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## NATURE AND SIGNIFICANCE OF MANAGEMENT

QUE	TYPE OF QUESTIONS (1 MARK) MCQ, OTQ COMPETENCY BASED, SOURCE BASED
Q-1	<p>A.R. Rehman is the first Indian to win the Oscar award for his composition 'Jai Ho'. His composition of music is unique and different as he has used the singing notes in a manner that is entirely his own interpretation.</p> <p>Like A. R. Rehman, Jeet General Manager of Meera Ltd., uses his knowledge of management in a unique and different manner and all the employees working under his guidance are happy and satisfied. He rewards his employees who come to office on time.</p> <p>Identify the nature of management highlighted above..</p>
A- 1	Management is an art.
Q- 2	<p>The goal of the Radha retail store is to increase sales and the goal of the Spastics Society of India is to impart education to children with special needs. Management unites the efforts of different individuals in the organization towards achieving these goals. Identify the characteristics of management discussed above.</p> <p>(a) Management is all pervasive            (b) Management is a goal oriented process            (c) Management is multi-dimensional            (d) Management is a continuous process</p>
A -2	(b) Management is a goal oriented process.
Q- 3	Why management is called an intangible force? State.
A- 3	Management is called an intangible force as it cannot be seen but its presence can be felt in the way the organization functions.
Q-4	Vikas's Ltd. target is to produce 10,000 shirts per month at a cost of Rs. 100 per shirt. The production manager achieved this target at a cost of Rs.90 per shirt. Do you think the production manager is effective? Give one reason in support of your answer
A-4	Yes, the production manager is effective because he has been able to achieve the target.
Q-5	Management of Alpha Ltd. has installed a special recycling plant to recycle the waste instead of dumping the waste in ground. It is also providing employment opportunities to local residents. Company started a school nearby for the children of their employees. 1. Identify the objectives company is fulfilling.
A-5	<p>1. Social and personal objectives "Installed a recycle plant": Social objective.</p> <p>2. "Started a school for children of their employees". Personal objectives.</p>
Q-6	<p>Rajiv explains the policies of superiors to the employees and ensures a touch of co-operation among all the departments. At which level of management was he working:</p> <p>(a) Top level management            (b) Middle level management</p>

	© Lower level management (d) None of these
A-6	(b) Middle level management
Q-7	In order to be successful, an organization must change its goals according to the needs of the environment". Which characteristic of management is highlighted in the statement?
A-7	Management is a 'dynamic Function'
Q-8	To meet the objectives of the firm, the management of Bhavya Ltd. offers employment to physically challenged persons. Identify the organizational objective it is trying to achieve. Give reason in support of your answer
A-8	Growth, since number of employees is increasing, it leads to increase in production and hence growth of the company.
Q-9	Mayank argues that management is required in all kinds of organizations where as Naresh feels that management is not required in non-business organizations such as school, club, hospitals, etc. who is correct?
A-9	Mayank, Because management is pervasive.
Q-10	Kamal has retired from the post of a foreman in a factory. At what level of management is he working?
A-10	Supervisory or operational level.
Q-11	Occupation which is backed by specialized knowledge and training and to which entry is regulated by a representative body. (i) Profession (ii) Art (iii) Science (iv) All of Above
A-11	(i) Profession
Q-12	It means dividing and grouping the activities and specifying working relationships of the employees in the organizations. (i) Organizing (ii) Staffing (iii) Directing (iv) Controlling
A-12	(i) Organizing
Q-13	"The aim of a manager is to reduce costs and increase productivity with minimizing wastage." Identify the importance of management (i) It increases efficiency (ii) Management creates dynamic organization (iii) Management helps in development of society (iv) Maintaining a sound organizational structure

A-13	(i) It increases efficiency
Q-14	Coordination unifies the diverse interest of various people in such a manner that the work proceeds without any hindrance towards common goals. Identify the feature of coordination. (i) Coordination integrates group efforts (ii) Coordination ensures unity of action (iii) Coordination is a continuous process (iv) Coordination is deliberate function
A-14	(ii) Coordination ensures unity of action
Q-15	A group of people believes that management is a systematic body of knowledge that explains certain general truth and is based on logical observation. Identify and explain the nature of management discussed in above case.
A-15	Management as a Science.
<b>SHORT ANSWER TYPE OF QUESTIONS (THREE MARKS)</b>	
Q-1	Anjali Sharma is working in a private sector bank. One of her key function relates to the formulation of the overall organizational goals and strategies of the bank. Identify the level of management at which she is working? State any three other functions that she has to perform at this level.
A-1	Anjali Sharma is working at the top level of management in the private sector bank. The three other functions that she has to perform at this level are outlined below: 1. She is responsible for the success and failure of the organization. 2. She is responsible for all the business activities and its impact on society. 3. She has to coordinate the activities of different departments in pursuit of common goal
Q-2	'Sonu Nigam' the famous playback singer always spends time for practice and adds his creativity in his singing. Like Sonu Nigam, Mr. Rajiv, manager of Headlines Ltd. uses his creativity and practice management principles under different situations to manage the business. The employees are happy and satisfied as he every day reward employees for their punctuality and efficiency. 1. Identify the nature of management highlighted above. 2. Name other two aspects of nature of management.
A-2	1. Nature of management highlighted above is "Management as an Art" 2. The other two aspects of nature of management are: a. Management as Science. b. Management as Profession
Q-3	The manager of Sigma Ltd. is very efficient and effective and makes sure all the employees and workers in his team perform the task on time with minimum cost. His main focus is on cost cutting so he never listens to the demand of workers for increasing wages. He even gives no opportunity to worker for promotion. As a result workers started becoming frustrated and disheartened all the time.

	<p>1. Which objective of management could not be achieved by the manager?</p> <p>2. State other two objectives of management</p>
A- 3	<p>1. Personal/Human or individual objective.</p> <p>2. (i) Economic (ii) Social objective</p>
<b>SHORT ANSWER TYPE OF QUESTIONS (FOUR MARKS)</b>	
Q-1	<p>Identify the characteristics of management in the following cases:</p> <p>[1] It creates an environment of productive relations, keeps all stakeholders happy and satisfied.</p> <p>[2] All regional sales manager of GOODLUCK LTD worked towards achievement of companies annual sales targets of 50m toys.</p> <p>[3] Management sets targets and units efforts of all individuals to accomplish them.</p> <p>[4] A business needs to manage all activities from its start to finish.</p>
A -1	<p>[1] intangible force</p> <p>[2] group activity</p> <p>[3] goal oriented</p> <p>[4] continuous</p>
Q- 2	<p>Kashish Ltd. is facing a lot of problems these days. It manufactures electronic goods like washing machines, microwave ovens, refrigeration and air-conditioners. The company's margins are under pressure and the profits and market marketing department blames production department for producing goods, which are not of good quality to meet customers' expectations. The finance department blames both production and marketing departments for declining return on investment and bad marketing.</p> <p>1. What quality of management do you think the company is lacking? Justify your answer.</p> <p>2. State the importance of the concept identified in (a).</p>
A -2	<p>Coordination: because production, marketing and finance departmental efforts are not coordinated for achieving organizational objectives harmoniously. As a result, the company's profits and market share are declining.</p> <p>Importance of Coordination:-</p> <p>1.Growth in size</p> <p>2.Functional differentiation</p> <p>3.Specialization</p>
Q- 3	<p>State the functions performed by middle level management.</p>
A- 3	<p>Functions required to be performed by Middle level(Any Four)</p> <p>1. To interpret the policies framed by the top management.</p> <p>2. To ensure that their department has the necessary personnel.</p> <p>3. To assign necessary duties and responsibilities to the employees of their respective Departments for implementation of the plan.</p> <p>4. To motivate employees of their respective departments to achieve the desired Objectives.</p>

	5. To co-operate with other departments for smooth functioning of the organization.
	<b>LONG ANSWER TYPE OF QUESTIONS (FIVE MARKS)</b>
Q-1	Aman, Ahmad and Ally are partners in a firm engaged in the distribution of dairy products in Maharashtra state. Aman is a holder of Senior Secondary School Certificate from Central Board of Secondary Education with Business Studies as one of his elective subjects. Ahmad had done his post graduation in History and Ally in dairy farming. One day there was a serious discussion between Ahmad and Ally regarding the nature of management. Ahmad argued that management was a profession whereas Ally argued against it saying that the legal and medical professions are the only professions because they fulfill all the conditions of profession. Aman on the basis of his knowledge of business studies explained the nature of management as a profession to Ahmad and Ally. Explain how Aman would have satisfied both Ahmad and Ally.
A-1	Aman would have satisfied both Ahmad and Ally by giving the following explanation: Management is a profession. However, it is not a full-fledged profession like legal, accounting or medical professions because it does not meet the exact criteria of a profession. The application of the features of a profession to management is examined below: <ol style="list-style-type: none"> <li>1. Well-defined body of knowledge</li> <li>2. Restricted Entry</li> <li>3. Professional Association</li> <li>4. Ethical code of conduct</li> <li>5. Service motive.</li> </ol>
Q-2	Ritika is the branch manager of ABC Handicrafts Pvt. The company's objective is to promote the sales of Indian handloom and handicraft products. Its sells fabrics, furnishings, ready-mades and household items are made out of traditional Indian fabrics. Ritika decides quantities, variety, colour and texture of all the above items and then allocates resources for their purchase form different suppliers. She appoints a team of designers and crafts people in the company, who developed some prints for bed covers in bright colour on silk. Although they looked very impressive, they were more expensive than they had planned to sell. Average customer could not afford to buy it. Praising their effort, Ritika suggested that they should keep the silk bed covers for special occasions like Diwali and Christmas and offer the cotton bed covers on a regular basis to keep costs under control. Identify the functions of management which Ritika performs by quoting the lines the above para.
A-2	<ol style="list-style-type: none"> <li>1. Planning: 'Ritika decides quantities, variety, colour and texture of all the above items...'</li> <li>2. Organizing: '...allocates resources for their purchase form different suppliers.'</li> <li>3. Staffing: 'She appoints a team of designers and crafts people in the company...'</li> </ol>

	<p>4. Directing: 'Praising their effort, Ritika a suggested that they should keep the silk bed covers for special occasions like Diwali and Christmas</p> <p>5. Controlling: '...offer the cotton bed covers on a regular basis to keep costs under control.' '...they were more expensive than they had planned to sell.'</p>
Q-3	Describe briefly the importance of management.
A-3	<p>1. Management helps in achieving group goals.</p> <p>2. Management increases efficiency of the employees.</p> <p>3. Management creates a dynamic organization.</p> <p>4. Management helps in achieving personal objectives.</p> <p>5. Management helps in the development of society.</p>
	<b>LONG ANSWER TYPE OF QUESTIONS (SIX MARKS)</b>
Q-1	<p>The management of Shivam Ltd. strongly believes that the members of an organization should work towards fulfilling the common organizational goals. This requires team work and integration of efforts of all individuals, departments and specialists. This is because all the individuals and departments depend on each other for information and resources to perform their respective activities. Managers need to reconcile differences in approach, timing, effort or interest. At the same time it should enable all its members to grow and develop. Thus, there is a need to harmonize individual goals and organizational goals.</p> <p>1. Identify the concept of management discussed above.</p> <p>2. Explain any five features of the concept identified in (a).</p>
A-1	<p>1. Coordination</p> <p>2. Features of coordination:</p> <p>1. It integrates group efforts into purposeful work activity.</p> <p>2. It ensures unity of action as it acts as a binding force between and among Departments.</p> <p>3. It is a continuous on-going process as it is required till an organization exists.</p> <p>4. It is all pervasive as it is required at all levels of management.</p> <p>5. It is the responsibility of all managers however the scope of their operations varies.</p> <p>6. It is a deliberate function.</p>

Q-2.	<p>Ambuja Ltd. is a well-known cement company in India. It is able to earn adequate revenues to cover costs. Its capital base, number of employees and production turnover has increased manifolds over the years. The rate of profitability of the business is also creditable. The employees of the company are happy and satisfied with their remuneration, working conditions, promotion policy etc. As a part of its moral obligation, the company has taken many initiatives for providing employment to specially abled persons and promoting literacy in the villages adopted by it. In the context of the above case:</p> <p>Identify and explain the various types of objectives of management being fulfilled by Real Alliance Ltd by quoting lines from the paragraph.</p>
A-2	<p>1.objectives: An organization strives to achieve multiple organisational objectives, mainly:</p> <p>Survival: "It is able to earn adequate revenues to cover costs."</p> <p>Growth: "Its capital base, number of employees and production turnover has increased manifolds over the years."</p> <p>Profit: "The rate of profitability of the business is also creditable."</p> <p>2.Personal objectives: These objectives relate to the needs of the employees of the organization which must be given due consideration. "The employees of the company are happy and satisfied with their remuneration, working conditions, promotion policy etc."</p> <p>3.Social objectives: It is expected that every organization should undertake certain initiatives for the welfare of the society at large. "As a part of its moral obligation, the company has taken many initiatives for providing employment to especially abled persons and promoting literacy in the villages adopted by it."</p>



## PRINCIPLES OF MANAGEMENT

	<b>TYPE OF QUESTIONS (1 MARK) MCQ, OTQ COMPETENCY BASED, SOURCE BASED</b>
Q-1	'Rule of thumb' refers to- a) Use of personal judgement in handling management issues b) Adopting a hit and trial approach to resolve management problems c) Both a) and b) given above d) None of the above
A-1	c) Both a) and b) given above
Q-2	Assertion: The principles of Harmony not discord & concept of Mental Revolution though appear to be different yet they do convey similar meaning. Reasoning: The essence of both is the underlying spirit of mutual co-operation. A. Both A & R are correct                      B. Both are incorrect C. A is correct but R is false                  D. R is correct but A is false
A-2	A
Q-3	The subordinates in a company receive orders regarding their work from different operative heads for the same task. Which principle of management is being overlooked?
A-3	Unity of command
Q-4	State the role of gang boss in functional foremanship.
A-4	In functional foremanship the role of gang boss is to keep machines and tools ready for operation by workers.
Q-5	Name the technique of Taylor which is the highest motivator for workers to reach standard performance.
A-5	Differential Piece Wage System.
Q-6	Mr. Neeraj, 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?
A-6	Principle of Fayol which is being overlooked by the sales manager is <u>Initiative</u> . The appropriate way of response by the sales manager: -salesmen

	should be encouraged to develop and carry out their plan for improvements.
Q-7	<p>Arun and Sonia, having same educational qualifications are working as managers in Alfa Ltd. Arun belongs to rural area where employment opportunities are very less whereas Sonia belongs to urban area. Ignoring many others differences between the two, management of Alfa Ltd. appointed them as manager, on the same salary package of Rs. 40,000 per month.</p> <p>(A) Name and explain the principle of management being followed in the above case.</p>
A-7	<p>The principle of management being followed is <u>Equity</u>.</p> <p>Good sense and experience are needed to ensure fairness to all employees, who should be treated as fairly as possible,” according to Fayol. This principle emphasises kindness and justice in the behaviour of managers towards workers. This will ensure loyalty and devotion.</p> <p>Equal, kind, fair and just treatment of subordinates by superiors and no discrimination on any basis – religion, language, caste etc.</p>
Q-8	<p>Voltechindia Ltd, is manufacturing LED bulbs to save electricity and running under heavy losses. To revive from losses, the management thought of shifting the unit to backward area where labour is available at the low cost .The management also asked workers to work overtime without any additional payment and promised to increase the wages of the workers after achieving the mission</p> <p>State principle of management discussed above.</p>
A-8	Principle of management discussed above is <u>Remuneration Of Employees</u>
Q-9	Which study decides the sequence of operations beginning from the procurement of raw materials and continuing till the product is finally delivered to consumers.
A-9	Method study
	<b>SHORT ANSWER TYPE OF QUESTIONS (THREE MARKS)</b>
Q-1	Why are principles of management important?

A-1	<p>Principles of management are important because they help in decision-making, they ensure optimum utilization of resources, they help in scientific decision-making, help in meeting changing environmental requirements etc.</p> <ul style="list-style-type: none"> <li>i) Provides useful insight to the managers</li> <li>ii) Optimum utilization of resources and administration</li> <li>iii) Scientific decision</li> <li>iv) Fulfilling social responsibility</li> </ul>
Q-2	<p>An environmental conscious multinational company "AXN Ltd." follows certain well defined business principles that result to minimize the employee turnover.</p> <p>Following are some of the important environmental factors followed by 'AXN Ltd.'</p> <ol style="list-style-type: none"> <li>1) Honour the law of every country in which it operates.</li> <li>2) Respect the culture and customs of all nations.</li> <li>3) Provide clean and safe products to enhance the quality of life throughout the world.</li> <li>4) Develop a culture in the company that enhances individual creativity and teamwork while honouring mutual trust and respect between management and labour.</li> </ol> <p>From the above:</p> <p>(i) Identify and state any Two general principle of management and any One dimension of business environment.</p>
A-2	<ol style="list-style-type: none"> <li>1) Principle of management: (Any Two) <ul style="list-style-type: none"> <li>(a) Stability of personnel</li> <li>(b) Esprit de corps</li> <li>(c) Initiative</li> </ul> </li> <li>2) Dimension of business environment :(Any one) <ul style="list-style-type: none"> <li>(a) Legal environment.</li> <li>(b) Social environment.</li> </ul> </li> </ol>
Q-3	<p>What is centralisation and decentralisation?</p>
A-3	<p>Centralisation means concentration of decision-making power in a few hands. Decentralisation means distribution of authority among more than one person.</p>
<b>SHORT ANSWER TYPE OF QUESTIONS (FOUR MARKS)</b>	
Q-1	<p>Mohan always comes 1 hour late in the office and leave half an hour before the scheduled time. No penal action is taken against him. Other employees also</p>

	<p>started coming late in the office. Management is very disturbed with this and has started scolding the employees.</p> <p>a) Which management principle is being violated in the above case?</p> <p>b) Explain the principle.</p> <p>c) Mention one probable adverse consequence of violation of the</p>
A-1	<p><b>a)</b> Principle being violated in the given case is <u>discipline</u></p> <p><b>b)</b> Fayol considers discipline to mean obedience, respect for authority and observance of established rules. It can be established by providing good supervision at all levels by clearly explaining rules and implementing a system of reward and punishment.</p> <p><b>c)</b> One probable adverse consequence of violation (any one):-  Chaos and disorder in the organization  Non achievement of targets in time.  Decline in reputation of the organization and efficiency of employees</p>
Q-2	<p>The production manager assigned a target of producing 1,000 TV sets in the month of April to , group of 10 workers. They mutually decided to produce 100 TV sets each. Among them, Vishal (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.</p> <p>a) Name the principle of Fayol which is violated in the given case.</p> <p>b) What does it state?</p> <p>c) What should have been the appropriate course at action</p>
A-2	<p>a) Principle of Fayol which is violated in the given case is <u>Espirit De Corps.</u></p> <p>b) Espirit de corps '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 manger 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>
Q-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</p>

	<p>competition was also increasing.</p> <p>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>	
A-3	Principle violated	Line quoted
	Unity of command	Sometimes the subordinates had to work for more than one superiors..
	Discipline	The workers were becoming undisciplined.
	Espirit De Corps	The spirit of teamwork, which had characterised the company previously, had begun to wane
<b>LONG ANSWER TYPE OF QUESTIONS (FIVE MARKS)</b>		
Q-1	<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 finalise 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.</p> <p>In context of the above case:</p> <ol style="list-style-type: none"> <li>i) Can Mr. Bhardwaj be held responsible for loss of the deal? Why or why not ?</li> <li>ii) Give a suitable reason in support of your answer.</li> <li>iii) Also, explain the related principle.</li> </ol>	
A-1	<ol style="list-style-type: none"> <li>i) 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.</li> <li>ii) There is an imbalance in authority and responsibility.</li> </ol>	

	<p>iii) The name of the related principle is Authority and Responsibility. Authority is the right to give orders and obtain obedience by the virtue of one's position in the organization. Responsibility is the obligation of a person to carry out the assigned task to the best of one's abilities and skills. There are two types of authorities, namely the official authority, which is the authority to command, and personal authority, which is the authority of the individual manager. Authority is both formal and informal. According to Fayol, there should be balance between the authority given and responsibility entrusted to an employee so that he is able to carry out the assigned task. Any kind of imbalance in authority and responsibility is not good for the organisation. If the authority granted to an employee is less than what is required, he will ineffective in doing his work. On the other hand, if the authority delegated to an employee is more than what is required, he may tend to misuse it.</p>							
Q-2	<p>'New Delhi Ltd.' is a famous services providing company. Mr.Aman 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.Aman 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.Aman 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>							
A-2	<table border="1"> <thead> <tr> <th data-bbox="370 1497 899 1541">Principle of scientific management</th> <th data-bbox="899 1497 1482 1541">Line quoted</th> </tr> </thead> <tbody> <tr> <td data-bbox="370 1541 899 1755">Science and not rule of thumb</td> <td data-bbox="899 1541 1482 1755">He continuously motivates his Research and Development department that new and latest methods of doing work be explored.</td> </tr> <tr> <td data-bbox="370 1755 899 1839">Harmony and not discord</td> <td data-bbox="899 1755 1482 1839">He also believes that two... wheels should be property aligned.</td> </tr> </tbody> </table>	Principle of scientific management	Line quoted	Science and not rule of thumb	He continuously motivates his Research and Development department that new and latest methods of doing work be explored.	Harmony and not discord	He also believes that two... wheels should be property aligned.	
Principle of scientific management	Line quoted							
Science and not rule of thumb	He continuously motivates his Research and Development department that new and latest methods of doing work be explored.							
Harmony and not discord	He also believes that two... wheels should be property aligned.							

	Co-operation and not individualism	The provisions has also been made to give reward to those employees who will participate in a particula exploration.
	Development of each and every person to his/her greatest efficiency and prosperity	he paid lot of attention to training of employees
Q-3	Briefly explain work study techniques that help in developing standards to be followed throughout the organization.	
A-3	<p>The various work study techniques that help in developing standards to be followed throughout the organization are described below:</p> <p>Time study: 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>Motion study: Motion study refers to the study of movements of limbs of a worker while doing a particular task. It seek to divide all such movements into three categories namely;</p> <p>Motions which are required  Motions which are unnecessary  Motions which are incidental.</p> <p>Thus, motion study helps to eliminate unnecessary movements of a work and enables him to complete the given task efficiently.</p> <p>Method study: The objective of method study is to find out one best way of doing the job among the various methods available of doing the job. This can be done by taking into consideration several related parameters.</p> <p>Fatigue study: It seeks to determine the amount and frequency of rest intervals that should be provided to the workers for completing a task. This technique helps in increasing productivity as the rest intervals will help a person to regain stamina and work again with the same capacity.</p>	

<b>LONG ANSWER TYPE OF QUESTIONS (SIX MARKS)</b>	
Q-1	<p>After finishing her BBA degree course, Tanya gets a job of Assistant Manager in a retail company through the reference of her cousin Taruna who works in the same company as a Senior Manager. Taruna decides to guide Tanya through her experience by making her aware of the important facts about management in practice. She tells her that neither the principles of management provide any readymade, straitjacket solutions to all managerial problems nor they are not rigid prescriptions, which have to be followed absolutely. In context of the above case :</p> <p>Identify the two features of principles of management mentioned in the above paragraph by quoting lines from the paragraph.</p> <p>Why do the principles of management not provide readymade, straitjacket solutions to all managerial problems?</p>
A-1	<p>The two features of principles of management mentioned in the above paragraph are as follows:</p> <p>General guidelines: The principles of management are guidelines to action. Since the real business situations are very complex and dynamic and are a result of many factors, these principles do not provide readymade, straitjacket solutions to all managerial problems. But the importance of principles cannot be underestimated because even a small guideline may help to solve a given problem.</p> <p>Flexibile: The principles of management are not rigid prescriptions which have to be followed absolutely. They are flexible and can be modified by the manager when the situation so demands. They give the manager enough discretion to decide which principle should be used under what circumstances as individual principles are like different tools serving different purposes.</p> <p>As the real business situations are very complex and dynamic and are a result of many factors, the principles of management not provide readymade, straitjacket solutions to all managerial problems.</p>
Q-2	<p>Raj and Simran are both qualified eye surgeons and good friends. After obtaining a certificate of practice, they decide to persue 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 pf the clinic. Also, Raj always tends to replace T with 'We' in all his conversations with the staff members. Later on Raj shares with her</p>



	<p>that he always deals with lazy staff sternly to send the message that everyone is equal in his eyes.</p> <p>In context of the above case: Identify and explain the various principles of management that Raj is applying for the successful management of his eye care centre.</p>
A-2	<p>The various principles of management that Raj is applying for the successful management of his eye care centre are described below:</p> <p>Order: According to Fayol, “People and materials must be in suitable places at appropriate time for maximum efficiency.” The principle of order states that ‘A place for everything (everyone) and everything (everyone) in its (her/his) place’. A sense of orderliness will lead to increased productivity and efficiency in the organization.</p> <p>Espirit De Corps: According to Fayol, “Management should promote a team spirit of unity and harmony among employees.” A manager should replace I with ‘We’ in all his conversations with workers to promote teamwork. This approach will give rise to a spirit of mutual trust and belongingness among team members. It will also reduce the need for using penalties.</p> <p>Equity: According to Fayol, “Good sense and experience are needed to ensure fairness to all employees, who should be treated as fairly as possible.” This principle emphasizes on kindness and justice in the behaviour of managers towards workers. The managers should not discriminate against anyone on account of gender, religion, language, caste, belief or nationality etc.</p>
Q-3	<p>Read the following text and answer the question:</p> <p>Mohan works in a bulb manufacturing company. Each bulb that is manufactured is of standard size and quality. Further, if there is any unrequited 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 purchasing 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. Mohan 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 until it reaches the desired person in the production department. Based on the passage answer the following questions:</p>

