duties                      (D) Establishing reporting relationships</p>	3

	<p><b>ANSWER:</b></p> <p>1. A</p> <p>Explanation: The process of organising involves identifying and dividing the work that has to be done in accordance with previously determined plans. The work is divided into manageable activities so that duplication can be avoided and the burden of work can be shared among the employees.</p> <p><b>2. Ans. Option (A) is correct.</b></p> <p><b>3. Ans. Option (B) is correct.</b></p>	

Q.N	SHORT ANSWER TYPE QUESTIONS ( 3 -4 MARKS)	
1	<p>Nurata Ltd.' is a leading manufacturer of clothing in India, known for good quality casual wear well as formal wear for children. The company is earning good profits and now wants to expand its business by entering into the business of electronics and home appliances too. The management decided to create separate business units, where each unit head would be responsible for a specific product category and for its performance. All key functions, such as marketing, finance, production, etc. would be handled within each unit.</p> <p>(A) Identify the organizational structure adopted by 'Nurata Ltd.' on expansion of its business.</p> <p>(B) State any two advantages and one disadvantage of the organizational structure identified in (A) above.</p> <p><b>Ans. (A) Divisional Structure</b></p> <p><b>(B) Advantages of Divisional Structure: (Any two)</b></p> <p>(i) Product specialisation helps in the development of varied skills in a divisional head and prepares him for higher positions.</p> <p>(ii) It helps in fixation of responsibility in case of poor performance of the division because the divisional heads are accountable for profits.</p> <p>(iii) It promotes flexibility and initiative because each division functions as an autonomous unit which leads to faster decision making.</p> <p>(iv) It facilitates expansion and growth as new divisions can be added without interrupting the existing operations by merely adding another divisional head and staff for the new product line.</p> <p><b>Disadvantage of Divisional Structure: (Any one)</b></p> <p>(i) Conflict may arise among different divisions with reference to allocation of funds and a particular division may seek to maximise its profits at the cost of other divisions.</p> <p>(ii) It may lead to increase in costs since there may be duplication of activities across products.</p> <p style="text-align: right;">( cbse 66/6/1)</p>	4

2	<p>A company is manufacturing washing machines. There is a well-defined system of jobs with a clear and definite authority, responsibility and accountability in the company. But people are not allowed to interact beyond their officially defined roles. As a result, the company is not able to adapt to the changing business environment. The workforce is also not motivated due to lack of social interaction. The company is facing problems of procedural delays and inadequate recognition of creative talents.</p> <p>Suggest how the organization can overcome the problems faced by it. Give any two benefits it will derive from your suggestions.</p> <p><b>Ans. Decentralisation</b></p>	3
3	<p>After completing a course in travel and tourism, Meghansh started his own travel agency. In order to ensure smooth functioning of his business, he decided to create fourteen job positions divided into four departments on the basis of functions namely, front office department including online queries, reservations department for airways, railways and roadways, accommodation booking department and securing payments department. In order to avoid any interdepartmental conflicts he decides to specify clearly the lines of authority and areas of responsibility for each job position.</p> <p>In the context of the above case:-</p> <ol style="list-style-type: none"> <li>1. Which function of management is being described in the above lines?</li> <li>2. Name the type of the framework as identified in part (A) of the question. Also, give any two of its advantages.</li> </ol> <p><b>Ans: 1.Organising</b></p> <p><b>2. Functional structure</b></p> <p><b>Advantages of Functional structure ( refer gist)</b></p>	3
4	<p>Roasted Coffee Corporation is a coffeehouse chain operating in seven states of India. Through its effective organisational structure, it has grown despite pressure from competitors in the national market. The company has a Purchase and Production department, Supply chain management and logistics department, Brand management department and Sales department This structure has facilitated operational efficiency, as employees became specialists within their own realm of expertise. They could be imparted specialised training as the focus was on a limited range of skills. Identify the organisational structure of Roasted Coffee Corporation. Also state the three advantages of this structure other than those discussed in the above paragraph.</p> <p><b>Ans.</b> Functional structure is being followed by Roasted Coffee Corporation. The three advantages of this structure other than those discussed in the above paragraph are stated below:</p> <p>(A) Due to the similarity in the tasks being performed it promotes control and coordination within a department.</p> <p>(B) It results in increased profit with the improvement in managerial and operational efficiency.</p> <p>(C) It leads to minimal duplication of effort and leads to economics of scale thereby reducing cost.</p>	4

	LONG ANSWER TYPE QUESTIONS (6 MARKS)	
1	<p>The organisation's decision to opt for Functional Structure or Divisional Structure will vary with the nature and type of activities performed by it.'</p> <p>Differentiate between 'Functional Structure' and 'Divisional Structure' on the basis of the following: <span style="float: right;">cbse (64/4/1)</span></p> <p>(i) Formation (ii) Specialisation (iii) Responsibility (iv) Cost (v) Managerial development (vi) Coordination</p> <p><b>Ans: Please refer the gist.</b></p>	6
2	<p>TnG' is a leading manufacturer of baby care and feminine care products and has a good market reputation. It has Production, Marketing, Human Resources, Customer Service and Research and Development departments. To capitalise on its brand name and to take advantage of new business opportunities, the company decided to diversify into manufacturing of new range of products like 'Beauty and Wellbeing', 'Home Care', 'Personal Care', 'Nutrition', etc. For this, the company had to add more employees and create more departments and choose a good organisational structure which would help the company in achieving its objectives.</p> <p>(A) Explain the organisational structure that 'TnG' should choose after it decided to diversify. Also give reason in support of your answer.</p> <p>(B) State how the organisational structure explained in (A) above will help the organisation and the heads of different departments. Give two points in favour of each. ( Cbse 66/7/1)</p> <p><b>Ans (A)</b></p> <p>TnG should choose <b>divisional structure</b> after it decided to diversify. This organisational structure comprises of separate business units or divisions, each unit having a divisional manager responsible for its performance</p> <p><b>Reason:</b></p> <p>Divisional structure is suitable when an organisation grows and starts manufacturing a large variety of products using different productive resources.</p> <p><b>(B) Advantages of divisional structure to the organization:</b></p> <p>i Divisional heads are accountable for profits, as revenues and costs related to different departments can be easily identified and assigned to them, which helps the organization in fixation of responsibility.</p> <p>i It facilitates expansion and growth as new divisions can be added without interrupting the existing operations by merely adding another divisional head and staff for the new product line.</p> <p><b>Advantages of divisional structure to the heads of different departments:</b></p> <p>(i) Product specialisation helps in the development of varied skills in a divisional head and prepares him for higher position.</p> <p>(ii) Each division functions as an autonomous unit which helps the divisional head in faster decision making as well as promotes flexibility and initiative.</p>	6

<p>3</p>	<p>'Royal Glaze Ltd.' continues to maintain its position as one of the largest consumer goods companies in world. Its organisational structure is designed to facilitate the achievement of its objectives in alignment with its vision statement. The company maintains two distinct product divisions in its organisational structure - 'Foods' and 'Home Care'.</p> <p>Looking ahead, the company is focusing on embracing changes so that it can continue to be the market leader. As part of its expansion plans, it is planning to venture into the electronics segment in the near future.</p> <p>(i) Identify the organisational structure of 'Royal Glaze Ltd'.</p> <p>(ii) Draw the organisational structure chart of 'Royal Glaze Ltd.' considering its future plans to enter into Electronics segment.</p> <p>(iii) State any three advantages of the type of organisational structure drawn in (ii) above.</p> <p style="text-align: right;">Cbse 66/1/1</p> <p><b>Ans:-</b> (i) Divisional Structure</p> <p>(ii)</p>  <pre> graph TD     MD[Managing Director] --&gt; Cosmetics     MD --&gt; Garments     MD --&gt; Footwear     MD --&gt; Skin_care[Skin care]     Garments --&gt; HR[Human Resources]     Garments --&gt; Marketing     Garments --&gt; RD[Research and Development]     Garments --&gt; Purchasing   </pre> <p>ii) Advantages of divisional structure <b>(Any three):</b></p> <p>(i) Product specialisation helps in the development of varied skills in a divisional head and this prepares him for higher positions.</p> <p>(ii) It helps in fixation of responsibility in case of poor performance of the division because the divisional heads are accountable for profits.</p> <p>(iii) It promotes flexibility and initiative because each division functions as an autonomous unit which leads to faster decision making.</p> <p>(iv) It facilitates expansion and growth as new divisions can be added without interrupting the existing operations by merely adding another divisional head and staff for the new product line.</p>	<p>6</p>
<p>4</p>	<p>'Verso Cars' opened their new car showroom in Kainvad. They appointed Tarun as a General Manager for managing their operations. He was responsible for meeting sales targets, keeping a check on inventory, building customer relations, ensuring compliance with regulations, etc. However, the high volume of work made it impractical for him to handle it all by himself. To meet the company's goals, and to ensure that all work is accomplished, he appointed Nikhil as a Sales Manager. Nikhil was given the authority take decisions inherent</p>	<p>6</p>

is his managerial position and to tell people what to do and expect them to do it. He not only had to ensure that sales targets are met but was also to guide sales representatives and had to report directly to Tarun. As a result, Tarun was able to concentrate on more important matters and ensure that all work is accomplished.

(A) Identify and state the concept followed by Tarun which helped him in achieving the company's goals.

(B) Explain any FOUR points of importance of the concept identified in (A) above.

**Ans. Delegation- correct meaning – 2 marks**


(B) Importance of Delegation: (Any four with explanation)- 4marks

- (i) Effective management
- (ii) Employee development
- (iii) Motivation of employees
- (iv) Facilitation of growth
- (v) Basis of management hierarchy
- (vi) Better coordination

**TIME: 40 min.**

**WORK SHEET -1**

**M.M 20**

1	<p>Identify the type of the organisation shown in the picture below</p>  <p>(A) Formal Organisation    (b) Informal Organisation (c) Functional Structure    (d) Divisional Structure</p>	1
2	<p>Statement I: Divisional structure comprises separate business units in which manpower is grouped on the basis of different products manufactured.</p> <p>Statement II: Divisional structure is suitable for the organisation which manufacture the variety of products using different productive resources.</p> <p>(A) Both statement I and statement II are correct (b) Only statement I is correct (c) Only statement II is correct (d) Both statement I and II are incorrect</p>	1
3	<p>Which of the following statement is not true?</p>	1



	<p>(A) Top management has the highest level of authority and it reduces successively</p> <p>(b) Excess of authority over responsibility will lead to misuse of authority</p> <p>(c) Authority is delegated; Responsibility is assumed; accountability is imposed.</p> <p>(d) Both responsibility and accountability can be delegated</p>	
4	<p>Havells India Limited Fast Moving Electrical Goods Company and a major power distribution equipment manufacturer with a strong global presence. Havells enjoys enviable market dominance across a wide spectrum of products, including Industrial &amp; Domestic Circuit Protection Devices, Cables &amp; Wires, Motors, Fans, Modular Switches, Home Appliances, Air Conditioners, Electric Water Heaters, Power Capacitors, Luminaires for Domestic, Commercial and Industrial Applications.</p> <p>Identify the type of Organisation structure to be adopted by Havells for its smooth functioning.</p> <p>State any two advantages of adopting the above structure.</p>	3
5	<p>Although informal organisations create unique challenges and potential problems for management, they can also boost performance in the formal organisation. They may contribute positively to the smooth functioning of a formal organisation. In a formal organisation where rigidity of its rules sometimes occurs, informal relationship has frequently been instrumental if not helpful in overcoming the obstacle and easing the workflow. Informal groups are able to keep their members informed on what administrative actions, policies, processes and standards that affect them. An awareness of managements 'intended actions,</p> <p>policies, processes and standards enables employees to position themselves strategically to effectively execute tasks expected of them. Informal groups in organisations encourage managers to prepare, plan, organise, and control in a more professional fashion. Not only this the informal group also provides a means for relieving emotional and psychological pressures (such as frustration, tension, and emotional problems) with management and other employees by allowing a person to discuss them among friends openly. By quoting the lines</p> <p>given above identify which advantages of informal organisation discussed above</p>	4
6	<p>Wipro Technologies, is taking on the likes of IBM and Accenture in its effort to be included among the largest and most successful technology services companies in the world. Restructuring Wipro was considered the most important step in becoming a global giant, driven by the goal towards improved customer- orientation. Wipro shifted from a centralised to decentralised management system as a step to achieve its goal.”</p> <p>Explain any four reasons for the decision taken by Wipro.</p>	4
7	<p>Mrs. Sunaina is the marketing head of Textile Company. In a high Level Departmental meeting, She asked one of her subordinates, Miss Kiyara to take charge of the company's new office in Singapore. Mrs. Sunaina grants necessary authority to Miss Kiyara to take complete charge; however within two months of seeking feedback about Miss Kiyara's work, Mrs. Sunaina realizes that she is not doing the work as per expectations. So she decides to take away the authority from her and redelegate the same to Miss Disha. Due to this change over in the</p>	6

	<p>manager at the Singapore office, the work there suffers a lot and the company is not able to meet the desired goals. On the basis of the given information, answer following questions:</p> <p>(A) Why is Miss Kiyara supposed to give regular feedback about her work to Mrs. Sunaina.?</p> <p>(b) Can Mrs. Sunaina take back the authority granted to Miss Kiyara and delegate it to another person?</p> <p>(c) Can Miss Kiyara be held responsible for not meeting the work allotted to her?</p> <p>(d) Differentiate between authority and responsibility on the basis of flow and origin.</p>	
	<b>ANSWER KEY WORK SHEET -1</b>	
1	(b) Informal Organisation	1
2	(A) Both statement I and statement II are correct	1
3	(d) Both responsibility and accountability can be delegated	1
4	<p>(i) Divisional Structure</p> <p>(ii) Advantages</p> <p>The divisional structure has following advantages:</p> <p>(i) Skill Development:</p> <p>(ii) Accountability:</p>	3
5	<p>Centralisation and Decentralisation: represents the pattern of authority among managers at different levels. Centralisation of authority means concentration of power of decision making in a few hands.No organisation can be completely centralised or decentralised. They exist together and there is a need for a balance between the two. As the organisation grows in size, there is tendency to move towards decentralisation. Thus, every organisation is characterised by both.</p> <p>Importance of Decentralisation</p> <p>1. Develops initiative amongst subordinates:</p> <p>2. Quick and better decisions:</p> <p>3. Relieves the top executives from excess workload:</p> <p>4. Managerial Development:</p>	4
6	<p>a.“ In a formal organisation where rigidity.....easing the workflow”</p> <p>Prescribed lines of communication are not followed. Thus, the informal organisation leads to faster spread of information as well as quick feedback.</p> <p>b. “ Informal groups are able to keep their.....affect them”</p> <p>It contributes towards fulfilment of organisational objectives by compensating for inadequacies in the formal organization</p>	4

	<p>c. "Not only this the informal group.....openly"</p> <p>It helps to fulfil the social needs of the members and allows them to find like minded people. This enhances their job satisfaction since it gives them a sense of belongingness in the organisation.</p>	
7	<p>a) Miss Kiyara is supposed to give regular feedback about her work as she has been granted authority and entrusted responsibility, so she remains answerable for the results.</p> <p>b) Yes, the authority granted to a subordinate can be taken back and redelegated to another person.</p> <p>c) Yes, Miss Kiyara can be held responsible for not meeting the work allowed to her as it is the obligation of subordinate to perform the assigned duty to the best of his ability.</p> <p>d) Authority flows downwards from superior to the subordinates while responsibility flows upwards from subordinates to the superior. Authority arises from formal position while responsibility arises from delegated authority.</p>	6

TIME: 40 min.		WORK SHEET -2	M.M 20
1	As the span of management increases in an organisation, the number of levels of management in the organisation:  (A) Increases                      (b) Decreases  (c) Remains unaffected      (d) None of the above		1
2	Match the column:  		

4	“Performance of the organising function can pave the way for a smooth transition of the enterprise in accordance with the dynamic business environment.” In the light of above statement explain the crucial role Organising plays in any enterprise	3
5	What is Delegation ? Explain any of its three advantages.	4
6	<p>Rahul, aged 40 is working in a consultancy company. He is the most favoured employee of his senior. Rahul is considered one of the most dedicated, capable and hard-working employees. As a result of his abilities and relations with senior, he generally received the work assignments of his choice. Although there was no formal designation is given to Rahul. he just try to take the most challenging assignment. A problem developed when an able and intelligent person</p> <p>Ajay, aged 35 was hired for new projects. Ajay’s previous three years ’experience in the closely related work, made it possible for him to catch on to the routine work of his new job more rapidly than was customary for a new employee. On several occasions, seniors noticed the tension developing between the two employees. However, he didn’t want to get involved in their personal issues as long as the work was completed effectively and efficiently by them.</p> <p>One day, the tension between them reached the boiling point and Rahul complained to seniors stating that his work assignment were being largely taken over by Ajay. Later seniors issued the order stating the clear allocation of the jobs and related duties between the two.</p> <p>He further clarified the working relationship between them by specifying who was to report to whom.</p> <p>1. Identify and state the step of organising process which has not been carried out properly and contributed to this problem.</p> <p>2. State the two steps of the organising process which have been taken by seniors to respond to the complaint of Rahul.</p>	4
7	<p>Atharv is working as a sales manager in a mobile company. All his subordinate hold him in high regards for his exceptional managerial skills. As a manager, he is dedicated and expect the strict compliance to organisation policies and rules. On the other hand, he makes several efforts to develop good relations with his subordinates by interacting freely with them during the lunch breaks. Several times these chitchats help him to get an insight into the view and opinions of team members about the policies of the organisation In the context of the case:</p> <p>(A) Identify and explain the two types of organisation have been discussed.</p> <p>(b) State any three differences between the type of organisation identified in part (A) of the question</p>	6
<b>ANS .OF WORK SHEET -2</b>		
1	(b) Decreases	1
2	(b) 1-b; 2-c; 3-a; 4-d	1
3	(A) Both Assertion(A) and Reason(R) are true, and reason is the correct explanation of	1

	Assertion(A).	
4	<p>Organising is defined as a process that initiates implementation of plans by clarifying jobs, working relationships and effectively deploying resources for attainment of identified and desired results.</p> <p>Importance of Organising:</p> <ol style="list-style-type: none"> <li>1. Benefits of specialisation:</li> <li>2. Clarity in working relationships:</li> <li>3. Optimum utilisation of resources:</li> </ol>	3
5	<p>Delegation of authority refers to the downward transfer of authority from a superior to subordinate. Its main elements are. Authority, responsibility and accountability.</p> <p>Importance of Delegation:</p> <ol style="list-style-type: none"> <li>d) It helps in effective management as the manager gets more time to concentrate on important matters.</li> <li>e) It helps in development of employees. as the employee gets more opportunities to utilise their talent.</li> <li>f) It helps to motivate employees as the employees feel encouraged, and try to improve their performance further.</li> </ol>	4
6	<p>1) The step of organising process which has not been carried out properly is “assignment of duties”. Having completed the grouping of activities into specific jobs, the next step of organising is assignment of duties. Assignment of duties means defining the work of different job positions and allotting the work to the employees according to their skills.</p> <p>(2) Following are the steps of the organising process taken by seniors:</p> <ol style="list-style-type: none"> <li>a. Assigning the duties.</li> <li>b. Creating reporting relationship among the different job positions so that every employee should know as to whom he is to report.</li> </ol> <p>(3) Following are the points of importance of organising as reflected in given paragraph :</p> <p>(c) Benefits of specialisation – Organising leads to a systematic allocation of jobs amongst the workforce. This reduces the workload as well as enhances productivity because of the specific workers performing a specific job on a regular basis. Repetitive performance of a particular task allows a worker to gain experience in that area and leads to specialisation.</p> <p>Effective administration – Organising provides a clear description of jobs and related duties. This helps to avoid confusion and duplication. Clarity in working relationships enables proper execution of work. Management of an enterprise, thereby, becomes easy and this brings effectiveness in administration.</p>	4
7	Refer above material for difference b/W Formal Organisation Informal rganisation.	6

## CHAPTER -5

### STAFFING

#### **Staffing Concept and Importance**

Concept: Finding the right people for the right job is called Staffing.

#### **Importance**

Proper staffing ensures following benefits to the organisation:

1. Helps in discovering and obtaining competent personnel for various jobs.
2. Makes higher performance by putting the right person on the right job.
3. Ensures continuous survival and growth of the enterprise.
4. Helps to ensure optimum utilisation of human resources.
5. Improves job satisfaction and morale of employees through objective assessment and fair reward for their contribution.

#### **Steps in Staffing Process**

1. **Estimating Manpower Requirements:** It means estimating the number and types of persons required in the organisation. It involves workforce (number and type of available human resource) and workload (number and type of human resources) analysis.
2. **Recruitment:** Recruitment is the process of searching for prospective employees and stimulating or encouraging them to apply for jobs in the organisation.
3. **Selection:** Selection is the process of identifying and choosing the best person out of a number of prospective candidates for a job.
4. **Placement and Orientation:** Placement refers to the employee occupying the position or post for which he has been selected. Orientation refers to the process of introducing the newly selected employees to their superiors, subordinates and colleagues and familiarising them with the rules and policies of the organisation.
5. **Training and Development:** Training is the process of increasing the knowledge, skills and abilities of employees for doing a specific job. Development refers to the learning opportunities designed to help the employees to grow. It involves growth of an individual in all respects like personality, maturity, etc.
6. **Performance Appraisal:** Performance appraisal means evaluating an employee's current and/or past performance as against certain predetermined standards.
7. **Promotion and Career Planning:** It includes all activities associated with promotion of employees.
8. **Compensation:** Compensation refers to all forms of pay or rewards given to employees.

#### **Components of Staffing**

1. **Recruitment:** It is the process of searching for prospective candidates and inducing them to apply for jobs in the organisation.
2. **Selection:** Selection is the process of identifying and choosing the best person of a number of prospective candidates for a job out
3. **Training:** Training can be defined as a process of increasing the knowledge, skills and abilities of employees for doing a particular job.

#### **Sources of Recruitment**

There are two sources of Recruitment:

#### **Internal Sources:** Methods under internal sources are

1. Transfer - shifting of an employee from one job to another, horizontal movement of employees
2. Promotion - shifting an employee to a higher position, vertical shifting of employees

#### **External Sources:** Main external sources of Recruitment are

1. Direct Recruitment- a notice is placed, fill the casual vacancies of unskilled or semi-skilled jobs
2. Casual Callers- database of unsolicited applicants
3. Advertisement- newspapers, professional journals
4. Employment Exchanges- run by the Government, serving as link between job-seekers and employers.
5. Placement Agencies and Management Consultants(middle level and top level).- provide service to companies to find suitable candidates
4. Campus Recruitment- Recruitment from educational institutions
5. Recommendations of Employees - Applicants introduced by present employees
6. Labour Contractors – maintain close contacts with labourers, provide unskilled workers
7. Advertising on Television.- telecasting of vacant posts over Television
8. Web Publishing – Internet, websites

<b>Advantages of Internal Sources of Recruitment</b>	<b>Disadvantages of Internal Sources of Recruitment</b>
<ol style="list-style-type: none"> <li>1. Motivation to Employees to Improve their Performance.</li> <li>2. Less Expensive.</li> <li>3. Simple Process.</li> <li>4. A Tool of Training</li> <li>5. No Over or Under Staffing.</li> </ol>	<ol style="list-style-type: none"> <li>1. Not Suitable for a New Organisation.</li> <li>3. Lack of Competition.</li> <li>5. Limited Choice</li> </ol>

<b>Advantages of External Sources of Recruitment</b>	<b>Disadvantages of External Sources of Recruitment</b>
<ol style="list-style-type: none"> <li>1. Qualified Personnel.</li> <li>3. Fresh Talent.</li> <li>4. Increase in Competition</li> <li>5. Wider Choice</li> </ol>	<ol style="list-style-type: none"> <li>1. Dissatisfaction Among Existing Staff.</li> <li>2. Lengthy Process.</li> <li>3. Expensive Process.</li> </ol>

### **Differences between Internal and External Recruitment**

<b>Internal Source</b>	<b>External Sources</b>
Quick Process	Lengthy Process
Less expensive	Costly
Motivating staff members	Existing workers dissatisfied
Limited choice	Wide choice of candidates

### **SELECTION PROCESS**

1. **Preliminary Screening:** To eliminate unfit job seekers.
2. **Selection Tests :** To measure certain characteristics of individuals :  
Intelligence test -indicator of a person's learning ability or the ability to make decisions and judgments  
Aptitude test- potential for learning new skills

Personality test- provide clues to a person's emotions, her reactions, maturity and value system

Trade test- measure the existing skills of the individual

Interest test- to know the pattern of interests or involvement of a person.

3. **Employment Interview:** Interview is a formal, in-depth conversation conducted to evaluate the applicant's suitability for the job.
4. **Reference and Background Checks:** Names, addresses and telephone numbers of persons who know the applicant.
5. **Selection Decision:** From among the candidates who pass the tests, interviews and reference checks
6. **Medical Examination:** ie, medical fitness test.
7. **Job Offer :** Job offer is made through a letter of appointment/
8. **Contract of Employment:** Regarding pay, hours of work, duties, leave rules, etc. **Training and Development** - Training is the process of increasing the knowledge, skills and abilities of employees for doing a specific job. Development refers to the learning opportunities designed to help the employees to grow.

#### **Importance of Training**

To Organisation	To Employees
1. Systematic Learning 2. Greater Productivity 3. Develops Future Manager 4. Increases employee morale and reduces absenteeism. 5. Helps to adapt to fast changing environment.	1. Improved skills and knowledge. 2. More Earning 3. Safety of Employees 4. Increases Employees' Morale


#### **Methods of Training**

1. **Apprenticeship Training:** People who want to enter a skilled trade like electrician, plumber, mechanic, etc, are sent for apprenticeship training. The trainee is put under the guidance of a master worker for a prescribed period of time.
2. **Internship Training:** Internship is a joint programme of training in which educational institutes and business enterprises collaborate. The aim of this training is to maintain a good balance between theoretical and practical knowledge.
3. **Vestibule Training:** Under this method, an attempt is made to duplicate as closely as possible materials, equipment, methods and conditions as found in real workplace. Employees learn their jobs on the dummy equipments, but the training is conducted away from the actual work floor.
4. **Induction Training:** Induction training means introducing the selected employee to his superiors, subordinates and the colleagues and familiarising him with the rules and regulations of the organization.

#### **QUESTION BANK**

	MCQs
1	Which type of training is a joint programme of training in which educational institutes and business enterprises collaborate? A. Vestibule training                      B. Internship training C. Apprenticeship training              D. Induction training
2	Assertion (A): Staffing is a continuous process. Reason (R): In any organization, new jobs may be created and some of the existing employees may leave the organization. In the context of the above two statements, which of the following is correct? A. Both (A) and (R) are correct and (R) is the correct explanation of (A).



	<p>B. Both (A) and (R) are correct and (R) is not the correct explanation of (A).  C. Only (A) is correct but (R) is false  D. Both (A) and (R) are incorrect</p>
3	<p>Assertion (A): Many reputed business organisations keep a database of unsolicited applicants in their offices.  Reason (R): This database is suitable for filling casual vacancies when there is a rush of work. In the context of the above two statements, which of the following is correct?  A. Both (A) and (R) are correct and (R) is the correct explanation of (A).  B. Both (A) and (R) are correct and (R) is not the correct explanation of (A).  C. Only (A) is correct but (R) is false D. Both (A) and (R) are incorrect</p>
4	<p>Statement I: Reference and Background checks are done between employment interview and selection decision.  Statement II: Medical examination is conducted before Job offer in case of selection of a candidate In the context of the above two statements, which of the following is correct?  A)Both Statements are correct. B. Both Statements are incorrect. C. Only Statement I is correct. D. Only Statement II is correct.</p>
5	<p>“It refers to the learning opportunities designed to help employees grow.” Identify the concept. a. Training b. Development c. Induction d. Education</p>
6	<p>Arrange the following in proper sequence  I. Reference and background check II. Job offer III. Medical examination IV. Selection decision  A. I, II, III, IV B. IV, III, II, I C. I, IV, III, II D. II, I, III, IV</p>
7	<p>Identify the type of training</p>  <p>A. Apprenticeship training (B) Vestibule training (C) Induction D) Internship</p>
8	<p>How did a business firm come to know that an organisation is under-staffed or overstaffed?  A. Production Analysis B. Sales Analysis C. Workforce Analysis D. Salary Analysis</p>
9	<p>Anushka is doing a course in fashion designing form an institute of repute. As a part of the course, she has been asked to take on-the-job training in an export house for a fortnight in order to gain an insight about various practical aspects related to designing. Anushka, through the references from her senior, joins an export house owned by an upcoming designer, Nandita. Which training Anushka has been asked to undertake?  (A) Internship Training (B) Apprenticeship (C) Vestibule Training (D) Induction</p>
10	<p>Aruna applied for the post of an art and craft teacher in a reputed school in Delhi. After successfully clearing the tests and the interview, she was offered letter containing the date of joining. Identify the step in the staffing process being described in the above lines.  (A) Reference and background checking (B) Selection decision (C) Job offer (D) Contract of employment</p>

1 B	2 A	3 A	4 A	5 B	6 C	7 A	8 C	9 A	10 C
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### SHORT-ANSWER TYPE QUESTIONS(3/4 marks)

<b>1</b>	<p>Ms Neeta recently completed her Post-Graduate Diploma in Human Resource Management. A few months from now a large steel manufacturing company appointed her as its Human Resource Manager. As of now, the company employs 800 persons and has an expansion plan in hand which may require another 200 persons for various types of additional requirements. Ms Neeta has been given complete charge of the company's Human Resource Department.</p> <p>State any three functions she must be performing.</p> <p><b>Ans.</b> Ms. Neeta is must be performing these functions as a HR manager: In small organizations, the function of staffing is performed by all the managers but in large organizations, the function of staffing is the responsibility of a separate department called the "Human Resource Department". Following are the activities to be performed by Human Resource Personnel 01 Recruitment 02 Analyzing jobs, collecting information about jobs to prepare job descriptions. 03 Developing compensation and incentive plans. 04 Training and development of employees for efficient performance and career growth.</p>	<b>3</b>
<b>2</b>	<p>Aakanksha, Nikita and Parishma are the owners of a handicraft unit in the urban area of Dibrugarh in Assam, which is involved in the manufacturing and marketing of Sital Pati, traditional mats and Jappi (the traditional headgear). They decided to shift this manufacturing unit to a rural area with an objective of reducing the cost and providing job opportunities to the locals. They followed the functional structure in this organization with a view to increasing managerial and operational efficiency. They assessed and analysed the type and number of employees required, keeping in mind that they had to encourage the women, and the people with special needs belonging to the rural area. State the next three steps that they will have to undertake, for obtaining a satisfied workforce for their handicraft unit.</p> <p><b>ANS:</b> The next three steps in the process of staffing are stated below: 01. Recruitment 02 Selection 03 Training and Development</p>	<b>3</b>
<b>3</b>	<p>The quality of production is not as per standard. On investigation it was observed that most of the workers were not fully aware of proper operation of the machinery. What could be the way to improve the accuracy?</p> <p><b>Answer</b> BENEFITS OF TRAINING AND DEVELOPMENT BENEFITS TO EMPLOYEE 1.Improve Skill :-Improves skill and knowledge 2.Increase Performance:-Increasing in the performance 3.Increase efficiency :- It makes the employees more efficient 4.Increase morale:-Increases the satisfaction and morale of employees increases</p>	<b>3</b>
<b>4</b>	<p>Sahil, the director of a garment company, is planning to manufacture bags for the utilization of waste material of one of his garments units. He decided that his manufacturing unit will be set up in a rural area of Orissa where people have very few job opportunities and labour is available at a very low rate. He also thought of giving equal opportunities to men and women. For this he selected S. Chatterjee, Indrajeet Kaur, Aslam and Sarabjeet as heads of Sales, Accounts, Purchase and Production departments. Identify and state the next two steps that Sahil has to follow in the staffing process after selecting the above heads.</p> <p><b>Ans :</b> The next two steps that Sahil has to follow in the staffing process are: 1. Placement and Orientation 2. Training and development</p>	<b>3</b>
<b>5</b>	<p>Srija runs an NGO under the name 'Sarhak' in Delhi. The organization is engaged in offering waste paper recycling services to all kinds of institutions in the Delhi NCR</p>	<b>3</b>

	<p>region. It also manufactures custom made paper stationery out of recycled paper on order for the interested institutions at a very competitive price. The website of ‘Sarathak’ provides a link to a Careers site where in the people desirous of joining the NGO can use simple Job Search to find the right opportunity for themselves. The NGO also keeps a database of unsolicited applicants in its office so that job seekers may be notified of future opportunities when they arise. In context of the above case: Identify the two sources of external recruitment being used by the NGO by quoting lines from the paragraph.</p> <p><b>Answer:</b> The two sources of external recruitment being used by the NGO ‘Sarathak’ are as follows: 1. Web Publishing: 2. Casual Callers</p>	
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### LONG ANSWER TYPE QUESTIONS(6 marks)

1	<p>Prateek has started an advertising agency in Gurgaon. One of the page on his company’s website contains the following information, “Welcome to all the visitors of this page who are looking for an opportunity to make a career in the field of advertising. The openings are available in the company at various levels, so don’t miss the chance.” This page includes a link to provide further details about the vacancies available in terms of the desired qualifications, experience, personality characteristics and so on. Through a continuous assessment of the number and types of human resources necessary for the performance of various jobs and accomplishment of organizational objectives and in relation to the number and type available, he gets the information on this page updated. In context of the above case:</p> <ol style="list-style-type: none"> <li>Identify and explain the steps in the staffing process being carried out by Prateek by quoting lines from the paragraph.</li> <li>(ii) Name the concept that relates to the details about the vacancies available in terms of the desired qualifications, experience, personality characteristics and so on.</li> </ol> <p>ANS: I. The two steps in the staffing process being carried out by Prateek are as follows: (a) Estimating the Manpower Requirements (b) Recruitment II. Job descriptions the concept tht relates to the details about the vacancies available in Terms of the desired qualifications, experience, personality characteristics and so on.</p>
2	<p>In an interview with a leading news channel, Mr. Rakesh Kwatra, CEO of ‘Get My Job’ has suggested that the Companies which want more and more people to apply for jobs in their organization 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.</p> <ol style="list-style-type: none"> <li>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.</li> <li>Also explain the next three steps in the process which can be subsequently performed by the company.</li> </ol> <p>ANS:</p>

	Selection Steps in the process of selection discussed: 1. Preliminary Screening. 2. Selection Tests. 3. Employment interview (b)Next three steps - Reference and background checks, Selection Decision, Medical Examination
3	<p>The IT major GIPRA is terminating the employment of its senior managers, if after evaluating their performance against pre-determined standards if it is found lacking. With this disruption analysts say a large portion of the employees may become irrelevant unless they learn new skills and apply the knowledge to work on emerging technologies. GIPRA is ready to facilitate employee learning, through its in-house centers. (A) Name the function of management performed by GIPRA to maintain a satisfactory work force. (B) Identify and explain the two steps in the process of the function of management discussed above. (C)Also state any two steps of the function of management discussed, that the firm had to perform before performing the above steps.</p> <p>ANS:</p> <p>(A) Staffing (B) Training and development and Performance appraisal (C) Placement and orientation, Selection, Recruitment, Estimating manpower requirement</p>
4	<p>Explain the following methods of training : (i) Induction training (ii) Apprenticeship training III) Vestibule training iv) Internship</p> <p>Ans: See summary above.</p>
5	<p>Sharmila, a very able HR manager, is called by her boss. He tells her to judge whether there is under manning or over manning in the organisation. She takes her work sincerely and finds out that the total number of employees in the organisation is less than required. Then she starts a process of searching potential employees for the organisation. In her efforts to do so she adopts three ways:</p> <p>She goes to various MBA colleges to find out new talent.</p> <p>She talks to the existing employees for information about candidates in their know-ledge who can be recruited in the organisation.</p> <p>She asks for data base of the candidates who applied last year but could not make it to the organisation.</p> <p>i) Which type of analysis is done by Sharmila?</p> <p>ii) Which process is started by Sharmila to meet the problem of under manning?</p> <p>iii) Identify different types of sources of external recruitment highlighted in the above case.</p> <p>iv)</p> <p><b>Ans:</b> i) workforce analysis ii) recruitment iii) Campus recruitment, Employee recommendation, Casual callers.</p>

**TIME: 40 min.****WORKSHEET-1****M.M:20**

1	<p>Statement I: Reference and Background checks are done between employment interview and selection decision.</p> <p>Statement II: Medical examination is conducted before Job offer in case of selection of a candidate In the context of the above two statements, which of the following is correct?</p> <p>A)Both Statements are correct. B). Both Statements are incorrect. C). Only Statement I is correct. D). Only Statement II is correct</p>	1
2	<p>“It refers to the learning opportunities designed to help employees grow.” Identify the concept. a. Training b. Development c. Induction d. Education</p>	1
3	<p>Arrange the following in proper sequence</p> <p>I. Reference and background check      II. Job offer III. Medical examination      IV. Selection decision</p> <p>a. I, II, III, IV   b. IV, III, II, I   c. I, IV, III, II   d. II, I, III, IV</p>	1
4	<p>How a business firm comes to know that organisation is under-staffed or over-staffed?</p> <p>a. Production Analysis b. Sales Analysis c. Workforce Analysis d. Salary Analysis</p>	1
5	<p>Anushka is doing a course in fashion designing form an institute of repute. As a part of the course, she has been asked to take on-the-job training in an export house for a fortnight in order to gain an insight about various practical aspects related to designing. Anushka, through the references from her senior, joins an export house owned by an upcoming designer, Nandita. Which training Anushka has been asked to undertake?</p> <p>(a) Internship Training (c) Apprenticeship (b) Vestibule Training (d) Induction</p>	1
6	<p>The quality of production is not as per standard. On investigation it was observed that most of the workers were not fully aware of proper operation of the machinery. What could be the way to improve the accuracy?</p>	3
7	<p>Srija runs an NGO under the name ‘Sarthak’ in Delhi. The organization is engaged in offering waste paper recycling services to all kinds of institutions in the Delhi NCR region. It also manufactures custom made paper stationery out of recycled paper on order for the interested institutions at a very competitive price. The website of ‘Sarthak’ provides a link to a Careers site where in the people desirous of joining the NGO can use simple Job Search to find the right opportunity for themselves. The NGO also keeps a database of unsolicited applicants in its office so that job seekers may be notified of future opportunities when they arise. In context of the above case: Identify the two sources of external recruitment being used by the NGO by quoting lines from the paragraph.</p>	3
8	<p>Though the company XYZ has started its recruitment timely the process is T1 ore it has decided to use internet for its help so that it can get qualified personnels. The organisation knows that its challenges are not going to be over. It decides to have different types of good quality tests at the stage of selection. The three types of tests are: Test A will involve measuring the ability of the employees to learn new skills. This test can somehow foretell the ability of an individual to develop. Test B will involve measuring the current existing skills of the employees. These skills are the</p>	3

	ones which are already possessed by the employees. Test C will check the applicant's reaction to emotions evaluating, value based and maturity evaluating questions. However these tests are tough to be designed and would pose challenge to the organisation.  <b>Identify the different tests given in the above case.</b>	
9	The IT major GIPRA is terminating the employment of its senior managers, if after evaluating their performance against pre-determined standards if it is found lacking. With this disruption analysts say a large portion of the employees may become irrelevant unless they learn new skills and apply the knowledge to work on emerging technologies. GIPRA is ready to facilitate employee learning, through its in-house centers. A. Name the function of management performed by GIPRA to maintain a satisfactory work force. B. Identify and explain the two steps in the process of the function of management discussed above. C. Also state any two steps of the function of management discussed, that the firm had to perform before performing the above steps.	6

#### ANSWER KEY:

Q.1 A   Q.2 B   Q.3 C   Q.4 C   Q.5 A

Q.6 Training and its two merits

Q.7 Web publishing , Casual Callers

Q.8 Test A will involve measuring the ability of the employees to learn new skills – Aptitude test

Test B will involve measuring the current existing skills of the employees-Trade test

Test C will check the applicant's reaction to emotions evaluating, value based and maturity evaluating questions- Personality Test

Q.9 The function of management being performed by GIPRA to maintain a satisfactory work force is **Staffing**. (1 mark)

B. The two steps of staffing discussed above are: Explain (1 1/2 x2=3)

**a. Training and development:.**

**b. Performance Appraisal:.**

C. Following are the two steps in the process of staffing that the management had to perform before performing the above steps: (Any two)

a. **Estimating manpower requirements**, which involves not merely knowing how many persons the company needs but also what type.

b. **Recruitment** is defined as the process of searching for prospective employees and stimulating them to apply for jobs in the organization.

c. **Selection** is the process of choosing from among the pool of the prospective candidates developed at the stage of recruitment.

d. **Orientation** is introducing the selected employee to other employees and familiarizing him with the rules and policies of the organization. Placement refers to the employee occupying the position or post which the person has been selected. (1x2=2) (1 mark for each statement)

**TIME: 40 min.****WORKSHEET-2****M.M:20**

1	When Suman Das applied for the post of Computer teacher in a school in Balasore, he was asked to prepare a PowerPoint presentation on a particular topic during the selection procedure. Identify the type of selection test being mentioned in the above lines. (a) Trade test (c) Intelligence test (b) Personality test (d) Interest test	1
2	What is the learning experience that seeks relatively permanent change in an individual that will improve his ability to perform on job. (a) Training (b) Development (c) Attitude formation (d) Job analysis	1
3	Which of the following is not a disadvantage of using external sources of recruitment? a. Dissatisfaction among existing staff b. Lengthy process c. The scope for induction of fresh talent is reduced d. Costly process	1
4	_____ refers to careful study of each of each job to determine tasks & responsibility involved in a job. a. Multiplier effect b. Human emphasis c. Job analysis d. Job satisfaction	1
5	Assertion (A): The staffing function includes estimating the manpower requirements of an organization. Reason (R): Manpower planning ensures that the organization has the right number of people with the right skills at the right time. Options: 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.	1
6	Bipin, the director of a garment company, is planning to manufacture bags for the utilisation of waste material from one of his garments unit. He has decided that his manufacturing unit will set-up in a rural area of Odisha where people have very few job opportunities and labour is available at very low rates. He also thought of giving equal opportunities to men and Women. For this, he wanted four different heads for sales, accounts, purchase and production. He gave an advertisement and shortlisted ten candidates per post after conducting different selection tests. Identify and state the next three steps for choosing the best candidate out of the short-listed candidates.	3
7	Resolutions Pvt. Ltd. is a publishing company. Its book on Business Studies for class XII is in great demand. As a result, the employees in the marketing department are always racing against time. The employees have to work overtime and on holidays to cater to the demand. Managers in the marketing department are under stress as they have to handle more than two territories. The work stress has led to dissatisfaction among the employees and managers. Name and explain the step of staffing process which has not been performed properly. State the next two stages immediately following the step identified in part 'a'.	3
8	Zenith Ltd. is a highly reputed company and many people wanted to join this company. The employees of this organisation are very happy and they discuss how they came in contact with this organisation. Aman said that he was introduced by the present Sales Manager, Mr. John. Benu said that he had applied through the newspaper and was appointed as the H.R. Manager. Vaibhav said that he was neither related to any employee of the organisation nor was there any advertisement in the newspaper, even then, he was directly called from IIM Ahmedabad from where he was about to complete his MBA. i) The above discussion is indicating an important function of management. Name	3

	the function of management. The management function identified in part (1) follows a particular process. Explain the step of this process which is being discussed in the above paragraph	
9	ABC Ltd. purchased new machinery from America for manufacturing some auto components. It was a cost-effective and quality production machine but during the production process, manager observed that the quality of the production was not as per standards. On investigation, it was found that there was lack of knowledge of using these hi-tech machines. So, frequent visits by engineers were required from America but this resulted in high overhead charges. Suggest what can be done to develop the skills and abilities of employees for producing quality products by using these hi-tech machines. Also state how the employees or the organisation will be benefited by your suggestion	6

### ANSWER KEY

1	A)	
2	C)	
3	C)	
4	C)	
5	A)	
6	Background check , medical Exam , selection decision	
7	Estimation of manpower Requirement ; Recruitment and Selection	
8.	Training and its Five Benefits	



## CHAPTER- 7

### DIRECTING

Planning → Organizing → Staffing → DIRECTING

#### Concept of Directing

Directing refers to the process of **instructing, guiding, coaching/counseling, motivating** and **leading the people** in an organisation to achieve organizational objectives.

