

केन्द्रीय विद्यालय संगठन
जबलपुर संभाग

**KENDRIYA VIDYALAYA SANGATHAN
JABALPUR REGION**



तत् त्वं पूषन् अपावृणु
केन्द्रीय विद्यालय संगठन

**STUDY /SUPPORT MATERIAL
BUSINESS STUDIES
CLASS XII
SESSION 2023-24**

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2	PRINCIPLES OF MANAGEMENT	SHRI AVINASH KUMAR PANDEY	PGT Commerce	NKJ KATNI
3	BUSINESS ENVIRONMENT	DR. ARUN KUMAR GUPTA	PGT Commerce	SHAH DOL
4	PLANNING	SHRI PUNEET SINGH SIKARWAR	PGT Commerce	MANDLA
5	ORGANIZING	SHRI PRADEEP SHANGPAWAR	PGT Commerce	O.F. KATNI
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7	DIRECTING	SMT NISHA	PGT Commerce	NARSINGPUR
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9	FINANCIAL MANAGEMENT	SMT SHRADHA GUPTA	PGT Commerce	NO. 1 SATNA
10	FINANCIAL MARKETS	SMT RAGINI SAHU	PGT Commerce	NO.1 SAGAR
11	MARKETING MANAGEMENT	SHRI SANJAY ARORA	PGT Commerce	SEONI
12	CONSUMER PROTECTION	SMT ANJALI AWASTHI	PGT Commerce	NO.1 REWA

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TIPS FOR SCORING GOOD MARKS

Cracking an examination is a skill that can be acquired. As with studying, scoring good marks too is a combination of managing one's time well and applying the right method. Here are some guidelines that one can follow while attempting to write an exam.

• **Answer the question as it is asked.**

Read the question at least twice before answering. Be at guard for either/or questions. Also make sure to tackle all sub-sections of a question.

• **Use the marks as a guide**

The examination paper mentions the marks each question carry. Use these mark as a rough guide as to how long their answers ought to be. Do not expand an answer more than is relevant. This will save a lot of time which can be used while writing a Long-Answer question.

• **Avoid writing irrelevant points**

While writing an answer, focus on the nature of the question asked to maintain focus. Answering something that is irrelevant to the question, no matter how good a description it is, will not only waste time but also be given low marks.

• **Budget your time**

Don't dwell too much on a particular question as remaining questions may get little or no time if. Despite how much one writes, one can only score the maximum marks allocated to that question. If facing difficulty in answering a question, move on to other questions and return to the former later.

• **Check and double-check**

Always keep some time for revision while budgeting time. In the rush to complete the paper, some basic spelling mistakes or forgotten, half-attempted questions may spoil all the effort.

- Believe in yourself. Set a goal for yourself.
- Accordingly set a timetable for yourself.
- Identify a limited number of direct questions which usually come in the exams & prepare them well.
- Apply FRT (Fast reading technique) i.e. to revise more in less time.
- Presentation: Be particular about how you write the answers. It should always be in points with a heading and a brief explanation.
- Do not leave out any Questions.
- Also be careful not to spend too much time on 1 question at the cost of other questions.
- Wherever any process is asked to be explained, write all the steps involved, irrespective if the marks allotted to that question.
- Draw a flowchart/diagram in support of your answer, wherever possible.
- Answer those questions first, which you know very well.
- Underline all the sub-headings.
- Draw small cartoons /diagrams with small captions wherever fits suitable.
- Attempt 'HOTS' questions at the last.
- Utilize the QP paper reading time to plan writing strategies instead of trying to write answers in advance.
- While trying to understand 'HOTS' questions keep in mind chapter-wise allotment of marks for each

chapter. Sometimes this helps to guess the chapter from which the hots question is given.

- Especially in case of Application Oriented Questions (HOTS), read Hindi medium version also, it may give you some clue. It also removes the vagueness in the English language.
- Maintain a separate small hand – book to write only sub-headings for all the concepts in the subject. It helps as a ready- reckoner.
- Read summaries given at the end of each chapter to get a comprehensive idea about the given chapter. Hots can be given from summaries also.
- Refer latest CBSE sample question papers along with previous year Board Question Papers.
- Refer ‘High scoring students’ answer sheets available in the CBSE web site.

Detail CBSE Syllabus XII Business Studies

CLASS–XII (2023-24)

Theory: 80 Marks

3 Hours

Project: 20 Marks

Units		Periods	Marks
Part A	Principles and Functions of Management		
1.	Nature and Significance of Management	12	16
2	Principles of Management	14	
3	Business Environment	12	
4	Planning	14	14
5	Organising	15	
6	Staffing	16	20
7	Directing	15	
8	Controlling	12	
	Total	110	50
Part B	Business Finance and Marketing		
9	Financial Management	20	15
10	Financial Markets	18	
11	Marketing Management	30	15
12	Consumer Protection	12	
	Total	80	30
Part C	Project Work (One)	30	20

Part A: Principles and Functions of Management

Unit 1: Nature and Significance of Management

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

Unit 2: Principles of Management

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

Unit 3: Business Environment

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

Unit 4: Planning

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

Unit 5: Organising

Organising: Concept and importance	<p>Understand the concept of organizing as a structure and as a process.</p> <ul style="list-style-type: none">• Explain the importance of organising.
Organising Process	<ul style="list-style-type: none">• Describe the steps in the process of organizing

Structure of organisation- functional and divisional concept. Formal and informal organization - concept	<ul style="list-style-type: none"> • Describe functional and divisional structures of organisation. • Explain the advantages, disadvantages and suitability of functional and divisional structure. • Understand the concept of formal and informal organisation. • Discuss the advantages, disadvantages of formal and informal organisation.
Delegation: concept, elements and importance	<ul style="list-style-type: none"> • Understand the concept of delegation. • Describe the elements of delegation. • Appreciate the importance of Delegation.
Decentralization: concept and importance	<ul style="list-style-type: none"> • Understand the concept of decentralisation. • Explain the importance of decentralisation. • Differentiate between delegation and decentralisation.
Unit 6: Staffing	
Staffing: Concept and importance of staffing	<ul style="list-style-type: none"> • Understand the concept of staffing. • Explain the importance of staffing
Staffing as a part of Human Resource Management concept	<ul style="list-style-type: none"> • Understand the specialized duties and activities performed by Human Resource Management
Staffing process	<ul style="list-style-type: none"> • Describe the steps in the process of staffing
Recruitment process	<ul style="list-style-type: none"> • Understand the meaning of recruitment. • Discuss the sources of recruitment. • Explain the merits and demerits of internal and external sources of recruitment.
Selection – process	<ul style="list-style-type: none"> • Understand the meaning of selection. • Describe the steps involved in the process of selection.
Training and Development - Concept and importance, Methods of training - on the job and off the job - vestibule training, apprenticeship training and internship training	<ul style="list-style-type: none"> • Understand the concept of training and development. • Appreciate the importance of training to the organisation and to the employees. • Discuss the meaning of induction training, vestibule training, apprenticeship training and internship training. • Differentiate between training and development. • Discuss on the job and off the job methods of training.
Unit 7: Directing	

Directing: Concept and importance	<ul style="list-style-type: none"> • Describe the concept of directing. • Discuss the importance of directing
Elements of Directing	<ul style="list-style-type: none"> • Describe the various elements of directing
Motivation - concept, Maslow's hierarchy of needs, Financial and non-financial incentives	<ul style="list-style-type: none"> • Understand the concept of motivation. • Develop an understanding of Maslow's Hierarchy of needs. • Discuss the various financial and non-financial incentives.
Leadership - concept, styles - authoritative, democratic and laissez faire	<ul style="list-style-type: none"> • Understand the concept of leadership. • Understand the various styles of leadership.
Communication - concept, formal and informal communication; barriers to effective communication, how to overcome the barriers?	<ul style="list-style-type: none"> • Understand the concept of communication • Understand the elements of the communication process. • Discuss the concept of formal and informal communication. • Discuss the various barriers to effective communication. • Suggest measures to overcome barriers to communication.
Unit 8: Controlling	
Controlling - Concept and importance	<ul style="list-style-type: none"> • Understand the concept of controlling. • Explain the importance of controlling.
Relationship between planning and controlling	<ul style="list-style-type: none"> • Describe the relationship between planning and controlling
Steps in process of control	<ul style="list-style-type: none"> • Discuss the steps in the process of controlling.
Part B: Business Finance and Marketing	
Unit 9: Financial Management	
Financial Management: Concept, role and objectives	<ul style="list-style-type: none"> • Understand the concept of financial management. • Explain the role of financial management in an organisation. • Discuss the objectives of financial management
Financial decisions: investment, financing and dividend - Meaning and factors affecting	<ul style="list-style-type: none"> • Discuss the three financial decisions and the factors affecting them.
Financial Planning - concept and importance	<ul style="list-style-type: none"> • Describe the concept of financial planning and its objectives. • Explain the importance of financial planning.

Capital Structure – concept and factors affecting capital structure	<ul style="list-style-type: none"> • Understand the concept of capital structure. • Describe the factors determining the choice of an appropriate capital structure of a company.
Fixed and Working Capital - Concept and factors affecting their requirements	<ul style="list-style-type: none"> • Understand the concept of fixed and working capital. • Describe the factors determining the requirements of fixed and working capital.
Unit 10: Financial Markets	
Financial Markets: Concept	<ul style="list-style-type: none"> • Understand the concept of financial market.
Money Market: Concept	<ul style="list-style-type: none"> • Understand the concept of money market.
Capital market and its types (primary and secondary)	<ul style="list-style-type: none"> • Discuss the concept of capital market. • Explain primary and secondary markets as types of capital market. • Differentiate between capital market and money market. • Distinguish between primary and secondary markets.
Stock Exchange - Functions and trading procedure	<ul style="list-style-type: none"> • Give the meaning of a stock exchange. • Explain the functions of a stock exchange. • Discuss the trading procedure in a stock exchange. • Give the meaning of depository services and demat account as used in the trading procedure of securities.
Securities and Exchange Board of India (SEBI) - objectives and functions	<ul style="list-style-type: none"> • State the objectives of SEBI. • Explain the functions of SEBI.
Unit 11: Marketing	
Marketing – Concept, functions and philosophies	<ul style="list-style-type: none"> • Understand the concept of marketing. • Explain the features of marketing. • Discuss the functions of marketing. • Explain the marketing philosophies.
Marketing Mix – Concept and elements	<ul style="list-style-type: none"> • Understand the concept of marketing mix. • Describe the elements of marketing mix.
Product – branding, labelling and packaging – Concept	<ul style="list-style-type: none"> • Understand the concept of product as an element of marketing mix. • Understand the concept of branding, labelling and packaging.
Price - Concept, Factors determining price	<ul style="list-style-type: none"> • Understand the concept of price as an element of marketing mix. • Describe the factors determining price of a product.

Physical Distribution – concept, components and channels of distribution	<ul style="list-style-type: none"> • Understand the concept of physical distribution. • Explain the components of physical distribution. • Describe the various channels of distribution.
Promotion – Concept and elements; Advertising, Personal Selling, Sales Promotion and Public Relations	<ul style="list-style-type: none"> • Understand the concept of promotion as an element of marketing mix. • Describe the elements of promotion mix. • Understand the concept of advertising. • Understand the concept of sales promotion. • Discuss the concept of public relations.
Unit 12: Consumer Protection	
Consumer Protection: Concept and importance	<ul style="list-style-type: none"> • Understand the concept of consumer protection. Describe the importance of consumer protection. • Discuss the scope of Consumer Protection Act, 2019
<p>The Consumer Protection Act, 2019: <i>Source:</i> http://egazette.nic.in/WriteReadData/2019/210422.pdf</p> <p>Meaning of consumer Rights and responsibilities of consumers Who can file a complaint? Redressal machinery Remedies available</p>	<ul style="list-style-type: none"> • Understand the concept of a consumer according to the Consumer Protection Act, 2019. • Explain the consumer rights • Understand the responsibilities of consumers • Understand who can file a complaint and against whom? • Discuss the legal redressal machinery under Consumer Protection Act, 2019. • Examine the remedies available to the consumer under Consumer Protection Act, 2019.
Consumer awareness - Role of consumer organizations and Non-Governmental Organizations (NGOs)	<ul style="list-style-type: none"> • Describe the role of consumer organizations and NGOs in protecting consumers' interests.
Unit 13: Project Work	

Suggested Question Paper Design

Business Studies (Code No. 054) Class XII (2023-24) March 2024

Examination

Marks: 80

Duration: 3 hrs.

SN	Typology of Questions	Marks	Percentage
1	Remembering and Understanding: Exhibit memory of previously learned material by recalling facts, terms, basic concepts, and answers. Demonstrate understanding of facts and ideas by organizing, comparing, translating, interpreting, giving descriptions, and stating main ideas	44	55%
2	Applying: Solve problems to new situations by applying acquired knowledge, facts, techniques and rules in a different way	19	23.75 %
3	Analysing, Evaluating and Creating: Examine and break information into parts by identifying motives or causes. Make inferences and find evidence to support generalizations. Present and defend opinions by making judgments about information, validity of ideas, or quality of work based on a set of criteria. Compile information together in a different way by combining elements in a new pattern or proposing alternative solutions.	17	21.25 %
Total		80	100%

SUGGESTED BLUE PRINT

S.N.	NAME OF CHAPTERS	CHAPTERWISE DIVISION OF MARKS					UNITWISE
		1M MCQ	3M	4M	6M	TOTAL	
1	Nature and Significance of Management	1+1+1=3	1			6	16
2	Principles of Management				1OR	6	
3	Business Environment	1+1+1+1=4				4	
4	Planning				1OR	6	14
5	Organising	1+1=2			1	8	
6	Staffing		1	1 OR		7	20
7	Directing			1OR +1=2		8	
8	Controlling	1+1=2	1 OR			5	
9	Financial Management	1		1+1=2		9	15
10	Financial Markets	1+1+1=3	1 OR			6	
11	Marketing Management	1+1+1+1+1=5			1	11	15
12	Consumer Protection			1		4	
		1X20 =20	3 X 4 = 12	4 X 6 =24	6 X 4 = 24	80 (34)	80

There will be Internal Choice in questions of 3 marks (2 choices), 4 marks (2 choice) and 6 marks (2 choices).
In all, total 6 internal choices.

1	<p>“Coordination integrates the efforts of different departments and at different levels” Identify the characteristic of coordination highlighted in the above statement. (a) Coordination ensures unity of action. (b) Coordination is an all pervasive function. (c) Coordination is a deliberate function. (d) Coordination is the responsibility of all managers. ANS- A</p>	1
2	<p>Assertion (A):Management is essential for all organisations big or small, profit or non-profit, services or manufacturing. Reason (R) : Management has a feature of pervasiveness which tells that it is universally applicable. Choose the correct alternative (a) Both (A) and (R) are true and (R) is the correct explanation of (A) (b) Both (A) and (R) are true but (R) is not the correct explanation of (A) (c) (A) is true but (R) is false (d) (A) is false but (R) is true Ans. A</p>	1
3	<p>One of the organisational objectives of management is Growth business'.Which Of the following is not associated with measurement of business growth? (a)Sales Volume (b)Number of Employees (c)Number of Creditors (d)Number of Products Offered Ans. C</p>	1
4	<p>-----refers to the orderly synchronising of efforts of subordinates to provide proper amount,timing and quality of execution. (a)Planning (b)Organising (c)Coordination (d)Cooperation Ans. D</p>	1
5	<p>Management has its own vocabulary of terms and concepts. Manager need to communicate with one another with the help of a common vocabulary for the better understanding of their work situation. Which characteristics of management as a science is highlighted in the above statement ? (a) Principles based on experimentation (b) Systematised body of knowledge (c) Universal validity (d) Personalised application Ans. B</p>	1
6	<p>Alphonso Ltd achieving all its objective in efficient and effective manner. It is earning enough revenue to cover costs and the risks of the business. Now the company wants to increase the sales volume, the capital investment, the number of employees and the number of products also. By doing this, the management wants to achieve its following objective : (a) Survival</p>	1

	<p>(b) Profit (c) Personal (d) Growth Ans D</p>	
7	<p>Management translates the work to be carried out in terms of goals to be achieved and assigns the means to achieve it. This Statement Relates To: (a)Management Of Work (b)Management of people (c)Management Operations (d)All of the above Ans. A</p>	1
8	<p>J R D TATA founder of TATA groups believed that satisfied workers create satisfied workers and in lieu to this principle he paid all his workers gratuity, provident fund well before it was made mandatory. Which significance of management is being highlighted here. A. Management helps in achieving group goals B. Management helps in fulfilling personal objective C. Management helps in achieving social objective Ans. C</p>	1
9	<p>Assertion (A): Management is process as series of activities have to be performed by all the manager to get work done Reasons (R) : Management function include planning, organising, staffing, directing, controlling and all these function are performed simultaneously by different manager Identify the correct alternative (a) Both (A) and (R) are true and (R) is the correct explanation of (A) (b) Both (A) and (R) are true but (R) is not the correct explanation of (A) (c) (A) is true but (R) is false (d) (A) is false but (R) is true Ans. A</p>	1
10	<p>Indian Railway has a project of grade separator for the hassle free and faster movement of goods train which gets stuck into unusual traffic of trains passing through busy routes of new katni junction yards. The projects is one of the key project of railway and it will provide faster movements of goods which will improve rapid industrialisation of the country. Identify the dimension of management being discussed here. A. management of operation B. management of people C. management of work D. none of the above Ans. Management of Operation</p>	1
11	<p>Ashita works in a company where her basic task is to integrate diverse elements and co-ordinate the activities of different departments according to the overall objectives of the organisation. At which level of management is Ashita working ? (a) Top level management (b) Middle level management (c) Supervisory level management (d) Both (b) and (c) Ans. A</p>	1

12	<p>Read the following statements: Assertion (A) and Reason(R). Choose the correct alternative from those given below:</p> <p>(A): The Supervisory Level performs the activities according to the plans of Top and Middle level management.</p> <p>(R): The Supervisory Level motivates the employees and boosts their morale.</p> <p>(a) Both (A) and (R) are true and (R) is the correct explanation of (A)</p> <p>(b) Both (A) and (R) are true but (R) is not the correct explanation of (A)</p> <p>(c) (A) is true but (R) is false</p> <p>(d) (A) is false but (R) is true</p> <p>Ans. B</p>	1
13	<p>What aspect of the profession is exemplified in the scenario where Ayesha needs to register herself as a member of ICAI to become a Chartered Accountant?</p> <p>(a) Service motive (b) Restricted entry (c) Professional association (d) Ethical code of conduct</p> <p>Ans. B</p>	1
14	<p>Indian Railways has launched a new broad gauge solar power train which is going to be a path breaking leap towards making trains greener and more environment friendly. The solar power DEMU (Diesel Electric Multiple Unit) has 6 trailer coaches and is expected to save about 21,000 liters of diesel and ensure a cost saving of Rs 12, 00,000 per year. Name the objective of management achieved by Indian Railways in the above case.</p> <p>A. Organisational</p> <p>B. Social</p> <p>C. Personal</p> <p>Ans. A</p>	1
15	<p>In school there is Principal and Vice Principal assisted by Academic Coordinator and Director who keeps on making plans and policies for the overall well being of Vidyalaya. Identify one of the feature of management.</p> <p>A. Management is Pervasive</p> <p>B. Management is Intangible</p> <p>C. Management is Continuous</p> <p>D. Management is Group Activity</p> <p>Ans. D</p>	1
16	<p>Pallavi CEO of Alpha Ltd. Said that her target was to be amongst the top 10 companies in this field within the next three years. For this she employed people having different skills. She worked hard and united the efforts of different people to achieve this goal. The requirements of the customers in this industry changed very fast and the company adapted to keep pace with the changing environment. As planned, the company achieved its target within three years. All the employees of the organisation were happy and satisfied and the effect of management was noticeable in the organisation. The way Pallavi was managing her business highlights some of the features of management.</p> <p>By quoting lines from the above paragraph, explain any two such features</p> <p>Answer</p> <p>The two management features highlighted in the paragraph:</p> <p>Management is an intangible</p> <p>It is dynamic in nature</p>	3