	<p>i) Which technique of management is followed here?</p> <p>a) Method study b) Fatigue study c) Standardization and simplification d) None of these</p> <p>ii) Name the principle of management followed here by the company?</p> <p>a) Scalar chain b) Departmentalization c) Division of Work d) None of the above</p> <p>iii) Which option is now available to Mohan since the company is not allowing him to interact with the concerned worker in the production department?</p> <p>a) Organization b) Authority and Responsibility c) Gang plank d) All of these</p> <p>iv) Which principle of management is followed by the company by creating a separate department?</p> <p>a) Division of work b) Method study c) Departmentalization d) Scalar Chain</p>
A-3	<p>i)            b) Standardization and simplification</p> <p>ii)            a) Scalar chain</p> <p>iii)           c) Gangplank</p> <p>iv)            a) Division of work</p>

## BUSINESS ENVIRONMENT

	<b>TYPE OF QUESTIONS (1 MARK) MCQ, OTQ COMPETENCY BASED, SOURCE BASED</b>
Q-1	Business environment differs from country to country and even region to region. Which characteristics of business environment are highlighted here?
A-1	Relativity
Q-2	Teaching learning process through Google meet and Google classroom is related to which dimension of business environment?
A-2	Technological
Q-3	According to the World Health Organization, 39% of adults are overweight. Over the last 40 years, the prevalence of obesity has tripled around the world. With over half of consumers drinking at least one sugary drink on a given day, regulations towards the beverage sector are likely to become increasingly onerous. In the U.K., for example, a sugar tax was introduced in 2018 on beverages containing more than 5% sugar. Identify the related dimensions of business environment.
A-3	Legal dimension and Social dimension
Q-4	India continues to be a lower-middle-income country along with 46 others, while Sri Lanka has climbed to the upper-middle-income group for the fiscal year (FY) 2020, according to the World Bank's classification of countries by income levels, released on July 1, 2019. Identify the related dimensions of business environment.
A-4	Economic dimension
Q-5	Which of the following is a feature of demonetization? (a) Tax administration measure (b) Channelizing savings into the formal financial system (c) Development of less-cash economy (d) All of the above
A-5	D All of the above
Q-6	Give two examples each of specific forces general forces.
A-6	Specific forces- Competitors, customers General forces-Political forces, social forces

Q-7	With change in consumption habits of people, Neelesh who was running a sweets shop shifted to chocolate business. On the eve of Diwali he offered chocolates in attractive packages at reasonable prices. He anticipated huge demand and created a website chocolove.com for taking online orders. Identify the dimensions of business environment discussed above.
A-7	Social environment, Technological environment, Economic environment
Q-8	Identify the dimension of business environment in the following-  a) Replacing old machinery with new one to meet the requirements of pollution control regulations. b) Availability of e-books c) During Christmas the sale of cakes, clothes, gift items increases.
A-8	a) Legal environment b) Technological environment c) Social environment
<b>SHORT ANSWER TYPE OF QUESTIONS (THREE / FOUR MARKS)</b>	
Q-1	XYZ Ltd. a book publishing house published books on coding language for kids before any other publishing house could print it. What advantage will this publishing house get? Explain it.
Q-2	Benefits of first mover advantage will be enjoyed by XYZ Ltd.  The study of Business Environment helps us to know about opportunities available. A company which is more conscious about changes taking place becomes the first supplier and innovator and hence can be the greatest beneficiary.
Q-3	Looking at the severe pandemic situation of Covid-19, the entire education system has adjusted itself with online teaching, online examination, developing creative way of teaching etc. Which point of importance of business environment does it reflect? Identify. Explain any two other importance of business environment also.
A-3	Coping with rapid changes  Any other two importance: i) Identify opportunities and get first mover advantage ii) Early warning signal iii) Tapping useful resources iv) Helps in improving performance

Q-4	Explain some aspects of political environment.
A-4	Present political system, constitution of the country, foreign policy of the government, skill India movement, Swachh Bharat Abhiyaan etc.
	<b>LONG ANSWER TYPE OF QUESTIONS (FIVE / SIX MARKS)</b>
Q-1	<p>Naman and Govind after finishing their graduation under vocational stream decided to start their own travel agency which will book Rail Tickets and Air Tickets on commission basis. They also thought of providing tickets within ten minutes through the use of internet. They discussed the idea with their Professor Mr. Mehta who liked the idea and suggested them to first analyze the business environment which consists of investors', competitors and other forces like social, political etc. that may affect their business directly or indirectly. He further told them about the technological improvements and shifts in consumer preferences that were taking place and hence they should be aware of the environmental trends and changes which may hinder their business performance. He emphasized on making plans keeping in mind the threat posed by the competitors, so that they can deal with the situation effectively. This alignment of business operations with the business environment will result in better performance.</p> <ol style="list-style-type: none"> <li>1. Identify and state the component of business environment highlighted in the above Para.</li> <li>2. State any two features of business environment as discussed by Professor Mehta with Naman and Govind.</li> <li>3. Also state one point of importance of business environment as stated by Professor Mehta in the above situation.</li> </ol>
A-1	<ol style="list-style-type: none"> <li>1. Technological Environment is the component of business environment highlighted in the above Para. 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.</li> <li>2. The two features of business environment as discussed by Professor Mehta with Naman and Govind are as follows: <ul style="list-style-type: none"> <li>• Dynamic nature: It is dynamic in nature and keeps on changing due to technological up gradations, shifts in consumer preferences or increase in competition in the market.</li> <li>• Inter-relatedness: All the elements of business environment are closely interrelated. Therefore, any change in one element may necessitate</li> </ul> </li> </ol>

	<p>corresponding changes in the other elements as well.</p> <p>3.The two points of importance of business environment as stated by Professor Mehta in the above situation are described below:</p> <p>i) It enables the firm to identify opportunities and getting the first mover advantage. ii) It helps the firm to identify threats and early warning signals.</p>
Q-2	<p>The organic food market in India is growing at 25-30 per cent which reflects a clear shift in consumer tastes and preferences. The current growth in the organic food market is driven by multiplicity of factors like rising health consciousness, changing lifestyles, increase in disposable income and growing availability of organic food products in shopping malls, retail outlets and online. In context of the above case:</p> <p>a) Identify and explain the features of business environment being referred to here. b) By quoting phrases from the paragraph identify the various components of general forces which have led to a growth in the organic food market.</p>
A-2	<p>a)The features of business environment being referred to in the above case are as follows:</p> <ul style="list-style-type: none"> <li>• Dynamic nature: It is dynamic in nature and keeps on changing due to technological up-gradations, shifts in consumer preferences or increase in competition in the market.</li> <li>• Inter-relatedness: All the elements of business environment are closely interrelated. Therefore, any change in one element may necessitate corresponding changes in the other elements as well.</li> </ul> <p>b)The various components of general forces which have led to a growth in the organic food market are as follows:</p> <ul style="list-style-type: none"> <li>• Social: “rising health consciousness, changing lifestyles”</li> <li>• Economic: “increase in disposable income”</li> <li>• Technological: “growing availability of organic food products in shopping malls, retail outlets and online.”</li> </ul>
Q-3	<p>As per the directions issued by the Supreme Court, the government passed an order to ban the sale of tobacco products within the area of 200 meters of all educational institutions as:</p> <p>1. Its consumption is injurious to health.</p>

	<p>2. People are becoming more conscious about health and fitness. This indicates the government's attitude towards this business.</p> <p>Identify the business environment under three different dimensions by quoting from above paragraph.</p>
A-3	<p>The various dimensions of business environment being referred to in the above case are as follows:</p> <ol style="list-style-type: none"> <li>1. Legal Environment: "As per the directions issued by the Supreme Court.'</li> <li>2. Political Environment: "The government passed an order to ban the sale of tobacco products within the area of 200 meters of all educational institutions."</li> <li>3. Social Environment: "Its consumption is injurious to health and people are becoming more conscious about health and fitness."</li> </ol>
Q-4	<p>After completing his MBA from the USA, Mr. Ajay came to India to start a new business under the banner Ecom Creations Ltd. He launched a new product in e-learning for senior secondary school students in the commerce stream which already had an established market in the UK and the USA but not in India. His business started flourishing in India. As a result, more Indian companies entered into the market with other subjects also.</p> <p>Identify and quote the lines from the above paragraph which highlight the significance of understanding business environment.</p>
A-4	<ol style="list-style-type: none"> <li>1. The understanding of business environment helps in assisting in planning and policy formulation as its understanding and analysis can be the basis for deciding the future course of action or decision making. It enables the firm to identify opportunities and getting the first mover advantage instead of losing them to its competitors. " After completing his MBA from USA, Mr. Ajay came to India .to start a new business under the banner Ecom Creations Ltd. He launched a new product in e-learning for senior secondary school students in the commerce stream which already had an established market in UK and the USA but not in India."</li> <li>2. It helps in improving performance of an enterprise through continuous monitoring of the environment and adopting suitable business practices which help to improve both their present and future performance. "His business started flourishing in India."</li> <li>3. It helps the firm to identify threats and early warning signals that is likely to hinder a firm's performance and take timely actions. "As a result, more Indian companies entered into the market with other</li> </ol>

	subjects.”
Q-5	What do you mean by business environment? Explain the key components of business environment.
A-5	<p>Business environment is the sum total of all external factors that influence the functioning of a business enterprise.</p> <p>The components of general environment are:</p> <p>(i) Economic environment:</p> <p>Economic environment consists of factors having economic dimensions such as fiscal policy, monetary policy, industrial policy etc.</p> <p>Impact: Banking sector reforms have led to attractive deposit avenues and easier credit policy. Likewise reforms in leasing &amp; financial institutions are also catalysing company's economic growth.</p> <p>(ii) Social environment: It discriminates characteristics of the society in which an enterprise exists. It consists of literacy rates, educational levels, customs and demographic distribution etc.</p> <p>Impact : Equal pay for equal work for both male and female workers, reservation of jobs for minorities etc.</p> <p>(iii) Political environment</p> <p>It consists of the political forces responsible for the management of public affairs and their influence on business.</p> <p>Impact : Government allowed Pepsi to enter Indian market again for giving boost to the food processing industry.</p> <p>(iv) Technological environment</p> <p>It comprises of the various processes, techniques, approaches etc. by which an organization transforms inputs into output.</p> <p>Impact : Digital watches have pushed out</p>



traditional watches.

(v) Legal Environment : It characterises various governmental rules, regulations and legislations etc. that all members of business community must follow.

## PLANNING

QUE	SHORT ANSWER TYPE OF QUESTIONS (1 MARK)
Q-1	Name the function of management which involves setting objectives and developing appropriate courses of action to achieve these objectives- (a) Directing (b) Organizing (c) Planning (d) Staffing
A-1	(c) Planning
Q-2	Planning seeks to bridge the gap between----- (a) Past and present position (b) Past and future position (c) Present and future position (d) None of above
A-2	(c) Present and future position
Q-3	Which of the following is the example of objective? (a) Raising sales up to Rs. 5000 crore (b) Giving employment to 1000 people (c) Raising income by 3% (d) All of these
A-3	(d) All of these
Q-4	At what managerial level planning is needed? (a) Top level (b) Middle level (c) Lower level (d) All the levels
A-4	(d) All the levels
Q-5	Identify the correct sequence of steps involved in the planning process. (a) Evaluating alternative courses, Identifying alternative course of actions, Setting objectives, Developing premises (b) Setting objectives, Identifying alternative course of actions, Evaluating alternative courses, Developing premises (c) Setting objectives, Developing premises, Identifying alternative course of actions, Evaluating alternative courses

	(d) Setting objectives, Developing premises, Identifying alternative course of actions, Evaluating alternative courses
A-5	(c) Setting objectives, Developing premises, Identifying alternative course of actions, Evaluating alternative courses
Q-6	<p>“Which of the following statements is not true with reference to planning?</p> <p>(a) Planning is a pre-requisite for controlling.  (b) Planning does not lead to rigidity.  (c) Planning enables a manager to look ahead and anticipate changes.  (d) Planning facilitates co-ordination among departments and individuals in the organisation.</p>
A-6	(b) Planning does not lead to rigidity.
Q-7	<p>Which of the following is not a benefit of planning?</p> <p>(a) Planning reduces overlapping and wasteful activities.  (b) Planning is a mental exercise.  (c) Planning provides directions.  (d) Planning reduces the risks of uncertainty.</p>
A-7	(b) Planning is a mental exercise.
	<p><b><u>CASE STUDY (Q. 8 TO 10)</u></b></p> <p>Jyoti inherited a 10-acres ancestral land from her grandparents. She decided to venture into agriculture, for this purpose she set out specific goals, objectives. Everything was a challenge because she was not aware about farming. She learned every activity and, in the process, thought of assisting other farmers as well. She eventually launched her own company Agro limited. She wanted to be sure that the activities effectively met the best interest of the company and the farmers. Hence, she prepared an annual plan for production, sales and marketing, through sales forecasting she'll I realized that farmers were growing only one or two crops. On account of this the land remained idle for the rest of the year. she identified and evaluated different alternatives through which the farms could be utilized throughout the year. She used her foresight and systematic thinking, based on analysis of all fixed analysis of all the facts and examined and evaluated all the alternatives. She presented a plan to the Farmers Union, where after harvesting the primary crops, seasonal vegetables and foods could be grown.</p>
Q-8	Hence she prepared an annual plan for production sales and marketing through sales forecasting. Which feature of planning is depicted in this statement?

	<p>(a) Planning is continuous</p> <p>(b) Planning is futuristic</p> <p>(c) Planning involves decision-making</p> <p>(d) Planning is a mental exercise</p>
A-8	(b) Planning is futuristic
Q-9	<p>For this purpose, she set out specific goals objectives and activities which feature of planning is depicted in this statement?</p> <p>(a) Planning focuses on achieving objectives</p> <p>(b) Planning is a primary function of management</p> <p>(c) Planning involves decision-making</p> <p>(d) Planning is a mental exercise</p>
A-9	(a) Planning focuses on achieving objectives
Q-10	<p>Thus, she identified and evaluated different alternatives through which the farms could be utilized throughout the year. Which feature of planning is depicted here?</p> <p>(a) Planning is pervasive</p> <p>(b) Planning is continuous</p> <p>(c) Planning his futuristic</p> <p>(d) Planning involves decision-making</p>
A-10	(d) Planning involves decision-making
<b>SHORT ANSWER TYPE OF QUESTIONS (3 MARKS)</b>	
Q-1	What are the main points in the definition of planning?
A-1	<p>The main points in the definition of planning are as follows</p> <p>(i) Planning is deciding in advance what to do and how to do.</p> <p>(ii) It is one of the basic managerial function.</p> <p>(iii) Planning involves setting objectives and developing an appropriate course of action to achieve these objectives.</p>

	(iv) It bridges the gap between where we are and where we want to reach.
Q-2	Do you think planning can work in a changing environment?
A-2	Planning may not work in a changing environment. The environment consists of a number of dimensions, economic, political, social, legal and technological dimensions. The organization has to constantly adapt itself to changes. It becomes difficult to accurately assess future trends in the environment. Planning cannot foresee everything and thus, there may be obstacles to effective planning.
Q-3	<p>Rahul, 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. Rahul'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.</p> <p>The above para describes one of the limitation of planning function of management. Name and explain that limitation.</p>
A-3	<p>The para given in the question expresses the limitation of planning which is -</p> <p><u>Planning reduces creativity:</u> Plans are usually formulated at the top level. Middle and lower level managers are expected to follow them. Therefore, much of initiative and creativity inherent in them gets lost. They do not take any initiative to make changes in the plans according to the changes prevailing in the business environment.</p>
<b>SHORT ANSWER TYPE OF QUESTIONS (4 MARKS)</b>	
Q-1	<p>Josh Ltd. is a one of the largest two-wheeler manufacturer in India. It has a market share of about 42% in the two-wheeler category. The company had witnessed almost a 35% drop in the booking as the currency crunch was prompting people to withhold new purchases due to demonetisation. Therefore, the production manager of the company had decided to align production to factor in slower sales in the market.</p> <p>In context of the above case:</p> <p>(i) Identify and explain the function of management being discussed in the above lines.</p> <p>(ii) Which limitations of the function of management as identified in part (a) of the question was the production manager trying to overcome due to demonetisation?</p>
A-1	(i) Planning is the function of management which is being discussed in the above lines.

	<p>Planning is deciding in advance what to do, how to do, when to do and who has to do it. Thus, it involves setting objectives and developing an appropriate course of action to achieve these objectives.</p> <p>(ii) The production manager is trying to overcome the following limitations of planning:</p> <p>(a) Rigidity</p> <p>(b) Planning may not work in dynamic environment</p>
Q-2	Is planning actually worth the huge costs involved? Explain.
A-2	<p>Planning involves huge cost, when plans are drawn up huge costs are involved in their formulation. These are in terms of time, money, effort etc. detailed plans require scientific calculations to ascertain facts and figures. The costs incurred sometimes may not justify the benefits derived from the plans. There are a number of incidental costs as well (which are indirect) like expenditures on organising a meeting, consultation fees given to professional experts, market survey etc. But despite the high cost no firm can work without proper planning if used properly.</p>
Q-3	<p>The arrangement to demonetise the Rs.500 and Rs.1000 bank notes began six to ten months prior to the public announcement and was kept highly confidential. The cabinet was informed about the demonetisation on 8th November 2016 in a meeting called by the Prime Minister of India, Narendra Modi. This was followed by Modi's public announcement about the demonetisation in a televised address where he announced that currency notes with the denomination of Rs.500 and Rs.1000 would cease to be the legal tender from 9th of November 2016. The most interesting thing regarding the demonetisation is that people were devising various unique ways for transforming their black money in to white one by depositing money in the accounts of their poor relatives and friends, converting black money in to gold, paying a few months salaries in advance and so on.</p> <p>In context of the above case:</p> <p>Identify and explain the types of plans being discussed in the above lines with regard to demonetisation.</p>
A-3	<p>The various types of plans being discussed in the above lines with regard to demonetisation are detailed below:</p> <p>(i) Procedure: It is a series of chronological steps which are performed to do a particular activity.</p> <p>(ii) Rule: A rule is a specific statement relating to the general norms in terms of Do's and Don'ts that guide the behaviour of people.</p>

<b>LONG ANSWER TYPE OF QUESTIONS (5 MARKS)</b>	
Q-1	What are the main features to be considered by the management while planning?
A-1	<p>The main features to be considered by the management while planning are-</p> <p>(i) <u>It Focuses on Achieving Objectives</u>: Planning is purposeful. Planning has no meaning unless it contributes to the achievement of predetermined organisational goals.</p> <p>(ii) <u>It is the Primary Function</u>: Planning lays down the base for other functions of management. All other managerial functions are performed within the framework of the plans drawn. Thus, planning precedes other function.</p> <p>(iii) <u>Planning is Pervasive</u>: Planning is required at all levels of management as well as in all departments of the organisations. The top management undertakes planning for the organization as a whole. Middle management does the departmental planning. At the lowest level, day-to-day operational planning is done by supervisors.</p> <p>(iv) <u>Planning is Continuous</u>: Plans are prepared for a specific period of time, may be for a month, a quarter or a year. At the end of that period, there is need for a new plan to be drawn on the basis of new requirements and future conditions. Hence, planning is a continuous process.</p> <p>(v) <u>Planning is Futuristic</u>: The purpose of planning is to meet future events effectively to the best advantage of an organisation. It implies peeping into the future, analysing it and predicting it.</p> <p>(vi) <u>Planning Involves Decision Making</u>: Planning essentially involves choice from among various alternatives and activities. If there is only one possible goal then there is no need for planning. The need only arises when alternatives are available. Planning thus, involves thorough examination and evaluation of each alternative and choosing the most appropriate one.</p>
Q-2	What are the steps taken by management in the planning process?
A-2	<p>The planning process involves the following steps-</p> <p>(i) <u>Establishing Objectives</u>: The first step in planning is to determine objectives which must be realistic, specific and clear so as to specify what is to be accomplished by the network of policies, procedures, strategies etc.</p> <p>(ii) <u>Developing Premises</u>: They include assumptions or forecasts of the future and unknown conditions that will affect the operations of the plans. They provide an idea</p>

	<p>about the future which facilitates the work of planning.</p> <p>(iii) <u>Identifying the Alternative Courses of Action:</u> The next step in planning is to identify the various alternatives available to achieve the objectives.</p> <p>(iv) <u>Evaluating Alternative Courses:</u> The merits and demerits of different courses of actions are evaluated in the light of objectives to be achieved and their feasibility is judged i.e., how far they will be successful in helping to achieve the objective.</p> <p>(v) <u>Selecting an Alternative:</u> The next step is to find out the most suitable course to be followed. The efforts are directed towards selecting that course which increases efficiency in the organization by maximising output and profits at the minimum costs.</p> <p>(vi) <u>Implement the Plan:</u> At this step the best alternative chosen is put to use.</p> <p>(vii) <u>Follow Up:</u> Only putting the best alternative to action is not enough. The future is uncertain and dynamic. Therefore, it becomes important to check back whether the plan is giving results or not.</p>
Q-3	<p>Suhasini, a home science graduate from a reputed college, has recently done a cookery course. She wished to start her own venture with a goal to provide 'health food' at reasonable prices. She discussed her idea with her teacher (mentor) who encouraged her. After analysing various options for starting her business venture, they short listed the option to sell ready made and 'ready to make' vegetable shakes and sattu milk shakes. Then, they weighed the pros and cons of both the short listed options.</p> <p>On the basis of above para, answer the following:</p> <p>(i) Name the function of management being discussed above.</p> <p>(ii) Give any one of its characteristics.</p> <p>(iii) Also briefly discuss any three limitations of the function discussed in the case.</p>
A-3	<p>(i) Planning is the function of management which is being discussed above.</p> <p>(ii) <u>Planning involves decision-making:</u> Planning essentially involves application of rational thinking to choose the best alternative among the various available alternatives in order to achieve the desired goals efficiently and effectively.</p> <p>(iii) The limitations of planning are described below:</p> <p>(a) <u>Planning may not work in a dynamic environment:</u> The business environment is dynamic in nature. Every organization has to constantly adapt itself to changes in its environment in order to survive and grow. However, it is difficult to anticipate all the likely future changes in the environment with utmost accuracy.</p>



	<p>Hence, even with planning, everything cannot be foreseen.</p> <p>(b) <u>Planning reduces creativity</u>: The top management undertakes planning of various activities whereas the other members are expected to merely implement these plans. This restricts the creativity of the middle level managers as they are neither allowed to deviate from plans nor are they permitted to act on their own.</p> <p>(c) <u>Planning involves huge costs</u>: The process of planning involves huge cost in terms of time and money as detailed planning is based on a series of scientific calculations. Moreover, it may include a number of related costs as well, like expenses on boardroom meetings, discussions with professional experts and preliminary investigations to find out the viability of the plan. As a result, the expenses on planning may turn out to be much more than benefits derived from it.</p>
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**LONG ANSWER TYPE OF QUESTIONS (6 MARKS)**

Q-1	Why is it that organisations are not always able to accomplish all their objectives?
A-1	<p>Organisations are not always able to accomplish all their objectives due to the following limitations:</p> <p>(i) <u>Planning Leads to Rigidity in an organization</u>: A well-defined plan is drawn up with specific goals to be achieved, with in a specific time frame. These plans then decide how the work will progress in the future and managers may not be in a position to change it. This creates a problem as flexibility is very important. Always adhering to the plan may not give us the desired results always.</p> <p>(ii) <u>Planning May Not Work in a Dynamic Environment</u>: The business environment is dynamic, nothing is constant. The business environment is a totality of external forces, where in some changes or the other keep on taking place. Plans decide in advance what has to be done in future. Planning cannot foresee everything and thus there may be obstacles to effective planning.</p> <p>(iii) <u>Planning Reduces Creativity</u>: Planning is generally done by the top management. Usually the rest of the members just implements these plans. As a consequence, middle management and other decisions makers are neither allowed to deviate from plans nor are they permitted to act on their own, thus planning in a way reduces creativity since people tend to think along the same lines as others, there is nothing new or innovative.</p> <p>(iv) <u>Planning Involves Huge Cost</u>: Planning involves huge cost in their formulation. These may be in terms of time and money. The costs incurred sometimes may not justify the benefits derived from the plans.</p>

	<p>(v) <u>Planning is a Time Consuming Process</u>: Sometimes plans to be drawn take up so much of time that there is not much time left for their implementation and the objectives to be achieved.</p> <p>(iv) <u>Planning does not Guarantee Success</u>: Any plan needs to be translated into action or it becomes meaningless. Managers have a tendency to rely on previously tried and tested successful plans. It is not always true that just because a plan has worked before it will work again.</p>
Q-2	Enumerate six points of importance of planning.
A-2	<p>Importance of planning is as under:</p> <ul style="list-style-type: none"> <li>(i) <u>Planning provides direction</u>: Planning provides guidance for action by defining how the task will be done in advance. Planning ensures that goals are clearly specified so that the best course of action may be devised. Once the strategies are in place, the department and individuals may work together.</li> <li>(ii) <u>Planning reduces the risk of uncertainty</u>: Planning is a task that allows the management to see into the future and predict changes. Changes and occurrences cannot be avoided, but managers may anticipate them and adapt their strategies accordingly by deciding plans and courses of action ahead of time.</li> <li>(iii) <u>Planning reduces overlapping and wasteful activities</u>: The basis for coordinating the actions and efforts of several divisions, departments, and individuals is planning. It eliminates ineffective and unnecessary activities, prevents misunderstandings, and assures clarity of thinking and action.</li> <li>(iv) <u>Planning promotes innovative ideas</u>: The first role of management is planning. Managers are given the opportunity to generate fresh ideas, which can then be turned into tangible strategies. It directs all future actions that will lead to the company's growth and prosperity.</li> <li>(v) <u>Planning facilitates decision-making</u>: Setting goals and forecasting future situations are all part of planning, which aids in making sensible judgments among various options.</li> <li>(vi) <u>Planning establishes standards for controlling</u>: Planning establishes the benchmarks against which actual performance is assessed. As a result, planning is a must for controlling.</li> </ul>
Q-3	Two years ago, Meena completed her degree in food technology. She worked for some-time in a company that manufactured chutneys, pickles and murabbas. She was not happy in the company and decided to have her own organic food processing unit for the same. She set the objectives and the targets and formulated an action

	<p>plan to achieve the same.</p> <p>One of her objectives was to earn 10% profit on the amount invested in the first year. It was decided that raw materials like fruits, vegetables, spices, etc. will be purchased on three months' credit from farmers cultivating only organic crops. She also decided to follow the steps required for marketing of the products through her own outlets. She appointed Mohan as the Production Manager who decided the exact manner in which the production activities were to be carried out. Mohan also prepared a statement showing the number of workers that will be required in the factory throughout the year. Meena informed Mohan about her area wise sales target for different products for the forthcoming quarter. While working on the production table, a penalty of Rs.100 per day for not wearing caps, gloves and apron was announced.</p> <p>Quoting lines from the above paragraph, identify and explain the different types of plans discussed.</p>
A-3	<p>The different types of plans discussed above are listed below:</p> <p><u>Objectives</u>: Objectives are the end results of the activities that-an organization seeks to achieve through its existence. All other activities within the organization are directed towards achieving these objectives.</p> <p><i>“One of her objectives was to earn 10% profit on the amount invested in the first year.”</i></p> <p><u>Policy</u>: A policy is a set of general guidelines that helps in managerial decision making and action.</p> <p><i>“It was decided that the raw materials like fruits, vegetables, spices, etc. will be purchased on three months' credit from farmers cultivating only organic crops.”</i></p> <p><u>Procedure</u>: A procedure contains a series of specific steps to be performed in a chronological order to carry out the routine activities.</p> <p><i>“She also decided to follow the steps required for marketing of the products through her own outlets.”</i></p> <p style="text-align: center;">OR</p> <p><i>“The exact manner in which the production activities are to be carried out.”</i></p> <p><u>Rule</u>: A rule is a specific statement relating to the general norms in terms of Do's and Don'ts that guide the behaviour of people. It commands strict obedience and a penalty is likely to be imposed on its violation.</p>

*“While working on the production table, a penalty of Rs. 100 per day for not wearing caps, gloves and aprons was announced.”*

Budget: A budget refers to a financial plan that is expressed in numerical terms.