(Also known as “**Management – in – action**” and “**Heart of the management process**”)

#### Elements of Directing

1. **Supervision:** Overseeing work, providing guidance, and ensuring tasks are completed effectively
2. **Motivation:** Incentives, recognition, and a positive work environment that encourages employees to perform their best.
3. **Leadership:** Guiding and influencing employees to achieve organizational goals, providing direction, and fostering a positive work culture.
4. **Communication:** Effective communication ensures clear instructions, feedback, and understanding between managers and subordinates.

#### Characteristics/Features of Directing (**ICDT = I Can Do This**)

1. **I**nitiates action (or Executive function)
2. **C**ontinuous process
3. **D**irecting flows from top to bottom
4. **T**akes place at every level of management

#### Importance of Directing (**FIBIG = Fun Is Back In Game**)

1. **F**acilitates introduction of needed changes in the organisation
2. **I**nitiates action
3. **B**ring stability and balance in the organisation
4. **I**ntegrates employees' efforts
5. **G**uides employees

#### Supervision

Supervision is the **process of guiding the efforts** of employees and other resources to accomplish the desired objectives. It means **overseeing** what is being done by subordinates and giving instructions to ensure optimum utilisation of resources and achievement of work targets.

#### Concept of Motivation

**Motivation** is the process of **stimulating people** to action to accomplish desired goals.

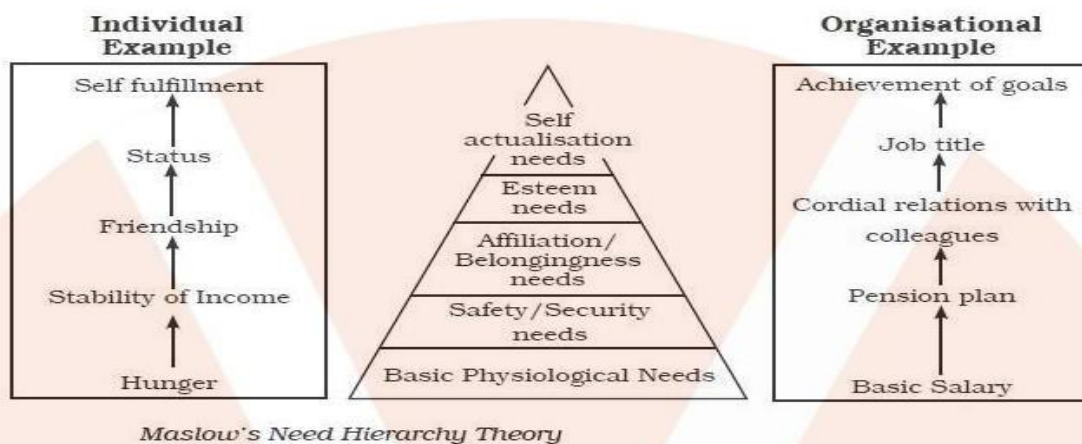
- **Motive:** A motive is an **inner state** that energises, activates or moves and **directs behavior towards goals**. For example, hunger, thirst, security, recognition etc.,
- **Motivators:** Motivator is the **technique/incentive used to motivate people** in an organisation to improve performance. For example, pay, bonus, promotion, praise etc., are used in the organisation to influence people to contribute their best.
- **Motivation Process:** It is based on human needs.

#### Features of Motivation (**IPCC**)

1. Internal feeling
2. Produces goal directed behaviour
3. Can be either positive or negative:
  - ❖ Positive motivation provides positive rewards like promotion, increase in pay etc.
  - ❖ Negative motivation uses negative means like punishment, stopping increments etc.
4. Complex process:
  - ❖ As individuals are heterogeneous in their expectations, perceptions and reactions.
  - ❖ Any type of motivation may not have uniform effect on all the members.

### Maslow's Need Hierarchy Theory of Motivation

Abraham Maslow's theory of motivation (a well-known psychologist) was based on human needs. He felt that within every human being, there exists a hierarchy of five needs.



These are: (**BSAES** = *Business Studies And Economics Syllabus*)

1. Basic Physiological Needs
2. Safety/Security Needs
3. Affiliation/Belonging Needs
4. Esteem Needs
5. Self-Actualisation Needs

### Assumptions of Maslow's Need Hierarchy Theory

1. People's behaviour is **based on their needs**. Satisfaction of such needs influences their behaviour.
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**.

### Financial Incentives:

- ❖ It refers to incentives which are in **direct monetary form** or **measurable in monetary term**.
- ❖ It serves to motivate people for better performance.
- ❖ It may be provided on individual or group basis.
- ❖ These incentives are important to satisfy basic physiological needs of lower-level employees.

➤ (*Please Award, BRS*)

1. **Pay and allowances** : These include salary, dearness allowance and other allowances paid to employees.
2. **Profit Sharing** : Providing a fixed percentage of profit to employees.

3. **Perquisites** (such as car allowance, medical aid etc., over and above the salary)
4. **Productivity linked wage incentives**: Wages paid at different rates to increase productivity.
5. **Bonus** : Incentive offered above the wages or salary.
6. **Retirement Benefits** : Benefits offered after retirement such as provident fund, pension, etc.
7. **Stock option/Co-partnership(ESOP)** : Shares offered to employees at a price which is lower than the market price.

### **Non-financial Incentives :**

❖ These incentives **mainly focus** on the following needs:

(1) **Psychological** (2) **Social** (3) **Emotional**

➤ **SOCJEEE**

1. **Status** : It is the level of authority, responsibility and recognition an employee commands in the organization.
2. **Organisational Climate** : Characteristics influencing an individual's behaviour such as individual autonomy, reward orientation, consideration to employees, etc.
3. **Career Advancement Opportunity** : Opportunities of growth and development in the organization to the higher level.
4. **Job security** : It refers to the certainty and stability offered in a job about future income and work.
5. **Job Enrichment** : It refers to a variety of work offered to challenge the knowledge and skills of highly motivated employees.
6. **Employee Recognition programmes** : It involves recognising and appreciating the contribution of employees in public.
7. **Employee participation** : Involvement of employees in the decision making process, seeking their advice or suggestions.
8. **Employee Empowerment** : Opportunities provided to employees to take decisions independently and perform jobs assigned to them.

### **Concept of Leadership**

Leadership is the process of **influencing the behaviour** of people by making them strive voluntarily towards achievement of organisational goals.

**DDL**: Determines direction, Develops teamwork, Leads the way.

### **Features of leadership (ABC-IE)**

1. **A**bility of an individual to influence others.
2. **B**ring change in the behaviour of others.
3. **C**ontinuous process.
4. **I**nter-personal relations between leaders and followers.
5. **E**xercised to achieve common goals of the organisation.

### **Leadership Styles**

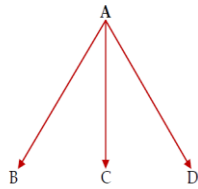
❖ It refers to a leader's behaviour.

❖ It depends on:

- the leader's philosophy, personality, experience and value system
- the type of followers
- the atmosphere prevailing in the organisation
- the 'use of authority' by the leader.

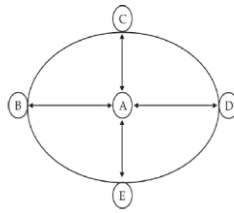
There are three basic styles of leadership depending on the 'use of authority':

1. Autocratic or Authoritarian leadership style (**Boss-Centred Leadership**)
2. Democratic or Participative leadership style (**Group-Centred Leadership**)
3. Laissez-faire or Free-rein leader style (**Subordinate-Centred Leadership**)



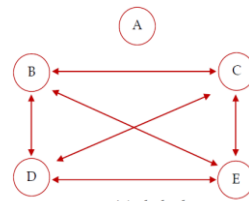
A is the leader – Boss – Centered – Leadership

## AUTOCRATIC



A is the leader – Group Centered – Leadership

## DEMOCRATIC



A is the leader  
Leadership is Subordinate – Centered – Leadership

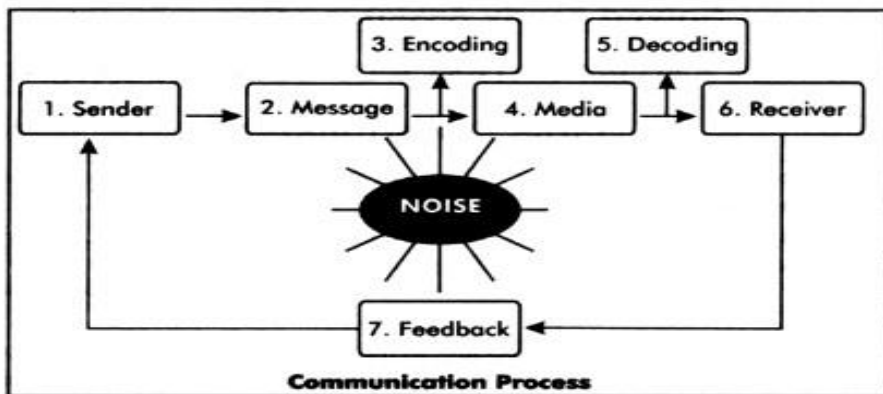
## FREE-REIN

### Concept of Communication

Communication is the process of **exchange of information** between two or more persons to reach common understanding.

### Elements of Communication Process

- |             |             |             |          |
|-------------|-------------|-------------|----------|
| 1. Sender   | 2. Message  | 3. Encoding | 4. Media |
| 5. Decoding | 6. Receiver | 7. Feedback | 8. Noise |



### Formal and Informal Communication

#### *Formal Communication*

- ❖ It **flows through official channels** designed in the organisation chart.
- ❖ It may take place between a superior and subordinate.
- ❖ It may be oral or written but generally recorded and filed in the office.
- ❖ It may be further classified as-Vertical and Horizontal.

### **Formal Communication Vs Informal Communication**

Feature	Formal Communication	Informal Communication
Purpose	Convey official information and directives	Exchange personal or non-official information
Structure	Follows a predefined structure and format	Typically lacks a structured format
Language	Often uses professional or technical language	Uses casual language and colloquial expressions
Tone	Generally serious and professional	Relaxed and conversational
Channels	Utilizes formal channels such as memos, emails, meetings, reports, etc.	Occurs through informal channels such as face-to-face conversations, phone calls, text messages, social media, etc.
Audience	Typically involves superiors,	Usually involves friends, family, or

	colleagues, or clients within the organization	coworkers on a personal level
Feedback	Formal feedback mechanisms are common and expected	Feedback may be more spontaneous and informal
Documentation	Often documented for legal or record-keeping purposes	Documentation is less common and may not be formalized
Decision Making	May influence organizational decisions and policies	May impact personal relationships or informal group dynamics

### *Informal Communication*

- ❖ It takes place **without following the formal lines of communication**.
- ❖ It arises out of needs of employees to exchange their views, which cannot be done through formal channels.
- ❖ It is generally referred to as the ‘**grapevine**’ because it spreads throughout the organisation with its branches going out in all directions in utter disregard to the levels of authority.

### *Positive Aspects*

- May be helpful as they **carry information rapidly**.
- Used by the managers to transmit information so as **to know the reactions** of his/her subordinates.

### *Negative Aspects*

- **Spreads rapidly** and sometimes **gets distorted**.
- **Very difficult to detect the source** of such information.
- Leads to **generate rumours** which are not authentic.
- Sometimes may **hamper work environment** as people’s behaviour is affected by informal discussions and rumours.

*Note: -An intelligent manager should make use of positive aspects of informal channels and minimise negative aspects of this channel of communication.*

## **Barriers to effective communication**

Any type of hurdle, block or bottleneck in the path of communication is called barriers to effective communication

### **Type of barriers (POPS)**

1. Semantic barriers 2. Psychological barriers 3. Organisational barriers 4. Personal barriers

- 1. Semantic barriers** The word Semantic means the meanings of words and sentences. The barriers in the process of encoding and decoding of message into words or expressions.

*The types of semantic barriers are discussed below :*

1. **Badly Expressed Message** : The message to be communicated must be stated in simple and clear words.
2. **Words or Symbols with Different Meanings** : A word or symbol may have different meanings. The receiver is required to understand the meaning of the word used by the sender in the same sense for which sender has used it. For example: If a superior says, this is the ideal (Perfect) method, and subordinate interprets as “This is the idle (Useless) method”, then communication error takes place.
3. **Faulty Translations** : Sometimes the communication originally drafted in one language (e.g English) needs to be translated to the language understandable by the workers (e.g Hindi). If

the translator is not proficient with both the languages, communication may be misunderstood.

4. **Unclear Assumptions:** Not giving clear and specific instructions. For example “Take care of guest”. To the boss it means travel, accommodation, food etc., whereas the subordinate may interpret it as the guest should be taken to the hotel with care.
5. **Body language and gesture decoding:** If what is said and what is expressed through body movements and gestures differ, communication may be misunderstood.

2. **Psychological Barriers :** The barriers which are created due to state of mind of sender and receiver.

1. **Premature Evaluation:** Here the receiver comes to conclusion without fully going through the message.
2. **Lack of attention:** If the receiver or the sender are not attentive while communication, the message will be misunderstood. For example Suppose an employee explains his problem to a manager while he is very busy with the preparation of a report for his superior, he will be less attentive and does not grasp the message, and the employee get disappointed
3. **Loss of transmission :** When a communication is passed through various levels, there is a possibility of loss in communication. Similarly people cannot retain all that is received as information for a long time .
4. **Distrust:** If the sender and receiver don't believe each other, they cannot understand message in true sense.

3. **Organisational Barriers:** The complex organizational structure with scalar chain restricts free and frequent communication that are called organizational barrier.

1. **Organizational Policy:** If an organization is highly centralized, it is not supportive to free flow of communication.
2. **Rules and regulations:** Communication strictly through the chain of command may cause delays .
3. **Status:** Some superiors may not be ready to talk freely with the subordinates. Similarly subordinates also not feel confident to talk freely with the superiors. They pass information what superiors would like to hear and hold back unpleasant facts.
4. **Complexity in organizational structure:** Too many levels in the management may cause delay and distortion.
5. **Organizational facilities:** If proper facilities are not provided such as intercom, public addressing system, complaint box, suggestions box etc. the communication may not flow freely.

4. **Personal Barriers :** These are related to the personal factors of both the sender and the receiver.

1. **Fear of challenge of authority:** If a superior feels that a particular communication may adversely affect his authority, he will hold it or suppress it.
2. **Lack of confidence:** When superiors do not have confidence on the competence of their subordinates, the process of communication hampered. In such case superiors may not seek advice, opinions and suggestions of subordinate.
3. **Unwillingness to communicate:** Subordinates may also be unwilling to communicate with their superiors on the fear that it will adversely affect their interest.
4. **Lack of proper incentive:** If there is no reward or appreciation for the suggestions of subordinates; they will not ready to communicate.

**Improving communication effectiveness**

**OR**

**How to Overcome From Barriers**



1. Clarify the idea before communication: it is the duty of the communicator to clarify the message clearly before he is going to communicate the same.
2. Consider the needs of sender: The sender must understand the capacity of the receiver and he must know what type of information the receiver needs and in what form.
3. Consult other before communication: It is better to consult with others in developing a plan for communication.
4. Beware of content, language and tone of message: The language and tone used by the sender should be stimulating to evoke response from the listeners.
5. Convey thing which are valuable to receiver: It is better to know the interest and needs of communicates while communicating a message.
6. Ensure proper feedback: The sender should take efforts to have feedback from the listeners time to time
7. Communicate for present and future: The communication should aim at present and future goals of the organization.
8. Follow up communication: Proper follow up and review of instructions given to subordinates will help to remove hurdles if any.
9. Be a good listener: Careful listening is a prerequisite for effective communication.

<b>QUESTION BANK</b>	
<b>Q.N.</b>	<b>Question – 1 Marks</b>
1	Rakesh is working under his superior Neeraj. He always communicates useful ideas and suggestions to his superior regarding reduction of cost, improvement in the product, etc. Neeraj implements his suggestions and has always found favorable results, but he never appreciates Rakesh for his suggestions. Now Rakesh decided not to communicate any suggestion or idea to Neeraj. Identify the communication barrier. (a) Semantic barriers (b) Personal Barriers (c) Organizational barriers (d) psychological barriers
2	Suman works as a Project Coordinator in an export house. Whenever the workload is high, she is able to convince her team by explaining to them the purpose, providing training and motivating them with additional rewards so as to be able to win their wholehearted co-operation. Identify the element of directing being described in the above lines. (a) Supervision (b) Motivation (c) Leadership (d) Communication
3	As an employee of an automobile company, Suraj has always been very lazy and evasive. In order to change his behavior, his boss decided to give him an incentive. Identify the feature of motivation being described in the above lines. (a) Motivation is an internal feeling. (b) Motivation produces goal-directed behavior. (c) Motivation is a complex process. (d) None of the above
4	Which of the following is not a feature of leadership? (a) It shows ability of an individual to influence others. (b) It leads to achievement of organizational goals. (c) Leadership is one-time process. (d) It leads to desired change in the organization.
5	As the general manager of an e-commerce company, Gagan maintains good interpersonal relations with followers and also motivates them to contribute for y ‘ achieving organizational goals. Identify the concept being described in the above lines. (a) Supervision (b) Communication (c) Determination (d) Leadership
6	On joining Foster Public School as a Physical Education teacher, Vikram realized that he



	<p>did not have any freedom to introduce any changes in the sports activities being : carried out in the school. Identify the incentive which was being ignored by the school.</p> <p>(a) Organizational climate (b) Job security (c) Career advancement opportunities (d) Employee recognition program</p>
7	<p>Alok is view supervisor of Ram, Rahim and Khan. He consults all his subordinates while framing work schedules, they provide suggestions and Alok consider such suggestions if they are productive. Which leadership style is followed by Alok?</p> <p>(a) Democratic style (b) Autocratic style (c) Free rein style (d) none of the above</p>
8	<p>Which of the following is the appropriate order of hierarchy of needs according to Abraham Maslow?</p> <p>(a) Safety Needs → Physiological needs → Affiliation needs → Esteem Needs → Self Actualization needs (b) Physiological needs → Safety Needs → Affiliation needs → Esteem Needs → Self Actualization needs (c) Affiliation needs → Safety Needs → Psychological needs → Esteem Needs → Self Actualization needs (d) Physiological needs → Safety Needs → Esteem Needs → Affiliation needs → Self Actualization need.</p>
9	<p>Assertion (A): Maslow's theory focuses on the needs as the basis for motivation. Reason (R): Motivation theory helps managers to realize that need level of employee should be identified to provide motivation to them. Choose the correct option from the following:</p> <p>(a) Both (A) &amp; (R) are correct, and (R) is the correct explanation of (A). (b) Both (A) &amp; (R) are correct, and (R) is not the correct explanation of (A). (c) Only (A) is correct, (R) is incorrect. (d) Only (A) is incorrect, (R) is correct.</p>
10	<p>Statement I: Leadership indicates the ability of an individual which influences the behaviour of others. Statement II: Leadership is exercised to achieve personal goals of the leader. Choose the correct option from the following:</p> <p>(a) Statement I is true and Statement II is false. (b) Statement II is true and Statement I is false. (c) Both the Statements are true. (d) Both the Statements are false.</p>
11	<p>Statement-I: Motivation can be either positive or negative. Statement-II: Motivation is a complex process as the individuals are heterogeneous in their expectations, perceptions and reactions. Choose the correct option from the following:</p> <p>(a) Statement-I is true and Statement-II is false. (b) Statement-II is true and Statement-I is false. (c) Both the Statements are true. (d) Both the Statements are false.</p>
12	<p>Which of the following is not an assumption of Maslow's theory?</p> <p>(a) People's behaviour is not based on their needs. (b) Satisfaction of such needs influences their behaviour. (c) A satisfied need can no longer motivate a person; only next higher level need can motivate him. (d) A person moves to the next higher level of the hierarchy only when the lower need is satisfied.</p>



13	A	B				
	i .Employee Recognition Programmes	a. Individual autonomy, reward orientation and consideration to employees are some of its examples				
	ii. Organizational Climate	b. Involving employees in decision making of the issues related to them				
	iii. Bonus	c. Congratulating the employees for good performance				
	iv. Employee Participation	d. It is an incentive offered over and above the salary				
(a) i-b ii-d, iii-a, iv-c (b) i -c , ii -a , iii -d ,iv -b (c) i-a, ii-c ,iii-b, iv-d (d) i-d, ii-b, iii-c, iv-a						
14	<div><p><i>Effective leadership is getting work done, tasks completed on time and goals achieved at minimum cost</i></p></div> <p>Which type of leadership style is referred to in the given image: Select one of the following:</p> <p>(a) Participative      (b) Autocratic      (c) Motivational      (d) Laissez faire</p>					
15	 <p>Which communication barrier is indicated in the image: Select one of the following:</p> <p>(a) Personal barriers      (b) Organizational barriers (c) Semantic barriers      (d) Psychological barriers</p>					
	Question	Answer	Question	Answer	Question	Answer
	1	B	6	A	11	C
	2	C	7	A	12	A
	3	B	8	B	13	B
	4	C	9	A	14	D
	5	D	10	A	15	A

	<b>SHORT ANSWER TYPE QUESTIONS (3-4 Marks)</b>
1	<p>ABC Ltd. Is not able to achieve its objective on analysing, they found that employees were not given their best, so he decided to announce an incentive plan, which offers various incentives to employee workers at different level for achieving their target.</p> <p>(i) Which element of directing is used by manager?</p> <p>(ii) Suggest incentive suitable for:</p> <p>a. Employees operating at lower level.</p> <p>b. Employees operating at higher level.</p> <p><b>Ans</b> (i) Motivation (ii) a. Non monetary incentive for lower level b. Monetary incentives for higher level)</p>
2	<p>Lakhan, an expert in the area of Financial Management, sent an e-mail to his subordinate Thomas about a new project for a client in France. Though, the mail was in English, a language known to Thomas, he was not able to understand the actual meaning of many words used in the mail. He was also not a specialist in the field of Financial Management. Not only this, some portions of the mail were translated from French to English in such a manner that many mistakes crept in, causing different meaning to the message.</p> <p>(a) Identify two specific barriers to communication in Lakhan's e-mail.</p> <p>(b) State any two measures which can be taken by Lakhan to overcome the barriers</p> <p>identified in part (a) above to improve in future the effectiveness of his communication.</p> <p><b>Ans.</b> a. Faulty translations , Technical jargon</p> <p>b. (1) Lakhan should communicate according to the needs, education and understanding level of subordinates. (2) He should take proper feedback to improve communication process.</p>
3	<p>A behavior study was done on total of 100 employees of an organization. Group A (of 50 employees) were appreciated by the manager for their work and initiative for new idea. All these employees were given option of flexible working hours and were paid wages at a higher piece rate. On the other hand, Group B (of remaining 50 employees) was criticized for their poor performance. Their increments were stopped and they were paid wages at a lower piece rate.</p> <p>(a) Identify and explain the feature of motivation highlighted in the above case.</p> <p>(b) What type of leadership is followed by the manager? Justify your answer.</p> <p>(Ans a. Motivation can be positive or negative b. Autocratic leadership style)</p>
4	<p>Ayesha Ltd. Assured their employees that in spite 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.</p> <p><b>Ans:</b> (i) Job security</p> <p>(ii) 1. Employee's recognition. 2. Organizational climate</p>
5	<p>Is directing required at planning stage? Name the element of directing function under which: (i) the superiors oversee the activities of their subordinates. (ii) the superiors assure the subordinates that their needs will be taken care of. (iii) the superior attempts to influence the behavior of people at work towards the realization of specified goals. (iv) the superior share information with the subordinates in order to reach common understanding.</p> <p>No, directing is not required at planning stage since it is an executive function. It initiates action in the organization while other functions of management (planning, organizing, staffing and controlling) just prepare a setting for action.</p> <p><b>Ans.</b> 1. Supervision (ii) Motivation (iii) Leadership (iv) Communication.</p>
6	<p>'Directing is the least important function of management.' Do you agree with this statement? Give any two reasons in support of your answer.</p>

	<p><b>Ans-</b> No, I don't agree with the statement . The directing is not the least but the most important function of management.</p> <ul style="list-style-type: none"> <li>- Improve the job satisfaction</li> <li>-Improves decision making ability of subordinates</li> <li>- quality of decision improves</li> </ul>
7	<p>Two friends, Nancy and Poonam are as working manager in the different departments of the “Libra Ltd.”. They often talk about the performance level in their respective departments. Both of them are not satisfied with their subordinates. They tried to – ascertain when the employees got their full salaries. What problem they had in working honestly. After investigating for some days, they arrived at the conclusion that there was lack of motivation in their company. Both held a meeting together in order to find out the solution of the problem. Nancy suggested participation of the employees in the company's profits, which she thought would create in the employees the feeling of belongingness to the company. Such a feeling, she was of the view, would have a direct influence on their performance level. Poonam on the basis of her experience said that if the feeling of the job security was aroused in the employees, there could be improvement in their performance level. Both of them contacted their chief – executive officer – CEO with their suggestions. All the three of them deliberated over this issue. The CEO listened to them every attentively. He said, “Both of you are right, but I too have a suggestion. If the employees are made participants in taking decision, they will feel good and their performance level will improve.” Ultimately the Company implemented the suggestion of all the three of them.</p> <p>In the above paragraph, three different persons have spoken about the three methods of the motivation.</p> <p>Identify all these methods and explain.</p> <p><b>Ans.</b> (1) Nancy gave the suggestion about profit sharing.  (2) Poonam gave the suggestion of Job – Security.  (3) CEO gave the suggestion of Employee Participation.</p>
8	<p>Neeraj, a sales representative of ‘Omidia Ltd’ has changed seven jobs in the last one year. He is a hard working person but is not able to finalize deals with the customer due to his inadequate vocabulary and omission of needed words. Sometimes he uses wrong words because of which intended meaning is not conveyed. All this created a miss-understanding between him and his clients.</p> <ol style="list-style-type: none"> <li>Identify the communication barrier discussed above.</li> <li>State the category of this communication barrier.</li> <li>Explain any other communication barrier of the same category.</li> </ol> <p><b>Ans.-</b></p> <ol style="list-style-type: none"> <li>Badly expressed message</li> <li>Semantic barrier, which arises from problems and obstructions in the process of encoding and decoding of message into words or impressions.</li> <li>Technical jargon; Specialists use technical language or jargon while explaining to the workings, e.g., tariff, quotas, etc. therefore, they may not understand the actual meaning of many such words.</li> </ol>
9	<p>Pramod was a supervisor at a ‘Annapurna Aata’ factory. The factory was producing 200 quintals of Aata every day. His job was to make sure that the work goes on smoothly and there was no interruption in production. He was a good leader who would give orders only after consulting his subordinates and work out the policies with the acceptance of the group. Identify and describe the leadership style being adopted by Pramod.</p> <p><b>Ans.</b> - Democratic style of leadership. ● A democratic leader favours decision making by the group. This improves the attitude of the employees towards their jobs and the organization thereby increasing their morale. ● Using this style is of mutual benefit – it allows them (subordinates) to become part of the team and helps leaders (seniors) to make</p>

	better decisions
10	<p>Amit and Mikki are working in the same organization but in different departments. One day at lunch time Mikki informed Amit that due to computerization some people are going to be retrenched from the organization. Name which type of communication is this. State any two limitations of this type of communication.</p> <p>Ans. Informal Communication Limitations: 1. The grapevine/informal communication spreads rapidly and sometimes gets distorted. It is very difficult to detect the source of such communication. 2. It also leads to generate rumours. People's behavior is affected by rumours and informal discussion and sometimes may hamper work environment.</p>
11	<p>'Shanta Enterprises' was in the business of manufacturing solar panels for the last fifteen years. With their expertise now they were able to manufacture good quality solar panels at lower cost. As a result 'Shanta Enterprises' was flooded with orders and was able to generate a good profit margin.</p> <p>To motivate the employees the company decided to compensate some of them for their hard work. Arvind and Yogesh, who were working on contract basis, were absorbed permanently in the company. Both were happy as now there was stability about their future income. Ekta, a regular employee of the company, working as Research and Development Head, was awarded the 'Best Employee of the year Award'.</p> <p>(a) Identify and explain the incentives given by Shanta Enterprises to its employees. (b) State the needs of the employees being met by such incentives as per Maslow's Need Hierarchy Theory.</p> <p><b>Ans.</b></p> <p>(a) Incentives given by Shanta Enterprises to its employees:</p> <p><b>1. Job security:</b> It refers to stability about future income and work so that the employees do not feel worried on these aspects and work with greater zeal.</p> <p><b>2. Employee Recognition programmes:</b> It refers to acknowledgment with a show of appreciation so that the employees feel motivated to perform/work at higher level.</p> <p>(b) The needs of the employees being met by such incentives as per Maslow's Need Hierarchy Theory:</p> <p>(i) Safety/Security needs provide security and protection from physical and emotional harm. (ii) Esteem needs include factors such as self-respect, autonomy status, recognition and attention</p>
<b>LONG ANSWER TYPE QUESTIONS (6 Marks)</b>	
1	<p>What is meant by 'Esteem needs' and 'Self-actualization needs' in relation to motivation of the employees?</p> <p><b>Ans.</b> i. Esteem Needs: these needs are needs for self esteem and need for other esteem .For Example: Self-respect, self-confidence etc. ii. Self-actualization Needs: This is the needs to be what one is capable of becoming and includes needs for optimal development.</p>
2	<p>Huma is working in a company on a permanent basis. As per job agreement she had to work for 8 hours a day and was free to work overtime. Huma worked overtime, due to which she fell ill and had to take leave from her work. No one showed concern and enquired about her health. She realized that she was fulfilling only some of her needs while some other needs still remained to be fulfilled.</p> <p>(i) By quoting the lines from the above para, identify the needs of Huma which she is able to fulfil. (ii) Also explain two other needs of Huma followed by the above needs, which still</p>

	<p>remained to be satisfied.</p> <p><b>Ans:</b> 1. 'Huma is working in a company on a permanent basis'. According to above line Huma is able to fulfil her following needs: (a) Physiological needs(b) Safety or Security needs (ii) Needs of Huma which still remained to be satisfied are:</p> <p>1. Affiliation Need: It refers to the need for affection, since to belongingness, acceptance and friendship.</p> <p>2. Esteem Need: It refers to the need for self-respect, autonomy, status, recognition and attention</p>
3	<p>Smitha had been working as an Assistant Manager with "Johnson Enterprises" for the last ten years. She was very popular amongst her colleagues because of her commitment and dedication towards the work. When the manager senior to her retired, all her colleagues thought that now Smitha would be promoted. But to everyone's surprise the vacant post was filled by an outsider, Mrs. Rita. Smitha felt demoralized and her performance started declining. She would abstain herself often and could not meet her targets.</p> <p>Mrs. Rita was a good leader, who would not only instruct her subordinates but would also guide and inspire them. She noticed Smitha's behavior and felt that her performance could be improved. She started involving Smitha in decision making- issues related to the organization and made her a part of high-level joint- management committed. Smitha was now punctual in office and her performance started improving.</p> <p>a. Identify the function of management being performed by Rita.</p> <p>b. Name the element of the above function of management which helped Rita to improve Smitha's behavior.</p> <p>c. State any three features of the element identified in (ii) above.</p> <p><b>(Ans.</b> (a) Directing (b) Motivation (c) 1. Internal feeling 2. Goal oriented behaviour 3. Complex process</p>
4	<p>Roshan is the chief of "Mehmaan" restaurant located in the city of Bengaluru. The place is known for its exquisite Mughlai cuisine especially mutton biryani and kababs. All the food is prepared under Roshan's purview. The various activities in the kitchen are initiated in accordance to his instructions. He is very clear and specific in issuing instructions to his subordinates in order to ensure smooth working of the department. He personally oversees the method followed by the chefs for preparation of each dish. He misses no opportunity to praise his subordinates for their good work. All his team members feel very happy and satisfied under his direction. He provides constant guidance to them in order to improve upon its taste and presentation and also encourages them to innovate and be more creative in their work.</p> <p>In the above context:</p> <p>a) Identify the various elements of directing mentioned in the above paragraph by quoting lines from the paragraph.</p> <p>b) Describe briefly any two points to highlight the importance of directing as a function of management.</p> <p><b>Ans.</b> (a) The various elements of directing mentioned in the above paragraph are as follows: <i>Communication, Supervision, Leadership, Motivation</i></p> <p>(b) The importance of directing as a function of management is described below: <i>Initiates action</i> <i>Integrates employees' efforts</i> <i>Helps to realize their potential</i></p>
5	<p>Kunal joined as a shop level manager in the Production department of a textile company in the year 2005. Because of his good work, he became the Deputy Production Manager of the company in the year 2010. He had status and prestige and was well respected by all</p>

in the company. On 1st March, 2019, he was promoted as the General Manager of the company. Kunal was very happy on his promotion as now he had become what he was capable of becoming. As a good manager, Kunal decided to motivate his subordinates, after understanding the Need Hierarchy theory which is based on various assumptions. He realised that people's behaviour is based on their needs and the manager can influence the behaviour of his employees by satisfying their needs.

(a) One of the assumptions of Need Hierarchy theory is stated in the above paragraph. State the other three assumptions of this theory.

(b) State the needs of Kunal which are being satisfied through promotion.

**Ans.** (a) 1. People needs are in hierarchical order.

2. A satisfied need can no longer motivate a person .

3. A Person moves to the next higher level need only when the lower level need is satisfied.

(b) Esteem needs, Self actualization needs

Q.N	Time : 40 min.	WORK SHEET- 1	(MM 20)	Marks
1	<p>Statement-I: Motivation is a complex process as individuals are heterogeneous in their expectations, perceptions and reactions.</p> <p>Statement-II: Motivation can be either positive or negative.</p> <p>Choose the correct option from the following:</p> <p>(A) Statement I is true and Statement II is false.</p> <p>(B) Statement II is true and Statement I is false.</p> <p>(C) Both Statement I and Statement II are true.</p> <p>(D) Both Statement I and Statement II are false.</p>			1
2	<p>Atul was working as an employee in a readymade garments factory. He was very sincere and dedicated and always completed his work in time. It pained him to see that his colleagues were reluctant to do the work even though they had the ability to do it. Due to his good behaviour and willingness to work, he was promoted to the post of the supervisor of the same team in which he was a worker earlier. He understood very well that it was not always possible to get the best of work from employees merely by exercising formal authority. He had insights into the causes of behaviour of people. He knew how to get the work done by the workers in a desired manner to achieve the organizational objectives. Under his supervision even the workers who were reluctant to work started working efficiently and effectively.</p> <p>From the following, identify the concept used by Atul, as a supervisor to get the work completed:</p> <p>(A) Leadership (B) Financial Incentives</p> <p>(C) Motivation (D) Non-financial Incentives</p>			1
3	<p>Nimesh was working as a Production Manager in H.L. Ltd., an electrical wire manufacturing company. One of the vendors who was supplying copper to H.L. Ltd. wanted to close down his business within 15 days as he had to go abroad to live with his son. The vendor was selling all his stocks at 60% discount. Nimesh wrote a letter to the General Manager to seek approval for procurement of this material. But due to rigid rules and cumbersome procedures there was delay in getting sanction and order could not be placed.</p> <p>The type of communication barrier that led to procedural delay was:</p> <p>(A) Semantic barrier (B) Psychological barrier</p> <p>(C) Organizational barrier (D) Personal barrier</p>			1
4	<p>For taking the company out of losses, Ravi Kumar took over as the Managing Director of the struggling Vova Watch Company' in January 2020. As soon as he joined, he tried to find out the reason for the company not doing well. He found that the employees were not involved in decision-making and they had to just follow orders, resulting in low morale of employees.</p> <p>Recognising the need for change, Ravi Kumar started on a journey to bring back the enthusiasm and motivation of the employees. He initiated open dialogues and encouraged them to actively participate in decision-making. Together, they developed action plans to address the company's challenges regarding outdated designs and inefficient production processes etc.</p> <p>As time passed, Vova Watch Company' transformed from a struggling enterprise to a profit making enterprise. Identify the leadership style of Ravi Kumar:</p> <p>(A) Autocratic leadership style (B) Democratic leadership style</p> <p>(C) Free-rein leadership style (D) Both (A) and (B)</p>			1
5	<p>Radhika started a business of supplying high class facial kits to beauty parlours in various cities of the country.</p> <p>Initially, the business was doing well and her products were popular. Despite the high quality of the products, Radhika faced difficulties in certain parlours, especially in</p>			3

	<p>Kagpur city, where her products failed to gain a strong market presence.</p> <p>To understand the cause, she appointed a qualified marketing manager. The marketing manager discovered that there was no proper exchange of facts, ideas and views etc. between the incharge of Kagpur city and the employees at different parlours at Kagpur. Vicky, who was the incharge and responsible for overseeing all parlours in Kagpur, was unable to effectively foster a common understanding of the product among the employees. As a result, the employees did not grasp the key benefits and features of the high class facial kits. In turn, the employees were not able to convince potential clients about the product's value.</p> <p>(i) Identify the concept discussed in the above case.</p> <p>(ii) The concept identified in (i) above can be defined as a process having various elements. State first five elements of this process.</p>	
6	<p>Keshav Bannerjee is the Chief Executive Officer (CEO) of 'Das Networking Ltd.', a leading IT company in Bengaluru. He believes that if needs of employees are taken care of, the employees take good care of the customers. In this company various benefits are provided to the employees to help them meet their medical and housing needs etc., while in job. It is also providing benefits like gratuity at the time of their retirement. The employees are provided various opportunities to attend skill development programmes to improve their skills and be promoted to the higher level jobs.</p> <p>Identify and state the three incentives offered by the company in the above para to improve the performance of its employees.</p>	3
7	<p>Ganesh Jain is the Marketing Manager at 'KL Foods Ltd'. He has a team of four employees working under him-Kavya, Ritesh, Pooja and Madhav. Kavya and Ritesh are temporary employees while Pooja and Madhav's job is permanent. All four of them have been working hard and consistently met all targets. Ganesh Jain wanted to reward them for their good performance. He understood that in all human beings, there exists a hierarchy of needs. So, he identified the need level of each of the employees to provide motivation to them. Kavya and Ritesh were made permanent in the job with a good pension plan while Pooja and Madhav were given an autonomy status.</p> <p>(i) Identify and state the need of employees recognized by Ganesh Jain in the above case.</p> <p>(ii) State any two assumptions on which Maslow's Need Hierarchy Theory is based on.</p>	4
8	<p>Sara recently received her degree in automobile engineering and decided to join her father's electric vehicle business. They were not only selling electric vehicles but also providing related services like charging vehicles and their maintenance, etc. Sara had worked on a practical project related to electric vehicles during her automobile engineering course and won first prize for it. She was impressed by electric vehicles because of their potential to revolutionize the automotive industry as these are more sustainable and eco-friendly alternative to traditional vehicles. She was exploring the possibility of entering into partnerships with the government for electric vehicle charging stations. This could be shared investment, with the government providing land and incentives and her company contributing technical expertise and operational management. Sara shared her thoughts and ideas with her father. She prepared a proposal to collaborate with the government for setting up electric vehicle charging stations. The proposal contained her ideas, feelings and suggestions which she intended to convey to the government. She then converted her ideas, feelings and suggestions into words and pictures. She used clear concise language and visual aids such as charts and graphs, to make complex information more understandable. She now had to choose a path through which her proposal would be transmitted to the government. Sara had a face-toface meeting with the government and presented her ideas directly.</p>	6



	<p>(a) The above case highlights an element of one of the functions of management. Identify and explain the element.</p> <p>(b) Quoting lines from the above case, name the four elements of the concept identified in (a) above.</p> <p>(c) State three other elements of the concept identified in (a) above, not discussed in the above case.</p>	
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### Answer(Worksheet)-1

1	(C) Both Statement I and Statement II are true.
2	(C) Motivation
3	(C) Organizational barrier
4	(B) Democratic leadership style
5	<p>(i) Communication</p> <p>(ii) First five elements involved of the communication process are:</p> <p>(a) Sender: The person who conveys his thoughts or ideas to the receiver</p> <p>(b) Message: It is the content of ideas, feelings, suggestions, order etc. intended to be communicated</p> <p>(c) Encoding : It is the process of converting the message into communication symbols such as words, pictures, gestures etc.</p> <p>(d) Media : It is the path through which encoded message is transmitted to receiver. The channel may be in written form, face to face, phone call, Internet etc.</p> <p>(e) Decoding: It is the process of converting encoded symbols of the sender.</p>
6	<p>Ans. Incentives offered by the company</p> <p>(i) Perquisites Perquisites such as car allowance, housing and medical aid etc., are offered to employees over and above the salary to provide motivation to them.</p> <p>(ii) Retirement benefits Retirement benefits such as provident fund, pension and gratuity, which provide financial security to employees after their retirement, act as an incentive when they are in service in the organisation.</p> <p>(iii) Career Advancement Opportunity Career Advancement Opportunity includes opportunities provided to employees to improve their skills and be promoted to the higher-level jobs.</p>
7	<p>(i) Needs of employees recognized by Ganesh Jain in the above case is:</p> <p>Need of Kavya and Ritesh- Safety and Security Needs These needs provide security and protection from physical and emotional harm.</p> <p>Need of Pooja and Madhav- Esteem Needs These needs refer to the need for self-respect, autonomy status, recognition and attention.</p> <p>(ii) Assumptions on which Maslow's Need Hierarchy Theory is based on: (Any two)</p> <p>(a) People's behaviour is based on their needs. Satisfaction of such needs influences their behaviour.</p> <p>(b) People's needs are in hierarchical order, starting from basic needs to other higher level needs.</p> <p>(c) A satisfied need can no longer motivate a person; only next higher level need can motivate him.</p> <p>(d) A person moves to the next higher level of the hierarchy only when the lower need is satisfied.</p>
8	<p>(a) Communication- Communication is the process of transferring information from the sender to the receiver with the information being understood by the receiver.</p> <p>(b) Elements of the concept identified in (a) above: (Any four)</p> <p>1. Sender "Sara shared her thoughts and ideas with her father."</p>

2. Message

“The proposal contained her ideas, feelings and suggestions which she intended to convey to the government.”

3. Encoding

“She then converted her ideas, feelings and suggestions into words and pictures.”

**or**

“She used clear concise language and visual aids such as charts and graphs, to make complex information more understandable.”

4. Media

“Sara had a face-to-face meeting”

5. Receiver

*“Sara.....with the government”*

**(c) Three other elements of the concept identified above are-**

1. Decoding is the process of converting encoded symbols of the sender.
2. Feedback includes actions/response of the receiver on receiving and understanding the message of the sender.
3. Noise means some obstruction or hindrance caused to sender, message or receiver in the process of communication .