17	<p>ShivaComputersLtd. is a leading company in Computer Technology and IT services. The CEO of the company attributes the success of the company to its managerial team spirit,whichhave helped to handle rapid changes in technology and tottransform into opportunities.Like Any Other Business Enterprise profits are importantnfnorsurvival and growth of Shiva ComputersLtd. The Management Of The Company Believes That A Satisfied employee creates a satisfied customer,who in turn creates profits that leads to satisfied shareholders. The Company Strong Sense Of Social Responsibility.It hassetup many educational institutions in the field of management,engineering and computer education in which halfof the students are girls.</p> <p>Identify And Explain The Various Types Of Objectives Of management being fulfilled by Shiva Computers Ltd. by quoting lines from the paragraph.</p> <p>Answer</p> <p>Objectives of management fulfilled by Shiva ComputersLtd are :-</p> <p>Social Responsibility Objective: Shiva Computers Ltd. has a strong sense of social responsibility, as it has set up educational institutions in the field of management, engineering, and computer education. This demonstrates a commitment to contributing to society, which is a social responsibility objective</p> <p>Personal Objective: The CEO attributes the company's success to its managerial team's ability to handle rapid changes in technology and transform them into opportunities. This reflects a focus on customer satisfaction as satisfied customers contribute to profits. The line, "A satisfied employee creates a satisfied customer, who in turn creates profits," highlights this objective.</p> <p>Organsizational Objective: The company recognizes the importance of profits for survival and growth. This is evident in the line, "Like Any Other Business Enterprise profits are important for survival and growth of Shiva Computers Ltd."</p>	3
18	<p>Ayushi Works as a soft skill trainer in a Corporatehouse.She begins anew session everytime by acquainting the trainees with a process which is vital for achieving the goals of the organisation effectively and efficiently.She Also Makes Them understand the various primary activities involved in carrying out this process. Sheemphasis up on the fact that in the absence of this process it will be difficult for the employee stoat tain their personal goals.Moreover The Development Of The Society Will Be hampered as the welfare of the people is also likely to be over looked by the organisation.</p> <p>Incontext of the above case:</p> <p>(a)Identify and explain the process being referred to in the above lines.</p>	3
19	<p>Hitesh is the chief executive officer of kids garments ltd during festive season, Hitesh got and additional order of 10,000 garments which he had to supply within two days. Due to his goodwill in the market, he did not want to lose the order. So, he decided to achieve the target by operating on double shifts. He achieved the target and supplied the order within two days. But due to double shifts, his cost of production was higher than the regular production cost.</p> <p>Identify and give the meaning of the two concepts of management discussed in the above para.</p> <p>Answer</p> <p>Effectiveness-he have to complete the order within two days for that he started double shifts for getting the job done in given time period</p> <p>Efficiency-Hitesh aimed to achieve operational efficiency by operating on double shifts to fulfill</p>	3

	the additional order quickly.	
20	<p>Ganesh Ltd. is a highly reputed company. Different functions are performed by different individuals in this company, who are bound together in a hierarchy of relationships. Every individual in the hierarchy is responsible for successful completion of a particular task. Mr. Sagar responsible for the welfare and survival of the organisation. He formulates overall organization goals and strategies for their achievement. Mr. Bharat ensures that quality of output is maintained, wastage of materials is minimized and safety standards are maintained. Mr. Nagar assigns necessary duties and responsibilities to the personnel and motivates them to achieve desired objects.</p> <p>At what levels of management are Mr. Sagar, Mr. Bharat and Mr. Nagar working in Ganesh Ltd.? Justify your answer.</p> <p>Ans. Mr. Sagar is working at the top level management.</p> <ul style="list-style-type: none"> (i) He is responsible for the welfare and survival of the organisation. He formulates overall organizational goals and strategies for their achievement. (ii) Mr. Bharat is working at lower level of management. (iii) He ensures that quality of output is maintained, wastage of materials is minimized and safety standards are maintained. (iv) Mr. Nagar is working at middle level management He assigns necessary duties and responsibilities to the personnel and motivates them to achieve desired objectives. 	3
21	<p>Mega Ltd. manufactured water-heaters. In the first year of its operations, the revenue earned by the company was just sufficient to meet its costs. To increase the revenue, the company analysed the reasons behind the less revenues. After analysis, the company decided:</p> <p>to reduce the labour costs by shifting the manufacturing unit to a backward area where labour was available at a very low rate.</p> <p>to start manufacturing solar water-heaters and reduce the production of electric water- heaters slowly.</p> <p>This will not only help in covering the risks but also help in meeting other objectives.</p> <p>1. Identify and explain the objectives of management discussed above. 2. State any two values which the company wanted to communicate to society.</p> <p>Answer</p> <p>The objectives of management discussed above are:</p> <p>Organisational objectives: An organisation strives to achieve multiple organizational objectives in the interest of its stakeholders like owners, employees etc. The main organizational objectives are survival, profit and growth.</p> <p>Social Objectives: It is the obligation of every organisation to undertake such activities which will benefit the society at large like using eco-friendly methods, contributing towards weaker sections</p>	3

	<p>of the society, generating employment opportunities, promoting literacy etc.</p> <p>The two values that the company wanted to communicate to the society are:</p> <ol style="list-style-type: none"> 1.Rural development 2.Environment sustainability 	
22	<p>Your grandfather has retired as the Director of a manufacturing company. At what level of management was he working? What functions do you think he was performing at that level? State any two.</p> <p>Answer</p> <p>Since he has retired from the post of Director of a manufacturing company, he was working at the top level of management.</p> <p>The main functions that he was performing at this level are outlined below:</p> <ol style="list-style-type: none"> a) He was responsible for the success and failure of the organization. b) He was responsible for all the business activities and its impact on society. c) He had to coordinate the activities of different departments in pursuit of common goals. 	3
23	<p>Vaibhav Garments Ltd/s target is to produce 10,000 shirts per month at a cost of ₹150 per shirt. The production manager could achieve this target at the cost of ₹160 per shirt. Do you think the production manager is effective? Give reasons for your answer</p> <p>Answer</p> <p>Yes, the production manager of Vaibhav Garments Ltd. is effective as he could achieve the target to produce 10,000 shirts in a month effectiveness concern with doing the right job at given time no matter what cost it requires.</p>	3
24	<p>Mr. Nitin Singhania's father has a good business of iron and steel. He wants to go to the USA for his MBA but his father thinks that he should join the business. On the basis of emerging- trends, do you think that Mr. Singhania should send his son to the USA? Give any three reasons in support of your answer.</p> <p>Answer</p> <p>Yes, according to me, Mr. Singhania should send his son to USA for his MBA because management is being recognised as a profession to a great extent because of the following reasons:</p> <p>Well defined body of knowledge: Management is considered to be a well-defined body of knowledge that can be acquired through instructions. As a separate discipline, it contains a set of theories and principles formulated by various management experts. Moreover, it is taught in various schools and colleges all over the world.</p> <p>Ethical code of conduct: Management, in practice, like other professions, is bound by a code of conduct which guides the behaviour of its members. Therefore, acquiring a degree in management will equip him with the good managerial,, skills and approach.</p>	3

25	<p>Real Alliance 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.</p> <p>In the context of the above case:</p> <p>1. Identify and explain the various types of objectives of management being fulfilled by Real Alliance Ltd by quoting lines from the paragraph.</p> <p>Answer</p> <p>The various objectives of management being fulfilled by Real Alliance Ltd are stated below:</p> <p>1. Organisational objectives: An organization strives to achieve multiple organisational objectives, mainly:</p> <p>a) Survival: “It is able to earn adequate revenues to cover costs.”</p> <p>b) Growth: “Its capital base, number of employees and production turnover has increased manifolds over the years.”</p> <p>c) 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.</p> <p>“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.</p> <p>“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.”</p>	4
26	<p>Ramarjuna joins an IT firm as a system analyst after completing his masters in Computer Science. As the nature of his work demands he has to work in very close coordination with all the departmental heads in the firm, very soon Ramarjuna realizes that each departmental head has own individual style of working. They differ greatly in their day-to-day approach to work. They tend to deal with a given situation, an issue or a problem through a combination of their own experience, creativity, imagination, initiative and innovation.</p> <p>In the context of the above case:</p> <p>Identify and explain the nature of management highlighted in the above case.</p> <p>Answer</p> <p>In the above case, management is being considered as an art.</p> <p>Art is the skillful and personal application of existing knowledge to achieve desired results.</p> <p>The evaluation of management as an art is given below:</p> <p>Existence of theoretical knowledge: Art presupposes the existence of certain knowledge.</p> <p>Management fulfills this criterion as there exist a number of theories and principles on management which have been formulated by various management experts experts.</p> <p>Personalised applications: Art is a personalised concept. Management fulfills this criterion as a good manager works through a combination of his own experience, creativity, imagination,</p>	4

	<p>initiative and innovation to carry out the assigned work.</p> <p>Based on practice and creativity: All art is practical. Management fulfills this criterion as a person becomes a better manager with constant practice and experience. This also leads to emergence of different styles of management</p>	
27	<p>Dharam is a well-known businessman in the field of publishing. He owes the success of his business to his own education in business management and his team of certified management consultants. Therefore, he decides to send both his children Danush and Damini abroad to acquire a degree in business management in their individual area of expertise. He feels that all over the world there is marked growth in management as a discipline, but still it is not considered to be a full-fledged profession for certain reasons.</p> <p>In the context of the above case:</p> <ol style="list-style-type: none"> 1.Explain the reasons because of which Dharam considers management as a discipline. 2.Critically examine the various reasons because of which management is not considered to be a full-fledged profession <p>Answer</p> <p>Dharam considers management as a discipline because there exist a number of theories and principles on management which have been formulated by various management experts. It is taught in various schools and colleges, all over the world, as a separate subject of study.</p> <p>Management is not considered to be a full-fledged profession because of the following reasons: Restricted entry-Unlike management, the entry to the other professions is restricted through an examination or eligibility criteria like specific percentage in a particular degree or diploma. However, management as profession does not fulfill this criterion as anyone can be called a manager regardless of his/her academic qualifications.</p> <p>Professional association: Unlike managers, all working professionals have to be a member of an affiliated professional association which regulates their entry, grants certificate of practice and formulates and enforces code of conduct. For example, the practicing doctors should have membership of All India Medical Association etc.</p>	4
28	<p>Kartik joins a garment factory as a plant supervisor in Lucknow. He observes that the output of some workers is very low as compared to the standards set for their performance. On analyzing the reasons for the same, he finds out that a lot of time of the workers is wasted in getting the requisite materials issued from the store. Whereas on asking, the store keeper complains that there is no harmony in the working of the production department as a whole. Everyday the workers approach him at the last minute to procure different kinds of threads, laces, mirrors, buttons etc. If it is not available in the store then he has to place an order with the purchase officer. As a result, a lot of time of the workers is wasted. So, in order to integrate the various production activities, henceforth, Kartik ensures,that the store keeper is informed well three days in advance about the requisite material. Consequently, the store keeper is able to keep the materials ready for the workers every morning in accordance with their requirements.</p> <p>In context of the above case:</p> <ol style="list-style-type: none"> 1.Identify and explain the quality of management that Kartik has introduced in the working of the production department as a corrective measure to control the output of the workers. 2.State briefly any two points highlighting the importance of quality of management identified in part (1). 	4

	<p>Answer</p> <p>Coordination is the quality of management that Kartik has introduced in the working of the production department as a corrective measure to control the output of the workers.</p> <p>Coordination is the process which helps to integrate the efforts of different individuals with diverse needs to secure a unity of action in the pursuit of common goals.</p> <p>The two points highlighting the importance of coordination are stated below:</p> <p>Growth in the size: With the growth in the size of an organisation, there is a proportionate increase in the number of its employees. So there is a greater need to unify the efforts of diverse individuals towards the realisation of organisational goals.</p> <p>Functional differentiation: As a result of functional differentiation in an organization, its people and activities get divided into small departments on the basis of functions like marketing, finance etc.</p>	
29	<p>Vaishali has been promoted to the post of Marketing Division Head of a soft drink company. Identify the level of management at which she will be working henceforth. State any four functions that she will have to perform at this level.</p> <p>Answer</p> <p>Vaishali will be working at middle level of management.</p> <p>The four functions that she will have to perform at this level are stated below:</p> <ol style="list-style-type: none"> 1. She has to ensure that her department has the necessary staff. 2. She has to assign duties and responsibilities to the people in her department. 3. She has to motivate the people in her department to achieve the desired objectives. 4. She has to co-operate with the other departments for ensuring smooth functioning of the organization 	4
30	<p>Abhishek studied management principles and techniques of Henri Fayol and F.W. Taylor when he was in class XII. Now he is trying to apply his knowledge while doing his business. By using different techniques and scientifically analysing work he found one best way of doing the job. By removing unproductive movements of the workers he reduces the time to complete the job. Not only this, to increase productivity and to regain stamina he started giving more rest intervals to his employees. He followed no discrimination policy on account of sex, religion, caste, etc. in his organisation. He ensured that the compensation should be fair to both, employees and the organisation.</p> <p>Identify and explain any two techniques of scientific management and two principles of general management adopted by Abhishek</p> <p>Answer</p> <p>Abhishek appears to have adopted two techniques of scientific management and two principles of general management:</p> <p>Time study:-Abhishek applied the time and motion study technique to analyze work processes. This involves breaking down tasks into their smallest elements to determine the most efficient way to perform them. By eliminating unproductive movements of workers.</p> <p>Motion study:-He reduced the time required to complete the job. This technique aims to optimize efficiency and productivity by eliminating unnecessary steps or motions in a task.</p> <p>General management principles</p>	6

	<p>1. Equity:- no discrimination policy" based on sex, religion, caste, etc., in his organization. This aligns with the principle of equality and fairness in the workplace. Such policies promote a diverse and inclusive work environment.</p> <p>2.Remuneration of employees:-This principle emphasizes the importance of providing competitive and equitable compensation packages to attract and retain talented employees while ensuring the organization's financial sustainability. Fair compensation is crucial for maintaining employee motivation and loyalty.</p>	
31	<p>Anju and Manju are good friends. Considering the fact that the activities involved in managing an enterprise are common to all organizations, after completing their masters in business management, both of them take up a job at managerial level in different organizations as per their individual areas of interest. Anju takes up a marketing job in a retail company and strives to increase sales whereas Manju joins an NGO and works diligently to realize its objective related to providing employment to specially abled persons. Both of them have to perform a series of continuous, composite, but separate functions. On some days, Anju may spend more time in planning a future display layout and on another day, she may spend time in sorting out an employee's problem. Both Anju and Manju make conscious efforts to build a feeling of team spirit and coordination among diverse individuals with different needs who work under them. The effect of their management is noticeable in their respective departments as the targets are met according to plans, employees are happy and satisfied, and there is orderliness in its functioning rather than chaos.</p> <p>In context of the above case: Identify the various features of management highlighted in the above paragraph by quoting lines from it.</p> <p>Answer The various features of management highlighted in the above paragraph are stated below:</p> <p>Management is all pervasive: "Considering the fact that the activities involved in managing an enterprise are common to all organizations, after completing their masters in business management, both of them take up a job at managerial level in different organizations as per their individual areas of interest."</p> <p>Management is a goal-oriented process: "Anju takes up a marketing job in a retail company and strives to increase sales whereas Manju joins an NGO and works diligently to realize its objective related to providing employment to specially abled persons."</p> <p>Management is a continuous process: "Both of them have to perform a series of continuous, composite, but separate functions. Like on some days, Anju may spend more time in planning a future display layout and on another day, she may spend time in sorting out an employee's problem."</p> <p>Management is a group activity: "Both Anju and Manju make conscious efforts to build a feeling of team spirit and coordination among diverse individuals with different needs who work under them."</p> <p>Management is an intangible force: "The effect of their management is noticeable in their respective departments as the targets are met according to plans, employees are happy and satisfied, and there is orderliness in its functioning rather than chaos."</p>	6

32	<p>Do you mean by ' Social Objectives' of management explain. Enumerate four Social objectives of management.</p> <p>Answer</p> <p>" Supply of quality product at reasonable prices Avoidance of unfair trade practices Protecting environment Employment opportunities</p>	6
33	<p>Justify how coordination is</p> <p>A continuous process An all pervasive person A deliberate function</p> <p>Ans.</p> <p>a) A continuous process 'To coordinate is to harmonise all the activities of an organisation so as to facilitate its success'. It is a continuous process because the goals cannot be achieved with harmony and sustained efforts. It should start at the planning stage and continued with the other functions of management. The continuity arises as a result of being the essence of management rather than being a separate function.</p> <p>b) An all pervasive function:- It is required at all levels of management due to the interdependent nature of activities of different departments. It integrates the efforts of different departments and different levels.</p> <p>c) A deliberate function :-A manager has to coordinate the efforts of different people in a conscious and deliberate manner even where the members of a department willingly cooperate and work, coordination gives a direction to that willing spirit.</p>	6
34	<p>Management is a profession like medical or legal profession. Do you agree with this statement? Give any four reasons in support of your answer.</p> <p>Answer</p> <p>No, management is not a full fledged profession like legal and medical profession because of the following reasons:</p> <p>(i) Restricted entry The entry to any profession is restricted through a prescribed qualification. But there is no restriction on anyone being appointed as a manager in any business enterprise.</p> <p>(ii) Professional association :-it is not obligatory for managers to get registered with any professional body like the Medical Council or Bar Council of India, which regulates the professional conduct of doctors and lawyers respectively.</p> <p>(iii) Ethical code of conduct:- Legal and medical professions are bound by a code of conduct, which guides the behaviour of its members.</p> <p>iv) Service motive:-The basic purpose of management is to help the organisation to achieve its goals by providing good quality products at reasonable prices. A manager is expected to adopt the service motive but the basic motive remains profit maximisation</p>	6
35	<p>Science is a systematised body of knowledge that explains certain general truths or the operation of general laws? In the light of this statement, describe whether management is a science.</p> <p>Management is a science but not an exact science.</p> <p>The reasons are:</p> <p>(i) Systematised body of knowledge Like science, management is a systematic body of knowledge with its own theories and principles that have developed over a period of time.</p> <p>(ii) Principles based on observation and experimentation Like science, management principles are</p>	6

	<p>derived through observation and repeated experimentation.</p> <p>So, this feature is present in management. However, since management deals with human beings, the outcome of these experiments are not capable of being accurately predicted.</p> <p>(iii) Universal validity Principles of management like principles of pure science provide managers with certain standardised techniques that can be used in different situations. Since they have to be modified according to given situation, their application and use is not universal.</p>	
36	<p>Explain the following features of management.</p> <p>Management is an intangible in nature</p> <p>Management is a group activity</p> <p>Management is multi dimensional</p>	6
37	<p>State any five functions performed by the manager who is working at the middle level management. State any two positions of this level of management</p> <p>Ans. Following are the functions performed by the middle level manager:-</p> <p>(i) interpret the policies framed by top management</p> <p>(ii) ensure that their department has the necessary personnel,</p> <p>(iii) assign necessary duties and responsibilities to them,</p> <p>(iv) motivate them to achieve desired objectives,</p> <p>(v) Cooperate with other departments for smooth functioning of the organization.</p> <p>Departmental head- Purchase manager, Sales Manager</p>	6
38	<p>Why coordination is regarded as essence of management. State any five characteristics of Coordination.</p> <p>Ans. (i) Coordination unifies unrelated or diverse interests into purposeful work activity.</p> <p>(ii) The purpose of coordination is to secure unity of action in the realization of a common purpose. It acts as the binding force between departments and ensures that all action is aimed at achieving the goals of the organisation.</p> <p>(iii) Coordination is not a one-time function but a continuous process. It begins at the planning stage and continues till controlling.</p> <p>(iv) Coordination is required at all levels of management due to the interdependent nature of activities of various departments. It integrates the efforts of different departments and different levels.</p> <p>(v) Coordination is the responsibility of all managers at the top, middle and lower level.</p> <p>(vi) Coordination is the deliberate function of management.</p>	6

CHAPTER 2: PRINCIPLES OF MANAGEMENT

1	<p>Sneha visited Smile Dental Clinic for treatment of toothache. She observed that the receptionist was seated at the reception desk, the place fixed for her. Dental instruments were laid neatly in dental instrument trays and the used instruments were placed in the sterilisation area. There was a fixed place for everything and it was present there. There was no hindrance in the work of the dentist and she was working with her maximum efficiency.</p> <p>The principle of management followed at Smile Dental Clinic was</p> <p>(a) Equity (b) Discipline (c) Order (d) Initiative</p> <p>ANS. ORDER</p>	1
2	<p>Which of the following statements most appropriately describes the purpose of time study.</p> <p>(a) Determining a fair day's work. (b) Minimising the wasteful moments in work flow. (c) Determining a fair day's wages. (d) Improving the overall effectiveness of an organisation.</p> <p>Ans. A</p>	1
3	<p>Assertion (A) : Principles of management do not provide readymade solution to all the managerial problems</p> <p>Reason (R): Principles of management are flexible enough to accommodate changes in situations</p> <p>Identify the correct alternative</p> <p>(a) Both (A) and (R) are true and (R) is the correct explanation of (A) (b) Both (A) and (R) are true but (R) is not the correct explanation of (A) (c) (A) is true but (R) is false (d) (A) is false but (R) is true d) A is true but R is false</p> <p>Ans. A</p>	1
4	<p>Assertion (A) : Principles of stability of tenure boost morale brings confidence and improves performance of employees</p> <p>Reason (R): As per the stability of tenure principle frequent transfer and terminations are avoided in the interest of employees and organizations both.</p> <p>Identify the correct alternative</p> <p>(a) Both (A) and (R) are true and (R) is the correct explanation of (A) (b) Both (A) and (R) are true but (R) is not the correct explanation of (A) (c) (A) is true but (R) is false (d) (A) is false but (R) is true d) A is true but R is false</p> <p>Ans. A</p>	1
5	<p>Name the principle of management given by Fayol which when applied would mean that the workers and management both honour their commitments without any prejudice towards one another.</p> <p>(a) Discipline (b) Mental Revolution (c) Remuneration of employees (d) Scalar chain</p> <p>Ans. A</p>	1
6	<p>Taylor believed that there was only one best method to maximise efficiency. This method can be developed through study and analysis.</p> <p>Identify the principle of Scientific management being discussed above:</p>	1

	<p>a) Harmony not discord b) Science not rule of thumb c) Development of each and every person to his or her greatest efficiency and prosperity d) Cooperation not individualism Ans. C</p>	
7	<p>Taylor believed that organisational productivity can be increased with complete change in Attitude of workers and management towards each otherss. Identify the method of Scientific management being discussed above:</p> <ol style="list-style-type: none"> 1. Time study 2. Motion study 3. Mental Revolution 4. Fatigue sstudy <p>AAns 3</p>	1
8	<p>The of Radhe Cycles Pvt Ltd. Mr. Kumar wants to get maximum output from the employees at a competitive cost. On the other hand Ramakaant, an employee of the company wants to get the maximum salary while working the least. The Principle of management given by Fayol being violated by Ramakaant is -----.</p> <ol style="list-style-type: none"> (a) Remuneration (b) Equity (c) Discipline (d) Subordination of individual interest to general interest <p>Ans. D</p>	1
9	<p>The Sales Managerat Karishmaa Ltd, a firm manufacturing readymade garments for men has an objective to increase in Sales by 10% but the Finance does not approve the request. Identify the violated principles</p> <ol style="list-style-type: none"> 1. Order 2. Initiative 3. Unity of Command 4. Authority and Responsibility <p>Ans 4</p>	1
10	<p>Ravi joined a marketing firm as a Sales manager. On his first day in the company, during the orientation programme, the CEO of the company told Ravi that all the employees are treated with same types of applicable rules and provision and there is no discrimination among them. He (CEO) is speaking about the one of the principles of management. Identify the same</p> <ol style="list-style-type: none"> 1. Equity 2. Esprit De Corps 3. Initiative 4. Order <p>Ans 4</p>	1
11	<p>The technique of Scientific Management given by Taylor, which aims to establish interchangeability of manufactured parts and products is</p> <ol style="list-style-type: none"> (a) Method Study (b) Motion study (c) Standardization (d) Differential Piece wage system <p>Ans. C</p>	1