*“Mohan also prepared a statement showing the number of workers different products for the forthcoming quarter.”*

## ORGANISING

QUE	SHORT ANSWER TYPE OF QUESTIONS (1 MARK)
Q-1	<p>It is the obligation of a subordinate to properly perform the assigned duty.</p> <p>(a) Responsibility (b) Authority (c) Accountability (d) All of the above</p>
A-1	(a) Responsibility
Q-2	<p>As end result of organizationfunction, a structure gets created automatically.</p> <p>(a) True (b) False (c) Partially True (d) Partially False</p>
A-2	(a) True
Q-3	<p>In which situation the divisional structure happens to be appropriate?</p> <p>(a) Where the number of major products is more than one (b) Where the size of the organizationis quite large (c) Both (a) and (b) (d) Where primarily only one product is sold</p>
A-3	(c) Both (a) and (b)
Q-4	<p><b>Assertion(A):</b> While authority is delegated, responsibility is imposed, accountability is assumed.</p> <p><b>Reason(R):</b> Authority can be delegated by a manager to a subordinate, which means granting of authority to subordinate to operate within prescribed limits. Responsibility is the obligation of a subordinate to properly perform the assigned duty. Accountability implies being answerable for the final outcome.</p> <p>Choose the correct option:</p> <p>(a) Both Assertion (A) and Reason (R) are true. (b) Both Assertion (A) and Reason (R) are false. (c) Assertion (A) is true and Reason (R) is false.</p>

	(d) Assertion (A) is false and Reason (R) is true.						
A-4	(d) Assertion (A) is false and Reason (R) is true.						
Q-5	<p>Match the following: -</p> <table border="1"> <tr> <td>(i) Organisational structure</td> <td>(a) number of subordinates that can be managed by superiors</td> </tr> <tr> <td>(ii) Span of management</td> <td>(b) Gives shape to organizational structure</td> </tr> <tr> <td></td> <td>(c) framework within which tasks are performed</td> </tr> </table> <p>a) i-b, ii-a  b) i-a, ii-c  c) i-c, ii-b  d) None of these</p>	(i) Organisational structure	(a) number of subordinates that can be managed by superiors	(ii) Span of management	(b) Gives shape to organizational structure		(c) framework within which tasks are performed
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A-5	a) i-b, ii-a						
Q-6	<p>The form of organisation known for giving rise to rumors is called</p> <p>(a) Centralised organization  (b) Decentralized organisation  (c) Formal organization  (d) Informal organization</p>						
A-6	(d) Informal organization						
Q-7	<p>'ONIDA INDIA Ltd.' is engaged in manufacturing of washing machines. The target of the organisation is to manufacture 500 washing machines a day. There is an occupational specialisation in the organisation which promotes efficiency of employees. There is no duplication of efforts in such type of organisation structure.</p> <p>Identify the type of organisation structure described above.</p> <p>(a) Divisional Organisation  (b) Functional Organisation  (c) Informal Organisation  (d) None of the above</p>						
A-7	<b>(b)</b> Functional Organisation						

**CASE STUDY (Q. 8 TO 10)**

R.C. Pathak, aged 49 is working in an aviation company. He is the senior-most employee in his division. He is even senior to the division manager, Maggan. R. C.Pathak is considered one of the most committed, capable and hardworking employees. As a result of his abilities and seniority, he generally received the work assignments of his choice. Although there was no formal designation of various special projects assigned to R. C.Pathak , he handled them as a matter of routine. A problem developed when an able and intelligent person Thakaria, aged 33, was appointed by Maggan .Thakaria, 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, Maggan 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. One day, the tension between them reached the boiling point and R. C. Pathak complained to Maggan stating that his duties were being largely taken over by Thakaria . Maggan issued the order stating the clear allocation of the jobs and related duties between the two. He further clarified the working relationship between them by specifying who was to report to whom. This helped in reducing the workload, enhancing productivity and removing ambiguity.

Q-8	<p>Identify the function of management highlighted in the above case.</p> <p>(a) Planning (b) Organising</p> <p>(c) Staffing (d)Directing</p>
A-8	(b) Organising
Q-9	<p>Identify the step in the process of the function of management identified, which has not been carried out properly and contributed to this problem.</p> <p>(a) Identification and division of work</p> <p>(b) Departmentalisation</p> <p>(c) Assignment of duties</p> <p>(d) Establishing authority and reporting relationships</p>
A-9	(c) Assignment of duties

Q-10	Identify the point(s) of importance of the function of management identified, as reflected in the above case.  (a) Clarity in working relationship (b) Benefits of specialisation (c) Effective administration (d) All the above
A-10	(d) All the above
<b>SHORT ANSWER TYPE OF QUESTIONS (3 MARKS)</b>	
Q-1	Define 'Organising'?
A-1	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.
Q-2	Neha runs a factory wherein she manufactures shoes. The business has been doing well and she intends to expand by diversifying into Leather bags as well as Western formal wear, thereby making her company a complete provider of corporate wear. This will enable her to market her business unit as the one stop for working women. Which type of structure would you recommend for her expanded organization and why?
A-2	Neha should decide for divisional structure because  (i) She will diversify her unit now into varied product lines.  (ii) Such a structure would enable her to know the profit margins from each product line and accordingly, she can plan and select the specific product for future diversification.  (iii) It will facilitate further expansion without disturbing the existing units.
Q-3	A company has its registered office in Delhi, manufacturing unit at Gurgaon and marketing and sales department at Faridabad. The company manufactures the consumer products. Which type of organisational structure should it adopt to achieve its target? Why?
A-3	As a company is performing separate functions in separate areas, then it should adopt functional structure. The services of experts are common to all products. It will be economical as no duplication will take place. Span of management can be



	increased as workers will be doing same type of work.
	<b>SHORT ANSWER TYPE OF QUESTIONS (4 MARKS)</b>
Q-1	What are the steps in the process of organising?
A-1	<p>Organising involves following steps that need to be taken in series-</p> <p>(i) <u>Identification and Division of Work</u>: Organising process begins with identifying and division of total work into small units.</p> <p>(ii) <u>Departmentalisation</u>: After dividing the work, related and similar jobs are grouped together and put under one department.</p> <p>(iii) <u>Assignment of Duties</u>: After departmentalisation, the work is assigned according to the ability of individuals.</p> <p>(iv) <u>Establishing Reporting Relationship</u>: Assigning duties is not enough. Each individual should also know, who he has to take orders and to whom he is accountable. Thus, reporting relationship helps in co-ordination among various departments.</p>
Q-2	The production manager asked the foreman to achieve a target production of 200 units per day, but he doesn't give him the authority to requisition tools and materials from the stores department. Can the production manager blame the foreman if he is not able to achieve the desired target? Give reasons.
A-2	No, the production manager cannot hold the foreman responsible for the incomplete work as the foreman was not given authority by the manager. The principle of authority responsibility says that there should be a balance between the authority and responsibility. If the authority given is more, then it leads to misuse of authority and if responsibility is more, then the work will not be completed.
Q-3	What is delegation? Also, discuss the elements of delegation.
A-3	<p>Delegation refers to downward transfer of authority from superior to subordinate.</p> <p>The elements of delegation are as follows-</p> <p>(i) <u>Authority</u>: It refers to the right of an individual to command his subordinates and to take action within the scope of his position. The concept of authority arises from the established scalar chain, which links the various job positions and levels of an organisation. It must be noted that authority is restricted by laws and the rules and regulations of the organisations. Authority flows downward.</p>

(ii) Responsibility: Responsibility is the obligation of a subordinate to properly perform the assigned duty. It arises from a superior-subordinate relationship because the subordinate is bound to perform the duty assigned to him by his superior. Responsibility flows upward.

(iii) Accountability: Accountability implies being answerable for the final outcome. Once authority has been delegated and responsibility accepted, one cannot deny accountability. It cannot be delegated and flows upwards i.e., a subordinate will be accountable to a superior for satisfactory performance of work.

**LONG ANSWER TYPE OF QUESTIONS (5 MARKS)**

Q-1	How is a functional structure different from a divisional structure?																					
A-1	<p>Difference between functional and divisional structure:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 15%;"><b>Basis</b></th> <th style="width: 40%;"><b>Functional Structure</b></th> <th style="width: 45%;"><b>Divisional Structure</b></th> </tr> </thead> <tbody> <tr> <td>Formation</td> <td>It is based on functions performed</td> <td>It is based on product lines</td> </tr> <tr> <td>Specialisation</td> <td>Functional specialisation</td> <td>Product specialisation</td> </tr> <tr> <td>Responsibility</td> <td>Difficult to fix responsibility</td> <td>Easy to fix responsibility</td> </tr> <tr> <td>Managerial development</td> <td>Difficult, as each manager specialises in one function</td> <td>Easy, as each manager perform multifunctions</td> </tr> <tr> <td>Cost</td> <td>Economical, as no duplication of work</td> <td>Costly, due to duplication of functions</td> </tr> <tr> <td>Co-ordination</td> <td>Difficult for a multi-product company</td> <td>Easy, because all functions related to a particular product are integrated in one department.</td> </tr> </tbody> </table>	<b>Basis</b>	<b>Functional Structure</b>	<b>Divisional Structure</b>	Formation	It is based on functions performed	It is based on product lines	Specialisation	Functional specialisation	Product specialisation	Responsibility	Difficult to fix responsibility	Easy to fix responsibility	Managerial development	Difficult, as each manager specialises in one function	Easy, as each manager perform multifunctions	Cost	Economical, as no duplication of work	Costly, due to duplication of functions	Co-ordination	Difficult for a multi-product company	Easy, because all functions related to a particular product are integrated in one department.
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Q-2	<p>A company, which manufactures a popular brand of toys, has been enjoying good market reputation. It has a functional organisational structure with Separate departments for production, marketing, finance, human resources and research and development.</p> <p>Lately to use its brand name and also to cash on to new business opportunities it is thinking to diversify into manufacture of new range of electronic toys for which a new market is emerging.</p> <p>What type of organizationstructure should be followed by this companyin this given situation? Give reasons with regard to benefits the company will derive from this organizational structure.</p>																					
A-2	In the given situation, organizationshould shift from functional structure to divisional structure as the company wants to diversify; by adding a new product line. The																					

	<p>reasons and benefits are-</p> <p>(i) The performance of each unit can be easily assessed.</p> <p>(ii) New product lines can be easily added without disturbing the existing units.</p> <p>(iii) Decision making is faster.</p> <p>(iv) Divisional structure maintains short line of communication with customers and provide better services to them.</p>
Q-3	<p>A company manufacturing sewing machines set up in 1945 by the British promoters follows formal organization culture in totality. It is facing lot of problems in delays in decision making. As the result it is not able to adapt to changing business environment. The work force is also not motivated since they cannot vent their grievances except through formal channels, which involve red tape. Employee turnover is high. Its market share is also declining due to changed circumstances and business environment.</p> <p>You are to advise the company with regard to change it should bring about its organization structure to overcome the problems faced by it. Give reasons in terms of benefits it will derive from the changes suggested by you.</p>
A-3	<p>According to me, to overcome the limitations of formal organization structure, the management should use informal organization structure along with formal organization structure by encouraging workers to interact and socialise with each other through get-together, outings etc. In this way, everyone will interact and like-minded people will come closer. The net result will be more satisfied workforce.</p> <p><u>Advantages of Informal organization:</u></p> <p>(i) <u>Fast Communication:</u> Informal structure does not follow scalar chain so there can be faster spread of communication.</p> <p>(ii) <u>Fulfills social needs:</u> Informal communication gives due importance to psychological and social need of employees which motivates the employees.</p> <p>(iii) <u>Correct feedback:</u> through informal structure the top level managers can know the real feedback of employees on various policies and plans.</p>
<b>LONG ANSWER TYPE OF QUESTIONS (6 MARKS)</b>	
Q-1	What is a divisional structure? Discuss its advantages and limitations.
A-1	A divisional structure comprises of separate business units or divisions. Each unit has a divisional manager responsible for performance and who has authority over the unit.

Generally, manpower is grouped on the basis of different products manufactured.

Merits

The divisional structure has following advantages:

(i) Skill Development: Product specialization helps in the development of varied skills in a divisional head and this prepares him for higher positions as he gains experience in all functions.

(ii) Accountability: Divisional heads are accountable for profits, as revenues and costs related to different departments, can be easily identified and assigned to them. This provides proper basis for performance measurement.

(iii) Quick Decision Making: It promotes flexibility and initiative because each division functions as an autonomous unit which leads to faster decision making.

(iv) Facilitates Expansion: It facilitates 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.

Demerits

The divisional structure has certain disadvantages:

(i) Conflicts: Conflicts may arise among different divisions with reference to allocation of funds.

(ii) Higher Cost: Providing each division with separate set of similar functions increases expenditure.

(iii) Ignoring Organizational Goals: It provides managers with the authority to supervise all activities related to a particular division. In course of time, such a manager may gain power and in a bid to assert his independence may ignore organizational interests.

Q-2	What is the difference between Formal and Informal organization?		
A-2	Difference between formal and informal organization:		
	Basis	Formal Organisation	Informal Organisation
	1. Meaning	It refers to the structure of well-defined authority and responsibility.	It refers to the network of social relationships which develops automatically.

	2. Nature	Rigid and stable	Flexible and unstable
	3. Authority	Arises by virtues of positions in management.	Arises out of personal qualities.
	4. Adherence to rules	Violations of rules may lead to penalties and punishments.	No such penalties and punishments.
	5. Flow to Communication	Takes place through the Scalar Chain.	Not through a planned route, it can take place in any direction.
	6. Purpose	To achieve planned organizational objectives.	To satisfy social and cultural needs and fulfil common interests.
	7. Formation/ origin	Deliberately planned and created by management.	Emerges spontaneously as a result of social interaction among employees.
	8. Structure	Well defined structure of tasks and relationships.	No clear cut structure because of complex network of relationships.
	9. Flow of Authority	Authority flows from top to bottom i.e. downwards.	Authority flows vertically as well as horizontally.
	10. Interdependence	Independent.	Depends on formal structure.
Q-3	<p>A company X limited manufacturing cosmetics, which has enjoyed a pre-eminent position in business, has grown in size. Its business was very good till 1991. But after that, new liberalized environment has seen entry of many MNC's in the sector.</p> <p>With the result the market shares of X limited has declined. The company had followed a very centralized business model with directors and divisional heads making even minor decisions. Before 1991, this business model had served the company very well as consumers has no choice. But now the company is under pressure to reform.</p> <p>What organization structure changes should the company bring about in order to retain its market share? How will the changes suggested by you help the firm?</p>		

A-3 The company X Ltd is working in a centralized way, which is not giving enough time to the higher officials to think of better policies, strategies to handle the changes in the changing environment. The company should thus get decentralized so that the routine type of work, involving minor decisions can be looked after by the lower levels. This will give/save more time for the directors and divisional heads to plan strategies to

fight with competition.

Advantages of Decentralization:

1. Develops initiative amongst subordinates: It helps to promote confidence because the subordinates are given freedom to take their own decisions.
2. Quick and better decisions: The burden of managerial decisions does not lie in the hands of few individuals but gets divided among various persons which helps them to take better and quick decisions.
3. Relieves the top executives from excess workload: The daily managerial works are assigned to the subordinates which leaves enough time with the superiors which they can utilize in developing new strategies.
4. Managerial Development: It means giving authority to the subordinates up to the lower level to take decisions regarding their work. In this way the opportunity to take decisions helps in the development of the organization.
5. Better Control: It makes it possible to evaluate performance at each level which results in complete control over all the activities.

## STAFFING

	TYPE OF QUESTIONS (1 MARK) MCQ, OTQ COMPETENCY BASED, SOURCE BASED
Q-1	Workforce analysis is a part of (i) Recruitment process (ii) Selection process (ii) Training and development process(iv) estimation of manpower requirement
A-1	(iv)estimation of manpower requirement
Q-2	Why is 'Aptitude Test' conducted in the process of selection?
A-2	The reason that the aptitude test is conducted in the selection process is to compute and observe the potential of a candidate to learn new skills.
Q-3	Identify and explain the two sources of the source of recruitment which cannot be used when the existing staff is either insufficient or does not fulfil the eligibility criteria of the jobs to be filled.
A-3	Two sources of internal recruitment: <b>1. Promotion:</b> It refers to shifting of an employee to a higher position, carrying higher responsibilities, facilities, status and pay. <b>2. Transfer-</b> It involves shifting of an employee from one job to another, one department to another, without substantive change in the responsibilities and status of the employee.
Q-4	Name the „on-the-job” method of training that is used to give training to plumbers.
A-4	<b>Apprenticeship programmes</b> can be used to give training to the plumbers.
Q-5	An analysis that enables an assessment of number of humans required in the organization is-
	(a) Development (b) Promotion (c) Workload analysis (d) Workforce analysis
A-5	(c) Workload analysis
Q-6	Freshly appointed people need orientation. <span style="float: right;">True/False</span>
A-6	True
Q-7	Statement I: Out of training and development, Development is wider in scope. Statement II: Freshly appointed people need orientation. Choose the correct option: (a) Statement I and II both are correct. (b) Statement I is correct but Statement II is incorrect. (c) Statement II is correct but Statement I is incorrect. (d) None of these
A-7	(a) Statement I and II both are correct.
Q-8	<b>Assertion (A):</b> Trade test is conducted to check the existing skills of an individual. <b>Reason (R):</b> Trade test helps to find the level of knowledge and proficiency in the area of profession and technical training. Choose the correct option from the following: (a) <b>A</b> is correct but <b>R</b> is not the correct explanation of <b>A</b> .

	(b) <b>A</b> is correct and <b>R</b> is the correct explanation of <b>A</b> . (c) Only <b>A</b> is correct, <b>R</b> is incorrect. (d) Both <b>A</b> and <b>R</b> is incorrect.
A-8	(b) <b>A</b> is correct and <b>R</b> is the correct explanation of <b>A</b> .
Q-9	..... Recruitment is suitable when we require large number of candidates. (Hint: Type of recruitment)
A-9	External
Q-10	An accountant is sent to learn the new software for accounting to prepare the books of accounts faster and accurately. He was further sent to orientation to improve his motivational and conceptual skills. Identify the two concepts involved in the above para.
A-10	Training and Development.
Q-11	A company has its own recruitment policy to fill the vacant posts with suitable employees: "Top most positions are being filled by contacting specialized agencies so as to attract the most capable workforce competitive organization." Identify the sources of recruitment referred above.
A-11	External Recruitment- Placement Agencies
Q-12	<b>Assertion (A):</b> Under Internal source of recruitment employees get motivated. <b>Reason (R):</b> Majorly Transfer and Promotion are included in Internal source of recruitment. Choose the correct option from the following: (a) <b>A</b> is correct but <b>R</b> is not the correct explanation of <b>A</b> . (b) <b>A</b> is correct and <b>R</b> is the correct explanation of <b>A</b> . (c) Only <b>A</b> is correct, <b>R</b> is incorrect. (d) Both <b>A</b> and <b>R</b> is incorrect.
A-12	(a) <b>A</b> is correct but <b>R</b> is not the correct explanation of <b>A</b> .
Q-13	Define job specification.
A-13	Job specification specifies the qualification, attributes and capabilities a person must possess to apply for a job.
Q-14	<b>Assertion (A):</b> Expenses on training are the investment for future. <b>Reason (R):</b> Expenses on training makes employees able to complete their work in an efficient manner and give the benefit of specialization to the organization. Choose the correct option from the following: (a) <b>A</b> is correct but <b>R</b> is not the correct explanation of <b>A</b> . (b) <b>A</b> is correct and <b>R</b> is the correct explanation of <b>A</b> . (c) Only <b>A</b> is correct, <b>R</b> is incorrect. (d) Both <b>A</b> and <b>R</b> is incorrect.
A-14	(b) <b>A</b> is correct and <b>R</b> is the correct explanation of <b>A</b> .
Q-15	Name the method of training suitable for plumbers, electricians and iron workers.



A-15	Apprenticeship Training.
	<b>SHORT ANSWER TYPE OF QUESTIONS (THREE MARKS)</b>
Q-1	Explain 'Internship training' and 'vestibule training' and classify them as on-the-job and off-the-job methods of training.
A-1	<p><b><u>Internship training-</u></b> It is a joint programme of training in which educational institutions and business firms cooperate. Selected candidates carry on regular studies for the prescribed period.</p> <p><b><u>Vestibule training-</u></b> Employees learn their jobs on the equipment they will be using, but the training is conducted away from the actual work floor. Actual work environments are created in a class room and employees use the same material, files and equipment. Internship training can be classified as On-the-job method of training Vestibule training can be classified as off-the-job method of training</p>
Q-2	<p>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.</p> <p>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.</p> <p>(a) Name and explain the step of staffing process which has not been performed properly.</p> <p>(b) State the next two stages immediately following the step identified in part 'a'.</p>
A-2	<p>(a) <b>Estimation of manpower requirement:</b> It involves determining the number and type of employees required. It would necessitate workload analysis and workforce analysis.</p> <p>(b) <b>(1) Recruitment:</b> Process of searching for prospective employees and stimulating them to apply for the job</p> <p><b>(2) Selection:</b> Process of choosing the most suitable candidate and rejecting the unsuitable ones.</p>
Q-3	It is a test used for selection of employees to measure individual's potential for learning new skills. Mention its name and explain two other tests also.
A-3	<p><b>Aptitude Test:</b> An aptitude test is a way for employers to assess a candidate's abilities through a variety of different testing formats.</p> <p>Other Tests:</p> <p><b>a) Personality Test:</b> These tests are used judge the psychological makeup of a person.</p> <p><b>b) Interest Test:</b> These tests identify individual likes and dislikes in relation to work.</p>
Q-4	A private ltd. company has its own recruitment policy to fill the vacant posts with suitable employees:

	<p>(i) "Top most positions in the management like General Manager etc, are being filled by contacting specialized agencies."</p> <p>(ii) "To foster the spirit of loyalty and motivate the employees, the middle level positions are filled from within the organization."</p>
A-4	<p><b>(i) External Recruitment:</b> Selection of employees from outside the enterprise is known as external.</p> <p><b>Management Consultants:</b> - These agencies compile bio-data of a large number of candidates and recommend suitable names to their clients.</p> <p><b>(ii) Internal Recruitment:</b> It refers to the recruitment for jobs from within the organization.</p> <p><b>Promotion:</b> - It refers to shifting of a person from lower position to a higher position carrying higher status, responsibility and more salary.</p>
Q-5	What is Staffing? State any two importance of staffing.
A-5	<p>It is a managerial function of filling and keeping filled positions in the organization structure. This is achieved by identifying required number of employees followed by recruitment, selection, placement, promotions, appraisal and development of personnel to fill the roles designed into the organization structure.</p> <p>Staffing or Human resource management is the recruitment, selection, development, utilization, compensation and motivation of human resources of the organization.</p> <p><b>Importance:</b></p> <p>(i) Placing right person at the right job</p> <p>(ii) Optimum utilization of human resources.</p>
<b>SHORT ANSWER TYPE OF QUESTIONS (FOUR MARKS)</b>	
Q-1	<p>'Ready for Job' is a popular job search engine 'In an interview with a leading news channel, Mr. Ramesh, CEO of 'Ready for Job' has suggested that the Companies which want more and more people to apply for jobs in their organizations should make the process for applying for jobs easier and candidate friendly.'</p> <p>Name and explain the next two steps which follow the step, in the process of the function of management being discussed above.</p>
A-1	<p><b>Selection:</b> Selection is the process of choosing from among the pool of the prospective job candidates developed at the stage of recruitment. Even in case of highly specialised jobs where the choice space is very narrow, the rigour of the selection process serves two important purposes:</p> <p>(i) it ensures that the organization gets the best among the available and</p> <p>(ii) it enhances the self-esteem and prestige of those selected and conveys to them the seriousness with which the things are done in the organisation.</p> <p><b>Placement and orientation:</b> Orientation is introducing the selected employee to other employees and familiarising him with the rules and policies of the organisation.</p>