Q. N	TIME: 40 min. WORKSHEET- 2 (MM 20)	Mark s
1	<p>Given below are two statements, Assertion (A) and Reason (R):            Assertion (A): Directing facilitates introduction of needed changes in the organization.            Reason (R): Directing increases resistance to changes in the organization.            Choose the correct alternative from the alternatives given below:            (A) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A).            (B) Assertion (A) is true, but Reason (R) is false.            (C) Assertion (A) is false, but Reason (R) is true.            (D) Both Assertion (A) and Reason (R) are true, but Reason (R) is not the correct explanation of Assertion (A).</p>	1
2	<p>To motivate its employees on one side, 'Harshita Pearls' rewards them with increase in pay, promotion, recognition, etc. whereas on the other side it stops increments, gives punishment, threatens employees so that they may act in a desired manner.            Which feature of motivation is being highlighted in the above case?            (A) Motivation is a complex process.            (B) Motivation is an internal feeling.            (C) Motivation can be either positive or negative.            (D) Motivation produces goal-directed behaviour.</p>	1
3	<p>Statement I: Leadership indicates the ability of an individual which influences the behaviour of others.            Statement II: Leadership is exercised to achieve personal goals of the leader.            Choose the correct option from the following:            (A) Statement I is true and Statement II is false.            (B) Statement II is true and Statement I is false.            (C) Both the Statements are true.            (D) Both the Statements are false.</p>	1
4	<p>Naman and Vineet were childhood friends and both were working in 'Sunshine Crockery'. Naman was working as the Chief Executive Officer while Vineet was the Production Manager. They would generally discuss company related issues over lunch-time or while travelling together.            The company had recently received an order for supply of 5,000 dinner sets from Shaurya Hotel. It was an unexpected order and would increase the revenue of the company. This order was communicated by Naman to Vineet over intercom. Vineet executed the order within the given time period. For this, he was appreciated by Naman.            The type of communication used by Naman to communicate the order to Vineet was:            (A) Formal Communication (B) Informal Communication            (C) Online Communication (D) Visual Communication</p>	1
5	<p>From the following, choose the incorrect statement about the importance of 'Directing' function of management:            (A) Directing helps to initiate action by people in the organization towards attainment of desired objectives.            (B) Directing integrates employees' efforts in the organization in such a way that every individual effort contributes to the organization's performance.            (C) Directing facilitates introduction of needed changes in the organization.            (D) Directing helps in estimating manpower requirements for the organization.</p>	1
6	<p>'Capro Ltd.', an IT services firm was perceived as a passive provider focusing on fulfilling clients' orders without much innovation. In an attempt to change its image, the Chief Technical Officer of 'Capro Ltd.' called a meeting of technical heads in the conference room. The meeting was important as it was regarding launching</p>	3

	<p>programmes to encourage employees to generate ideas for value addition that their clients would appreciate and would help in changing the company's image.</p> <p>Shrinivas, a technical head was last to enter the conference room for the meeting and got a seat near the door of the conference room. As there was constant movement near the conference room, he could not attentively focus on the meeting, missing out on important points discussed in the meeting.</p> <p>(a) Identify and state the elements in the communication process that led to Shrinivas missing out on important points discussed in the meeting.</p> <p>(b) State any two other elements of the communication process other than the one identified in (a) above.</p>	
7	<p>Nitya is a student of class XII of a well-known school. She has a preconceived notion that her teacher always finds fault in her work. One day while checking the project work of class XII, her teacher wanted to appreciate Nitya for her hard work and good performance, but before she could complete her sentence, Nitya left the room without listening to her teacher.</p> <p>(a) Identify the 'barrier to communication' and also the type/category of barrier to which it is related.</p> <p>(b) Explain two other communication barriers of the type/category identified in (a) above.</p>	4
8	<p>'Zeto Ltd.' offers its employees shares at a price which is less than the market price.</p> <p>(a) Identify the incentive offered by the company and state the type of incentive discussed above.</p> <p>(b) State two other incentives of the type of incentive identified in (a) above.</p>	4
9	<p>'Inaya Ltd.' is a multinational technology company focusing on artificial intelligence, online advertising and search engine technology. The company is generating good profits and takes care of the well-being of its staff.</p> <p>The company offers benefits like car allowance, medical aid and allowance for children's education to all employees above the Manager's level. It regularly contributes towards the Employees' Provident Fund and pays gratuity on retirement to its employees. Under a special incentive scheme, the employees are offered shares of 'Inaya Ltd.' at a set price which is lower than the market price. Each year, the company keeps aside funds to pay one percent of base salary as bonus to its employees. No wonder 90% of the employees would recommend working at 'Inaya Ltd.' to a friend.</p> <p>Explain four incentives being provided by 'Inaya Ltd.' to motivate their employees for better performance.</p>	4

### ANSWER(WORKSHEET)-2

1	(B) Assertion (A) is true, but Reason (R) is false.
2	(C) Motivation can be either positive or negative.
3	(A) Statement I is true and Statement II is false.
4	(A) Formal communication
5	(D) Directing helps in estimating manpower requirements for the organization.
6	<p>(a) The element in the communication process that led to Shrinivas missing out on important points discussed in the meeting is Noise.</p> <p>Noise means some obstruction or hindrance caused to sender, message or receiver in the process of communication.</p> <p>(b) Other elements of the communication process are: (Any two)</p> <p>(i) Sender is the person who conveys his thoughts or ideas to the receiver.</p> <p>(ii) Message is the content of ideas, feelings, suggestions, order, etc., intended to be</p>

	<p>communicated.</p> <p>(iii) Encoding is the process of converting the message into communication symbols such as words, pictures, gestures etc.</p> <p>(iv) Media is the path through which encoded message is transmitted to receiver.</p> <p>(v) Decoding is the process of converting encoded symbols of the sender.</p> <p>(vi) Receiver is the person who receives communication of the sender.</p> <p>(vii) Feedback includes all those actions of receiver indicating that he has received and understood message of the sender.</p>
7	<p>Ans (a) Premature Evaluation and Psychological Barriers</p> <p>Ans (b) Any two of the following:</p> <p>(i) Lack of Attention : The pre-occupied mind of receiver and the resultant non listening of message acts as a major psychological barrier.</p> <p>(ii) Loss by transmission and poor retention : When communication passes through various levels, successive transmissions of the message results in loss of, or transmission of inaccurate information.</p> <p>(iii) Distrust : Distrust between communicator and communicatee acts as a barrier. If the parties do not believe each other, they cannot understand each others message in its original sense.</p>
8	<p>(a) Co-partnership/ Stock option</p> <p>Financial incentives are the incentives measurable in direct monetary form/term which serve to motivate people for better performance.</p> <p>Ans (b)</p> <p>Two other financial incentives are : (Any 2)</p> <p>(i) Pay and allowances include basic pay, dearness allowance and other allowances.</p> <p>(ii) Productivity linked wage incentive aims at linking payment of wages to increase in productivity at individual or group level.</p> <p>(iii) Bonus is an incentive offered over and above the wages/ salary to the employees.</p> <p>(iv) Sharing profit with employees serves to motivate the employees to improve their performance and contribute to increase in profits</p> <p>(v) Retirement benefits such as provident fund, pension, and gratuity provide financial security to employees after their retirement.</p> <p>(vi) Perquisites and fringe benefits are offered such as car allowance, housing, medical aid, and education to the children etc., over and above the salary.</p>
9	<p>Incentives provided by 'Inaya Ltd.' to motivate their employees for better performance are:</p> <p>(i) Perquisites:</p> <p>Perquisites such as car allowance, housing and medical aid etc., are offered to employees over and above the salary to provide motivation to them.</p> <p>(ii) Retirement benefits:</p> <p>Retirement benefits such as provident fund, pension and gratuity, which provide financial security to employees after their retirement, act as an incentive when they are in service in the organisation.</p> <p>(iii) Stock option/Co-partnership</p> <p>Co-partnership/stock option is an incentive in which employees are offered company shares at a set price, which is lower than market price, to create a feeling of ownership and make them contribute for the growth of the organisation.</p> <p>(iv) Bonus:</p> <p>Bonus is an incentive offered over and above the wages/salaries to the employees for higher performance.</p>

## CHAPTER 8

### CONTROLLING

**Controlling** is a fundamental function of management that involves ensuring that an organization's activities are proceeding according to plan. It is a goal-oriented function that measures actual performance against standards, identifies deviations, and takes corrective actions.

#### I. Meaning of Controlling:

- Comparing actual performance with planned performance.
- Identifying deviations (if any).
- Taking corrective actions to bring performance back on track.
- Ensuring activities conform to plans.

#### II. Importance of Controlling:

- **Achieving Organizational Goals:** Ensures activities are aligned with goals.
- **Judging Accuracy of Standards:** Helps to evaluate if standards are realistic and achievable.
- **Making Efficient Use of Resources:** Minimizes wastage by keeping a check on operations.
- **Improving Employee Motivation:** Clear standards and feedback motivate employees.
- **Ensuring Order and Discipline:** Creates an atmosphere of accountability.
- **Facilitating Coordination in Action:** Brings all activities and departments together.
- **Better Planning:** Provides valuable feedback for future planning.

#### III. Relationship between Planning and Controlling:

- **Planning without controlling is meaningless:** Planning sets the goals, controlling ensures they are met.
- **Planning is Prescriptive, Controlling is Evaluative:** Planning decides what is to be done, controlling evaluates what has been done.
- **Planning and controlling both are backward and forward looking function:** Planning makes future predictions, controlling evaluates past performance.
- **Planning provides standard for controlling:** Planning provides standards for control, control provides information for better future plans.

#### IV. Controlling Process:

1. **Setting Performance Standards:**
  - Standards are benchmarks against which actual performance is measured.
  - Can be quantitative (e.g., units produced, sales target) or qualitative (e.g., employee morale, customer satisfaction).
  - Must be specific, measurable, achievable, relevant, and time-bound (SMART).
2. **Measurement of Actual Performance:**
  - Regular and timely measurement is crucial.
  - Various techniques: personal observation, sample checking, performance reports, etc.
3. **Comparing Actual Performance with Standards:**
  - Done to find deviations.
  - Can be done by calculating percentages, ratios, or simple comparison.
4. **Analyzing Deviations:**
  - **Critical Point Control:** Focus on key result areas (KRAs) where deviations are critical.
  - **Management by Exception:** Correcting only significant deviations, ignoring minor ones. Saves time and effort.

### 5. Taking Corrective Action:

- Correcting the deviation to bring performance back on track.
- If standards are unrealistic, they might need revision.
- Actions might include: training, changing methods, adjusting resources, etc.

### MCQs

1.	<p>Vihan was working as a 'Production Manager' at 'LG Papers Ltd'. The company had launched new eco-friendly paper straws in the market. He was given a target of producing 5,000 straws a day, by the General Manager. In spite of making the employees work overtime, Vihan could not meet the target.</p> <p>On investigation, it was found that the employees had not received the right training to manufacture these eco-friendly paper straws. So the employees were sent for special training. The function of management which helped Vihan in identifying that he could not meet the target is: [CBSE 2023 (66/1/T)</p> <p>(a) Planning                      (b) Organising                      (c) Directing                      (d) Controlling</p>
2.	<p>Keya Ltd. is a large organisation manufacturing a popular brand of desi ghee and supplying it to various states of India. They manufacture 10,000 litres of desi ghee every day and pack in cartons of 250 ml, 500 ml and 1 litre sizes. The production manager ensures that one out of every ten cartons of each size is checked for quality control every day. the step of the controlling process discussed in the above para is: [CBSE 2023 (66/3/3)</p> <p>(a) Setting performance standards                      b) Measurement of actual performance</p> <p>(c) Comparison of actual performance with standards                      (d) Analysing deviations</p>
3.	<p>'AN Stationery Ltd.' is manufacturing various items of stationery like pencils, erasers, gel-pens, ball-pens, etc. The Production Manager, Ghanshyam is very particular about the efficiency of production, which he measures by counting the number of pieces produced and number of defective pieces in a batch. By doing this he is performing an important function of management which is:</p> <p>(a) Directing                      (b) Controlling                      (c) Organising                      (d) Planning</p>
4.	<p>Himanshu is working as a 'Marketing Manager' in 'Suvidit-Air-Conditioners', a well-known brand in the field of air conditioners. Till last month the company was able to achieve its sales targets. But this month Himanshu observed that targets were not being met and the number of air-conditioners sold was decreasing. He analysed the situation and found that the new salesman appointed last month was not good and for this he took necessary action. Which of the following function of management helped Himanshu to identify the decrease in sale</p> <p>(a) Planning                      (b) Directing                      (c) Organising                      (d) Controlling</p> <p>(CBSE 2023 (66/53</p>
5.	<p>Hina Sweets is a renowned name for quality sweets since 1935. Harsh the owner of Hina Sweets was worried as the sales had declined during the last three months. When he enquired from the Sales Manager, the Sales Manager reported that there were some complaints about the quality of sweets. Therefore, Harsh ordered for sample checking of sweets.</p> <p>Identify the step taken by Harsh that is related to one of the functions of management</p> <p>(a) Setting performance standards                      (b) Measurement of actual performance</p> <p>(c) Analysing deviations                      (d) Taking corrective action</p>

6.	<p>Raman and Vasudev were two employees who were embezzling an import-export company in Varanasi where they were working. The finance manager of the company Sampat Singh became suspicious of the two employees when he realized that their activities were not being performed as per the plans. He installed a software program that could secretly log every single stroke of the suspects' computer keys and send an encrypted email report to the Cyber police. The police were able to catch the two dishonest employees ed handed and arrest them.</p> <p>Identify the function of management being discussed above.</p> <p>(a) Staffing      (b) Coordination      (c) Controllingd) Organizing</p> <p>[CBSE Sample Paper 2023]</p>
7.	<p>. Rashmi and Bhavna are working in two different organisations. Rashmi is the Principal of a school. Bhavna is working on the post of the Production Manager of 'Hitkari Udyog Limited Both of them are performing the controlling function of management in their respective organisations in the similar manner. In order to do this work successfully they often take the opinion/advice of each other.</p> <p>To which feature of the controlling functions of management is the above paragraph related?</p> <p>(a) Controlling is a fundamental function of management</p> <p>(b) Controlling is a goal-oriented function</p> <p>(c) Controlling is a pervasive function. (d) None of the above</p>
8.	<p>Mr Kirti Karan Goyal looks after the Sale and Production both the Departments of his own firm. At the beginning of the year he determined the standards of both the departments. For the Sale Department e fixed the objective of sale of 5, 00,000 units. At the time of fixing this objective, he noticed that the normal production capacity of the Production Department was of 4, 00,000 units. After making a deep study, it was decided that 1, 00,000 units of goods would be purchased from the market. In this way, Mr Goyal established the balance of both the departments.</p> <p>To which of the importance of controlling points is related the above episode?</p> <p>(a) Facilitating coordination in action      (b) Ensuring order and discipline</p> <p>(c) Improving employee motivation      (d) Making efficient use of resources</p>
9.	<p>Radha started a home cooked food delivery Dabba service. Her mother, who is a great cook, decided to help her. They relied on friends and family for orders and then on word of mouth. As a step in the process of ensuring that activities are performed as per her plan of supplying healthy, good quality, reasonable food and earning profit, she decided to keep both qualitative and quantitative benchmarks towards which she would strive to work.</p> <p>A function of management is being discussed above. An important characteristic of this function of management i</p> <p>[CBSE Sample Paper 2023]</p> <p>(a) It is the first function of management.</p> <p>(b) It is the last function of management.</p> <p>(C) It is both forward looking and backward looking.</p> <p>(d) It is required only in business organizations.</p>
10.	<p>Which statement best describes the relationship between planning and cntrolling?</p> <p>(a) Planning is done first, then controlling. They are independent.</p> <p>(b) Controlling precedes planning.</p> <p>(c) Planning and controlling are inseparable twins; one cannot exist without the other.</p> <p>(d) Planning is conceptual, controlling is tangible.</p>



## MCQ ANSWERS:

1. d) Controlling
2. b) Measurement of actual performance
3. (b) Controlling
4. d) Controlling
5. b) Measurement of actual performance
6. c) Controlling
7. (c) Controlling is a pervasive function
8. (a) Facilitating coordination in action
9. (C) It is both forward looking and backward looking.
10. (c) Planning and controlling are inseparable twins; one cannot exist without the other.

## CASE-BASED QUESTIONS (WITH ANSWERS) 3-4 MARKS

1.	<p>ABC Ltd. set a sales target of 1,000 units for the month of April. At the end of the month, the actual sales achieved were 850 units. The sales manager reviewed the sales reports and found that the sales team faced unexpected competition from a new entrant in the market. The sales team also complained about the lack of sufficient promotional material.</p> <p>a) Identify the step of the controlling process that involves setting the sales target of 1,000 units.</p> <p>b) Which step of the controlling process involves the sales manager reviewing reports and finding out reasons like "unexpected competition" and "lack of promotional material"?</p> <p><b>Answer: a) Setting Performance Standards:</b> The step of the controlling process that involves setting the sales target of 1,000 units is <b>Setting Performance Standards</b>. Standards are the benchmarks or targets against which actual performance is measured. These standards provide the basis for evaluating whether performance is satisfactory or not.</p> <p><b>b) Analysing Deviations:</b> The step of the controlling process that involves the sales manager reviewing reports and finding out reasons for the difference between actual and standard performance (like "unexpected competition" and "lack of promotional material") is <b>Analysing Deviations</b>. This step aims to identify the causes of the deviations so that appropriate corrective actions can be taken.</p>	
2.	<p>Mr Sunil Parik has completed M.B.A. course recently. Presently he holds the position of Production Manager in "Paras Limited". He has planned to accomplish successfully all the functions of his department. Big tasks were divided into small activities. Competent persons were appointed to carry out each small activity. Mr Parik also guided his subordinates from time to time. Despite doing all this, his department did not reach the expected level of performance. He was worried about the performance of his department. After due consideration he concluded that it was all because of his own shortcoming. He never bothered to ensure whether the work was being done according to his plans. This negligence on his part, put the company in a difficult situation.</p> <p>(a) Study the above mentioned case and identify which function of the management has been neglected?</p>	

	<p>(6) State any two features of the function of management identified in (a).  Answer: (a) Controlling  (b) (i) It is goal oriented function.  (ii) It is a pervasive function.</p>	
3.	<p>. "Madhav Ltd." manufactures steel utensils. Mr Rajesh Khanna is its production manager. Work in production department has been divided into several small parts. Each small part of the work has been entrusted to a group of 5 workers. Production target of each group has been determined at 1000 units per month. Besides, it has also been decided that if the actual production of a group ranges between 50, then this deviation will be looked after by the departmental manager. However, if the deviation is beyond this limit, then it will be brought to the notice of General Manager.</p> <p>(a) Which step of controlling process has been shown in the above paragraph? Explain it.  (6) Also state on which particular concept of controlling the attention has been focused? Explain it.  Answer: (a) Setting of performance standards  (b) Analysing Deviation (with explanation)</p>	
4.	<p>Explain: (a) Critical point control; and (6) Management by exception, as an important part of Analysing Deviations' a step in the process of controlling.  (CBSE 2023)</p> <p><b>Answer.</b> (a) Critical Point Control</p> <p>* It suggest that control should focus on key result areas (KRAs) which are critical to the success of an organisation as it is neither economical nor easy to keep a check on each and every activity in an organisation.</p> <p>*If anything goes wrong at the critical points, the entire organisation suffers.</p> <p>(6) Management by Exception</p> <p>*It is an important principle of management control based on the belief that an attempt to control everything results in controlling nothing.</p> <p>*Thus, only significant deviations which go beyond the permissible limit should be brought to the notice of management.</p>	
5.	<p>Explain any three features of controlling function.</p> <p>Answer: Nature or Features or Characteristics of Controlling</p> <p><b>Controlling is a goal-oriented function</b> as it aims to ensure that resources are used effectively and efficiently to achieve predetermined goals.</p> <p><b>Controlling is a pervasive function</b> as control is exercised at all levels of management. The nature and extent of control may differ from level to level. Moreover, controlling is required in both business and non-business organisations.</p>	

**Controlling is both a backward looking as well as forward looking function.**

It is a backward-looking function as it measures and compares actual performance with standards fixed in the past.

It is also a forward-looking function as it aims to improve future performance, based on experience gained in the past.

**Controlling is a continuous function** as it involves continuous review of performance and revision of standards. (any three)

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**6 MARK CASE-BASED QUESTIONS (WITH ANSWERS)**

1. 'Tech Solutions' is an IT firm specializing in software development. For the current financial year, the management had set a budget for project development costs at ₹50 lakhs. After six months, the finance department reported that the actual expenditure had already reached ₹35 lakhs. The CEO, Mr. Kumar, was concerned. He held a meeting with project managers to understand the reasons for this deviation. It was found that unexpected increases in software licensing fees and higher than anticipated employee training costs for new technologies were the main culprits. Mr. Kumar then directed the HR department to find more cost-effective training programs and asked project managers to explore open-source alternatives for some software. He also revised the remaining budget to ensure they do not exceed the annual target.

**(a) Identify and explain the first three steps of the controlling process mentioned in the above case.**

**(b) Explain any two importance of controlling function.**

**Answer: (a) First three steps of the controlling process:**

**Setting Performance Standards:** The first step in the controlling process is the establishment of standards of performance. Standards are the criteria against which actual performance is measured. Thus, standards serve as benchmarks or yardsticks towards which an organisation strives to work. Standards can be set in both Quantitative as well as Qualitative terms. This is evident when "the management had set a budget for project development costs at ₹50 lakhs." This budget acts as the financial standard or benchmark against which actual expenditure will be measured.


**Measurement of Actual Performance:** Once the standards have been established, the second step is to measure the actual performance.

**Performance should be measured in an objective and reliable manner. It can be done using several techniques like: (i) Personal Observation; (ii) Sample Checking; (iii) Performance**

This is shown when "the finance department reported that the actual expenditure had already reached ₹35 lakhs." This involves collecting information about the actual cost incurred.

	<p><b>Comparing Actual Performance with Standards:</b> This step is implicitly done when "the actual expenditure had already reached ₹35 lakhs" against a ₹50 lakh budget, and Mr. Kumar "was concerned," indicating a comparison and identification of deviation (₹35 lakhs spent in 6 months vs. ₹50 lakhs for 12 months, which is already a significant portion).</p> <p><b>(b) refer to above notes</b></p>	
2.	<p>'Trendy Garments' is a fashion retail chain. Their annual plan included a sales target of ₹10 crore. To achieve this, they allocated significant resources to marketing and new product development. However, after the first quarter, the sales figures were significantly lower than expected. The marketing head explained that a sudden shift in consumer preferences towards sustainable fashion, which was not anticipated in their original plan, heavily impacted their traditional product line. The CEO, Ms. Sharma, immediately called for an emergency meeting. She instructed the product development team to fast-track sustainable fashion lines and the marketing team to re-strategize their campaigns to highlight eco-friendly aspects. She also mentioned that in the future, the company should regularly monitor environmental and social trends more closely.</p> <p><b>(a) Explain the relationship between Planning and Controlling as depicted in this case study.</b></p> <p><b>(b) Identify the corrective actions taken by Ms. Sharma in this scenario.</b></p> <p><b>Answers: (a) Relationship between Planning and Controlling:</b> This case study perfectly illustrates the <b>inseparable relationship between planning and controlling</b>.</p> <p><b>Planning provides the basis for controlling:</b> The "annual plan included a sales target of ₹10 crore" which is the standard or benchmark set by planning. Without this target, there would be nothing to control against.</p> <p><b>Controlling ensures planning is effective and provides feedback for future planning:</b> When the "sales figures were significantly lower than expected," it triggered the controlling process. The analysis of deviations revealed an un-anticipated "shift in consumer preferences." This feedback from controlling will now inform future planning, making it more realistic and adaptive (as Ms. Sharma decided to "regularly monitor environmental and social trends more closely" in the future). Thus, controlling helps in "looking back" at past performance to correct present issues and improve "looking ahead" for future plans.</p> <p><b>(b) Corrective Actions taken by Ms. Sharma:</b> Ms. Sharma took the following corrective actions:</p> <ul style="list-style-type: none"> <li>* She instructed the product development team to <b>fast-track sustainable fashion lines</b> to align with changing consumer preferences.</li> <li>* She directed the marketing team to <b>re-strategize their campaigns to highlight eco-friendly aspects</b> of their products.</li> </ul>	
3.	<p>Vikas was the Chief Operating Officer of 'Y. T.Ltd, a company providing advanced software solutions to Indian Defence Services. They had been carrying on business successfully for the last twelve years and earning enough profits. But from the last one year, they realised that though the business is getting big orders which are being fulfilled in time, even then the revenues kept on decreasing. Vikas was not able to find out where the problem was. He started keeping a close check on the progress of activities as he</p>	

	<p>could sense that something was wrong. He wanted to take some action before any major damage could be done to the business. Vikas appointed a cyber security expert who monitored the company's processes and found out that the computer operator was deleting the entries from the computers and pocketing the revenues. He was caught and handed over to the police. This created an atmosphere of order and discipline in the organisation and helped in minimising dishonest behaviour on the part of the employees.</p> <p>(a) identify the function of management highlighted in the above paragraph.</p> <p>(b) Explain any four other ways in which this function of management may help the organisation.</p> <p>Ans. (a) Controlling.</p> <p>(b) Other ways in which this function may help the organisation: For this, refer Importance of Controlling.</p>	
4.	<p>'Kia Builders' was constructing a five star hotel for a leading hotel chain. The hotel had to be given possession by next year but the construction of the hotel was running six months behind schedule. The Chief Executive Officer of Kia Builders 'was concerned as Kia Builders was known for its quality and timely completion of projects. He asked Nitin, the senior of the Project Head for a thorough investigation. Nitin Investigated and reported to the Chief Executive Officer that in spite of huge absenteeism of workers, additional workers were not called. Nitin also reported to the Chief Executive Officer that three of the ten machines being used by the workers were defective. Nitin ordered for repair of the machines and asked the Project Head to appoint additional workers with attractive wages to ensure that the deadline is met.</p> <p>(a) Identify the function of management. Quoting the lines from the above para, explain the steps of the process of the function of management discussed.</p> <p>b) Also explain any two points of importance of the function of management identified in (a) above. (CBSE 2024 )</p> <p><b>Answer.</b> (a) The function of management is Controlling.</p> <p>Steps of controlling process discussed in the above case are:</p> <p>(i) Comparison of actual performance with standards: The hotel had to be given possession by next year but the construction of the hotel was running six months behind schedule.</p> <p>(ii) Analysing deviations: 'Nitin investigated and reported to the Chief Executive Officer that inspite of huge absenteeism of workers, additional workers were not called.</p> <p style="text-align: center;">OR</p> <p>"Nitin also reported to the Chief Executive Officer that three of the ten machines being used by the workers were defective.</p> <p>(iii) Taking corrective action: "Nitin ordered for repair of the machines and asked the Project Head to appoint additional workers with attractive wages to ensure that the deadline is met. (b) Explain 'Importance of Controlling.</p>	

Q.NO.		Mark
1	<p>Employees know well in advance what they are expected to do and what are the standards of performance on the basis of which they will be appraised, which in turn helps them to give better performance. Which importance of 'Controlling' function of management is being highlighted here?</p> <p>(A) Accomplishing organisational goals (B) Judging accuracy of standards (C) Facilitating coordination in action (D) Improving employee motivation.</p>	1
2	<p>Assertion (A): Managers of only top level need to perform controlling function of management. Reason (R): Controlling is a function that brings back the management cycle back to the planning function.</p> <p>(A) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A) (B) Both Assertion (A) and Reason (R) are true and Reason (R) is not the correct explanation of Assertion (A) (C) Assertion (A) is true but Reason (R) is false (D) Assertion (A) is false but Reason (R) is true</p>	1
3	<p>Observe the picture given below and identify the step of controlling highlighted in it.</p>  <p>(A) Setting performance standards (B) Measurement of actual performance (C) Comparing actual performance with standards (D) Taking corrective action.</p>	1
4	<p>Which of the following headings does not highlight the importance of controlling function of management?</p> <p>(A) Ensuring order and discipline (B) Initialising action by people in the organisation (C) Making efficient use of resources (D) Improving employees motivation.</p>	1
5	Controlling is both backward looking as well as forward looking function. 'explain.	3
6	<p>Mr. Ankit is the chief manager in a well-known MNC, producing shoes. He called the production manager of his unit and told him to keep a constant watch on all the activities of his respective unit so that there is no possibility of adverse results. As long as the company runs its operation, employees at all levels will adopt it to achieve results.</p> <p>(a) Identify the function of management referred above. (b) Describe its two features.</p>	3
7	Mahima Jain is the Senior Manager in the Advisory Services Department of Kodes	4

	<p>Ltd. She regularly prepares performance reports of her subordinates as a part of the appraisal:</p> <p>(a) Identify the step of the controlling process performed by her.</p> <p>(b) Explain next two steps of controlling</p>	
8	<p>Textile manufacturer Super textiles reported 43% fall in its profits in the fourth quarter ended 31 March 2017, which is beyond the acceptable range 25% decided by the company. This was due to higher fuel cost and lower yield on account of demonetization. The company aims to implement cost saving measures by restructuring contracts and its business processes to meet its targets in the future.</p> <p>(a) Name the function of management discussed above.</p> <p>(b) Also identify and explain the steps of the function of management discussed above.</p>	6

### ANSWERS

**1.D. 2.D. 3.C. 4.B**

**5.Refers to gist.**

**6.(a)Controlling**

**(b) Two features of controlling**

**(i) Continuous process**

**(ii)Goal oriented function.**

**7.(a) Measurement of actual performance.**

**(b)Next two steps are:**

**(i) Comparing performance**

**(ii)Analysing deviation.**

**8.(a) Controlling**

**(b) The main steps in controlling process discussed here are:**

**1. Comparing performance against standard**

**2. Analysing deviations**

**3. Taking corrective measures**

**4. Feedback in controlling**

**TIME: 40 min.****WORKSHEET-2****M.M.20**

<b>1</b>	<p>Keya Ltd. is a large organisation manufacturing a popular brand of desi ghee and supplying it to various states of India. They manufacture 10,000 litres of desi ghee every day and pack in cartons of 250 ml, 500 ml and 1 litre sizes. The production manager ensures that one out of every ten cartons of each size is checked for quality control everyday. The step of the controlling process discussed in the above para is:[CBSE 2023 (66/3/3)]</p> <p>(a) Setting performance standards (b) Measurement of actual performance (c) Comparison of actual performance with standards (d) Analysing deviations</p>	<b>1</b>
<b>2</b>	<p>'AN Stationery Ltd.' is manufacturing various items of stationery like pencils, erasers, gel-pens, ball-pens, etc. The Production Manager, Ghanshyam is very particular about the efficiency of production, which he measures by counting the number of pieces produced and number of defective pieces in a batch. By doing this he is performing an important function of management which is: CBSE2023</p> <p>(A) Directing. (B) Organising (C)Controlling (D)Planning.</p>	<b>1</b>
<b>3</b>	<p>Statement I:Controlling is forward looking function. Statement II: Planning without controlling is meaningless. Choose the correct option from the options given below:</p> <p>(A) Statement I is true and II is false (B) Statement II is true and I is false (C) Both the statements are false (D) Both the statements are true.</p>	<b>1</b>
<b>4</b>	<p>'Whether the decisions have been translated into desired actions or not' can be confirmed by performing which of the following function of management?</p> <p>(A) Planning. (B) Directing. (C) Organising. (D) Controlling [CBSE 2023]</p>	<b>1</b>
<b>5</b>	<p>Explain the following as steps in the process of controlling: [CBSE 2023 (66/5/1)]</p> <p>(a) Setting performance Standards (b) Measurement of actual performance</p>	<b>3</b>
<b>6</b>	Explain any three importance of 'controlling' function of management.	<b>3</b>
<b>7</b>	<p>Sameer is a wholesaler, who deals in cricket equipment. He collects cricket equipment like bats, balls, helmets, gloves, stumps, etc. from different manufacturers and assembles them in a kit for the convenience of customers. He sets a standard target to assemble 100 kits a day. During the first week of the month the workers assembled 92-96 kits a day, which was lower than the set standard. On investigation, it was found that the variation in assembly of kits was due to an irregular supply of helmets. Workers had to wait for helmets to assemble the kits. CBSE 2025</p> <p>(i)State the function of management discussed in the above case. (ii)State the steps of the function identified in (i) above, which are discussed in the above paragraph.</p>	<b>4</b>
<b>8</b>	<p>Planning and Controlling' are inseparable twins of management.'Explain the relationship between planning and controlling.</p> <p style="text-align: right;">CBSE 2023</p>	<b>6</b>



## ANSWER KEY

1.B. 2.C. 3.D. 4.D.

5. Correct explanation

6.Importance of Controlling. The controlling function of management is regarded as key to organisational success because it

1. Helps in achieving organisational goals.
2. Judges accuracy of standards.
3. Makes efficient use of resources.

7.(a) Controlling- MEANING – 1 MARK

1. The standards of performance are set which serve as the criteria against which actual performance will be measured.
- 2.Measurement of actual performance in an objective and reliable manner in the same units in which the standards are set.
- 3.Comparison of Actual performance with the standards to reveal the deviations.
- 4.Analysing deviation through Critical Point Control and Management by Exception to find out the causes of deviation.

8.Relationship between Planning and Controlling

1. Nature and concept.
2. Planning and controlling are interdependent and interlinked.
3. Planning and controlling both are backward and forward looking.
4. Planning is prescriptive whereas controlling is evaluative.

## **CHAPTER-9**

### **FINANCIAL MANAGEMENT**

**FINANCIAL MANAGEMENT** \* It may be defined as planning, organizing, directing and controlling the financial activities of the organization.

\* It is concerned with management of flow of funds and taking three following decision in an organisation

- \* Decisions relating to procurement of funds (**Financing decision**)
- \* Investment of funds in long term and short term (**Investment decision**) and
- \* Distribution of earnings amongst the owners (**Dividend decision**).

#### **ROLE OF FINANCIAL MANAGEMENT**

- To ensure optimal procurement and the usage of finance.
- determine the capital requirement of business (both long and short term)
- To determine capital structure of the company at lowest cost.
- To decide about allocation of funds into profitable avenues.
- To decide about appropriation of profits
- To ensure availability of enough funds for occasions and avoiding idle funds.

#### **OBJECTIVES OF FINANCIAL MANAGEMENT**

- \* Wealth maximization of equity shareholders by getting the current price of equity shares increased at maximum extent.
- \* Profit maximization and value addition.
- \* Efficient utilization of funds by making right investment decision.

**Financial Decisions** : There are three types of financial decisions

1. Investment Decision
2. Financing Decision
3. Dividend Decision

#### **INVESTMENT DECISION :**

- 1 CAPITAL BUDGETING DECISION/LONG TERM INVESTMENT DECISIONS :  
(To decide amount to be Invested in fixed assets and to decide in which assets).
- 2 WORKING CAPITAL DECISIONS/SHORT TERM INVESTMENT DECISIONS  
(Investment in current assets)

**CAPITAL BUDGETING DECISIONS** (management of fixed assets) - Deciding amount to be invested in fixed assets.

These decisions are very crucial because:

- (a) They affect the earning capacity of the firm over the long run (One gets return from there only where he/she invests)
- (b) These decisions normally involve huge outflow of funds like purchase of Land, Machinery etc.
- (c) These decisions are irreversible except at a huge cost (One can't abandon a fixed setup easily once that is installed).

**WORKING CAPITAL DECISIONS**—Decisions related to investment in current assets (like cash, inventories, debtors etc)

\*These decisions affect the day to day working, liquidity and profitability of the business.

#### **FACTORS AFFECTING Investment decision :**

- 1 CASH FLOWS OF THE PROJECT – Should invest there where regular inflow of cash is

expected.

2 **RATE OF RETURN**—The firm should compare the rate of return expected from different prospective investment projects.

3 **INVESTMENT CRITERIA**—To check fulfilment of certain criteria like Investment limit, minimum rate of return in respect of prospective investment projects.

**FINANCING DECISION**---Deciding quantum of funds to be raised and from which source .(in order to decide a judicious mix of both debt and equity).

The main sources of finance are:

- (i) Shareholders' or Owners' Funds: They consist of equity capital and retained earnings.
- (ii) Borrowed funds: They refer to finance raised on long term basis like debentures or some other form of debt.

**FACTORS AFFECTING FINANCING DECISION:**

- (1) **COST**—The source of finance which involves the least cost should be chosen.
- (2) **Fixed Operating cost** : If Regular expenses like Rent, Insurance, Salaries etc are already high then should opt equity. If those are under control then debt can also be used.
- (3) **RISK INVOLVED**—Non payment of financial obligation is Higher for debt capital than equity
- (4) **Control Consideration**: If want to Maintain current decision making power then should issue debt. Issue of equity dilute power.
- (5) **FLOATATION COST**—Cost for issuing securities should also be considered while taking the decision
- (6) **CASH FLOW POSITION**—If that inflow is regular then company can opt for debt otherwise should go with equity.
- (7) **BOOM IN CAPITAL MARKET**—Then it is easy for the company to raise equity capital.

**DIVIDEND DECISION**---To decide how much profits are to be distributed among the owners.(shareholders)

**FACTORS AFFECTING DIVIDEND DECISION:**

- (1) **Earning**—If earnings are high, dividend may be paid at higher rates.
- (2) **Stability in earnings** : Companies having stable incomes(regular profits) may declare higher dividend.
- (3) **Stability of dividends**: Company usually follow a policy of stable dividends. These are increased only then when earning potentiality is enhanced.
- (4) **Growth opportunity**—A company planning to pursue a growth opportunity is likely to pay lower dividends as more funds are required for expansion.
- (5) **Cash flow position** :—Availability of adequate cash is necessary for higher dividend .
- (6) **Legal constraints**—Provisions of companies act should be considered while deciding dividend..
- (7) **Shareholders preference**—if they prefer regular income in the form of dividends, the company is likely to maintain a minimum dividend rate.
- (8) **Stock market reaction** : Higher dividend result in higher market value of shares& vice versa
- (9) **Access to capital market** : Company having good reputation may acquire funds from capital market whenever they want. Small companies may have to use retained earnings at certain times as capital market may not be accessible for them. (10) **Contractual constraints** : Banks may impose certain restrictions on issuance of dividend as condition for providing loans.

**FINANCIAL PLANNING**—is the process of (i) Estimating the fund requirement of a business and (ii) Specifying the sources of funds

**Keyword** –Financial blueprint of future operations of a business.

**TWIN OBJECTIVES OF FINANCIAL PLANNING:**

- (i) To ensure availability of funds as per the requirements of business.
- (ii) To see that the enterprise does not raise resources needlessly.

### IMPORTANCE OF FINANCIAL PLANNING

1. It ensures **smooth running** of business enterprise by preparing alternative financial plans to face different possible scenarios of future.
  2. Serves as a control technique as objectives are decided for different business segments.
  3. It reduces the possibilities of duplication of efforts, waste, gaps in planning and confusion.
  4. It provides **link between investment and financing decisions** on continuous basis
- CAPITAL STRUCTURE— proportion of debt and equity** used for financing business operations.

**TRADING ON EQUITY/—Situation where** returns (**Earning per share**) of equity shareholders are increased by making use of fixed cost securities (Debt) in the capital structure. It happens because:

- Cost of debt is lower than cost of equity for a firm as lender's risk is lower than risk of shareholder.
- Interest paid on debt is a deductible expense for computation of tax liability whereas, dividend are paid out of after tax profits.

Particulars	Situation I	Situation II	Situation III
Total Funds	30,00,000	30,00,000	30,00,000
Capital structure			
Equity	30,00,000	20,00,000	10,00,000
Debt	Nil	10,00,000	20,00,000
EBIT	4,00,000	4,00,000	4,00,000
10% Interest on debt	Nil	(1,00,000)	(2,00,000)
Earnings before Tax	4,00,000	3,00,000	2,00,000
30% Tax rate	(1,20,000)	(90,000)	(60,000)
Earning after Tax	2,80,000	2,10,000	1,40,000
No. of shares	3,00,000	2,00,000	1,00,000
EPS	0.93	1.05	1.40

- DOES EPS ALWAYS RISE WITH INCREASE IN DEBT?  
 No, EPS does not always rise with increase in debt. It is possible only when  
 $ROI > \text{Cost of debt}$  - Favourable Financial leverage  
 If  $ROI < \text{Cost of debt}$  then EPS will fall with increased use of debt. - Unfavourable

### FACTORS AFFECTING THE CHOICE OF CAPITAL STRUCTURE :

1. **Risk consideration:** A firm's total risk depends upon the business risk and financial risk. If a firm's business risk is lower then its capacity to use debt is higher.
2. **Cost of debt :** lower interest rate results in more debt
3. **Tax rate :** Higher tax rates favour more debt .
4. **Return on investment:** Higher turn on investment favour more debt.
5. **Cash flow position of the company :** if cash position is sound then debt can be used as source of finance.
6. **Flotation cost :** issuance cost of shares and debentures is higher than loans.
7. **Control considerations:** Issuance of debt doesn't dilute control of shareholders.
8. **Flexibility:** less use of debt in past enables the firm to be flexible to issue further debt.
9. **Interest coverage ratio :** Higher ratio shows firm's abilities to meet its financial obligation.
10. **Stock market conditions:** In rising market people prefer equity and In depressed market company has to rely on debt.
11. **Capital structure of other companies:** capital structure of other companies may works as guideline for the mixture of debt and equity.
12. **Regulatory framework:** aur raising funds through different sources certain norms of laws are to be followed.

### FIXED AND WORKING CAPITAL

**Fixed Capital**— money invested in fixed assets, which are to be used over a longer period of time.

Factors affecting fixed capital requirements:

1. **Nature/Type of business:** A trading concern needs a lower investment in fixed assets compared with a manufacturing organisation, since it does not require to purchase plant and machinery, etc.
2. **Scale of operations:** A larger organisation operating at a higher scale requires more fixed capital.
3. **Choice of techniques :** A capital-intensive organisation requires more fixed capital than Labour intensive organisations.
4. **Technology upgradation:** organisations which use assets which are prone to obsolescence require higher fixed capital.
5. **Growth prospects:** That demands more fixed capital for expansion and [purchasing fixed assets.
6. **Diversification:** With diversification, fixed capital requirements increase.
7. **Financing alternatives:** When one gets assets on lease than less fixed capital is required.
8. **Level of collaboration:** Due to collaboration with others one has to purchase less assets.

**WORKING CAPITAL**— Part of total capital, invested into current assets for performing day to day business running activities.

**FACTORS AFFECTING WORKING CAPITAL REQUIREMENTS:**

1. **Nature/Type of business:** Manufacturing unit requires more, trading less.
2. **Scale of operations:** A larger organisation operating at a higher scale needs more working capital.
3. **Business cycle:** Different phases of business cycles affect the requirement of working capital by a firm. In case of a boom more working capital required , in depression less.
4. **Seasonal factors:** In peak season, because of higher level of activity, larger amount of working capital is required. requirement for working capital will be lower during the lean season.
5. **Production cycle/Processing cycle:** longer Production cycle- more working capital requirements . the shorter the production cycle, the lower is the working capital requirements.
6. **Level of competition:** Higher level of competition demands more working capital.
7. **Credit allowed:** If more credit time is allowed to customers then working capital requirement will also be high.
8. **Credit Availed :** if one gets more credit time from supplier then less working capital is required .
9. **Availability of raw materials:** if raw material is not available in local market and has to be purchased in bulk then more working capital is required.
10. **Growth prospectus :** company having more growth potential require more working capital.
11. **Inflation:** higher inflation rate results in requirement of more working capital.
12. **Operating efficiency:** higher inventory turnover ratio and ratio indicate regarding operating efficiency that results in less working capital.