12	<p>KTX Group is rolling out an initiative to help create wealth for its employees through the implementation of Employee Stock option. Through motivation and leadership the management will help individuals to develop team spirit, cooperation and commitment to the success of the group. The following importance of management is highlighted above:</p> <p>(a) Management helps in achieving personal objectives (b) Management helps in the development of society (c) Management creates a dynamic organisation (d) Management increases efficiency</p>	1
13	<p>According to the technique of Scientific management “Differential Piece Wage system” How much more will a worker making 60 units earn as compared to a worker making 49 units? If the standard output per day is 50 units and those who make standard output or more than standard get Rs. 75 per unit and those below get Rs. 65 per unit. (a) Rs. 4500 (b) Rs. 3185 (c) Rs. 1315 (d) Rs. 3250 Ans A</p>	1
14	<p>Assertion (A) : As per fayols principles an organisation should prefer mix of both centralization and decentralization depending upon the nature and size of it. Reason (R): Both centralization and decentralization has some advantages and disadvantages (a) Both (A) and (R) are true and (R) is the correct explanation of (A) (b) Both (A) and (R) are true but (R) is not the correct explanation of (A) (c) (A) is true but (R) is false (d) (A) is false but (R) is true d) A is true but R is false Ans. A</p>	1
15	<p>“Any one can be called a manager irrespective of the educational qualification possessed.” Identify the characteristic of the profession that Management does not fulfil in the statement being discussed above. A. Ethical code of Conduct B. Professional Association C. Restricted Entry D. Service Motive Answer C</p>	1
16	<p>Principles of management are NOT: a. Applicable only in large firms; b. Formed by practice and experience of managers; c. Flexible; d. Contingent Answer A</p>	1
17	<p>Give any one reason why principles of management are not rigid prescriptions? AnswerPrinciples of management are flexible, which means that they are not rigid, and can be modified by the manager as per the situation.</p>	1
18	<p>State any one reason why principles of management are important? AnswerPrinciples of management are important as they help managers in taking thoughtful and scientific decisions.</p>	1
19	<p>A production manager at top level in a reputed corporate, Mr. Rathore holds the responsibility for ordering raw material for the firm. While deciding on the supplier for the financial year 2017-18, he gave the order to his cousin at a higher price per unit instead of the firm’s usual supplier who was willing to lower the rates for the order.</p>	3

	<p>Which principle of management was violated by Mr. Rathore? What are the positive impacts of following the above identified principle</p> <p>Ans Mr. Rathore had violated the principle of subordination of individual interest over the general interest. He preferred his own interests by giving the supply order to his family member at a higher price but not to the supplier who was providing the same at a lower cost.this might led him to achieve its personal goal but not the organsizational goal.</p>	
20	<p>“Employee turnover should be minimised to maintain organisational efficiency”, according to Fayol. Which principle is being discussed here. Identify two positive effect of the identified principle.</p> <p>Answer Stability of personnel after being selected a person should be kept at the post for a minimum period to see it's working results. Two positive effect 1.It encourages job security in the organisation 2.increase productivity level by each employee</p>	3
21	<p>We can observe that nowadays in multinational corporations people of various nationalities work together in a discrimination free environment. Equal opportunities are available for everyone in such companies to rise. Which principle of management is being discussed here. Explain two positive effects of it.</p> <p>Answer The principle seen in above case is of general management principle of Equity Positive effects:- 1) Employee motivation and morale are increased. Fair treatment to all is ensured. The cordial relationship between employees and management. 2)Increased productivity and job satisfaction.</p>	3
22	<p>According to Fayol, requires good superiors at all levels, clear and fair agreements and judicious application of penalties.</p> <p>Answer Discipline According to Henri Fayol's principles of management, the success of an organization requires good superiors at all levels, clear and fair agreements, and the judicious application of penalties when necessary. These principles are essential for effective and efficient management within an organization.</p>	3
23	<p>Bhatkaav Enterprises is facing huge losses. The owner of the company is an MBA pass out. Even then many things in the organisation are happening which are indicative of lack of proper management in the company. First of all there is no specific sharing of work and any time any employee is asked to do anything. This has lead to wastage of efforts. Further due to negligence in proper work sharing there has been no specialisation development in the nature of the jobs done by the employees.</p> <p>There are no clear and fair agreements between the workers and the management. This has led to a lot of frustration in the workers. Management has quite often been found to be ignorant of not fulfilling promises done by it. There are also no strict rules and regulations binding on the conduct of the workers.</p>	3

	<p>The departmental heads who are the middle level managers in the company and hold key positions always favour their relatives. They quite often don't turn up for job on time. They are always looking for special relaxations from the top management. This has led to feeling of resentment among the employees who are also demanding special favours and threatening strike in the coming days.</p> <p>Identify the three principles of Fayol violated in the above case</p> <p>Answer</p> <p>In the first paragraph of the case the principle of Fayol which is violated is 'Division of Work'. In the second paragraph of the case the principle of Fayol which is violated is 'Discipline'. In the third paragraph of the case the principle of Fayol which is violated is 'Subordination of individual interests to general interests'.</p>	
24	<p>In a huge manufacturing company there was a constant training programme running for the workers throughout the year. The workers were trained about the machines as the management realised that management is all about the relationship among workers and their proper handling of the machines. As the size of the organisation increased the management decided to release their hold on day to day activities of the organisation. A more decentralised approach was adopted where the workers could decide about the machines and the amount of raw material required instead of the traditional centralized approach as per the needs. The management knew that the external environment is dynamic. In order to meet stiff competition they clarified to the workers that their instructions should not be taken strictly and should be moulded as per the requirements of the organisation at the level where actual action takes place.</p> <p>Which natures of principles of management have been highlighted in the above case?</p> <p>Answer</p> <p>The various natures of principles of management highlighted above are:</p> <p>Mainly Behavioural:- The workers were trained about the machines as the management realised that management was all about the relationship among workers and their proper handling of the machines.</p> <p>Flexible:- A more decentralised approach was adopted where the workers could decide about the machines and the amount of raw material required instead of the traditional centralized approach as per the needs.</p> <p>General Guidelines:- In order to meet stiff competition they clarified to the workers that their instructions should not be taken strictly and should be moulded as per the requirements of the organisation at the level where actual action takes place.</p>	3
25	<p>ABCDEF Ltd. has decided to become the market leader in selling water bottles. The company decides to take care of all the departments. The top management decides to set standards for all the business activities right from the purchase of raw material to manufacturing and packaging of the water bottles.</p> <p>Which scientific technique of management is used here? Name three advantages of this technique.</p> <p>Answer</p> <p>The scientific technique used is 'Standardization'. The three advantages of standardization are: Standards of performance of men and machine can be established. Standards of excellence and quality in materials can be established. Machines and their components of standard size can be interchanged over different areas and conditions.</p>	4

26	<p>Explain how principles of management</p> <p>1.provide useful insight into reality Ans- by enabling the managers to learn from the past mistakes and conserve time by solving recurring problems quickly.</p> <p>2.help in thoughtful decision-making Ans because they are based on logic rather than blind faith. Such decisions are free from bias and prejudice.</p>	4
27	<p>Telco Ltd is manufacturing files and folders from the old clothes to discourage use of plastic files and folders. For this, they employ people from nearby villages where very less job opportunities are available. An employee, Harish, designed a plan for the cost reduction but it was not welcomed by the production manager. Another employee gave some suggestion for improvement in design, but it was also not appreciated by the production manager.</p> <p>1.State the principle of management described in the above para. Ans- The principle of management described in the above paragraph is "Authority and Responsibility." Harish, as an employee, had the authority to design a cost reduction plan, but it was not welcomed by the production manager, who holds the responsibility for production-related decisions. This highlights the delegation of authority and responsibility within the organization.</p> <p>2.Identify any two values that the company wants to communicate Ans-a) Environmental Responsibility: Telco Ltd aims to discourage the use of plastic files and folders by manufacturing them from old clothes. This reflects a commitment to environmental sustainability and responsibility. b. Community Engagement: The company employs people from nearby villages with limited job opportunities. This demonstrates a value of social responsibility and engagement with the local community.</p>	4
28	<p>Explain how principles of management</p> <p>*help in optimum utilisation of resources and effective administration and *help the managers in meeting changing environment requirements</p> <p>*help in optimum utilisation of resources and effective administration and Ans- Physical, financial and human resources are utilised optimally with the help of principles of management. The cause and effect relationship avoids hit and trial method and reduces inefficiency and wastage of resources. *help the managers in meeting changing environment requirements Ans- With the change is external environment, the initial co-ordination of organization must be changed. So it adapts organization to changing demand of market and changing needs of societies.</p>	4
29	<p>ABC Ltd is engaged in producing electricity from domestic garbage. There is almost equal division of work and responsibility between workers and management. The management even takes workers into confidence before taking important decisions. All the workers are satisfied as the behaviour of the management is very good.</p> <p>A. State the principle of management described in the above para. Ans- DIVISION OF WORK ESPRIT DE CORPS</p>	4
30	<p>Explain any three techniques of Taylor’s scientific management.</p> <p>Functional Foremanship Standardization and simplification</p>	6

	<p>Mental Revolution</p> <p>Answer</p> <p>1.Functional foremanship:- It is an extension of the principles of division of work and specialisation. The term, functional foremanship means separation of planning from execution. Each worker is supervised by various specialists. For this, Taylor suggested that under the factory manager, there is a planning incharge and a production.</p> <p>2.Standardisation and simplification:- Standardisation refers to the process of setting standards for every business activity. It can be standardisation of process, raw material, time, product, machinery, methods or working conditions. These standards are the benchmarks which must be follow during production.</p> <p>Simplification aims at eliminating unnecessary varieties, sizes and dimensions of products. It results in saving of cost of labour, machines and tools.</p> <p>3.Mental Revolution :-to mind and revolution refers to radical change, therefore, mental revolution refers to a change of mind. According to Taylor, a scientific management, in its essence, involves a complete mental revolution on the part of both sides to industry, workers and management.</p>	
31	<p>Read the following text and answer the following questions on the basis of the same:</p> <p>After completing her Bachelors in Fashion Designing from a well-known college in France, Aditi has opened a boutique in a posh market in Kolkata. She has divided the work in smaller units and each employee is well trained to perform his/her task efficiently. The sales persons are allowed to close a deal with a buyer by giving a maximum of 5 percent discount, whereas the decision to give any further discount rests with Aditi as the final authority. In the earlier period of her business venture, employees were asked to put in extra hours of work. In return she had promised to give them a special incentive within a year. Therefore, when the business was doing well, she honour her commitment by giving bonus to her employees. She also instructed her employees that communication from top to bottom should follow the official lines of command. However, she tends to be more biased towards her female employees, when it comes to solve the conflicts among employees.</p> <p>By quoting the line from the above para identify the various principles of management given above.</p> <p>Ans. Division of Work Authority and Responsibility Discipline Scaler Chain</p>	6
32	<p>Explain the following Techniques of Scientific Management:</p> <p>(a) Fatigue Study</p> <p>(b) Differential Piece Wage System</p> <p>Ans.</p> <p>(a) Fatigue Study</p> <p>Fatigue Study determines the amount and frequency of rest intervals in completing task. The rest intervals help the workers to regain stamina and work again with the same capacity resulting in increased productivity.</p> <p>(b) Differential Piece Wage System</p> <p>Differential Piece Wage System is a technique which differentiates between efficient and less efficient workers. It rewards the efficient workers and motivates the less efficient ones to improve their efficiency. In this plan, there are two piece rates – one for those workers who produce the standard output or more, and the other for those who produce less than the standard output.This acts as an incentive for a less efficient worker to be motivated to perform better.</p>	6

33	<p>Flavours Ltd. was engaged in the business of making handmade chocolates. Lately, the business was expanding due to good quality and reasonable prices. As the demand was increasing, Flavours Ltd. decided to explore bakery products as well. In order to make bakery products the company directed its workforce to work overtime but this resulted in multiple problems. Due to increased pressure the efficiency declined and the workers had to take orders from more than one superior. Workers were overburdened and their health was also affected. Gradually the quality of the products begins to decline and market share also went down. The company realized that they had implemented changes without waiting for the required infrastructure.</p> <p>Identify and explain the principles/technique of Taylor/Fayol referred to in the above para.</p> <p>Ans.</p> <p>(i) UNITY OF COMMAND - 3</p> <p>According to Fayol there should be one and only one boss for every individual employee. If an employee gets orders from two superiors at the same time the principle of unity of command is violated. The principle of unity of command states that each participant in a formal organisation should receive orders from and be responsible to only one superior. Fayol gave a lot of importance to this principle.</p> <p>(ii) FATIGUE STUDY - 3</p> <p>A person is bound to feel tired physically and mentally if she/he does not rest while working. The rest intervals will help one to regain stamina and work again with the same capacity. This will result in increased productivity. Fatigue study seeks to determine the amount and frequency of rest intervals in completing a task.</p>	6
34	<p>Explain the following techniques of Scientific Management : 3 2=6</p> <p>(a) Method study (b) Motion Study (c) Time study</p> <p>Ans</p> <p>Method study is the process that specifies the methods and activities considered in a job through an operations chart and eliminates unnecessary elements of operations to obtain the fastest and the best method of performing a specific job.</p> <p>(b) Motion study</p> <p>Ans</p> <p>the study of movements like lifting, putting objects, sitting and changing positions, etc., which are undertaken while doing a typical job. Unnecessary movements are sought to be eliminated so that it takes less time to complete the job efficiently.</p> <p>(c) Time study</p> <p>Ans</p> <p>Time studies aim to determine how long it takes a qualified worker to complete a task at a set performance level</p>	6
35	<p>Explain the following principles of management :</p> <p>(i) Discipline (ii) Unity of Command (iii) Unity of Direction</p> <p>Ans</p> <p>This principle states that discipline is required for any organization to run effectively. In order to</p>	6

	<p>have disciplined employees, managers need to build a culture of mutual respect. There should be a set of organizational rules, philosophies, and structures in place that should be met by everyone</p> <p>(ii) Unity of Command</p> <p>Ans</p> <p>The principle of 'Unity of Command' states that employees should receive orders and instructions from one boss only. If two (or more) superiors command a worker at the same time, he will get confused to whose command should he follow.</p> <p>(iii) Unity of Direction</p> <p>Ans</p> <p>The principle of unity of direction implies that all activities with the same objective must be directed by one boss, manager, or leader and must use one plan.</p>	
36	<p>Explain any three of the the following Concepts by F.W.Taylor:</p> <ul style="list-style-type: none"> ● Differential Piece Wage Rate System ● Mental revolution ● Harmony not discord ● Functional foremanship <p>Ans</p> <p>Under this system, different wages are paid to efficient and inefficient employees. Employees who perform better are paid higher wages than employees who perform below the standard target. This motivates employees to become efficient and earn more.</p> <p>b) Mental Revolution</p> <p>Ans</p> <p>Mental revolution implies changing the attitude of workers and managers and improving their thinking to create a better working environment.</p> <p>c) Harmony not Discord</p> <p>Ansthere should be complete harmony between management and workers and there should be a transformation in the thinking of both parties, called mental revolution.</p> <p>d) Functional Foremanship</p> <p>Ans</p> <p>Foremen should have intelligence, tact, grit, judgment, special knowledge, energy and honesty. Since all these qualities could not be found in a single person so Taylor proposed eight specialists. He separated the planning and execution functions of the foremanship.</p>	6
37	<p>a) How can the principle of "Discipline" positively impact employee behaviour and performance in the manufacturing company?</p> <p>Ans</p> <p>The principle of "Discipline" positively impacts employee behavior and performance in a manufacturing company in several ways</p> <ol style="list-style-type: none"> 1.it establishes clear expectations and standards for employee conduct, which reduces workplace disruptions and conflicts. 2.When employees understand the rules and consequences, they are more likely to follow to company policies and procedures, leading to a more orderly and efficient work environment. 3.Discipline helps maintain safety protocols, ensuring that employees follow safety guidelines, minimizing accidents, and promoting a safer workplace. <p>b) Explain how a performance-based remuneration system aligns with the principle of</p>	6

	<p>"Remuneration," and how it can motivate employees to improve their discipline and productivity.</p> <p>Ans</p> <p>1.This system motivates employees to improve their discipline and productivity because it rewards them for their efforts and achievements. When employees know that their pay is linked to their performance, they are incentivized to work harder, meet targets, and maintain discipline in their work habits.</p> <p>2.This can lead to increased productivity, as employees strive to attain higher levels of performance to earn higher compensation.</p> <p>3.it creates a sense of equity, as those who perform better receive greater rewards, which can further motivate employees to excel and contribute positively to the company's success.</p>	
38	<p>The manager of a retail store has a team of ten sales associates. To improve efficiency, she decides to implement the principle of "Division of Work" and delegate specific tasks to each team member. However, one sales associate is unhappy with their assigned responsibilities and believes they should have more authority in decision-making.</p> <p>a) How can the principle of "Division of Work" help improve the store's efficiency and productivity?</p> <p>Ans :</p> <p>a) The principle of "Division of Work" can help improve the store's efficiency and productivity in the following ways:</p> <p>Specialization: By assigning specific tasks to each sales associate based on their skills and strengths, the team can become more specialized and proficient in their respective areas. This can lead to faster task completion and improved quality of work.</p> <p>Reduced Duplication: Division of work helps eliminate redundancy and duplication of efforts. When each team member has well-defined responsibilities, there is less chance of multiple people working on the same task or overlooking important tasks.</p> <p>Time Management: Delegating tasks according to the division of work principle allows the manager to allocate resources and time more effectively. It ensures that each team member focuses on their designated responsibilities, maximizing productivity.</p> <p>b) How can the manager balance the delegation of tasks while ensuring appropriate authority is given to each team member? Explain in three points</p> <p>Ans</p> <p>To balance the delegation of tasks while ensuring appropriate authority, the manager can follow these three points:</p> <p>Task Assessment and Matching: The manager should assess each sales associate's skills, experience, and preferences. Assign tasks that align with their strengths and interests, but also consider their development needs. This ensures that team members are engaged and capable of handling their responsibilities.</p> <p>Empowerment and Decision-Making: While specific tasks can be assigned based on the division of work, the manager should empower team members by involving them in decision-making processes related to their areas of responsibility. This can be achieved through regular team meetings, feedback sessions, and by soliciting their input on relevant matters. By doing so, team members feel more valued and in control of their work.</p> <p>Clear Communication and Accountability: Establish clear communication channels and</p>	6

expectations. Ensure that team members understand the limits of their authority and when they should escalate decisions to the manager. This clarity prevents conflicts and ensures that critical decisions are made by the appropriate authority while allowing room for autonomy and creativity within defined boundaries..

CHAPTER 3: BUSINESS ENVIRONMENT

1. Which of the following is not a part of the business environment of business?

- (a) Customers
- (b) Suppliers
- (c) Competitors
- (d) None of the above

Answer: d

2. Which of the following is not a component of specific forces of business environment?

- (a) Technological conditions
- (b) Customers
- (c) Employees
- (d) Investors

Answer: a

3. The growing awareness about healthcare has led to an increase in the demand for healthcare products and services in the country. Identify the feature of business environment being described in the above case.

- (a) Dynamic nature
- (b) Uncertainty
- (c) Relativity
- (d) Interrelatedness

Answer: d

4. Since more number of people have become more beauty and health conscious, our economy has witnessed an unprecedented surge in the number of health and beauty spas and wellness clinics. Related feature of business environment being described in the above lines is —

- (a) Totality of external forces
- (b) Dynamic nature
- (c) Interrelatedness
- (d) Relativity

Answer: c

5. 'Twinkle Stars' is a well-known resort for organising parties, especially for children. However, in past 6 months its popularity has reduced considerably as a new resort with better ambience and facilities has opened within its vicinity. Name the related feature of business environment which has influenced the business of 'Twinkle Stars' adversely.

- (a) Totality of external forces
- (b) Dynamic nature
- (c) Interrelatedness
- (d) Uncertainty

Answer: b

6. Any kind of external devices, like compact discs (CD's) for computer, have become obsolete. Google, with its Google Drive service, Apple with its iCloud offering, enables the users store documents, photos, music and movies on web-based servers. Identify the feature of business environment being described in the above lines.

- (a) Relativity
- (b) Dynamic nature
- (c) Uncertainty
- (d) Interrelatedness

Answer: c

7. According to the United Nations Environmental Agency, the world produces around 300 million tons of plastic each year, half of which constitutes single-use items. Ford is recycling over one billion plastic bottles every year to develop elements of the car's interior, reducing the amount of plastic ending up in a landfill. The American car maker has revealed that their Romanian-built EcoSport SUVs' carpets are made using 470 recycled single-use plastic bottles. The process for making Ford EcoSport carpets involves shredding bottles and their caps into tiny flakes and then heating them to 260° C. Identify the related dimension of business environment.

- (a) Economic dimension
- (b) Social dimension
- (c) Technological dimension
- (d) Political dimension

Answer: c

8. DigiLocker is the country's first secured cloud-based platform for the storage, issuance and verification of documents with the Driving Licence & Vehicle Registration System of the Road Transport Ministry. The integration of a government department with DigiLocker since its launch last year is one of the biggest of its kind. It will spare 1 people the trouble of carrying licences & vehicle papers, which can be accessed on phones using the DigiLocker app. Identify the related dimension of business environment.

- (a) Economic dimension
- (b) Technological dimension
- (c) Social dimension
- (d) Political dimension

Answer: b

9. On 8th November 2016, with the announcement from Government of India, all the ₹500 and ₹1,000 banknotes of the Mahatma Gandhi series have ceased to be a legal tender. The government also announced the issuance of new ₹500 and ₹2,000 banknotes in exchange for the demonetised banknotes. Identify the concept being described in the above lines.