	Placement refers to the employee occupying the position or post for which the person has been selected.
Q- 2	Explain any four external sources of recruitment. Which of these sources is ideal for a manufacturing organisation?
A-2	<p>Recruitment means inducing or attracting more and more candidates to apply for vacant job positions in the organisation. In other words, recruitment means making available persons to fill different vacant posts in the organisation. Efforts are made in this process to ensure that more and more people submit applications so that selection becomes easy. External sources of recruitment mean to invite applications for filling up the vacancies from candidates outside the organisation.</p> <p>Different external sources of recruitment are:</p> <ol style="list-style-type: none"> <li>i. <b>Casual callers:</b> It is generally followed by the factories of manufacturing organisations to fill up vacancies at the labour level. In such cases, the organization keeps the record of casual callers and present them at the time of requirement.</li> <li>ii. <b>Advertising:</b> The most common and popular method of external recruitment is advertising, e.g. for the job of an accountant, the advertisement can be given in CA journal, for the lower rank it can be given in local newspapers and for the higher rank, it can be given in national level reputed newspapers. The advertisement may also be done through television.</li> <li>iii. <b>Placement agencies and management consultant:</b> These agencies provide nation-wide service of matching demand and supply of workforce and invite the bio-data and record from various job seekers and send them to suitable clients. These agencies charge fees for providing such service.</li> <li>iv. <b>Labour contractors:</b> They keep a close contact with labourers, and they supply manpower to the factory or manufacturing concerns. Through these contractors, workers are appointed in factories at very short notice. They act as a link between labourers and managers. Labour contractors is the ideal source for a manufacturing organisation. It is very much popular in road construction, building construction, and plantation industry. They keep close contact with labourers and supply manpower to manufacturing industries.</li> </ol>
Q-3	<p>Guru Ltd. is a highly reputed company and many people wanted to join this company. The employees of this organization are very happy and they discussed how they came in contact with this organization.</p> <p>Amit said that he was introduced by the present sales manager, Mr. Rajesh.</p> <p>Beru said that he had applied through the newspaper and he was appointed as H.R. Manager.</p> <p>Vaishali said that she was neither related to any of the employees of the organization nor there was any advertisement in the newspaper even then she was directly called from IIM Ahmedabad from where she was about to complete her MBA.</p>

	<p>(a) The above discussion is indicating an important function of management. Name the function of management.</p> <p>(b) The management function identified in part (a) follows a particular process. Explain the step of this process which is being discussed in the above para.</p>													
A-3	<p>(a) Staffing: It is a managerial function of filling and keeping filled positions in the organization structure. This is achieved by identifying required number of employees followed by recruitment, selection, placement, promotions, appraisal and development of personnel to fill the roles designed into the organization structure.</p> <p>Staffing or Human resource management is the recruitment, selection, development, utilization, compensation and motivation of human resources of the organization.</p> <p>(b) Recruitment: It is defined as the process of researching for prospective employees and stimulating them to apply for jobs in the organization.</p> <p>Recruitment means inducing or attracting more and more candidates to apply for vacant job positions in the organization. In general words, recruitment means search for candidates who can perform the vacant roles and inducing them to apply and come forward for filling the vacant roles.</p>													
Q-4	<p>In a company all recruiting, screening and training process for data entry, etc. are done by one officer only. Their competitor was attracting most qualified employees. As a result, this company had to choose from candidates who have soft skills and less qualifications.</p> <p>On the basis of above case answer the following questions:</p> <p>(a) What problem do you see company is facing?</p> <p>(b) How can this problem be solved?</p>													
A-4	<p>(a) This company has failed to recognize the human resource approach. This approach considers human resources as most important factor. They are dependent on personnel officer for all the activities whereas they have failed to recognize the importance of human resource management.</p> <p>(b) This problem can be solved by setting up a human resource management department which performs the activities of human resource management.</p>													
Q-5	Differentiate between Training and Development.													
A-5	<table border="1"> <thead> <tr> <th>Training</th> <th>Development</th> </tr> </thead> <tbody> <tr> <td>1) It means imparting skills and knowledge for doing a particular job.</td> <td>1) It means the growth of an employee in all respects.</td> </tr> <tr> <td>2) It increases job skills.</td> <td>2) It shapes the attitude.</td> </tr> <tr> <td>3) It has a short-term perspective.</td> <td>3) It has long term perspective.</td> </tr> <tr> <td>4) It is job centered.</td> <td>4) It is career centered.</td> </tr> <tr> <td>5) The role of supervisor is very important.</td> <td>5) It is self-driven.</td> </tr> </tbody> </table>	Training	Development	1) It means imparting skills and knowledge for doing a particular job.	1) It means the growth of an employee in all respects.	2) It increases job skills.	2) It shapes the attitude.	3) It has a short-term perspective.	3) It has long term perspective.	4) It is job centered.	4) It is career centered.	5) The role of supervisor is very important.	5) It is self-driven.	
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Q-1	<b>LONG ANSWER TYPE OF QUESTIONS (FIVE MARKS)</b>
A-1	<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 organizations 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> <p>(a). 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.</p> <p>(b). Also explain the next three steps in the process which can be subsequently performed by the company.</p>
	<p>(a). <b>Selection</b> Steps in the process of selection discussed:  1. Preliminary Screening. 2. Selection Tests. 3. Employment interview</p> <p>(b). Next two steps:  <b>1. Reference and background checks-</b> Many employers request names, addresses and telephone numbers of references for the purpose of verifying information and gaining additional information on an applicant. Previous employers, known persons, teachers and university professors can act as references.  <b>2. Selection Decision-</b> The final decision has to be made from among the candidates who passed the tests, interviews and reference checks. The views of the concerned manager will be generally considered in the final selection.  <b>3. Medical Examination-</b> After the selection decision and before the job offer is made, the candidate is required to undergo a medical fitness test. The job offer is given to the candidate being declared fit after the medical examination.</p>
Q-2	<p>Smt. Neeta is newly appointed as Assistant Personnel Manager in a manufacturing unit. You have to give her a detailed idea about various types of tests conducted for selecting candidates.</p>
A-2	<p><b>(a) Intelligence Tests:</b> This is one of the important psychological tests used to measure the level of intelligence quotient (IQ) of an individual.</p> <p><b>(b) Aptitude Test:</b> It is a measure of individual's potential for learning new skills.</p> <p><b>(c) Personality Tests:</b> Personality tests provide clues to a person's emotions, reactions, maturity and value system, etc.</p> <p><b>(d) Trade Test:</b> These tests measure the existing skills of the individual.</p> <p><b>(e) Interest Tests:</b> Interest tests are used to know the pattern of interests or involvement of a person.</p>
Q-3	<p>Identify the management function from the following statement. Also explain different</p>

	sources of it. "It is the process of searching for prospective employees and stimulating them to apply for job in the organization.
A-3	<p>External Sources: Selection of employees from outside the enterprise is known as external recruitment. The important external sources of recruitment are:</p> <p><b>1) Direct Recruitment:</b> Under the direct 'recruitment, a notice is placed on the notice-board of the enterprise specifying the details of the jobs available. Jobseekers assemble outside the premises of the organization on the specified date and selection is done on the spot. It is suitable for filling casual vacancies.</p> <p><b>2) Casual callers:</b> Many reputed business organisations keep a database of unsolicited applicants in their office. These list can be used for recruitment.</p> <p><b>3) Advertisement:</b> Advertisement in newspapers or trade and professional journals is generally used when a wider choice is required.</p> <p><b>4) Employment Exchange:</b> Employment exchanges keep records of job seekers and will be supplied to business concern on the basis of their requisition.</p> <p><b>5) Placement Agencies and Management Consultants:</b> These agencies compile bio-data of a large number of candidates and recommend suitable names to their clients.</p> <p><b>6) Campus Recruitment:</b> Business enterprises may conduct campus recruitment in educational institutions for selecting young and talented candidates.</p> <p><b>7) Recommendations of Employees:</b> Applicants introduced by present employees, or their friends and relatives may prove to be a good source of recruitment.</p> <p><b>8) Labour Contractors:</b> Labour contractors maintain close contacts with labourers and they can provide the required number of unskilled workers at short notice.</p> <p><b>9) Web Publishing:</b> There are certain websites specifically designed and dedicated for the purpose of providing information to the job seekers.</p>
Q-4	There are two different methods of training. Identify and explain each such method with its types.
A-4	<p>Training methods: There are two methods of training</p> <p>1) On the job training.</p> <p>2) Off the job training.</p> <p><b>On the Job Method:</b> Under this method the employee is given training when he is on the job. It means learning while doing. The important On the Job Methods are:</p> <p><b>(a) Apprenticeship Programme:</b> Under apprenticeship training, a trainee is put under the supervision of a master worker.</p> <p><b>(b) Coaching:</b> In this method, the superior guides and instructs the trainee as a coach.</p> <p><b>(c) Internship Training:</b> It is a joint programme of training in which vocational and professional institutes enter into an agreement with business enterprises for providing practical knowledge to its students.</p> <p><b>(d) Job Rotation:</b> Here the trainee is transferred from one job to another job or from one department to another department so that he can learn the working of various sections.</p>

	<p><b>Off the Job Method:</b> It refers to those methods under which an individual is provided training away from the work place. It means learning before doing. The important Off the Job Methods are:</p> <p><b>(a) Class room Lectures/Conferences:</b> The lecture approach is well adapted to convey specific information such as rules, procedures or methods. The use of audio-visuals can often make a formal classroom.</p> <p><b>(b) Films:</b> They can provide information and demonstrate skills.</p> <p><b>(c) Case Study:</b> Trainee studies the cases to determine problems, analyses causes, develop alternative solutions and select the best solution to implement.</p> <p><b>(d) Vestibule Training:</b> Under this method, separate training centres are setup to give training to the new employees. Actual work environment is created in that centre and employees used the same material, equipment, etc. which they use while doing the actual job.</p>
Q-5	<p>Training is the art of increasing the knowledge and skills of an employee for doing a particular job.</p> <p>Explain Training and write the advantages of training.</p>
A-5	<p>Training means equipping the employees with the required skill to perform the job. The candidates are sent for training so that they can perform the job in the expected manner.</p> <p><b>A. Benefits to the Organization</b></p> <ol style="list-style-type: none"> <li>1) It enhances employee productivity both in terms of quantity and quality, leading to higher profits.</li> <li>2) Training reduces absenteeism and employee turnover.</li> <li>3) It helps to obtaining effective response to the changing environment.</li> <li>4) Training increases employee morale.</li> <li>5) If the employees are given adequate training, the need for supervision is minimum.</li> <li>6) Trained employees can use materials and machines economically. It helps to reduce cost of production.</li> </ol> <p><b>B. Benefits to the Employee</b></p> <ol style="list-style-type: none"> <li>1) Training helps in securing promotion and career growth.</li> <li>2) Increased performance by the individual helps him to earn more.</li> <li>3) Training helps to reduce the chances of accident and wastages.</li> <li>4) Training increases the satisfaction of employees.</li> </ol>
<b>LONG ANSWER TYPE OF QUESTIONS (SIX MARKS)</b>	
Q-1	<p>“Jony Kumar the CEO of Super Ltd believes that human resource is the most important asset of the firm. He believes that no organization can be successful unless it can fill and keep filled the various positions provided for in the structure with the right kind of people.”</p>

	Identify the function of management being discussed above and state the benefits to the organization that its proper application in the firm will ensure.
A-1	<p><b>Staffing</b> is the function of management being discussed above. Proper staffing ensures the following benefits to the organization-</p> <ul style="list-style-type: none"> <li>(i) helps in discovering and obtaining competent personnel for various jobs;</li> <li>(ii) makes for higher performance, by putting right person on the right job;</li> <li>(iii) ensures the continuous survival and growth of the enterprise through the succession planning for managers;</li> <li>(iv) helps to ensure optimum utilization of the human resources. By avoiding over manning, it prevents under-utilization of personnel and high labour costs. At the same time, it avoids disruption of work by indicating in advance the shortages of personnel; and</li> <li>(v) improves job satisfaction and morale of employees through objective assessment and fair rewarding of their contribution.</li> </ul>
Q-2	ABC Ltd. has hired 2000 buses for the different routes for the passengers of metropolitan city. In order to fill vacancies, it advertised in the newspaper and number of applicants applied for the same. The company has to now undertake the process of selection to identify and select the best. Explain the first six steps involved in the process.
A-2	<p>Following are the steps involved in the selection process: -</p> <p><b>(i) Preliminary Screening:</b> Preliminary screening helps the manager eliminate unqualified or unfit job seekers based on the information supplied in the application forms. Preliminary interviews help reject misfits for reasons, which did not appear in the application forms.</p> <p><b>(ii) Selection Tests:</b> 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</p> <p><b>(iii) Employment Interview:</b> Interview is a formal, in-depth conversation conducted to evaluate the applicant's suitability for the job. The role of the interviewer is to seek information and that of the interviewee is to provide the same. Though, in present times, the interviewee also seeks information from interviewer.</p> <p><b>(iv) Reference and Background Checks:</b> Many employers request names, addresses, and telephone numbers of references for the purpose of verifying information and, gaining additional information on an applicant. Previous employers, known persons, teachers and university professors can act as references.</p> <p><b>(v) Selection Decision:</b> The final decision has to be made from among the candidates who pass the tests, interviews and reference checks. The views of the concerned manager will be generally considered in the final selection because it is he/she who is responsible for the performance of the new employee.</p>



	<p><b><u>(vi) Medical Examination:</u></b> After the selection decision and before the job offer is made, the candidate is required to undergo a medical fitness test. The job offer is given to the candidate being declared fit after the medical examination</p>
Q-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.</p> <p>(A) Name the function of management performed by GIPRA to maintain a satisfactory work force.</p> <p>(B) Identify and explain the two steps in the process of the function of management discussed above.</p> <p>(C) Also state any two steps of the function of management discussed, that the firm had to perform before performing the above steps.</p>
A-3	<p>(A) The function of management being performed by GIPRA to maintain a satisfactory work force is Staffing. (1 mark)</p> <p>(B) The two steps of staffing discussed above are:</p> <p><b><u>a. Training and development:</u></b> The organization should facilitate employee learning by having either in-house training centers or have forged alliances with training and educational institutes to ensure continuing learning of their employees. The organizations also benefit.</p> <p><b><u>b. Performance Appraisal:</u></b> All organizations have some formal or informal means of appraising their employee's performance. Performance Appraisal means evaluating an employee's current and/or past performance as against certain predetermined standards. The performance appraisal process includes defining the job, appraising performance, and providing feedback. (1 1/2 x2=3) (1/2 mark for identification+1 mark for the explanation)</p> <p>(C) Following are the two steps in the process of staffing that the management had to perform before performing the above steps: (Any two)</p> <p><b>a. Estimating manpower requirements</b>, which involves not merely knowing how many persons the company needs but also what type.</p> <p><b>b. Recruitment</b> is defined as the process of searching for prospective employees and stimulating them to apply for jobs in the organization.</p> <p><b>c. Selection</b> is the process of choosing from among the pool of the prospective candidates developed at the stage of recruitment.</p> <p><b>d. Orientation</b> 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)</p>

	(1 mark for each statement)
Q-4	Explain in brief the types of training.
A-4	<p>Depending upon the purpose of training of the following kinds of training programmes are used in industry: -</p> <p><b>1. Induction or Orientation Training:</b> Induction is concerned with introducing or orienting a new employee to the organization and its procedures, rules and regulation. When a new employee reports for work, he must be helped to get acquainted with the work environment and fellow employees. It is better to give him a friendly welcome when he joins the organization, get him introduced to the organization and help him to get a general idea about the rules and regulations working conditions etc. of the organization.</p> <p><b>2. Apprenticeship Training:</b> Apprenticeship training involves imparting knowledge and skills, in a particular craft or trade such as printing tool making etc. The government of various countries have passed laws which make it obligatory on certain employers to provide apprenticeship training to young people. Apprenticeship training is desirable in industries which require a constant flow of new employees expected to become all-round craftsmen. It is very much prevalent in printing trade building and construction and vocations like mechanics, electricians, welders etc. it is similar to on-the-job training.</p> <p><b>3. Internship Training:</b> Under this method, an educational institute enters into an arrangement with industrial enterprises for providing practical knowledge to its students. Internship training is usually meant for such vocations where advanced theoretical knowledge is to be backed up by practical on the job experience. For instance, engineering students are sent to big industrial enterprises for gaining practical work experience and medical students are sent to big hospitals to get practical knowledge.</p>
Q-5	<p>Atul-The Assistant Manager, Vikas-the Marketing Head and Leena-The Human Resource Manager of 'Montac Enterprises Ltd.' decided to leave the company. The Chief Executive Officer of the company called the Human Resource Manager, Leena and requested her to fill up the vacancies before leaving the organization. Leena suggested that her subordinate Miss Rama Wadhwa is very competent and trustworthy, if she could be moved up in the hierarchy, she would do the needful. The Chief Executive Officer agreed for the same. Miss Rama Wadhwa contacted 'Smith Recruiters' who advertised for the post of marketing head for 'Montac Enterprises Ltd'. They were able to recruit a suitable candidate for the company. Atul's vacancy was filled up by screening the database of unsolicited applications lying in the office.</p> <p>(a) Name and explain the internal/external sources of recruitment used by 'Montac Enterprises Ltd.' to fill up the above-stated vacancies.</p> <p>(b) Also state anyone merit of each of the above-identified source of recruitment.</p>
A-5	(a) The internal/external sources of recruitment used by 'Montac Enterprises Ltd' to fill up the above-stated vacancies are.

**(i) Promotion:** It is an internal source of recruitment in which an employee is shifted to a higher post. Leena's vacancy was filled by using this source.

**(ii) Placement Agencies and Management Consultants:** It is an external source of recruitment. These agencies provide nationwide service in matching personnel demand and supply. Vikas's vacancy was filled by using this source.

**(iii) Casual Callers:** It is again an external source of recruitment through which the organization keeps a database of unsolicited applicants in their files. Atul's vacancy was filled by using this source.

(b) Merits:

**(i) Promotion:** It helps to increase the motivation and satisfaction of employees as their status and salary are enhanced.

**(ii) Placement Agencies and Management Consultants:** They help organizations to recruit technical, professional and managerial personnel easily. They establish a balance between the demand and supply of the employees.

**(iii) Casual Callers:** It is an inexpensive method of recruitment. The casual callers, also called as unsolicited applications are the job seekers who come to the well-renowned organizations casually and either mail or drop in their job applications seeking the job opportunity.

## DIRECTING

<b>MCQs, OTQs, COMPETENCY BASED &amp; SOURCE BASED QUESTIONS (1 Mark)</b>	
Q-1	Obedience of order and discipline is found in a. Autocratic leadership b. Democratic leadership c. Free rein leadership d. Paternalistic leadership
A-1	Autocratic leadership
Q-2	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? (a) Democratic style            (b)Autocratic style (c)Free rein style                (d)none of the above
A-2	(a)Democratic style
Q-3	Zurko was working as a clerk in Hindustan Ltd. since last three and a half years. He was working with full diligence. His boss noticed his performance and gave him "Confirmation letter". Which kind of Zurko's need was satisfied?
A-3	Security Needs.
Q-4	Mention the elements of directing?
A-4	1) supervision 2) motivation 3) leadership 4) communication
Q-5	Kareena is working in an MNC. She has been given an option to buy the shares of the company at an amount less than the market price because of her performance as an incentive. Katrina has been awarded "Employee of the month" award. Which forms of incentive is being referred here.
A-5	For Kareena — Financial Incentive — Co. partnership For Katrina — Non-financial Incentive — Employee Recognition Program
Q-6	Basic Physiological Needs are concerned with _____. (a) Shelter                            (b) Hunger (c) Thirst                                (d) All of These
A-6	(d) All of These
Q-7	Rajat a sales Manager, achieved his sales target one moth in advance. This achievement as displayed on the notice board and the CEO of the Company awarded a certificate for the best performance to him. Name and explain the incentive provided to Rajat.
A-7	The incentive provided to Rajat is – „Recognition“.
Q-8	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
A-8	(b) Personal Barriers
Q-9	Is directing required at planning stage? Give reasons.
A-9	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.
Q-10	In autocratic leadership style only-----communication is done with subordinates.
A-10	One way
Q-11	Leadership: a. Influencing the behavior of others b. Maintain bad interpersonal relationship c. Influence employees to involuntarily d. Helps in planning
A-11	Influencing the behavior of others
Q-12	'Lack of proper incentive' is a barrier to communication. Identify the type of barrier to which it belongs- a. Personal barrier b. Organizational barrier c. psychological barrier d. Semantic barrier
A-12	a. Personal barrier
Q-13	Which of the following is the appropriate order of hierarchy of needs according to Abraham Maslow? 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 needs
A-13	b. Physiological needs → Safety Needs → Affiliation needs → Esteem Needs → Self Actualization needs
Q-14	Prachi is working in an MNC. She has been given an option to buy the shares of the company at an amount less than the market price because of her performance as an

	incentive. Identify and explain which incentive is being given to her.
A-14	Co-partnership/Stock option
Q-15	Productivity linked wage incentives include regular increments in the pay every year and enhancement of allowances from time-to-time. (True/False)
A-15	False
	<b>SHORT ANSWER TYPE QUESTIONS (3 MARKS)</b>
Q-1	<p>Rahim was working in an enterprise on daily wages basis. It was difficult for him to fulfil the basic needs of his family. His daughter fell ill. He had no money for his daughter's treatment. To meet the expenses of her treatment, he participated in a cycle race and won the prize money. The cycle company offered him a permanent pensionable job which he happily accepted.</p> <p>(i) By quoting the lines from the above para identify the needs of Rahim that are satisfied by the offer of cycle company.</p> <p>(ii) Also, explain two other needs of Rahim followed by above that are still to be satisfied.</p>
A-1	<p>i) Needs of Rahim that are satisfied by the offer of cycle company are Physiological and safety/security needs.</p> <p>“The cycle company offered him a permanent pensionable job’.</p> <p>ii) The other needs followed by the above stated needs that are still to be satisfied are:</p> <p>Affiliation/Belongingness needs: These needs refer to the need for affection, sense of belonging, acceptance and friendship.</p> <p>Esteem needs: These needs refer to the need for self-respect, autonomy status, recognition, etc.</p>
Q-2	<p>Ayesha Ltd. Assured their employees that in spite of recession no worker will be retrenched from the job.</p> <p>(i) Name and explain the type of incentive offered to the employees.</p> <p>(ii) Explain one more incentive of the same category</p>
A-2	<p>i) Job security.</p> <p>Employees want their job to be secured and it is a strong motivator but on the other hand it makes the employees lazy.</p> <p>(ii) one more incentive of the same category.</p> <p>Employee's recognition.</p> <p>Organizational climate.</p>
Q-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</p>

	and they were paid wages at a lower piece rate. (a) Identify and explain the feature of motivation highlighted in the above case. (b) What type of leadership is followed by the manager? Justify your answer.
A-3	a) Motivation can be either positive or negative. Positive motivation provides positive rewards like increase in pay, promotion, recognition, etc. Negative motivation uses negative means like punishment, stopping increments, threatening, etc. b) Autocratic leadership style. The leader's following assumes that reward or punishment both can be given depending upon the result.
Q-4	Rama 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. Rama 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. (i) By quoting the lines from the above para, identify the needs of Rama which she is able to fulfil. (ii) Also explain two other needs of Rama followed by the above needs, which still remained to be satisfied.
A-4	i) "Rama is working in a company on a permanent basis". According to above line Rama is able to fulfil her following needs: (a) Physiological needs (b) Safety or Security needs (ii) Needs of Rama which still remained to be satisfied are: Affiliation Need: It refers to the need for affection, since to belongingness, acceptance and friendship. Esteem Need: It refers to the need for self-respect, autonomy, status, recognition and attention.
Q-5	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. (i) Which element of directing is used by manager? (ii) Suggest incentive suitable for: a. Employees operating at lower level. b. Employees operating at higher level.
A-5	(i) Motivation is missing. (ii) (a) Lower level: offer monetary incentives. (b) Higher level: non-monetary incentive
	<b>SHORT ANSWER TYPE QUESTIONS (4 MARKS)</b>
Q-1	Explain the various leadership styles
A-1	<u>Autocratic leadership style</u> : This style is also known as leader centered style. The

	<p>leader keeps all the authority and employees have to perform the work exactly as per his order. He does not decentralize his authority. The responsibility of the success or the failure of the management remains with the manager.</p> <p><u>Democratic leadership:</u> This style is also known as group centered leadership style. Managerial decisions are not taken by the manager in consultation with employees. This leadership style is based on decentralization. Managers respect the suggestions made by his sub ordinates.</p> <p><u>Laissez-faire leadership style:</u> this style as leadership is also known as free brain leadership or individual centered style. The manger takes little interest in managerial functions and the sub ordinates are left on their own. Manager explains over all objectives; help sub- ordinates in determining their own objectives. They provide resources. They also advise the employees.</p>
Q-2	<p>Prateek is working in a multinational company in Noida. He was running a temperature for the last many days. When his blood was tested, he was found to be positive for malaria. He was admitted in a hospital and a blood transfusion was advised by the doctors as his condition was very serious. One of his colleagues sent a text message to his superior, Mr. B. Chatterjee. Mr. B. Chatterjee immediately sent a text message to the employees of the organization requesting them to donate blood for Prateek. When the General Manager came to know about it, he ordered for fumigation in the company premises and cleaning the surroundings.</p> <p>From the above paragraph, quote lines that indicate formal and informal communication.</p>
A-2	<p>(i) Informal communication: "One of his colleagues sent a text message to his superior, Mr. B. Chatterjee. Mr. B. Chatterjee immediately sent a text message to the employees of the organization requesting them to donate blood for Prateek."</p> <p>(ii) Formal communication: "When the general manager came to know about it, he ordered for fumigation in the company premises and cleaning surroundings."</p>
Q-3	<p>Explain any three measures to overcome the barriers to improve communications effectiveness.</p>
A-3	<p>Ans: 1. Clarify the areas before communication: Before communicating to employees a manager should make an analysis of the subject matter.</p> <p>2. Consult others before communication: A manager should encourage participation of subordinates which will ensure their support and cooperation.</p>