QUESTION BANK -1 MARK	
1	<p>Read the following (A) Assertion and (R) Reason and choose the correct options:</p> <p>Assertion (A): Debt and equity differ significantly in their cost and riskiness for the firm.</p> <p>Reason (R): Debt is cheaper but is more risky for a business because the payment of interest and the return of principal are obligatory for the business.</p> <p>A) Both Assertion (A) and Reason (R) are True and Reason (R) is the correct explanation of Assertion (A)</p> <p>B) Both Assertion (A) and Reason (R) are True but Reason (R) is not the correct explanation of Assertion (A)</p> <p>C) Assertion (A) is True but Reason (R) is False</p>

	D) Assertion (A) is False but Reason (R) is True														
2	<p>Read the following (A) Assertion and (R) Reason and choose the correct options:  Assertion (A): Financial Management is concerned with optimal procurement as well as the usage of finance.  Reason (R): For optimal procurement, different available sources of finance are identified and compared in terms of their costs and associated risks.</p> <p>A) Both Assertion (A) and Reason (R) are True and Reason (R) is the correct explanation of Assertion (A)  B) Both Assertion (A) and Reason (R) are True but Reason (R) is not the correct explanation of Assertion (A)  C) Assertion (A) is True but Reason (R) is False  D) Assertion (A) is False but Reason (R) is True</p>														
3	<p>Read the following (A) Assertion and (R) Reason and choose the correct options:  Assertion (A): Capital structure of a company affects only the profitability.  Reason (R): A capital structure will be said to be optimal when the proportion of debt and equity is such that it results in an increase in the value of the equity share.</p> <p>A) Both Assertion (A) and Reason (R) are True and Reason (R) is the correct explanation of Assertion (A)  B) Both Assertion (A) and Reason (R) are True but Reason (R) is not the correct explanation of Assertion (A)  C) Assertion (A) is True but Reason (R) is False  D) Assertion (A) is False but Reason (R) is True</p>														
4	<p>For the following two statements, choose the correct option.  Statement - I: <i>Short-term</i> investment decisions (also called working capital decisions) are concerned with the decisions about the levels of cash, inventory and receivables.  Statement - II: These decisions affect the day-to-day working of a business.</p> <p>A) Statement I is true and Statement II is false.  B) Statement II is true and Statement I is false.  C) Both the statements are true.  D) Both the statements are false.</p>														
5	<p>Match the impact created by taking following decisions by using the options given:</p> <table border="0"> <thead> <tr> <th>Column I</th><th>Column II</th></tr> </thead> <tbody> <tr> <td>A. Capital budgeting decision</td><td>1. Affects liquidity and profitability</td></tr> <tr> <td>B. Working capital decision</td><td>2. Increase the financial risk of company</td></tr> <tr> <td>C. Dividend decision</td><td>3. Increase in size of assets</td></tr> <tr> <td>D. Financing decision</td><td>4. Affects retained earnings</td></tr> <tr> <td>A) A — 3, B - 1, C - 4, D - 2</td><td>B) A - 2, B - 4, C - 1, D - 3</td></tr> <tr> <td>C) A — 4, B - 3, C - 2, D - 1</td><td>D) A - 2, B - I, C - 4, D - 3</td></tr> </tbody> </table>	Column I	Column II	A. Capital budgeting decision	1. Affects liquidity and profitability	B. Working capital decision	2. Increase the financial risk of company	C. Dividend decision	3. Increase in size of assets	D. Financing decision	4. Affects retained earnings	A) A — 3, B - 1, C - 4, D - 2	B) A - 2, B - 4, C - 1, D - 3	C) A — 4, B - 3, C - 2, D - 1	D) A - 2, B - I, C - 4, D - 3
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C) A — 4, B - 3, C - 2, D - 1	D) A - 2, B - I, C - 4, D - 3														
6	<p>The Board of directors of Medex Pharma Ltd. decided to issue debentures worth RS. 40 lakhs in order to finance a major Research and Development project. This would increase the Debt Equity ratio from 1:1 to 2:1. However, at the same time it would increase the Earnings per share. The reason that will justify the above situation is:</p> <p>A) Unfavourable financial leverage, as the financial risk will be higher  B) Unfavourable financial leverage, as return on investment is lower than the cost of debt.  C) Favourable financial leverage as debt is easily available  D) Favourable financial leverage, as return on investment is higher than cost of debt</p>														
7	<p>From the following, identify the statement which is correct about capital budgeting decision:</p> <p>A) These decisions are reversible.  B) These decisions include committing huge amounts of finance on a long-term basis, therefore need to be taken with utmost care.</p>														

	C) These decisions do not affect the earning capacity of the business in the long run. D) Size of assets, profitability and competitiveness are not affected by capital budgeting decision.
8	_____ is the most appropriate goal of the firm. A) Shareholder wealth maximization    B) Profit maximization C) EPS maximization    D) Stakeholder maximization
9	'Temptations' is a food joint in Imperial Mall in Bengaluru. It is becoming popular among students and working people due to healthy, on-the-go dishes on its menu like 'Paneer Wrap', 'Chickpeas Salad', 'Grilled Sandwiches', etc. It has now decided to open two new branches in other parts of Bengaluru. Which financial decision has been discussed in the above case? A) Long-term investment decision    B) Dividend decision C) Short-term investment decision    D) Financing decision
10	Which of the following is not a factor affecting Financing Decision of a company: A) Cost    B) Risk C) Cash flow position of a company    D) Growth opportunities
11	Which of the following is not an example of Investment Decision? A) Starting a new product line B) Takeover of another business C) Purchase of plant and machinery with latest technology D) Hiring an agency for interior work of office.
12	Clean Mirrors Ltd., has been earning handsome profit for the last 5 years consecutively. The management has to decide about the dividend to be declared in the current year. The company enjoys enough goodwill in the capital market. Thus, it will not be difficult for it to arrange capital from there. After taking into the account all these considerations, the company has decided to increase dividend by 10 percent. Which of the following factors affecting dividend decision has been described here? A) Access to capital market    B) Stability of earnings C) Both (a) and (b)    D) None of these.
13	Which of the following is not a financial decision? A) Investment decision    B) Dividend decision C) Staffing decision    D) Financing decision
14	Which of the following is considered as the cheapest source of finance. A) Retained Earnings    B) Equity Shares C) Debentures    D) Preference Shares

Question	Ans	Question	Ans	Question	Ans	Question	Ans
1	A	5	A	9	A	13	C
2	A	6	D	10	D	14	C
3	D	7	B	11	D		
4	C	8	A	12	D		

### **SHORT ANSWER TYPE QUESTIONS (3/4 marks)**

<b>Q.1</b>	In a project, expected rate of return is 10 %. For financing that project, Raj Ltd. Issues 7 % redeemable debentures instead of equity shares. What is that activity called and why does one company do that?	<b>3</b>
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<b>Ans</b>	That is 'trading on equity'. A company does that with the view point to maximize the wealth of equity share holders.	
<b>2.</b>	A reality show; 'Shark tank India', telecasted on Sony TV, is based on promoting and nurturing new startups and entrepreneurs in India. Entrepreneurs come there with their innovative business ideas and bargain with potential investors for having finance for their businesses at reasonable rates by explaining their business plans and making them know how they are going to use that acquired finance in the best possible ways. In this whole process they perform some specific aspect (activity) of management. Name that and elaborate.	<b>3</b>
<b>Ans</b>	Financial management 'It refers to the procurement and utilization of business finance in the most optimum way. '	
<b>3</b>	Efficient cash management, inventory management and receivables management are essential ingredients of some financial decision. Name and explain that	<b>3</b>
<b>Ans.</b>	Working capital decision Short-term investment decisions (also called working capital decisions) are concerned with the decisions about the levels of cash, inventory and receivables. These decisions affect the day to day working of a business.	
<b>4</b>	SBI Bank rejected long term loan application of Kingfisher Ltd due to high financial leverage. What do you understand by financial leverage?	<b>3</b>
<b>Ans</b>	The proportion of debt (long term borrowings) in the overall capital of a business concern is called financial leverage.	
<b>5</b>	The return on investment of a company ranges between 15 -18% for the past 5 years. To finance its future fixed capital needs it has the following options for acquiring funds Option 'A' : Debt @Rate of interest 13% Option 'B' : Debt @Rate of interest 19 % Option 'C' : Equity shares Which option would you like to go with any why?	<b>3</b>
<b>Ans</b>	Option 'B' Because rate of return is higher than rate of interest and this will contribute in wealth maximization of equity shareholders.	
<b>6.</b>	How does 'cost of debt' affect the capital structure of an enterprise	
<b>Ans.</b>	Cost of debt affects the choice of capital structure of a company as low interest rates	



	increase a firm's capacity to use higher debt.	
<b>7</b>	While issuing some securities as source of finance, finance manager considers flotation cost either. It may be a reason why for using or not using some source of finance (securities). What is it and why management gives so much importance to it?	<b>3</b>
<b>Ans.</b>	Cost of raising fund or issuing securities is called flotation cost. E.g., Cost of advertisement for issue, printing necessary documents like prospectus. It is important for management because company may not want to finance its business from those sources for which procurement or issuing cost is quite higher.	
<b>8</b>	The size of assets, the profitability and competitiveness affected by which decision in financial management. Explain that	<b>3</b>
<b>Ans.</b>	Capital budgeting decisions. A long-term investment decision is also called a Capital Budgeting decision. It involves committing the finance on a long term basis. For example, making investment in a new machine to replace an existing one or acquiring a new fixed asset or opening a new branch, etc.	
<b>SECTION – B</b>		<b>M</b>
<b>1</b>	“Financial planning is a financial blueprint of an organization's future operations.” Explain the twin objectives of financial planning in the light of this statement	<b>4</b>
<b>Ans</b>	Objectives of financial planning (1) To ensure availability of funds whenever required which involves estimation of the funds required, the time at which these funds are to be made available and the sources of these funds (2) To see that the firm does not raise resources unnecessarily as excess funding is almost as bad as inadequate funding. Financial planning ensures that enough funds are available at right time	
<b>2.</b>	After completing his MBA from 'Wharton school of the university of Pennsylvania', America, Anil Ambani came back to India and implemented his learning in family business for a years. After death of his father he got equal share in family business and telecom sector Giant 'RCOM' was given to him. He brought a few changes there and went with a few innovative ideas. At that time he had options of CDMA and GSM technologies to run his business with. Others big competitors chose GSM while RCOM went with CDMA technology for operations. A lot of money and other resources were used to execute required proceedings for using this technology. After a few years, Anil Ambani realized that their selection of CDMA	

	<p>technology was not the best for their interests as they were facing a few problems there. But it was not possible for them now to reverse this decision of their.</p> <p>(a) Here we see some error in decision making by RCOM and Anil Ambani. Identify that decision where error is being made.</p> <p>(b) Explain factors which affect the decision identified in para (a)</p>	
<b>Ans.</b>	<p>(a) Investment decision – long term investment decision</p> <p>(b) There are certain factors which affect long term investment or capital budgeting decisions: As per notes</p>	<b>4</b>
<b>3</b>	<p>Jaimal Ltd. Wants to expand its business by opening new branches in a few other cities. A few crores are required For that. They are confused. They have no idea, where to acquire those requirements from. So, they discussed that with you. After knowing their exact financial position, future plans, vision and priorities; you suggested them a few options for their problem</p> <ol style="list-style-type: none"> <li>1. What decision you helped for, to them?</li> <li>2. Which factors you may have considered before giving solution to their problems</li> </ol>	<b>4</b>
<b>Ans.</b>	<ol style="list-style-type: none"> <li>1. Financing decision</li> <li>2. Factors which are considered for making financing decision are following ones <ul style="list-style-type: none"> <li>a) Cost: The cost of raising funds through different sources is different. A prudent financial manager would normally opt for a source which is the cheapest.</li> <li>b) Risk: The risk associated with each of the sources is different.</li> <li>c) Floatation Costs: Higher the floatation cost, less attractive the source.</li> <li>d) Cash Flow Position of the Company: A stronger cash flow position may make debt financing more viable than funding through equity.</li> <li>e) Fixed Operating Costs: If a business has high fixed operating costs (e.g., Building rent, Insurance premium, Salaries, etc.), It must reduce fixed Financing costs. Hence, lower debt Financing is better. Similarly, if fixed operating cost is less, more of debt financing may be preferred.</li> <li>f) Control Considerations: Issues of More equity may lead to dilution of management's control over the business. Debt financing has no such implication. Companies afraid of a takeover bid would prefer debt to equity.</li> <li>g) State of Capital Market: Health of the capital market may also affect the choice of source of fund. During the period when stock market is rising,</li> </ul> </li> </ol>	

	more people invest in equity. However, depressed capital market may make issue of equity shares difficult for any company	
5.	A number of entrepreneurs start their businesses with the aim to acquire large market share. A few of them hardly have had any solid financial planning regarding procurement and application of that finance. Due to that business of such units j doesn't get flourished Or shuts down in a few cases. Explain the Importance of financial planning in this context.	
Ans	<p>Financial planning is important because</p> <ul style="list-style-type: none"> <li>A. It helps in avoiding business shocks and surprises and helps the company to prepare for the future</li> <li>B. It helps in coordinating various business functions by providing clear policies and procedures</li> <li>C. Detailed plans of action prepared under financial planning helps in reducing waste, duplication of efforts and gaps in planning</li> <li>D. It tries to link the present with future</li> <li>E. It provides a link between investment and financing decisions on a continuous basis</li> </ul> <p>It makes the evaluation of actual performance easier by spelling out detailed objectives for various business segments</p>	
6	<p>Cipla limited is manufacturing generic medicines at its plant in India. It is enjoying a buoyant demand for its products as health sector growth is about 8 to 10% and demand for generic medicines is growing . The company has decided to set up a new medicine manufacturing unit to cash on the increased demand .It is estimated that it it will require about rupees 2000 crore to set up up and about rupees 500 crore working capital to start the new plant.</p> <ul style="list-style-type: none"> <li>A. Identify the decision taken by the finance manager in the above case</li> <li>B. explain one considerable factor for each segment of decision taken in para (A)</li> </ul>	
Ans	<ul style="list-style-type: none"> <li>A. Investment decision.</li> <li>B. factors affecting fixed capital requirements –</li> </ul> <p>(1)nature of business (2) scale of operation.</p>	
7.	Neelabh Sarin, the Finance Manager and Atul Chopra, the Managing Director of Ghokerns Ltd. Were discussing regarding the source of finance to be raised for modernization of their existing plant . Quoting that Sensex has soared by 5078 points in the last 3 years, Neelabh Sarin suggests that equity should be preferred	

	<p>while Atul Chopra wanted to opt for debt.</p> <p>Keeping in mind the high operating costs of the company, suggest the source of finance that should be used for modernization of existing plant Also, explain the two factors highlighted above which should be kept in mind for taking this decision.</p>	
Ans.	<p>They should use equity for financing their business.</p> <p>Factors highlighted : 1. State of capital market , 2. Fixed operating cost / Risk consideration</p>	
8.	<p>Mufti limited is a famous readymade garments brand in India. After having an impactful entry and going in Indian market the company wants to expand its operations at international level also. For that the company needs 10 crore rupees for increasing production capacity. The company wishes to raise this fund by using debentures. The estimated rate of interest for debentures is 12%. The EBIT for the previous year of the company was rupees 54 lakhs and total capital invested was Rs. 6 crore.</p> <p>Suggest whether issue of debentures would be a rationale decision by company or not. Justify your answer.</p>	
Ans.	<p>No the issue of debenture would not be a rationale decision for Mufti India limited as the rate of return on investment is less than the rate of interest of debentures.</p> <p>Trading on equity, to maximize the wealth and profits of equity shareholders; is done when rate of return on investment is more than rate of interest for having finance in form of loan.</p> <p>Here <math>ROI = EBIT/CAPITAL\ INVESTED \times 100</math></p> <p><math>ROI = 54,00,000/6,00,00,000 \times 100 = 9\%</math></p> <p>Rate of Interest = 12 %</p> <p>So we can say it is not a wise decision to issue debentures at this rate, for acquiring finance.</p>	
<b>LONG ANSWER TYPE QUESTIONS (6 MARKS)</b>		<b>M</b>
<b>1</b>	<p>‘HealthXp Limited’ is a large and reputed company which manufactures and trades in health supplements like Whey protein, multivitamins, mass gainers, peanut butter and other many more. After the outbreak of ‘COVID-19’ in 2020 the company witnessed an increase in revenue by 40% as people were concentrating on health due to having a lot of free time and were Buying health nutrition regularly.. This company has plans to further increase its production capacity and also starts production of yoga accessories like yoga matt and yoga block, gym equipment and</p>	<b>6</b>

	<p>gym accessories like dumbbells, skipping ropes, latex band, toning tubes, athlete sanitizers and athlete masks in 2022. The Finance manager of the Company Ms. Pargati Vijaraniya feels confident about the future of the company and its liquidity position and hopes for great profits in future and assures the investors either for the same, who are expecting handsome dividends on their investments.</p> <p>Discuss the meaning of Dividend Decision and in the light of the above statement explain any two factors which should be considered by ‘Healthxp Limited’ while formulating the dividend policy of the company.</p>																											
Ans.	<p>Dividend decision: The decision involved here is how much of the profit earned by the company (after paying tax) is to be distributed to the shareholders and how much of it should be retained in the business.</p> <p>Factors affecting Dividend decision: (Any two)</p>																											
2	<p>Happy Ltd. Wants to raise funds of rupees 40 lakh for its new project. The management is considering the following mix of debt and equity to raise the amount</p> <table border="1"><thead><tr><th>Capital structure</th><th>Option A</th><th>Option ‘B’</th><th>Option C</th></tr></thead><tbody><tr><td>Equity</td><td>40,00,000</td><td>30,00,000</td><td>10,00,000</td></tr><tr><td>Debt</td><td>0</td><td>10,00,000</td><td>30,00,000</td></tr></tbody></table> <p>Other details are as follows :</p> <p>Interest rate on debt = 9 %</p> <p>Face value of equity shares = Rs. 100 each</p> <p>Tax rate = 30%</p> <p>Earnings before interest and tax (EBIT) = 8,00,000</p> <p>(a) Under which of the three alternatives will the company be able to take advantage Of Trading on Equity?</p> <p>(b) Does Earning per Share always rise with increase in debt?</p>				Capital structure	Option A	Option ‘B’	Option C	Equity	40,00,000	30,00,000	10,00,000	Debt	0	10,00,000	30,00,000	6											
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Ans.		<table border="1"><thead><tr><th></th><th>Option A</th><th>Option ‘B’</th><th>Option C</th></tr></thead><tbody><tr><td>EBIT</td><td>8,00,000</td><td>8,00,000</td><td>8,00,000</td></tr><tr><td>Less Interest @9%</td><td>-</td><td>(90,000)</td><td>(2,75,000)</td></tr><tr><td>Earning before tax</td><td>8,00,000</td><td>7,10,000</td><td>5,30,000</td></tr><tr><td>Less Tax @30%</td><td>(2,40,000)</td><td>(2,13,000)</td><td>(1,59,000)</td></tr><tr><td>Earning after tax</td><td>5,60,000</td><td>4,97,000</td><td>3,71,000</td></tr></tbody></table>		Option A	Option ‘B’	Option C	EBIT	8,00,000	8,00,000	8,00,000	Less Interest @9%	-	(90,000)	(2,75,000)	Earning before tax	8,00,000	7,10,000	5,30,000	Less Tax @30%	(2,40,000)	(2,13,000)	(1,59,000)	Earning after tax	5,60,000	4,97,000	3,71,000		
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	<table><tr><td>Earnings per share</td><td>5,60,000/ 40000 = Rs.14</td><td>4,97,000/ 30000 = Rs.16.57</td><td>3,71,000/ 10000 = Rs.37.1</td></tr></table> <p>We can say option ‘C’ is the best one for the company because they earn maximum earning per share here for equity shareholders for maximizing their wealth.</p> <p>(B) No EPS doesn’t rise always due to the presence of debt in capital.</p>	Earnings per share	5,60,000/ 40000 = Rs.14	4,97,000/ 30000 = Rs.16.57	3,71,000/ 10000 = Rs.37.1	
Earnings per share	5,60,000/ 40000 = Rs.14	4,97,000/ 30000 = Rs.16.57	3,71,000/ 10000 = Rs.37.1			
3	Trading business concerns have to focus on their day to day operations and financial requirements for performing those operations. There are a number of factors which affect these requirements. Explain.	6				
Ans.	Factors affecting the working capital requirements: Nature of business, Scale of operations, Business cycle, Seasonal factors, Production cycle/Processing cycle Operating efficiency and more.					

	<b>TIME: 40 min.</b>	<b>WORKSHEET -1</b>	<b>M.M.-20</b>	
	<ul style="list-style-type: none"> <li>• Question number 1 to 4 carry one mark each.</li> <li>• Question number Five to Six carry 3 marks each.</li> <li>• Weight of question no. 7 and 8 is 4 marks and 6 marks respectively</li> </ul>			
	<p><b>Q.1</b> Higher dividend per share is associated with</p> <p>(a) high earnings, high cash flows, unstable earnings and higher growth opportunities  (b) high earnings, high cash flows, stable earnings and high growth opportunities  (c) high earnings, high cash flows, stable earnings and lower growth opportunities  (d) high earnings, low cash flows, stable earnings and lower growth opportunities</p> <p><b>Q.2</b> During the Covid-19 pandemic, the restaurant industry faced many challenges. The slowdown led to a huge decrease in demand. From April 2022, the effect of Covid started reducing. The economy started picking up and a boom was noticed in the restaurant industry. As a result, larger amount of working capital was required with increased production and sales. The factor affecting the working capital requirement discussed above is :</p> <p>(a) Seasonal factor (b) Production cycle  (c) Operating efficiency (d) Business cycle</p> <p><b>Q.3</b> A decision to acquire a new and modern plant to upgrade an old one is a</p> <p>(a) financing decision (b) working capital decision  (c) investment decision (d) None of the above</p> <p><b>Q.4</b> Mukul Gupta is the Chief Executive Officer of Tillu Private Ltd., a textile manufacturing company. His son, Kushagre, after completing his MBA, wanted to join his father's business. He was keen to expand the business. Mukul Gupta was very happy with Kushager's entrepreneurial spirit. Under Mukul's able guidance, Kushager prepared an estimate of sales for the next three years. Based on the sales estimate, he would get financial statements prepared keeping in mind the requirement of funds for fixed and working capital. Then, he would estimate the expected profits.</p>			

This would help him in knowing how much of fund requirements would be met internally and how much needs to be raised from external sources.

The concept of financial management discussed above is:

- (a) Investment Decision      (b) Financial Decision  
(c) Financial Planning        (d) Financial Leverage

**Q.5** Jeet Adani, the Finance Manager and Gautam Adani, the Managing Director of Adani Enterprises Ltd. were discussing the source of finance to be raised for expanding their network business by purchasing news channel NDTV. Quoting that "Sensex has soared by 5078 points' in the last three years, Jeet Adani suggests that equity should be preferred while Gautam Adani wanted to opt for debt. Keeping in mind the high operating costs of the company, suggest the source of finance that should be used for purchasing news channel NDTV. Also, explain the two factors highlighted above which should be kept in mind for taking this decision.

**Q.6** Pinnacle Ltd. deals in the sale of stationery and office furniture. It sources the finished products from reputed brands which give it four to six months' credit. Seeing the demand for electronic items, they are also planning to market these items by opening outlets throughout India. For this, they have decided to join hands with a Japanese electronic goods manufacturer. Identify and state any two factors that would affect the fixed capital requirement of Pinnacle Ltd. as discussed above.

**Q.7** The directors of a manufacturing company are thinking of issuing 20 crore worth additional debentures for expansion of their production capacity. This will lead to an increase in debt equity ratio from 2: 1 to 3: 1. What are the risks involved in it? Explain any three factors other than risk do you think the directors should keep in view.

**Q.8.** Amrit Ltd. and Nimrit Ltd. are two companies manufacturing automotive parts for automobile companies. Amrit Ltd. had a capital employed of 80 lakhs comprising of equity share capital of ₹ 40 lakhs divided into 40,000 shares of ₹ 100 each and debt of ₹ 40 lakhs at 6%.

Nimrit Ltd. also had capital employed of ₹ 80 lakhs divided into 80,000 equity shares of 100 each.

Return on Investment (ROI) of both the companies is 10% and tax rate is 50%.

- (a) Calculate Earning Per Share (EPS) for both the companies.  
(b) Which of the two companies has better Earning Per Share and why?  
(c). Explain trading on Equity.

### Marking scheme

1. (c) 2. (d) 3. (c) 4. (c)  
5. Equity:  
(a) Stock market conditions/ State of capital market.  
(b) Fixed operating costs/ Risk considerations.  
6. Two factors that would affect the fixed capital requirement of Pinnacle Ltd. are: (Explain) (i) Diversification (ii) Level of collaboration  
7. Financial risk (Explain); Other factors affecting capital structure: (Explain any three)  
8. Amrit Ltd. has better EPS.

Head	Amrit	Nimrat
EBIT	8,00,000	8,00,000

-Interest	2,40,000	-
PBT	5,60,000	8,00,000
-Tax	2,80,000	4,00,000
PAT	2,80,000	4,00,000
EPS	2,80,000/40000	4,00,000/80,000
	7 Per Share	5 Per Share

	TIME: 40 min.	WORKSHEET -2	M.M.-20	
Q1.	<p>Sunil Barti Mittal finance manager and M.D. of Bharti Airtel Ltd. ensures that his company maintains a balance between debt and equity. He also ensures that the company's investment and dividend decisions aim to enhance the value of shareholders.</p> <p>Which objective of financial management is Sunil Bharti primarily fulfilling?</p> <p>A. Reducing production costs  B. Maximization of shareholder's wealth  C. Profit maximization in the short term  D. Cost control in administrative departments</p>			1
Q2.	<p>A startup is evaluating whether to raise capital through issuing shares or by taking a long-term loan. The finance manager suggests issuing equity to avoid fixed obligations. Which factor is being considered in the financing decision?</p> <p>A. Risk factor B. Control consideration C. Floatation cost D. Tax planning</p>			1
Q3.	<p><b>Assertion (A):</b> An increase in debt increases the financial risk of a business.  <b>Reason (R):</b> Debt involves a fixed obligation to pay interest and repay principal.</p> <p>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</p>			1
Q4.	<p>ABC Ltd. declared a dividend of ₹6 per share. The company still retained a large portion of its profit for expansion. Which factor likely influenced this dividend decision?</p> <p>A. Trading on equity B. Growth opportunities  C. Stock market trends D. Return on investment</p>			1
Q5.	<p>Sohan is the Finance Manager of ABC Ltd. He is evaluating different sources of funds for a new expansion project. He wants to keep the cost of capital low and maintain financial risk at an acceptable level.</p> <p><b>Identify the financial decision being taken. Mention any two factors that will influence this decision.</b></p>			3
Q6.	<p>Ritika is the finance manager of a newly launched company. In the initial months, the company faced several issues like shortage of funds to pay salaries, overstocking of raw materials, and inability to fund marketing campaigns due to unplanned cash outflows. The CEO asked Ritika to suggest a long-term solution to prevent such problems in the future. <b>Based on this situation, what concept should Ritika apply to address these issues? Explain how this concept can help the company manage its financial resources more effectively.</b></p>			3
Q7.	<p>Aarav Ltd. is a medium-sized company operating in the consumer electronics sector. Over the past three years, the company has shown consistent profits. This year, it launched a successful product line, resulting in record-breaking earnings. The board is considering whether to declare high dividends to reward shareholders or retain the profits to fund future product development and market expansion.</p> <p>Some shareholders are demanding high dividends, while the management is inclined towards reinvesting profits to strengthen the company's market position. Identify the concept. As a financial advisor, identify and explain any three factors the company should consider before making a this decision.</p>			4



<b>Q8.</b>	XYZ Ltd. is a well-established company that plans to expand its production capacity. The Finance Manager suggests funding the expansion through debt, while the CEO prefers issuing more shares. <b>Identify the financial decision involved. Discuss two factors that will affect this decision and two consequences of choosing high debt.</b>	<b>6</b>
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#### MARKING SCHEME

1	B. Maximization of shareholder's wealth
2	A. Risk factor
3	A. Both A and R are true, and R is the correct explanation of A
4	B. Growth opportunities
5	<p>Sohan is making a <b>Financing Decision</b>. This decision relates to choosing the sources of finance, such as debt or equity. Two factors that influence this decision are:</p> <ol style="list-style-type: none"> <li>1. <b>Cost of Financing</b> – Debt is cheaper due to tax benefits, but increases risk.</li> <li>2. <b>Risk Involvement</b> – Higher debt increases financial risk due to fixed obligations.</li> </ol>
6	<p><b>concept is Financial planning</b>  Financial planning is important because:</p> <ol style="list-style-type: none"> <li>1. It <b>ensures availability of funds</b> at the right time, avoiding shortage or surplus.</li> <li>2. It helps in the <b>optimum utilization of funds</b>, reducing wastage and improving efficiency.</li> <li>3. It provides a <b>link between investment and financing decisions</b>, promoting consistency</li> </ol>
7	<p><b>Dividend Decision</b>  Expected Answer (Any 3 points – 1 mark each):  Stability of earnings  Growth opportunities  Cash flow position  Shareholders' preferences  Legal and contractual constraints  Tax considerations  Access to capital market</p>
8	<p>The financial decision involved is the <b>Financing Decision</b>.  <b>Two factors influencing this decision:</b></p> <ol style="list-style-type: none"> <li>1. <b>Cost of capital</b> – Debt may be cheaper due to tax benefits.</li> <li>2. <b>Financial risk</b> – Higher debt increases obligations and risk. <b>Two consequences of using high debt:</b></li> </ol> <ol style="list-style-type: none"> <li>1. <b>Increased financial risk</b>, as debt repayment is mandatory regardless of profits.</li> <li>2. <b>Higher return on equity</b> due to trading on equity, if the business earns more than the cost of debt.</li> </ol>

## CHAPTER-10

### FINANCIAL MARKET

A financial market is concerned with creation and exchange of financial securities/assets such as shares, debentures, bonds, Treasury Bills etc. It helps in mobilizing savings and allocating them to the most productive uses.

#### Main Concepts

**Meaning of Financial Market:** A platform where buyers and sellers engage in the buying and selling(trade) of financial assets such as shares, bonds, etc.

#### **Functions of Financial Market:-**

- a) Mobilise savings and channelize them into most productive uses
- b) Facilitates Price Discovery
- c) Provides Liquidity Financial Assets
- d) Reduce the cost of transactions.

#### **Types of Financial Market:-**

A) Money Market and B) Capital Market

**A. Money Market:-**It is a Market which deals in short term securities i.e. whose maturity period is less than 01 year example Treasury bill.

**B. Capital Market:-** It is a Market which deals in long term securities i.e. whose maturity period is more than 01 year, shares.

#### **Difference Between Money Market & Capital Market**

	<b>Money Market</b>	<b>Capital Market</b>
<b>Definition</b>	A random course of financial institutions, bill brokers, money dealers, banks, etc., wherein dealing on short-term financial tools are being settled is referred to as Money Market	A kind of financial market where the company or government securities are generated and patronised with the intention of establishing long-term finance to coincide with the capital necessary is called Capital Market.
<b>Instruments involved</b>	Commercial Papers, Treasury Certificate of Deposit, Bills, Trade Credit, etc.	Bonds, Debentures, Shares, Asset Secularisation, Retained Earnings, Euro Issues, etc.
<b>Participants</b>	Commercial banks, non-financial institutions, central bank, chit funds, etc.	Stockbrokers, insurance companies, Commercial banks, underwriters, etc.
<b>Liquidity</b>	Money markets are highly liquid.	Capital markets are comparatively less liquid.

<b>Risk Involved</b>	Money markets have low risk.	Capital markets are riskier in comparison to money markets.
<b>Maturity of Instruments/ Duration</b>	Instruments mature within a year.	Instruments take longer time to attain maturity
<b>Investment outlay</b>	Requires huge amounts.	Does not require huge amounts.

**Types of capital market: A.Primary or new issue market.**

**B Secondary Market (Stock Exchange:)**

- a) **Primary or new issue market**-It refers to that market in which securities are sold for the first time for collecting long term capital.
- b) **Secondary Market (Stock exchange)::**-Where already issued (existing) securities are traded (bought and sold). It is also known as stock exchange.

#### **Difference between Primary Market & Secondary Market**

<b>BASIS FOR COMPARISON</b>	<b>PRIMARY MARKET</b>	<b>SECONDARY MARKET</b>
Meaning	The market place for new shares is called primary market.	The place where formerly issued securities are traded is known as Secondary Market.
Involvement of company	Buying directly from companies, so involved	Between buyer and seller of securities, company is not involved.
Purpose	Directly promotes Capital Formation	Enhances liquidity and indirectly promotes Capital Formation
Activity	Only buying of securities	Both buying and selling of securities takes place
Link	Between Company and Investors	Between buyer and seller of securities.
Price determination	Fixed price determined by the company	Fluctuates, depends on the demand and supply force

#### **Functions of stock exchange**

- a) Providing Liquidity and Marketability to Existing Securities
- b) Pricing of Securities
- c) Safety of Transactions
- d) Contributes to Economic Growth
- e) Spreading of Equity Cult
- f) Providing Scope for Speculation.

#### **Trading Procedure in Stock Exchange; (SOPES);**

- Selecting a broker
- Opening a Demat Account
- Placing order
- Executing the trade
- Settlement

### **Dematerialization: Definition**

- Dematerialization refers to the process of holding securities in electronic form.
- Depository: Definition ; Depository is the organization with which an investor has to open a D-Mat account to hold securities in electronic form.

In India there are two depositories:

- **National Securities Depository Limited (NSDL)**
- **Central Depository Services Limited (CDSL)**

### **Depository participant;**

The depository participant serves as a link between the investor and the depository i.e.

- either NSDL or CDSL.

**SEBI (Securities and Exchange Board of India):** Regulates the capital market and protects the interest of investors.

### **Objectives of SEBI**

1. To regulate stock exchange and the securities market to promote their orderly functioning.
2. To protect the rights and interests of investors and to guide & educate them.
3. To prevent trade malpractices such as internal trading, Insider trading etc.

### **FUNCTIONS OF SEBI**

#### **(i) Regulatory Functions of SEBI**

- (a)Registration of brokers and sub-brokers and other players in the market.
- (b)Registration of collective investment schemes and mutual funds.
- (c)Regulation of takeover bids by companies.
- (d)SEBI conducts enquires and audit of stock exchanges.

#### **(ii)Development Function of SEBI**

- (a) Training of intermediaries of the securities market.
- (b) Conducting research and publishing information useful to all market participants. (c)Undertaking measures to develop the capital markets.

#### **(iii)Protective Function of SEBI**

- (a)Prohibition of fraudulent and unfair trade practices.

(b) Controlling insider trading and imposing penalties for such practices.

(c) Undertaking steps for investor protection

### QUESTION BANK

MCQs									
1.	Which of the following statements is not true with regard to money market? (a) It involves low market risk. (b) It is situated at specific locations. (c) Deals in unsecured and short-term debt instruments. (d) The instruments traded are highly liquid.								
2.	Which of the following is a regulatory function of Securities and Exchange Board of India? (a) Registration of brokers and sub-brokers and other players in the market (b) Training of intermediaries of the securities market (c) Promotion of fair practices and code of conduct in securities market. (d) Conducting research and publishing information useful to all market participants								
3.	Veena received ₹ 40 lakhs as a gift from her father. She was discussing various avenues of investing her money with her brother. He advised Veena to invest her money in shares of Moneco Ltd., a reputed company. He further added that it would not only generate good returns over the long term, but could easily be sold whenever required. Identify the function of stock exchange being highlighted by Veena's brother in the above case: (a) Pricing of securities (b) Providing liquidity and marketability to existing securities (c) Safety of transactions (d) Providing scope for speculation								
4.	The process of holding securities in an electronic form is known as: (a) Rolling settlement (b) Registration (c) Dematerialization (d) Depository								
5.	The process of holding securities in an electronic form is known as: (a) Rolling settlement (b) Registration (c) Dematerialization (d) Depository								
6.	Match the functions of Securities and Exchange Board of India given in Column I with their headings given in Column-II : <table border="1"> <thead> <tr> <th>Column I</th><th>Column II</th></tr> </thead> <tbody> <tr> <td>A. Training of Intermediaries</td><td>(i) Regulatory function</td></tr> <tr> <td>B. Regulation of takeover bids by companies</td><td>(ii) Protective function</td></tr> <tr> <td>C. Controlling insider trading and imposing penalties for such practices</td><td>(iii) Development function</td></tr> </tbody> </table> <p>Choose the correct alternative :</p> <p>(A) A (ii); B (iii); C (i) (B) A (i); B (ii); C (iii) (C) A (iii); B (i); C (ii) (D) A (iii); B (ii); C (i)</p>	Column I	Column II	A. Training of Intermediaries	(i) Regulatory function	B. Regulation of takeover bids by companies	(ii) Protective function	C. Controlling insider trading and imposing penalties for such practices	(iii) Development function
Column I	Column II								
A. Training of Intermediaries	(i) Regulatory function								
B. Regulation of takeover bids by companies	(ii) Protective function								
C. Controlling insider trading and imposing penalties for such practices	(iii) Development function								
7.	Anil holding the top position in a company pass on the confidential information of the company to his relative for personal benefit. Under which function of SEBI this action of Mr. Anil can be stopped ? (a) Protective function (b) Regulatory function (c) Development function (d) None of the above								
8.	Statement I - Instruments with a maturity of less than one year is traded in the capital Market. Statement II- Instruments with longer maturity are traded in the money Market.								

	Choose the correct option from the following: (a) Statement I is true and Statement II is false. (b) Statement II is true and Statement I is false (c) Both the statements are true. (d) Both the statements are false.																																
9.	Stock Exchange works as a mechanism for valuation of securities through the forces of demand and supply. Identify the related function of performed by the stock exchanges. (a) Providing liquidity and marketability to existing securities. (b) Safety of transaction. (c) Pricing of security. (d) Spreading of equity cult.																																
10.	Identify the correct sequence of steps to be followed in the trading procedure at the Stock Exchange. (a)Opening a trading account and Demat account, Placing an order, Settlement of order, Execution of order (b) Settlement of order, Opening a trading account and Demat account, Placing an order, Execution of order (c) Opening a trading account and Demat account, Placing an order, Execution of order, Settlement of order (d) Placing an order, Opening a trading account and Demat account, Execution of <b>order</b> .																																
11.	Statement I : A financial market facilitates the transfer of savings from savers to investors Statement II : It gives savers the choice of different investments and helps to channelise surplus funds into the most productive use. Choose the correct option from the following : (A) Statement I is true and Statement II is false. (B) Statement II is true and Statement I is false. (C) Both the Statements are true. (D) Both the Statements are false.																																
12.	Which of the following is a development function of Securities and Exchange Board of India? (a) Training of intermediaries of the securities market (b) Promotion of fair practices and code of conduct in the securities market (c) Undertaking steps for investor protection (d) Prohibition of fraudulent and unfair trade practices.																																
13.	Rahman wants to sell his shares held by him in Dematerialised form on NSE. He asks his friend Shaym about the time period in which transaction will be settled after execution of the order. Shyam told Rahman about the rolling settlement basis, w.e.f. 1 April 2003. Choose the correct option among the following: (a) T+ 1day                      (b) T +2 days                      (c) T+3 days                      (d) T+4 days																																
14.	Calling for information by undertaking inspection, conducting enquiries and audits of stock exchanges and intermediaries' is .....of Securities and Exchange Board of India. (A) Regulatory Function                      (B) Development Function (C )Protective Function                      (D)Both (B) and (C)																																
15.	15 Radhika wants to sell 20,000 shares of ‘Tara Ltd.’ held by her. In which of the following market can she sell these shares? (a) Primary Market                      (b) Secondary Market (c) Money Market                      (d) All of the above markets																																
	<table><tr><td>1.</td><td>2.</td><td>3.</td><td>4.</td><td>5.</td><td>6.</td><td>7.</td><td>8.</td></tr><tr><td>b</td><td>a</td><td>b</td><td>c</td><td>c</td><td>c</td><td>a</td><td>d</td></tr><tr><td>9.</td><td>10.</td><td>11.</td><td>12.</td><td>13.</td><td>14.</td><td>15.</td><td></td></tr><tr><td>c</td><td>c</td><td>c</td><td>a</td><td>a</td><td>a</td><td>b</td><td></td></tr></table>	1.	2.	3.	4.	5.	6.	7.	8.	b	a	b	c	c	c	a	d	9.	10.	11.	12.	13.	14.	15.		c	c	c	a	a	a	b	
1.	2.	3.	4.	5.	6.	7.	8.																										
b	a	b	c	c	c	a	d																										
9.	10.	11.	12.	13.	14.	15.																											
c	c	c	a	a	a	b																											

### SHORT ANSWER TYPE QUESTIONS(3/4 MARKS)

Q. N	Questions & Answers
1	<p>'Tech Work' an Artificial Intelligence (AI) startup started in 2024. It was earning good profits. It wanted to expand its business and for its research and development, it required ₹100 crores. The Chief Executive Officer of 'Tech Work' consulted the Finance Manager who suggested that there is a market which facilitates transfer of investible funds from savers to entrepreneurs seeking to establish new enterprises or expand existing ones through the issue of securities. The management of 'Tech Work' decided to raise funds from the investors by issuing equity shares ₹200 per share for the first time.</p> <p>(i) Name the type of capital market through which 'Tech Work' decided to raise funds for its expansion.</p> <p>(ii) State three features of the market identified in (i) above.</p> <p><b>Answer:</b></p> <p>(i) Primary market</p> <p>(ii) Features of the Primary market: (Any three)</p>
2	<p>Define capital market.</p> <p>Answer: The capital market is a financial market where long-term securities like shares and debentures are traded.</p>
3	<p>State objectives of SEBI?</p> <p>Answer: SEBI regulates and protects the interests of investors and promotes the development of the securities market.</p>
4	<p>Differentiate money and capital market (any three).</p> <p>Answer: Refer summary.</p>
5	<p>Differentiate primary and secondary market (any three).</p> <p>Answer: Refer summary.</p>
6	<p>State functions of SEBI.</p> <p>Answer: Refer summary.</p>
7	<p>Give the meaning of 'Contract Note' and 'T+2' system in the trading procedure in a stock exchange.</p> <p><b>Answer:</b></p> <p>(a) Contract Note: A document issued by the broker within 24 hours containing share details, price, date/time, and charges.</p> <p>T+2 system: Transactions are settled within two days, with cash/securities exchanged on T+2 pay-out day.</p>

### LONG ANSWER TYPE QUESTIONS (6 MARKS)

1	<p>Explain the functions of a financial market.</p> <p><b>Answer:</b></p> <ol style="list-style-type: none"> <li>1. Mobilization of Savings</li> <li>2. Allocation of Funds</li> <li>3. Price Determination</li> <li>4. Liquidity</li> </ol>
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	5. Reduction in Transaction Cost												
2	Distinguish between ‘Money Market’ and ‘Capital Market’ on any six basis.  <b>Answer:</b> Refer summary.												
3	Distinguish between 'Primary Market' and 'Secondary Market' on the basis of any six points.  <b>Answer:</b> Refer summary.												
4	<p>These days, the development of a country is also judged by its system of transferring 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 long term securities market. In addition to this, there is another market in which unsecured and short-term debt instruments regulated by RBI. These markets together help the savers and investors in directing the available funds into their most productive investment opportunity.</p> <p>(a) Name the function being performed by the market in the above case.</p> <p>(b) Name the market segment other than the capital market segment in which unsecured and short-term debt instruments are traded.</p> <p>Also, give any three points of difference between the two.</p> <p><b>Answer:</b></p> <p>(a) Mobilization of savings and allocative function</p> <p>(b) Money market</p> <table><tr><th>Basis</th><th>Money Market</th><th>Capital Market</th></tr><tr><td>Participants</td><td>The participants are RBI, financial institutions, banks, corporates</td><td>The participants are financial institutions, banks, corporates, foreign investors and retail investors.</td></tr><tr><td>Safety</td><td>Money market securities are comparatively safer.</td><td>Capital market securities are riskier than money market instruments</td></tr><tr><td>Expected return</td><td>Money market securities yield comparatively less return.</td><td>Generally yield a higher return than money market instruments.</td></tr></table>	Basis	Money Market	Capital Market	Participants	The participants are RBI, financial institutions, banks, corporates	The participants are financial institutions, banks, corporates, foreign investors and retail investors.	Safety	Money market securities are comparatively safer.	Capital market securities are riskier than money market instruments	Expected return	Money market securities yield comparatively less return.	Generally yield a higher return than money market instruments.
Basis	Money Market	Capital Market											
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Safety	Money market securities are comparatively safer.	Capital market securities are riskier than money market instruments											
Expected return	Money market securities yield comparatively less return.	Generally yield a higher return than money market instruments.											
5	<p>Mr. Vikas Mehra was the Chairman of ‘IBM Bank’. The Bank was earning good profits. Shareholders were happy as the bank was paying regular dividends. The market price of their shares was also steadily rising. The bank was about to announce the taking over of ‘UK Bank’. Mr. Vikas Mehra knew that the share price of ‘IBM Bank’ would rise on this announcement. Being a part of the Bank, he was not allowed to buy shares of the bank. He called one of his rich friends Mukand who is HNI( high networth individual) and asked him to invest Rs 80 crores in shares of his bank promising him the huge capital gains. As expected after the announcement, the share prices went up by 50% and the market price of Mukand’s shares was now Rs 120 crores. Mukand earned a profit of Rs 40 crores. He gave Rs 20 crore to Vikas Mehra and kept Rs 20 crore with him. On regular inspection and by conducting enquiries of the brokers involved, Securities and Exchange Board of India (SEBI) was able to detect this irregularity. SEBI imposed a heavy penalty on Vikas Mehra.</p> <p>Quoting the lines from the above para identify and briefly explain the term used for that irregularity which was done by Mr. Vikas. Also state any two functions performed by SEBI in the above case</p>												



**Answer:**

Term: Insider trading – using internal information for personal gain

SEBI functions: (i) Regulatory – Inspections and enquiries

(ii) Protective – Imposing penalty and control on insider trading

**TIME: 40 min.**

**WORKSHEET- 1**

**M.M :20**

Q.No.		Marks
1.	_____ is the instrument, which is traded in Money Market. <b>CBSE 2025</b> (A) Equity share (B) Debenture (C) Commercial paper (D) Bond	1
2	It is a process that allocates or directs funds available for investment into their most productive instrument opportunity'. This is known as: (A) Financial planning (B) Financial Intermediation (C) Allocative function (D) Capital budgeting	1
3	Statement I: A financial market facilitates the transfer of savings from savers to investors. Statement II: It gives savers the choice of different investments and helps to channelize surplus funds into the most productive use. Choose the correct option from the following: (a) Statement I is true and Statement II is false. (b) Statement II is true and Statement I is false. (c) Both the Statements are true. (D) Both the Statements are false.	1
4	In the ----- market, prices are determined and decided by the management of the company. (A) Primary (B) Secondary (C) Money (D) Stock	1
5	Differentiate between 'Money Market' and 'Capital Market' on any three bases	3
6	State any three objectives of Securities and Exchange Board of India	3
7	'Tech Work' an Artificial Intelligence (AI) startup started in 2024. It was earning good profits. It wanted to expand its business and for its research and development, it required ₹100 crores. The Chief Executive Officer of 'Tech Work' consulted the Finance Manager who suggested that there is a market which facilitates transfer of investible funds from savers to entrepreneurs seeking to establish new enterprises or expand existing ones through the issue of securities. The management of 'Tech Work' decided to raise funds from the investors by issuing equity shares ₹200 per share for the first time. <b>(CBSE 2025)</b> (i) Name the type of capital market through which 'Tech Work' decided to raise funds for its expansion. (ii) State three features of the market identified in (i) above.	4
8	Explain the first six steps in the trading procedure on a stock exchange	6

### ANSWER KEY

	1.C	2. B	3 C	4A
5.	Any three difference between Primary Market and Secondary market			1x3=3
6	<b>OBJECTIVES OF SEBI</b> 1. To regulate stock exchange and the securities market to promote their orderly functioning. 2. To protect the rights and interests of investors and to guide & educate them. 3. To prevent trade malpractices such as internal trading, Insider trading etc			1x3=3
7	(i) Primary Market (ii) Features of the Primary market: (Any three) (a) There is sale of securities by new companies or further (new issues of securities by existing companies to investors). (b) Securities are sold by the company to the investor directly (or through an intermediary). (c) The flow of funds is from savers to investors, i.e. the primary market directly promotes capital formation. (d) Only buying of securities takes place in the primary market, securities cannot be sold there. (e) Prices are determined and decided by the management of the company. (f) There is no fixed geographical location.			1+4=4
8	<b>1. Selection of Broker :</b> In order to trade on a stock Exchange first a broker is selected who should be a member of stock exchange as they can only trade on the stock exchange. <b>2. Opening demat account</b> <b>3. Placing the order :</b> After selecting a broker, the investors specify the type and number of securities they want to buy or sell. <b>4. Broker goes online</b> <b>5. Executing the order :</b> The broker will buy or sell the securities as per the instructions of the investor. <b>6. Issue of contract note</b>			1x6=6

**Time: 40 min.****WORKSHEET- 2****M.M: 20**

1.	The XYZ Ltd. wants to raise Rs. 500 crore to fulfill its expansion plans by issue of equity shares. Identify the market, ABC Ltd. will look for raising funds. (a) Primary market (b) Secondary market (c) Both (a) and (b) (d) None of these	1
2.	Rina's grandmother in her will gave shares worth Rs.50 lac in her name, when she opened the bank locker to get the share certificates, she found all were in very bad shape, half torn, etc. To overcome this problem, financial market has started a new concept called..... (a) Dematerialisation (b) Demutualisation (c) Both (a) and (b) (d) Materialisation	1
3	Which of the following functions of the Stock Exchange gives investors the chance to disinvest and re-invest in securities? <b>CBSE 2025</b> (A) Pricing of securities (B) Safety of transactions (C) Providing liquidity and marketability to existing securities (D) Providing scope for speculation	1
4	Which of the following is not a protective function of Securities and Exchange Board of India: <b>CBSE 2025</b> (A) Prohibition of fraudulent and unfair trade practices. (B) Controlling insider trading and imposing penalties for such practices. (C) Promotion of fair practices and code of conduct in securities market. (D) Undertaking measures to develop the capital markets by adapting a flexible approach.	1
5	State any four 'Development functions' of Securities and Exchange Board of India	3
6	Explain the following functions of Stock Exchange: (i) Providing liquidity and marketability to existing securities (ii) Pricing of securities (iii) Safety of transaction	3
7	Differentiate between 'Primary Market' and 'Secondary Market' on any four bases	4
8	If an investor wishes to buy or sell any security, he/she has to first approach a registered broker or sub-broker and enter into an agreement with him. An investor has to sign a broker-client agreement and a client registration form before placing an order to buy or sell securities. Thereafter, the investor has to open a 'Demat' account or 'Beneficial owner' account with a depository participant for holding and transferring securities in the demat form and a bank account for cash transactions in the securities market. (a) Identify the first two steps of 'Trading and Settlement procedure' in stock market have been discussed in the above lines. (b) State the next four steps . <b>(CBSE 2025 modified)</b>	6

### ANSWER KEY

1.A	2. A	3 C	4D	
5.	<b>Development Function of SEBI</b> (i) Training of intermediaries of the securities market. (ii) Conducting research and publishing information useful to all market participants. (iii) Undertaking measures to develop the capital markets			1x3=3
6	<b>(i) Providing liquidity and marketability to existing securities</b> The basic function of a stock exchange is the creation of a continuous market where securities are bought and sold. It gives investors the chance to disinvest and reinvest. <b>(ii) Pricing of securities</b> A stock exchange is a mechanism of constant valuation through which the prices of securities are determined by the forces of demand and supply. <b>(iii) Safety of transaction</b> The membership of the stock exchange is well regulated and its dealings are well defined according to the existing legal framework. This ensures that the investing public gets a safe and fair deal on the market.			1x3=3
7	Any four difference			1x4=4
8	(a) Selection of broker , Opening of demat account.  (b) Next four steps – (i) <b>Placing an order</b> The investor then places an order with the broker to buy or sell shares. Clear instructions have to be given about the number of shares and the price at which the shares should be bought or sold.  (ii) <b>Broker goes online</b> -The broker will then go online and connect to the main stock exchange and match the share and best price available.  (iii) <b>Executing the order</b> - When the shares can be bought or sold at the price mentioned, it will be communicated to the broker's terminal and the order will be executed electronically (iv) <b>Issue of contract note</b> -After the trade has been executed, within 24 hours the broker issues a contract note.			2+4

## CHAPTER-11

### MARKETING MANAGEMENT

It deals with planning, organizing, directing and controlling the activities related to the marketing of goods and services to satisfy the consumer's wants.