- (a) Globalisation
- (b) Liberalisation
- (c) Demonetisation
- (d) Privatisation

Answer: c

10. Which of the following is a feature of demonetisation?

- (a) Tax administration measure
- (b) Channelising savings into the formal financial system
- (c) Development of less-cash economy
- (d) All of the above

Answer: d
Assertion Reasoning type question
There are two statements marked as Assertion (A) and Reason(R). Read the statements and choose the appropriate option from the options given below;
(a) Both Assertion (A) and Reason(R) are true and Reason (R) is correct explanation of Assertion (A)
(b) Both Assertion (A) and Reason(R) are true but Reason (R) is not the correct explanation of Assertion (A)
(c) Assertion (A) is true but Reason(R) is false
(d) Assertion (A) is false but Reason(R) is true
1.Assertion [A]: Different elements of the business environment are closely interrelated.
Reason [R]: Business environment is a relative concept since it differs from country to country and even region to region.
Answer: (b)
2. Assertion [A]: Totality of external forces is an important feature of the business environment.
Reason [R]: Business environment is the sum total of all things external to business organizations and,as such, is aggregative in nature.
Answer: (c)
3.Assertion (A) : Sales forecast is the basis on which a business firm prepares its annual plan for production and sales.
Reason(R) : Planning is the primary function of management.
Answer: (b)
4.Assertion (A) : Monitoring the plan is equally important to ensure that objectives are achieved.
Reason(R) : To see whether plans are being implemented and activities are performed according to schedule is also part of planning process.
Answer: (b)
Case study questions
1. With changes in the consumption habits of people, Neelesh, who was running a sweet shop, shifted to the 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 orders online. He got a lot of orders online and earned huge profits by selling the chocolate. Identify and explain the dimensions of business environment discussed in the above case.
Answer: The various dimensions of business environment being referred to in the above case are as follows:
a) Social environment: Social Environment includes the social forces like customs and traditions, values, social trends, society's expectations from business, etc.
b) Technological environment: Technological Environment includes forces relating to scientific improvements and innovations which provide new ways of producing goods and services and new methods and techniques of operating a business.
(2) 'Accent Electronics Ltd.' was operating its business in Malaysia. The company started exporting its products to India when the Prime Minister announced relaxation in import duties on electronic items. The company appointed retailers in India who had direct online links with the suppliers to replenish stocks when needed. Identify and explain the dimensions of business environment discussed in the above case.
Answer: The various dimensions of business environment being referred to in the above case are as follows:

a. Political Environment: Political Environment includes political conditions such as general stability and peace in the country and specific attitudes that elected government representatives hold towards business.
b. Technological Environment: Technological Environment includes forces relating to scientific improvements and innovations which provide new ways of producing goods and services and new methods and techniques of operating a business.
(3) 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:
a) Its consumption is injurious to health.
b) People are becoming more conscious about health and fitness. This indicates the government's attitude towards this business. Identify the business environment under three different dimensions by quoting from above paragraph.
Answer: The various dimensions of business environment being referred to the in the above case are as follows:
a. Legal Environment: "As per the directions issued by the Supreme Court."
b. Political Environment: "The government passed an order to ban the sale of tobacco products within the area of 200 meters of all educational institutions."
c. Social Environment: "Its consumption is injurious to health and people are becoming more conscious about health and fitness."
(4) The court passed an order that all schools must have water purifiers for the school children as:
a) Society in general is more concerned about the quality of life. .
b) Innovative techniques are being developed to manufacture water purifiers at competitive rates.
c) Incomes are rising and children are drinking purified water at their homes as well.
d) The Government is also showing a positive attitude towards the business of water purification. Identify the different dimensions of business environment by quoting from the above details.
Answer: The various dimensions of business environment being referred to the in the above case are as follows:
a. Legal Environment: "The court passed an order that all schools must have water purifiers for the school children."
b. Social Environment: "Society in general is more concerned about the quality of life."
c. Political Environment: "The government is also showing a positive attitude towards the business of water purifiers."
d. Technological environment: "Innovative techniques are being developed to manufacture water purifiers at competitive rate."
e. Economic Environment: "Incomes are rising and children are drinking purified water at their homes as well."
(5) 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 analyse 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 emphasised 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.

a) Identify and state the component of business environment highlighted in the above Para.

b) State any two features of business environment as discussed by Professor Mehta with Naman and Govind.

c) Also state two points of importance of business environment as stated by Professor Mehta in the above situation.

Answer:

a. 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.

b. The two features of business environment as discussed by Professor Mehta with Naman and Govind are as follows:

-Dynamic nature: It is dynamic in nature and keeps on changing due to technological upgradations, shifts in consumer preferences or increase in competition in the market.

- 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.

c. The two points of importance of business environment as stated by Professor Mehta in the above situation are described below:

- It enables the firm to identify opportunities and getting the first mover advantage: The dynamic business environment provides numerous opportunities for a business to evolve as per the changing needs. Therefore, early identification of the forthcoming opportunities helps an enterprise to be the first to exploit them instead of losing them to the competitors.

- It helps the firm to identify threats and early warning signals: Sometimes the changes in the external environment may pose as a threat and hinder a firm's performance. An awareness about the business environment helps the managers to identify such threats on time and take necessary decisions and action.

3 Marks questions

1. Define Business Environment. State two important concerns of business environment.

Ans. The sum total of all external factors which are outside the control of business enterprises is termed as Business Environment. Factors may be social, political, economic etc.

2. Explain the specific and general forces of business environment ?

Ans. Business environment comprises of both specific and general forces. Specific forces refer to those forces that are having direct effect on the day to day working of the business viz. customers, competitors, investors etc. General forces refer to social, political, legal and other forces which are having an indirect effect on the operations of a business.

3. Enumerate the benefits of understanding business environment.

Ans. The benefits of understanding business environment are:

(i) Enabling the identification of opportunities and getting the first mover advantage.

(ii) Helping in the identification of threats and early

(iii) Tapping useful resources.

(iv) Coping with the rapid changes.

(v) Assisting in planning and policy.

(vi) Improvement in performance.

4. What are the main dimensions of business environment? What does environment consist of?

Ans. The main dimensions of business environment are

(i) Economic, (ii) Social, (iii) Technological, (iv) Political, (v) Legal Economic

environment consists of the factors having economic dimensions such as fiscal policy, monetary policy, industrial policy etc.

5. List some important factors that influence the working of a business enterprises?

Ans. Following are the important factors that influence the working of a business enterprise:- (i) Changes in economic policies. (ii) Political uncertainty in the country. (iii) Increase in the rate of competition. (iv) Changes in fashion.

4 Marks questions

1. Explain by giving any four points, why 'in the present day competitive market, it is essential for a business to remain alert and aware of its environment'?

Ans. In the present day of competitive market, it is essential for a business to remain alert and aware of its

environment, because of the following points:

(i) Identify opportunities and getting the first mover advantage Awareness of environment helps an enterprise to identify the opportunities prevailing in the market and they can make strategies to capitalise such opportunities at the earliest, e.g. Maruti Udyog became the leader in the small car market because it was the first, who recognised the need for small cars in the environment.

(ii) Identify threats and early warning signals Environmental awareness helps an enterprise in identifying possible threats in future, so that the enterprise can take timely measures to minimise the threats and its adverse effects, if any, e.g. when the new firms entered in the mid segment cars (threat), Maruti Udyog increased the production of its Esteem car. Increase in production enabled the company to make faster delivery. As a result, the company captured a substantial share of the market and became a leader in this segment.

(iii) Assist in planning and policy formulation Environment awareness helps a business unit to identify opportunities and threats in the market. These serve as a basis for planning future course of action and making policies for the same.

(iv) Tapping useful resources A business environment is an open system which gets resources such as capital, labour, machines, materials, etc from the environment, converts them into goods and services desired by the customers and then supplies its output to the environment. Thus, a business firm depends on its external environment for tapping various resources and for the sale of its output.

2. State any four features of business environment.

Ans. Business environment is the sum total of all individuals, institutions and other forces like customers, competitors, suppliers, distributors, industry trends, substitutes, regulations, government activities, social and cultural factors that are outside the control of the business enterprise but may affect its performance.

The main features of business environment are:

(i) Totality of external forces Business environment is the sum total of all external forces outside the control of a business.

(ii) Consists of specific and general forces Specific forces are those, which affects the individual

enterprises, viz competitors, customers, investors, and suppliers. Whereas general forces have an impact on all business enterprises. The general forces comprise of social, political, legal, economic and technological forces.

(iii) Complexity Business environment is complex, as to understand it in totality, e.g. it becomes difficult to know the extent of relative impact of social, economic, political, legal and technological, factors on change in demand of a product.

(iv) Uncertainty Business environment is largely uncertain as it is very difficult to predict future happenings, especially when changes take place at a fast pace.

3. The court passed an order that all schools must have water purifiers for the school children as

- Society in general is more concerned about quality of life.
- Innovative techniques are being developed to manufacture water purifiers at competitive rates.
- Incomes are rising and children at home are also drinking purified water.
- The government is also showing positive attitude towards the water purifier business.

Identify the different dimensions of business environment by quoting from the above details.

Ans. The court passed an order that all schools must have water purifier’.

The quoted line is depicting legal environment. Business has to function within the framework of laws and regulations of the country. Legal environment exercises significant influence on business activities.

(i) ‘Society in general is more concerned about quality of life’.

The quoted line is depicting the social environment as this environment consists of all the social and cultural forces within which business firms operate

(ii) ‘Innovative techniques are being developed to manufacture water purifiers at competitive rates’.

The quoted line is depicting the technological environment. It includes forces relating to scientific improvements and innovations which provide new ways of producing goods and services.

(iii) ‘Incomes are rising and children at home are also drinking purified water’.

The quoted line is depicting the economic environment. It consists of the factors and forces concerning means of production and distribution of wealth. It includes all such forces of economic development which influence the product’s market scope of business.

(iv) ‘The government is also showing positive attitude towards the water purifier business’.

The quoted line is depicting the political environment. It is concerned with the forces related with political stability, and political conditions that have strong impact on business.

4. Management of every enterprise can be benefited from being aware of different dimensions of business environment. Explain any four such dimensions.

Ans. Dimensions of business environment are as follows :

(i) Economic environment It consists of economic factors that influence the business in a country. These factors include Gross National Product, corporate profits, inflation rate, employment, Balance of Payments, interest rates, consumer income, etc. Economic environment in a country has strong influence on the business in that country.

(ii) Social environment It describes the characteristics of the society in which the organisation exists. Literacy rate, customs, value beliefs, life style, demographic features and mobility of population are the part of the social environment. The trend of change can be predicted well in advance. It is important for managers to notice the direction in which the society is moving and formulate progressive policies according to the changing social scenario.

(iii) Political environment It is the outcome of a combination of various ideologies advocated by

different political parties. Every political party has a different attitude towards business community. A live example of this, can be seen during elections when there is a fluctuation in the share market.

(iv) Legal environment It consists of legislation that is passed by the Parliament and state legislatures. This component sets the framework of law within which the business is free to operate. Example of such legislation specifically aims at business operations which include the Trade Marks Act, 1969, Essential Commodities Act, 1955, Standards of Weights and Measures Act, 1969 and Consumer Protection Act, 1986.

5. The court passed an order to ban polythene bags as

- These bags are creating many environmental problems which affect the life of people in general.
- Society in general is more concerned about quality of life.
- The government decided to give subsidy to jute industry to promote this business.
- Innovative techniques are being developed to manufacture jute bags at low rates.
- Incomes are rising and people can afford to buy these bags.

Identify the different dimensions of business environment by quoting the lines from the above particulars.

Ans. 'The court passed an order to ban polythene bags'.

The quoted line is depicting the legal environment. Business has to function within the framework of laws and regulations of the country. Legal environment exercises significant influence on business activities.

'Polythene bags are creating many environmental problems which affect the life of people in general' and 'society in general is more concerned about quality of life'.

These quoted lines are depicting the social environment, which consists of all the social and cultural forces within which business firms operate.

'Government decided to give subsidy to jute industry to promote this business'.

The quoted line is depicting the political environment, which is concerned with the forces related with political stability and political conditions that have strong impact on business.

'Innovative techniques are being developed to manufacture jute bags at low rates'.

The quoted line is depicting the technological environment. It includes forces relating to scientific improvements and innovations which provide new ways of producing goods and services.

'Incomes are rising and people can afford to buy these bags'.

The quoted line is depicting the economic environment. It consists of the factors and forces concerning means of production and distribution of wealth. It includes all such forces of economic development which influence the product's market scope of business.

6 Marks questions

1. Explain any five ways in which managers have responded to changes in business environment.

Ans. Following are the ways in which managers have responded to changes in businessmen environment:

i) Strategic alliance, mergers and consolidation of businesses

To achieve the objectives of market dominance, market entry, product ranges etc., the Indian business enterprises are also indulging in mergers, acquisitions, amalgamations and takeovers. Initiative for same has naturally come from managers of such enterprises.

ii) Diversification spree: Managers are leading diversification of their companies into various fields. For example, Reliance is now also in the business of communications, retail chains etc. Likewise, they are bold enough to diversify into other nations too if need be.

iii) Consolidation of multinationals: Many multinational companies have entered India through new

joint ventures. For example, General Motors' entry through a joint venture with Hindustan Motors.

iv) Brand Building: Companies are becoming more aggressive towards brand building. Their managers are spending huge amounts on same. Focus is on securing prime positions for their brands, through creative media-mix, in the minds of consumers.

v) Labor : Managers are changing their behavior towards labor. Labor is also benefitted through higher wages and other facilities like training to upgrade their skills and job enrichment

2. What do you mean by business environment? Explain the key components of business environment.

Ans. Business environment is the sum total of all external factors that influence the functioning of a business enterprise. The components of general environment are:

(i) Economic environment:

Economic environment consists of factors having economic dimensions such as fiscal policy, monetary policy, industrial policy etc.

Impact: Banking sector reforms have led to attractive deposit avenues and easier credit policy. Likewise reforms in leasing & financial institutions are also catalyzing company's economic growth.

(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.

Impact : Equal pay for equal work for both male and female workers, reservation of jobs for minorities etc.

(iii) Political environment

It consists of the political forces responsible for the management of public affairs and their influence on business.

Impact : Government allowed Pepsi to enter Indian market again for giving boost to the food processing industry.

(iv) Technological environment

It comprises of the various processes, techniques, approaches etc. by which an organization transforms inputs into output.

Impact : Digital watches have pushed out traditional watches.

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

Impact : Removal of control on foreign exchange and liberalization of foreign direct investments

3. What do you understand by economic environment? List the main aspects of economic environment.

Ans. Economic environment consists of factors like inflation rates, interest rates, consumer's incomes, economic policies, market conditions etc. which affect the performance of a business firm.

Following are the main aspects of economic environment:

(i) The role of public and private sector in the existing structure of the economy.

(ii) The rate of increase in GNP and per capita income both at current and constant prices.

(iii) Quantum of exports and imports of different products.

(iv) Increase in transportation and communication facilities.

(v) Trends in agricultural and industrial productions.

(vi) Amount of savings and investments.

4. Social environment of business is important for a business enterprise".

Explain ?

Ans. A business is a part of the society in which it operates. The buying and consumption habits of

the people, their languages, customs, preferences, tastes etc. are the factors that influence the business. Businessmen should be alert enough to visualize the factors that directly or indirectly affect their organization. Cooperation between business and society will see business boom and will help growth of professional managers. The failure of any business organization in adapting to changes in the social environment will lead to dissatisfaction amongst its customers and rejection of its products. This shift of demand can even endanger the very survival of a business. For example, equal pay for male and female workers, demand for reservation in jobs for minorities and women etc.

(5) ‘Konark Ltd.’ is an electronic goods manufacturing enterprise situated in Shivpuri, Madhya Pradesh. It is earning a very low revenue in comparison to a competing electronic goods manufacturing enterprise, ‘Nova Ltd.’ situated in Mumbai. Both Konark’s and Nova’s operations are affected directly by the investors, customers, competitors and suppliers, which are unique to their respective locations. In addition to this, individuals firms of this field are affected indirectly by the factors like the money supply in the economy, composition of the families, the technological changes, etc.

(a) Identify and state the feature of the concept discussed in the above paragraph.

(b) Also, state any four points of importance of this concept.

Ans. (a) The concept discussed here is ‘Business Environment’ and the feature is ‘Relativity’. Relativity Business environment is a relative concept as it differ from country-to-country and region-to-region. e.g. Demand for sarees is quite high in India but in foreign countries it has no existence. Similarly, regulations, policies, consumers’ preference, etc all differ from one region to another.

(b) Four points of importance of this concept are:

(i) It enables the firm to identify opportunities and get the first mover advantage Opportunities are the positive trends that help firms to grow. A good knowledge of business environment helps a manager to identify such opportunities earlier to take its benefit, rather than losing it to other competing enterprises. For example, Maruti Udyog was the first automobile company in India to recognise the opportunity to develop small cars, due to which, it is still one of the market leaders in that segment.

(ii) It helps the firm to identify threats and early warning signals Threats refer to the negative trends, which will hinder the performance of the enterprise. The businessmen, who are able to scan and understand the business environment on time get a warning signal to deal with such negative changes.

(iii) It helps in tapping useful resources Environment is a source of various resources for business like finance, machinery, raw materials, etc. Contrary to this, business enterprise supplies goods and services to the society in the form of taxes, products, return on investment, etc. A good understanding of environment helps the firm to convert such resources into output required by the environment and society.

(iv) It helps in coping with rapid changes Business environment is fast changing due to turbulent market conditions, more demanding customers, changing technology and increasing global competition. In order to cope up with such changes and derive benefit from them, managers must examine their environment and develop suitable action.

(6). List the advantages of being aware of the business environment.

Ans: The advantages of comprehending the corporate environment are:

Identification of Opportunities: It allows the company to spot possibilities and gain the advantage of being first before others take note of it and speed up the competition. A corporate organisation has the opportunity to enhance its performance due to favourable external changes.

<p>Identifying Threat: It assists the company in identifying dangers and disseminating early warning signs. Negative changes hamper performance in the external elements that operate as “threats” to the firm. Managers can develop methods to turn such situations into opportunities by identifying any threat early on and making necessary changes to survive in the market. .</p>
<p>Tapping Useful Resources: The resources of the external environment are used by a business as inputs, such as finance, labour, etc., and the output is given to the environment in the form of goods and services, taxes, etc.</p>
<p>Coping with Rapid Changes: The managers must devise plans not only to deal with the changes but also to use them to their advantage to increase their market shares since the business environment is so dynamic.</p>
<p>Planning and Policy Formulation: Businesses can develop their plans and strategies to deal with all the external changes with a clear understanding and analysis of the business environment.</p>
<p>Performance Gains: Businesses can improve their current performance and maintain their market position in the long run with the help of ongoing business environment monitoring and changing traditional business practices.</p>
<p>(7).Describe how the political environment influences business.</p>
<p>Ans: Political stability encompasses political leadership, party-ruling procedures, and government policies, laws, and regulations, among other things.</p>
<ul style="list-style-type: none"> • Political stability increases business community confidence; however, political instability may make economic activity uncertain.
<ul style="list-style-type: none"> • Therefore, the political environment has the potential to influence the business and its operations in a positive or negative manner.
<ul style="list-style-type: none"> • For instance,if political instability does not exist in the nation and the government is constantly changing, the ruling party will continue to implement its policies, disrupting corporate operations and resulting in losses.
<ul style="list-style-type: none"> • This is because a business operates under the constraints of the political environment; thus, when the government and its policies change, businesses must also comprehend and adhere to those changes.
<ul style="list-style-type: none"> • Unimaginable effects are caused by factors like taxation and trade policy on businesses.
<ul style="list-style-type: none"> • While a positive change in these rules brought about by progress and constructive change is good for the business, unstable and ill-planned alterations to these policies harm the operation and profitability of that business.
<ul style="list-style-type: none"> • For instance, following globalisation, the Indian government permitted numerous corporations to enter the Indian market to support various industries, such as the food processing industry. This made it possible for foreign corporations to enter India significantly.
<p>(8).Explain, by giving any five reasons, why understanding of business environment is important for managers.</p>
<p>Ans: Following challenges were faced by the business enterprises:</p>
<ul style="list-style-type: none"> • Rapidly changing technological environment Increased competition force the firms to develop new ways to survive and grow in the market. Thus, there is a need to adopt the new technologies in order to survive in the long-run.
<ul style="list-style-type: none"> • Need for developing human resources The new market conditions require people with higher competence and greater commitment. Hence, there is a need of developing human resources.
<ul style="list-style-type: none"> • Market-orientation The business enterprises start focusing on market-oriented techniques

rather than production-oriented techniques.

- Necessity for change After 1991, the market forces have become turbulent. As a result, business enterprises have to continuously modify their operations.
- Increasing Competition With the opening of the economy, globalisation, entry of foreign firms in the country, it has increased competition for domestic players, as they have to compete with them. MNCs are at an advantage due to large financial resources, technological advancement and branded goods, thus posing a serious challenge and threat to domestic players.

CHAPTER 4: PLANNING

MULTIPLE CHOICE QUESTIONS

- Name the type of plan in which minutes details are worked out, i.e., procedures, rules budgets, etc.
- 1 a. Objective b. Programme 1
c. Strategy d. Policy
- 2 “Swachh Bharat Abhiyaan” started by government of India is an example oftype of plan 1
- 3 ABC Ltd. gives promotion on the basis of seniority. Which type of plan is it? 1
- Planning leads to rigidity is:
- 4 i. Method of planning
ii. Characteristic of planning 1
iii. Importance of planning
iv. Limitation of planning
- What to do and how to do is concerned with:
- 5 i. Controlling
ii. Staffing 1
iii. Planning
iv. Directing
- No smoking in the factory comes under :
- 6 i. Objectives
ii. Policies 1
iii. Methods
iv. Rules

Estimated cash inflows and outflows are:

- 7
- i.* Programme
 - ii.* Procedure 1
 - iii.* Budgets
 - iv.* Rules
- Increasing sales by 15% is :
- 8
- i.* Planning
 - ii.* Method 1
 - iii.* Rule
 - iv.* Objective
- 9 The first step of planning is: 1
- i.* Setting- up the objective
 - ii.* Follow-up
 - iii.* Selecting an alternative
 - iv.* Developing premises
- 10 Planning is : 1
- i.* Useless function
 - ii.* Physical exercise
 - iii.* Mental exercise
 - iv.* One time process
- ASSERTION AND REASONING**
- 11 Assertion (A) Planning does not guarantee success. 1
Reason(R) It is a tool to be used with caution as It provides a base for analyzing future courses of action.
- a. Both A and R are true and R is the correct explanation of A.
 - b. Both A and R are true and R is not the correct explanation of A.
 - c.. A is true but R is false.
 - d. A is false but R is true

- 12 Assertion (A): Plans once made they are irreversible in nature as so much resources being utilized to make them. 1
Reason(R): Making of plans involves huge cost.
(A) Both Assertion(A) and Reason(R) are True and Reason(R) is the correct explanation of (A)
(B) Both Assertion(A) and Reason(R) are True and Reason(R) is not the correct explanation of(A)
(C) Assertion(A) is True but Reason(R) is False
(D) Assertion(A) is False but Reason(R) is True
- 13 Assertion (A): Planning is futuristic. 1
Reason (R): In planning process an attempt is made to peep into the future.
(A) Both Assertion(A) and Reason(R) are True and Reason(R) is the correct explanation of (A)
(B) Both Assertion(A) and Reason(R) are True and Reason(R) is not the correct explanation of(A)
(C) Assertion(A) is True but Reason(R) is False
(D) Assertion(A) is False but Reason(R) is True
- 14 Assertion (A): Planning is a continuous process as it involves series of steps 1
Reason(R): Each and every step is necessary to be performed in planning process.
(A) Both Assertion(A) and Reason(R) are True and Reason(R) is the correct explanation of (A)
(B) Both Assertion(A) and Reason(R) are True and Reason(R) is not the correct explanation of(A)
(C) Assertion(A) is True but Reason(R) is False
(D) Assertion(A) is False but Reason(R) is True

CASE STUDY QUESTIONS

(Read the paragraph given below and answer the following questions)

Simplex limited had been taken over by Mundhra Group immediately following India's independence. Since then, it enjoys a rich record of industry presence and experience. In 2005, with the aim to accelerate growth the company had gone through several rounds of meetings and discussions before launching ERP system to attract large projects. The management had done effective forecast and critical thinking regarding allocation of resources to reduce wastage. For this purpose, the company had laid down multiple courses of action to meet the challenge of adverse situations. In 2008, the company suffered loss in many projects due to the great recession despite taking many cost cutting measures. The management had taken utmost care regarding the possible outcome and timely review of the plans to achieve the set target during that hard time. In 2010 the system implemented successfully which subsequently helped the company to execute numerous projects with precision and timeliness

15 In 2005, with the aim to accelerate growth the company had gone through several rounds of Meetings and discussions.” What is the objective mentioned here according to the process stated here? 1

- A. Developing Premises
- B. Growth & development
- C. Launching IT enabled system
- D. Cost cutting.