	3. Communicate according to the needs of receiver: The manager should make adjustments according to the needs of the receiver.
Q-4	<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.  (b) State any two measures which can be taken by Lakhan to overcome the barriers identified in part (a) above to improve in future the effectiveness of his communication.</p>
A-5	<p>Two specific barriers to communication in Lakhan's e-mail were:</p> <p>(i) Faulty translations  (ii) Technical jargon</p> <p>Measures to overcome communication barriers: (Any two)</p> <p>(i) Lakhan should communicate according to the needs, education and understanding levels of subordinates.  (ii) He should take proper feedback to improve the communication process and make it more responsive.  (iii) He should regularly follow up communication and review the instructions given to subordinates.  (iv) He should be aware of languages, tone and content of the message to make it understandable to the receiver.</p>
Q-5	<p>A company has employees from different countries. They speak different languages. Once the management decided to draft the message of congratulating the employees of the New York in their native languages. For this they had to translate the same message in different languages. On the 5<sup>th</sup> of January there was a strike by people belonging to a particular country showing resentment on the wrong language used in the greetings.</p> <p>a. Identify and state the communication barrier discussed above.  b. State the category of this communication barrier.  c. Explain any two other communication barriers of the same category.</p>
A-5	<p>a. Faulty Translation and its meaning  b. Semantic Barriers  c. words with different meaning, Unclear assumption/ Technical jargon</p>
<b>LONG ANSWER TYPE QUESTIONS (5 MARKS)</b>	
Q-1	Three friends, Rajat, Raman and Ansh, after completing their MBA from a reputed

	<p>business school at Mumbai, were discussing about the type of organization they would like to join. Rajat was very clear that he would like to take up a government job as it gives stability about the future income and work which will help him to work with greater zeal. It will also provide him pension when he will retire from his service. Raman wanted to work in a company, which has appropriate skill development plans for its employees and helps the employees to grow to higher levels in the organisation. In addition to this, the company should also provide facilities like housing, medical aid, etc. Ansh said that he would prefer to work in an organisation, which has the culture of individual autonomy, is considerate to employees and provides the employees with opportunity for personal growth and a meaningful work experience.</p> <p>(a) Identify the various financial and non-financial incentives discussed by the three friends in the above conversation.</p> <p>(b) Explain three other non-financial incentives which were not discussed by any one of them.</p>
A-1	<p>(a) Financial and non-financial incentives discussed by the three friends in the above conversation.</p> <p>(i) Financial incentives Retirement benefits, Perquisites</p> <p>(ii) non-financial incentives: Job security, Career advancement opportunity, Organizational climate, Status</p> <p>(b) Other non-financial incentives which were not discussed by any one of them (Any three) Job enrichment, Employee recognition, Employee participation Employee empowerment.</p>
Q-2	<p>Y Ltd. is a bank functioning in India. It is planning to diversify into insurance business. Lately, the government of India has allowed the private sector to gain entry in the insurance business. Previously, it was the prerogative of LIC and GIC to do insurance business. But now with liberalization of the economy and to make the field competitive other companies have been given licenses to start insurance business under the regulation of "Insurance regulatory and development Authority".</p> <p>Y Ltd. plans to recruit high quality employees and agents and exercise effective direction to capture a substantial part of life and non-life insurance business.</p> <p>a) What financial and non-financial incentives can the company use for employees and agents separately to motivate them?</p> <p>b) How can the company ensure that higher order needs i.e., esteem and self-actualization as specified by Maslow are met?</p> <p>c) How can the company follow formal communication system?</p> <p>d) How can informal communication help to supplement formal communication?</p>
A-2	<p>a) To the employees, the company can give pay and allowances, bonus,</p>

	<p>retirement benefits, perquisites (e.g., car allowance), recognition, promotion, job security etc. to motivate them for higher performance.</p> <p>To the agents, the company can give the following incentives:</p> <p>Profit sharing</p> <p>Stock option (i.e., giving company's share at a price less than market price)</p> <p>Productivity linked salary (i.e., higher salary for getting more insurance business)</p> <p>Participation in decision – making.</p> <p>b) By giving recognition, autonomy status, etc. and providing growth and self-fulfillment opportunities, the company ensures that higher order needs-esteem and self-actualization needs are met.</p> <p>c) The company can follow formal communication system by ensuring that all communication flows through official channels designed in the organization chart (i.e., through Scalar chain).</p> <p>d) Information communication network (i.e., grapevine) can be used by the company to transmit information to know he reactions of the employees and agents to the company's decisions and policies. Grapevine channels can carry insurance market information rapidly.</p>
Q-3	<p>It is through motivation that managers can inspire their subordinates to give their best to the organization'. In the light of this statement, explain, in brief, the importance of motivation.</p>
A-3	<p>A: Importance of motivation:</p> <p>i. Motivation sets in motion the action of people: Motivation builds the will to work among employees and puts them into action.</p> <p>ii. Motivation includes the efficiency of work performance: Performance of employee's dependence not only on individual abilities but also on his willingness.</p> <p>iii. Motivation ensures achievement of organizational goals: If employees are not motivated, no purpose can be served by planning organizing and staffing.</p> <p>iv. Motivation creates friendly relationships: Motivation creates friendly and supportive relationships between employer and employees.</p> <p>v. Motivation leads to stability in the employees: Motivation helps in reducing absenteeism and turnover.</p> <p>vi. Motivation helps to change negative / indifferent attitudes of an employee.</p>

Q-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>
A-4	<p>a) The various elements of directing mentioned in the above paragraph are as follows:</p> <p><i>Communication:</i> “He is very clear and specific in issuing instructions to his subordinates in order to ensure smooth working of the department.”</p> <p><i>Supervision:</i> “He personally oversees the method followed by the chefs for preparation of each dish.”</p> <p><i>Leadership:</i> “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><i>Motivation:</i> “He misses no opportunity to praise his subordinates for their good work.”</p> <p>b) The importance of directing as a function of management is described below:</p> <p><i>Initiates action:</i> Directing helps to initiate action by people in the organization towards attainment of desired objectives. It is the first execution function of management.</p> <p><i>Integrates employees’ efforts:</i> Directing seeks to integrate the individual efforts of employees in the organization towards the realization of the organizational goals.</p> <p><i>Helps to realize their potential:</i> Directing provides effective guidance, motivation and leadership to the employees so as to enable them to realize their potential and capabilities.</p>
Q-5	<p>Alfa Ltd.’ was dealing in renewable energy. To get the business, the team leader and his team used to travel to different states to give presentation to their clients. As per the policy of the company, the leader used to travel by air, whereas his team travelled by road/train. It was not only time consuming but also at time forced female team members to travel alone.</p> <p>As a result, the subordinates were not acting in desired manner to achieve</p>

	<p>organisational goals. The CEO came to know about it. He called the team leader, discussed the matter with him and decided to change the travel policy of the company. It was decided that all the members including the leaders would travel together in future and would usefully utilize the travelling time in discussion with the subordinates about presentation to be given to the clients. This made a positive impact and every member of the team started acting in a manner as desired by the team leader.</p> <p>State the features of the element of the function of management used by the CEO.</p>
A-5	<p>Features of motivation:</p> <p>(a) It is an internal feeling as the urges, drives or needs of human beings which influence human behaviour are internal.</p> <p>(b) It produces goal directed behaviour as it stimulates people to accomplish desired goals.</p> <p>(c) It can be positive in the form of positive rewards or negative like punishment, stopping increments etc.</p> <p>(d) It is a complex process as any type of motivation may not have a uniform effect on all the members.</p>
<b>LONG ANSWER TYPE QUESTIONS (6 MARKS)</b>	
Q-1	<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>
A-1	<p>a) Directing</p> <p>b) Motivation</p>

	<p>c) Features of motivation:</p> <p>i) Motivation is an internal feeling: The urge, desires, aspirations or needs of people, which are internal, influence human behavior.</p> <p>ii) Motivation produces goal-directed behavior: For example, if the employee is interested in promotion, it helps to produce a behavior to improve performance.</p> <p>iii) Motivation can be either positive or negative: Positive motivation provides positive rewards like increase in pay, promotion, recognition, etc. negative motivation uses negative means like punishment, stopping increments, threatening, etc.</p>
Q-2	<p>What is meant by directing? Explain the importance of Directing function.</p>
A-2	<p>Directing is telling people what to do and seeing that they do it to the best of their ability. It includes making assignment, explaining procedures, seeing their mistakes are corrected, providing on the job instructions and issuing orders.</p> <p><b><u>Importance of Directing: -</u></b></p> <p><b>a).Initiates action:</b> All organizational activates are initiated through direction. The superiors direct the actions of employees towards the predetermined goals of the organization. If the directing function is executed successfully then it results in unity of direction and achievement of goals.</p> <p><b>b).It integrates employees' efforts:</b> many employees work in an organization. The activities of all are correlated full stop success of an organization is possible only when everybody does there job efficiently. If anyone of employees in the organization does not perform up to the mark, it adversely affects the performance of the remaining employees. Thus, it is essential to establish coordination among all the activities. The manager establishes this coordination by supervising, providing good leadership, motivating and exchanging ideas with his subordinates.</p> <p><b>c).It is the means of motivation:</b> the objectives of an organization can only be achieved by motivated employees. Motivated employees work with full dedication and with the feel of belongingness. The work of motivating employees can be complete through the directing function of management.</p> <p>For example, under directing function of management the problem of employees is curbed by the manager there and then. Also, he guides some in the right direction. As a result, they get motivated.</p> <p><b>d). It facilitates implementing changes:</b> Often, the employees show resistance to change in their organizational structure. But with the changing demand of time, it needs to be implemented. Managers through the medium of direction shapes the mindset of the employees in a manner that they will fully except changes.</p> <p><b>e).It creates balance in the organization:</b> sometimes there is a class between individual and organizational objective. Directing helps in settle down these clashes and creates a balance in the organization. On the other hand, a person works in an</p>

	<p>organization for the fulfillment of and of his objectives like higher salary, promotion etc.</p> <p>On the other hand, the objectives of a company can be true on high profit, more market share etc. Managers, through direction, tell employees how they can fulfill their objectives while achieving organization objectives.</p>
Q-3	What financial and non-financial incentive can the company use for employees and agents separately to motivate them?
A-3	<p>Monetary incentives</p> <p>1. Pay: - Pay means salary; it is real compensation for work.</p> <p>2. Allowances: - Allowance means employer gives cash to employee for hiring services of house, transport, uniform etc.</p> <p>3. Bonus: - Payments other than pay and allowances on the occasion of festivals.</p> <p>4. Profit Sharing: - Employer/owner gives a portion of profit to employees and workers.</p> <p>Non-monetary incentives</p> <p>1. Status: - It means level of rank, authority, responsibility, prestige related to job.</p> <p>2. Organisational Climate: - Physical climate includes good lighting, ventilation, recreational, rest room facilities. Non-physical climate includes good relation, feeling of co-operation and respect among managers and employees and workers</p> <p>3. Career Advancement Schemes: - Opportunities for getting promotion to higher post on the basis of better performance.</p> <p>4. Job Enrichment: For removing boredom from repetitive job, it is used. In its new responsibilities, challenges and varieties of tasks are attached with existing job.</p> <p>5. Job Security: - It is an assurance of life time surety of job given by employer to employee.</p>
Q-4	<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 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</p>

	<p>influence the behaviour of his employees by satisfying their needs.</p> <p>(a) One of the assumptions of Need Hierarchy theory is stated in the above paragraph. State the other three assumptions of this theory.</p> <p>(b) State the needs of Kunal which are being satisfied through promotion.</p>
A-4	<p>(a) The following are the assumptions of Maslow's Need Hierarchy theory other than the one discussed above:</p> <ol style="list-style-type: none"> <li>1. People's needs are in hierarchical order, starting from basic needs to other higher-level needs.</li> <li>2. A satisfied need can no longer motivate a person; only next higher-level need can motivate him.</li> <li>3. A person moves to the next higher level of the hierarchy only when the lower need is satisfied.</li> </ol> <p>(b) Needs of Kunal which are being satisfied through promotion are:</p> <ol style="list-style-type: none"> <li>1. Esteem Needs which refer to the need for self-respect, autonomy status, recognition and attention.</li> <li>2. Self-actualisation needs which refer to the drive to become what one is capable of becoming. These needs include growth, self-fulfilment and achievement of goals.</li> </ol>
Q-5	<p>Pratap Singh is the Chief Executive Officer of Nissar Enterprises. It is an automobile parts manufacturing company. The enterprise has a functional structure, in which jobs of similar nature have been grouped together as Production, Finance, Marketing and Human Resource. Nissar Enterprises has its manufacturing unit at Manesar. The factory has been plagued with many problems for a long time which was in the knowledge of the Production Manager, Varun Sharma. The workers had internal differences. Time and again, there were misunderstandings between the management and the workers. Keeping the problems in mind, Varun Sharma appointed, Siyaram Singh who had 14 years of experience of working with the actual work force and passing on instructions of the middle management to the workers. Siyaram Singh met Varun Sharma to understand what the management wanted. Thereafter he met the workers and conveyed the ideas of management to them. He also promised the workers to convey their problems to the management. In this way, he cleared the misunderstanding between the management and the workers. He also sorted out internal differences and was able to unite the workers within a month of his joining. His work was acknowledged and he was given a certificate of good performance along with 10% increase in salary.</p> <p>(i) Siyaram Singh performed some of the functions which are required to be performed at the position he is working at. State any five other functions Siyaram Singh is expected to perform.</p> <p>(ii) Name the incentives provided to Siyaram Singh.</p>
A-5	<p>(i) Five other functions Siyaram Singh is expected to perform are:</p> <p>(a) Maintaining day to day contact and friendly relations with the workers. He should</p>



act as a friend, philosopher and a guide to the workers.

(b) Providing good on the job training to the workers to build an efficient team.

(c) Building up high morale among workers through good leadership.

(d) Giving feedback to the workers after analysing their work and suggesting ways of developing their work skills

(e) Ensuring performance of work according to the targets set.

(f) To oversee the efforts of the workforce.

(g) To ensure that the quality of output is maintained and wastage of material is minimized.

(h) To ensure safety standards are maintained

(i) Incentives provided to Siyaram Singh are:

(a) Pay and allowances/ Financial Incentive

(b) Employee Recognition Programmes/ Non-Financial Incentive.

## CONTROLLING

QUE	TYPE OF QUESTIONS (1 MARK) MCQ, OTQ COMPETENCY BASED, SOURCE BASED
Q-1	What is meant by management by Exception in the process of controlling?
A-1	Management by exception means that manager should give attention to significant deviation. Which go beyond the permissible limit?
Q- 2	<p>XYZ Ltd. is engaged in manufacturing machine components. The target production is 200 units per day. The company had been successfully attaining this target until two months ago. Over the last two months, it has been observed that daily production varies between 170-180 units.</p> <p>Identify the management function to rectify the above situation.</p>
A-2	The controlling function of management is needed to rectify the above situation.
Q- 3	What do you understand by 'critical point control'? Explain.
A-3	Since it may neither be economical nor easy to monitor each and every activity in the organisation, therefore, every organization identifies ar\d states its specific key result areas (KRAs) or critical points which require tight control are likely to have a significant effect on the working of the business. Any deviations on these points are attended to urgently by the management.
Q-4.	<p>Naresh has set up a small business unit for the manufacturing of detergent. In order to market the detergent in the local residential areas, he has appointed a team of ten salesmen. Each salesman is expected to sell at least 200 units of the detergent within a week's time. Identify the point of importance of controlling being highlighted in the above case.</p> <p>(a) Controlling helps in judging accuracy of standards.</p> <p>(b) It ensures efficient use of resources.</p> <p>(c) It helps in improving employee motivation.</p> <p>(d) It facilitates co-ordination in action.</p>
A-5.	(c) It helps in improving employee motivation.
Q-6.	<p>Mr.Sinha runs a logistic company. The Tour In charges of each trip in the company are expected to submit a report to the Event Manager on the completion of every trip. Identify the step in the controlling process being described in the above lines.</p> <p>(a) Setting of standards</p>

	(b) Measurement of actual performance  (c) Taking corrective action  (d) Analysing the deviation
A-6	(b) Measurement of actual performance
Q-7.	In a marketing firm, the Financial Manager pays more attention towards an increase of 3% in the marketing cost as compared to a 15% increase in the courier expenses. Identify the concept being used by the manager.  (a) Management by exception  (b) Critical point control  (c) Corrective action  (d) None of the above
A-7	(b) Critical point control
Q-8.	The controlling function is performed by  (a) Top level management  (b) Lower level management  (c) Middle level management  (d) All of the above
A-8	(b) Lower level management
Q-9.	To make sure employees focus on work and follow the method of production as per plan the management of Jai Ltd. decided to install CCTV (close circuit television) in the factory for monitoring the activity of workers.  (a) Planning  (b) Controlling  (c) Staffing  (d) Directing
A-9	(b) Controlling
Q-10	How is critical point control applied in controlling process?
A-10	Every organization identifies its Key Result Areas/ Critical Points which have significant effect on the working of business. Any deviation on these points should be attended

	urgently by Management. EXAMPLE: If the expenditure on refreshment goes up by 10% it can be ignored but if cost of raw material goes up by 5% it requires managerial action.
	<b>SHORT ANSWER TYPE OF QUESTIONS (THREE MARKS)</b>
Q- 1	If anything goes wrong with the performance of key activities, the entire organizationsuffers. Therefore, the organizationshould focus on them.' Explain the statement with a suitable example.
A-1	The given statement refers to the importance of 'Critical Point Control' in order to ensure effective performance of key activities in an organization. <b>Critical Point Control:</b> It may not be either economical or easy to monitor each and every activity in the organisation. Therefore, every organizationidentifies and states its specific Key Result Areas (KRAs) or critical points which require tight control and are likely to have a significant effect on the working of the business. Any deviations on these points are attended to urgently by the management. For example, if in an organisation, the expenditure on stationery goes up by 10%, it can be ignored but if the production cost goes up by 5%, it may call for managerial action.
Q-2	How does controlling help in “ <b>Judging accuracy of standards</b> ” and “ <b>Ensuring order and discipline</b> ”?
A-2	Controlling helps in “Judging accuracy of standards” and “Ensuring order and discipline” as explained below:  <b>1. Judging accuracy of standards:</b> An efficient control system enables management to determine whether the standards set are accurate and objective. This is because it helps to helps to review and revise the standards in light the changes taking place in the organization and in the environment.  <b>2. Ensuring order and discipline:</b> Controlling helps to minimize dishonest behaviour on the part of the employees by keeping a close check on their activities. Thus, it creates an atmosphere of order and discipline in the organization.
Q-3	Describe briefly the relationship between controlling and planning
A-3	The relationship between controlling and planning is described below: <b>1.Planning and controlling are inseparable twins of management.</b> Planning provides the basis for controlling. The desired standards are set in the process of planning in clear, specific and terms. In the process of controlling the actual performance is measured and compared with these standards and the deviations if any are identified and appropriate corrective action is taken. However, in the absence of any standards it would not be possible to gauge the actual performance. Thus, planning without controlling is meaningless and controlling without planning is blind.

	<p><b>2.Planning is prescriptive where as controlling is evaluative.</b> Planning is an intellectual activity which is concerned with thinking, articulating and analyzing various alternative course of actions and prescribing the best possible alternative in order to achieve the desired goals efficiently and effectively. Controlling on the other hand is concerned with ensuring that events conform to plans. Thus, it involves monitoring and measuring the extent to which the desired goals have been realized.</p> <p><b>3.Planning is looking ahead and controlling is looking back.</b> Planning is futuristic in nature as it involves chalking out the future course of action. It bridges the gap between where we are and where we want to go. Thus, it is deemed to be a forward looking function of management. Controlling on the other hand</p>
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#### **SHORT ANSWER TYPE OF QUESTIONS (FOUR MARKS)**

Q-1	Rajeev and Sanjeev are managers in the same organization heading different units. While discussing about the functions of management, Rajeev says that 'Planning is looking ahead whereas controlling is looking back.' But Sanjeev says, 'You are wrong because planning is looking back whereas controlling is looking ahead.' Both are giving reasons in favour of their statements. Explain the possible reasons given by both and justify who is correct.
A-1	<p>Both Rajeev and Sanjeev are correct in their statements as explained below:</p> <p>Planning is considered as a forward looking function by Rajeev as plans are made for future.</p> <p>Planning may be considered as a backward looking function by Sanjeev because the quality of planning can be improved with the help of valuable information provided by controlling in terms of results achieved.</p> <p>Controlling is considered as a backward looking function by Rajeev as it is like the post mortem of the past activities to ascertain the deviations if any.</p> <p>Controlling is considered as a forward looking function by Sanjeev as it helps to improve the future performance by providing guidance for taking corrective action so that deviations do not reoccur in future.</p>

#### **LONG ANSWER TYPE OF QUESTIONS (FIVE MARKS)**

Q-1	'Controlling is an indispensable function of management'. Do you agree? Explain any five reasons in support of your answer.
A-1	Yes, controlling is an indispensable function of management because it provides the following Benefits.

	<p><b>1. Accomplishing organizational goals:</b> The controlling function facilitates constant monitoring of the actual performance in comparison to the predetermined standards and brings to light the deviations, if any, and indicates corrective action. All these activities ensure that organizational goals are realized efficiently and effectively.</p> <p><b>2. Judging accuracy of standards:</b> A good control system enables management to verify whether the standards set are accurate and objective. Moreover, helps to review and revise the standards in light of changes taking place in the organization or business environment in general.</p> <p><b>3. Making efficient use of resources:</b> By implementing a good control system a manager seeks to reduce wastage and spoilage of resources. This is because each activity is performed in accordance with predetermined standards and norms rather than hit and trial method.</p> <p><b>4. Improving employee motivation:</b> An effective control system seeks to provide motivation to the employees as they are made aware 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. This approach helps them to give better performance.</p> <p><b>5. Ensuring order and discipline:</b> A constant check on the behaviour and work of the employees leads to creation of an atmosphere of order and discipline in the organisation.</p>
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**LONG ANSWER TYPE OF QUESTIONS (SIX MARKS)**

Q-1	<p>'Shivani Ltd'. Is a large company engaged in assembly of air-conditioners. Recently the company had conducted the 'Time' and 'Motion' study and concluded that on an average a worker can assemble ten air-conditioners in a day. The target volume of the company in a day is assembling of 1,000 units ten air-conditioners in a day. The target volume of the company in a day is assembling of 1,000 units of air-conditioners. The company is providing attractive allowances to reduce labour turnover and absenteeism. All the workers are happy. Even the assembly of air-conditioners per day is 800 units only. To find out the reason the company compared actual performance of each worker and observed through c.c.t.v. that some of the workers were busy in gossiping.</p> <p>(a) Identify the function of management discussed above.</p> <p>(b) State those steps in the process of the function identified which are discussed in the above paragraph.</p>
A-1	<p>(a) Controlling.</p> <p>(b) Steps discussed in the above paragraph are:-</p> <p>(i) "Setting performance Standard" which are the criteria against which the actual performance would be measured.</p> <p>'Recently the company had conducted the 'Time' ..... Can assemble ten air-conditioners in</p>

	<p>a day.'</p> <p>(ii) 'Measurement of Actual performance' with the standards in an objective and reliable manner.</p> <p>'Even then the assembly of air- conditioners per day is 800 nits only.'</p> <p>(iii) 'Comparing Actual performance with the standards' to find out the deviation, if any.</p> <p>'...the the company compared actual performance of each worker.'</p> <p>(iv) 'Analyzing Deviations' for their causes.</p> <p>'Observed through c.c.t.v. that some of the workers were busy in gossiping.'</p>

## FINANCIAL MANAGEMENT

QUE	TYPE OF QUESTIONS (1 MARK) MCQ, OTQ COMPETENCY BASED, SOURCE BASED
Q-1	<p>A fixed asset should be financed through:</p> <p>A. long-term liability</p> <p>B. short-term liability</p> <p>C. mix of long and short-term liabilities</p> <p>D. current liability</p>
A-1	A. long-term liability
Q-2	<p>What is the cost of raising funds called?</p> <p>A. Flotation Cost</p> <p>B. Marginal Cost</p> <p>C. Fixed Cost</p> <p>D. Variable Cost</p>
A-2	A. Flotation Cost
Q-3	<p>The cheapest source of finance is:</p> <p>A. debenture</p> <p>B. equity share capital</p> <p>C. preference share</p> <p>D. retained earnings</p>
A-3	D. retained earnings
Q-4	<p>Acquiring a new fixed asset is an example of :</p> <p>A. Capital budgeting decisions</p> <p>B. Dividend decision</p> <p>C. financing decision</p> <p>D working capital decision</p>
A-4	A. Capital budgeting decisions
Q-5	<p>The extent of retained earnings is influenced by which decision:</p> <p>A. Investment decision</p> <p>B. Dividend decision</p>



	C. working capital decision D. Financing decision
A-5	B. Dividend decision
Q-6	Match the following on the basis of financial concept: A. flotation cost. I risk of default on payment B. Financial planning II proportion of debt in total capital structure C. Financial leverage III. Cost of raising funds D. Financial risk IV. Process of estimating the requirement of funds and specifying the source of funds
A-6	(A-III, B-IV, C-II, D-I)
Q-7	Higher dividend per share is associated with:- A • High earnings, high cash flows, stable earnings and lower growth opportunities B • high earnings, low cash flows, stable earnings and lower growth opportunities C • Lower earnings, high cash flows, stable earnings and lower growth opportunities D • high earnings, low cash flows, stable earnings and Higher growth opportunities
A-7	A
Q-8	Factors affecting dividend decisions are A. return on investment B. flotation cost C. legal constraints D. Control consideration
A-8	C
Q-9	Investment decisions are Irreversible. A. Short Term B. Long Term C. Short Term & Long Term Both D. None of the Above
A-9	B
Q-10	Companies having Lower growth opportunities usually declare higher dividend. True/False

A-10	True
Q-11	If existing shareholders can share the control then they may go for debt. True/False
A-11	False
Q-12	Fixed capital is related to.....decision.
A-12	Investment
Q-13	Capital structure is a mix of ..... & .....
A-13	debt ,equity
Q-14	EBIT refers to: A. Earnings Before Interest and Tax B. Earnings Before Income and Tax C. Earning Before Investment and Tax D. Earning Before Instalment and Tax
A-14	A
Q-15	Financial planning arrives at: A. minimising the external borrowing by resorting to equity issues B. entering that the firm always have significantly more funds than required so that there is no paucity of funds C. ensuring that the firm faces neither a shortage nor a glut of unusable funds D. doing only what is possible with the funds that the firms has at its disposal
A-15	C
<b>SHORT ANSWER TYPE OF QUESTIONS (THREE MARKS)</b>	
Q-1	State how 'Growth Prospects' affect the working capital requirements of a company?
A-1	The firms which have sufficient possibilities of growth prospects in future require more working capital. However, for companies with lesser prospects, less working capital is needed.
Q-2	Amit is running an "Advertising agency" and earning a lot by providing this service to big industries. State whether the working capital requirement of the firm will be "less" or "more". Give reason in support of your answer.