#### Marketing Management philosophies:-

**1. Production Concept:** - The firms following production concept focus on lowering the cost of production by means of mass production and distribution **but** the drawback of this concept is that customers don't always buy products which are inexpensive and available. **Main Focus:** Mass production to reduce cost.

**2. Product concept:-** Product concept stresses on quality of production rather than quantity of production. Product improvement is considered the key to success under it. **Main Focus:** Good quality, added features in product.

**3. Selling Concept:-** Selling concept believes that in order to make a customer buy a product he or she need to be convinced and customers can be convinced by undertaking some aggressive selling and promotional efforts. **Main Focus:** To sell whatever is produced by using intensive promotional technique.

**4. Marketing Concept:** - Marketing concept says that product should be designed and produced keeping in mind the need of the customer and try to satisfy the need better than the competitor's product. **Main Focus:** Customer satisfaction.

**5. Societal concept:** - Marketing concept is satisfying the needs of customers in the best possible manner but then also it has attracted criticism from people who are concerned about society and environment. **Main Focus:** Customer satisfaction within ethical and ecological boundaries of our society.

#### Functions of Marketing:-

- a) Gathering and analysing market information (market research) b) Marketing planning c) Product planning development d) Standardization and grading e) Packaging and labelling f) Branding g) Customer support services h) Pricing of products i) Promotion & Selling j) Physical distribution k) Transportation l) Storage and warehousing.

**Marketing Mix** Marketing mix refers to the ingredients or the tools or the variables which the marketer mixes in order to interact with a particular market to achieve its objectives in the target market. **Elements of Marketing Mix: Product + Price + Place + Promotion = Marketing Mix.**

**A. Product:** - The product element of the marketing mix signifies the tangible or intangible product offered to the customer which is the satisfier of the need.

**Product Mix:-** Product mix includes all those decisions related to the product such as quality, design, packaging of product etc.

**Important components of Product Mix:- Branding:** - Branding is the process of giving a name or a sign or a symbol or both to a product for its identification. Such as Polo, LG, Nike, Sony etc. It helps in product differentiation, advertising the product, differential pricing, introducing a new product.

**Packaging:-** Packaging is a set of tasks or activities which are concerned with the designing, production of an appropriate wrapper, container or bag for the product which helps in Product

identification, Product protection, Facilitating use of the product, Product promotion, Rising standard of health and sanitation etc.

**Levels of Packaging**:- a) **Primary Packaging**:-It refers to the product's immediate container, Like-toothpaste tube. b) **Secondary Packaging**:- It refers to the additional package, which provides additional layer protection to the product. Like- Card board box for toothpaste. c) **Transportation Packaging**:-These are packaging's used for storing or transporting the goods. Like- corrugated boxes used to shift Ruffle Lays etc.

**Labelling**:- Labelling means putting identification marks on the package. Label is the carrier of information which describes the product and specify its contents, helps in grading ,identifying the product and promotes sales.

**B. Price**:- Price is the value which a buyer passes on to the seller in lieu of the product or service provided.

**Price Mix**:-It includes all those factors which are considered while fixing the price of a product.

**The factors kept in mind while fixing the price of a commodity or services:-**

1. **Pricing objective**:-What is the objective of firm is a very important factor which helps in deciding the price. The pricing objective of a firm may include: a) Price Maximization, b)Obtaining market shares, c) Surviving in a competitive market etc.

2. **Product cost**:-The price of the product must be able to cover the total cost of product which includes fixed cost, variable cost and semi-variable cost.

3. **Extent of competition in the market**:- A firm fixes price of a product as per the competition faced by them.

4. **Customer's demand and utility**:- When demand of the product is inelastic i.e. no or very less substitutes are available then company can fix up high price.

5. **Government and legal regulations**:- To protect the interest of general public ,government has all the right to control the prices of various products and services by including the products in the category of essential commodities.

6. **Marketing methods used**:-The price of the product also gets affected by various techniques or methods of marketing used to promote the products.

**C. Place/ Physical Distribution** :- Place refers to the set of decisions that need to be taken in order to make the products available.

**Place Mix**:-It includes those activities which are related to movement of goods from the manufactures to the consumers and thus creates place utility.

**Components of Physical Distribution**1. Order Processing 2. Transportation 3. Warehousing 4. Inventory Control 5. Channels of distribution.

**Channels of distribution** :

1. Direct Channel (Zero level): Manufacturer---- Consumer

2. One level : Manufacturer----- Retailer----- Consumer

3. Two level: Manufacturer-----Wholesaler----- Reatiler----- Consumer

4. Three level : Manufacturer-----Agent-----Wholesaler----- Reatiler----- Consumer

**D. Promotion:-**It is concerned with activities that are undertaken to communicate with customers & distribution channels with the twin objective of informing about a product and persuading them to buy it.

**Promotion Mix:** - Promotional techniques are used to create product awareness amongst the potential target customers and persuade them to purchase the product. Like advertising, personal selling, publicity and sales promotion etc.

**Elements of Promotion Mix:** 1-Advertising, 2-Personal Selling, 3- Sales Promotion and, 4-Public relations.

1. **Advertising:-** It is defined as any paid form of non-personal presentation and promotion of ideas, goods or services by an Identified Sponsor.

2. **Personal Selling:** - It means selling personally. This involves face-to-face interaction between seller and buyer for the purpose of sale.

3. **Sales promotion:** - It refers to short term use of incentives or other promotional activities that stimulate the customer to buy the product.

4. **Public relations:** - Public relation involves variety of programmes to promote or protect a company's image and its individual products in the eyes of the public.

### QUESTION BANK

	MCQ ( 1 MARKS)
1.	<p>In order to promote the sales of the company, Mukund Limited has decided to offer consumer durable products at 0% finance. Identify the type of marketing factor being described in the above line.</p> <p>(a) Controllable factor (b) Non-controllable factor</p> <p>(c) Environmental factor (d) None of the above</p>
2.	<p>In order to get feedback about its recently launched immunity boosting ayurvedic medicine, Atulya limited conducted an online survey using a questionnaire, to gather customer views and opinions. Identify the marketing function being used by Atulya Limited:</p> <p>(a) Standardisation (b) Product Designing</p> <p>(c) Customer Support Service (d) Gathering and analyzing market information</p>
3.	<p>Guneet went to a shop and expressed her desire to buy a copper water bottle only of Prestige company. Identify the component related to branding being described in the above case.</p> <p>(a) Trademark (b) Generic name (c) Brand name (d) Brand mark</p>
4.	<p>Karam Limited is offering a travel package for 15 destinations worldwide with a free insurance on the bookings for the month of December, 2019. Identify the feature of marketing being described in the above lines.</p> <p>(a) Needs and wants (b) Creating a market offering</p> <p>(c) Customer value (d) Exchange mechanism</p>





12.	<p>Ecofriend Limited has decided to launch solar jackets, which will have an inbuilt solar charger as well. In order to make its product competitive, the company has decided to offer it for sale within the range of ₹ 1500 to ₹4 000. Identify the related function of marketing being mentioned in the given case.</p> <p>(a) Packaging and labelling      (b) Branding      (c) Pricing      (d) Promotion</p>
13.	<p>While reading the label of a pack of aluminium foil, Reshma discovered that the product was manufactured at Hyderabad but was available for sale in many states across the country. Identify the function of marketing which has made this possible.</p> <p>(a) Physical distribution      (b) Standardisation and grading (c) Transportation      (d) Warehousing</p>
14.	<p>Champ Limited is a company providing online education to school children of all the classes. Over the years, it has established a good reputation and a market share of 75%. However, in past 2 months, due to the entry of a new competitor in the same segment, the market share of the company has reduced by 20%. Identify the type of marketing factor which has adversely affected the sales of the company.</p> <p>(a) Controllable factors (b) Environmental factors (c) Marketing mix (d) None of the above</p>
15.	<p>Pranav has decided to start a business of manufacturing crockery and cutlery items. In order to give a unique identification to his products, he has decided to assign the brand name 'Elegan' as it will enable the firm to secure and control the market for its products. Identify the relative advantage of branding to the marketers being described in the above case.</p> <p>(a) Facilitates differential pricing      (b) Ease in the launching of new products (c) Facilitates product differentiation      (d) Assists in advertising and display programmes</p>
16	<p>Within 2 years of its inception, ABC Limited has created a positive image about itself and its products in the eyes of general public by participating extensively in various social welfare programs. Identify the component of promotion mixing described in the given lines.</p> <p>(a) Advertising (c) Public relation (b) Personal selling (d) Sales promotion</p>
17.	<p>Lavanya runs a Play School from her residence. Recently, she placed an order online for 200 chalk boxes. The boxes were delivered to her in a corrugated box. Identify this level of packaging which facilitated movement of the product.</p> <p>(a) Primary package      (b) Secondary packaging (c) Transportation packaging      (d) None of the above</p>
18.	<p>In an inter school quiz competition, the participants were shown empty bottles of soft drinks and were asked to identify the brands. All the participants were able to do so. Identify the related point highlighting the importance of packaging which is being described in the given case.</p> <p>(a) Rising standards of health and sanitation      (b) Facilitates product differentiation (c) Innovative packaging adds value to a product      (d) Useful in self service outlets</p>
19.	<p>On visiting a supermarket to buy a pack of moisturizer, Harsha noticed that the packaging of most of the beauty products exhibited a photograph of a celebrity. Identify the related</p>

	function of packaging being described in the given case.
	(a) Facilitates the use of product (b) Assists in promotion of the product (c) Helps in product identification (d) Provides protection to the product
20.	A salesman of a company dealing in pet foods is paid a fixed salary of ₹20000 per month and furthermore, ₹20 extra per unit of the product sold beyond the target sales. Identify the type of cost being described in the given example. (a) Fixed cost (b) Variable cost (c) Semi-variable cost (d) None of the above
	<b><u>Answers:</u></b> 1. A 2. D. 3C 4.C 5.A 6.B 7.B 8.A 9. A 10. D 11.B 12.C 13.C 14.B 15.C 16 C 17.C 18.B 19.B 20. C
	<b><u>SHORT ANSWER TYPE QUESTIONS (3 /4 MARKS)</u></b>
1.	A company wants to increase the sales of its products. To do this the company is applying all tactics like informing the customers about its products, persuading them to buy these products, involving personal selling and promotional activities. The sales might pick up with these efforts but there is something more it is concerned about doing. The issue which is worrying the company is repeat purchase. For this, the company is taking interest in after sales services, maintenance services and providing useful information to the customers. With these efforts the real purpose of the company may get fulfilled. However, the company is avoiding one aspect which is related to the decision regarding channels of distributing products. The company doesn't have a well decided strategy for it.  Which functions of marketing have been highlighted in the above case?
	Answer: The functions of marketing highlighted in the above case are: 1.Promotion 2.Customer support services 3.Physical distribution
2.	'Energy drinks India Ltd.' have scanned a profitable opportunity for marketing of soft drinks with Indian Traditional Flavour. The company wants to market its products in India and in neighbouring countries. A Board meeting of the company was held on 14.12.2015 wherein the marketing manager was asked to give a presentation to develop this market offering. For this it was also decided to set-up its manufacturing unit in a village of Bihar. This will not only help in the development of the village but will also provide employment to the youth of that village. The marketing manager chooses a combination of variables to prepare its market offering. He used a set of marketing tools that firm will use to pursue its marketing objectives in the target market.  (a) Name and state the concept of marketing used by the marketing manager for creating its market offering.  (b) Also, explain briefly the various elements of this concept.
	ANS: (a) Marketing Mix. Marketing Mix is the combination of variables chosen by a firm to prepare its market offering. OR Marketing mix refers to a combination of four components which constitute the core of a company's marketing efforts. (b) Various elements of this concept are: (i) Product (ii) Price (iii) Place (iv) Promotion

3.	<p>Vindhya Ayurved Ltd., a new and leading manufacturer of herbal and ayurvedic medicines and grocery products has captured a large share of the market in a short span of time. The Research and Development (R &amp; D) department of the company spends considerable time and effort in developing chemical-free and healthy alternatives for a variety of products of daily use, from toothpaste to biscuits, instant noodles to soaps, shampoos and detergents etc. Their business orientation differs from competitors who are shortsighted and want to maximize profit by maximizing sales. Instead Vindhya Ayurved considers maximization of profit by understanding needs and wants of customers in the target market and development of products or services for satisfying such needs and wants.</p> <p>(i) Identify and explain the marketing management philosophy adopted by Vindhya Ayurved Ltd.</p>
	<p>ANS:(i) Marketing philosophy implies that focus on satisfaction of customer's needs is the key to the success of any organization in the market. It assumes that in the long run an organization can achieve its objective of maximization of profit by identifying the needs of its present and prospective buyers and satisfying them in an effective way.</p>
4.	<p>XYZ Ltd. Had the business of manufacturing large varieties of FMCG products including biscuits, squashes, rice, flour, shampoo, oil, nutritional supplements, etc. To differentiate its product from that of its competitors, it decided to put a unique symbol on all of its products and also got it registered. It also classified its various products on the basis of use, quality, contents, etc. of any new product, the company also undertakes market survey for the product's feasibility.</p> <p>Explain the three functions of marketing with reference to the above paragraph.</p>
	<p>ANS: (i.) Gathering information and analyzing market information. (ii.) Standardization and Grading. (iii.) Branding.</p>
5.	<p>What is meant by marketing? State any three functions of marketing.</p>
	<p>ANS: Marketing is the sum total of all those activities which move goods and services from the producers to the consumers. The three main functions of marketing are : (i) Marketing planning (ii) Production designing and development . (iii) Pricing of products</p>
6.	<p>Shreemaya Hotel in Indore was facing a problem of low demand for its rooms due to off-season. The Managing Director (MD) of the hotel, Mrs. Sakina was very worried. She called upon the marketing Manager, Mr. Kapoor for his advice. He suggested that the hotel should announce an offer of '3 Days and 2 nights hotel stay package' with free breakfast and one-day religious visit to Omkareshwar and Mahakaleshwar Temples. The MD liked the suggestion very much.</p> <p>(a) Identify the promotional tool suggested by Mr. Kapoor.</p> <p>(b) Explain the promotional tool which can be used by the hotel through which large number of prospective pilgrimage tourists all over the country and abroad can be reached, informed and persuaded to use the incentive.</p>
	<p>ANS: (a) Sales Promotion (b) Advertising is the promotion tool that can be used by the hotel.</p>
	<p style="text-align: center;"><b><u>LONG ANSWER TYPE QUESTIONS (6 MARKS)</u></b></p>

1.	<p>Rasika Ltd. is a company which produces a variety of juices. A profitable business opportunity is seen by it in the field of producing soft drinks. The marketing manager of the company, Piyush Rastogi has to take several decisions, to achieve marketing success, such as - Whether the drink will be packed in glass bottles or plastic cans: - What will be the name (brand name) of the drink -: At what price it will be sold, i.e. at par with the price at which other competitive brands are sold or below it or above it: - What distribution network will be used to make the product available, e.g., hotels, restaurants, groceries shops, etc., - Whether the new soft drinks will be promoted by putting up advertisements in newspaper or magazine or on radio or television; or say if newspaper, whether in a local newspaper or a national daily, whether in a paper of regional language or an English daily, etc.</p> <p>Explain by quoting the lines from the above para the combination of variables chosen by the marketing manager of the company to prepare a new brand of soft drinks.</p>
	<p>ANS: The combination of variables chosen by a firm to prepare its market offering is called marketing mix. It consists of its four main elements, popularly known as four Ps of marketing. These are: (i) product, (ii) price; (iii) place, and (iv) Promotion.</p>
2.	<p>'Pushpa Ltd.', is manufacturing chocolates, biscuits, cakes and other similar products. The company is not generating enough profits. Saurabh, the Marketing manager of the company got a survey conducted to find out the reasons. The finding of the survey revealed that in spite of better quality, the customers were not able to distinguish the products of the company from its competitors. Though the customers wanted to buy the products of 'Pushpa Ltd.' again and again because of its goods quality, but they were not able to identify its products in the market. Because of this, the sales of the company could not pick up resulting in inadequate profits. Saurabh, the Marketing manager now realized that "Pushpa Ltd. had forgotten to take one of the most important decisions related to the product.</p> <p>What decision should "Pushpa Ltd.'" take so that its customers are able to identify its products in the market?</p>
	<p>ANS: The decision which 'Pushpa Ltd.' should take so that its customers are able to identify its products in the market Branding.</p>
3.	<p>'Maharana' is a famous take-away food outlet in Meerut. It is quite popular among local people and travellers on the national highway. It offers a wide variety of 'paranthas' and 'sandwiches' packed in special containers which are designed and developed by them to keep the food hot and fresh. Considering the tough competition in the nearby area, the prices have been set reasonably low. The owner Nirmal Singh spends huge sums of money to put large hoardings and kiosks in the vicinity, to inform the people about the outlet's location and the special items on its menu. The firm is performing various marketing functions to achieve its marketing objectives.</p> <p>On the basis of the information given in the above case identify and explain any three marketing functions.</p>
	<p>ANS: Marketing Functions (any three): (i) Branding- (ii) Packaging (iii) Pricing of Product (iv) Promotion</p>
4.	<p>Choco Ltd. offers a wide variety of chocolate products. It has an action program of not selling its products by their generic name but under different names like Choco-silk bar,</p>

	<p>Choco-Munchy and Choco-crunchy etc. for different customer segments. All these names have great popularity and acceptability in the markets. As the company policy the products were offered at reasonable and affordable prices for targeting a mass customer base. During the festive season the company launched a massive promotional campaign to increase its revenue and achieve its communication objectives. The company introduced free gifts for the customers. Their on-ground sales team delivers the product not only to the departmental stores but also to small shops, so that all segments of customers can easily get the products. They also provide information and support services to customers to ensure repeat sales.</p> <p>From the viewpoint of the management function, briefly explain any four activities of marketing which the firm will be involved in, apart from the abovementioned ones it's already performing.</p>
	<p>ANS: (Any four) 1. Gathering and analyzing market information: 2. Product designing and development: 3. Standardization: 4. Packaging and labelling 5. Transportation 6. Storage and warehousing</p>
5.	<p>The Research &amp; Development department of Healthy Production Ltd. has decided to diversify from manufacturing health drinks to cereals made from millets. They are well aware of the fact that the company will have to communicate to the people the benefits of eating millets. For this purpose, they plan to sponsor various events like marathons and encourage people to switch to healthy eating through newsletters.</p> <p>a) Identify and briefly explain the promotional tool being discussed above.</p> <p>b) Also explain any two other promotional tool that can be used by the company, apart from the one discussed above.</p>
	<p>ANS: a) Public relations- It involves variety of activities designed to promote or protect company's image &amp; its individual products in the eyes of public b) Any two of the following are the promotional tools which may also be used: i) Advertising ii) Personal Selling 206 ZIET,MYSORE iii) Sales promotion</p>

**TIME: 40 min.****WORKSHEET-1****20M**

Q.1	A bottle of Anti- dandruff shampoo mentions ' Clean your hair and get rid of dandruff in one squeeze'. The product related decision involved is a) Branding b) Product quality c) Packaging d) Labelling	1
Q.2	Name the function of marketing which is effective in bringing repeat sales from the customers and developing brand loyalty for a product. a) Standardization and grading b) Promotion c) Customer support services d) Packaging and labelling	1
Q.3	Read the statements given in point 1 and 2, answer the questions that follow: 1) Tea is produced in Assam but is carried to customers not only in this state but also in other parts of the country. Identify and explain the function of marketing that enables the marketer to achieve its goals. 2) Paddy is grown during summer season but its demand and sale takes place throughout the year. Name and state the function of marketing which should be undertaken to reduce the gap between production and consumption of Paddy. <b>CBSE Sample paper 2023-24</b>	3
Q.4	Fresh Sip Ltd. is a company that manufactures packaged fruit juices. The company uses high-quality fruits, maintains hygiene, and uses attractive packaging. The juices are available in various flavors and price ranges. The company advertises heavily and distributes through retailers and supermarkets. It emphasizes customer satisfaction and feedback. a) Identify and explain any three elements of the marketing mix used by Fresh Sip Ltd.	3
Q.5	“It is also the single most important factor affecting the revenue and profits of a firm.” Identify the element of marketing mix and explain briefly any five factors related to the concept so identified.	6
Q.6	Ginika, Tanish and Rohit were friends from college days and now they are doing different kinds of business. They regularly meet and discuss their business ideas and exchange notes on customer satisfaction, marketing efforts, product designing, selling techniques, social concerns etc. In one of such meetings, Ginika drew the attention of Tanish and Rohit towards the exploitation of consumers. She told that most of the sellers were exploiting the consumers in various ways’ and were not paying attention towards the social, ethical and ecological aspects of marketing, whereas she was not doing so. Tanish told that they were under pressure to satisfy the consumers, but stated that the consumers would not buy or not buy enough unless they were adequately convinced and motivated for the same. Rohit stressed that a company cannot achieve its objectives without understanding the needs of the customers. It was the duty of the businessmen to keep consumer satisfaction in mind because business is run by the resources made available to them by the society. He further stated that he himself was taking into consideration the needs of the customers.  Identify the various types of thinking that guided Ginika, Tanish and Rohit in the marketing efforts of their business. Also, state one more feature of the various types of thinking identified that is not given in the above para.	6

	ANSWERS	
1	D	
2	C	
3	<p>1. The function of marketing that enables the marketer to achieve its goals is <b>Transportation</b>. It involves physical movement of goods from one place to another. Since the user of products are wide spread and geographically separated from the place where they are produced it is necessary to move them to the place where they are needed for consumption.</p> <p>2. The function of marketing that reduces the gap between production and consumption of paddy is Storage or <b>Warehousing</b>. Due to irregular demand or supply, there may be time gap between production of goods and their sale. Storage helps in reducing the time gap between production and consumption and provides time utility.</p>	
4	<p>Four elements of the marketing mix used by FreshSip Ltd.: Product: Fruit juices in various flavors and packaging. Price: Different price ranges for different customer segments. Place: Available in retail stores and supermarkets (distribution channel). Promotion: Heavy advertising to promote the product.</p>	
5	Hint: Price, factors determining price of a product - Product Cost, Utility and Demand Extent of competition, Marketing methods used, Pricing objectives	
6	<p>(Hint: The various types of thinking that guided Ginika, Tanish and Rohit in the marketing efforts of their business are described below: <b>Ginika- Societal Concept</b>- It includes needs of the potential buyers as well as concern for the society at large. The ends include profit maximisation through customer satisfaction and social welfare. <b>Tanish-Selling Concept</b>- The main focus of this philosophy is on existing products. The ends include profit maximisation through sales volume. <b>Rohit- Marketing Concept</b>-The ends include profit maximisation through customer's satisfaction.</p>	

**TIME: 40 min.****WORKSHEET-2****20M**

Q.1	Ashan Ltd. is a natural and ethical firm that specialises in providing organic bathing items for men and women. The company uses plant-based elements in its goods and is the country's leading organic brand. It not only meets the needs of its clients, but it also believes in environmental conservation as a whole. Determine the marketing management philosophy that 'Beauty Products Ltd.' employs. (a) Social marketing concept    (b) Selling concept (c) Production concept                      (d) Product concept	1
Q.2	GreenLeaf Pvt. Ltd. manufactures eco-friendly cleaning products using natural ingredients. The company packs its products in biodegradable containers and labels them with detailed usage instructions and eco-labels. To reach more customers, it promotes through social media and offers discounts for referrals. Which element of the marketing mix is being reflected in their use of eco-friendly packaging? a) Price    b) Product    c) Place    d) Promotion	1
Q.3	The aim of selling concept is: a) To increase sales    b) Customer satisfaction    c) Social welfare    d) Branding	1
Q.4	The process of designing the wrapper or container is called: a) Branding    b) Labelling    c) Packaging    d) Advertising	1
Q. 5	Explain the main components of physical distribution.	4
Q.6	Saloni intends to start an enterprise that produces chocolates. Initially in order to assess the taste and preferences of the people about chocolates, she used social media and online surveys. There after she prepared a detailed SWOT analysis of her enterprise to devise a strategy that will give her an edge over competitor. Based on her analysis of the market she plans another segment of Chocolate called "desi delight" she plans to fix up the price of the chocolate relatively lower in the beginning and increasing later on when demand picks. In the context of the above case (i) Identify the elements of marketing mix being discussed in the above para. (ii) Identify the functions of marketing discussed in above para.	6
Q.7	A new startup "Snackly Foods" is planning to launch healthy millet-based snacks. Before launching, it conducts market research, ensures attractive packaging, sets a competitive price, and plans digital advertising. The company wants to build a strong brand and customer trust. Discuss any six functions of marketing being performed by "Snackly Foods" with reference to the case.	6
<b>ANSWERS:</b>		
1	A    2. B                      3. A                      4. C	
5	In brief – 1. Order Processing 2. Transportation 3. Warehousing 4. Inventory Control	
6	(a) The three elements of marketing mix in the questions are – Product , Price and Promotion. (b) Functions of Marketing – Market research, Product planning, Pricing, promotion	
7	Functions performed by Snackly Foods: Market Research: Understanding demand and preferences before launch. Packaging: Designing attractive and informative packaging to attract customers. Pricing: Setting competitive prices to penetrate the market. Promotion: Using digital ads to raise awareness. Branding: Creating a unique name and image to build trust.	



## CHAPTER -12

### CONSUMER PROTECTION

**MEANING:** - Consumer protection means protecting the interest of consumers from unfair trade practices and exploitation from manufacturers and intermediaries.

**RIGHTS OF CONSUMERS** The Consumer Protection Act provides six rights to consumers. They are as follows:

- (1) **Right to safety:** -The consumer has a right to be protected against marketing of goods and services which are hazardous to life and property, e.g. Sometimes the manufacturing defects in pressure cookers, gas cylinders & other electrical appliances may cause loss to life, health and property of customers.
- (2) **Right to be Informed:** -According to this right the consumer has the right to get information about the its ingredients, date of manufacture, quality, quantity, purity, standard and price of goods or services so as to protect himself against the abusive and unfair practices.
- (3) **Right to Choose/Assured:** -The consumer has the freedom to choose from a variety of products. The marketers should offer a wide variety of product and allow the consumer to make a choice and choose the product which is most suitable for him/her.
- (4) **Right to be Heard:** - The consumer has a right to file a complaint and to be heard in case of dissatisfaction with a good or a service. It is because of this reason that many enlightened business firms have set up their own consumer service and grievance cells.
- (5) **Right to Seek Redressal:** -The Consumer Protection Act provides a number of reliefs to the consumer including replacement of the product, removal of defect in the product, compensation paid for any loss or injury suffered by the consumer etc.
- (6) **Right to Consumer Education:** -The consumer has a right to acquire knowledge about products. He should be aware about his rights and the reliefs available to him in case of a product/service falling short of his expectations. Many consumer organizations and some enlightened businesses are taking an active part in educating consumers in this respect.

#### **RESPONSIBILITY OF CONSUMERS:**

- (1) Consumer must exercise his Rights.
- (2) Insist for Cash Memo on purchase of goods and services. This would serve as a proof purchase made.
- (3) Filing Complaints for the Redressal of Genuine Grievances.
- (4) Consumer must be Quality-Conscious.
- (5) Respect the environment. Avoid waste, littering and contributing to pollution
- (6) Discourage black marketing, hoarding and choose only legal goods and services.
- (7) Form consumer societies which could play an active part in educating consumers and safeguarding their interest.

#### **WHO CAN FILE A COMPLAINT UNDER CPA, 2019**

• a consumer; or • any voluntary consumer association registered under any law for the time being in force; or • the Central Government or any State Government; or • the Central Authority; or • one or more consumers, where there are numerous consumers having the same interest; or • in case of death of a consumer, his legal heir or legal representative; or • in case of a consumer being a minor, his parent or legal guardian.

**ROLE OF NGO'S IN INDIA** Several consumer organisations and non-governmental organisations (NGOs) are playing an active role in protection and promotion of consumers' interest:

1. Educating the general public

2. Publishing periodicals 3. Carrying out comparative testing of consumer products 4. Encouraging consumers to strongly protest 5. Providing legal assistance to consumers 6. Filing complaints in appropriate consumer courts 7. Taking an initiative in filing cases in consumer courts in the interest of the general public

### **REMEDIES AVAILABLE TO CONSUMER:**

(i) To remove the defect in goods or deficiency in service. (ii) To replace the defective product with a new one, free from any defect. (iii) To refund the price paid for the product, or the charges paid for the service. (iv) To pay a reasonable amount of compensation for any loss or injury suffered by the consumer due to the negligence of the opposite party. (v) To pay punitive damages in appropriate circumstances. (vi) To discontinue the unfair/ restrictive trade practice and not to repeat it in the future (vii) Not to offer hazardous goods for sale. (viii) To withdraw the hazardous goods from sale. However, every order of a district commission, the state commission or the national commission is deemed final if no appeal for such order is made by any of the parties involved in dispute.

**ROLE OF A CONSUMER ASSOCIATION** • Educating the general public about consumer rights by conducting training programmes, conferences and workshops.

- Publishing periodicals and other publications to give knowledge about consumer problems, legal reporting, reliefs available and other matters of interest.
- Carrying out comparative testing of consumer products in accredited laboratories to test relative qualities of competing brands and publishing the test results for the benefit of consumers.
- Encouraging consumers to strongly protest and take an action against unscrupulous, exploitative and unfair trade practices of sellers.
- Providing legal assistance to consumers by way of providing aid, legal advice etc. in seeking legal remedy.
- Filing complaints in appropriate consumer courts on behalf of the consumers.

### **Legal redressal machinery under Consumer Protection Act, 2019.**


<b>Basis</b>	<b>District Commission</b>	<b>State commission</b>	<b>National Commission</b>
Level	District	State	National
Size of complaint (value of goods and services paid as consideration)	<b>Upto Rs.50 lakhs</b>	<b>More than Rs.50 lakhs upto Rs.2 crore</b>	<b>More than Rs.2 crore</b>
Appeal against the order to the Next authority	Within 45 days to State Commission	Within 30 days to National Commission	Within 30 days to the Supreme Court




**Mediation process:** Either on the first hearing or at any later stage, it appears to district commission that there exists elements of settlement which may be acceptable to the parties, it may direct them to give their consent for settlement of dispute through mediation **within five days.**

## QUESTION BANK

## MCQs

<u>1</u>	<table border="1"> <thead> <tr> <th></th><th>Column I</th><th>Column II</th></tr> </thead> <tbody> <tr> <td>(i)</td><td>District Commission</td><td>a) Exceeds 2 Crores</td></tr> <tr> <td>(ii)</td><td>National Commission</td><td>b) above 50 lakhs to 2 crores</td></tr> <tr> <td>(iii)</td><td>State Commission</td><td>c) Upto Rs. 50 lakhs</td></tr> </tbody> </table> <p>Match the above column I with Column II  A (ii-b), (iii-c);(i-a)  B (iii-c); (ii-b); (i-a)  C (ii-b); (i-a); (iii-b)  D (iii-b); (i-c); (ii-a)</p>		Column I	Column II	(i)	District Commission	a) Exceeds 2 Crores	(ii)	National Commission	b) above 50 lakhs to 2 crores	(iii)	State Commission	c) Upto Rs. 50 lakhs	<u>1</u>
	Column I	Column II												
(i)	District Commission	a) Exceeds 2 Crores												
(ii)	National Commission	b) above 50 lakhs to 2 crores												
(iii)	State Commission	c) Upto Rs. 50 lakhs												
<u>2</u>	Who, of the following, cannot be considered a consumer? (a) A person who buys things to further sell them consideration. (b) A person who gets things without consideration. (c) A person who uses things without the permission of the purchasers. (d) All the above	<u>1</u>												
<u>3</u>	In case the aggrieved party is not satisfied with the order of the State Commission, he/she can appeal before the _____ Commission within _____ days of the passing of the order.	<u>1</u>												
<u>4</u>	Assertion (A): It is the responsibility of the consumer to buy only standardized goods as they provide quality assurance. Reason (R): The consumers have certain responsibilities to follow and should keep a few things in mind while purchasing goods and services.  (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.	<u>1</u>												
<u>5</u>	Mention the quality mark which a consumer should look for while purchasing jewellery.  (a) ISI Mark (b) FSSAI Mark (c) Eco Mark (d) Hall Mark	<u>1</u>												
<u>6</u>	Yash had severe pain in his throat, so he called up the doctor and asked for a telephonic advice. The doctor prescribed him a sachet of Throat Reliever Hot Sip. He asked his servant to get a sachet from a local chemist with a cash memo. After consuming the sachet, he started feeling more ill, so he picked up the empty sachet and started reading the label. To his utter dismay, the sachet had already expired last month. Which of the following remedies is not available to him any longer as a consumer? (a) To withdraw the hazardous goods from sale b) To replace the defective product with a new one. (c) To refund the price paid for the product. (d) To pay a reasonable amount of compensation for any loss suffered by the consumer .	<u>1</u>												
<u>7</u>	On the eve of Diwali Kalpana purchased two kilograms of sweets from Koyal sweets. On consumption of sweets her two children and husband fell sick and were to be hospitalized. Kalpana wanted to file a case in the consumer forum but could not do so because she did not have any proof of buying sweets from Koyal sweets.	<u>1</u>												

	What proof could Kalpana had obtained for filing the claim in the consumer court?												
8	<div>Match the following by choosing the correct option:</div> <table><thead><tr><th>Column A</th><th>Column B</th></tr></thead><tbody><tr><td>i) Consumers gets a relief</td><td>(a) Right to information</td></tr><tr><td>ii) Offering a wide variety of goods</td><td>(b) Right to be heard</td></tr><tr><td>iii) Providing details about the product.</td><td>(c)Right to be assured</td></tr><tr><td>iv) Providing grievance cells.</td><td>(d)Right to seek redressal</td></tr></tbody></table> <div>(a) (i)-(c);(ii)-(d);(iii)-(a);(iv)-(b) (b) (i)-(b);(ii)-(a);(iii)-(d);(iv)-(c) (c) (i)-(d);(ii)-(c);(iii)-(a);(iv)-(b) (d) (i)-(c);(ii)-(d);(iii)-(a);(iv)-(b)</div>		Column A	Column B	i) Consumers gets a relief	(a) Right to information	ii) Offering a wide variety of goods	(b) Right to be heard	iii) Providing details about the product.	(c)Right to be assured	iv) Providing grievance cells.	(d)Right to seek redressal	<u>1</u>
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iv) Providing grievance cells.	(d)Right to seek redressal												
9	A consumer does not include a person who obtains goods or avails services for re-sale or any commercial purpose. (True/False)		<u>1</u>										
10	<div></div> <div>Look at the picture and find out where the consumer have to complaint at first select one of the following---</div> <div>(a)Supreme Court                      (b). State Commission (C)National Commission      (d)District Commission</div>		<u>1</u>										
11	<div>Picture Of quality mark</div>	<div>Where it is used</div>	<u>1</u>										

		1 .Pulses, cereals, essential oils, vegetable,oils, fruits and vegetables	
		2.Packaged fruit beverages, fruit-jams,crushes and squashes, pickles	
		3.Gold Jewellery for its purity and fineness.	
<p>In the above table some standardized marks and also where these marks are used. Match them and select the correct option---</p> <p>a.A2 , B1 , C3    b.A1 , B3 , C2    c.A3 , B2, C1    d.A2, B3, C1</p>			

### ANSWER KEY

1	(d)(iii); (i); (ii)	<u>1</u>
2	(d) All the above	<u>1</u>
3	NATIONAL; 30 DAYS.	<u>1</u>
4	(a)Both A and R are true and R is the correct explanation of A.	<u>1</u>
5	d) Hall Mark Match.	<u>1</u>
6	B. Explanation: (b) Because he has already consumed the product	<u>1</u>
7	Cash Memo	<u>1</u>
8	(c) (i)-(d);(ii)-(c); (iii)-(a);(iv)-(b)	<u>1</u>
9	True.	<u>1</u>
10	D-District commission	<u>1</u>
11	B.      A1, B3, C2	<u>1</u>

### SHORT ANSWER QUESTION (3-4)

<b>1</b>	<p>Flipkart is an online and on-air retail and distribution venture of the Network 18 Group, India. Through advertisement and other means company approaches to customer and inform about, It is a part of the Network18 Media and Investments Limited which is owned and operated by Reliance Industries. Currently, HomeShop18.com comprises of more than 15 categories namely, Mobiles, Health &amp; Beauty, Apparel, Jewellery, Home &amp; Kitchen, Household Appliances etc. to name a few. The company offers a wide variety of goods under each of these categories. It helps consumer to use safely.</p> <p><b>Identify and explain the relevant consumer right being promoted by the company.</b></p>	<b>4</b>
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	<p><b>Also explain any two others rights being reflected through this approach adopted by the company.</b></p> <p><b>ANSWER</b></p> <p>The Right to Choose is being promoted by the company. According to the Right to Choose, the consumer has a right to choose from a variety of products at competitive prices. Also, the marketers should offer a wide variety of products to buyers. The two other rights being reflected through this approach adopted by the company are right to safety and right to consumer education</p>	
<u>2</u>	<p>Khushi purchased a new car from 'Suzi Motors' for ₹ 25 lakh. He was offered free insurance for the first year and three free servicing to be availed after the car had covered 5,000 km, 10,000 km and 15,000 km respectively. When Himanshu took the car for the first free servicing, he was told that the car was not new and first service had already been availed on this car. He felt cheated and filed a complaint in the State Commission. Being not satisfied with the decision of the State Commission, after two months he decided to file and appeal against it.</p> <p><b>Can Khushi appeal against the decision of the State Commission? Give reason in support of your answer.</b></p> <p><b>ANSWER</b></p> <p>No, Khushi cannot appeal against the decision of State Commission in the National Commission. Under the Consumer Protection Act, 2019 appeals against the order of State Commission can be filed in National Commission, within 30 days of the passing of the order and in this case Khushi decides to file appeal against the decision of State Commission after 2 months</p>	<u>3</u>
<u>3</u>	<p>Sanjay purchased an ISI mark electric iron from Bharat electricals. While using it, he found that it was not working properly. He approached the seller and complaint about the same. The seller satisfies Sanjay by saying that he will ask the manufacturer to replace the iron. The manufacturer refused to replace and Bharat electricals decided to file a complaint in the consumer court. Can Bharat Electricals do this? Why? Also explain who is consumer as per consumer protection Act, 2019.</p> <p><b>ANSWER</b></p> <p>No, Bharat Electricals will not be able to file a complaint under consumer protection Act 2019 because according to this act a person is not deemed to be a customer if he buys goods for resale or commercial purpose.</p>	<u>3</u>
<u>4</u>	<p>Kewalram started a sweets shop 'Karamati Sweets' in 1950. The sweets were famous all over India for their good quality and people would come from far and wide to purchase sweets from him. As he grew old, he could no longer run the shop. So, he sold the shop to one of his neighbours Bholaram'. After a few months, to further increase the revenue, Bholaram' started engaging in unfair trade practices like using adulterated khoya and paneer. He thought that no one would know about it as 'Karamati Sweets' had a good image in the eyes of the people. Slowly, people started falling sick after consuming sweets purchased from 'Karamati Sweets' but they did not know where to go and to whom to complain. Raghav, a resident of the village had recently completed his studies. He was also a member of a non-governmental organization. 'Meri Voice'. He felt that the villagers should be made aware about the</p>	