16 In 2008, the company suffered loss in many projects due to the great recession despite taking many cost cutting measures.” Which limitation of the management process is indicated here? 1

- A. It fails to cope with sudden changes
- B. It involves huge cost
- C. It requires critical thinking
- d) Economic Environment

17 State whether the given statement is True or False: 1

“The management had done effective forecast and critical thinking regarding allocation of resources to reduce wastage.”

18 “The management had taken utmost care regarding the possible outcome and timely review of the Plans to achieve the set target during that hard time.” Which is the last step of the Process mentioned here? 1

- A. Implementation of plan
- B. Timely execution of projects
- C. Follow up
- D. To prepare alternative course of action

19 The company had suffered loss in 2008 as it did not follow any cost cutting measures. State true or false. 1

3MARKS QUESTIONS

20 After completing B. Tech in electrical engineering, Rocky sets a unit to produce LED bulbs. Due to government support for the project he is able to get finance at a reasonable rate of interest. Rocky has the ability to foresee and 3 KVS – ZIET BHUBANESWAR 2023-24 plan his operations very well. His company does well and needs to appoint a manager to help him. Kishor joins his business as the production manager. Kishor is very poor at planning the activities and does his work in a very haphazard manner. Due to this their orders got delayed and customers started to get dissatisfied. The goodwill earned by the Rocky over the years began to decline. On the basis of the given information about Rocky, answer the following questions: 3

- (a) Identify and explain the function of management which Kishor failed to perform by quoting lines from the paragraph.
- (b) Describe briefly any two features of the function of management as identified in part (a).

- 21 Mrs. Sonu Dhaliwal, the Senior Manager of 'Bharat Limited' held a meeting with 3
the Sales Manager in order to fix the target of sales for the following year. For this
purpose she studied the sales trend of the previous 3 years. She came to know the
company's sales were increasing at the rate of 20% every year. For this she did the
market survey also. From this she learnt that the main competitor of the company
was running in loss, was planning to enter some other venture. Taking this
information as base, Mrs. Dhaliwal doubled the target from the previous year. All
the Departmental Managers were directed to make their respective preparations to
achieve this target. The sales manager kept a close watch over the sales rate of his
company and the activities of the competing company as well. After some time,
she came to know that the competing company was not leaving its current
business, but was planning for improvement in it. The General Manager called a
urgent meeting of all the Departmental Managers so as to make changes in his
plans.
Identify the different stages of planning process described in the paragraph given
above. Quote the relevant lines to do so.
- 22 Ishu is the C.E.O. of Star Ltd. He in accordance with the other board members 3
decides to formulate a general statement which will be guiding the thinking of 3
KVS – ZIET BHUBANESWAR 2023-24 employees. He further goes on to
formulate many such statements in the next six months. These statements could be
divided into two categories. (a) Identify and state the type of plan highlighted
above.
(b) Also give two types of this plans.
- 23 Explain three limitations of planning 3
- 24 Differentiate between procedure and methods as types of plans 3

4 MARKS QUESTIONS

- 25 'Planning is the basic function of management'. Comment 4
- 26 In 'Chak De India' movie, Shahrukh Khan becomes the coach of the girl's 4
hockey team. He knows he has to prepare the girls for the international hockey
matches and bring the world cup after winning. For this he prepares a long-term
plan thinks the way how to beat the competitors. He coaches the girls to play in
different ways like defensive, offensive, etc. at the outset of a match he explains
who will open thematch, and how the ball will be passed by one player to another
step by step.
Identify the different types of plans quoting the lines from the above para.
- 27 (a) "If any employee working in G.D. Goenka Public School comes late to the schoolfour 4
times in a month, his/her one day salary is deducted." Identify and explain the type of
plan highlighted by this statement.
"Swachh Bharat Abhiyan" started by government of India is an example of which
type of plan? Explain it.

- 28 PK Ltd. has been well-known for delay in decision making and overlapping of workdone. Identify the management function lacking in the organisation and state the importance of this function. 4
- 29 Is planning actually worth the huge cost involved? Give four reasons? 4

6 MARKS QUESTION

- 30 "KOHINOOR FOODS Ltd. has banned smoking in the factory premises". 6
 (a) Identify the plan stated in the above lines
 (b) State the feature of this plan.
 ©Different between policy and this plan.
- 31 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 readymade and 'ready to make' vegetable shakes and sattu milk shakes. Then, they weighed the pros and cons of both the short listed options. 6
- Name the function of management being discussed above and give any one of its characteristics.
 Also briefly discuss any three limitations of the function discussed in the case.
 . Give an example each of any three limitations of planning which are beyond the control of an organization. 6
- 32
- 33 Sometimes plans to be drawn up take so much of time that there is not much time left for their implementation. 6
 What feature does the above statement states about planning. . Explain five such type of features
- 34 "This is the real point of decision making" 6
 The above statement refers to a step in the planning process. Name and explain the step. Also explain the four steps preceding the above mentioned steps.
- 35 Two years ago, Madhu completed her degree in food technology. She worked for sometime 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 plan to achieve the same. 6
 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. Madhu informed Mohan about her area wise sales target for different products for the forthcoming quarter. While working on the production table, a penalty of ? 100 per day for not wearing caps, gloves and apron was announced.

Quoting lines from the above paragraph, identify and explain the different types of plans discussed.

- 36 An auto company C Ltd. is facing a problem of declining market share due to increased competition from other new and existing players in the market. Its competitors are introducing lower priced models for mass consumers who are price sensitive. C Ltd. realized that it needs to take steps immediately to improve its market standing in the future. For quality conscious consumers, C Limited plans to introduce new models with added features and new technological advancements. The company has formed a team with representatives from all the levels of management. This team will brainstorm and will determine the steps that will be adopted by the organisation for implementing the above strategy. Explain the features of Planning highlighted in the situation given above
- 37 Distinguish between Policies and Rules.

ANSWERS

1	Programme	1
2	Programme	1
3	Policy	1
4	iv) Limitation of planning	1
5	(iii) Planning	1
6	(iv) Rules	1
7	iii) Budget	1
8	(iv) Objective	1
9	(i) Setting-up of the objective	1
10	(iii) Mental exercise	1
11	(b)	1
12	(a)	1

13	(a)	1
14	(d)	1
15	(b)	
16	(a)	
17	TRUE	
18	©	
19	FALSE	
20	(a) PLANNING. Quoting lines: “Kishor is very poor.....haphazard manner” Features: (i) pervasive (ii) goal oriented	3
21	(i) Developing premises and Setting objectives “Taking, this information as base.....from the previous year” (ii) Implementing Plans “All the Departmental Managersto achieve this target.” (iii) Follow up “After some time.....improvement in it.”	3
22	(a) Policy (b) (i) Major (ii) Minor	3
23	Planning leads to rigidity; reduces creativity; involves huge costs; It is a time consuming process; Planning does not work in a dynamic environment; and does not guarantee success.(Any three points)	3
24	Procedures are routine steps on how to carry out activities. They detail the exact manner in which any work is to be performed. They are specified in a chronological order OR Methods provide the prescribed ways or manner in which a task has to be performed considering the objective. It deals with a task comprising one step of a procedure and specifies how this step is to be performed	3
25	Every management starts with planning. All other functions like organizing, staffing, directing and controlling are based on planning. It precedes the execution of all other managerial functions and allows managers to organized, staff, direct and control the activities in a better way so as to achieve organizational goals. All the activities are created in such a way that plans are easily carried out. This is also referred to as primacy of planning.	4

26	<p>(a) objective</p> <p>‘.....bring the world cup after winning’</p> <p>(b) Strategy</p> <p>‘ for this he.....beat the competitors’</p> <p>(c) method</p> <p>‘he coaches the girls.....offensive,etc.</p> <p>(d) Procedure</p> <p>‘ at the outset.....step by step’</p>	4
27	<p>(a) Rule</p> <p>(b) Programme</p>	4
28	<p>Planning</p> <p>Importance Planning provides directions, reduces risks of uncertainty, reduces overlapping and wasteful activities, promotes innovative ideas, facilitates decision making, establishes standards for controlling.</p>	4
29	<p>Yes, it is worth every amount spent on its. A company needs to plan because of the following benefits (EXPLAIN four importance of planning)</p> <ul style="list-style-type: none"> -Provides directions -Reduce risk of uncertainty -Promotes innovative ideas -Facilitate controlling 	4
30	<p>-(a) rule</p> <p>(b) features of rules:</p> <ul style="list-style-type: none"> -code of conduct -specifies what to do and what not to do -are rigid, stringent and compulsive in nature -they are usually the simplest type of plan <p>difference between POLICY and this PLAN</p>	6

31	<p>1.Planning is the function of management which is being discussed above Planning involves decision-making: 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>2. Explain any 3 limitations of planning</p>	6												
32	<p>Limitations of planning on which the organization does not have a significant control are as follows:</p> <table border="1" data-bbox="236 465 1240 902"> <thead> <tr> <th data-bbox="236 465 288 510"></th> <th data-bbox="293 465 584 510">Limitations</th> <th data-bbox="588 465 1240 510">Examples</th> </tr> </thead> <tbody> <tr> <td data-bbox="236 517 288 640"></td> <td data-bbox="293 517 584 640">Planning may not work in dynamic</td> <td data-bbox="588 517 1240 640">Frequent changes in the political or economic environment may upset in the financial plans.</td> </tr> <tr> <td data-bbox="236 647 288 730"></td> <td data-bbox="293 647 584 730">Planning leads to rigidity</td> <td data-bbox="588 647 1240 730">Following a pre-decided plan when circumstances have changed.</td> </tr> <tr> <td data-bbox="236 736 288 902"></td> <td data-bbox="293 736 584 902">Planning involves huge costs</td> <td data-bbox="588 736 1240 902">Incidental expenses such as expenses on boardroom meetings and discussions with professional experts involve huge cost.</td> </tr> </tbody> </table>		Limitations	Examples		Planning may not work in dynamic	Frequent changes in the political or economic environment may upset in the financial plans.		Planning leads to rigidity	Following a pre-decided plan when circumstances have changed.		Planning involves huge costs	Incidental expenses such as expenses on boardroom meetings and discussions with professional experts involve huge cost.	6
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33	<p>A disadvantage / limitation of planning Five such limitations are</p> <ul style="list-style-type: none"> (a) Planning leads to rigidity (b) Planning may not work in a dynamic environment (c) Planning reduces creativity (d) Planning involves huge costs (e) Planning does not guarantee success 													
34	<p>The step is Selecting an alternative Four preceding steps are</p> <ul style="list-style-type: none"> (a) Setting objectives (b) Developing premises © Identifying alternative courses of action (d) Evaluating alternative courses 													
35	<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 organisation seeks to achieve through its existence. All other activities within the organisation are directed towards achieving these objectives.</p> <p>“One of her objectives was to earn 10% profit on the amount invested in the firstyear.”</p> <p><u>Policy</u>: A policy is a set of general guidelines that helps in managerial decisionmaking and action.</p> <p>“It was decided that the raw materials like fruits, vegetables,</p>	6												

spices, etc. will be purchased on three months credit from farmers cultivating only organic crops.”

Procedure: A procedure contains a series of specific steps to be performed in a chronological order to carry out the routine activities.

“She also decided to follow the steps required for marketing of the products through her own outlets.”

“The exact manner in which the production activities are to be carried out.”

Rule: A rule is a specific statement relating to the general norms in terms of Do’s and Don’t’s that guide the behaviour of people. It commands strict obedience and a penalty is likely to be imposed on its violation.

“While working on the production table, a penalty of ₹ 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.”

36 Planning is pervasive,
 Planning is futuristic
 Planning is a mental exercise

37				6
	Basic	Policy	Rule	
	1. Meaning	A policy is a guide for thinking	A rule is a specific statement, which restricts the discretion	
	2. Nature	Policy lays down the broad areas	Rule lays down any specific sequence of actions in an organisation	
	3. Objective	Policy is framed to achieve	Rules are used to maintain discipline and command in any organisation.	
4. Manager’s Discretion	Policy provides some scope for the manager’s	Rules provide no scope for manager’s discretion and they are binding for all.		

ORGANISING

MCQs (One Marks each)

Q.1 _____ gives shape to the organization structure.

- (a) Extent of delegation (b) Span of Management
(c) No. of employees (d) Planning

Ans: (b)

Q. 2 _____ is the process of dividing work into manageable activities and then grouping the activities which are similar in nature.

- (a) Coordination (b) Departmentalization
(c) Organisation Structure (d) Delegation of authority

Ans: (b)

Q. 3 _____ is the process by which the manager brings order out of chaos, removes conflict among people over work or responsibility sharing and creates an environment suitable for teamwork.

- (a) Planning (b) Organising (c) Staffing (d) Controlling

Ans: (b) Organising

Q. 4 _____ ensures that the heads of separate business units in the organization are responsible for profit or loss of their unit and have authority over it.

- (a) Span of Management (b) Functional Structure (c) Divisional Structure (d) Hierarchy of Authority

Ans: (c)

Q. 5 For delegation to be effective, it is necessary that authority granted must be commensurate with assigned _____.

- (a) Responsibility (b) Authority (c) Accountability (d) All of these

Ans ; (a)

Q. 6 Which of the following is not an element of delegation? (a) Responsibility (b) Authority (c) Accountability (d) Decentralisation

Ans: (d)

Q. 7 A network of social relationship that arises spontaneously due to interaction at work is called:

- (a) Formal Organisation (b) Informal Organisation (c) Decentralisation (d) Delegation

Ans: (b)

Q. 8 A tall structure has: (a) Narrow span of management (b) Wide span of management (c) No span of management (d) Less levels of management

Ans: (a)

Q. 9 Which one is not correct in respect of formal organization? (a) Definite responsibility (b) Definite authority (c) Effective control (d) Social popularity

Ans: (d)

Ans: (d)

Q. 10 “Every step that increases the importance of the subordinates is called decentralization and any step that decreases it is called centralization”. What is it about? (a) Formal organization (b) Informal organization ((c) Both (a) and (b) (d) None of these

Ans: (d)

Assertion – Reasoning Type Questions:-

Q. 11 **Assertion (A) :** The span of management, to a large extent gives shape to the organizational structure. **Reason (R) :** Span of management refers to the number of subordinates that can be effectively managed by a superior. (a) Both the statement (A) and (R) are correct and (R) is the right explanation of (A) (b) Both the statement (A) and (R) are correct but (R) is not the right explanation of (A) (c) Statement (A) is correct but statement (R) is incorrect (d) Both statement (A) and (R) are incorrect

Ans: (b)

Q. 12 **Assertion (A) :** Functional heads get training for top management positions.. **Reason (R) :** Functional heads gains experience in all functions related to a particular product. (a) Both the statement (A) and (R) are correct and (R) is the right explanation of (A) (b) Both the statement (A) and (R) are correct but (R) is not the right explanation of (A) (c) Statement (A) is correct but statement (R) is incorrect (d) Both statement (A) and (R) are incorrect

Ans: (d)

Q. 13 **Assertion (A) :** Delegation is a pre-requisite to the efficient functioning of an organisation. **Reason (R) :** Delegation involves downward transfer of authority from a superior to a subordinate. (a) Both the statement (A) and (R) are correct and (R) is the right explanation of (A) (b) Both the statement (A) and (R) are correct but (R) is not the right explanation of (A) (c) Statement (A) is correct but statement (R) is incorrect (d) Both statement (A) and (R) are incorrect

Ans: (b)

Q. 14 **Assertion (A) :** Responsibility is derived from authority. **Reason (R) :** The scope of authority is greater at higher levels in the management hierarchy. (a) Both the statement (A) and (R) are correct and (R) is the right explanation of (A) (b) Both the statement (A) and (r) are correct but (R) is not the right explanation of (A) (c) Statement (A) is correct but statement (R) is incorrect (d) Both statement (A) and (R) are incorrect

Ans: (b)

Case Studies:-

Q. 1 The manager of M/s Star Industries is overburdened with routine work and is unable to concentrate on core issues of the company. To overcome this problem, he entrusted some of his responsibility and authority to his immediate subordinate to share some of his routine work. (i) Which concept / process is used by the manager? (ii) It is an extension to one of the principles of management. Name the principle.

- (iii) Is manager liable if the subordinate is unable to complete the task according within time.
- Ans: (i) Delegation of authority
(ii) Division of Work
(iii) Yes, manager is liable even after delegation of authority. The process of delegation does not relieve the superior of his accountability. If the subordinates fail to perform it in a satisfactory manner, then the superior is absolutely responsible and accountable for all work delegated to the subordinate.

Q. 2 A company is manufacturing washing machines. There is a well-defined system of jobs with a clear and definite authority, responsibility and accountability in the company. But people are not allowed to interact beyond their officially defined roles. As a result the company is not able to adapt to the changing environment. The workforce is also not motivated due to lack of social interaction. The company is facing problems of procedural delays and inadequate recognition to creative talents.

- (i) Suggest how the organization can overcome the problems faced by it.
(ii) Give any two benefits it will derive from your suggestion.
- Ans: (i) Introduction of Informal Organisation.
(ii) Two benefits the firm will derive are:
(a) Faster spread of communication and quick feedback.
(b) It helps to fulfill the social needs of the members and enhances their job satisfaction. (any other correct point)

Q. 3 Karan Industries is a company manufacturing office furniture. The company chose to diversify its operations to improve its growth potential and increase market share. As the project was important, many alternative were generated for the purpose and were thoroughly discussed amongst the members of the organization. After evaluating the various alternatives, Sumit, the Managing Director of the company decided that they should add 'Home Interiors and Furnishings' as a new line of business activity.

- (a) Name the framework, which the diversified organization should adopt, to enable it to cope with the emerging complexity? Give one reason in support of your answer.
(b) State any two limitations of this framework.
- Ans: (a) Divisional Structure,
Reason:- Product specialization helps in the development of varied skills in a divisional head and this prepares him for higher positions.
(b) Limitation:- Conflict may arise among different divisions with reference to allocation of funds. (any other correct point)

Q. 4 Kamal, a manager of Mamu Ltd. Feels overburdened with routine work and is unable to concentrate on the main objectives and other important issues of the company.

- (a) Identify the management concept that will help him in this regard.
(b) Also Explain its elements identified management concept (a).
- Ans: (a) Delegation of Authority
(b) Elements – Authority; Responsibility and Accountability

Q. 5 Naman started a company 'YoYo Ltd.' With ten employees, to assemble economical computers for the Indian Rural Market. The company did very well in its initial years. As the product was good and marketed well, the demand went up. To increase production, the company decided to recruit additional employees. Naman, who was earlier taking all decisions for the company, had to selectively disperse the

authority. He believed that people are competent, capable and resourceful and can assume responsibility for effective implementation of their decisions. This paid off and the company was not only able to increase its production but also expanded its product range with different features.

(a) Identify the concept used by Naman through which he was able to steer his company to greater heights.

(b) Also explain any three points of importance of this concept.

Ans: (a) Decentralisation

(b) Importance of Decentralisation-

- (i) Develops Initiative among Subordinates (ii)
- Develops Managerial Talents for Future (iii) Quick
- Decision-making

3 or 4 Marks Questions:-

Q. 1 “If we delegate the authority, we multiply it by two, if we decentralize it, we multiply it by many.” In the light of this statement explain any three or four points of importance of decentralization.

Or

Explain any three or four reasons why decentralization is important in an organization.

Or

‘Decentralisation is an important philosophy that implies selective dispersal of authority.’ In the light of this statement give any three or four reasons in support of your answer.

Ans: Following are the main points which highlight the importance of Decentralisation:-

- (i) Develops Initiative among Subordinates – Decentralisation seeks to develop initiative in the subordinates by promoting self-reliance and confidence among them’
- (ii) Develops Managerial Talents for Future – Decentralisation provides ample opportunities to the subordinates to exhibit their knowledge and skill.
- (iii) Quick Decision-making – Decentralisation facilitates quick decision making as the managers are provided freedom to take independent decisions and action.
- (iv) Relief to top management – Decentralisation provides relief management as it eliminates the need for direct supervision which enables the managers to pay attention to other important issues.

Q. 2 Explain briefly the steps in the process of organization.

Ans: Steps involved in the process of organization:

- (1) Identification and Division of Work:- The process of organization is initiated with identification of varied activities and divide the work to be performed in order to carry out an assigned task the work so identified is divided among members.
- (2) Departmentalization:- The organization process involves grouping of similar and manageable activities into departments or units or sections on the basis of some predetermined criteria.
- (3) Assignment of duties:- Then the work is assigned to individual employees on the basis of their relative potential.
- (4) Establishing Reporting Relationships:- In order to ensure effective coordination it is essential that while assigning jobs each member is told that from whom he/she has to take orders and to whom he/she will be accountable.