A-2	Less working capital is required as service industries which usually do not have to maintain inventory require less working capital.
Q-3	<p>Computer Tech Ltd. is one of the leading information technology outsourcing services providers in India. The company provides business consultancy and outsourcing services to its clients. Over the past five years the company has been paying dividends at high rate to its shareholders. However, this year, although the earnings of the company are high, its liquidity position is not so good. Moreover, the company plans to undertake new ventures in order to expand its business. In context of the above case:</p> <p>Give any three reasons because of which you think Computer Tech Ltd. has been paying dividends at high rate to its shareholders over the past five years.</p>
A-3	<p>Computer Tech Ltd. has been paying dividends at high rate to its shareholders over the past five years because of the following reasons:</p> <ol style="list-style-type: none"> <li>1. Earnings:</li> <li>2. Cash flow position:</li> <li>3. Access to capital market:</li> </ol>
Q-4	State any two objectives of financial management.
A-4	<ol style="list-style-type: none"> <li>1. Profit maximization- The financial management should ensure maximum return on investment to the shareholders.</li> <li>2. Wealth maximization – The ultimate objective of decision makers must be to increase the wealth of shareholders or investors. Wealth of owners = Number of shares held X market price per share</li> </ol>
Q-5	Besides the dividend decision the finance function is concerned with two other broad decisions. Name these decisions.
A-5	Two other broad decisions are: (i) Investment decision (ii) Financing decision With Briefly
<b>SHORT ANSWER TYPE OF QUESTIONS (FOUR MARKS)</b>	
Q-1	Manoj is a renowned businessman involved in export business of leather goods. As a responsible citizen, he chooses to use jute bags for packaging instead of plastic bags. Moreover, on the advice of his friends, he decides to use jute for manufacturing aesthetic handicrafts, keeping in view the growing demand for natural goods. In order

	<p>to implement his plan, after conducting a feasibility study, he decides to set up a separate manufacturing unit for producing varied jute products. In context of the above case:</p> <ol style="list-style-type: none"> <li>1. Identify the type of decision taken by Manoj by deciding to set up a separate manufacturing unit for producing jute products.</li> <li>2. State any two factors that he is likely to consider while taking this decision.</li> </ol>
A-1	<ol style="list-style-type: none"> <li>1. Capital budgeting decision has been taken by Manoj.</li> <li>2. The factors affecting Capital Budgeting Decision are as follows: <ol style="list-style-type: none"> <li>A. Cash inflows:</li> <li>B. Rate of return:</li> </ol> </li> </ol>
Q-2	<p>Wireworks Ltd. is a company manufacturing different kinds of wires. Despite fierce competition in the industry, it has been able to maintain stability in its earnings and as policy uses of its profits to distribute dividends. The small investors are very happy with the company as it has been declaring high and stable dividend over past five years.</p> <p>In context of the above case:</p> <ol style="list-style-type: none"> <li>1. State any one reason because of which the company has been able to declare high dividend by quoting line from the paragraph.</li> <li>2. Why do you think small investors are happy with the company for declaring stable dividend</li> </ol>
A-2	<ol style="list-style-type: none"> <li>1. Stability in earnings: "Despite fierce competition in the industry, it has been able to maintain stability in its earnings."</li> <li>2. The small investors are happy with the company for declaring stable dividend as they enjoy a regular income on their investment.</li> </ol>
Q-3	<p>What do you mean by Fixed capital? Explain any four factors affecting the requirement of fixed capital.</p>
A-3	<p>Fixed capital refers to the amount which is invested in fixed assets of the business enterprise. This capital is used to acquire Land &amp; Building, Plant and Machinery, Furniture etc. This capital is raised from the long term sources of finance.</p> <p>Factors affecting the requirement of fixed capital.</p> <ol style="list-style-type: none"> <li>1. Nature of business:-The requirement of fixed capital depends on the nature of</li> </ol>

	<p>business. Manufacturing business requires heavy amount of fixed capital to invest in the fixed assets like- Land &amp; Building, Plant and Machinery, Furniture etc., whereas trading concern business require less capital.</p> <p>2. Scale of operation: - Business operating on larger scale requires larger amount of fixed capital as they need heavy and bigger machinery and equipment. However, firms operating at small scale need relatively lesser fixed capital.</p> <p>3. Choice of Technique- Production technique adopted by business also influences the requirement of fixed capital. Companies using capital-intensive technique require more fixed capital as larger investment is needed in the plant and machinery as it relies less on manual labour.</p>
Q-4	Identify, why the requirement of Fixed Capital & Working Capital for a trading concern are different from that of a manufacturing organization.
A-4	<p>Trading concern requires less fixed capital as compared to manufacturing organization because trading concern requires relatively much less investment in fixed assets.</p> <p>Trading concern requires more working capital as compared to manufacturing organization because trading concern requires relatively so much for current assets.</p>
Q-5	What is the Capital structure? Explain any Three factors affecting the choice of capital structure?
A-5	<p>Capital structure refers to mix sources of long term finance. Sources of finance include Share capital Borrowed fund and Retained earnings. The appropriate proportion of funds is made in such a manner that it can give more benefit or return to the shareholders.</p> <p>Factors affecting the choice of capital structure</p> <ol style="list-style-type: none"> <li>1. Cash Flow Position: Size of projected cash flows must be considered before issuing debt, to ensure that it has sufficient cash buffer after meeting its fixed cash obligations.</li> <li>2. Interest Coverage Ratio (ICR): The interest coverage ratio refers to the number of times earnings before interest and taxes of a company covers the interest obligation.</li> <li>3. Debt Service Coverage Ratio (DSCR): Debt Service Coverage Ratio takes care of the deficiencies referred to in the Interest Coverage Ratio (ICR).</li> </ol>

<b>LONG ANSWER TYPE OF QUESTIONS (FIVE MARKS)</b>	
Q-1	<p>The Capital of India has been declared as the most polluted city in the world. Bengaluru, Mumbai, Patna, Ahmedabad, Lucknow, Kanpur and Ludhiana are also the highly polluted Indian cities. This has resulted into a dramatic increase in the sale of home air purifiers. The prices of these devices range from Rs. 2,000 to Rs. 25,000 depending upon the type of pollutant these purifiers remove. Looking at the increasing demand of these air purifiers 'Pure Air Technology India Ltd.' has developed a low cost home air purifier in its R&amp;D Lab. The company has estimated that a commercial production of 1, 00,000 units per year may cost the company Rs. 500 per unit. For this capital of Rs. 100 crores will be required. The company decided to have both equity and debt in its capital structure. Explain any five factors that the company should consider while deciding its capital structure</p>
A-1	<p>Following are the factors affecting the choice of capital structure of a company: (any five)</p> <ol style="list-style-type: none"> <li>1. Cash flow position</li> <li>2. Interest coverage ratio</li> <li>3. Debt service coverage Ratio</li> <li>4. Return on Investment</li> <li>5. Cost of debt</li> <li>6. Tax rate</li> </ol>
Q-2	<p>A company's earnings before interest and tax is Rs. 7 lac. It pays 10% interest on its debt. Total investment of company is rs. 50 lac. 1. Advise company whenever it should include debt or equity to raise its capital. 2. Name the concept related to this. 3. Will be company's decision to raise funds from debt or equity will change if company's EBIT becomes 3 lac.</p>
A-2	<p>1. Company should prefer debt to raise fund as debt is gainful for equity shareholders till</p> <p style="padding-left: 20px;">ROI &gt; Rate of Interest.</p> <p>In the above case <math>ROI = \frac{EBIT}{Total\ Income} \times 100</math></p> <p style="padding-left: 20px;"><math>= \frac{7}{50} \times 100 = 14\%</math></p> <p>14 &gt; 10 so debt it more suitable.</p>

	<p>2. The concept is leverage effect or trading in equity.</p> <p>3. Yes company's decision will change if EBIT becomes 3 lac, because with 3 lac ROI will become less than interest.</p> <p>ROI = EBIT/Total Income × 100 = 3/50 × 100 = 6%</p> <p>Interest = 10%</p> <p>6% &lt; 10% So, now company must prefer equity to raise capital.</p>
Q- 3	What do you mean by Financial planning? Explain its two importance
A-3	<p>Financial planning is the process of estimating the funds requirement, specifying the sources of fund and utilizing them in an optimum manner.</p> <p>Importance of financial Planning</p> <ol style="list-style-type: none"> <li>1. To ensure availability of funds whenever required—financial needs are anticipated and then the sources of availability of finance are allocated.</li> <li>2. It helps the company to prepare for the future-It forecasts what may happen in future under different business situations and decide what must be done in each situation.</li> </ol>
Q-4	What do you mean by Working capital? Explain any four factors affecting the requirement of working capital.
A-4	<p>Working capital refers to the amount which is invested in current assets. This fund also needed for payment of daily expenses, payment of current liabilities etc. this investment facilitate smooth business operation. Factors affecting the requirement of working capital.</p> <ol style="list-style-type: none"> <li>1. Nature of business:- The requirement of working capital depends on the nature of business. Manufacturing business requires more amount of working capital because it takes lot of time in converting raw materials into finished goods while trading business requires less amount of working capital.</li> <li>2. Scale of operation: - Business operating on larger scale requires more funds to maintain the high quantum of inventory, debtors or meet day to day expenses as compared to small scale business.</li> <li>3. Business Cycle: - Different phases of business cycle affect the requirement of working capital by a firm.</li> </ol>

	<p>In case of boom, there is increase in production and scales leading to the increased requirement for working capital whereas the requirements for working capital reduce during depression.</p> <p>4. Seasonal factors: - many businesses may have high level of activity during specific period of time which may be referred as season time. Therefore, during peak season the level of activity is high leading to increased need of working capital as compared to the capital during lean period.</p>
Q-5	<p>Which decision is concerned with rising of finance using shareholders' funds or borrowed funds? Identify and describe the financial decision involve in this decision. Explain any four factors affecting that decision.</p>
A-5	<p>Financing decision: - This decision concerned with raising of finance using shareholders fund or borrowed fund. It involves identification of various sources of finance and the quantum of finance to be raised from long term and short term sources.</p> <p>Factors affecting the financing decision.</p> <ol style="list-style-type: none"> <li>1. Cost: - cost of raising fund influences the financing decisions. A prudent financial manager selects the cheapest source of finance.</li> <li>2. Risk: - Debt capital is most risky and from the point of view of risk it should not be used.</li> <li>3. Floatation cost: - From the point of view of floating costs, retained profit is the most appropriate source. Therefore, it should be made.</li> <li>4. Cash Flow position: - If the cash flow position of the company is good, the payment of interest on the debt and the refund of capital can be easily made. Therefore, in order to advantage of cheap finance, debt can be given priority.</li> </ol>
	<b>LONG ANSWER TYPE OF QUESTIONS (SIX MARKS)</b>
Q-1	<p>Visions Ltd. is a renowned multiplex operator in India. Presently, it owns 234 screens in 45 properties at 20 locations in the country. Considering the fact that the there is a growing trend among the people to spend more of their disposable income on entertainment, two years back the company had decided to add more screens to its</p>



	<p>existing set up and increase facilities to enhance leisure, food chains etc. it had then floated an initial public offer of equity shares in order to raise the desired capital. The issue was fully subscribed and paid. Over the year, the sales and profits of the company have increased tremendously and it has been declaring higher dividend and the market price of its shares has increased manifold. In context of the above case:</p> <ol style="list-style-type: none"> <li>1. Name the different kinds of financial decisions taken by the company by quoting lines from the paragraph.</li> <li>2. Do you think the financial management team of the company has been able to achieve its prime objective? Why or why not? Give a reason in support of your answer.</li> </ol>
A-1	<ol style="list-style-type: none"> <li>1. The different kinds of financial decisions taken by the company are as follows: <ol style="list-style-type: none"> <li>A. Investment decision:</li> <li>B. Financing decision:</li> <li>C. Dividend decision:</li> </ol> </li> <li>2. Yes, the financial management team of the company has been able to achieve its prime objective i.e. wealth maximization of the shareholders by maximizing the market price of the shares of the company.</li> </ol>
Q-2	<p>Shubh Ltd. is manufacturing steel at its plant in India. It is enjoying a buoyant demand for its products as economic growth is about 7%-8% and the demand for steel is growing. The company has decided to set up a new steel plant to cash on the increased demand. It is estimated that it will require about Rs. 2000 crore to set up and about Rs. 500 crore of working capital to start the new plant.</p> <ol style="list-style-type: none"> <li>1. State the objective of financial management for this company.</li> <li>2. Identify and state the decision taken by the finance manager in the above case.</li> <li>3. State any two common factors affecting the fixed and working capital requirements of Shubh Ltd.</li> </ol>
A-2	<ol style="list-style-type: none"> <li>1. Objectives of financial management of this company are: <ol style="list-style-type: none"> <li>A. To ensure availability of sufficient funds from different sources at reasonable costs.</li> <li>B. To ensure effective utilization of such funds.</li> <li>C. To ensure safety of funds procured by creating reserves, reinvesting profits, etc.</li> <li>D. Value Maximization of shareholders' wealth.</li> </ol> </li> <li>2. Investment decision It relates to how the firm's funds are invested in different assets</li> </ol>

	<p>– fixed assets and working capital.</p> <p>3. Factors affecting fixed and working capital requirements of Shubh Ltd.:</p> <p>A. Nature of business:</p> <p>B. Scale of operations:</p>
Q-3	Explain the Factors affecting financing decision.
A-3	<ol style="list-style-type: none"> <li>1. Cost – Try to obtain the fund from cheaper sources.</li> <li>2. Risk – Risk factor in each source must be considered.</li> <li>3. Flotation cost – Cost of raising finance should be less.</li> <li>4. Cash flow position – A stronger cash flow position recommends more debt financing.</li> <li>5. Fixed cost – If fixed operating costs like rent, insurance premium, salaries etc. are high, it is better to reduce debt financing having fixed interest burden.</li> <li>6. Control – More dependence on owners fund will reduce control among the existing shareholders.</li> <li>7. Capital market condition – During rising trends in capital market, it is easy to accumulate shareholders fund, otherwise better to depend on borrowed fund.</li> </ol>
Q-4	<p>Radha is an enterprising businesswoman who has been running a fishery for the past ten years. She has saved Rs. 10 Lakhs from her business. She shared with her family her desire to utilize this money to expand her business. Her family members gave her different suggestions like buying new machinery to replace the existing one, acquiring altogether new equipment with latest technology, opening a new branch of the fishery in another village and so on. Since these decisions are crucial for her business, involve huge amount of money and are irreversible except at huge cost, Radha wants to analyse all aspects of the decision, before taking any step.</p> <ol style="list-style-type: none"> <li>(i) Identify and explain the financial decision to be taken by Radha.</li> <li>(ii) Also explain briefly any two factors that affect this decision.</li> </ol>
A-4	<ol style="list-style-type: none"> <li>(i) Investment decision/ Capital budgeting decision Investment/ Capital budgeting decision involves deciding about how the funds are invested in different assets so that they are able to earn the highest possible return for their investors.</li> <li>(ii) Factors that affect capital budgeting decision are: (Any two)</li> </ol>

	(a) Cash flows of the project (b) Rate of return of the project. (c) Investment criteria
Q-5	<p>“Sarah Ltd.” is a company manufacturing cotton yarn. It has been consistently earning good profits for many years. This year too, it has been able to generate enough profits. There are is availability of enough cash in the company and good prospects for growth in future. It is a well-managed organization and believes in quality, equal employment opportunities and good remuneration practices. It has many shareholders who prefer to receive a regular income from their investments. It has taken a loan of Rs. 40 lakhs from IDBI and is bound by certain restrictions on the payment of dividend according to the terms of loan agreement. The above discussion about the company leads to various factors which decide how much of the profits should be retained and how much has to be distributed by the company. Quoting the lines from the above discussion identify and explain such factors.</p>
A-5	<p>. Factors affecting dividend decision:</p> <ol style="list-style-type: none"> <li>1. Stability of earnings” It has been consistently earning good profits for many years” Stability of earnings affects dividend decision as a company having stable earnings is in a position to declare higher dividends.</li> <li>2. Cash Flow position „There is available of enough cash in the company”. A good cash flow positions is necessary for declaration of dividend.</li> <li>3. Growth Prospects „Good prospects for growth in the future.” If a company has good growth opportunities, it pays out less dividends.</li> <li>4. Shareholders’ preference „It has many shareholders who prefer to receive regular income from their investments.” Shareholder’s preference is kept in mind by the management before declaring dividends.</li> <li>5. Contractual constraints „It has taken a loan of Rs. Rs. 40 Lakhs from IDBI and ... agreement.” Which taking dividend decision, companies keep in mind the restrictions imposed by the lenders in the loan agreement.</li> </ol>

## FINANCIAL MARKETS

	<b>TYPE OF QUESTIONS (1 MARK) MCQ, OTQ COMPETENCY BASED, SOURCE BASED</b>
Q-1	Name the document prepared in the process of online trading of securities that is legally enforceable and help to settle disputes/claims between the investor and the broker.
A-1	Contract Note (Extra notes: Contract note is the name of the document prepared in the process of online trading of securities that is legally enforceable and help to settle disputes/claims between the investor and broker. Contract note contains details of numbers of shares what are sold, the price, the date and time of Deal and the brokerage charges. Unique order code number is assigned to each transaction by stock exchange and is printed on contract Note too. Broker issues contract note, within 24 hours after the trade has been executed.)
Q-2	Name the segments of National Stock Exchange (NSE)
A-2	Two segments of National Stock Exchange are: a) Wholesale debt market segment b) Capital market segment
Q-3	What is common name of beneficiary owner account which is to be opened by investors for trading in securities?
A-3	Common name for beneficiary owner account which is to be opened by investors for trading securities is "Demat" account.
Q-4	Name any two details that need to be provided by the investor to the broker while filling a client registration form.
A-4	The investor has to sign a broker client agreement and a client registration form before placing an order to buy and sell securities. Investor has to provide some details including: PAN Card number Date of birth and address

Q-5	"Money Market is essentially a market for short term funds." Discuss
A-5	Money market is a market which deals in monetary assets whose period of maturity is upto 1 year. Assets act as a close substitute for cash or money. Due to the short maturity period, these are also known as near money instruments. These money instruments enjoy high degree of liquidity.
Q-6	Capital market is a branch of money market. (True/False)
A-6	False
Q-7	<p><i>Read the following statements- Assertion (A) and Reason (R). Choose one of the correct alternatives given below:</i></p> <p><i>(a) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A).</i></p> <p><i>(b) Both Assertion (A) and Reason (R) are true and Reason (R) is not the correct explanation of Assertion (A).</i></p> <p><i>(c) Assertion (A) is true but Reason (R) is false</i></p> <p><i>(d) Assertion (A) and Reason (R) both are incorrect.</i></p> <p>Assertion(A) :Private Placement helps to raise capital more quickly than a public issue. Reason(R): Some companies cannot afford a public issue and choose to use private placement.</p>
A-7	(b)
Q-8	<p><i>Read the following statements- Assertion (A) and Reason (R). Choose one of the correct alternatives given below:</i></p> <p><i>(a) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A).</i></p> <p><i>(b) Both Assertion (A) and Reason (R) are true and Reason (R) is not the correct explanation of Assertion (A).</i></p> <p><i>(c) Assertion (A) is true but Reason (R) is false</i></p> <p><i>(d) Assertion (A) and Reason (R) both are incorrect.</i></p> <p>Assertion(A) : Capital market securities are considered liquid investment. Reason(R): There is a formal arrangement for this in the form of DFHI.</p>

A-8	(c)
Q-9	Primary and secondary markets: a) Compete with one another b) Complement each other c) Function independently d) Control each other
A-9	b) Complement each other
Q-10	In the _____ market, the sale and purchase of securities both can be done.
A-10	Secondary
Q-11	_____ is called Bridge Financing. (Commercial Paper/ Certificate of Deposit)
A-11	Commercial Paper
	<p>Case/Source Based Questions</p> <p>Read the following text and answer question No. 7-10 on the basis of the same:</p> <p>'BROJO RAKSHA BANK' is a bank, which needs immediate cash. Rs. 20 crores is to be raised from the primary market. For this purpose, finance manager of Brojo Raksha bank approached a renowned financial consultancy firm, Investors. com Private Limited for suggesting options for the same. It was decided that for the immediate requirement of Rs 10 crores the company will give a privilege to existing shareholders to subscribe to a new issue of shares according to the terms and conditions of the bank. Rs. 4 crores would be raised by allotment of securities to a consortium of financial institutions, instead of inviting subscription from the public by making a direct appeal to investors to raise capital. All these options were accepted by the Board of Directors. The Board further decided to raise Rs 6 crores through the on-line system of the stock exchange by entering into an agreement with the exchange.</p>
Q-12	Identify the method of floatation of new issues in the primary market, not taken up by Brojo Raksha. a) Offer for sale b) Rights issue

	c) e-IPO d) Offer through prospectus
A-12	d) Offer through prospectus
Q-13	"Rs. 4 crores would be raised by allotment of securities to a consortium of financial institutions, instead of inviting subscription from the public by making a direct appeal to investors to raise capital." Identify the method of floatation of new issues in the primary market being discussed above, which the company has decided to use. a) Offer for sale b) Private placement c) Right issue d) Offer through prospectus
A-13	a) Offer for sale
Q-14	Identify the reason which has made the bank raise funds from the institutional investors. a) It helps to raise funds quickly b) It is not expensive c) Both a) and b) d) None of the above
A-14	a) It helps to raise funds quickly
Q-15	How much money was raised by the company through e-IPO's ? a) Rs. 10 crores b) Rs. 4 crores c) Rs. 20 crores d) Rs. 6 Crores
A-15	d) Rs. 6 Crores
<b>SHORT ANSWER TYPE OF QUESTIONS (THREE MARKS)</b>	
Q-1	"The overall objective of SEBI is to promote the development of, and regulate the securities market." In light of the given statement, state any three objectives of SEBI.
A-1	Objectives of SEBI: (any three) (i) <b>To regulate stock exchanges</b> and the securities industry to promote their orderly functioning.