	<p>rights and reliefs available to them. He started creating awareness about consumer rights among the villagers to protect their interest through a series of talks and presentations in the village.</p> <p>(a) Identify and explain the consumer right discussed in the above para.</p> <p>(b) Also, identify and explain the consumer right violated by 'Bholaram' in the above case.</p> <p><b>ANSWER</b></p> <p>(a) <b>Right to Consumer Education:</b> - The consumer has a right to acquire knowledge about his rights and reliefs available to him in case of a product or service is falling short of his expectation and to be a well-informed consumer throughout life. Many consumer organizations and businesses are educating consumers in this respect.</p> <p>(b) <b>Right to Safety:</b> - The consumer has a right to be protected against goods and services which are hazardous to life, health and property. Consumers are educated that they should use products which are standardized as this would be an assurance of such products meeting quality specifications</p>	
<b>5</b>	<p>'MVT Ltd.' is a leading cosmetic manufacturing company. It has its own consumer service and grievance redressal centre to address consumer concerns. The mobile phone number of the consumer service and grievance redressal cell is printed on the labels of all its products as a policy to get feedback or complaints from their consumers. It also runs various programmes to educate the consumers about their rights and reliefs available to them in case a product or service falls short of their expectations.</p> <p>Explain the two rights of the consumers which are being promoted by the company.</p> <p><b>ANSWER</b></p> <p>Consumer Rights being promoted by the company(Explain)</p> <p>(i) Right to be heard</p> <p>(ii) Right to consumer education</p>	

### **LONG ANSWER TYPE QUESTIONS (6 MARKS)**

<b>1</b>	<p>Under the consumer protection Act, every consumer has a right to be protected against goods and services which are hazardous to life health. Electro ltd. Manufactures and sells substandard electrical appliances. As these appliances did not conform to safety norms and a mark assuring quality specification was missing on it. Cases were noticed where these substandard appliances had caused serious injury to many consumers.</p> <p>(a) Which consumer right has been highlighted in the above case? Explain it.</p> <p>(b) Name the mark which the consumer should see before buying any electrical appliances to ensure safety and why?</p> <p>(c) Name and explain the consumer right where a consumer has a right to have complete information about that product he intends to buy</p> <p><b>ANSWER</b></p>	<p><b>2+1+3=</b> <b>6</b></p>
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	<p>(a) Right to safety. Its explanation</p> <p>(b) ISI mark</p> <p>(c) Right to be informed: The consumer has a right to have complete information about the product he intends to buy including its ingredients, date of manufacture, price, quantity etc.</p>	
<u>2</u>	<p>Cutie Beauty Ltd. is a beauty brand famous for its organic beauty products for men and women. The company uses organic plant extract to produce its product which is non-allergic and beneficial for every type of skin. The product is made available in different packs and sizes. The label of the product contains full information about the ingredients, batch number, date of manufacture and expiry date etc. The company has set up to its customer care cell to handle all sorts of queries of its customers. List and explain the consumer rights taken care of by the company by quoting lines from the passage.</p> <p><b>ANSWER</b>The following consumer rights are taken care of by the company:</p> <p>a. Right to Safety: ‘The product are non-allergic and beneficial for every type of skin’. The consumer has the right to be protected against goods and services which are hazardous to life and health.</p> <p>b. Right to Choose: The product is made available in different packs and sizes. The consumers have the freedom to choose from a variety of products at competitive prices.</p> <p>c. Right to be informed: The label of the product contains full information. The consumer has a right to have complete information about a product he intends to buy including its ingredients, date of manufacture, price, quantity etc.</p> <p>d. Right to be heard: The Company has set up its customer care cell to handle all sort of queries of its customer. The consumer has a right to file a complaint and to be heard in case of dissatisfaction with a goods or a service.</p>	<p><u>1½</u> <u>x4=6</u></p>
<u>3</u>	<p>Kartik is engaged in trading of Smart Televisions. He purchases these televisions from ‘Vivek Electronics’, the manufacturer. All the televisions are certified by ‘Bureau of Indian Standards’. During Deepawali season, ‘Vivek Electronics’ supplied some defective television sets to Kartik. Kartik is getting complaints about the televisions from almost all the customers.</p> <p>(a) Who can exercise his/her ‘Right’ and against whom?</p> <p>(b) Define ‘Consumer’ as per the provisions of the Consumer Protection Act, 2019.</p> <p>(c) State the ‘Right’ which can be exercised to get relief.</p> <p><b>ANSWER:</b>Consumers can exercise their ‘Right’ against Vivek Electronics’.</p> <p>(a) Under the Consumer Protection Act 2019, a consumer is a person who buys any goods or avails services for a consideration, which has been paid or promised, or partly paid and partly promised, or under any scheme of deferred payment. It includes any user of such goods or beneficiary of services if such use is made with the approval of the buyer. It applies to both offline and online transactions through electronic means by teleshopping or direct selling or multilevel marketing. However, 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.</p> <p>(c) The ‘Right’ which can be exercised to get relief is Right to seek redressal which states that the consumer has a right to get relief in case the product or service falls short of his expectations.</p>	<p><u>2+2+2=</u> <u>6</u></p>



**WORKSHEET-1****Time: 40 min.****M.M: 20**

1	<p>Identify the incorrect statement with respect to importance of consumer protection' from the business point of view.</p> <p>(A) Enlightened businesses realize that it is in their long-term interest to satisfy their customers.</p> <p>(B) It is the moral duty of any business to take care of consumer's interest and avoid any form of their exploitation.</p> <p>(C) Due to widespread ignorance of consumers about their rights and reliefs available to them, it becomes necessary to educate them about the same, so as to achieve consumer awareness.</p> <p>(D) A business engaging in any form of exploitative trade practices would invite government intervention which can tarnish the image of the company.</p>	1
2	<p>Rajni is the chief executive officer of a multinational company, maintained a simple and elegant look. Now she wanted a change, so she decided to colour her hair vibrant look. After reading the label carefully she perched a well-known hair colour of good quality. Before applying the colour, she read the instruction carefully. However while applying the colour on her hair, she forgot the instruction and without testing it on a patch of her skin, she applied the colour. This led to an allergic reaction with redness and itching on her scalp, ears and neck. Identify the responsibility that was ignored by Rajni as a consumer while using a Hair colour.</p> <p>(A) Be aware about various goods and services available in the market so that an intelligent and wise choice can be made.</p> <p>(B) Learn about the risks associated with products and services, follow manufacturer's instructions and use the product safely.</p> <p>(C) Assert yourself to ensure that you get a fair deal.</p> <p>(D) Ask for a cash-memo on purchase of goods or services.</p>	1
3	<p>Sameeksha is a Class-XII student having Business Studies as one of her subjects. After studying 'Consumer Protection' as one of the chapters in Business-Studies, she tried to apply the acquired knowledge while purchasing and using the goods. She is very fond of cooking and always tries new recipes. This time she wants to purchase a 'Bread Maker' to prepare homemade bread. She checked online about the various brands of 'Bread Maker' available in the market and compared their price, so that an intelligent and wise choice can be made. Then she went to a nearby market to buy it. Being an informed consumer, she looked for the Standardization Mark, negotiated the price printed on the label, checked the date of manufacturing and asked for guarantee or warranty of the product. After satisfying with all the concerned information she purchased the Bread Maker and as a responsible consumer asked for the cash-memo. After coming back home she opened the packaging of the Bread Maker' and found an instruction booklet inside. She carefully read all the instructions and operated the Bread Maker step-by-step and succeeded in making nice 'Atta Bread' for her family. Sameeksha has fulfilled many responsibilities of a consumer while purchasing and using the 'Bread Maker' .</p> <p>State any four responsibilities fulfilled by Sameeksha besides asking for a cash-memo.</p>	4
4	<p>Anuj, after a lot of research, paid 'SS Developers' an advance of ₹ 2 crore to build a lavish house for him. They promised to deliver the property within 18 months. At the end of 18 months, Anuj asked for the delivery of the property many times but the developer did not respond. Anuj realized that 'SS Developers' was not in a position to hand over the property</p>	4

	<p>to him. Anuj asked for a refund of the money with interest, which 'SS Developers' refused. Anuj approached the consumer court with his complaint.</p> <p>(i) Which grievance redressal agency had Anuj approached? (ii) State any three reliefs Anuj is likely to get, if the consumer court is satisfied with the complaint.</p>	
5	<p>Nishi had gone to a grocery store to make routine purchases. On reaching home, as she took out Binx tomato chips packet from the bag to give it to her son, she felt that it was underweight. She checked its weight on the kitchen weighing scale and found that it weighed 60 grams whereas the label on the chips packet mentioned the weight of the packet as 100 grams. She approached the manufacturer and complained about it. The manufacturer offered her a gift hamper and requested her not to disclose this to anyone. Nishi refused to accept the gift hamper and took the issue to a redressal agency.</p> <p>a) State two responsibilities discharged by Nishi, as a consumer, in the above case b) State any two reliefs which can be granted to Nishi, if the consumer court is satisfied with the genuineness of the complaint.</p>	4
6	<p>Ashish wanted to purchase one LCD TV for his home. He decided to go to various stores selling electronic items to check the available varieties of different brands. One of his friends took him to a manufacturer selling LCD TV at almost half the price. The manufacturer described its various features and insisted that Ashish buys the LCD TV from him. Seeing the features, Ashish decided to buy the TV from him, even when the TV was not having any standardization mark on it. When Ashish asked for the cash memo, the manufacturer discouraged him, saying that it will attract additional tax. He further told Ashish not to worry and promised that if there would be any problem with the TV, he would replace it immediately. The TV started malfunctioning within a month and Ashish asked for its replacement. The manufacturer refused to replace the LCD TV, telling him that the problem is due to mishandling of the TV. Ashish decided to file a complaint in the Consumer Court against the manufacturer.</p> <p>(i) Identify and explain two consumer rights discussed in the above case. (ii) State two consumer responsibilities that Ashish did not fulfil while buying the LCD TV.</p>	6

### **ANSWER KEY**

<b><u>1</u></b>	<p>(C) Due to widespread ignorance of consumers about their rights and reliefs available to them, it becomes necessary to educate them about the same, so as to achieve consumer awareness.</p> <p>Explanation: - This statement is incorrect from the business point of view because educating consumers about their rights and reliefs is primarily the responsibility of the government, consumer organizations, and advocacy groups, rather than businesses themselves. While ethical businesses may engage in consumer awareness initiatives, it is not their primary role or obligation.</p>	<b><u>1</u></b>
<b><u>2</u></b>	<p>Learn about the risks associated with products and services, follow manufacturer's instructions and use the product safely.</p>	<b><u>1</u></b>

<u>3</u>	<p>Responsibilities that Sameksha has fulfilled besides asking for a cash memo are: (Any four)</p> <p>(i) Be aware about various goods and services available in the market so that an Intelligent and wise choice can be made.</p> <p>(ii) Buy only standardised goods as they provide quality assurance e.g. standardization mark.</p> <p>(iii) Learn about the risks associated with products and services, follow manufacturer's instructions and using the products safely.</p> <p>(iv) Read labels carefully so as to have information about prices, net weight, manufacturing and expiry dates, etc.</p> <p>(v) Assert yourself to get a fair deal.</p>	<u>4</u>
<u>4</u>	<p><b>(i) State Commission</b></p> <p><b>(ii) Reliefs: -</b></p> <p>Anuj is likely to get, if the consumer court is satisfied with the complaint are: (Any three)</p> <p>a) To refund the price paid for the product, or the charges paid for the service.</p> <p>b) To pay a reasonable amount of compensation for any loss or injury suffered by the consumer due to the negligence of the opposite party.</p> <p>c) To pay punitive damages in appropriate circumstances. d) To discontinue the unfair/restrictive trade practice and not to repeat it in the future.</p> <p>d) Compensate for any loss or injury suffered by consumer under product liability action and withdraw hazardous products from being offered for sale etc.</p> <p>f) To pay any amount (not less than 5% of the value of defective goods or deficient services provided) to be credited to the Consumer Welfare fund or any other organization/person, to be utilised in the prescribed manner. g) To pay adequate costs to the appropriate party.</p>	<u>4</u>
<u>5</u>	<p><b>a) Responsibilities discharged by Nishi:</b></p> <p>(i) Read labels carefully so as to have information about prices, net weight, manufacturing and expiry dates, etc. (ii) File a complaint in an appropriate consumer forum in case of a shortcoming in the quality of goods purchased or services availed. Do not fail to take an action even when the amount involved is small.</p> <p><b>b) Reliefs available (any two):</b></p> <p>(i) To replace the defective product with a new one, free from any defect. (ii) To refund the price paid for the product, or the charges paid for the service.</p> <p>(ii) To pay a reasonable amount of compensation for any loss or injury suffered by the consumer due to the negligence of the opposite party.</p> <p>(iii) To pay punitive damages in appropriate circumstances. (v) To discontinue the unfair/restrictive trade practice and not to repeat it in the future.</p> <p>(vi) To pay adequate cost to the appropriate party.</p>	
<u>6</u>	<p>(i) Consumer Rights (Any two) 2+2 +2=6</p> <p><b>Right to choose/Right to be assured</b> 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.</p> <p><b>Right to be heard</b> The consumer has a right to file a complaint and to be heard in case of dissatisfaction with a good or a service. It is because of this reason that many enlightened business firms have set up their own consumer service and grievance cells. □ <b>Right to safety</b> the consumer has a right to be protected against goods and services which are hazardous to</p>	



6	State any three points of importance of consumer protection from the point of view of business	3
7	<p>Ishaan wanted to buy five litres of mustard oil. Before he went to the market, he surfed the Internet to find out about the various brands of mustard oil available in the market. On visiting the retail shop, he could find five different brands of mustard oil but to his surprise, only one of them had 'FSSAI' certification mark, which he decided to buy. He read the label on the oil container to find out the price and weight of the oil. While paying for the oil he ensured that the cashier gave him the cash memo. Ishaan was a responsible consumer.</p> <p>State any four responsibilities that Ishaan kept in mind while purchasing.</p>	4
8	State the six roles which an NGO can play in protecting the rights of consumers .	4

### ANSWERS

1	Ans. (B) Statement II is true and Statement I is false.	1
2	Ans. (B) Right to be Heard	1
3	Ans.(C) Hallmark	1
4	Ans (B) Right to be informed	1
5	<p>The three tier machinery under Consumer Protection Act are</p> <p>District forum ,state Commission, National Commission. Explain(refer summary)</p>	3
6	<p>From the point of view of Business:</p> <p>i) long term interest of business: It is in the long-term interest of the business to take care of the interest and satisfaction of the customers.</p> <p>ii) Business uses society's resources: Business organizations earn profits by using resources of the society. So they have the responsibility to supply such goods and services which are in public interest.</p> <p>iii) Social Responsibility: A business has social responsibility towards various interest groups</p>	3
7	<p>(i) Be aware about the various goods and services available in the market, so that intelligent and wise choice can be made.</p> <p>(ii) Buy only standardized goods as they provide quality assurance.</p> <p>(iii) Learn about the risk associated with products and services, follow manufacturers' instructions and use the products safely.</p> <p>(iv) Read labels carefully to have information about prices, net weight, manufacturing and expiry dates</p>	4

8	<p>Any six role of NGOs</p> <ul style="list-style-type: none"> <li>• Educating the general public about consumer rights by conducting training programmers, conferences and workshops.</li> <li>• Publishing periodicals and other publications to give knowledge about consumer problems, legal reporting, reliefs available and other matters of interest.</li> <li>• Carrying out comparative testing of consumer products in accredited laboratories to test relative qualities of competing brands and publishing the test results for the benefit of consumers.</li> <li>• Encouraging consumers to strongly protest and take an action against unscrupulous, exploitative and unfair trade practices of sellers.</li> <li>• Providing legal assistance to consumers by way of providing aid, legal advice etc. in seeking legal remedy.</li> <li>• Filing complaints in appropriate consumer courts on behalf of the consumers</li> </ul>	6
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**Series : ZYW7X**

**SET~1**

प्रश्न-पत्र कोड  
Q.P. Code

**66/7/1**

रोल नं.

Roll No.

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परीक्षार्थी प्रश्न-पत्र कोड को उत्तर-पुस्तिका के मुख-पृष्ठ पर अवश्य लिखें।  
Candidates must write the Q.P. Code on the title page of the answer-book.

नोट	NOTE
(I) कृपया जाँच कर लें कि इस प्रश्न-पत्र में मुद्रित पृष्ठ 31 हैं।	(I) Please check that this question paper contains 31 printed pages.
(II) प्रश्न-पत्र में दाहिने हाथ की ओर दिए गए प्रश्न-पत्र कोड को परीक्षार्थी उत्तर-पुस्तिका के मुख-पृष्ठ पर लिखें।	(II) 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.
(III) कृपया जाँच कर लें कि इस प्रश्न-पत्र में 34 प्रश्न हैं।	(III) Please check that this question paper contains 34 questions.
(IV) कृपया प्रश्न का उत्तर लिखना शुरू करने से पहले, उत्तर-पुस्तिका में यथा स्थान पर प्रश्न का क्रमांक अवश्य लिखें।	(IV) Please write down the Serial Number of the question in the answer-book at the given place before attempting it.
(V) इस प्रश्न-पत्र को पढ़ने के लिए 15 मिनट का समय दिया गया है। प्रश्न-पत्र का वितरण पूर्वाह्न में 10.15 बजे किया जाएगा। 10.15 बजे से 10.30 बजे तक परीक्षार्थी केवल प्रश्न-पत्र को पढ़ेंगे और इस अवधि के दौरान वे उत्तर-पुस्तिका पर कोई उत्तर नहीं लिखेंगे। #	(V) 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.



**व्यावसायिक अध्ययन  
BUSINESS STUDIES**



निर्धारित समय : 3 घण्टे

Time allowed : 3 hours

अधिकतम अंक : 80

Maximum Marks : 80

\*66/7/1\*

1

[ P.T.O. ]

### **General Instructions :**

*Read the following instructions very carefully and strictly follow them :*

- (i) This question paper contains **34** questions. **All** questions are **compulsory**.
- (ii) Marks are indicated against each question.
- (iii) Answers should be brief and to the point.
- (iv) Answers to questions carrying **3** marks may be from 50 to 75 words.
- (v) Answers to questions carrying **4** marks may be in about 150 words.
- (vi) Answers to questions carrying **6** marks may be in about 200 words.
- (vii) Attempt all parts of a question together.

Questions no. **1** to **20** are Multiple Choice Questions (MCQs), carrying **1** mark each. 20×1=20

1. Which of the following is **not** a protective function of Securities and Exchange Board of India ?
  - (A) Controlling insider trading and imposing penalties for such practices
  - (B) Training of intermediaries of securities market
  - (C) Prohibition of fraudulent and unfair trade practices like making misleading statements, manipulation, etc.
  - (D) Promotion of fair practices and code of conduct in securities market
2. Shreyansh and Sudhir were close friends and were studying in a reputed engineering college. During campus recruitment in the final year of engineering, both of them got their dream jobs. Shreyansh's consultancy firm was in India and Sudhir's was a manufacturing firm situated out of India. Both looked forward to join their respective organisations after completing their engineering degree.

One month after joining the organisation, Sudhir came to India on an assignment and both friends decided to meet. Shreyansh looked happy and was all praise for the management of his company. He told Sudhir that there was complete orderliness in his organisation and that all employees were happy and satisfied with the work and the working environment. Targets of the organization too were met as per the plans. Sudhir, in contrast was unhappy with his job and was thus on the lookout for another job.

The characteristic of management being highlighted in the above case by Shreyansh is :

  - (A) Management is a group activity.
  - (B) Management is a dynamic function.
  - (C) Management is an intangible force.
  - (D) Management is all pervasive.



3. Read the following statements carefully :

*Statement I :* Any deviation, whether significant or insignificant, should be brought to the notice of the management.

*Statement II :* Control should focus on those Key Result Areas which are critical to the success of an organisation.

In the light of the above statements, choose the correct alternative from the options given below :

- (A) Statement I is true and Statement II is false.
- (B) Statement I is false and Statement II is true.
- (C) Both Statement I and Statement II are false.
- (D) Both Statement I and Statement II are true.

4. Read the following statements : Assertion (A) and Reason (R).

*Assertion (A) :* The cost of debt is lower than the cost of equity for a firm.

*Reason (R) :* Lender's risk is lower than the shareholder's risk. Additionally, interest paid on debt is a deductible expense for computation of tax liability, whereas dividends are paid out of after tax profit.

Choose the correct alternative from the options given below :

- (A) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A).
- (B) Both Assertion (A) and Reason (R) are true, but Reason (R) is **not** the correct explanation of Assertion (A).
- (C) Assertion (A) is true, but Reason (R) is false.
- (D) Assertion (A) is false, but Reason (R) is true.

- 
5. 'Apex Shoes', a popular footwear brand had grown rapidly over the years. It decided to open its own retail outlets across major cities. To ensure smooth operations, the retail outlets were managed by store managers who were responsible for day-to-day operations like inventory management, customer service and sales targets etc. However, for key decisions such as offering discounts or processing refunds etc., managers had to seek approval from corporate headquarters.

Quite often, customers would ask for a discount or want to return the shoes and get a refund. The store managers did not have the authority to approve this. They had to call the head office for approval, which caused a delay. These delays affected both customer satisfaction and footwear sales.

Realizing the need for faster decisions, the Chief Executive Officer of the company, Atul, decided to selectively disperse the authority to the store managers to approve discounts, returns and other customer-related decisions. He believed that store managers could assume responsibility for effective implementation of their decisions. This led to faster service, satisfied customers and an increase in sales.

The concept used by Atul to improve customer satisfaction and store performance was :

- |                    |                      |
|--------------------|----------------------|
| (A) Responsibility | (B) Authority        |
| (C) Delegation     | (D) Decentralisation |

6. The Go-Vegan Movement has been an integral part of western nations owing to its numerous health and environmental benefits. India too has witnessed a propelling vegan food market. Concerned with the quality of life, people have shifted to a variety of plant-based food alternatives that offer great taste and health benefits and strengthen the immune system.

The dimension of business environment discussed above is :

- |                               |                           |
|-------------------------------|---------------------------|
| (A) Economic environment      | (B) Social environment    |
| (C) Technological environment | (D) Political environment |

7. Match the statements given in Column I with the external source of recruitment given in Column II.

<i>Column I</i>	<i>Column II</i>
1. Many reputed business organisations keep a <u>database of unsolicited</u> applicants in their offices. A list of such job-seekers can be prepared and can be screened to fill the vacancies as they arise.	(i) Recommendation of employees
2. A notice is placed <u>on the notice board of the enterprise specifying details</u> of the jobs available. Job-seekers assemble outside the premises of the organisation on the specified date and selection is done on the spot.	(ii) Campus recruitment
3. Many big organisations maintain a <u>close liaison with the universities, vocational schools and management institutes</u> to recruit qualified personnel for various jobs.	(iii) Direct recruitment
4. Applicants <u>introduced by present</u> employees or their friends and relatives.	(iv) Casual callers

Choose the correct option from the following :

- (A) 1-(iii), 2-(ii), 3-(i), 4-(iv)                      (B) 1-(ii), 2-(i), 3-(iii), 4-(iv)  
 (C) 1-(iv), 2-(iii), 3-(ii), 4-(i)                      (D) 1-(iii), 2-(i), 3-(ii), 4-(iv)
8. Radhika purchased an attractive new toaster for her house. In the beginning it worked fine and she enjoyed using it every morning. However, one morning as she was using the toaster, it caught fire and her fingers got partially burnt.

Identify the 'Right' under which she can be protected.

- (A) Right to be informed                      (B) Right to be assured  
 (C) Right to safety                      (D) Right to consumer education

9. Identify the marketing function displayed in the picture given below :



- (A) Product designing and development
- (B) Branding
- (C) Marketing planning
- (D) Packaging and labelling

**Note :** The following question is for the **Visually Impaired Candidates** only in lieu of Q. No. 9.

Which of the following functions of marketing gives detailed information to the consumers about the product, ensures safety of product and also serves as a promotional tool ?

- (A) Product designing and development
- (B) Branding
- (C) Marketing planning
- (D) Packaging and labelling

10. A garment manufacturing firm had set a target of manufacturing 1000 garments per day. The manager of the firm saw that the production consistently fell short of the target. It was observed that employees were spending too much time taking lunch, reporting late and leaving early on one pretext or the other.

A control mechanism was installed to address the issue. Card punching was implemented in the organisation. It was made mandatory for employees to record their entry or exit every time they enter or leave. Their working hours were monitored and irregularities addressed. This helped the organisation to meet its daily production targets.

Identify the point of importance of 'Controlling' highlighted in the above case.

- (A) Judging accuracy of standards
- (B) Accomplishing organisational goals
- (C) Making efficient use of resources
- (D) Ensuring order and discipline



- 
11. Selection test is a mechanism that attempts to measure certain characteristics of individuals ranging from aptitudes, to intelligence, to personality. It is one of the steps in the process of selection. Place the subsequent steps of process of selection in an organisation in the correct order.
- (A) Employment interview, reference and background checks, selection decision, medical examination, job offer, contract of employment
  - (B) Employment interview, reference and background checks, medical examination, selection decision, job offer, contract of employment
  - (C) Employment interview, medical examination, job offer, reference and background checks, selection decision, contract of employment
  - (D) Employment interview, selection decision, reference and background checks, job offer, medical examination, contract of employment
12. Identify the *incorrect* statement with respect to 'importance of consumer protection' from the business point of view.
- (A) Enlightened businesses realise that it is in their long-term interest to satisfy their customers.
  - (B) It is the moral duty of any business to take care of consumer's interest and avoid any form of their exploitation.
  - (C) Due to widespread ignorance of consumers about their rights and reliefs available to them, it becomes necessary to educate them about the same, so as to achieve consumer awareness.
  - (D) A business engaging in any form of exploitative trade practices would invite government intervention which can tarnish the image of the company.
13. 'An institution constituted for the purpose of assisting, regulating or controlling the business of buying and selling or dealing in existing securities' is known as :
- (A) Securities and Exchange Board of India (SEBI)
  - (B) Stock Exchange
  - (C) Capital Market
  - (D) Money Market

14. Read the following statements : Assertion (A) and Reason (R).  
*Assertion (A) :* Increased life expectancy of people and increased awareness for health care have increased the demand for many health products and services.  
*Reason (R) :* Different elements of business environment are not inter-related.  
Choose the correct alternative from the options given below :
- (A) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A).
  - (B) Both Assertion (A) and Reason (R) are true, but Reason (R) is **not** the correct explanation of Assertion (A).
  - (C) Assertion (A) is true, but Reason (R) is false.
  - (D) Assertion (A) is false, but Reason (R) is true.
15. If any of the parties are not satisfied by the order of the District Commission, they can appeal against such order to the State Commission on the grounds of facts or law within a period of \_\_\_\_\_ from the date of order.
- (A) 45 days
  - (B) 30 days
  - (C) 60 days
  - (D) 15 days
16. Identify the **incorrect** statement with respect to financial leverage.
- (A) The proportion of debt in the overall capital is called financial leverage.
  - (B) With the increase in financial leverage, the financial risk increases.
  - (C) The proportion of equity in the overall capital is called financial leverage.
  - (D) As the financial leverage increases, the cost of funds declines.
17. Which of the following factors affect the capital budgeting decision of a company ?
- (A) Investment criteria involved
  - (B) Floatation costs
  - (C) Tax Rate
  - (D) State of Capital Market

18. Rajni, the Chief Executive Officer of a multinational company, maintained a simple and elegant look. Now she wanted a change, so she decided to colour her hair in a vibrant colour. After reading the label carefully, she purchased a well-known hair colour of good quality. Before applying the colour, she read the instructions carefully.

However, while applying the colour on her hair, she forgot the instructions and without testing it on a patch of her skin, she applied the colour. This led to an allergic reaction with redness and itching on her scalp, ears and neck.

Identify the responsibility that was ignored by Rajni as a consumer while using the hair colour.

- (A) Be aware about various goods and services available in the market so that an intelligent and wise choice can be made.
  - (B) Learn about the risks associated with products and services, follow manufacturer's instructions and use the product safely.
  - (C) Assert yourself to ensure that you get a fair deal.
  - (D) Ask for a cash-memo on purchase of goods or services.
19. Which of the following factors affect the fixed capital requirements of a company ?
- 1. Financing alternatives
  - 2. Level of collaboration
  - 3. Production cycle
  - 4. Choice of technique
  - 5. Seasonal factors
  - 6. Level of competition
- Choose the correct alternatives from the following :
- (A) 2, 3 and 6
  - (B) 3, 4 and 5
  - (C) 3, 4 and 6
  - (D) 1, 2 and 4

20. Read the following statements carefully :

*Statement I :* Training is the process by which the aptitudes, skills and abilities of employees to perform specific jobs are increased.

*Statement II :* Training is a job-oriented process.

In the light of the above statements, choose the correct alternative from the options given below :

- (A) Statement I is true and Statement II is false.
- (B) Statement I is false and Statement II is true.
- (C) Both Statement I and Statement II are true.
- (D) Both Statement I and Statement II are false.

21. (a) State any three points of importance of business environment. 3

**OR**

(b) State any three features of demonetisation. 3

22. (a) Explain the following features of 'Planning' : 3

- (i) Planning focuses on achieving objectives.
- (ii) Planning is a mental exercise.

**OR**

(b) Explain the following types of plans : 3

- (i) Strategy
- (ii) Policy

23. 'Capro Ltd.', an IT services firm was perceived as a passive provider focusing on fulfilling clients' orders without much innovation. In an attempt to change its image, the Chief Technical Officer of 'Capro Ltd.' called a meeting of technical heads in the conference room. The meeting was important as it was regarding launching programmes to encourage employees to generate ideas for value addition that their clients would appreciate and would help in changing the company's image.

Shrinivas, a technical head was last to enter the conference room for the meeting and got a seat near the door of the conference room. As there was constant movement near the conference room, he could not attentively focus on the meeting, missing out on important points discussed in the meeting.

- (a) Identify and state the elements in the communication process that led to Shrinivas missing out on important points discussed in the meeting.
- (b) State any two other elements of the communication process other than the one identified in (a) above. 3



24. Amrit Ltd. and Nimrit Ltd. are two companies manufacturing automotive parts for automobile companies. Amrit Ltd. had a capital employed of ₹ 80 lakhs comprising of equity share capital of ₹ 40 lakhs divided into 40,000 shares of ₹ 100 each and debt of ₹ 40 lakhs at 6%. Nimrit Ltd. also had capital employed of ₹ 80 lakhs divided into 80,000 equity shares of ₹ 100 each.

Return on Investment (ROI) of both the companies is 10% and tax rate is 50%.

- (a) Calculate Earning Per Share (EPS) for both the companies.
- (b) Which of the two companies has better Earning Per Share and why ? 3

25. 'Mefco Ltd.' has been in online grocery e-commerce business for the last six years. Recently, it started facing increasing competition in the market. Understanding that speed of delivery in the key differentiator amongst online business firms, 'Mefco Ltd.' planned to launch 'Mefco Fast', a service designed to deliver the products to the customers within 10 minutes. It studied the market and made assumptions about the future regarding the convenience offered by such a service to the consumers who are increasingly seeking faster delivery options.

- (a) Identify the step of the planning process highlighted in the above case.
- (b) State the next three steps to be followed by 'Mefco Ltd.' after the step identified in (a) above. 4

- 
26. 'Heights Engineering College' is one of the top engineering colleges in India known for its excellent academic programmes and strong industry connections. The college has a separate placement cell which maintains a close liaison with the universities, vocational schools and management institutes to recruit qualified persons for various jobs. It works tirelessly to connect students with some of the best companies for job opportunities.

Shikhar, a brilliant Environmental Engineering student was excited when he was chosen by 'Nero', a major car manufacturing company for the post of Production Manager. He received the employment contract which included the terms, conditions and date of joining. Shikhar happily accepted the employment offer. On his first day at the company, Shikhar was given a brief presentation about the company and was introduced to his superiors, subordinates and colleagues. He was taken around the workplace and given charge of the job for which he was selected. Three months later, after settling into the job, Shikhar was called by his superior and given positive feedback about his current performance as per certain pre-determined standards.

State four steps of the staffing process discussed in the above case. 4

27. (a) Explain 'Organisational Climate' and 'Employee Recognition' as non-financial incentives. 4

**OR**

- (b) Explain any two psychological barriers to effective communication. 4

28. (a) State any four features of 'Motivation' as an element of Directing. 4

**OR**

- (b) State any four points of importance of 'Directing' function of management. 4

29. 'Reliable Appliances' and 'Modern Appliances' are two reputed companies, both manufacturing refrigerators. They have been in this business for many years, have a good reputation and a large customer base. The companies follow different marketing management philosophies and cater to different kinds of customers.

'Reliable Appliances' focuses on producing large quantities of affordable basic refrigerators that meet the essential needs of customers. It follows a belief that customers will prefer products that are widely available and affordable. The company focuses on mass production to keep costs low. As a result, it attracts budget conscious consumers. On the other hand, 'Modern Appliances' operates in the premium segment of the refrigerator market, attracting affluent buyers. It focuses on manufacturing refrigerators with advanced features such as Wi-Fi connectivity, built-in touch screen interface and advanced cooling systems, etc. It believes that customers will prefer products that offer superior quality with innovative features. For this, the company continuously improves its products' features and quality to differentiate itself from its competitors.

- (a) Identify the 'Marketing Management Philosophies' of 'Reliable Appliances' and 'Modern Appliances'.
- (b) Differentiate between the marketing management philosophies identified in (a) above on the basis of the following :
  - (i) Main focus
  - (ii) Means
  - (iii) Ends

30. 'Silver Mills' started their business as a B2B supplier of high quality millet seeds. The firm was set up in a backward area of Ransdhan. The firm was earning just enough revenues to cover its cost. Over a period of time, due to rising awareness amongst people about the health benefits of millets and with the year 2023 declared as 'International Year of Millets', the demand for millets increased and the firm was able to earn profits. This gave a vital incentive to the firm to continue its successful operations. It then expanded its operations and introduced millet flour, millet-based snacks and millet-based beverages. With increase in its operations, it provided employment opportunities specially to women, involving them in dehusking, cleaning and packing of millets.

State the objectives of management highlighted in the above case.

4

31. (a) Explain the following principles of Scientific Management : 6
- (i) Science not Rule of Thumb
  - (ii) Harmony, not Discord
  - (iii) Development of Each and Every Person to His or Her Greatest Efficiency and Prosperity

**OR**

- (b) Explain the following features of principles of management : 6

- (i) Universal applicability
- (ii) Cause and effect relationships
- (iii) General guidelines

32. 'TnG' is a leading manufacturer of baby care and feminine care products and has a good market reputation. It has Production, Marketing, Human Resources, Customer Service and Research and Development departments. To capitalise on its brand name and to take advantage of new business opportunities, the company decided to diversify into manufacturing of new range of products like 'Beauty and Wellbeing', 'Home Care', 'Personal Care', 'Nutrition', etc. For this, the company had to add more employees and create more departments and choose a good organisational structure which would help the company in achieving its objectives.
- (a) Explain the organisational structure that 'TnG' should choose after it decided to diversify. Also give reason in support of your answer.
- (b) State how the organisational structure explained in (a) above will help the organisation and the heads of different departments. Give two points in favour of each. 6
33. (a) Explain the following factors affecting requirements of working capital of a company : 6
- (i) Nature of business
  - (ii) Inflation
  - (iii) Seasonal factors
  - (iv) Growth prospects
- OR**
- (b) Explain the following factors affecting dividend decisions of a company : 6
- (i) Stability of dividend
  - (ii) Shareholders' preference
  - (iii) Access to capital market
  - (iv) Legal constraints

34. Recognising the growing demand for luxury, convenience and personalised experience due to increased disposable income and busy work schedules, 'Ramneek Bros'. had launched a high end concierge service company two years ago. The company offers customised exclusive services to ultra wealthy clients such as making restaurant reservations, booking private jets, arranging tickets for shows, etc.

Ramneek Bros. charges premium prices for their services reflecting the exclusive and top quality offerings they provide. The company also provides a mobile app allowing their clients to access and request for services from anywhere in the world. To communicate availability and features of their services, Ramneek Bros. advertises in high class magazines and depends upon word of mouth recommendations from existing clients. As a result, the company has successfully established itself as a market leader in their field.

Quoting lines from the above case, identify and explain any three elements of marketing mix.

6

**Senior Secondary School Certificate Examination**  
**March -----2025**  
**Marking Scheme**  
**Subject---Business Studies(054) 66/7/1**

1	2	3	4	5	6	7	8	9	10
B	C	B	A	D	B	C	C	D	D
11	12	13	14	15	16	17	18	19	20
A	C	B	C	A	C	A	B	D	C
21	<p><b>Importance of business environment are: (Any three)</b></p> <p>1.It enables the firm to identify opportunities early and get the first mover advantage and be the first to exploit them instead of losing them to competitors.</p> <p>2. Environmental awareness helps the firm to identify threats and serve as early warning signals.</p> <p>3. Understanding business environment enables the enterprise in tapping useful resources so that it can convert those resources into outputs that the environment desires.</p> <p>4. It helps the managers in coping with rapid changes by understanding and examining the dynamic environment and developing suitable courses of action.</p> <p>5. It helps in assisting in planning and policy formulation by understanding and analysing the environment which becomes the basis for deciding the future course of action (planning) or framing guidelines for decision making (policy).</p> <p>6. It helps in improving performance in present and future as enterprises continuously monitor their environment and adopt suitable business practices.</p> <p><b>(If an examinee has given only headings, ½ mark for each heading should be awarded)</b></p> <p style="text-align: center;"><b>OR</b></p> <p>(i) Demonetisation is viewed as a tax administration measure and people with black money had to declare their unaccounted wealth and pay taxes at a penalty rate.</p> <p>(ii) Demonetisation is also interpreted as a shift on the part of the government indicating that tax evasion will no longer be tolerated or accepted.</p> <p>(iii) Demonetisation led to tax administration channelizing savings into the formal financial system.</p> <p>(iv) It creates a less-cash or cash-lite economy, thus improves tax compliance.</p> <p><b>(If an examinee has only listed the underlined points, ½ mark for each point should be awarded)</b></p>								1X3= 3 MAR KS
22	<p><b>Features of ‘Planning’:</b></p> <p>i Planning focuses on achieving objectives:</p> <p>ii Specific goals are set out in the plans along with the activities to be undertaken, to achieve the goals.</p> <p>iii Hence, planning contributes to the achievement of predetermined organizational goals.</p> <p>iv.Planning is a mental exercise:</p>								<b>1 ½ + 1 ½ =3 mar</b>

	<p>v.Planning requires application of the mind involving foresight, intelligent imagination and sound judgement.</p> <p>vi. It is an intellectual activity of logical thinking , because planning determines the action to be taken. It must be based on analysis of facts and forecast.</p> <p style="text-align: center;">OR</p> <p>(b) Strategy:</p> <ul style="list-style-type: none"> <li>▪ A strategy refers to future decisions defining the organisation’s direction and scope in the long run. <ul style="list-style-type: none"> <li>▪ It is a comprehensive plan for accomplishing organisation’s objectives and involves determining long term objectives, adopting a particular course of action and allocating necessary resources.</li> </ul> </li> <li>▪ Whenever a strategy is formulated, the business environment needs to be taken into consideration. <ul style="list-style-type: none"> <li>ii) <b>Policy:</b> Policy is a general statement that guides thinking and channelizes energies towards a particular direction. It brings uniformity in decision making for achievement of predetermined objectives. <ul style="list-style-type: none"> <li>• It defines the broad parameters within which a manager may function.</li> <li>• A manager may use his discretion to interpret and apply a policy.</li> </ul> </li> </ul> </li> </ul>	ks
23	<p>(a) The element in the communication process that led to Shrinivas missing out on important points discussed in the meeting is <b>Noise</b>.  <b>Noise</b> means some obstruction or hindrance caused to sender, message or receiver in the process of communication.</p> <p>(b) <b>Other elements of the communication process are: (Any two)</b></p> <ul style="list-style-type: none"> <li>i Sender is the person who conveys his thoughts or ideas to the receiver.</li> <li>ii Message is the content of ideas, feelings, suggestions, order, etc., intended to be communicated.</li> <li>iii Encoding is the process of converting the message into communication symbols such as words, pictures, gestures etc.</li> <li>iv Media is the path through which encoded message is transmitted to receiver.</li> <li>v Decoding is the process of converting encoded symbols of the sender.</li> <li>vi Receiver is the person who receives communication of the sender.</li> <li>vii Feedback includes all those actions of receiver indicating that he has received and understood message of the sender.</li> </ul> <p><i>(If an examinee has only listed the underlined points, ½ mark for each point should be awarded)</i></p>	(½ mark for identifying + ½ mark for statement)



24	<table border="1"> <thead> <tr> <th>Particulars</th><th>Amrit Ltd.</th><th>Nimrit Ltd.</th></tr> </thead> <tbody> <tr> <td>Capital employed</td><td>₹80 lakhs</td><td>₹80 lakhs</td></tr> <tr> <td>Equity share capital</td><td>₹40 lakhs (40,000 shares @ ₹100 each)</td><td>₹80 lakhs (80,000 shares @ ₹100 each)</td></tr> <tr> <td>6% Debt</td><td>₹40 lakhs</td><td>-----</td></tr> <tr> <td>ROI</td><td>10%</td><td>10%</td></tr> <tr> <td>Earnings Before Interest and Tax(EBIT)</td><td>₹8,00,000</td><td>₹8,00,000</td></tr> <tr> <td>Less : Interest on debt(6%)</td><td>₹2,40,000</td><td>-----</td></tr> <tr> <td>Earnings Before Tax (EBT)</td><td>₹5,60,000</td><td>₹8,00,000</td></tr> <tr> <td>Less: Tax @50%</td><td>₹2,80,000</td><td>₹4,00,000</td></tr> <tr> <td>Earnings After Tax (EAT)</td><td>₹2,80,000</td><td>₹4,00,000</td></tr> <tr> <td>Earning Per Share(EPS) =EAT/Number of equity shares</td><td>₹7 per share (2,80,000/40,000)</td><td>₹5 per share (4,00,000/80,000)</td></tr> </tbody> </table>	Particulars	Amrit Ltd.	Nimrit Ltd.	Capital employed	₹80 lakhs	₹80 lakhs	Equity share capital	₹40 lakhs (40,000 shares @ ₹100 each)	₹80 lakhs (80,000 shares @ ₹100 each)	6% Debt	₹40 lakhs	-----	ROI	10%	10%	Earnings Before Interest and Tax(EBIT)	₹8,00,000	₹8,00,000	Less : Interest on debt(6%)	₹2,40,000	-----	Earnings Before Tax (EBT)	₹5,60,000	₹8,00,000	Less: Tax @50%	₹2,80,000	₹4,00,000	Earnings After Tax (EAT)	₹2,80,000	₹4,00,000	Earning Per Share(EPS) =EAT/Number of equity shares	₹7 per share (2,80,000/40,000)	₹5 per share (4,00,000/80,000)	<p>1 ½ marks</p> <p>+</p> <p>(½ for the name of the company + 1 mark for reason )</p> <p>= 1 ½</p> <p>= 3 marks</p>
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25	<p>(a) The step of the planning process highlighted in the above case is ‘Developing premises’.</p> <p>(b) Next three steps to be followed by ‘Mefco Ltd.’ after the step identified above are:</p> <ol style="list-style-type: none"> <li>Identifying alternative courses of action, by discussing amongst the members of the organization.</li> <li>Evaluating alternative courses of action by weighing pros and cons of each alternative in the light of the objectives to be achieved.</li> <li>Selecting an alternative which is most feasible, profitable and with least negative consequences.</li> </ol> <p><b>(If an examinee has only listed the underlined points, ½ mark for each point should be awarded)</b></p>	<p>1 mark</p> <p>+</p> <p>1x3=3</p> <p>= 4 marks</p>																																	
26	<p><b>Steps of the staffing process discussed in the above case are:</b></p> <p>(a). Recruitment is a process of searching for prospective employees and stimulating them to apply for jobs in the organisation in order to create a pool of the prospective job candidates.</p> <p>(b). Selection is the process of choosing the most suitable candidate from the pool of prospective candidates, in order to ensure that the organisation gets the best among available candidates.</p> <p>(c). Placement and Orientation refer to employee occupying the post for which he has been selected and introducing the selected employees to his seniors, subordinates and colleagues as well as familiarising him with the rules and policies of the organisation.</p> <p>(d). Performance appraisal involves evaluation of an employee’s current/past performance as against certain predetermined standards and providing feedback.</p> <p><b>(If an examinee has given only the headings, ½ mark for each heading should be awarded)</b></p>	<p>1x4</p> <p>= 4 marks</p>																																	