Q. 3 State any three or four points which highlight the importance of delegation for an organization.

Or

‘Effective Delegation leads to certain benefits in an organisation’. Explain any three or four benefits.

Ans: Importance of Delegation:-

- (1) Effective Management:- Delegation leads to effective management through empowerment.
- (2) Employee Developments:- Delegation helps in employee development by providing them the chance to use their skills and experience.
- (3) Motivation of Employees:- Delegation motivates employees by giving them responsibility which builds their self-esteem.
- (4) Better Coordination:- Delegation facilitates better coordination amongst the departments, levels and functions of management by providing clarity in reporting relationships.

Q. 4 Can an overburdened manager take help from his subordinates? How? Explain the three important things which he should keep in mind while taking such help.

Ans: Yes, he can take the help of “delegation of Authority”.

The three things that a manager should keep in mind are the following:

- (1) **Responsibility**: While assigning job or responsibility to the subordinates, their capability and skill are kept in mind.
- (2) **Authority** : All needed authorities should be delegated for the fulfillment of a responsibility.
- (3) **Accountability**: A proper method to measure the work should be decided, so that the accountability can be fixed easily.

Q. 5 Explain the concept of ‘Functional Structure’. Also, Explain any three disadvantages of functional structure.

Ans: **Meaning**: It refers to the division of the whole enterprise according to the major functions/activities to be performed by it.

Disadvantages:

- (1) Ignorance of organizational objectives: Each departmental head works according to his sweet will. They always give more importance to their departmental objectives. Hence, overall organizational objectives suffer.
- (2) Difficulty in coordination: It may cause problems in coordination as information has to be exchanged across different departments.
- (3) It may lead to conflict between two or more departments if their interest are not compatible. Inter-departmental conflicts also arise when responsibilities are not clearly separated.

Q. 6 “Formal organization is considered better than informal organization;” Do you agree with this statement? Give any three reasons.

Ans: Yes, I do agree with this statement. It can be clarified with the help of advantages of formal organization.

Advantages:

- (1) Fixation of Responsibility: It is easier to fix responsibility as mutual relationships are clearly.
- (2) Clarity of Duties: Role and duties of each member are clearly and explicitly specified. So, there is no confusion and it helps in avoiding duplication of efforts.
- (3) Unity of Command: There is unity of command as formal organization makes more use of official channels of command and communication.

6 marks questions:-

Q. 1 “If we delegate the authority, we multiply it by two, if we decentralize it, we multiply it by many.” In the light of this statement explain any three or four points of importance of decentralization.

Or

Explain any three or four reasons why decentralization is important in an organization.

Or

‘Decentralisation is an important philosophy that implies selective dispersal of authority.’ In the light of this statement give any three or four reasons in support of your answer.

Ans: Following are the main points which highlight the importance of Decentralisation:-

- (i) Develops Initiative among Subordinates – Decentralisation seeks to develop initiative in the subordinates by promoting self-reliance and confidence among them’
- (ii) Develops Managerial Talents for Future – Decentralisation provides ample opportunities to the subordinates to exhibit their knowledge and skill.
- (iii) Quick Decision-making – Decentralisation facilitates quick decision making as the managers are provided freedom to take independent decisions and action.
- (iv) Relief to top management – Decentralisation provides relief management as it eliminates the need for direct supervision which enables the managers to pay attention to other important issues.

Q. 2 ‘Put simply, decentralization refers to delegation of authority throughout all the levels of the organization.’ In the light of the above statement give the meaning of and any four difference between Delegation of Authority and Decentralisation.

Ans: Meaning of Delegation:- It refers to the process of entrusting responsibility and authority, and creating accountability of the person to whom work or responsibility has been handed over.

Meaning of Decentralisation:- It refers to the situation which exists as a result of the systematic delegation of authority throughout the organization.

Difference between Delegation and Decentralisation:

Basia	Delegation	Decentrlistation
1. Nature	Delegation is a compulsory act because no individual can perform all tasks on his own.	It is an optional policy decision and is done at discretion of top management.
2. Freedom on Action	Less freedom is given to subordinates as control is in the hands of superior.	More freedom is given to subordinate to take decisions.
3. Status	It is a process followed to share tasks.	This is the result of policy decision of top level.
4. Purpose	It reduces the work load of manager.	It aims to enhance role of subordinates in organization by giving them more autonomy.

Q. 3 Explain briefly the steps in the process of organization.

Ans: Steps involved in the process of organization:

- (1) Identification and Division of Work:- The process of organization is initiated with identification of varied activities and divide the work to be performed in order to carry out an assigned task the work so identified is divided among members.
- (2) Departmentalization:- The organization process involves grouping of similar and manageable activities into departments or units or sections on the basis of some predetermined criteria.
- (3) Assignment of duties:- Then the work is assigned to individual employees on the basis of their relative potential.
- (4) Establishing Reporting Relationships:- In order to ensure effective coordination it is essential that while assigning jobs each member is told that from whom he/she has to take orders and to whom he/she will be accountable.

Q. 4 What is meant by ‘Divisional Structure’ of an organization? Explain any two of its advantages and any two limitations.

Ans: Meaning of Divisional Structure: In a divisional structure separate divisions are created within an organization on the basis of product lines and supported by functions. Divisional structure is suitable for a company manufacturing multiple product.

Advantages of Divisional Structure:

(1) Product Specialisation: The divisional head gains experience in all functions related to a particular product. Product specialisation helps in the development of varied skills and prepares him for higher positions.

(2) Flexibility: It promotes flexibility and initiative as each divisional function as an autonomous unit. It leads to faster decision-making.

Limitations/Disadvantages:-

(1) Costly: Each product division has to maintain its own facilities, equipments and personnel. It may lead to increase in operating costs since there may be duplication of activities.

(2) Departmental Conflicts: Conflict may arise among different department with respect to allocation of funds. Particular department may seek to maximize its profits at the cost of other departments.

Q. 5 State any three or four points which highlight the importance of delegation for an organization.

Or

‘Effective Delegation leads to certain benefits in an organisation’. Explain any three or four benefits.

Ans: Importance of Delegation:-

(1) Effective Management:- Delegation leads to effective management through empowerment.

(2) Employee Developments:- Delegation helps in employee development by providing them the chance to use their skills and experience.

(3) Motivation of Employees:- Delegation motivates employees by giving them responsibility which builds their self-esteem.

(4) Better Coordination:- Delegation facilitates better coordination amongst the departments, levels and functions of management by providing clarity in reporting relationships.

Q. 6 Explain by giving any three or four reasons why ‘Organising’ is considered as an important function of management.

Ans: The following point highlight the crucial role that organizing plays in any business enterprises:-

(1) Benefits of Specialisation; Organising leads to specialization as by performing the same task repetitively the employees gain proficiency,

(2) Clarity in working relationships: The process organizing involves establishing a hierarchical order of well defined jobs.

(3) Optimum utilization of resources: Effective organizing ensures proper allocation of jobs and helps to avoid duplication of activities.

(4) Adaptation to change: Organising helps to create a stable organization and ensures that the required changes do not impede the survival and growth of organisation.

(5) Effective Administration:

(6) Development of personnel:

(7) Expansion and Growth:

Q. 7 Out of functional and divisional structure, which one is discussed in the following cases:

(a) A separate department is created for each major product.

(b) All related activities are grouped in one department.

(c) Training is easy as employees have to be trained in only limited skills.

(d) Every department operates as multi-functional unit.

- (e) Each division works as a profit center.
- (f) It avoids duplication of efforts and resources.

Ans: Functional Structure – (b), (c), (f).

Divisional Structure – (a), (d), (e)

Q. 8 Identify the formal and informal organization in the following cases:

- (a) It provides speedy channels of communication.
- (b) It is designed by the management to achieve the organizational objectives.
- (c) The authority and responsibility of each member is clearly defined.
- (d) It emerges to satisfy personal needs.
- (e) It is based on personal likes and dislikes.
- (f) Members have to behave in the prescribed manner.

Ans: Formal Organisation – (b), (c), (f)

Informal Organisation – (a), (d), (e)

DIRECTING

MULTIPLE CHOICE QUESTIONS (1 mark):

1) Which of the following is not a type of semantic barriers?

- (a) Badly expressed message (b) Unclear assumptions (c) Technical jargon **(d) Premature evaluation**

2) It refers to the process of instructing, guiding, counselling, motivating and leading j people in the organization to achieve their objectives.

- (a) Planning (b) Organizing (c) Staffing **(d) Directing**

3) Identify the level at which the directing function takes place in an organization?

- (a) Top level management (b) Middle level management (c) Lower level management **(d) All of the above**

4) Abraham Maslow propounded the Need Hierarchy Theory in the year _____.

- (a) 1843 **(b) 1943** (c) 1893 (d) 1963

5) These needs are most basic in the hierarchy of motivation theory and correspond to primary needs.

- (a) Self Actualization Needs **(b) Basic Physiological Needs** (c) Security Needs (d) Belonging Needs

6) Which of the following communication spreads quickly?

- (a) Formal **(b) Informal** (c) Written (d) All these

7) Which one of the following is not an element of direction?

- (a) Motivation (b) Communication **(c) Delegation** (d) Supervision

8) The incentive to provide company's share at very low price or free to employee workers is called

- (a) Profit sharing (b) Commission (c) Retirement benefit **(d) Co-partnership stock option**

9) The leader who does not welcome suggestions of employees is called

- (a) Autocratic leader** (b) Democratic leader (c) Free Rein leader (d) None of the above

10) Giving a special rank, position, or authority to employees is part of

- (a) Monetary Incentive **(b) Non-monetary Incentive** (c) Profit sharing (d) Co partnership

ASSERTION and REASONING type Questions (1 mark)

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

Choose the correct alternative from those given below:

Alternatives:

a)Both Assertion(A) and Reason(R) are true and Reason(R) is the correct explanation of Assertion(A).

- b) Both Assertion (A) and Reason (R) are true but Reason (R) is not the correct explanation of Assertion (A)
 c) Assertion (A) is true but Reason (R) is False
 d) Assertion (A) is False but Reason (R) is True
1. ASSERTION (A): Directing is an ongoing process.
 REASONING (R): Without direction organizational activities cannot continue further.
 2. ASSERTION (A): Communication acts as a basis of coordination.
 REASONING (R): We must always clarify the idea before communication.
 3. ASSERTION (A): Maslow's theory was not based on human needs.
 REASONING (R): Safety needs include physical, economic and social security.
 4. ASSERTION (A): The most popular classification of leadership style is based on the use of authority.
 REASONING (R): Democratic leader is Dogmatic.

Answers:

1. a) 2. b) 3. d) 4. c)

HOTS/ CASE BASED/APPLICATION BASED QUESTIONS

1. In an organization, employees always feel that they are under enormous unnecessary stress, as a manager does not provide any information about future plans but simply instructs them what to do. He also does not listen to any of the suggestions given by the subordinates. Identify the type of leadership style followed by the manager in the above situation and explain it.

Ans Autocratic Leadership style

Under this style, all decision-making power is vested in the leader and he exercises complete control over his subordinates. The leader determines the policies without consulting them and assign task to them without giving them any freedom. It is like 'bossing people around'. It is a boss centered leadership, and is also called directive style of leadership.

2. Alfa Ltd. was dealing in renewable energy services. To get the business, the team leader and his team used to travel to different states to give presentations to the clients. As per the policy of the company, the team leader used to travel by air whereas his team travelled by road/train. It was not only timeconsuming but also forced the female team members to travel alone at times. As a result, the subordinates were not acting in a desired manner to achieve the organisational goals. The CEO of the company 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 in future, all the members including the leader would travel together and usefully utilise the travelling time in discussion about the 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. State the features of the element of the function of management used by the CEO.

Ans. The CEO Alfa Ltd. has used Motivation, which is an element of directing function of management in order to deal with the situation effectively. The features of motivation are explained below:

- Motivation is an internal feeling: An urge, drives, or needs of human being, which are internal, but likely to influence human behaviour.
- Motivation produces goal directed behaviour: A motivated employees is likely to act in a desired manner and contribute effectively.

□ Motivation can be either positive or negative: Positive motivation can be provided through rewards like increase in pay, promotion, recognition etc. Negative motivation involves use of negative means like punishment, stopping increments, threatening etc. which also may prompt a person to act in the desired way.

3. Identify the function of management which refers to the process of instructing, guiding, counselling, motivating and leading people in the organization to achieve objectives.

Explain the importance of this function of management.

Ans **Directing** and any three points of **importance of directing** :

(1) Through directing, managers not only tell the people what they should do, when they should do and how they should do, but also see that their instructions are implemented in proper direction

(2) As the superiors direct the actions of employees towards the predetermined goals, it results in unity of direction and achievement of organizational goal.

(3) It is well known fact that employees are having lot of individual differences such as differences in levels of authority, types of job, interest, attitude, aptitude etc. But, the directing function integrates and co-ordinates the efforts of all the employees in such a way that every individual effort contributes to the organizational performance. .

4. 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 factor of such type of communication barrier. Explain three other factors of the same group of communication barriers.

Ans. **lack of proper incentives**

Three other barriers

1. Fear of challenge to authority
2. lack of confidence of superior on his subordinate
3. Unwillingness to communicate

5. Rahim was working in an enterprise on a daily wage 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 on 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.

1. By quoting the lines from the above para, identify the needs of Rahim that are satisfied by the offer of the cycle company.

2. Also explain to other needs of Rahim followed by above needs that are still to be satisfied.

Ans. 1. Safety and security needs, social needs

2 esteem needs and self-actualization needs.

Short answer type questions (3 marks)

Q.1. The managing director of 'Narula tyre pvt. Ltd.' held a meeting of the departmental managers. It was attended by all the five departmental managers. In the meeting the managing director said that besides doing their current work efficiently, they had also to make it capable of shouldering more responsibility in future. For the realization of this objective, he invited the suggestions of all of them. He said that on the basis of suggestions of all of them the decision to do so would be taken. The managing director prepared a plan on the basis of suggestions received. Out of the five managers three of them carried out the plan, but two of them did not care for it.

(a) Two of the managers didn't carry out of the plan. On the basis of this fact, can we take it that the communication process has been incomplete? Explain.

(b) What leadership style is being referred here?

Ans: (a) No, it can't be taken that the communication process have been incomplete, because for the completion of communication process, only to understand the message is necessary, not acting up on it.

(b) Democratic leadership style.

Q.2. State any three non- monetary incentives.

Ans. Three non-monetary incentives are:

(a) Job Enrichment — is a method of motivating employee by making the task to be performed by him more interesting and challenging. The job in itself serves as a source of motivation to the employee and brings out the best in him.

(b) Suggestion System — Is a system where suggestions regarding the work procedure, environment are solicited from employees. This increases their participation & importance in the working of the enterprise and hence motivates them.

(c) Job Security - refers to making the employee feel safe in his job positions. He is not threatened by transfers or removal from service and hence performs to the best of his abilities

Q.3. Jaideep recently joined as the Managing Director of Tivori Ltd., an apparel designing company. He observed that the company had a number of experienced fashion designers on its payroll. They regularly offered useful suggestions which were neither appreciated nor rewarded by the company. Instead, the company outsourced its services to some renowned fashion designers and paid them a good compensation for their services. Because of this, the employees felt disheartened and stopped giving useful suggestions.

1. Identify the communication barrier discussed above.

2. State the category of this communication barrier.

3. Explain any other communication barriers of the same category.

Ans: . The communication barrier discussed in the above paragraph is Lack of proper incentives

2. It is a type of personal barrier.

3. Some of the types of personal barriers are described below:

Fear of challenge to authority: If a superior may withhold or suppress the communication which he perceives is likely to adversely affect his authority.

Lack of confidence of superior on his subordinates: A superior may not seek the advice or opinions of their subordinates if he / she do not have confidence on their competency.

Unwillingness to communicate: Sometimes, subordinates may deliberately with hold any communication with their superiors, if they perceive that it may adversely affect their personal interests.

Q.4. Explain various leadership styles.

Ans. Autocratic leadership: An autocratic leader gives orders and expects that they are obeyed. He determines the policies for the group without consulting them. All decision making power is centralized with the leader.

Democratic leadership: In this style, the leader consults with his subordinates on proposed actions and decisions and encourages them to participate in decision making. This improves the attitude of the employees towards their jobs and increases their morale.

Laissez faire leadership: This style gives a high degree of freedom to his subordinates. Group members work themselves as per their own choice and competence. Such a leader avoids use of power. He exist as a contact man with the outsiders to bring information and the resources the group requires for accomplishing the job.

Q.5. Describe the Process of communication.

Ans: 1) Sender/Communicator.

2) Message

3) Encoding.

- 4) Media/Transmission.
- 5) Decoding.
- 6) Feedback

Long answer type questions (4 marks)

Q.1. 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 influence the behaviour of his employees by satisfying their needs.

(a) One of the assumptions of Need Hierarchy theory is stated in the above paragraph. State the other three assumptions of this theory. (b) State the needs of Kunal which are being satisfied through promotion.

Ans. (a) The following are the assumptions of Maslow's Need Hierarchy theory other than the one discussed above:

- (i) People's needs are in hierarchical order, starting from basic needs to other higher level needs.
- (ii) A satisfied need can no longer motivate a person; only next higher level need can motivate him.
- (iii) A person moves to the next higher level of the hierarchy only when the lower need is satisfied.

(b) Needs of Kunal which are being satisfied through promotion are:

- (i) Esteem Needs which refer to the need for self-respect, autonomy status, recognition and attention.
- (ii) Self actualisation needs which refer to the drive to become what one is capable of becoming. These needs include growth, self- fulfillment and achievement of goals.

Q.2. Rajat a sales manager, achieved his sales target one month in advance . This achievement was Displayed on the noticeboard & a certificate for best performance was awarded to him by CEO of the company.

- (i) Name the incentive provided to Rajat.
- (ii) Identify the type of incentive.
- (iii) List two other incentives of the same type identified.

Ans. i) Employee recognition ii) Non-financial incentives
iii) Employee participation , career opportunities etc.

Q.3. 'It is through motivation the manager can inspire their subordinate to give their best to the organization.' in the light of this statement, give in brief, the importance of motivation.

Ans. The importance of motivation can be pointed out by the following benefits:

- a) Motivation helps to improve performance levels of employees as well as the organisation.
- b) Motivation helps to change negative attitudes of employee to positive attitudes.
- c) Motivation helps to reduce employee turnover.
- d) Motivation helps to reduce absenteeism in the organisation.
- e) Motivation helps managers to introduce changes smoothly without resistance from employees.

Q.4: Explain the difference between formal communication and informal communication.

Ans: The difference between formal communication and informal communication are as follows:

Basis	Formal Communication	Informal Communication
1.Channel	1. It follows formal or established line of command.	1. It is a based on informal relationship and arises as a result of personal social or group relations Between people.

2.Nature	2.Rigid	2. Flexible
3.Speed	3. The speed of communication is usually slow	3. It transmits Information Swiftly
4.Need	4.It serves organizational needs	4. It serves organizational as well as individual needs to socialize with others.

Q.5. What are the elements of directing?

Ans: Directing comprises of four elements

- (i) **Supervision** It can be understood as the process of guiding and instructing the efforts of employees.
- (ii) **Motivation** The process of encouraging the employees in order to help them in achieving the desired goals is known as motivation.
- (iii) **Leadership** It is the process of influencing the behavior of people by making them strive voluntarily towards achievement of organizational goals.
- (iv) **Communication** It is the process of exchange of ideas, views, facts, feelings etc between or among people to create common understanding.

Very Long answer type questions (6 marks)

Q.1. Barriers to effective communication exist in all organizations to a greater or lesser degree. State any six measures to overcome these barriers.

Ans. Organization should adopt suitable measures to overcome the barriers and improve communication effectiveness. The various measures to overcome the barriers are:

- (i) **Be aware of languages, tone and content of message-** Language, tone and content of message should be so adjusted according to the situation that it is easily understood by the receiver and stimulates them.
- (ii) **Convey things of help and value to listeners-** To get good response from the subordinates, it should be ensured that the message relates to their interests.
- (iii) **Ensure feedback-** For success of communication, response of the listeners should be encouraged by the manager.
- (iv) **Communicate for present as well as future-** For communication to be successful, managers should incorporate existing commitments as well as future goals of the organization.
- (v) **Follow-up communication-** Sometimes it is difficult to implement instructions in its totality by the subordinates. To overcome this, regular follow-up should be done by managers.
- (vi) **Be a good listener-** Lot of problems can be solved due to attentive listening quality of the manager.

Q.2: Explain the formal communication network? Write its Feature.

Ans: It refers to the communication within organization that is officially sanctioned. Features:

- (a) **Written and oral.** It can be both in written or oral. Daily works are handed through oral communication while the policy matters require written communication.
- (b) **Formal Relations :** This communication is adopted among those employees where formal relations have been established by the organization. The sender and the receiver have some sort of organizational relation.
- (c) **Prescribed path:** The communication has to pass through a definite channel while moving from one person to another For example to convey the feelings of a worker to the manager, their foreman’s help has to be sought.
- (d) **Organisational message.** This channel is concerned with the authorized organizational messages only and the personnel messages are out of its jurisdiction.

Q.3. Explain Maslow’s need Hierarchy Theory of motivation with the help of diagram?

Ans. Maslow’s need Hierarchy theory of motivation. Maslow’s need Hierarchy Theory of Motivation is a psychological term and the needs of an employee plays an important role in motivation. In order to study

motivation various researchers developed theories on them. Among them Abraham Maslow's need Hierarchy theory is considered of worth. As per him, there exists a Hierarchy of five needs these are:

- a) Basic Physiological Needs** These needs are most basic in the hierarchy and correspond to primary needs. Food, clothing shelter are a few examples of this type of need. Basic salary helps to fulfill these needs.
- b) Safety/Security Needs** When the basic needs satisfied, people start thinking of future. These needs provide security and protection from physical and emotional harm in coming future e.g., job security, pension plans etc.
- c) Affiliation/Belonging Need** These needs refer to human feeling of belongingness. We all as human beings look forward to being accepted in the society e.g., friendship.
- d) Esteem Needs** These include factors such as self-respect, autonomous status, attention. An individual wants a respect and recognition from others in this need.
- e) Self-actualization Needs** It is the highest level of need in the hierarchy. It refers to the drive to become what one is capable of becoming. The needs include growth self-fulfillment and achievement of goals etc.

Q.4: Write the meaning of Directing and Describe five importance of directing?