	<p>(ii) <b>To protect the rights and interests of investors</b>, particularly individual investors and to guide and educate them.</p> <p>(iii) <b>To prevent trading malpractices</b> and achieve a balance between self regulation by the securities industry and its statutory regulation.</p> <p>(iv) <b>To regulate and develop a code of conduct</b> and fair practices by intermediaries like brokers, merchant bankers, etc, with a view to making them competitive and professional.</p>
Q-2	<p>SEBI recently called for information and issued a show cause notice to NSE and its 14 officials seeking explanation on the Preferential Access Allegations at the Exchange's Co-location facility.</p> <p>a) State the function that SEBI performed by doing so.</p> <p>b) Explain two more functions of the kind identified above.</p>
A-2	<p>a) Regulatory function</p> <p>b) (i) To perform and exercise such power under Securities Contracts (Regulation) Act 1956, and may be delegated by the Government of India.</p> <p>(ii) To register the brokers, sub-brokers and other players of the stock market.</p>
Q-3	<p>What do you understand by insider trading? Explain with a suitable example</p>
A-3	<p>Insider Trading means the buying and selling of securities by those persons (Directors, Promoters, etc) who have some secret information about the company and who wish to take advantage of this secret information. This hurts the interests of the general investors. It is very essential to check this tendency.</p> <p><i>For example:</i> R. Foster Winans was a columnist at the Wall Street Journal who wrote a column called "Heard on the Street." In every column, he would profile a certain stock, and the stocks featured in the column often went up or down according to Winan's opinion. Winans arranged a deal where he leaked the contents of his column- specifically the stock that he was going to detail- to a group of stockbrokers. The stockbrokers would then purchase positions in the stock before the column was published. After the brokers were able to make their own profits, they allegedly gave some of their gains to Winans in return for his intelligence.</p> <p><i>Another example.:</i> In December 2001, the Food and Drug Administration (FDA) announced that it would not approve a new cancer drug called Erbitux from the</p>



	<p>pharmaceutical company ImClone. Because it was expected that this drug would be approved, it represented a major portion of ImClone's future plan for growth. As a result, the company's stock dropped rapidly. While many investors experienced losses as a result of the drop, family and friends of the CEO of Erbitux, Samuel Waksal, were unharmed. The SEC later discovered that prior to the announcement of the FDA's decision, numerous executives had sold their stock based on the instructions of Waksal, who had also attempted to sell his own stock.</p> <p>In fact, just days before the announcement were made, the American retail businessperson Martha Stewart had sold around 4,000 shares of the company. At this time, the stock was still trading at a high level and Stewart made nearly \$250,000 on the sale. The stock ended up plummeting from approximately \$60 to just over \$10 in the following months.</p>
Q-4	<p>A company wants to set up a up a new branch in Chennai. For additional capital, company is planning to issue equity shares to public as there is boom period in capital market and public will prefer to invest in shares. While analyzing the issue, finance manager found that floatation costs of the issue would be high and company is already in liquidity crunch. Company deemed it proper to depend on money market instruments for about six months.</p> <p>(i) Identify the method of flotation of capital, mentioned above.  (ii) Besides above shares issue method, mention two other methods.  (iii) Use of what kind of instrument will be appropriate for the money market?</p>
A-4	<p>(i) IPO  (ii) Offer for sale, Private Placement  (iii) Commercial papers</p>
Q-5	Discuss the benefits of Dematerialization.
A-5	<p>(any three)</p> <ol style="list-style-type: none"> <li>1. Holding shares in demat form is very convenient as it is just like a bank account. Physical shares can be converted into electronic form or even electronic form can be converted back to physical certificate, i.e., Dematerialization.</li> <li>2. These demat securities can even be pledged or mortgaged to get loans.</li> <li>3. There is no danger of loss, theft or forgery of share certificates.</li> </ol>

	<p>4. Reduces paper work.</p> <p>5. It is broker's responsibility to credit the correct number of shares in the investor's account.</p> <p>6. Securities of different companies can be held in a single demat account.</p>
	<b>SHORT ANSWER TYPE OF QUESTIONS (FOUR MARKS)</b>
Q-1	<p>India's largest domestic investor Life Insurance Corporation of India has once again come to governments rescue by subscribing 70% of Hindustan Aeronautics Rs. 4,200-crore initial public offering.</p> <p>(a) Which market is being reflected in the above case?</p> <p>(b) State which method of floatation in the above identified market is being highlighted in the case?</p> <p>(c) Explain any two other methods of floatation. (Private Placement, Offer through prospectus, offer for sale).</p>
A-1	<p>Ans. (a) Primary market is being reflected in above case. As it is deals with new securities being issued for the first time.</p> <p>(b) Right issue: this is a privilege given to existing shareholders to subscribe to a new issue of shares according to the terms and conditions of the company.</p> <p>(c) Two other methods of floatation are:</p> <p>Offer for sale: under this method securities are not issued directly to public but are offered for sale through intermediaries like issuing houses or stock brokers. In this method, Company sales securities in block at an agreed price to brokers who inturn, resell them to the investing public.</p> <p>Private placement: Private placement is the allotment of securities by a company to institutional investors and some selected individuals. It helps to raise capital more quickly than a public issue. Some companies cannot afford a public issue and choose to use private placement.</p>
Q-2	<p>Stock exchange acts as a regulator of the securities market. It creates a continuous market where the securities are bought and sold. It gives investors the chance to disinvest and reinvest. Through this process of disinvestment and reinvestment, savings get channelized into their most productive investment avenues.</p>

	<p>To ensure that the investing public gets a safe and fair deal in the market, the membership of the stock exchange is well regulated and its dealings are well defined according to the existing legal framework. It also ensures wider share ownership by regulating new issues, better trading practices and taking effective steps in educating the public about investments.</p> <p>Various functions performed by the Stock Exchange are discussed in the above paragraph.</p> <p>By quoting the lines from the above paragraph, state any four functions of stock exchange.</p>
A-2	<p>Various functions performed by the Stock Exchange are:</p> <p>(i) Providing liquidity and marketability to existing securities: "It creates a continuous market where the securities are bought and sold. It gives investors the chance to disinvest and reinvest."</p> <p>(ii) Contributes to economic growth: "Through this process of disinvestment and reinvestment, savings get channelized into their most productive investment avenues."</p> <p>(iti) Safety of transactions: This ensures that the investing public gets a safe and fair deal on the market. "Membership of the stock exchange is well regulated and its dealings are well defined according to the existing legal framework"</p> <p>(iv) Spreading of equity cult: "Ensures wider share ownership by regulating new issues, better trading practices and taking effective steps in educating the public about investments."</p>
Q-3	<p>Identify the kind of market in which securities are sold for the first time for collecting long -term capital. Explain any three of its features.</p>
A-3	<p>Primary market.</p> <p>The main features of the primary market are as under:</p> <p>(1) It is Related with New Issues: The first important feature of the primary market is that it is related with the new issues. Whenever a company issues new shares or debentures, it is known as Initial Public Offer (IPO).</p> <p>(2) It has No Particular Place: Primary market is not the name of any particular place but the activity of bringing in new issues is called the primary market.</p> <p>(3) It has Various Methods of Floating Capital: Following are the methods of raising</p>

	<p>capital in the primary market:</p> <ul style="list-style-type: none"> <li>(i) Public Issue</li> <li>(ii) Offer for Sale</li> <li>(iii) Private Placement</li> <li>(iv) Right Issue</li> <li>(v) Electronic Initial Public Issue (e-IPOs)</li> </ul> <p>(4) It Comes before Secondary Market: The turn of the transactions are first made in the primary market. Secondary market comes later.</p>
Q-4	<p>Amir Turhan, the Managing Director of 'Pusula Ltd.' and Yaman, the Finance Manager were discussing about the avenues of investing the idle funds of the company. Amir Turhan was of the opinion that money should be invested in the capital market whereas Yaman, being more conservative, feels that It would be better if the investment was made in money market. Since the economy was buoyant, the Managing Director convinced Yaman that they should take advantage of it and invest in the capital market to get good returns. Ultimately it was decided to invest the idle funds in the capital market.</p> <ul style="list-style-type: none"> <li>(a) What kind of instruments should the company buy?</li> <li>(b) Why is the capital market expected to give a better return in a buoyant economy? State the reason.</li> <li>(c) Why and how safe are the securities in this market as compared to money market?</li> </ul>
A-4	<ul style="list-style-type: none"> <li>(a) Shares, Debentures, etc.</li> <li>(b) Capital market is expected to give a better return in a buoyant economy as: <ul style="list-style-type: none"> <li>(i) The securities are held for a longer duration.</li> <li>(ii) There is a scope of earning capital gain on shares.</li> </ul> </li> <li>(c) Securities in capital market are riskier both with respect to returns and principal repayment. Issuing companies may fail to perform as per projects and promoters may defraud investors.</li> </ul>
Q-5	Differentiate between Primary Market and Secondary Market.
A-5	<p>There are two types of capital market:</p> <p>Primary Market (New Issues Market): It deals with new securities being issued for the</p>

first time.

Secondary Market (Stock Market or Stock Exchange): It is market for the purchase and sale of securities.

(any three)

Basis	Primary Market	Secondary Market
Securities Traded	It involves issue of securities by new companies or new issues of securities by existing companies to investors.	It involves trading of existing shares only.
Company involvement	Securities are sold by the companies to the investors directly.	Securities are exchanged between investors, company is not involved at all.
Capital formation	It directly promotes capital formation.	It indirectly promotes capital formation.
Buying/Selling	Only buying of securities takes place.	Both buying and selling of securities takes place.
Price Determination	Prices are determined by management of the company.	Prices are determined by the forces of demand and supply of securities.
Location	It has no fixed geographical location.	It has fixed geographical location.

**LONG ANSWER TYPE OF QUESTIONS (FIVE MARKS)**

Q-1

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 most. To give strength to the economy, SEBI is undertaking measures to develop the capital market. In addition to this there is another market in which unsecured and short-term debt instruments are actively traded everyday. These markets together help the

	<p>savers and investors in directing the available funds into their most productive investment opportunity,</p> <p>(a) Name and explain the function being performed by the market in the above case</p> <p>(b) Also, explain briefly three other functions performed by this market.</p>
A-1	<p>Mobilization of savings and channeling them into the most productive uses/ Allocative function.</p> <p>A financial market facilitates the transfer of savings from savers to investors. It gives savers the choice of different investments and thus helps to channelize surplus funds into the most productive use.</p> <p>Other functions performed by Financial market are:</p> <p>(i) Facilitating price determination/discovery: In the financial market, the households are suppliers of funds and business firms represent the demand. The interaction between the forces of demand and supply helps to establish a price for a financial asset being traded in the financial market.</p> <p>(in) Providing liquidity to financial assets: Financial markets facilitate easy purchase and sale of financial assets. In doing so, they provide liquidity to financial assets so that they can be easily converted into cash whenever required. Holders of assets can readily sell their financial assets through the mechanism of the financial market.</p> <p>(iii) Reducing the cost of transactions: Financial markets provide valuable information about securities being traded in the market. It helps to save time, effort and money that both buyers and sellers of a financial asset would have to otherwise spend to try and find each other. The financial market is thus, a common platform where buyers and sellers can meet for fulfillment of their individual needs.</p>
Q-2	<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 the capital</p>

market. In addition to this, there is another market in which unsecured and short-term debt instruments are actively traded every day. These markets together help the savers and investors in directing the available funds into their most productive investment opportunity.

- a) Name the function being performed by the market in the above case.
- b) Name the market segment other than the capital market segment in which unsecured and short-term debt instruments are traded. Also, give any three points of difference between the two.

A-2

- a) Mobilization of savings and channelizing them into the most productive uses.
- b) Money Market

- Difference between Capital Market and Money Market

Basis of Difference	Capital Market	Money Market
1. Participants	Financial institutions, banks, corporate bodies, foreign investors and ordinary public.	RBI, banks, financial institutions and finance companies are the main participants.
2. Instruments	Equity shares, preference shares, debentures, bonds, etc.	Call loans, treasury bill, commercial bill, commercial papers, certificate of deposit, etc.
3. Duration	Period of maturity is more than one year.	Period of maturity ranges from one day to one year.

Q-3

"Yummy India Ltd" is a company engaged in the production of packaged juice since 2010. Over this period, a large number of competitors have entered the market and are putting a tough challenge to "Yummy India Ltd". To face this challenge and to increase its market share, the company has decided to replace the old machinery with an estimated cost of Rs.100 crore. To raise the finance, the company decided to issue 9% debentures. The Finance department of the company has estimated that the cost

	<p>of issuing the 9% debentures will be Rs. 10,00,000. The company wants to meet its floatation cost.</p> <p>a) Identify and explain the instrument that the company may issue for this purpose.</p> <p>b) In which type of financial market, is the instrument explained in (a) above traded? Also explain how safe the instruments are in this market.</p>
A-3	<p>a) Commercial Paper (1 mark for identification + 1 mark for explanation)</p> <p>b) (i) Type of market: Commercial Paper are traded in money market.</p> <p>(ii) Safety of instruments: Money market instruments are safe as:</p> <ul style="list-style-type: none"> <li>• They are issued by creditworthy and highly rated institutions.</li> <li>• They are issued for short duration.</li> </ul>
Q-4	<p>Read the source given below and answer the following questions:</p> <p>Few years ago, there were many malpractices, unfair trade practices and frauds and scams were taking place in stock exchange. All these affected investor's confidence, faith and trust in stock exchange. The Government of India decided to set up a separate body for this purpose who was given control of stock exchange. This separated ownership and control of stock exchange.</p> <p>Answer the following MCQ's by choosing the most appropriate option:</p> <p>a) Name the concept which separates ownership and control of stock exchange.</p> <p>(i) Dematerialization (ii) Demonetization (iii) Demutualization (iv) None of the above</p> <p>b) Name the body set up by Government of India to control stock exchange.</p> <p>(i) RBI (ii) SBI (iii) SEBI (iv) None of the above</p> <p>c) The main objective of SEBI is :</p>



	<p>(i) to stop malpractice and unfair trade practices.  (ii) to increase revenue of RBI  (iii) to spread awareness about capital formation  (iv) none of the above</p> <p>d) The index of National Stock exchange is called:  (i) Sensex  (ii) Nifty  (iii) both (i) and (ii) above  (iv) None of the above</p> <p>e) The body set up by Government of India to regulate the functions of securities market, was set up in which year ?  (i) 1988  (ii) 1990  (iii) 1992  (iv) 1994</p>
A-4	a) - (iii) ; b) - (iii) ; c) - (i) ; d)- (ii) ; e) - (i)
Q-5	<p>"Javeda Securities Private Limited" was established to deal in securities. It was registered as a stock broker with NSE and BSE to trade in securities listed at these exchanges. It is also a depository participant with CDSL and NSDL. In the first three years, it has developed its business successfully. After that,, the composition of Board of Directors changed. Some customers complained to the customer care centre of the company that shares purchased by them and for which the payment has been duly made, was not transferred to their D'mat accounts by Javeda Securities Pvt. Ltd. The executive of customer care centre promised the aggrieved customers that their shares will be transferred to their respective D'mat accounts very soon. But the company delayed the matter and didn't transfer the shares of the customers in their D'mat accounts. This eroded customers' confidence and multiplied their grievances.</p> <p>Answer the following by choosing most appropriate option:</p>

	<p>a) Sensex is the index of</p> <ul style="list-style-type: none"> <li>(i) BSE</li> <li>(ii) NSE</li> <li>(iii) Both (i) and (ii)</li> <li>(iv) None of the above</li> </ul> <p>b) Transfer of shares in investor's account is related to which step in trading procedure?</p> <ul style="list-style-type: none"> <li>(i) Issue of contract note</li> <li>(ii) Executive order</li> <li>(iii) Delivery of shares and making payment</li> <li>(iv) Settlement cycle</li> </ul> <p>c) The grieved investors can file case in which institution?</p> <ul style="list-style-type: none"> <li>(i) RBI</li> <li>(ii) SEBI</li> <li>(iii) NSDL</li> <li>(iv) CDSL</li> </ul> <p>d) NSDL and CDSL are two types of:</p> <ul style="list-style-type: none"> <li>(i) Depository Participant</li> <li>(ii) Stock exchange</li> <li>(iii) Depository</li> <li>(iv) None of the above</li> </ul> <p>e) Which is the last step of the trading procedure?</p> <ul style="list-style-type: none"> <li>(i) Settlement cycle</li> <li>(ii) Pay out day</li> <li>(iii) Issue of contract note</li> <li>(iv) Delivery of shares</li> </ul>
A-5	a) - (i) ; b) - (iii) ; c) - (ii) ; d) - (iii) ; e) - (iv)

	<b>LONG ANSWER TYPE OF QUESTIONS (SIX MARKS)</b>
Q-1	<p>Rihanna got 10,00,000 rupees after selling her parental property which she had got as a gift from her grandmother. Her friend advised her to invest in securities in the stock market. Rihanna was unaware of the procedure for the same. Her friend introduced her to a stock broker, who was registered with the National Stock Exchange. Rihanna approached the broker. The broker guided her to open a DEMAT account with a Depository, as well as a Bank account. Rihanna opened a Bank account and DEMAT account with Exim Bank.</p> <p>(a) Identify the steps in the trading procedure for buying and selling of securities which have been discussed above.</p> <p>(b) State the next four steps of the trading procedure.</p>
A-1	<p>(a) The steps discussed in above para are-</p> <p>(i) Selection of broker- The buying and selling can be through SEBI broker. The first step is to select a broker who will buy/sell securities on behalf of investor.</p> <p>(in) Opening DEMAT account with a depository participant.</p> <p>(b) The next four steps of the trading procedure:</p> <p>(i) Placing an order: Investor places an order with the broker to buy or sell shares. Brokers go ahead with the deal and order confirmation slip is issued to the investor by the broker.</p> <p>(ii) Match the order: The broker will go online &amp; match the share and the price.</p> <p>(iii) Executing order: When the shares can be bought and sold at the price mentioned it will be communicated to the broker terminal and order will be executed electronically. The broker will issue trade confirmation slip to investor.</p> <p>(iv) Issue of contract note: After the trade has been executed within 24 hours the broker issues contract note. It contains details regarding no. &amp; price of shares.</p>
Q-2	Explain the various money market instruments.
A-2	<p>The various money market instruments are as follows:</p> <p>1. <u>Commercial Paper</u>: It is a short-term unsecured, negotiable promissory note with a fixed maturity period of 15 days to one year, which is issued by large and creditworthy</p>

	<p>companies to raise short term funds at lower rates of interest than the market rates. The issue of commercial paper is an alternative to bank borrowing. It is used to provide short term funds for seasonal and working capital needs of the business.</p> <p>It is used to meet floatation cost of new issue of shares (i.e. bridge financing)</p> <p>2. <u>Treasury Bill</u>: It is an instrument (in the form of a promissory note) issued by Reserve Bank of India on behalf of the Central government to meet its short term requirements of funds. It is highly liquid, has an assured yield and negligible risk of default. The maturity period varies from 14 to 364 days.</p> <p>Treasury bills can be issued for a minimum amount of Rs. 25000 and its multiples thereof.</p> <p>3. <u>Call Money</u>: It is the method by which banks borrow from each other to be able to maintain the cash reserve ratio. It is repayable on demand, with a maturity period of one day to 15 days.</p> <p>4. <u>Certificate of Deposit</u>: It is a short-term, unsecured, negotiable instrument issued by commercial banks or development financial institutions to individuals, corporations and companies. It is issued during the periods of tight liquidity when the deposit growth of banks is low but the demand for credit is high.</p> <p>They can be issued for a period of 91 days to 1 year.</p> <p>5. <u>Commercial Bill</u>: It is a bill of exchange used to finance the working capital requirements of business firms. It is a short-term , negotiable, self-liquidating instrument. It is used to finance credit sales of firms. These have short term maturity period generally 90 days and can be discounted with bank even before the maturity period.</p>
Q-3	<p>Cemre is a professor in a reputed business institute. While explaining the procedure of stock exchange trading, she shared with her students that many years back she had bought 200 shares of a leading automobiles company. As per the settlement procedure she paid for the shares and received the share certificates in physical form. However, when she had sent those certificates to the company to get them endorsed in her name, she was informed by the company that those certificates were duplicate. Therefore, in order to protect the investors from many such malpractices, now only</p>

	<p>screen – based trading is done and dematerialization is compulsory.</p> <p>In context of the above case:</p> <p>a) What is screen based trading?</p> <p>b) Discuss its process.</p>
A-3	<p>a) Screen -based trading refers to the process of buying or selling securities online.</p> <p>b) Steps involved:</p> <p>(i) Selection of broker: The buying &amp; selling can be through SEBI broker. The first step is to select a broker who will buy/sell securities on behalf of investor. The investor has to provide certain other details and information like PAN (Permanent Account Number) (This is mandatory), Bank account details, Depository account details, etc.</p> <p>(ii) Opening DEMAT account: The investor has to open a 'Demat' account or 'Beneficial Owner' (BO) account with a depository participant (DP) for holding and transferring securities in the demat form.</p> <p>(iii) Placing an order: The investor then places an order with the broker to buy or sell shares giving instructions about the number of shares and the price. The broker will then go ahead with the deal and issue an order confirmation slip to the investor.</p> <p>(iv) Match the order: The broker then will go on-line and match the share and the price.</p> <p>(v) Executing the order: When the shares can be bought &amp; sold at the price mentioned, it will be communicated to the broker terminal &amp; order will be executed electronically. The broker will issue trade confirmation slip to investor.</p> <p>(vi) Issue of contract note: After the trade has been executed within 24 hours the broker issues contract note. It contains details regarding number &amp; price of shares and the brokerage charges.</p> <p>(vii) Delivery of shares sold/Payment for shares bought: Delivery of shares sold or payment of cash for the shares bought is made on the pay-in day.</p> <p>(viii) Settlement of the deal: Settlement of the deal is made on the pay-out day, i.e. T+2 day when the exchange will deliver the shares or make payment to the broker. The broker will make delivery of shares in Demat form directly to the investor's Demat account. The broker makes payment to the investor within 24 hours of the</p>

	payout day.
Q-4	Discuss in brief BSE and NSE. Also state the objectives of NSE.
A-4	<p>BSE stands for Bombay Stock Exchange.</p> <ul style="list-style-type: none"> <li>• It is Asia's first stock exchange, established in 1875, as Native Share Stock Brokers Association.</li> <li>• It is one such exchange that has been set up as a corporate entity with broad shareholder base.</li> <li>• It has even established a capital market institute called the BSE Institute Ltd. That provides education on financial market.</li> </ul> <p>NSE stands for National Stock Exchange.</p> <ul style="list-style-type: none"> <li>• Its functioning is latest, modern, technology driven.</li> <li>• Incorporated in 1992, it is the first dematerialized electronic exchange of the country,</li> <li>• Recognized as a stock exchange in April 1993, it started its operations in 1994 and provides trading in Wholesale debt Market segment and Capital Market Segment.</li> </ul> <p>Objectives of NSE:</p> <ul style="list-style-type: none"> <li>• Establishing a nation-wide trading facility for all types of securities.</li> <li>• Ensuring equal access to investors all over the country through an appropriate communication network.</li> <li>• Providing a fair, efficient and transparent securities market using electronic trading system.</li> <li>• Enabling shorter settlement cycles and book entry settlements.</li> <li>• Meeting International benchmarks and standards.</li> </ul>
Q-5	State the functions performed by SEBI.
A-5	<p>Functions of SEBI are:</p> <p><u>Regulatory functions:</u></p> <ul style="list-style-type: none"> <li>• Registration of brokers and sub brokers and other players in the market.</li> </ul>

- Registration of collective investment scheme and mutual funds.
- Regulation of stock brokers, portfolio exchange from underwriters and merchant bankers and the business in stock exchange and any other securities market.
- Regulation of takeover bids by companies.
- Calling information by undertaking inspection, conducting enquiries and audits of stock exchanges and intermediaries.
- Levying of fee or other charges for carrying out the purposes of the act.
- Performing and exercising such power under Securities Contract (Regulation) Act 1956, as may be delegated by the government of India.

Developmental functions:

- Training of intermediaries of the securities market.
- Conducting research and publishing information useful to all market participants.
- Undertaking measures to develop the capital market by adopting a flexible approach.

Protective functions:

- Prohibition of fraudulent and unfair trade practices like making misleading statements, manipulations, price rigging etc.
- Controlling insider trading and imposing penalties for such practices.
- Undertaking steps for investor protection.
- Promotion of fair practices and code of conduct in securities market.

## MARKETING MANAGEMENT

QUE	TYPE OF QUESTIONS (1 MARK) MCQ, OTQ COMPETENCY BASED, SOURCE BASED
Q-1	'Buy one get one free' is printed on the label of the package of a mosquito repellent. State the labelling function being performed by this statement.
A-1	Labelling function performed is – 'Helps in Promotion of products' as labelling plays an important role in sales promotional schemes launched by companies.
Q-2	A consumer products manufacturing company is offering a number of consumer products like toiletries, detergent powder, food products etc. Identify the element of marketing mix referred here.
A-2	Product/ product mix.
Q-3	The advertisement of a travel agency states the following: 'Visit Agra-city of Love', 'Udaipur-the city of Lakes' and 'Mysore-The city of Gardens'. What is being marketed by the agency through the advertisement?
A-3	Place
Q-4	Why is the understanding of 'Marketing Management Philosophies' important?
A-4	Understanding of 'Marketing Management Philosophies' is important as it determines the emphasis or the weightage to be put on different factors, in achieving the organizational objectives.  <p style="text-align: center;"><b>OR</b></p> Understanding of 'Marketing Management Philosophies' is important to guide the marketing efforts of an organization whether to emphasize on designing the features or selling techniques or on customers' needs or the social concerns in achieving the objectives.
Q-5	'My Bakery', a biscuit manufacturing company, launched biscuits with different flavours based on quality and features like 'Crunchy biscuits', 'Sweet potato', 'Coffee Jolly' etc. The labels on the package of the biscuits are with pictures and different colours indicating and specifying the flavours of the biscuits and their contents. Identify the two functions of labelling discussed above.