27	<p><b>Organisational Climate:</b></p> <ul style="list-style-type: none"> <li>It indicates the characteristics which describe an organisation and distinguish one organisation from the other.</li> <li>Individual autonomy, reward orientation, consideration to employees, risk-taking, etc. are the characteristics which help in developing better organisational climate.</li> </ul> <p><b>Employee Recognition:</b></p> <ul style="list-style-type: none"> <li>It means acknowledging and appreciating the work performed by the employees by congratulating them, giving them awards</li> <li>When such appreciation is given to the work performed by employees, they feel motivated to perform/work at higher level.</li> <li><b>OR</b></li> </ul> <p><b>Psychological barriers to effective communication (Any two with suitable explanation):</b></p> <ol style="list-style-type: none"> <li>Premature evaluation</li> <li>Lack of attention</li> <li>Loss by transmission and poor retention</li> <li>Distrust</li> </ol> <ul style="list-style-type: none"> <li><i>(If an examinee has not given the headings as above but has given the correct explanation, full credit should be given)</i></li> </ul>	<p>2+2=4 (½ mark for naming the barrier and 1 ½ marks for explanation) 2 x 2 = 4 marks</p>
28	<p><b>Features of ‘Motivation’ as an element of Directing are:</b></p> <ol style="list-style-type: none"> <li>Motivation is an internal feeling as the urge, drives, desires, aspirations, striving or needs of human being influence human behaviour.</li> <li>Motivation produces goal directed behaviour, with the objective of improving employees’ performance.</li> <li>Motivation can be either positive like increase in pay, promotion, recognition etc. or negative like punishment, stopping increments, threatening etc.</li> <li>Motivation is a complex process as any type of motivation may not have uniform effect on all the members because they are heterogeneous in their expectations, beliefs.</li> </ol> <p><b>OR</b></p> <p><b>Importance of Directing function (Any four)</b></p> <p>(i) Directing helps to initiate action by people in the organisation towards attainment of desired objectives by guiding the people and clarifying the doubts in performing a task.</p> <p>(ii) Directing integrates employees’ efforts in the organisation in such a way that every individual effort contributes to the organisational performance.</p> <p>(iii) Directing guides employees to fully realise their potential and capabilities by motivating and providing effective leadership.</p> <p>(iv) Directing facilitates introduction of needed changes in the organisation by reducing resistance to change through motivation, communication and leadership.</p> <p>(v) Effective directing helps to bring stability and balance in the organisation by fostering cooperation and commitment among the people.</p> <p>v <i>(If an examinee has only listed the underlined points, ½ mark for each point should be awarded)</i></p>	<p><b>1x4=4 marks</b></p>

29	<p><b>(a).</b> Reliable Appliances used '<b>Production</b>' marketing management philosophy and Modern Appliances used '<b>Product</b>' marketing management philosophy.</p> <p><b>(b).</b></p> <table border="1"> <thead> <tr> <th>Bases</th><th>Production philosophy</th><th>Product philosophy</th></tr> </thead> <tbody> <tr> <td><b>(i)Main focus</b></td><td>Its main focus is on quantity of product.</td><td>Its main focus is on quality, performance and features of product.</td></tr> <tr> <td><b>(ii)Means</b></td><td>According to this philosophy, products are to be made available at an affordable price.</td><td>According to this philosophy, product improvements are key to success.</td></tr> <tr> <td><b>(iii)Ends</b></td><td>Its objective is to earn profit through volume of production.</td><td>Its objective is to earn profit through product quality.</td></tr> </tbody> </table>	Bases	Production philosophy	Product philosophy	<b>(i)Main focus</b>	Its main focus is on quantity of product.	Its main focus is on quality, performance and features of product.	<b>(ii)Means</b>	According to this philosophy, products are to be made available at an affordable price.	According to this philosophy, product improvements are key to success.	<b>(iii)Ends</b>	Its objective is to earn profit through volume of production.	Its objective is to earn profit through product quality.	$\frac{1}{2} + \frac{1}{2}$ = 1 mark + 1x3
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30	<p><b>Objectives of management highlighted in the above case are:</b></p> <p><b>(a)</b> Organisational objectives:            The main objective of any organization should be to utilize human and material resources to the maximum possible advantage to fulfil the economic objectives of a business.            These are: Survival, Profit and Growth.</p> <ol style="list-style-type: none"> <li>In order to survive, an organisation must earn enough revenues to cover costs.</li> <li>Profit provides vital incentive and is essential for covering costs and risks of the business.</li> <li>A business needs to add to its prospects in the long run, hence management must exploit fully the growth potential of the organisation to remain in the industry.</li> </ol> <p><b>(b).</b> Social objectives involve consistently creating economic value for various constituents of society by using environmental friendly methods of production, providing employment opportunities, etc.  <i>(If an examinee has only listed the points, <math>\frac{1}{2}</math> mark for each point should be awarded)</i></p>	$1\frac{1}{2}$ + $1\frac{1}{2}$ + 1 =4 marks												
31	<p><b>Principles of Scientific Management:</b></p> <ol style="list-style-type: none"> <li>Science, not Rule of Thumb:               <ul style="list-style-type: none"> <li>•It states that there is only one best method to maximise efficiency, which can be developed through work study and analysis. This best method should substitute 'Rule of Thumb' throughout the organisation.</li> <li>•Scientific method involves unifying the best practices and developing a standard method to be followed throughout the organisation.</li> </ul> </li> <li>Harmony, not Discord:               <ul style="list-style-type: none"> <li>•This principle emphasises that there should be complete harmony between the management and the workers. Both should realise that each one is important. There should be complete mental revolution on the part of both management and workers and both should transform their thinking.</li> <li>•Management should share the gains of the company, if any, with the workers. At the same time, workers should work hard and be willing to embrace change for the good of the company.</li> </ul> </li> </ol>	2 + 2 +2= 6												

	<p>i <b>Development of Each and Every Person to His or Her Greatest Efficiency and Prosperity:</b></p> <p>ii It states that each person should be scientifically selected and assigned work to suit their physical, mental and intellectual capabilities. To increase efficiency of the workers, they should be trained to learn the best method developed through scientific study.</p> <p>iii Efficient employees would produce more and earn more. This will ensure greatest efficiency and prosperity for both the company and the workers.</p> <p style="text-align: center;">OR</p> <p><b>Ans.</b></p> <p><b>Features of principles of management:</b></p> <p>i Universal applicability:</p> <p>ii The principles of management are intended to apply to all types of organisations, business as well as non-business, small as well as large, etc.</p> <p>iii However, the extent of their applicability would vary with the nature of the organisation, business activity, scale of operations, etc.</p> <p>i Cause and effect relationships: • The principles of management are intended to establish relationship between cause and effect so that they can be used in similar situations in a large number of cases.</p> <p>ii • The principles of management are less than perfect since they mainly apply to human behaviour and in real life, situations are not identical, so accurate cause and effect relationships may be difficult to establish.</p> <p>i General guidelines: • The principles are guidelines to action but do not provide readymade solutions to all managerial problems.</p> <p>ii • This is so because real business situations are very complex and dynamic and are a result of many factors.</p>	
32	<p><b>Ans.</b></p> <p>(a) TnG should choose <b>divisional structure</b> after it decided to diversify. This organisational structure comprises of separate business units or divisions, each unit having a divisional manager responsible for its performance.  <i>(If an examinee has only identified the organisational structure and not explained it, ½ mark should be awarded)</i></p> <p><b>Reason:</b></p> <p>Divisional structure is suitable when an organisation grows and starts manufacturing a large variety of products using different productive resources.</p> <p><b>(b) Advantages of divisional structure to the organization:</b></p> <p>i Divisional heads are accountable for profits, as revenues and costs related to different departments can be easily identified and assigned to them, which helps the organization in fixation of responsibility.</p> <p>i It facilitates expansion and growth as new divisions can be added without interrupting the existing operations by merely adding another divisional head and staff for the new product line.</p> <p><b>Advantages of divisional structure to the heads of different departments:</b></p> <p>i Product specialisation helps in the development of varied skills in a divisional head and prepares him for higher</p> <p>i Each division functions as an autonomous unit which helps the</p>	<p><b>1+1+2+2=6</b></p>

	divisional head in faster decision making as well as promotes flexibility and initiative.	
	<i>(If an examinee has only listed the underlined points, ½ mark for each point should be awarded)</i>	
33	<p><b>Factors affecting requirements of working capital of a company :</b></p> <p><b>Nature of business:</b> A trading organisation usually needs a smaller amount of working capital as compared to a manufacturing organisation because there is usually no processing. Service industries which usually do not have to maintain inventory require less working capital.</p> <p><b>Inflation:</b> With rising prices, larger amounts are required even to maintain a constant volume of production and sales. The working capital requirement of a business becomes higher with higher rate of inflation.</p> <p><b>Seasonal factors:</b> In peak season, because of higher level of activity, larger amount of working capital is required by the business. As against this, the level of activity as well as the requirement for working capital will be lower during the</p> <p><b>Growth prospects:</b> If the growth potential of a concern is higher, it will require larger amount of working capital. This is to enable it to meet higher production and sales target whenever required OR</p> <p><b>Stability of dividend:</b> 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.</p> <p><b>Shareholders' preference:</b> If the shareholders desire that at least a certain amount is paid as dividend, in general the companies are likely to declare the same. There are always some shareholders who depend upon a regular income from their investments.</p> <p><b>Access to capital market:</b> Large and reputed companies depend less on retained earnings to finance their growth as they have easy access to the capital market. Such companies pay higher dividends than the smaller companies which have relatively low access to the market.</p> <p><b>Legal constraints:</b> Certain provisions of the Companies Act place restrictions on payouts as dividend. Such provisions must be adhered to while declaring the dividend.</p>	<p>1 ½ X 4= 6</p>

34	<p>Elements of Marketing Mix – Product Mix</p> <p>Quote: <i>“The company offers customized exclusive services to ultra wealthy clients such as making restaurant reservations, booking private jets, arranging tickets for shows, etc.”</i></p> <p>Product means goods or services or ‘anything of value’, which is offered to the market for sale. It relates to decisions regarding planning, designing and developing the right type of products and services for the consumers. It includes branding, labelling and packaging.</p> <p><b>Price/Price mix:</b></p> <p>Quote: <i>“Ramneek Bros. charges premium prices for their services reflecting the exclusive and top quality offerings they provide.”</i></p> <p>Price is the amount of money customers have to pay to obtain the product. It involves decisions regarding the basic price of the product, discount to customers, traders, credit terms etc.</p> <p><b>Place/Physical Distribution mix:</b></p> <p>Quote: <i>“The company also provides a mobile app allowing their clients to access and request for services from anywhere in the world.”</i></p> <p>Place or Physical Distribution include activities that make firm’s products available to the target customers.</p> <p>It includes decisions like selection of dealers or intermediaries (channels of distribution), providing support to the intermediaries, managing inventory, storage and warehousing and transportation of goods from the place it is produced to the place it is required by the buyers</p> <p><b>Promotion/Promotion mix:</b></p> <p>Quote: <i>“...Ramneek Bros. advertises in high class magazines and depends upon word of mouth recommendations from existing clients.”</i></p> <p>Promotion refers to communicating availability, features, merits, etc. of the products and services to the target customers and persuading them to buy it. It uses a combination of promotional tools such as advertising, personal selling and sales promotion techniques.</p>	<p>(½ mark for identifying the element</p> <p>+ ½ mark for quoting</p> <p>+ 1 mark for explanation</p> <p>=2 marks)</p>
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Series : 1ZYXW

SET ~ 1

प्रश्न-पत्र कोड  
Q.P. Code

66/1/1



रोल नं.

Roll No.

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परीक्षार्थी प्रश्न-पत्र कोड को उत्तर-पुस्तिका के मुख-पृष्ठ पर अवश्य लिखें।

Candidates must write the Q.P. Code on the title page of the answer-book.

नोट	NOTE
(I) कृपया जाँच कर लें कि इस प्रश्न-पत्र में मुद्रित पृष्ठ 23 हैं।	(I) Please check that this question paper contains 23 printed pages.
(II) कृपया जाँच कर लें कि इस प्रश्न-पत्र में 34 प्रश्न हैं।	(II) Please check that this question paper contains 34 questions.
(III) प्रश्न-पत्र में दाहिने हाथ की ओर दिए गए प्रश्न-पत्र कोड को परीक्षार्थी उत्तर-पुस्तिका के मुख-पृष्ठ पर लिखें।	(III) 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.
(IV) कृपया प्रश्न का उत्तर लिखना शुरू करने से पहले, उत्तर-पुस्तिका में यथा स्थान पर प्रश्न का क्रमांक अवश्य लिखें।	(IV) Please write down the serial number of the question in the answer-book at the given place before attempting it.
(V) इस प्रश्न-पत्र को पढ़ने के लिए 15 मिनट का समय दिया गया है। प्रश्न-पत्र का वितरण पूर्वाह्न में 10.15 बजे किया जाएगा। 10.15 बजे से 10.30 बजे तक परीक्षार्थी केवल प्रश्न-पत्र को पढ़ेंगे और इस अवधि के दौरान वे उत्तर-पुस्तिका पर कोई उत्तर नहीं लिखेंगे। ~	(V) 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.



**व्यावसायिक अध्ययन**  
**BUSINESS STUDIES**



निर्धारित समय : 3 घण्टे

Time allowed : 3 hours

अधिकतम अंक : 80

Maximum Marks : 80

**Read the following instructions very carefully and strictly follow them :**

- (i) This question paper contains **34** questions. **All** questions are **compulsory**.
- (ii) Marks are indicated against each question.
- (iii) Answers should be brief and to the point.
- (iv) Answers to the questions carrying **3** marks may be from **50** to **75** words.
- (v) Answers to the questions carrying **4** marks may be in about **150** words.
- (vi) Answers to the questions carrying **6** marks may be in about **200** words.
- (vii) Attempt all parts of a question together.

1. The risk related to inability to meet fixed financial charges like interest payment and other repayment obligations is known as : 1  
(A) Operating risk (B) Financial risk  
(C) Business risk (D) None of the above
  
2. Bimal Rai is working in Funny Bunny Ltd. The company manufactures games and toys for children. The basic task of Bimal Rai is to integrate diverse elements and coordinate the activities of different departments. He also analyses the business environment and its implications for the survival of the firm. The level of management at which Bimal Rai is working is : 1  
(A) Top level (B) Middle level  
(C) Operational level (D) Both Middle and Operational level
  
3. Salim and Karim are good friends. They started a business of selling high quality seeds for growing organic vegetables. They are offering 200 varieties of vegetable seeds suitable for terrace gardens, balconies and backyards. Due to the growing trend towards healthy consumption habits, there is a huge demand for their seeds. The dimension of business environment being discussed above is : 1  
(A) Economic Environment (B) Political Environment  
(C) Social Environment (D) Legal Environment

**\*66/1/1\***

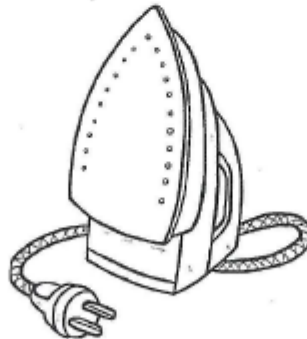
**3**

**[ P.T.O. ]**





4. Shridhan wanted to purchase an electric car. He visited a retail showroom of a car company where these cars were displayed. The Marketing Manager of this showroom told Shridhan that the company offers credit facilities, maintenance services and many other services that help in bringing repeat sales and developing brand loyalty for their cars. The marketing function being discussed by the Marketing Manager in the above case is 1
- (A) Product Designing and Development  
(B) Marketing Planning  
(C) Customer Support Services  
(D) Branding
5. Which of the following statement is correct with respect to 'Exchange Mechanism', a feature of Marketing ? 1
- (A) For an exchange it is necessary that there should be involvement of atleast three parties.  
(B) The parties do not have the freedom to reject other parties offer.  
(C) The acceptance of the offer for each party has to take place on the basis of compulsion.  
(D) For an exchange it is necessary that each party should be capable of offering something of value to the other.
6. One of the responsibilities of an aware consumer is to buy only standardised goods as they provide quality assurance. Identify the quality certification mark to be seen by a consumer in the picture given below : 1



- (A) ISI Mark  
(B) Agmark  
(C) Hallmark  
(D) FPO/FSSAI Mark

**For Visually Impaired Candidates :**

Madhu wants to buy Jewellery for her daughter's marriage. Which of the following quality certification mark should she look for while buying Jewellery :

- (A) FPO/FSSAI Mark  
(B) ISI Mark  
(C) Hallmark  
(D) Eco-mark

- 
10. There are two statements, Assertion (A) and Reason (R) : 1

**Assertion (A) :** Coordination ensures unity of action.

**Reason (R) :** Coordination act as a binding force between departments and ensures that all action is aimed at achieving the goals of the organisation.

Choose the correct alternative from the alternatives given below :

- (A) Both Assertion (A) and Reason (R) are correct and Reason (R) is the correct explanation of Assertion (A).
  - (B) Both Assertion (A) and Reason (R) are correct, but Reason (R) is not the correct explanation of Assertion (A).
  - (C) Assertion (A) is correct, but Reason (R) is wrong.
  - (D) Assertion (A) is wrong, but Reason (R) is correct.
11. In an informal organisation, authority arises out of \_\_\_\_\_. 1
- (A) Virtue of position in management
  - (B) Company's rules and policies
  - (C) Scalar chain
  - (D) Personal qualities
12. HG Air Conditioner Pvt. Ltd. is lagging behind its scheduled production target by a month. Despite a high demand, the company is struggling to meet its production target. Even after taking measures like training of employees and assigning additional workers and equipment to the project, the targets could not be met. The Production Manager, now, decided to revise the standards.
- Identify the step of the controlling process under which the Production Manager decided to revise the standards. 1
- (A) Setting performance standards
  - (B) Measurement of actual performance
  - (C) Analysing deviations
  - (D) Taking corrective action
-

- 
13. **Statement – I** : Motivation is a complex process as individuals are heterogeneous in their expectations, perceptions and reactions.

**Statement – II** : Motivation can be either positive or negative.

Choose the correct option from the following :

1

- (A) Statement I is true and Statement II is false.
- (B) Statement II is true and Statement I is false.
- (C) Both Statement I and Statement II are true.
- (D) Both Statement I and Statement II are false.

14. Alfa Graphics Ltd. was a reputed Indian company which had been in business for many years. The Chief Executive Officer of the company, Rohit Gupta always believed in understanding the business environment as well as responding and adapting to it.

When he found that a foreign multinational company, Leno Graphics, is entering the Indian market with new substitutes, he prepared to meet this threat by reducing cost and creating good quality and aesthetically appealing layouts, advertisements, logos etc. As a result, Alfa Graphics Ltd. was not only able to retain its own customers, but also started getting new projects.

The point of importance of Business Environment discussed above is :

1

- (A) Tapping useful resources.
- (B) Identifying threats and early warning signals
- (C) Improving performance
- (D) Identifying opportunities and getting first mover advantage.

15. Organising provides a clear description of jobs and related duties. This helps to avoid confusion and duplication.

The point of importance of organizing described above is :

1

- (A) Adaptation to change
- (B) Effective administration
- (C) Development of personnel
- (D) Expansion and growth

\*66/1/1\*

11

[ P.T.O. ]



16. **Statement – I** : Regulation of takeover bids by companies is one of the Regulatory functions of Securities and Exchange Board of India.

**Statement – II** : Training of intermediaries of securities market is one of the Development functions of Securities and Exchange Board of India.

Choose the correct option from the following :

1

- (A) Statement I is correct and Statement II is incorrect.  
(B) Statement II is correct and Statement I is incorrect.  
(C) Both Statement I and Statement II are correct.  
(D) Both Statement I and Statement II are incorrect.

17. 'High inflation rates generally result in constraints on business enterprises as they increase the various costs of business such as the purchase of raw materials and payment of wages and salaries to employees etc.' The dimension of business environment referred to above is :

1

- (A) Political Environment (B) Technological Environment  
(C) Social Environment (D) Economic Environment

18. Match the concepts of marketing in Column – I with their respective explanations in Column – II :

1

Column – I	Column – II
(a) Product concept	(i) Its main focus is on quality, performance and feature of the product.
(b) Selling concept	(ii) Its main focus is on satisfaction of customer needs.
(c) Marketing concept	(iii) Its main focus is on aggressively persuading buyer to purchase the existing product.
(d) Societal concept	(iv) Its main focus is on satisfaction of customer needs and society's well-being.

Choose the correct options from the following :

- (a) (b) (c) (d)  
(A) (iv) (iii) (ii) (i)  
(B) (iii) (ii) (i) (iv)  
(C) (ii) (i) (iii) (iv)  
(D) (i) (iii) (ii) (iv)

\*66/1/1\*

13

[ P.T.O. ]



19. Sadhna, a graduate of a reputed institute of management, is a successful manager. She applies her acquired knowledge in a personalised and skillful manner in difficult situations at work. She uses her imagination and creativity in handling these situations.

The aspect of the nature of management highlighted in the above case is : 1

- (A) Management as an Art
- (B) Management as a Science
- (C) Management as a Profession
- (D) Management both as a Science and as a Profession

20. 'The principles of management can be modified by the managers when the situation so demands.' This highlights which of the following feature of principles of management : 1

- (A) General guidelines
- (B) Flexible
- (C) Contingent
- (D) Mainly behavioural

21. P. Madhav is the production manager of 'Trendy Style Pvt. Ltd.', a firm manufacturing office furniture. His objective is to increase production by 20% in the next one year. But the Sales Manager, R. Shetty does not approve of the increase in production, till changes are brought about in the quality of wood, locks, handles etc. to incorporate latest trends. This kind of conflict brings to light an important concept of management that can help to link the activities of various departments. 3

- (i) Identify and explain the concept discussed above.
- (ii) State any two points of importance of the concept identified in (i) above.

\*66/1/1\*

15

[ P.T.O. ]



22. (a) Give meaning of 'Communication'. State first two elements in the process of communication. 3

**OR**

- (b) State any three 'Organisational barriers' to Communication. 3

23. Madhwan was appointed as a Human Resource Manager in 'Health Grow Ltd.' six months back. As a Human Resource Manager, he has to perform many specialised activities and duties like analyzing jobs by collecting information about jobs and prepare job descriptions, training and development of employees etc.

State three other specialized activities that Madhwan must perform in addition to the above as a Human Resource Manager of Health Grow Ltd. 3

24. (a) State any three points of importance of Financial Planning. 3

**OR**

- (b) State any three factors that affect the fixed capital requirements of a company. 3

25. (a) State any four points of importance of 'Directing' function of Management. 4

**OR**

- (b) State any four limitations of internal sources of recruitment. 4

26. (a) Explain the following external sources of recruitment : 4

- (i) Direct Recruitment
- (ii) Casual Callers

**OR**

- (b) Explain the following non-financial incentives which motivate employees for higher performance : 4

- (i) Employee participation
- (ii) Organisational climate





27. Abha had guests at home. She ordered vegetable, biryani from 'Biryani House'. The biryani came in a beautiful packaging and Abha opened it with lot of excitement. However, when she started serving biryani to the guests, she realised that it was non-vegetarian. She checked the package and noticed that there was no indication whether it was a vegetarian or non-vegetarian biryani. She contacted 'Biryani House' for the same. The manager at 'Biryani House' apologized and immediately sent a vegetarian biryani along with complimentary sweet dish.

Identify and explain the two consumer rights discussed in the above case.

4

28. 'Tech Work' an Artificial Intelligence (AI) startup started in 2024. It was earning good profits. It wanted to expand its business and for its research and development, it required ₹ 100 crores.

The Chief Executive Officer of 'Tech Work' consulted the Finance Manager who suggested that there is a market which facilitates transfer of investible funds from savers to entrepreneurs seeking to establish new enterprises or expand existing ones through the issue of securities.

The management of 'Tech Work' decided to raise funds from the investors by issuing equity shares @ ₹ 200 per share for the first time.

- (i) Name the type of capital market through which 'Tech Work' decided to raise funds for its expansion.
- (ii) State three features of the market identified in (i) above.

4

29. Ganesh Jain is the Marketing Manager at 'KL Foods Ltd'. He has a team of four employees working under him – Kavya, Ritesh, Pooja and Madhav. Kavya and Ritesh are temporary employees while Pooja and Madhav's job is permanent. All four of them have been working hard and consistently met all targets. Ganesh Jain wanted to reward them for their good performance. He understood that in all human beings, there exists a hierarchy of needs. So, he identified the need level of each of the employees to provide motivation to them.

Kavya and Ritesh were made permanent in the job with a good pension plan while Pooja and Madhav were given an autonomy status.

- (i) Identify and state the need of employees recognized by Ganesh Jain in the above case.
- (ii) State any two assumptions on which Maslow's Need Hierarchy Theory is based on.

4



30. VK Ltd. is a fast moving consumer goods company. It has shareholders spread all over India. Most of its shareholders depend upon a regular income from their investment.

VK Ltd. has been earning consistent profits. The management of the company keeps in mind the preference of the shareholders regarding payment of dividend. Since its shareholders, in general, desire that atleast a certain amount is paid as dividend to them every year, the company declares dividend every year.

Atul, the Finance Manager of the company identified promising growth opportunities. He suggested to the Chief Executive Officer to retain the earnings to finance the required investments instead of declaring dividend every year. For this, the Chief Executive Officer decided to call a General Body Meeting of the shareholders.

- (i) Identify two factors affecting dividend decision discussed above.
- (ii) State two other factors that affect the dividend decision of a company.

4

31. (a) Explain the following principles of General Management :

6

- (i) Scalar chain
- (ii) Equity
- (iii) Initiative

**OR**

- (b) 'Objectives of Management can be classified into organisational, social and personal objectives.' Explain these objectives.

6

32. (a) Explain the following points of importance of 'Planning' function of management :

6

- (i) Planning provides directions.
- (ii) Planning promotes innovative ideas.
- (iii) Planning reduces the risk of uncertainty.

**OR**

- (b) Explain 'Objectives', 'Rule' and 'Budget' as types of plans.

6

**\*66/1/1\***

**21**

**[ P.T.O. ]**





33. DG Ltd., an E-plane car company has developed a revolutionary flying car for passenger mobility. This hybrid flying car can accommodate upto two persons and features innovative wing like doors for comfortable entry. The seats are designed for utmost comfort, crafted from high quality materials.

The distinguishing feature of this flying car is that its production will be in India and it will utilise biofuel alongside electricity, ensuring a sustainable mode of transportation.

DG Ltd. has obtained the first testing approval for its category. Priced at ₹ 2.5 crores, the company has to take decisions in respect of discounts to customers, credit terms etc., so that the customers perceive the price to be in line with the value of the product.

To make the flying car available to the target customers, DG Ltd. is in the process of selecting dealers or intermediaries to reach the customers, providing support to the intermediaries etc.

To communicate the availability, features, merits etc. of the product to the target customers and persuade them to buy the flying car. DG Ltd. decided to go in for digital marketing campaigns, press releases and demos conducted by influencers and journalists.

The above case describes the combination of elements used by DG Ltd. to prepare its market offering.

Quoting lines from the above para, identify and explain the elements.

6

34. 'Royal Glaze Ltd.' continues to maintain its position as one of the largest consumer goods companies in the world. Its organisational structure is designed to facilitate the achievement of its objectives in alignment with its vision statement. The company maintains two distinct product divisions in its organisational structure – 'Foods' and 'Home Care'.

Looking ahead, the company is focusing on embracing changes so that it can continue to be the market leader. As part of its expansion plans, it is planning to venture into the electronics segment in the near future.

- (i) Identify the organisational structure of 'Royal Glaze Ltd'.
- (ii) Draw the organisational structure chart of 'Royal Glaze Ltd.' considering its future plans to enter into Electronics segment.
- (iii) State any three advantages of the type of organisational structure drawn in (ii) above.

6

## Senior Secondary School Certificate Examination

March -----2025

### Marking Scheme---Business Studies 66/1/1

1	B	2	A	3	C	4	C	5	D
6	A	7	D	8	D	9	C	10	A
11	D	12	D	13	C	14	B	15	B
16	C	17	D	18	D	19	A	20	B

21.	<p><b>Ans. (i) Coordination</b></p> <p>Co-ordination is the process by which a manager synchronises the activities of different departments towards the achievement of a common goal. <b>(or any other correct meaning)</b></p> <p><u>Importance of co-ordination: (Any two)</u></p> <p>(i) With the <b>growth in size</b> and the number of people employed by the organisation increases, coordination is needed to integrate their efforts and activities and to harmonize individual goals and organisational goals.</p> <p>(ii) <b>Functional differentiation</b> in an organisation leads to creation of departments, divisions and sections like finance, production etc. and coordination helps in linking the activities of various departments.</p> <p>Modern organisations have high degree of <b>specialisation</b> where specialists usually think that they only are qualified to evaluate, judge and decide and do not take advice from others leading to conflict. Coordination helps in reconciling their differences.  <b>(If an examinee has given only the headings, ½ mark for each heading should be awarded)</b></p>	<p>(½ mark for identifying + ½ mark for meaning)  + (1 x 2)  1+2=3</p>
22.	<p><b>Ans. Meaning of 'Communication'</b></p> <p>Communication is the process of exchange of ideas, views, facts, feelings, etc., between or among people to create common understanding.  <b>(or any other correct meaning)</b></p> <p><u>First two elements in the process of communication are:</u></p> <p>(i) <u>Sender:</u> The person who conveys his thoughts or ideas to the receiver.</p> <p>(ii) <u>Message:</u> It is the content of ideas, feelings, suggestions, order etc. intended to be communicated.</p> <p><b>(If an examinee has only given the name of the two elements, ½ mark for each correct element is to be awarded)</b></p>	<p>1+2=3</p>

	<p style="text-align: center;"><b>OR</b></p> <p><b>Ans. Organisational barriers to communication: (Any three)</b></p> <p>(i) <u>Rigid Rules and regulations</u> may delay communication.</p> <p>(ii) <u>Status</u> of the superior may not allow his subordinates to express their feelings freely.</p> <p>(iii) <u>Complexity in organization structure</u> leads to delayed and distorted communication.</p> <p>(iv) <u>Lack of organizational facilities</u> like frequent meetings, suggestion box etc. may discourage free flow of communication.</p> <p><b>(If an examinee has given only the heading, ½ mark for each correct heading should be awarded)</b></p>	1x3=3
23.	<p><b>Ans. Other specialized activities that Madhwan must perform in addition to the above as a Human Resource Manager of Health Grow Ltd. are: (Any three)</b></p> <p>(i) Recruitment, i.e., search for qualified people.</p> <p>(ii) Developing compensation and incentive plans.</p> <p>(iii) Maintaining labour relations and union management relations.</p> <p>(iv) Handling grievances and complaints.</p> <p>(v) Providing for social security and welfare of employees.</p> <p>(vi) Defending the company in law suits and avoiding legal complications.</p>	1x3=3
24.	<p><b>Ans. Importance of Financial Planning (any three):</b></p> <p>(i) It helps in <u>forecasting</u> what may happen in future under different situations and face the eventual situation in a better way.</p> <p>(ii) It helps in <u>avoiding business shocks</u> and surprises and helps the company in preparing for the future.</p> <p>(iii) It helps in <u>co-ordinating various business functions</u>, like sales and production functions, by providing clear policies and procedures.</p> <p>(iv) It helps to <u>reduce waste</u>, duplication of efforts and gaps in planning.</p> <p>(v) It tries to <u>link the present with the future</u>.</p> <p>(vi) It provides <u>a link between investment and financing decisions</u> on a continuous basis.</p> <p>(vii) It makes the <u>evaluation</u> of actual performance easier by spelling out detailed objectives for various business segments.</p> <p><b>(If an examinee has only listed the points, ½ mark for each point should be awarded)</b></p> <p style="text-align: center;"><b>OR</b></p> <p><b>Ans. Factors affecting Requirement of Fixed Capital (Any three):</b></p> <p>(i) <u>Nature of business</u> affects the fixed capital requirement as a trading concern needs lower investment in fixed assets compared with a manufacturing organisation.</p> <p>(ii) <u>Scale of operation</u> affects the fixed capital requirement as a large organisation operating at a higher scale needs higher investment in fixed assets as compared to a small organisation.</p> <p>(iii) The <u>choice of technique</u> affects the fixed capital requirement as a capital intensive organisation requires higher investment in plant and machinery, whereas a labour intensive organisation requires less investment in fixed assets.</p> <p>(iv) Industries requiring <u>technology upgradation</u> need a higher investment in fixed assets as their assets become obsolete sooner and need to be replaced faster.</p> <p>(v) Higher <u>growth</u> of an organisation generally requires higher investment in fixed</p>	1x3=3

	<p>assets, consequently larger fixed capital.</p> <p>(vi) With <u>diversification</u>, fixed capital requirement increases as more investment is to be made in fixed assets.</p> <p>(vii) <u>Financing alternatives</u> affect the requirement of fixed capital as availability of leasing facilities may reduce the funds required to be invested in fixed assets as compared to buying an asset.</p> <p>(viii) <u>Collaboration</u> reduces the level of investment in fixed assets as organisations share each other's facilities.</p> <p><b>(If given only the heading, ½ mark for each heading should be awarded)</b></p>	
25.	<p><b>Ans. Importance of Directing function (Any four):</b></p> <p>(i) Directing <u>helps to initiate action</u> by people in the organization towards attainment of desired objectives by guiding the people and clarifying the doubts in performing a task.</p> <p>(ii) Directing <u>integrates employees' efforts</u> in the organization in such a way that every individual effort contributes to the organizational performance.</p> <p>(iii) Directing <u>guides employees to fully realize their potential</u> and capabilities by motivating and providing effective leadership.</p> <p>(iv) Directing <u>facilitates introduction of needed changes</u> in the organization through effective motivation, communication and leadership.</p> <p>(v) Directing <u>helps to bring stability and balance</u> in the organization by fostering co-operation and commitment among the people.</p> <p><b>(If an examinee has only listed the points, ½ mark for each point should be awarded)</b></p> <p style="text-align: center;"><b>OR</b></p> <p><b>Ans. Limitations of internal sources of recruitment: (Any four)</b></p> <p>(i) When vacancies are filled through internal promotions, the <u>scope for induction of fresh talent is reduced</u>.</p> <p>(ii) The employees may become <u>lethargic</u> if they are sure of timebound promotions.</p> <p>(iii) A new enterprise cannot use internal sources of recruitment and <u>no organisation can fill all its vacancies from internal sources</u>.</p> <p>(iv) The <u>spirit of competition</u> among the employees may be <u>hampered</u>.</p> <p>(v) <u>Frequent transfers</u> of employees may often reduce the productivity of the organisation.</p> <p><b>(If an examinee has only listed the points, ½ mark for each point should be awarded)</b></p>	1x4=4
26.	<p><b>Ans.</b></p> <p><b>(i) Direct Recruitment</b></p> <ul style="list-style-type: none"> <li>■ It is a source of recruitment, in which, a notice is placed on the notice board of the enterprise specifying the details of the jobs available. <ul style="list-style-type: none"> <li>■ Job-seekers (skilled or semi-skilled) assemble outside the premises of the organisation on the specified date and selection is done on the spot.</li> </ul> </li> </ul> <p><b>(ii) Casual callers</b></p> <ul style="list-style-type: none"> <li>■ It is a source of recruitment in which the business organisations keep a database of unsolicited applications in their offices to be used as a valuable source of manpower.</li> </ul> <p>A list of such job seekers can be prepared and can be screened to fill the vacancies as they arise.</p> <p style="text-align: center;"><b>OR</b></p> <p><b>Ans. (i) <u>Employee Participation</u></b></p>	2+2=4

	<ul style="list-style-type: none"> <li>It refers to involving employees in decision-making of the issues related to them. Employee participation may be in the form of joint management committees, work committees, etc.</li> <li>(ii) <u>Organisational climate</u></li> <li>It indicates the characteristics which describe an organisation and distinguish one organisation from the other. <ul style="list-style-type: none"> <li>Individual autonomy, reward orientation, consideration to employees, risk-taking, etc. are the characteristics which help in developing better organisational climate.</li> </ul> </li> </ul>	
27.	<p><b>Ans.</b> The two consumer rights discussed in the above case are:</p> <p>(a) <u>Right to be informed</u></p> <ul style="list-style-type: none"> <li>The consumer has a right to have complete information about the product he intends to buy such as, ingredients, date of manufacture, price, quantity 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.</li> </ul> <p>(b) <u>Right to seek redressal</u></p> <ul style="list-style-type: none"> <li>The consumer has a right to get relief in case the product or service falls short of his expectations.</li> <li>The Consumer Protection Act provides relief to customers such as replacement of product, removal of defect in the product, compensation for any loss or injury suffered by the consumer.</li> </ul> <p><b>(If an examinee has explained 'Right to be Heard' instead of 'Right to seek redressal' with its correct explanation, full credit is to be given)</b></p>	2+2=4
28.	<p><b>Ans.</b> (i) <u>Primary Market/ New Issue Market</u></p> <p>(ii) <u>Features of the Primary market: (Any three)</u></p> <p>(a) There is sale of securities by new companies or further (new issues of securities by existing companies to investors).</p> <p>(b) Securities are sold by the company to the investor directly (or through an intermediary).</p> <p>(c) The flow of funds is from savers to investors, i.e. the primary market directly promotes capital formation.</p> <p>(d) Only buying of securities takes place in the primary market, securities cannot be sold there.</p> <p>(e) Prices are determined and decided by the management of the company.</p> <p>(f) There is no fixed geographical location.</p> <p><b>(If an examinee has only listed the points, ½ mark for each point should be awarded)</b></p>	1+ 1x3=4
29.	<p><b>Ans.</b> (i) Needs of employees recognized by Ganesh Jain in the above case is: Need of Kavya and Ritesh- <b>Safety and Security Needs</b> These needs provide security and protection from physical and emotional harm. Need of Pooja and Madhav- <b>Esteem Needs</b> These needs refer to the need for self-respect, autonomy status, recognition and attention.</p> <p>(ii) <b>Assumptions on which Maslow's Need Hierarchy Theory is based on: (Any two)</b></p> <p>(a) People's behaviour is based on their needs. Satisfaction of such needs influences their behaviour.</p> <p>(b) People's needs are in hierarchical order, starting from basic needs to other higher level needs.</p>	(½ mark for identifying the need + ½ mark for stating the need) x2

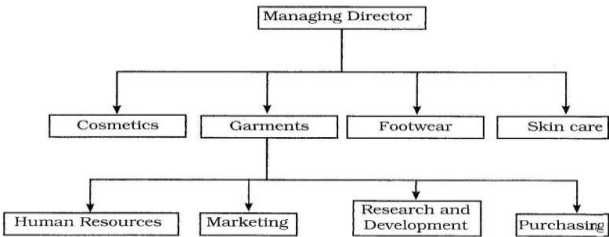
	<p>(c) A satisfied need can no longer motivate a person; only next higher level need can motivate him.</p> <p>(d) A person moves to the next higher level of the hierarchy only when the lower need is satisfied.</p>	<p>1 x 2 = 2+2 = 4 marks</p>
30.	<p><b>Ans.</b> (i) Two factors affecting dividend decision discussed above are:</p> <ul style="list-style-type: none"> <li>▪ Shareholders' Preference</li> <li>▪ Growth Opportunities</li> </ul> <p>(ii) <u>Other factors that affect the dividend decision of a company are: (Any two)</u></p> <p>(i) <u>Amount of Earnings</u> affect dividends as they are paid out of current and past earnings.</p> <p>(ii) <u>Stability of earnings</u> affects dividends as a company having stable earnings is in a better position to declare higher dividends as compared to a company with unstable earnings.</p> <p>(iii) <u>Stability of dividends</u> also affects dividend decision as companies generally follow a policy of stabilising dividend per share and the increase in dividend is generally made when the earning potential goes up.</p> <p>(iv) <u>Cash Flow position</u> affects the dividend decision as availability of enough cash in the company is necessary for declaration of dividend.</p> <p>(v) <u>Taxation policy</u> affects the tax treatment of dividend and capital gains as when tax on dividend is higher, it is better to pay less by way of dividends .</p> <p>(vi) As <u>stock markets react positively</u> to increase in dividend, it is an important factor considered by the management while taking a decision about it.</p> <p>(vii) Large and reputed companies generally have easy <u>access to the capital market</u>, and therefore, may depend less on retained earnings to finance their growth, and therefore, pay high dividends.</p> <p>(viii) Certain <u>legal constraints</u> like provisions of the Companies Act place restrictions on payouts as dividends, which must be adhered to while declaring the dividend.</p> <p>(ix) <u>Contractual constraints</u> affect the dividend decision as companies are required to ensure that the dividend does not violate the terms of the loan agreement.</p> <p><b>(If an examinee has given only the heading, ½ mark for each heading should be awarded)</b></p>	<p>4(½ x 2) + (1½ x 2) = 1+3 = 4 marks</p>
31.	<p><b>Ans.</b></p> <p><b>(i) Scalar Chain</b></p> <ul style="list-style-type: none"> <li>▪ The formal lines of authority from highest to lowest ranks are known as Scalar chain. Organisations should have a chain of authority and communication that runs from top to bottom and should be followed by managers and the subordinates.</li> </ul> <p>This chain should not be violated in the normal course of formal communication. However, in case of any emergency, a shorter route named gang plank may be used to avoid delay in communication.</p> <p><b>(ii) Equity</b></p> <ul style="list-style-type: none"> <li>▪ The principle of Equity states that there should be no discrimination against anyone on account of gender, religion, language, caste, belief, nationality etc. <ul style="list-style-type: none"> <li>▪ This principle emphasises kindness and justice in the behaviour of managers towards the workers to ensure loyalty and devotion.</li> </ul> </li> </ul> <p><b>(iii) Initiative</b></p> <ul style="list-style-type: none"> <li>▪ Initiative means taking the first step with self motivation. Principle of initiative states that the workers should be encouraged to develop and carry out their plans for</li> </ul>	<p>2+2+ 2=6</p>



	<p>improvements.</p> <ul style="list-style-type: none"> <li>▪ A good company should have an employee suggestion system whereby initiative/ suggestions which result in substantial reduction in cost/ time should be rewarded but it does not mean going against the established practices of the company.</li> </ul> <p style="text-align: center;"><b>(or any other suitable explanation)</b> <b>OR</b></p> <p><b>Ans.</b> Management seeks to achieve various objectives. These are:</p> <p>(i) <b>Organisational objectives</b> The main objective of any organization should be to utilize human and material resources to the maximum possible advantage to fulfill the economic objectives of a business. These are:</p> <p>(a) <u>Survival</u>- For the survival of the business, management must strive to earn enough revenues to cover costs.</p> <p>(b) <u>Profit</u>- Mere survival is not enough, so the management has to ensure that organisation earns a profit which is essential for covering cost and risk of the business.</p> <p>(c) <u>Growth</u>- A business needs to add to its prospects in the long run, hence management must exploit fully the growth potential of the organization to remain in the industry.</p> <p>(ii) <b>Social objectives</b> It refers to consistently creating economic value for various constituents of society. This includes using environmental friendly methods of production, giving employment opportunities to the underprivileged sections of society and providing basic amenities like schools and healthcare etc.</p> <p>(iii) <b>Personal objectives</b> People working in the organisations have diverse needs like financial needs, social needs and higher level needs. Management aims to reconcile personal goals with organizational objectives for harmony in the organisation.</p>	
32.	<p><b>Ans. (i) Planning provides directions</b></p> <ul style="list-style-type: none"> <li>▪ Planning ensures that the goals or objectives are clearly stated so that they act as a guide for deciding what action should be taken and in which direction.</li> <li>▪ If goals are well defined, employees are aware of what the organisation has to do and what they must do to achieve those goals.</li> </ul> <p><b>(ii) Planning promotes innovative ideas</b></p> <ul style="list-style-type: none"> <li>▪ Planning promotes innovative ideas as new ideas can take the shape of concrete plans.</li> <li>▪ It is the most challenging activity for the management as it guides all future actions leading to growth and prosperity of the business.</li> </ul> <p><b>(iii) Planning reduces the risk of uncertainty</b></p> <ul style="list-style-type: none"> <li>▪ Planning is an activity which enables a manager to look ahead and anticipate changes.</li> <li>▪ By deciding in advance the tasks to be performed, planning shows the way to deal with changes and uncertain events. Changes or events cannot be eliminated but they can be anticipated and managerial responses to them can be developed.</li> </ul> <p style="text-align: center;"><b>OR</b></p> <p><b>(b) Objectives</b></p> <ul style="list-style-type: none"> <li>▪ Objectives are the ends, which the management seeks to achieve. They are usually set by top management of the organisation and focus on broad, general issues.</li> </ul>	2+2+ 2=6

	<p>Objectives need to be expressed in specific terms i.e. they should be measurable in quantitative terms and are to be achieved within a given time period.</p> <p><b><u>Rule</u></b></p> <ul style="list-style-type: none"> <li>Rule is a specific statement that informs what is to be done and not to be done. It does not allow for any flexibility or discretion.</li> <li>It reflects a managerial decision that a certain action must or must not be taken.</li> </ul> <p><b><u>Budget</u></b></p> <ul style="list-style-type: none"> <li>A budget is a statement of expected results expressed in numerical terms. It is a plan which quantifies future facts and figures.</li> <li>Since budget represents all items in numbers, it becomes easier to compare actual figures with expected figures and take corrective action.</li> </ul> <p><b>(Or any other correct explanation)</b></p>	
33.	<p><b>Ans.</b> Combination of elements used by DG Ltd. to prepare its market offering are:</p> <p><b><u>(i) Product/ Product Mix</u></b>  <i>"This hybrid flying car can accommodate upto two persons and features innovative wing like doors for comfortable entry. The seats are designed for utmost comfort, crafted from high quality materials."</i> or  <i>"The distinguishing feature of this flying car is that its production will be in India and it will utilise biofuel alongside electricity, ensuring a sustainable mode of transportation."</i>  Product means goods or services or anything of value which is offered to the market for sale. It relates to decisions regarding planning, designing and developing the right type of products and services for the consumers. It includes branding, labelling and packaging.</p> <p><b><u>(ii) Price/ Price Mix</u></b>  <i>"Priced at 2.5 crores, the company has to take decisions in respect of discounts to customers, credit terms etc., so that the customers perceive the price to be in line with the value of the product"</i>  Price is the amount of money customers have to pay to obtain the product. It involves decisions regarding the basic price of the product, discount to customers, traders, credit terms etc.</p> <p><b><u>(iii) Place/ Physical distribution</u></b>  <i>"To make the flying car available to the target customers, DG Ltd. is in the process of selecting dealers or intermediaries to reach the customers, providing support to the intermediaries etc."</i>  Place/ Physical distribution includes activities that make firm's products available to the target customers.  It includes decisions like selection of dealers or intermediaries (channels of distribution), providing support to the intermediaries, managing inventory, storage and warehousing and transportation of goods from the place it is produced to the place it is required by the buyers.</p> <p><b><u>(iv) Promotion/ Promotion Mix</u></b>  <i>"To communicate the availability, features, merits etc. of the product to the target customers and persuade them to buy the flying car. DG Ltd. decided to go in for digital marketing campaigns, press releases and demos conducted by influencers and journalists."</i>  Promotion refers to communicating availability, features, merits, etc. of the products</p>	<p>Mark for naming each element + ½ mark for quoting + ½ mark for correct explanation) = (1½ x 4) = 6 marks</p>



	and services to the target customers and persuading them to buy it. It uses a combination of promotional tools such as advertising, personal selling and sales promotion techniques.	
34.	<p>Ans. (i) Divisional Structure (ii)</p>  <pre> graph TD     MD[Managing Director] --&gt; Cosmetics     MD --&gt; Garments     MD --&gt; Footwear     MD --&gt; SkinCare[Skin care]     Garments --&gt; HR[Human Resources]     Garments --&gt; Marketing     Garments --&gt; RnD[Research and Development]     Garments --&gt; Purchasing </pre> <p>(or any other correct diagram)</p> <p>(ii) <u>Advantages of divisional structure (Any three):</u>          (i) <u>Product specialisation</u> helps in the development of varied skills in a divisional head and this prepares him for higher positions.          (ii) It helps in fixation of responsibility in case of poor performance of the division because the divisional heads are accountable for profits          (iii) It promotes flexibility and initiative because each division functions as an autonomous unit which leads to faster decision making.          (iv) It facilitates expansion and growth as new divisions can be added without interrupting the existing operations by merely adding another divisional head and staff for the new product line.          (If one has only listed the underlined points, ½ mark for each point should be awarded)</p>	<p>1</p> <p>2</p> <p>1x3=3 1+2+3=6</p>

Series : Y2XWZ



SET ~ 1

प्रश्न-पत्र कोड  
Q.P. Code

66/2/1



रोल नं.