Ans: It refers to the process of instructing, guiding, counselling, motivating and leading people in the organization to achieve objectives. Importance of directing:

- (1) Through directing, managers not only tell the people what they should do, when they should do and how they should do, but also see that their instructions are implemented in proper direction
- (2) As the superiors direct the actions of employees towards the predetermined goals, it results in unity of direction and achievement of organizational goal.
- (3) It is well known fact that employees are having lot of individual differences such as differences in levels of authority, types of job, interest, attitude, aptitude etc. But, the directing function integrates and co-ordinates the efforts of all the employees in such a way that every individual effort contributes to the organizational performance.
- (4) Through directing, managers not only tell the people what they should do, when they should do and how they should do, but also see that their instructions are implemented in proper direction
- (5) As the superiors direct the actions of employees towards the predetermined goals, it results in unity of direction and achievement of organizational goal.

Q.5: Explain the barriers of effective communications?

Ans: (a) Semantic Barriers: This barrier is related with the words, signs and figures used in the communication. Sometimes they cannot convey the same message which they want to. It can be
i) badly expressed message (ii) symbols and words with different meaning (iii) Faulty translation and soon

(b) Physiological or Emotional barriers : The importance of communication depends on the mental condition of both the parties . A mentally disturbed party can be a hinder in communication. It can be

(i) premature evaluation (ii) lack of attention (iii) distrust

(c) Organizational barriers: Organizational structure affects the capability of all the employees as far as the communication is concerned. Some major hindrances are (i) organizational policies (ii) Rules and regulations (iii) complexity in organizational structure (iv) organizational facilities

(d) Personal barriers: This barrier is related with personal attitude of employees as well as employer. They fear challenge of authority, lack of confidence in subordinates etc. Employees are some time not willing to communicate, lack of proper incentive and so on.

Q.6: Discuss six monetary Incentives.

Ans. The incentives that have a monetary and financial benefit are called financial incentives. They are-

- a) Profit sharing: It has been accepted that the profit earned by the firm is also due to the effort put by the workers. So they have a full right to receive a share in it. It is an effective incentive which satisfies the workers.
- b) Co-partnership: Under this system, employees share the capital as well as the profits. Under employees stock option plan the workers are given shares. They are also given Bonus shares and they share the ownership of the firm. It motivates them as they share the profits too.
- c) Productivity linked wages: Under this system, a sales person is guaranteed a minimum wage as well as commission on sales. A commission plan motivates him to work better.
- d) Suggestion system: Valuable suggestions are accepted and the most valuable ones are also rewarded with cash money.
- e) Retirement benefits: Every employee wants his future to be secured. The firm provides retirement benefits, pension, provident fund, gratuity etc.
- f) Perks: various perks such as housing, car allowance foreign trips etc can be given to the managers to boost up his morale.

Q.7. What are the qualities of a good leader?

Ans. Qualities of a good leader:

1. **Physical feature** Good personality – height, weight, appearance etc.
2. **Knowledge** Knowledge and competence in work
3. **Integrity** He should possess honesty and integrity (ethical) and be a role model.
4. **Initiative** He must take initiative and creative.
5. **Communication skill** Goals and procedures should be clearly communicated.
6. **Motivation skills** A leader should understand the needs of subordinates so that he can motivate them.

Q.8. Write the importance of communication?

Ans. Importance

1. **Basis for coordination** Coordination among different departments is possible only through proper communication.
2. **Smooth working of the enterprise** When there is a communication gap, all organized activities will be stopped.
3. **Basis for decision making** Communication provides required data for decision making.
4. **Increases managerial efficiency** Conveying goals, issuing instructions, allocating jobs, evaluating performance etc. are done through communication which will improve the efficiency of the organization.
5. **Promotes cooperation and industrial peace** Two way communication promotes cooperation and mutual trust which will result in industrial peace.
6. **Effective leadership** The leader should have good communication skill to influence the work force.

STAFFING

1	Which of the management function ensures “Right Person at Right Place”? a. Planning b. Organising c. Staffing d. All of the above
2	Recruitment “is a _____ process a. Positive b. negative c. both d. May be positive or

	negative
3	Selection “is a _____ process. a. Positive b. negative c. both d. May be positive or negative
4	Which management function adds human resource to the organisation? a. Planning b. Organising c. Staffing d. Directing
5	Which of the following is not an importance of staffing? a. discovering and obtaining competent personnel for various jobs b. improves job satisfaction and morale of employees c. avoiding overmanning d. ensuring that the task is completed as per standards
6	Pattern or Series based questions are the examples of which type of selection test? a. Intelligence Test b. Trade Test c. Aptitude Test d. Personality Test
7	The process of evaluating employee’s performance at regular intervals is called: - a. Performance Appraisal b. Training & Development c. Compensation d. Promotion and career planning
8	Which of the following step in staffing process determines the worth/ price of a job: - a. Performance Appraisal b. Training & Development c. Compensation d. Promotion and career planning
9	Workforce analysis is a part of a. Recruitment process b. Selection process C. Training and development process d. Estimation of manpower requirement
10	A test which measures emotions, reactions and maturity of an individual a. Intelligence test b. Trade test c. Personality test d. Aptitude test
11	This test is not a part of selection tests: - a. Aptitude test b. Personality test c. Trade test d. Medical test
12	After crossing the bar of physical test which letter is given to the selected person? a. Letter of Regret b. Appointment Letter c. Both the above d. None of the above
13	Under which training method, both the technical institutes and the business

	<p>organisations jointly impart training to their members?</p> <p>a. Induction Training c. Vestibule Training</p> <p>b. Apprenticeship Training d. Internship Training</p>
14	<p>Recruitment process starts with _____.</p> <p>a. Selection of employees c. Demand of employees</p> <p>b. Training the employees d. Invitation to interested people</p>
15	<p>What is the first step in the process of selection?</p> <p>a. Selection Tests c. Preliminary Screening</p> <p>b. Job Offer d. invitation to prospective candidate</p>
16	<p>Bholaram is working as Office Superintendent in Amar Ltd. His son Rajat has recently completed his MBA. Bholaram told his senior Sanjay Batra, who is the personal manager about his son. Sanjay called Rajat with documents and after interview Rajat is recruited as Management Trainee in the firm.</p> <p>The external source of recruitment which is used by the Mr. Sanjay Batra is:</p> <p>a. Direct recruitment c. Recommendation of employees</p> <p>b. Advertisement d. Employment Exchange</p>
17	<p>Terms and conditions of job are written in _____.</p> <p>a. Contract of Employment c. Test</p> <p>b. Selection Decision d. All of the above</p>
18	<p>Professional Institutes organise _____ Training for their students</p> <p>a. Induction c. Apprenticeship</p> <p>b. Vestibule d. Internship</p>
19	<p>Which of the following is the most serious problem that might arise due to excessive reliance on internal recruitment?</p> <p>a. High Labour turnover c. Reduced job performance</p> <p>b. Lack of motivation d. internal resistance</p>
20	<p>Which of the following is not the process of selection?</p> <p>a. Reference and background checks c. Medical examination</p> <p>b. Training and development d. Contract of employment</p>
21	<p>Nishant wants to set a unit in rural area where people have very few job opportunities and labour is available at a low cost. For this he wants four different heads for Sales, Accounts, Purchase and Production. He gives an advertisement and shortlists some candidates after conducting selection tests.</p> <p>Identify and state the next three steps for choosing best candidates.</p>
22	<p>The decision whether to promote from “within or look elsewhere” has always been</p>

	<p>an organizational dilemma. In 2004, JC Penny a chain of departmental stores in US has faced with this dilemma while appointing the successor for its Chairman and CEO, Allen Questrom.</p> <p>Subsequently, JC Penny surprised many by surpassing over Mr. Vennessa Castagna, who had played an important role in turning around the company as CEO and Chairman (before 1999 worked as Chief Production Manager) between 1999 and 2004, in Favor of an outsider. They appointed Mike Ullman as its Chairman and CEO, previously working as Chief Personnel Manager of Maxim Promotion Pvt. Ltd.</p> <p>Identify the sources of recruitment mentioned above. State one pros of bringing in an outsider and promoting from within mentioned above,</p>
23	<p>Mohit Gupta is working with 'Yellow Security Services Ltd.' He is also recruiting security guards for the company. The company provides security services in Delhi and Noida at short notice to various companies. The guards are recruited on temporary basis. The guards provided by this company are known for their honesty and punctuality. Mohit Gupta is well known in his village for providing employment to unskilled people.</p> <p>(a) Name the source of recruitment used by 'Yellow Security Services Ltd.'</p> <p>(b) State anyone disadvantage of this source of recruitment.</p> <p>(c) What step should be incorporated in selection process by 'Yellow Security Services Ltd.' to check the reliability of candidates while selecting guards.</p>
24	<p>Name the methods of recruitment in the following cases:</p> <p>a. A company gets applications on and off even without declaring any vacancy. However, as and when the vacancy arises, the company makes use of such applications.</p> <p>b. Casual vacancies of unskilled or semi-skilled jobs when there is a rush of order or when some permanent workers are absent.</p> <p>c. Recruitment by which most of the senior positions of the industry as well as commerce are.</p>
25	<p>Siraj runs an NGO under the name 'Sarhthak' in Delhi. The organization is engaged in offering waste paper recycling services to all kinds of institutions in the Delhi NCR region. It also manufactures custom made paper stationery out of recycled paper on order for the interested institutions at a very competitive price. The website of 'Sarhthak' provides a link to a Careers site where in the people desirous of joining the NGO can use simple Job Search to find the right opportunity for themselves.</p> <p>The NGO also keeps a database of unsolicited applicants in its office so that job</p>

	<p>seekers may be notified of future opportunities when they arise.</p> <p>In context of the above case: Identify the two sources of external recruitment being used by the NGO ‘Sarthak’ by quoting lines from the paragraph.</p>
26	<p>Ashish, the Marketing Head, Raman, the Assistant Manager and Jyoti, the Human Resource Manager or ‘Senor Enterprises Ltd.’ decided to leave the company. The Chief Executive Officer of the company called Jyoti the Human Resource Manager and requested her to fill up the vacancies before leaving the organisation. Informing that her subordinate Miss Alka Pandit was very competent and trustworthy, Jyoti suggested that if she could be moved up in the hierarchy, she would do the needful. The Chief Executive Officer agreed for the same. Miss Alka Pandit contacted ‘Keith Recruiters’ who advertised for the post of marketing head for ‘Senor Enterprises Ltd.’ they were able to recruit a suitable candidate for the company. Raman’s vacancy was filled up by screening the database of unsolicited applications lying in the office.</p> <p>(a) Name the internal / external sources of recruitment used by ‘Senor Enterprises Ltd.’ to fill up the above stated vacancies of Jyoti, Ashish and Raman.</p> <p>(b) Also state any one merit of each of the above identified source of recruitment.</p>
27	<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. 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>
28	<p>To evaluate the performance of the employees Infosys set, different criteria like timeliness, quality of work carried, customer satisfaction, peer satisfaction, and business potential, were considered. The personal skills of the employees were also evaluated based on their learning and analytical ability, communication skills, decision making, change management, and planning and organizing skills. Each of these criteria was measured on a scale of 1 to 5 (with 1 signifying above the expected performance level and 5 below the expected performance level).</p> <p>a) Identify and state the step of the staffing process that the Infosys has followed in the above para.</p> <p>b) Also explain the next two steps followed by the above.</p>
29	<p>Read the following statements: Assertion and Reason Choose one of the correct alternatives given below:</p> <p>Assertion: (A) Recruitment is a positive step in the process of staffing,</p>

	<p>Reason: (R) Internal sources of recruitment boosts up the morale of employees.</p> <p>Alternatives:</p> <p>a) Both Assertion (A) and Reason: (R) are true and Reason: (R) is the correct explanation of Assertion (A)</p> <p>b) Both Assertion (A) and Reason: (R) are true and Reason: (R) is not the correct explanation of Assertion (A)</p> <p>c) Assertion (A) is true but Reason: (R) is Fales.</p> <p>d) Assertion (A) is Fales but Reason: (R) are true.</p> <p>ANS. B</p>
30	<p>Assertion: (A) The staffing function has assumed greater importance in the present scenario.</p> <p>Reason: (R) Their has been rapid advancement of Tecnology,increasing size of organisation and complicated behaviour of human beings .</p> <p>Alternatives:</p> <p>a) Both Assertion (A) and Reason: (R) are true and Reason: (R) is the correct explanation of Assertion (A)</p> <p>b) Both Assertion (A) and Reason: (R) are true and Reason: (R) is not the correct explanation of Assertion (A)</p> <p>c) Assertion (A) is true but Reason: (R) is Fales.</p> <p>d) Assertion (A) is Fales but Reason: (R) are true.</p> <p>ANS. A</p>
31	<p>Assertion: (A) Staffing Function is pervasive.</p> <p>Reason: (R) Staffing Function required only a Top Level.</p> <p>Alternatives:</p> <p>a) Both Assertion (A) and Reason: (R) are true and Reason: (R) is the correct explanation of Assertion (A)</p> <p>b) Both Assertion (A) and Reason: (R) are true and Reason: (R) is not the correct explanation of Assertion (A)</p> <p>c) Assertion (A) is true but Reason: (R) is Fales.</p> <p>d) Assertion (A) is Fales but Reason: (R) are true.</p> <p>ANS. C</p>
32	<p>Assertion: (A) External Recruitment is an economical sources of recruitment</p> <p>Reason: (R) To recruit staff from external sources, Advertising and processing of</p>

	<p>application is needed.</p> <p>Alternatives:</p> <ul style="list-style-type: none"> a) Both Assertion (A) and Reason: (R) are true and Reason: (R) is the correct explanation of Assertion (A) b) Both Assertion (A) and Reason: (R) are true and Reason: (R) is not the correct explanation of Assertion (A) c) Assertion (A) is true but Reason: (R) is Fales. d) Assertion (A) is Fales but Reason: (R) are true. <p>ANS. D</p>
33	<p>Assertion: (A)Promotion has a great positive psychological impact over the employees.</p> <p>Reason: (R)A promotion at the higher level may lead to a chain of promotions at lower levels in the organisation.</p> <p>Alternatives:</p> <ul style="list-style-type: none"> a) Both Assertion (A) and Reason: (R) are true and Reason: (R) is the correct explanation of Assertion (A) b) Both Assertion (A) and Reason: (R) are true and Reason: (R) is not the correct explanation of Assertion (A) c) Assertion (A) is true but Reason: (R) is Fales. d) Assertion (A) is Fales but Reason: (R) are true. <p>ANS. a</p>
34	<p>Assertion: (A) Internal Recruitment provides limited choice.</p> <p>Reason: (R) Recruitment From internal sources is less time consuming.</p> <p>Alternatives:</p> <ul style="list-style-type: none"> a) Both Assertion (A) and Reason: (R) are true and Reason: (R) is the correct explanation of Assertion (A) b) Both Assertion (A) and Reason: (R) are true and Reason: (R) is not the correct explanation of Assertion (A) c) Assertion (A) is true but Reason: (R) is Fales. d) Assertion (A) is Fales but Reason: (R) are true. <p>ANS. B</p>
35	<p>Assertion: (A) Staffing helps in proper utilisation of resources.</p>

	<p>Reason: (R) Staffing helps in avoiding overstaffing and understaffing.</p> <p>Alternatives:</p> <p>a) Both Assertion (A) and Reason: (R) are true and Reason: (R) is the correct explanation of Assertion (A)</p> <p>b) Both Assertion (A) and Reason: (R) are true and Reason: (R) is not the correct explanation of Assertion (A)</p> <p>c) Assertion (A) is true but Reason: (R) is Fales.</p> <p>d) Assertion (A) is Fales but Reason: (R) are true.</p> <p>ANS. A</p>
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CONTROLLING

Q1	<p>Planning is perspective whereas controlling is_____.</p> <p>(a) creative (b) evaluative (c) active (d)executive</p> <p>Answer:(B)</p>	1
Q2	<p>When actual performance is more than planned performance it is called</p> <p>(a) Negative deviation (b) Positive deviation (c) Poor deviation (d) None of the above</p> <p>Answer:(B)</p>	1
Q3	<p>Critical point control focuses on _____ (a) Every task (b) Financial areas (c) Key result areas (d) Planning areas</p> <p>Answer:(C)</p>	1
Q4	<p>“Controlling is required at all the levels of management”. Which feature is highlighted in the above statement? (a) Dynamic (b) Contingent (c) Pervasive (d) Continuous</p> <p>Answer:(c)</p>	1
Q5	<p>Which one of the following is not the step in the process of controlling? (a) Measurement of actual performance. (b) Establishing reporting relationship. (c) Setting performance standards. (d) Taking corrective action.</p> <p>Answer:(b)</p>	1
Q6	<p>Give below are two statements marked as Assertion (A) and Reason (R). Read the statements and choose the correct option.</p> <p>A: Planning and controlling are interdependent and interlinked. R: Planning provides the goals and objectives that the controlling function uses to measure performance.</p> <p>(a) Both A and R are true, but R is not the correct explanation of A. (b) Both A and R are true, and R is the correct explanation of A. (c) A is true, but R is false. (d) A is false, but R is true.</p>	1

	Answer:(B)	
Q7	<p>Assertion : controlling is exercised at all levels. Reasoning: controlling is a pervasive function.</p> <p>(a) Both A and R are true, but R is not the correct explanation of A. (b) Both A and R are true, and R is the correct explanation of A. (c) A is true, but R is false. (d) A is false, but R is true.</p> <p>Answer (B)</p>	1
Q8	<p>Assertion: controlling helps to reduce wastage and spoilage of resources. Reason: An efficient control system creates an atmosphere of order and discipline in the organization.</p> <p>(a) Both A and R are true, but R is not the correct explanation of A. (b) Both A and R are true, and R is the correct explanation of A. (c) A is true, but R is false. (d) A is false, but R is true.</p> <p>Answer:(A)</p>	1
Q9	<p>Assertion: controlling is the last function of management. Reason: controlling brings management cycle back to planning function.</p> <p>(a) Both A and R are true, but R is not the correct explanation of A. (b) Both A and R are true, and R is the correct explanation of A. (c) A is true, but R is false. (d) A is false, but R is true.</p> <p>Answer (D)</p>	1
Q10	<p>The controlling function is performed by</p> <p>(a) Top level management (b) Lower level management (c) Middle level management (d) All of the above</p> <p>Answer:(D)</p>	1
Q11	<p>If anything goes wrong with the performance of key activities, the entire organization suffers. Therefore, the organization should focus on them'. Explain the statement with suitable example.</p> <p>Answer : Explain Critical point control</p>	3
Q12	<p>“An effort to control everything may end up with controlling nothing”. Explain this statement.</p> <p>Answer: Management by exception.</p>	3
Q13	<p>Mr. Arfaaz had been heading the production department of Writewell Products Ltd., a firm manufacturing stationary items. The firm secured an export order that had to be completed on a priority basis, and production targets were defined for all the employees. One of the workers, Mr. Bhanu Prasad, fell short of his daily production target by 10 units for two days consecutively. Mr. Arfaaz approached Ms. Vasundhara, the CEO of the Company, to file a complaint against Mr. Bhanu Prasad and requested her to terminate his services. Explain the principle of management control that Ms. Vasundhara should consider while taking her decision.</p>	3

	Answer: In this situation, the principle of management by exception should be followed.	
Q14	<p>State any one situation in which an organisation's control system loses its effectiveness.</p> <p>Answer: A control system is bound to lose its effectiveness whenever the standards cannot be defined in quantitative terms, thereby making it difficult to measure deviations happening between actual and standard performance. For example, job satisfaction cannot be described in quantitative terms as it is different for different employees.</p>	3
Q15	<p>“There is a close and reciprocal relationship between planning and controlling.” Explain the statement.</p> <p>Answer: explain relationship between planning and controlling.</p>	3
Q16	<p>PQR 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 150-170 units.</p> <ol style="list-style-type: none"> 1. Identify the management function to rectify the above situation. 2. Briefly state the procedure to be followed so that the actual production may come up to the target production. <p>1. Answer: The controlling function of management is needed to rectify the above situation.</p> <p>2. The procedure to be followed so that the actual production may come up with the target production is as follows:</p> <ul style="list-style-type: none"> ○ Providing training to workers . ○ Improving the work environment . ○ Ensuring timely availability of the raw materials and other equipments. 	4
Q17	<p>Rajeev and Sanjeev are managers in the same organisation 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</p> <p>Answer: Rajeev and Sanjeev are correct in their statements as explained below:</p> <ul style="list-style-type: none"> • Planning is considered as a forward looking function by Rajeev as plans are made for future. • 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. • 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. 	4

	<ul style="list-style-type: none"> • 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. 	
Q18	<p>If planning is done carefully and accordingly other functions of management are going in the right direction, then there is no need for the controlling function of management". Do you agree with the statement? Give any two reasons in support of your answer.</p> <p>Answer: Planning and controlling both are necessary to achieve the organizational objectives. Controlling is important because of the following reasons</p> <p>Accomplishing organizational goals: Judging accuracy of standards:</p>	4
Q19	<p>How can a regional manager of a retail chain enhance operational efficiency and maximize profits by analyzing deviations in sales performance among different stores? Some outlets consistently exceed sales targets, while others struggle to meet their goals. To address these disparities, the regional manager used two important techniques of controlling ,Identify and explain them.</p> <p>Answer: Explain Management by exception Critical point control</p>	4
Q20	<p>Savita has been assigned the job of quantity controller. She knows this is a tough job but she also realises the importance of it. Her daily routine is to send alarm to the manufacturing department about the deviations in the number of units produced so that the target of the day could be achieved. This helps the whole department to focus towards its main plan of action. However one day she realises that the number of units which are to be produced is 500 which is very high and creates chaos at the shop floor. She discusses it with the management and the target is reduced to 450. This has helped the manufacturing department in maintaining quality of the work done. There are 10 workers at the shop floor where Savita does inspection. She divided the task into 45 units for each worker so that by the end of the day the target of the department is completed.</p> <ol style="list-style-type: none"> 1. Which benefits of controlling have been highlighted in the above case? 2. Name one department where controlling should be applied in proper coordination with the manufacturing department for proper quality control of the manufactured products. <p>1. Answer: The benefits of controlling highlighted in the above case are:</p> <ul style="list-style-type: none"> ○ Controlling helps in accomplishing organisational goals. ○ Controlling helps in judging accuracy of set standards. ○ Controlling helps in facilitating coordination in action. <p>2. One department where controlling should be applied in proper coordination with the manufacturing department for proper quality control of the manufactured products is purchase department.</p>	6
Q21	<p>A critical point control (CPC) approach is followed by KFC in the cooking and handling process so that any food safety threat can be 1+2+2=5 prevented, eliminated, or reduced to an acceptable level. Hence, continuous monitoring of activities are undertaken to ensure that the process is right at each critical point</p>	6