A-5	<p>Functions of labelling discussed above are:</p> <p>(i) Describes the product and specifies its contents.</p> <p>(ii) Helps in grading of products.</p>
Q-6	<p><b>In order to get feedback about its new product launch, Taggi Limited conducted an online survey through a short questionnaire. Identify the marketing function being mentioned in the given line.</b></p> <p><b>(a) Gathering and analyzing market information</b></p> <p><b>(b) Marketing planning</b></p> <p><b>(c) Product designing and development</b></p> <p><b>(d) Packaging and labelling</b></p>
A-6	(a) Gathering and analysing market information
Q-7	<p>Madhubala is planning to launch an online education portal. In order to understand the varied needs of the students, she conducted an online survey. Based on the feedback of the survey, she has decided to offer educational packages to the prospective buyers. Identify the type of marketing concept being described in the given lines.</p> <p>(a) Product concept</p> <p>(b) Production concept</p> <p>(c) Marketing concept</p> <p>(d) Societal marketing concept</p>
A-7	(c) Marketing concept
Q-8	<p>Assertion : A brand or part of a brand that is given legal protection is called trademark</p> <p>Reason: decisions related to product come under promotion mix.</p> <p>A. Assertion is true, reason is false</p> <p>B. Assertion is false, reason is also false</p> <p>C. Assertion and reason both are true and reason explains assertion</p> <p>D. Assertion and reason both are true but reason doesn't explain assertion</p>
A-8	B. Assertion is false, reason is also false
Q-9	<p>Assertion: According to production concept consumer favors those products which are widely available at lower prices</p> <p>Reason: when marketer decides price for his product, he considers cost incurred, government restrictions, prices of competitors and objective of pricing and a few other</p>

	<p>things.</p> <p>A. Assertion is true, reason is false</p> <p>B. Assertion s false , reason is true</p> <p>C. Assertion and reason both are true and reason explains assertion</p> <p>D. Assertion and reason both are true but reason doesn't explain assertion.</p>
A-9	D. Assertion and reason both are true but reason doesn't explain assertion.
Q-10	<p>Choose the odd one out from the following:</p> <p>A. Himalayan Ltd. Approaches and selects Neeraj chopra as their endorser for promoting their products through ads and gets those ads telecasted on certain TV channels.</p> <p>B. Cipla Ltd. Sends their sales representatives to hospital for convincing doctars for recommending their medicines.</p> <p>C. Himalayan Ltd. Offers 30% discount to customers on protein powder in the month 48 of January</p> <p>D. Wow care Ltd. Produces foam facewash with built in face brush, fixed on neck of bottle of product; due to which one will not have to use his hands for rubbing that foam on face.</p>
A-10	D. Wow care Ltd. Produces foam facewash with built in face brush, fixed on neck of bottle of product; due to which one will not have to use his hands for rubbing that foam on face.
	<b>SHORT ANSWER TYPE QUESTIONS (3 MARKS)</b>
Q-1	<p>JTM Ltd launched 'Buddyline', an exercise book and comprehensive stationery brand name comprising of ball pens, gel pens and geometry boxes after identifying the target market and understanding the needs and wants of the consumers of that market. All their products were of good quality and eco-friendly but expensive. They wanted to distinguish their product from that of their competitors. They spent lot of effort, time and money in creating the brand name, as they knew that without a brand name, they can only create awareness for the generic product and can never be sure of the sale of their products. The effort paid off and the demand for the products started growing. The customers liked the brand and became habitual to it. They did not mind paying a higher price. Over a period of time, it became a status symbol to buy 'Buddyline' brand because of its quality. The consumers felt pride in using them.</p> <p>(i) Identify the marketing management philosophy followed by JTM Ltd.</p>

	(ii) Explain the advantages of branding to the marketers highlighted in the above case.
A-1	<p>(i) Societal marketing philosophy.</p> <p>(ii) Advantages of branding highlighted in the above case are: (Any two)</p> <p>(a) Helps in product differentiation.</p> <p>(b) Helps in advertising and display programmes.</p> <p>(c) Differential pricing.</p>
Q-2	<p>'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.</p> <p>(a) Name and state the concept of marketing used by the marketing manager for creating its market offering.</p> <p>(b) Also, explain briefly the various elements of this concept.</p>
A-2	<p>(a) Marketing Mix.</p> <p>Marketing Mix is the combination of variables chosen by a firm to prepare its market offering.</p> <p style="text-align: center;"><b>OR</b></p> <p>Marketing mix refers to a combination of four components which constitute the core of a company's marketing efforts.</p> <p>(b) Various elements of this concept are:</p> <p>(i) Product</p> <p>(ii) Price</p> <p>(iii) Place</p> <p>(iv) Promotion</p>
Q-3	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

	<p>Research and Development (R &amp; D) department of the company spends considerable time and effort in developing eco-friendly, 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>
A-3	<p>(i) Marketing philosophy</p> <p>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>
<b>SHORT ANSWER TYPE QUESTIONS (4 MARKS)</b>	
Q-1	<p>Your company has setup a coconut hair-oil factory in Coastal Kerala, with a production capacity of 10,000 bottles of 100 milli-litre per day. The company plans to market the hair-oil with the brand name 'Kale Kesh'. Design a label for the hair oil bottles.</p>
A-1	<p>The following information is to be provided on the label <b>in any form (any four)</b>:</p> <p>Name of the product/ Kale Kesh</p> <p>Name of the manufacturer/ Future Oils Ltd.</p> <p>Address of the manufacturer/ 54, ChandniChowk</p> <p>Net weight when packed/ 100 ml</p> <p>Manufacturing date/ 20th July 2022</p> <p>Expiry date/ 20th December 2023</p> <p>Maximum retail price (MRP)/ Rs. 40</p> <p>Batch number/ D 4567</p> <p>Directions for use/ For best results, massage with luke warm oil</p>
Q-2	<p>Case study</p> <p>Read the following and answer the questions:</p>

Natasha, Saurabh and Adarsh were friends from college days and now they are doing different kinds of business. Natasha started a footwear manufacturing company and has decided to identify the needs of the customers to start successful marketing of the footwears produced by it and for this the company is doing SWOT analysis (Strength Weakness Opportunity and Threat). Saurabh is a distributor of tea to different places. He has opened a company which deals in tea selling. He has categorized his tea to be sold into three different categories Red, Yellow and Green. Adarsh started a Refrigerator manufacturing company and currently is spending substantial amount of money to persuade the target customers to buy its refrigerators through advertisements, personal selling and sales promotion techniques. 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, Adarsh told Natasha and Saurabh that his competitor, with an established brand name has launched a new product in the same name. This is helping his competitor save a lot of expenses on building reputation and giving an excellent start to the product. The new product is doing amazingly well and has caught attention of the newspapers. Since the product is enjoying a lot of fame the customers are ready to pay high prices for it in comparison to the same product launch by Adarsh's company

1. "Natasha started a footwear manufacturing company and has decided to identify the needs of the customers to start successful marketing of the footwears produced by it and for this the company is doing SWOT analysis (Strength, Weakness, Opportunity and Threat Analysis) Which function of marketing has been highlighted in this line

- (A) Standardization and Grading
- (B) Marketing planning
- (C) Gathering and analyzing market information
- (D) Transportation

(C) Gathering and analyzing market information

2. Which function of marketing is followed by Saurabh by categorizing Tea into three categories?

- (A) Transportation,

	(B) Standardization (C) Grading (D) Product designing and development
	(C) Grading
	3. Adarsh started a Refrigerator manufacturing company and currently is spending substantial amount of money to persuade the target customers to buy its refrigerators through advertisements, personal selling and sales promotion techniques. Which element of marketing mix is referred here? (A) Place (B) Promotion (C) Product (D) Price.
	(B) Promotion
	4. Identify the concept of marketing highlighted by Adarsh in the meeting (A) Branding (B) Labelling (C) Packaging (D) None of these
	(A) Branding
	<b>LONG ANSWER TYPE QUESTIONS (5 MARKS)</b>
Q-1	Shivam bought a pain relieving ointment after seeing it being displayed in the chemist's shop. The ointment tube was packed in a cardboard box. The tubes were received by the chemist from the whole seller in corrugated boxes containing 20 units. Identify and explain the different levels of packaging of the pain relieving medicine.
A-1	Levels of packaging: (a) Primary Packaging - The ointment tube is the primary package which refers to the product's immediate container. - It is kept till the consumer is ready to use the product or it may be kept throughout the entire life of the product.

	<p>(b) Secondary Packaging</p> <ul style="list-style-type: none"> <li>- The Cardboard box is the secondary package which refers to the additional layers of protection.</li> <li>- When the consumer starts using the product, the secondary packing is disposed off.</li> </ul> <p>(c) Transportation Packaging</p> <ul style="list-style-type: none"> <li>- The Corrugated box is the Transportation Package which refers to the package necessary for storage, identification or transportation.</li> </ul>
Q-2	<p>Identify the marketing concepts used:</p> <ul style="list-style-type: none"> <li>(i.) Identify needs and wants and fill them.</li> <li>(ii.) Create products and sell them.</li> <li>(iii.) Earn profit through volume.</li> <li>(iv.) Trading of herbal products with due care of the environment.</li> <li>(v.) Introduction of silver wash technology in Samsung washing machines.</li> </ul>
A-2	<ul style="list-style-type: none"> <li>(i.) Marketing</li> <li>(ii.) Selling</li> <li>(iii.) Production</li> <li>(iv.) Societal</li> <li>(v.) Product</li> </ul>
	<b>LONG ANSWER TYPE QUESTIONS (6 MARKS)</b>
Q-1	<p>After acquiring the necessary knowledge and skills on starting an Aloe Vera Farm, Ashok wanted to be the leading manufacturer of Aloe Vera products worldwide. He observed that the products were expensive as the demand of the products was more than the supply. He was also keen to promote the methods and practices that were economically viable, environmentally sound and at the same time protecting public health. Ashok's main consideration was about the amount of money paid by the consumers in consideration of the purchase of Aloe Vera products. He also thought that competitor's prices and their anticipated reactions must also be considered for this. After gathering and analyzing information and doing correct marketing planning, he came to know that the consumers compare the value of a product to the value of money they are required to pay. The consumers will be ready to buy a product when they perceived that the value of the product is at least equal to the value of money which they would pay.</p> <p>Since he was entering into a new market, he felt that he may not be able to cover all costs. He knew that in the long run the business will not be able to survive unless all costs are</p>

	<p>covered in addition to a minimum profit. He examined the quality and features of the products of the competitors and the anticipated reactions of the consumers. Considering the same he decided to add some unique features to the packaging and also decided to provide free home delivery of the products.</p> <p>The above case related to a concept which is considered to be an effective competitive marketing weapon. In conditions of perfect competition most of the firms compete with each other on this concept in the marketing of goods and services.</p> <p>(a) Identify the concept.</p> <p>(b) Explain briefly any five factors discussed in the above case related to the concept so identified.</p>
A-1	<p>(a) Price/ Pricing</p> <p>(b) Factors discussed in the above case are: (Any four)</p> <p>(i) Product Cost</p> <p>(ii) Utility and Demand</p> <p>(iii) Extent of competition</p> <p>(iv) Marketing methods used</p> <p>(v) Pricing objectives</p>
Q-2	<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. On the launch 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>
A-2	<p>(i.) Gathering information and analyzing market information.</p> <p>(ii.) Standardization and Grading.</p> <p>(iii.) Branding.</p>
Q-3	<p>Haldiram's is a famous chain selling a variety of snacks in the Indian market. Their product includes sweets, mixtures, chips, etc. It charges a comparatively higher price as it sells high quality products. Besides, it offers regular discounts to its customers. It has several shops located in different cities at convenient locations. It also sells its products through grocery stores so that the products are made easily available to the customers at the right place, in the right quantity and at the right time. It regularly uses different communication tools to increase its sales.</p> <p>The above para describes the combination of variables used by Haldiram's to prepare its market offering. Identify and explain the variables.</p>



A-3	The 4 Ps of marketing mix- Product, Price, Physical distribution/place and Promotion.
Q-4	The purchase consideration for the product might get affected due to various factors. Explain.
A-4	(i.) Product cost (ii.) Utility and demand (iii.) Level of competition (iv.) Marketing methods used (v.) Pricing objective (vi.) Government policies

## CONSUMER PROTECTION

QUE	TYPE OF QUESTIONS (1 MARK) MCQ, OTQ COMPETENCY BASED, SOURCE BASED
Q-1	<p>Himanshu purchased a new car from 'Galaxy Motors' for Rs. 25 lakhs. 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 an appeal against it.</p> <p>Can Himanshu appeal against the decision of the State Commission? Give reason in support of your answer.</p>
A-1	<p>No. Himanshu cannot appeal now as the appeal has to be filed within 30 days of passing of the order by the State Commission.</p>
Q-2	<p>Suman bought a box of cheese of a reputed brand from a local shopkeeper. On opening the box she found a piece of stone in the cheese. She reported the matter to the shopkeeper who forwarded her complaint to the concerned company. Within a week the representative of the company visited Suman's residence with an apology and as a replacement offered her a new cheese pack with four other varieties of cheese as compensation for the inconvenience to her.</p> <p>State the consumer right which Suman exercised.</p>
A-2	<p>Right to safety which states that the consumer has a right to be protected against goods and services which are hazardous to life and those which do not conform to the safety norms.</p> <p style="text-align: center;"><b>OR</b></p> <p>Right to seek redressal which states that a consumer has a right to get relief such as replacement of product, removal of defect in the product, compensation for any loss or injury suffered by the consumer in case the product or service falls short of his expectations.</p>
Q-3	<p>On the eve of Diwali Kalpana purchased two kilograms of sweets from Koyal sweets. On</p>

	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. What proof could Kalpana had obtained for filing the claim in the consumer court?
A-3	Cash memo.
Q-4	Give the constitution of the District Consumer Disputes Redressal Forum under the Consumer Protection Act, 1986.
A-4	District Consumer Disputes Redressal Forum constitutes of one President and two other members, one of whom should be a woman.
Q-5	Archana is a pure vegetarian. She went to a popular food chain shop and asked for a packaged 'Veg-Biryani'. While eating the same she noticed that it had some non-vegetarian content. Neither the advertisement, nor the label on the package showed that the product had non-vegetarian content. Name the consumer right under which Archana can claim for compensation as per the provisions of Consumer Protection Act, 1986.
A-5	Right to seek redressal.
Q-6	For the following statements, choose the correct option: Statement – I: "Assert yourself to ensure that you are get a fair deal" is a consumer right. Statement – II: Right to be heard means a right to file a complaint in case of dissatisfaction with a good or a service. Choose the correct option from the options given below: (a) Statement I is correct and Statement II is not correct (b) Statement II is correct and Statement I is not correct (c) Both the Statement I and II are correct (d) Both the Statement I and II are not correct
A-6	(b) Statement II is correct and Statement I is not correct
<b>SHORT ANSWER TYPE QUESTIONS (3 MARKS)</b>	
Q-1	'RO Youth Club' organised a visit of its members to an Old Age Home to inculcate the habit of social work among them. The visit revealed that the living conditions of the inmates of the Old Age Home were not hygienic. So, the RO Youth Club members decided to clean the premises. During their cleanliness drive, they realized that the Old Age Home also

	<p>required pest control. But some of the inmates of the Old Age Home were reluctant for it because they believed that the pest control may create health problems for them. RO Youth Club, therefore, decided to provide ethical, safe and odourless pest control. They showed to the inmates of the Old Age Home a pamphlet of the proposed pest control product which promised easy, inexpensive and long-lasting pest control. The inmates happily agreed and the pest control was carried out. The effect of the pest control started wearing off after a fortnight. RO Youth Club contacted the pest control company which kept on postponing their visit. After waiting for a month, RO Youth Club filed a case in the consumer court. The consumer court was satisfied about the genuineness of the complaint and issued necessary directions to the pest control company.</p> <p>(a) State any six directions that might have been issued by the court.</p>
A-1	<p>(a) Directions that might have been issued by the court: <b>(Any six)</b></p> <p>(i) To remove the deficiency in service.</p> <p>(ii) To refund the price paid for the service provided.</p> <p>(iii) To pay a reasonable amount of compensation for any loss suffered by the inmates of old age home.</p> <p>(iv) To pay punitive damages.</p> <p>(v) To discontinue the unfair/ restrictive trade practice and not to repeat the same in future.</p> <p>(vi) To pay any amount (not less than 5% of the value of the service provided) to be credited to the Consumer Welfare Fund or any other organization /person, to be utilized in the prescribed manner.</p> <p>(vii) To issue corrective advertisement to neutralize the effect of misleading pamphlet.</p> <p>(viii) To pay adequate costs to RO Youth Club</p>
Q-2	<p>Explain any three points of importance of consumer protection from the point of view of consumers.</p>
A-2	<p>Importance of Consumer protection from the point of view of consumers:</p> <p>(i) Consumer ignorance.</p> <p>(ii) Unorganized consumers.</p> <p>(iii) Widespread exploitation of consumers.</p>

**SHORT ANSWER TYPE QUESTIONS (4 MARKS)**

Q-1	Explain any four points of importance of 'consumer protection' from the point of view of business.
A-1	Importance of 'consumer protection' from the point of view of business: (i) Long-term interests of business. (ii) Business uses society's resources. (iii) Social Responsibility. (iv) Moral Justification. (v) Government Intervention.
Q-2	<p>Sumit purchased an ISI marked washing machine of a famous brand 'MG' from TG Electronics Ltd. The shopkeeper asked him to wait for two days for installation of the machine. His friend, Vivek, was very fond of experimenting with new electronic products. He told Sumit that there is no need to wait for the company's representative to install the machine and that he could do it. So, both of them installed the machine without following the manufacturer's instructions. Initially, the machine worked effectively and the wash was good. But after two days, the machine started stopping in between the wash cycle. Sumit and Vivek tried their best to start the machine but failed in their efforts.</p> <p>Sumit, therefore, approached TG Electronics Ltd., which refused to provide any service on the plea that installation of the machine was not done by the company.</p> <p>(a) State the responsibility which Sumit has to fulfill as an aware consumer to get the services of the company.</p> <p>(b) Explain briefly any two rights which Sumit could have exercised had he fulfilled his responsibility identified in part (a)</p>
A-2	<p>(a) Responsibility which Sumit has to fulfill as an aware consumer to get the services of the company:</p> <p>Learn about the risks associated with products and services, follow manufacturer's instructions and use the products safely.</p> <p>(b) Two rights which Sumit could have exercised had he fulfilled his responsibility:</p> <p>(i) Right to be heard:</p> <p><input type="checkbox"/> The consumer has right to file a complaint and to be heard in case of dissatisfaction with a product or a service.</p>

	<p><input type="checkbox"/> It is because of this reason many firms have set up their own consumer service and grievance cells.</p> <p>(ii) Right to seek redressal:</p> <p><input type="checkbox"/> The consumer has a right to get relief in case the product or service falls short of his expectations.</p> <p><input type="checkbox"/> The Consumer Protection Act, 1986 provides reliefs to consumers such as replacement of product, removal of defect in the product, compensation for any loss or injury suffered by the consumer.</p>
Q-3	<p>Anchal purchased a food processing machine for Rs. 3,000 from 'Kajal Machinery Pvt. Ltd.' She found that the machine was not working properly. Despite many complaints, the defect was not rectified by Kajal Machinery Pvt. Ltd.</p> <p>(a) Identify the consumer right that has been violated by Kajal Machinery Pvt. Ltd.</p> <p>(b) Suggest the appropriate forum where Anchal can file her complaint.</p> <p>(c) Can she appeal to the Supreme Court if she is not satisfied with the order of the appropriate forum? Give reason in support of your answer.</p>
A-3	<p>(a) Right to be heard</p> <p>(b) District Forum.</p> <p>(c) No, she cannot appeal to the Supreme Court if she is not satisfied with the order of the appropriate forum as the claims exceeding Rs. 1 crore only are appealable before Supreme Court.</p>
Q-4	<p>Aditi set-up a company 'Dantik Ltd.' to manufacture toothpastes using herbs found in her village instead of chemicals that are hazardous to health. The package of the product was eco-friendly and had details like price, quantity, ingredients, directions for use and other relevant information.</p> <p>It also carries the contact details like address, phone number and e-mail id of 'Dantik Consumer Services and Grievance Cell'. The toothpaste became very popular and she started getting orders from reputed traders.</p> <p>(a) Identify and explain any two Rights of Consumers discussed above.</p>
A-4	<p>(a) Rights of Consumers discussed above:</p> <p>(i) Right to be Informed states that a consumer has a right to have complete information about the product he intends to buy such as ingredients, date of manufacture, price,</p>

	<p>quantity etc.</p> <p>(ii) Right to be Heard states that a consumer has right to file a complaint and to be heard in case of dissatisfaction with a product or a service.</p>
Q-5	<p><b>CASE STUDY</b></p> <p>Read the following text and answer question no. 1-4 on the basis of the same:</p> <p>Suman wanted to purchase a sandwich toaster. She checked about the various sandwich toasters available online and compared the prices so that an intelligent and wise choice could be made. Then she went to a nearby market to buy the sandwich toaster. Being an informed consumer, she looked for the correct standardisation mark. The shopkeeper showed her different toasters but was quoting higher price than the price she had checked online. After negotiating with the shopkeeper, she was able to bring the price down. As a responsible consumer, she asked for a cash memo against the amount paid for the product and took the toaster home. On opening the package, she found an instruction booklet, which she read carefully. Then she followed all instructions step by step and made nicely toasted paneer sandwiches for her family.</p>
	<p>1. Identify the consumer responsibility which has been discharged by Suman besides asking for a cash memo,</p> <p>(a) She was aware about various goods and services available in the market and made an intelligent and wise choice.</p> <p>(b) She bought standardized product as standardization provides quality assurance. (c) She learnt about the risks associated with product and followed manufacturer's instructions.</p> <p>(d) All the above</p>
	<p>(d) All the above</p>
	<p>2. Which of the following consumer right is not discussed in the above case?</p> <p>(a) Right to safety</p> <p>(b) Right to be Assured</p> <p>(c) Right to be informed</p> <p>(d) Right to consumer education</p>
	<p>(d) Right to consumer education</p>
	<p>3. Who, amongst the following, cannot file a complain under The CPA. 2019?</p>

	<p>(a) Any registered consumers' association</p> <p>(b) The Central Government or the State Government</p> <p>(c) A person who obtains goods for resale or any commercial purposes</p> <p>(d) A legal heir or representative of a deceased consumer</p>
	(c) A person who obtains goods for resale or any commercial purposes
	<p>4. Which of the following is not a right of a consumer?</p> <p>(a) Freedom to choose from a variety of products at competitive prices</p> <p>(b) Get relief in case the product or service falls short of his expectations.</p> <p>(c) Assert yourself to ensure that you get a fair deal.</p> <p>(d) Acquire knowledge and to be a well-informed consumer throughout life.</p>
	(c) Assert yourself to ensure that you get a fair deal.
	<b>LONG ANSWER TYPE QUESTIONS (5 MARKS)</b>
Q-1	State any five responsibilities of a consumer.
A-1	<p>Responsibilities of a consumer: <b>(Any five)</b></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 standardized goods as they provide quality assurance. Thus, look for ISI mark on electrical goods, FPO mark on food products, Hallmark on jewellery etc.</p> <p>(iii) Learn about the risks associated with products and services, follow manufacturer's instructions and use 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 ensure that you get a fair deal.</p> <p>(vi) Be honest in your dealings and choose only from legal source and discourage unscrupulous practices like black-marketing, hoarding etc.</p> <p>(vii) Ask for a cash memo on purchase of goods or services. This would serve as a proof of the purchase made.</p> <p>(viii) 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>(ix) Form consumer societies which would play an active role in educating consumers and safeguarding their interests.</p> <p>(x) Respect the environment. Avoid waste, littering and contributing to pollution.</p>
Q-2	<p>Explain any two reliefs that the Consumer Court can grant to consumers in case of genuine complaints in each of the following situation.</p> <p>(i) Komal was charged more than the printed price for a NCERT business studies book being in short supply.</p> <p>(ii) Kumar was sold a truck with a defective engine.</p> <p>(iii) Suresh suffered injury while using a newly bought defective electric iron.</p>
A-2	<p><b>(i) Reliefs that the Consumer court can grant to the customers are: (Any two)</b></p> <p>(a) To refund the price paid.</p> <p>(b) To pay punitive damages.</p> <p>(c) To discontinue the unfair/ restrictive trade practice and not to repeat the same in future.</p> <p>(d) To pay any amount (not less than 5% of the value of the book) to be credited to the Consumer Welfare Fund or any other organization /person, to be utilized in the prescribed manner.</p> <p>(e) To pay adequate costs to the appropriate party.</p> <p><b>(ii) Reliefs that the Consumer court can grant to the customers are: (Any two)</b></p> <p>(a) To remove the defect in engine.</p> <p>(b) To replace the defective engine with a new one, free from any defect.</p> <p>(c) To refund the price paid.</p> <p>(d) To pay punitive damages.</p> <p>(e) To pay any amount (not less than 5% of the value of the defective engine) to be credited to the Consumer Welfare Fund or any other organization /person, to be utilized in the prescribed manner.</p> <p>(f) To pay adequate costs to the appropriate party.</p> <p><b>(iii) Reliefs that the Consumer court can grant to the customers are: (Any two)</b></p> <p>(a) To remove the defect in electrical iron.</p> <p>(b) To replace the defective electrical iron with a new one, free from any defect.</p> <p>(c) To refund the price paid.</p> <p>(d) To pay a reasonable amount of compensation for any loss or injury suffered by the</p>

	<p>consumer due to negligence of the opposite party.</p> <p>(e) To pay punitive damages.</p> <p>(f) To discontinue the unfair/ restrictive trade practice and not to repeat the same in future.</p> <p>(g) Not to offer hazardous goods like defective electrical iron for sale.</p> <p>(h) To withdraw hazardous goods like defective electrical iron from sale.</p> <p>(i) To cease manufacture of hazardous goods like defective electrical iron.</p> <p>(j) To pay any amount (not less than 5% of the value of the defective goods) to be credited to the Consumer Welfare Fund or any other organization/person, to be utilized in the prescribed manner.</p> <p>(k) To pay adequate costs to the appropriate party.</p>
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**LONG ANSWER TYPE QUESTIONS (6 MARKS)**

Q-1	Explain the three tier machinery under The Consumer Protection Act for redressal of consumers' grievances.
A-1	<p>The three tier machinery under the Consumer Protection Act for redressal of consumers grievances consists of:</p> <p>(i) District Forum</p> <p>(ii) State Commission</p> <p>(iii) National Commission</p>
Q-2	<p>'VOICE' is an an important consumer organization. It organized workshops in the months of December in Delhi/ NCR for consumers. The theme was 'Organic Food –From Farm to Plate' to spread awareness on the importance of organic farming and to encourage consumers to switch</p> <p>from conventional food that contains chemicals and pesticides to organic food. Expert speakers from farmers' community explained the harmful effects of usage of pesticides in farming and the importance of organic food. People were informed that the organization regularly tests samples to detect adulteration like presence of heavy metals or pesticides. The results of the tests are published in their monthly magazine' Consumer Voice' to make people aware of quality of different products. It also provides aid and legal advice to the consumers in seeking a remedy.</p> <p>State the functions performed by the Consumer Voice for the protection and promotion of</p>

	consumer interest by quoting lines from the above paragraph.
A-2	<p>Functions performed by the Consumer Voice for the protection and promotion of consumer interest:</p> <p>(a) Educating the general public about consumer rights by organizing training programmes, seminars and workshops.  <b><i>'organised consumer workshops in the months of December in Delhi/ NCR on the theme, of 'Organic Food –From Farm to Plate', as a part of its initiative to spread awareness on the importance of organic farming'</i></b></p> <p>(b) Publishing periodicals and other publications to impart knowledge about consumer problems, legal reporting, reliefs available and other matters of interest.  <b><i>'The results of the tests are published in their monthly magazine' Consumer Voice' to make people aware of quality of different products'</i></b></p> <p>(c) 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.  <b><i>'People were informed that the organization regularly tests samples to detect adulteration like presence of heavy metals or pesticides'</i></b></p> <p>(d) Providing legal assistance to consumers by the way of providing aid, legal advice etc. in seeking legal remedy.  <b><i>'It also provides aid and legal advice to the consumers in seeking a remedy'</i></b></p>