Roll No.

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परीक्षार्थी प्रश्न-पत्र कोड को उत्तर-पुस्तिका के मुख-पृष्ठ पर अवश्य लिखें।

Candidates must write the Q.P. Code on the title page of the answer-book.

नोट	NOTE
(I) कृपया जाँच कर लें कि इस प्रश्न-पत्र में मुद्रित पृष्ठ 31 हैं।	(I) Please check that this question paper contains 31 printed pages.
(II) कृपया जाँच कर लें कि इस प्रश्न-पत्र में 34 प्रश्न हैं।	(II) Please check that this question paper contains 34 questions.
(III) प्रश्न-पत्र में दाहिने हाथ की ओर दिए गए प्रश्न-पत्र कोड को परीक्षार्थी उत्तर-पुस्तिका के मुख-पृष्ठ पर लिखें।	(III) 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.
(IV) कृपया प्रश्न का उत्तर लिखना शुरू करने से पहले, उत्तर-पुस्तिका में यथा स्थान पर प्रश्न का क्रमांक अवश्य लिखें।	(IV) Please write down the serial number of the question in the answer-book at the given place before attempting it.
(V) इस प्रश्न-पत्र को पढ़ने के लिए 15 मिनट का समय दिया गया है। प्रश्न-पत्र का वितरण पूर्वाह्न में 10.15 बजे किया जाएगा। 10.15 बजे से 10.30 बजे तक परीक्षार्थी केवल प्रश्न-पत्र को पढ़ेंगे और इस अवधि के दौरान वे उत्तर-पुस्तिका पर कोई उत्तर नहीं लिखेंगे। ~	(V) 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.



व्यावसायिक अध्ययन  
BUSINESS STUDIES



निर्धारित समय : 3 घण्टे  
Time allowed : 3 hours

अधिकतम अंक : 80  
Maximum Marks : 80

\*66/2/1\*

764-1



[ P.T.O. ]



***Read the following instructions very carefully and strictly follow them :***

- (i) This question paper contains **34** questions. **All** questions are **compulsory**.
- (ii) Marks are indicated against each question.
- (iii) Answers should be brief and to the point.
- (iv) Answers to the questions carrying **3** marks may be from **50** to **75** words.
- (v) Answers to the questions carrying **4** marks may be in about **150** words.
- (vi) Answers to the questions carrying **6** marks may be in about **200** words.
- (vii) Attempt all parts of a question together.

1. 'It is the process of designing and maintaining an environment in which individuals, working together in groups, efficiently accomplish selected aims.' Identify the process.  
(A) Management (B) Organising  
(C) Staffing (D) Directing
2. Kavi works as a Marketing Manager in stationery mart. It deals in various types of stationery items for many schools across the country. When new session starts in schools, Kavi forecasts the sales of different stationery products for each school for every month. All items are represented in numbers so that it becomes easier for him to compare the actual sales with expected sales.  
The type of plan discussed above is :  
(A) Strategy (B) Policy  
(C) Programme (D) Budget
3. Given below are two statements, Assertion (A) and Reason (R) :  
**Assertion (A) :** Directing facilitates introduction of needed changes in the organization.  
**Reason (R) :** Directing increases resistance to changes in the organization.  
Choose the correct alternative from the alternatives given below :  
(A) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A).  
(B) Assertion (A) is true, but Reason (R) is false.  
(C) Assertion (A) is false, but Reason (R) is true.  
(D) Both Assertion (A) and Reason (R) are true, but Reason (R) is not the correct explanation of Assertion (A).

3

[ P.T.O. ]



4. CVX Ltd. was a leading company, manufacturing home appliances like food processors, juicers and mixer grinders. The company was earning good profits and was paying high dividends to its shareholders consistently. The company now decided to manufacture soup-making machines, pop-up toasters and electric irons. The company wanted to enter into emerging markets out of India also. Entering these markets will require additional capital investment which will facilitate in production and distribution infrastructure etc. For this, the management decided to retain money out of their earnings to finance the required investment and distribute smaller dividend to the shareholders.

The factor affecting dividend decision which was kept in mind by the management of CVX Ltd. for entering into emerging markets and launching new products was :

- (A) Amount of Earnings                      (B) Stability of Earnings  
(C) Stability of Dividends                      (D) Growth Opportunities

1

5. Read the following statements carefully :

1

**Statement – I** : Staffing is that part of the process of management which is concerned with obtaining, utilizing and maintaining a satisfied and satisfactory workforce.

**Statement – II** : Staffing is a continuous process.

In the light of the given statements, choose the correct alternative from the following :

- (A) Both the Statements are true.  
(B) Both the Statements are false.  
(C) Statement I is true, but Statement II is false.  
(D) Statement II is true, but Statement I is false.

6. Choose the statement that correctly highlights the benefit of using internal sources of recruitment.

1

- (A) It helps in simplifying the process of selection.  
(B) It provides wider choice while selecting the employees.  
(C) It brings new blood in the organization.  
(D) It is an expensive and time consuming source.

\*66/2/1\*

5

[ P.T.O. ]



7. Atul was working as an employee in a readymade garments factory. He was very sincere and dedicated and always completed his work in time. It pained him to see that his colleagues were reluctant to do the work even though they had the ability to do it.

Due to his good behaviour and willingness to work, he was promoted to the post of the supervisor of the same team in which he was a worker earlier. He understood very well that it was not always possible to get the best of work from employees merely by exercising formal authority. He had insights into the causes of behaviour of people. He knew how to get the work done by the workers in a desired manner to achieve the organizational objectives. Under his supervision even the workers who were reluctant to work started working efficiently and effectively.

From the following, identify the concept used by Atul, as a supervisor to get the work completed :

1

- (A) Leadership (B) Financial Incentives  
(C) Motivation (D) Non-financial Incentives

8. 'Isha Sweets' was set by Isha Sharma to prepare and sell organic, vegan and healthy sweets alternatives like hazelnuts date ladoos, dry fruit date burfi, stuffed mejdool date etc. For the last many years, the demand for her products was very high as people these days prefer to buy healthier alternatives for consumption as well as gifting purposes. But this year suddenly, the cost of dates, dry fruits and other ingredients used for preparing these healthy sweets had increased. With rising prices of raw materials, larger amounts of funds were required to maintain a constant volume of production and sales. As a result, the working capital requirement of 'Isha Sweets' became higher.

The factor which led to an increase in the working capital requirements of 'Isha Sweets' was :

1

- (A) Availability of raw material (B) Inflation  
(C) Scale of business (D) Production cycle

9. 'The process of organizing allows a business enterprise to accommodate changes in the business environment. It allows the organization structure to be suitably modified to pave the way for a smooth transition.'

The point of importance of organizing function of management highlighted in the above lines is :

1

- (A) Benefits of specialization  
(B) Clarity in working relationships  
(C) Optimum utilization of resources  
(D) Adaptation to change

\*66/2/1\*

7

[ P.T.O. ]





10. A buyer buys a product or service for what it does for him / her or the benefit it provides to him / her. There can be three type of benefits, a consumer may seek to satisfy from the purchase of a product : (i) Functional benefits, (ii) Social benefits and (iii) ..... 1
- (A) Technological benefits (B) Economic benefits  
(C) Psychological benefits (D) Environmental benefits
11. Nimesh was working as a Production Manager in H.L. Ltd., an electrical wire manufacturing company. One of the vendors who was supplying copper to H.L. Ltd. wanted to close down his business within 15 days as he had to go abroad to live with his son. The vendor was selling all his stocks at 60% discount. Nimesh wrote a letter to the General Manager to seek approval for procurement of this material. But due to rigid rules and cumbersome procedures there was delay in getting sanction and order could not be placed.
- The type of communication barrier that led to procedural delay was : 1
- (A) Semantic barrier (B) Psychological barrier  
(C) Organizational barrier (D) Personal barrier
12. 'The right of an individual to command his subordinates and to take action within the scope of his position' is called : 1
- (A) Decentralization (B) Authority  
(C) Responsibility (D) Accountability
13. As per the Consumer Protection Act, 2019 which of the following statement is correct ? 1
- (A) In case the aggrieved party is not satisfied with the order of the District Commission, he can directly appeal before the National Commission.
- (B) In case the aggrieved party is not satisfied with the order of the District Commission, he can directly appeal before the Supreme Court.
- (C) In case the aggrieved party is not satisfied with the order of the State Commission, he can directly appeal before the Supreme Court.
- (D) In case the aggrieved party is not satisfied with the order of the National Commission, he can appeal before the Supreme Court.

\*66/2/1\*

9

[ P.T.O. ]



14. Identify the dimension of business environment illustrated by the given picture :

1



- (A) Social (B) Political  
(C) Technological (D) Economic

**For Visually Impaired Candidates :**

Shifts in demand from steam locomotives to electric engines, from fountain pens to ball-point pens, from typewriters to computer based word processors highlights which of the following dimension of business environment ?

- (A) Economic (B) Technological  
(C) Political (D) Social

\*66/2/1\*

11

[ P.T.O. ]



15. Given below are two statements, Assertion (A) and Reason (R) :

1

**Assertion (A) :** Planning involves looking ahead and preparing for the future.

**Reason (R) :** The purpose of planning is to meet future events effectively to the best advantage of an organization.

Choose the correct alternative from the alternatives given below :

- (A) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A).  
(B) Both Assertion (A) and Reason (R) are true, but Reason (R) is not the correct explanation of Assertion (A).  
(C) Assertion (A) is true, but Reason (R) is false.  
(D) Assertion (A) is false, but Reason (R) is true.
16. Match the techniques of scientific management given in Column – I with their meaning given in Column – II :

1

Column – I	Column – II
(a) Method Study	(i) It refers to the study of movements like lifting, putting objects, sitting and changing positions etc. which are undertaken while doing a typical job.
(b) Motion Study	(ii) It determines the amount and frequency of rest intervals in completing a task.
(c) Time Study	(iii) It determines the standard time taken to perform a well defined job.
(d) Fatigue Study	(iv) It determines one best way of doing a job.

Choose the correct option from the options given below :

- (a) (b) (c) (d)  
(A) (ii) (iii) (i) (iv)  
(B) (i) (iv) (ii) (iii)  
(C) (iv) (i) (iii) (ii)  
(D) (iii) (ii) (iv) (i)

\*66/2/1\*

13

[ P.T.O. ]





17. Akshara runs a business in the name of 'AK Solutions' in a well reputed area of her city where people provide spaces to students as library, as study centres and as training and event centres to businesses. Akshara provides only conference halls to big and small enterprises for their meetings and events.

Suddenly, in July 2024, floods affected some libraries and study centres in her neighbouring area. The exams were fast approaching and students were facing a lot of problems as these study centres and libraries had to be closed.

Taking advantage of this opportunity and to help the students 'AK Solutions' adapted itself to the needs of the environment, they decided to convert some of their conference halls into libraries and study centres. They also decided to provide food and other facilities required by the students at subsidized rates. This initiative increased their business manifold and earned them significant goodwill.

The feature of management highlighted in the above case is :

1

- (A) Management is a continuous process.
- (B) Management is an intangible force.
- (C) Management is a dynamic function.
- (D) Management is a group activity.

18. 'Increase in the profit earned by the equity shareholders due to the presence of fixed financial charges like interest' is called :

1

- |                        |                       |
|------------------------|-----------------------|
| (A) Financial planning | (B) Dividend decision |
| (C) Financing decision | (D) Trading on equity |

\*66/2/1\*

15

[ P.T.O. ]



19. Read the following statements carefully :

1

**Statement – I** : The cost of debt is more than the cost of equity.

**Statement – II** : Lenders risk is lower than the equity shareholders risk.

In the light of the given statements, choose the correct alternative from the following :

- (A) Both the Statements are true.
- (B) Both the Statements are false.
- (C) Statement I is true, Statement II is false.
- (D) Statement I is false, Statement II is true.

20. 'To ensure that enough funds are available at right time to honour the commitments and to carry out the plans' is discussed in which of the following concepts ?

1

- (A) Capital Structure
- (B) Financial Leverage
- (C) Financial Planning
- (D) Investment Decision

21. (a) Explain the following functions of Stock Exchange :

3

- (i) Providing liquidity and marketability to existing securities
- (ii) Pricing of securities
- (iii) Safety of transaction

**OR**

(b) Differentiate between 'Primary Market' and 'Secondary Market' on the basis of any three points.

3

\*66/2/1\*

17

[ P.T.O. ]



22. Radhika started a business of supplying high class facial kits to beauty parlours in various cities of the country. Initially, the business was doing well and her products were popular. Despite the high quality of the products, Radhika faced difficulties in certain parlours, especially in Kagpur city, where her products failed to gain a strong market presence. **3**

To understand the cause, she appointed a qualified marketing manager. The marketing manager discovered that there was no proper exchange of facts, ideas and views etc. between the incharge of Kagpur city and the employees at different parlours at Kagpur. Vicky, who was the incharge and responsible for overseeing all parlours in Kagpur, was unable to effectively foster a common understanding of the product among the employees. As a result, the employees did not grasp the key benefits and features of the high class facial kits. In turn, the employees were not able to convince potential clients about the product's value.

- (i) Identify the concept discussed in the above case.
  - (ii) The concept identified in (i) above can be defined as a process having various elements. State first five elements of this process.
23. (a) Give the meaning of 'Capital Market'. Differentiate between 'Capital Market' and 'Money Market' on the basis of : **3**
- (i) Participants
  - (ii) Instruments

**OR**

- (b) State any three 'Regulatory functions' of Securities and Exchange Board of India. **3**

**\*66/2/1\***

**19**

**[ P.T.O. ]**

~



24. Aman, a young graduate was living away from home in another city. He had problems in cooking and heating food. He decided to purchase a microwave oven for the same. He went to the market, visited many shops and compared various microwave oven brands available in the market. He compared features, price, after-sale-service and customer reviews etc. to make an informed choice as per his needs. 3

After selecting the oven, he checked that it should have an ISI mark. This gave him confidence about the safety, standards and quality of the oven.

After reaching home he followed the manufacturer's instructions for safe installation and use of microwave oven. This helped him in avoiding any risk associated with the usage of microwave oven.

By doing all this Aman kept in mind various responsibilities while purchasing and using the microwave oven. Still he left some of the responsibilities that were not fulfilled by him.

State any three such responsibilities.

25. (a) Explain the following principles of management given by Fayol : 4  
(i) Division of work  
(ii) Authority and Responsibility

**OR**

- (b) Explain the following points of significance of principles of management : 4  
(i) Providing managers with useful insights into reality.  
(ii) Optimum utilization of resources and effective administration.

26. (a) Explain the following features of co-ordination : 4  
(i) Co-ordination integrates group efforts.  
(ii) Co-ordination is the responsibility of all managers.

**OR**

- (b) Explain the following features of management : 4  
(i) Management is a goal-oriented process.  
(ii) Management is a continuous process.

\*66/2/1\*

**21**

[ P.T.O. ]



27. Nisha had given some old dresses of her own to her house-helper Beenu. After a few days, Nisha was happily surprised when she saw Beenu wearing one of the dresses beautifully refurbished. On enquiry, Beenu told Nisha that this was done by her daughter who had just completed her Class 12<sup>th</sup> studies. Beenu also told Nisha that she was a little concerned as her daughter did not want to study further. Nisha was very much impressed by the creativity of Beenu's daughter, so she decided to setup a small business for her. Nisha bought 15 sewing machines and appointed 15 girls to refurbish the old dresses. Nisha also arranged old dresses from various sources and employed a person who will sell these dresses at a very low cost for the one's who could not purchase new dresses due to their low income.

4

Nisha divided the girls in three equal groups, each having five sewing machines. Each group was given a target of refurbishing 150 old dresses in a fortnight with a cost of Rs. 30 per dress.

After a fortnight, Nisha who was supervising this business with Beenu was informed that Group I was able to meet the target by refurbishing 150 old dresses at a cost of Rs. 30 per dress. Group II was able to refurbish 150 old dresses at a cost of Rs. 35 per dress, whereas Group III could refurbish only 140 old dresses but at a cost of Rs. 27 per dress.

- (i) Identify the concepts of management discussed above for each of the three groups giving reason in support of your answer.
- (ii) Give meaning of the concepts identified in (i) above and state which one is important for the management and why ?



28. Prachi is working as an academic counsellor for specially abled students at one of the top school to provide special support and guidance to these students. She clearly states in advance the methods of teaching and tackling the students. She ensures that the goals are clearly stated for each and every teacher so that they act as a guide for deciding what action should be taken and in which direction. 4

Her well laid plans will serve as a basis for coordinating the activities and efforts of teachers teaching different subjects to these students. It helps the teachers in bringing clarity of thought and action to their work.

Identify and explain the two points of importance of 'Planning' function of management highlighted in the above para.

29. Going to gym and following a protein diet has become a popular trend these days. However, with the busy work culture, many people, especially the youth struggle to find time for weight loss programmes. 4

Anika was working in a multi-national company, wanted to join a gym for weight loss but could not find time. There is no good gym near her house. One day, Anika was walking out of the office during lunch time and saw an attractive poster of a gym which was near her house. Anika was curious to enquire about their weight loss programme. Next day, when she went to the gym, she was surprised to know about various schemes offered by the gym. They were not only offering 50% discount on the fee of weight loss programme, but were also providing free coach facility and free protein diet for the customer. But these offers were valid only for 10 days. Attracted by these schemes Anika immediately submitted the fee and joined the gym.

- (i) Identify and give the meaning of the element of marketing-mix discussed above.
- (ii) The element of marketing-mix identified in (i) above includes various tools of communication. Identify and explain the tools highlighted in the above para.





30. The demand for take away food business is increasing day-by-day. People working in multi-national companies have to work till night very often and they are reluctant to cook food. Taking advantage of this opportunity, Amit and Bijoy started 'Langar', a take away food business. The food became famous because of its good quality and standards of hygiene followed by them. 4

Over the years, the business became very profitable. They decided to expand the business by opening more branches in different cities. To ensure consistent food quality at all branches and to maintain the hygiene and quality they planned to import machines with advanced technology. The cost of each machine was Rs. 12 crores. They knew that this decision has to be taken very carefully, as it involves a huge cost and that the decision, once taken is irreversible.

- (i) Identify and state the financial decision discussed in the above para.
- (ii) Explain any two factors affecting the decision identified in (i) above.

31. (a) Explain the following steps in the process of selection : 6
- (i) Preliminary Screening
  - (ii) Selection Tests
  - (iii) Employment Interview
  - (iv) Reference and Background Checks

**OR**

- (b) Explain the following non-financial incentives : 6
- (i) Status
  - (ii) Organisational climate
  - (iii) Job Enrichment
  - (iv) Employee participation

\*66/2/1\*

27

[ P.T.O. ]



32. Asha was running a business of producing and selling pickles, murabbas and papad etc. She was earning a good profit for the last many years. Now, she wanted to add some new products in her product line. Seeing the growing demand of millets, she decided to add some millet products. After doing a lot of market research, she found out that the demand for millet noodles, pasta and ready to eat millet cereals was increasing day-by-day. To give a different taste and to have uniqueness in her products, she prepared a new tasty herb based sauce for cooking these products and decided to launch this along with millet products in the market. 6

For this Asha hired 10 additional women workers specially trained for the same. However, despite adding more workers, to her surprise, production was not upto the mark.

Concerned about this and to ensure that the activities were performed as per the plans, and that the resources were being used effectively and efficiently for the achievement of predetermined goals, Asha appointed a supervisor Nabita. Nabita monitored the activities and discovered that two of the newly hired workers were spending their whole day gossiping and distracting the other workers. As a result the production was low.

- (i) Identify and state the function of management discussed above.
  - (ii) State any five points of importance of the function identified in (i) above.
33. (a) State any three advantages and any three limitations of formal organization. 6

**OR**

- (b) State any six advantages of functional structure of organization. 6





34. Ravi and Megha started 'Energylights' a company manufacturing energy-efficient LED lighting after realizing an increasing demand for the same. Manufacturing high-quality LED lights with some unique features required substantial investment in technology and high-grade materials. This pushed up their cost of manufacturing. To determine the price of their LED lights they not only wanted to cover all costs but also wanted to earn a margin of profit over and above the costs. This will set for them the minimum level or the floor price at which the LED lights would be sold. The high demand and the utility provided by these lights will set the upper limit of the price.

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Though there was enough competition in LED lights business, even then they kept the price of their lights higher than the competitors because of good quality and its features. They justified the higher price because of the product differentiation and unique methods of advertising and sales promotion etc.

Quoting lines from the above para, identify and explain any three factors which were taken into consideration by Ravi and Megha to determine the price of their LED lights.

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**Senior Secondary School Certificate Examination**  
**March -----2025**  
**Marking Scheme---Business Studies 66/2/1**

1	A	2	D	3	B	4	D	5	A
6	A	7	C	8	B	9	D	10	C
11	C	12	B	13	D	14	C	15	A

16	C	17	C	18	D	19	D	20	C
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21.	<p><b>Ans.</b></p> <p><b>(i) Providing liquidity and marketability to existing securities</b> The basic function of a stock exchange is the creation of a continuous market where securities are bought and sold. It gives investors the chance to disinvest and reinvest.</p> <p><b>(ii) Pricing of securities</b> A stock exchange is a mechanism of constant valuation through which the prices of securities are determined by the forces of demand and supply.</p> <p><b>(iii) Safety of transaction</b> The membership of the stock exchange is well regulated and its dealings are well defined according to the existing legal framework. This ensures that the investing public gets a safe and fair deal on the market.</p> <p style="text-align: center;"><b>OR</b></p> <table border="1"> <thead> <tr> <th></th><th>Primary market</th><th>Secondary market</th></tr> </thead> <tbody> <tr> <td>(i)</td><td>There is sale of securities by new companies or further (new issues of securities by existing companies to investors).</td><td>There is trading of existing shares only.</td></tr> <tr> <td>(ii)</td><td>Securities are sold by the company to the investor directly (or through an intermediary).</td><td>Ownership of existing securities is exchanged between investors. The company is not involved at all.</td></tr> <tr> <td>(iii)</td><td>The flow of funds is from savers to investors, i.e. the primary market directly promotes capital formation</td><td>Enhances encashability (liquidity) of shares, i.e. the secondary market indirectly promotes capital formation</td></tr> </tbody> </table>		Primary market	Secondary market	(i)	There is sale of securities by new companies or further (new issues of securities by existing companies to investors).	There is trading of existing shares only.	(ii)	Securities are sold by the company to the investor directly (or through an intermediary).	Ownership of existing securities is exchanged between investors. The company is not involved at all.	(iii)	The flow of funds is from savers to investors, i.e. the primary market directly promotes capital formation	Enhances encashability (liquidity) of shares, i.e. the secondary market indirectly promotes capital formation	1x3
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22.	<p><b>Ans.</b> (i) Communication</p> <p><b>(i)</b> First five elements involved of the communication process are:</p> <p><b>(a) Sender:</b> The person who conveys his thoughts or ideas to the receiver</p> <p><b>(b) Message:</b> It is the content of ideas, feelings, suggestions, order etc. intended to be communicated</p> <p><b>(c) Encoding :</b> It is the process of converting the message into communication symbols such as words, pictures, gestures etc.</p> <p><b>(d) Media :</b> It is the path through which encoded message is transmitted to receiver. The channel may be in written form, face to face, phone call, Internet etc.</p> <p><b>(e) Decoding:</b> It is the process of converting encoded symbols of the sender.</p>	<p>½ mark (½ x 5) = ½ + 2 ½ =3</p>												

23.	<p><b>Ans. Meaning of Capital Market</b> Capital Market means the facilities and institutional arrangements through which long term funds, both debt and equity, are raised and invested.</p> <p>Difference between Capital Market and Money Market</p> <table><tr><td></td><td>Basis</td><td>Capital Market</td><td>Money Market</td></tr><tr><td>(i)</td><td>Participants</td><td>The participants in Capital market are financial institutions, banks, corporates, foreign investors and retail investors.</td><td>The participants in Money market are RBI, financial institutions, banks, corporates.</td></tr><tr><td>(ii)</td><td>Instruments</td><td>Instruments like shares, debentures and bonds are traded in Capital market.</td><td>Instruments like treasury bill, commercial paper, certificates of deposit, call money and commercial bill are traded in money market</td></tr></table> <p style="text-align: center;"><b>OR</b></p> <p><b>Ans. Regulatory functions of Securities and Exchange Board of India are (Any three):</b></p> <p>(i) Registration of brokers and sub brokers and other players in the market.</p> <p>(ii) Registration of collective investment schemes and mutual funds.</p> <p>(iii) Regulation of stock brokers, portfolio exchanges, underwriters and merchant bankers.</p> <p>(iv) Regulation of takeover bids by companies.</p> <p>(v) Calling for information by undertaking inspection, conducting enquiries and audit of stock exchanges and intermediaries.</p> <p>(vi) Levying fee or other charges for carrying out the purposes of the SEBI Act, 1992.</p> <p>Performing and exercising such powers under Securities Contract (Regulation) Act 1956 as may be delegated by the Government of India</p>		Basis	Capital Market	Money Market	(i)	Participants	The participants in Capital market are financial institutions, banks, corporates, foreign investors and retail investors.	The participants in Money market are RBI, financial institutions, banks, corporates.	(ii)	Instruments	Instruments like shares, debentures and bonds are traded in Capital market.	Instruments like treasury bill, commercial paper, certificates of deposit, call money and commercial bill are traded in money market	<p>1 + 1x2=2</p> <p>1+2=3</p> <p>1x3=3</p>
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24.	<p><b>Ans. Responsibilities that were not fulfilled by Aman: (Any three)</b></p> <p>(i) <u>Be honest in your dealings.</u> Choose only from legal goods and services and discourage unscrupulous practices like blackmarketing, hoarding, etc.</p> <p>(ii) <u>Ask for a cash memo</u> on purchase of goods or services. This would serve as a proof of the purchase made.</p> <p>(iii) <u>File a complaint in an appropriate consumer forum</u> in case of a shortcoming in the quality of goods purchased or services availed. Do not fail to take an action even when the amount involved is small.</p> <p>(iv) Form consumer societies which would play an active part in educating</p>	<p>1x3=3</p>												

	<p>consumers and safeguarding their interests.</p> <p>(v) <u>Respect the environment</u>. Avoid waste, littering and contributing to pollution.</p> <p><b>(If an examinee has only listed the underlined points, ½ mark for each point should be awarded)</b></p>	
25.	<p><b>Ans. (i) Division of Work</b></p> <ul style="list-style-type: none"> <li>▪ The principle of Division of work suggests that work can be performed more efficiently if it is divided into specialised tasks.</li> <li>▪ A trained specialist who is competent, is required to perform each job leading to specialization which results in efficient and effective output.</li> </ul> <p><b>(ii) Authority and Responsibility</b></p> <ul style="list-style-type: none"> <li>▪ The principle of Authority and Responsibility suggests that managers require authority commensurate with their responsibility.</li> <li>▪ An organisation should build safeguards against abuse of managerial power. At the same time, a manager should have necessary authority to carry out his responsibility.</li> </ul> <p style="text-align: center;"><b>OR</b></p> <p><b>Ans. (i) Providing managers with useful insights into reality</b></p> <p>Principles of management provide useful insights into reality by enabling the managers to learn from past mistakes and conserve time by solving recurring problems quickly.</p> <ul style="list-style-type: none"> <li>▪ Adherence to these principles adds to their knowledge, ability and understanding of managerial situations and circumstances thereby increasing managerial efficiency.</li> </ul> <p><b>(ii) Optimum utilization of resources and effective administration.</b></p> <p>Principles of management help in optimum utilisation of resources by equipping managers to foresee the cause and effect relationships thereby reducing the wastages associated with trial and error approach.</p> <ul style="list-style-type: none"> <li>▪ Principles of management help in effective administration by limiting the boundaries of managerial discretion so that decisions are free from personal prejudices.</li> </ul>	2+2=4
26.	<p><b>Ans. (i) Co-ordination integrates group efforts</b></p> <p>Coordination unifies unrelated or diverse interests into purposeful work activity. It gives a common focus to group effort to ensure that performance is as it was planned and scheduled.</p> <p><b>(ii) Co-ordination is the responsibility of all managers</b></p> <ul style="list-style-type: none"> <li>▪ Coordination is the function of every manager in the organisation.</li> <li>▪ Top level managers need to coordinate with their subordinates to ensure that the overall policies for the organisation are duly carried out. Middle level management coordinates with both the top level and first line managers. Operational level management coordinates the activities of its workers to ensure that work proceeds according to plans.</li> </ul> <p style="text-align: center;"><b>OR</b></p> <p><b>Ans.</b></p> <p><b>(i) Management is a goal-oriented process</b></p> <p>An organisation has a set of basic goals which are the basic reason for its existence.</p>	2+2=4

	<p>These should be simple and clearly stated.</p> <p>Management unites the efforts of different individuals in the organisation towards achieving these goals.</p> <p><b>(ii) Management is a continuous process</b></p> <ul style="list-style-type: none"> <li>▪ The process of management is a series of continuous, composite, but separate functions (planning, organising, directing, staffing and controlling).</li> <li>▪ These functions are simultaneously performed by all managers all the time.</li> </ul>	
27.	<p><b>Ans.</b></p> <p>(i) Efficiency and Effectiveness are the concepts discussed above</p> <p><u>Group I</u> is effective as well as efficient as they were able to meet the target of refurbishing 150 old dresses at a cost of Rs.30 per dress.</p> <p><u>Group II</u> is effective but not efficient as they were able to meet the target of refurbishing 150 old dresses but at a higher cost.</p> <p><u>Group III</u> is not effective but efficient as they were able to refurbish only 140 old dresses but were able to do it at a lower cost.</p> <p>(ii) <u>Efficiency</u>- Efficiency means doing the task correctly and with minimum cost.</p> <p><u>Effectiveness</u>- Effectiveness means doing the right task, completing activities and achieving goals.</p> <p>For management, it is important to be both effective and efficient.</p>	4
28.	<p><b>Ans.</b> Two points of importance of 'Planning' function of management highlighted in the above para are:</p> <p>(i) <b>Planning provides directions</b></p> <ul style="list-style-type: none"> <li>▪ Planning ensures that the goals or objectives are clearly stated so that they act as a guide for deciding what action should be taken and in which direction.</li> <li>▪ If goals are well defined, employees are aware of what the organisation has to do and what they must do to achieve those goals. Departments and individuals in the organisation are able to work in coordination.</li> </ul> <p>(ii) <b>Planning reduces overlapping and wasteful activities</b></p> <ul style="list-style-type: none"> <li>▪ Planning serves as the basis of coordinating the activities and efforts of different divisions, departments and individuals. It helps in avoiding confusion and misunderstanding.</li> <li>▪ Since planning ensures clarity in thought and action, work is carried on smoothly without interruptions. Useless and redundant activities are minimised or eliminated.</li> </ul>	<p>(½ mark for the heading</p> <p>+ 1½ marks for each explanation)</p> <p>x 2</p> <p>= 4 marks</p>
29.	<p><b>Ans.</b></p> <p>(i) <b>Promotion Mix/ Promotion</b></p> <p>Promotion mix refers to combination of promotional tools used by an organisation to achieve its communication objectives.</p> <p>(ii) <b>Tools of communication highlighted in the above para are:</b></p> <p>(a) <b>Advertising</b></p> <p>It refers to impersonal form of communication which is paid for by an identified sponsor/marketer to promote some goods or services.</p>	<p>(½ mark for identifying the element</p> <p>+ ½ mark for its meaning)</p> <p>+ (½ mark for identifying each tool</p> <p>+ 1½ marks for each explanation)</p>

	<p>It means that there is no face to face contact between the prospect and the advertiser, the identified sponsor has to bear the cost of communication.</p> <p><b>(b) Sales promotion</b></p> <p>It refers to short term incentives, which are designed to encourage the buyers to make immediate purchase of a product or service.</p> <p>Sales promotion activities include offering cash discounts, sales contests, free gift offers, and free sample distribution.</p>	<p>1 mark for the explanation) x 2 = 1+3 = 4</p>
30.	<p><b>Ans. (i)</b> Investment decision/ Capital budgeting decision</p> <p>The investment decision relates to how the firm's funds are invested in different assets so that they are able to earn the highest possible return for their investors</p> <p><b>(ii) Factors affecting capital budgeting decision: (Any two)</b></p> <p>(a) Cash flows of the project</p> <p>(b) Rate of return of the project</p> <p>(c) Investment criteria involved</p>	<p>(½ mark for identifying + ½ mark for stating) (½ mark for the heading + 1 mark for the explanation) x 2</p>
31.	<p><b>Ans.</b></p> <p><b>(i) Preliminary Screening</b></p> <p>Preliminary screening helps the manager eliminate unqualified or unfit job seekers based on the information supplied in the application forms.</p> <p>Preliminary interviews help reject misfits for reasons, which did not appear in the application forms.</p> <p><b>(ii) Selection Tests</b></p> <p>An employment test is a mechanism (either a paper and pencil test or an exercise) that attempts to measure certain characteristics of individuals. These characteristics range from aptitudes, such as manual dexterity, to intelligence to personality. For this, various tests are used which may be Intelligence tests, Aptitude tests, Personality tests etc.</p> <p><b>(iii) Employment Interview</b></p> <p>Interview is a formal, in-depth conversation conducted to evaluate the applicant's suitability for the job.</p> <p>The role of the interviewer is to seek information and that of the interviewee is to provide the same.</p> <p><b>(iv) Reference and Background Checks</b></p> <p>Many employers request names, addresses, and telephone numbers of references for the purpose of verifying information and, gaining additional information on an applicant.</p> <p>Previous employers, known persons, teachers and university professors can act as references.</p> <p style="text-align: center;"><b>OR</b></p> <p><b>Ans.</b></p> <p><b>(i) Status</b></p> <ul style="list-style-type: none"> <li>▪ Status means ranking of positions in the organisation.</li> <li>▪ The authority, responsibility, rewards, recognition, perquisites and prestige of job indicate the status given to a person holding a managerial position.</li> </ul> <p><b>(ii) Organisational climate</b></p>	<p>1½ x 4 = 6 marks</p>

	<ul style="list-style-type: none"> <li>It indicates the characteristics which describe an organisation and distinguish one organisation from the other.</li> <li>Individual autonomy, reward orientation, consideration to employees, risk-taking, etc. are the characteristics which help in developing better organisational climate.</li> </ul> <p><b>(iii) Job Enrichment</b></p> <ul style="list-style-type: none"> <li>It is concerned with designing jobs that include a greater variety of work content, require higher level of knowledge and skill, gives workers more autonomy and responsibility and provides opportunity for personal growth.</li> </ul> <p>If jobs are enriched and made interesting, the job itself becomes a source of motivation to the individual.</p> <p><b>(iv) Employee participation</b></p> <ul style="list-style-type: none"> <li>It refers to involving employees in decision-making of the issues related to them. It may be in the form of joint management committees, work committees etc.</li> </ul>	
32.	<p><b>Ans.</b> (i) Controlling is the process of measurement of accomplishment against the standard and correction of deviations to assure attainment of objectives according to plans.</p> <p>(ii) <u>Importance of controlling: (any five)</u></p> <p>(a) It helps in <u>accomplishing organisational goals</u> by measuring progress, bringing to light deviations, if any, and indicating corrective action.</p> <p>(b) It helps in <u>judging accuracy of standards</u> by verifying whether the standards set are accurate and objective or not, and reviewing and revising standards in the light of change taking place in the organisation and in the environment.</p> <p>(c) It helps in <u>making efficient use of resources</u> by reducing wastage and spoilage and ensuring that each activity is performed in accordance with pre-determined standards.</p> <p>(d) It <u>improves employee motivation</u> and helps them to give better performance as they know well in advance what they are expected to do and what are the standards of performance on the basis of which they will be appraised.</p> <p>(e) It <u>ensures order and discipline</u> among employees and minimises dishonest behaviour on the part of the employees by keeping a close check on their activities.</p> <p>(f) It <u>facilitates coordination</u> in action as each department is governed by pre-determined standards which are well coordinated with one another, thereby providing direction to all activities and efforts for achieving organisational goals.</p> <p><b>(If an examinee has given only the headings, ½ mark for each heading should be awarded)</b></p>	<p>1 mark + 1 x 5 = 1+5 = 6 marks</p>
33.	<p><b>Ans. <u>Advantages of Formal Organisation: (Any three)</u></b></p> <p>(i) It is <u>easier to fix responsibility</u> since mutual relationships are clearly defined.</p> <p>(ii) It helps in <u>avoiding duplication of effort</u> since there is no ambiguity in the role that each member has to play.</p> <p>It helps in <u>maintaining unity of command</u> through an established chain of command.</p> <p>(iii) It <u>leads to accomplishment of goals</u> by providing a framework for the operations to be performed.</p> <p>It <u>provides stability to the organisation</u> because there are specific rules to guide behaviour of employees.</p> <p><b><u>Limitations of Formal Organisation: (Any three)</u></b></p> <p>(i) It may lead to <u>procedural delays</u> as the established chain of command has to be followed which <u>increases the time taken for decision making</u>.</p>	<p>1 x 3 + 1 x 3 = 6</p>



	<p>(ii) Poor organisation practices <u>may not provide adequate recognition to creative talent</u>, since it does not allow any deviations from rigidly laid down policies. It is difficult to understand all human relationships in an enterprise as it places <u>more emphasis on structure and work</u></p> <p style="text-align: center;"><b>OR</b></p> <p><b><u>Advantages of Functional structure:</u></b></p> <p>(i) It leads to <u>occupational specialisation</u> since emphasis is placed on specific functions. This promotes efficiency in the utilisation of manpower.</p> <p>(ii) It promotes <u>control and coordination</u> within a department because of similarity in the tasks being performed.</p> <p>(iii) It increases <u>managerial and operational efficiency</u> resulting in increased profit.</p> <p>(iv) It leads to minimal duplication of effort which results in economies of scale and this <u>lowers cost</u>.</p> <p>(v) It makes <u>training of employees easier</u> as it focuses on a limited range of skills.</p> <p>(vi) It ensures that different <u>functions get due attention</u>.</p> <p><b>(If an examinee has only listed the points, ½ mark for each point should be awarded)</b></p>	
34.	<p><b>Ans.</b> Factors taken into consideration by Ravi and Megha to determine the price of their LED lights were:</p> <p><b>(i) Product cost</b> Product cost includes the cost of producing, distributing and selling the product. It determines the minimum level or the floor price at which the product may be sold. <i>‘To determine the price of their LED lights they not only wanted to cover all costs but also wanted to earn a margin of profit over and above the costs’ or ‘This will set for them the minimum level or the floor price at which the LED lights would be sold’</i></p> <p><b>The utility and demand</b> Utility and demand set the upper limit of the price which the buyer would be prepared to pay. The buyer may be ready to pay up to the point where the utility from the product is at least equal to the sacrifice made in terms of the price paid. However, the seller would, however, try to at least cover the costs. <i>‘The high demand and the utility provided by these lights will for set the upper limit of the price’</i></p> <p>(iii) Extent of competition in the market In lesser competition, the price will tend to reach the upper limit while in free competition; the price will tend to be set at a lower level. Not only the price but the quality and the features of the competitive products must be examined carefully before fixing the price.</p> <p><i>‘Though there was enough competition in LED lights business, even then they kept the price of their lights higher than the competitors because of good quality and its features’</i></p>	<p>(½ mark for identifying the factor + ½ mark for quoting + 1 mark for explanation) = 2 x 3 = 6 marks</p>

-----THE END -----