	<p>control. The main principle followed for cooking at KFC is “less amount many time” which can ensure the high quality and high fresh level of the food. For instance, if your hamburgers have to be made, a worker cannot cook all the four hamburgers at one time. The time figured out for making one hamburger is one hundred and forty-five seconds. Moreover, nearly all foods in the KFC have the specific holding time, the holding time for hamburgers is ten minutes and for French fries is seven minutes. If it is not sold within that time it is thrown away. Also, the temperature of the milk sent by the supplier must be under 40 c, otherwise, it will be returned.</p> <p>In context of the above case:</p> <ol style="list-style-type: none"> 1. Name the steps involved in the controlling process which are being discussed in the above lines. 2. What do you understand by ‘critical point control’? Explain. 3. How does the controlling function of management help in accomplishing organizational goals and ensure efficient use of resources? <p>Answer:1. Analyzing deviation and taking corrective action are being discussed in the above lines. 2. Since it may neither be economical nor easy to monitor each and every activity in the organization, there for every organization identifies and states its specific key result area (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</p> <p>. 3. 1. Accomplishing organizational goals 2. Making efficiently use of resources-Explain these importance</p>	
Q22	<p>Mr. Shantanu is the Chief Manager of a reputed company that manufactures garments. He called the production manager and instructed him to keep a constant and continuous check on all the activities related to his department so that everything goes as per the set plan. Also, the Chief Manager suggested the production manager to keep track of the performance of all the employees in the organisation so that targets are achieved effectively and efficiently.</p> <ol style="list-style-type: none"> a. Describe any two features of controlling highlighted in the above situation. (Goal oriented, continuous and pervasive – any 2). b. Explain any four points of importance of controlling. <p>Answer. Following features of controlling are highlighted here:</p> <ol style="list-style-type: none"> 1) Controlling is a pervasive function . 2) It is a goal-oriented approach. <p>Explain any four points of importance.</p>	6
Q23	<p>Trimax Ltd., is engaged in manufacturing high end luxury pens. The target production is 900 units daily. The Company had been successfully attaining this target until three months ago. Over the last few months, it has been observed that daily production varies between 800 – 850 units.</p> <ol style="list-style-type: none"> I) Identify the function of management, has been highlighted in the above context . ii) Discuss the first five steps involved in the process of the function identified above. <p>Ans: i) Controlling</p>	6

	<p>ii) Following are the first four steps involved in the controlling process: a) Setting performance standards. b) Measurement of Actual performance c) Comparing Actual Performance with Standards. d) Analysing deviation:</p>	
Q24	<p>Anubhav has set up an export house after completing his masters in fashion designing. As the quality of the garment depends on the quality of raw material used, he assures that the fabric meets the requirements by conducting a series of tests for the fabrics like shrinkage test, testing colour fastness to washing, colour fastness to light, colour fastness to perspiration etc through laboratory tests. Later on, at the production areas, fabric inspection is also conducted by stopping the production process. The tests help to detect the deviations and also take corrective action. Moreover, he ensures that complete training about production work was given to every worker at the time of joining his export house.</p> <p>In context of the above case:</p> <ol style="list-style-type: none"> 1. Identify the function of management being performed by Anubhav by conducting tests to assure for the quality of the garments manufactured in his export house. 2. Briefly explain the term ‘deviations.’ 3. Give any three advantages of giving training to the employees. <p>Answer: Answer:</p> <ol style="list-style-type: none"> 1. Controlling . 2. The term ‘deviations’ refers to the difference between the actual performance and planned performance. 3. The benefits of training and development to an organisation are as follows: <ol style="list-style-type: none"> 1. Training imparts systematic learning to the employees thereby helping to avoid wastage of efforts and money and is considered better than the hit and trial method. 2. It increases the employees’ productivity both in terms of quantity and quality, leading to higher profits. 3. Training increases the morale of the employees and reduces absenteeism and employee turnover. 	6

Financial Management

Q1	<p>The working capital requirement of a business is not likely to be high when?</p> <ol style="list-style-type: none"> (a) The nature of business is trading (b) Scale of operation of a business is small (c) It is difficult to procure raw material (d) The rate of inflation is low <p>Answer: (c) It is difficult to procure raw material</p>	1
Q2	<p>Higher debt-equity ratio results in: (a) Lower financial risk (b) Higher degree of operating risk (c) Higher degree of financial risk (d) Higher EPS</p> <p>Answer: (C)</p>	1
Q3	<p>An increase in investment of fixed assets is likely to lead to a –</p> <ol style="list-style-type: none"> (a) Increase in working capital requirements 	1

	<p>(b) Decrease in working capital requirements (c) No change (d) None of these</p> <p>Answer: (a) Increase in working capital requirements</p>	
Q4	<p>Financial leverage is called favourable if : (a) Return on investment (ROI) is lower than the cost of debt (b) ROI is higher than the cost of debt (c) Debt is easily available (d) If the degree of existing financial leverage is low</p> <p>Answer: (B)</p>	1
Q5	<p>On which concept is the approach of wealth maximization based? (1) a) Cash flow b) Social Responsibility c) Present value of wealth d) Profitability</p> <p>Answer:(c) Present value of wealth</p>	1
Q6	<p>Assertion-A company having easy access to capital market follows a strict dividend policy Reason- Such a company can raise capital by approaching capital market</p> <p>(a) Both A and R are true, but R is not the correct explanation of A. (b) Both A and R are true, and R is the correct explanation of A. (c) A is true, but R is false. (d) A is false, but R is true.</p> <p>Answer: (D)</p>	1
Q7	<p>Under which of the following circumstances the fixed capital requirement of a business is not likely to be high?</p> <p>(a) When the raw material is not easily available (b) Capital intensive techniques of production are used (c) The growth prospects of a company a high (d) When the financial alternatives are easily available</p> <p>Answer: (d) When the financial alternatives are easily available</p>	1
Q8	<p>A company must adhere to the provisions of the Companies Act while taking the dividend decision. Identify the related factor of the dividend decision being mentioned in the above line.</p> <p>(a) Contractual constraints (b) Legal constraints (c) Access to capital market (d) Preferences of shareholders</p> <p>Answer: (b) Legal constraints</p>	1
Q9	<p>The cheapest source of finance is: (a) Debenture (b) Equity share capital (c) Preference shares (d) Retained earnings</p> <p>Answer:(D)</p>	1
Q10	<p>Assertion- The primary objective of company is to maximize the wealth of equity shareholders Reason-Investment decision is concerned with investment of firm's funds in different assets.</p> <p>(a) Both A and R are true, but R is not the correct explanation of A. (b) Both A and R are true, and R is the correct explanation of A.</p>	1

	<p>(c) A is true, but R is false. (d) A is false, but R is true. Answer: (B)</p>	
Q11	<p>Somnath Ltd. is engaged in the business of export of garments. In the past, the performance of the company had been upto the expectations. In line with the latest technology, the company decided to upgrade its machinery. For this, the Finance Manager, Dalmia estimated the amount of funds required and the timings. This will help the company in linking the investment and the financing decisions on a continuous basis. Dalmia therefore, began with the preparation of a sales forecast for the next four years. He also collected the relevant data about the profit estimates in the coming years. By doing this, he wanted to be sure about the availability of funds from the internal sources of the business. For the remaining funds he is trying to find out alternative sources from outside.</p> <p>Identify the financial concept discussed in the above para.</p> <p>Also state the objectives to be achieved by the use of financial concept, so identified.</p> <p>Answer: Financial Planning Objectives: (a) To ensure availability of funds whenever required (b) To see that the firm does not raise resources unnecessarily.</p>	3
Q12	<p>Ravi has started a pizza base manufacturing business. The early morning schedule is very busy as the product is dispatched as soon as it is made to keep it fresh and is sent to the various pizza making restaurants or hotels. Daily fresh pizza base has to be delivered on the basis of estimated orders as there is no sure shot consumption pattern in the city. What do you think is going to be the working capital requirement of this business? Why?</p> <p>Answer: The working capital requirement of this business will be low. The reason for this low requirement is that the production cycle for Pizza base is short and as the production is made on estimated order no inventory is required which will further prevent inventory costs.</p>	3
Q13	<p>Company 'A' has the debt-equity ratio of 3 :1. Another Company 'B' has the debt-equity ratio of 2.5 : 1. Both the companies are part of an industry where the operating costs are high. Many of the companies in this industry are vulnerable to high business risk. Which one of the two companies is going to have higher chances of financial risk? Why do you think the financial risk in the above mentioned industry is going to be dangerous for the companies?</p> <p>Answer: The Company A is going to have higher chances of financial risk as the debt component is higher. Due to the higher debt component there will be an increase in the fixed financial costs. In case a company is unable to bear fixed financial costs the financial risk increases.</p>	3
Q14	<p>Ramit is using ICR (Interest Coverage Ratio) as the indicator of the interest paying capacity of his company. However one of his old school days' friends Shobhit tells him to use DSCR (Debt Service Coverage Ratio) as the indicator to judge it. Do you agree with his friend? Give reason for your answer.</p> <p>Answer: Yes, I agree with him.</p>	3

	As it is a better indicator of company's ability to pay fixed financial charges like interest	
Q15	<p>Vipul is thinking of opening a scissors manufacturing plant. He requires capital investment. He discusses the project with his father. His father after listening to his project tries to find out the fixed capital requirement for his plant.</p> <p>What do you think will be the fixed capital requirement for the scissors manufacturing plant of Atul?</p> <p>Answer: The fixed capital requirement for the plant of Vipul will be high as it is a manufacturing plant.</p>	3
Q16	<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 profit. There is availability of enough cash in the company and good prospect for growth in future. It is a well managed organisation 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 lakh from IDBI and is bound by certain restrictions on the payment of dividend as per terms of loan agreement. The above discussion about the company leads to various factors which decide how much of the profit should be retained and how much about to be distributed by the company.</p> <p>Quoting the lines from the above discussion Identify and explain any four such factors.</p> <p>Answer: Any five factors: Growth opportunities, Stability of dividend, Legal restrictions, Restrictions in loans agreement, liquidity, stability of earnings etc. explain them</p>	4
Q17	<p>KJ Ltd. is manufacturing trucks at its manufacturing unit in Kolkata. The demand of its trucks is high as the economic growth is about 7% to 8%. The company has estimated a 20% increase in the demand of its trucks. It is planning to set up a new truck manufacturing unit. For this the company will require approximately 2,000 crores as fixed capital and 50 crores as working capital. The company has already arranged for its fixed capital. State any four factors that the finance manager of the company should keep in mind while arranging its working capital.</p> <p>Answer: Nature of business , seasonal factors ,scale of operation ,business cycle.</p>	4
Q18	<p>Arun is a successful businessman in the paper industry. During his recent visit to his friend's place in Mysore, he was fascinated by the exclusive variety of incense sticks available there. His friend tells him that Mysore region is known as a pioneer in the activity of Agarbatti manufacturing because it has a natural reserve of forest products especially Sandalwood to provide for the base material used in production. Moreover, the suppliers of other types of raw material needed for production follow a liberal credit policy and the time required to manufacture incense sticks is relatively less. Considering the various factors, Arun decides to venture into this line of business by setting up a manufacturing unit in Mysore.</p> <p>In context of the above case: Identify and explain the type of financial decision taken by Arun. Identify the three factors mentioned in the paragraph which are likely to affect the working capital requirements of his business.</p> <p>Answer: Investment decision has been taken by Arun The three factors mentioned in the paragraph which are likely to reduce the working</p>	4

	<p>capital requirements of his business are as follows: explain them.</p> <p>Availability of raw material</p> <p>Production cycle</p> <p>Credit availed</p>	
Q19	<p>G. Motors is the manufacturer of sophisticated cranes. The Production manager of the company reported to the Chief Executive Officer, Ashish Jain that one of the machines used in manufacturing sophisticated cranes had to be replaced to compete in the market, as other competitors were using automatic machines for manufacturing cranes. After a detailed analysis, it was decided to purchase a new automatic machine having the latest technology. It was also decided to finance this machine through long term sources of finance. Ashish Jain compared various machines and decided to invest in the machine which would yield the maximum returns to its investors.</p> <p>a. Identify the financial decision taken by Ashish Jain.</p> <p>b. Explain any three factors affecting the decision identified in (a) above.</p> <p>a. The Financing Decision is concerned with the Decisions about, how much Funds are to be Raised from which Long-term Sources i.e. Owner’s Funds (Consisting of Equity Share Capital and Retained Earnings) or Borrowed Funds (Consisting of Debenture Loans, Bonds etc.)”It was also decided to finance this machine through long term sources of finance.”</p> <p>b. Factors Affecting the Finance Decision are:</p> <p>i. Cost ii. Risk iii. Control Consideration</p>	4
Q20	<p>Mr. A. Bose is running a successful business. Mr. Bose is the owner of R. K. Cement Ltd. Mr. Bose decided to expand his business by acquiring a Steel Factory. This required an investment of Rs. 60 crores.</p> <p>To seek advice in this matter, he called his financial advisor Mr. T. Ghosh who advised him about the judicious mix of equity (40%) and Debt (60%). Employ more of cheaper debt may enhance the EPS. Mr. Ghosh also suggested him to take loan from a financial institution as the cost of raising funds from financial institutions is low. Though this will increase the financial risk but will also raise the return to equity shareholders. He also apprised him that issue of debt will not dilute the control of equity shareholders. At the same time, the interest on loan is a tax deductible expense for computation of tax liability. After due deliberations with Mr. Ghosh, Mr. Bose decided to raise funds from a financial institution.</p> <p>1. Identify the concept of Financial Management as advised by Mr. Ghosh in the above situation.</p> <p>(a) Capital budgeting</p> <p>(b) capital structure</p> <p>(c) Dividend decision</p> <p>(d) working capital decision</p> <p>Answer: (B)</p> <p>2. In the above case Mr. Ghosh suggested to raised more fund from debt. Higher debt-equity ratio results in:</p> <p>(a) Lower financial risk</p> <p>(b) Higher degree of operating risk</p> <p>(c) Higher degree of financial risk</p> <p>(d) Higher earning of profit</p>	4

	<p>Answer: (C)</p> <p>3. “Mr. T. Ghosh who advised him about the judicious mix of equity (40%) and Debt (60%)” The proportion of debt in the overall capital is called_____.</p> <p>(a) Working capital (b) Financial leverage (c) Total assets (d) None of the above</p> <p>Answer: (B)</p> <p>4. Employ more of cheaper debt may enhance the EPS. Such practice is called:</p> <p>(a) Equity trading (b) financial leverage (c) Investment decisions (d) Trading on equity</p> <p>Answer: (D)</p>	
Q21	<p>Tata International Ltd. earned a net profit of Rs. 50 crores. Ankit, the finance manager of Tata International Ltd. wants to decide how to appropriate these profits. Discuss any five factors which will help him in taking this decision.</p> <p>Answer: The five factors which will help Ankit, in taking the dividend decision</p> <p>.Explain them</p> <p>Earnings Cash flow position Access to capital market Growth prospects: Preferences of the shareholders</p>	6
Q22	<p>Raghav Agro Ltd. has started manufacturing bio compost useful for organic farming and has set genet at Nasik. Due to increasing demand of organic farming in the country, the company is unable to meet the demands of the market. It is planning to set up a second unit at Kolhapur. The finance manager estimates that it will require 150 crores for the set-up and 25 crores for working capital to start the second unit. As a highly capital-intensive industry, what factors will affect the fixed capital?</p> <p>The factors that will affect requirements of fixed and working capital in a company include: (i)The Growth prospects: . (ii)Scale of operation: (iii) Availability of raw material (iv) Nature of business: any other 2</p>	6
Q23	<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.</p> <p>In context of the above case: .</p> <p>1. 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>	6

	<p>2. Comment upon the likely dividend policy of the company this year by stating any two reasons in support of your answer.</p> <p>Answer: Computer Tech Ltd. has been paying dividends at high rate to its shareholders over the past five years because of the following reasons: Earnings , cashflow position ,access to capital market</p> <p>1. This year the company is likely to follow a conservative dividend policy because of the following reasons:</p> <ul style="list-style-type: none"> ○ The cash flow position of the company is not good and dividends are paid in cash. ○ The company may like to retain profits to finance its expansion projects. Retained profits do not involve any explicit cost and are considered to be the cheapest source of finance. 	
Q24	<p>Madhur Milan’ is a popular online matrimonial portal. It seeks to provide personalized match making service. The company has 80 offices in India, and is now planning to open offices in Singapore, Dubai and Canada to cater to its customers beyond the country. The company has decided to opt for the sources of equity capital to raise the required amount of capital.</p> <p>In context of the above case:</p> <ol style="list-style-type: none"> 1. Identify and explain the type of risk which increases with the higher use of debt. 2. Explain briefly any four factors because of which you think the company has decided to opt for equity capital. <p>Answer : 1)Financial risk of the company increases with the higher use of debt. 2) Four factors: capital market conditions, fixed operating cost, Risk, cash flow position.</p>	6
Q25	<p>The board of director asked you to design the capital structure of a company. What are the factors you would consider to add?</p> <p>Answer: The factors included in the capital structure of a company are.</p> <ul style="list-style-type: none"> • Interest Coverage Ratio (ICR) • Cash Flow Situation • Debt Service Coverage Ratio (DSCR) • Regulatory Framework • Return on Investment (ROI) • Tax rate 	6
Q26	<p>Ramesh is running a real estate construction company. He has to meet clients on a regular basis in order to make deals. For every decision he makes he has to be really cautious as he knows once he has made a decision he can’t go back which will mean abandoning of the project. So he evaluates every decision before he makes it. That is why he pays a lot of attention to what his clients are saying and figures out which portion of the deal is in his capacity and favour. Recently his company pumped an amount of Rs.50 crores in a project and he knows this project can affect the returns of the firms in the long run both positively as well as negatively. All this is a part of the business in which he has established himself. He knows that the funds invested are only likely to give returns in the future and impact the future prospects of his business. The chances of success in any business are more when one does a lot of research. He has to</p>	6

	<p>involve a considerable portion of his funds and block them in long term projects. A thorough research is required in order to grow funds at the lowest cost possible. He is a very stable minded entrepreneur.</p> <ol style="list-style-type: none"> Which concept of management has been highlighted in the above case? Identify its types highlighted in the above case. <p>1. Answer: The concept of management highlighted in the above case is ‘Importance of fixed capital investment’.</p> <p>2. The reasons for the importance of fixed capital decisions highlighted in the above case are:</p> <ul style="list-style-type: none"> Irreversible decisions. Risk involved. Long-term growth. Large amount of funds involved.. 											
Q27	<p>Trucks India Ltd.’ producing 1,00,000 trucks and generating revenue of Rs.1,000 crores annually, has recently acquired the world’s second largest truck manufacturing company. After this acquisition, ‘Trucks India Ltd.’ will become the world’s largest truck manufacturer. For financing the acquisition the company had to arrange about Rs.41,000 crores through debt and equity. State the function performed by the company for arranging the funds through debt and equity. Also state any five factors affecting such decisions.</p> <p>Answer: Financing decision. Any five factors affecting.</p>	6										
Q28	<p>‘Yiyo Ltd.’ is a company manufacturing textiles. It has a share capital of Rs.60 lakhs. The earning per share in the previous year was Rs.0.50. For diversification, the company requires additional capital of ?40 lakhs. The company raised funds by issuing 10% debentures for the same. During the current year the company earned a profit of Rs.8 lakhs on capital employed. It paid tax @ 40%.</p> <p>(a) State whether the shareholders gained or lost, in respect of earning per share on diversification. Show your calculations clearly.</p> <p>(b) Also, state any three factors that favour the issue of debentures by the company as part of its capital structure.</p> <p>Answer:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="padding-left: 20px;">Profit before interest and tax</td> <td style="text-align: right;">8,00,000</td> </tr> <tr> <td style="padding-left: 20px;">Less: Interest on debentures $(40,00,000 \times \frac{10}{100})$</td> <td style="text-align: right;">4,00,000</td> </tr> <tr> <td style="padding-left: 20px;">Profit before tax</td> <td style="text-align: right;">4,00,000</td> </tr> <tr> <td style="padding-left: 20px;">Less: Tax @ 40% $(₹4,00,000 \times \frac{40}{100})$</td> <td style="text-align: right;">1,60,000</td> </tr> <tr> <td style="padding-left: 20px;">Profit available to shareholders after tax</td> <td style="text-align: right; border-top: 1px solid black;">2,40,000</td> </tr> </table> <p>EPS = $\frac{\text{Profit after tax}}{\text{Number of equity shares}} = \frac{₹2,40,000}{6,00,000} = ₹0.40$</p> <p><u>This clearly shows that the shareholders have lost after the issue of debentures since the earning per share has decreased from ₹0.50 to ₹0.40.</u></p> <p><u>Note: The face value of equity shares is assumed to be ₹10 each. Hence number of equity shares is 6,00,000.</u></p>	Profit before interest and tax	8,00,000	Less: Interest on debentures $(40,00,000 \times \frac{10}{100})$	4,00,000	Profit before tax	4,00,000	Less: Tax @ 40% $(₹4,00,000 \times \frac{40}{100})$	1,60,000	Profit available to shareholders after tax	2,40,000	6
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QUESTIONS

MULTIPLE CHOICE QUESTIONS

- 1) Instruments with a maturity period of the less than one year are dealt in the -----.
 - a.Capital market
 - b.Money market
 - c.Stock exchange
 - d.SEBI
- 2) Educating the investors is the ----- function of SEBI.
 - a. protective
 - b. regulatory
 - c. both a and b
 - d. development
- 3) The new issue market is also known as :
 - (a) primary market
 - (b) secondary market
 - (c) capital market
 - (d) money market
- 4) Who issues a treasury bill?
 - (a) any nationalized bank
 - (b) any private sector bank
 - (c) Reserve bank of India
 - (d) all of the above
- 5) It is a method by which banks borrow from each other to be able to maintain the cash reserve ratio.
 - (a) commercial bill
 - (b) commercial papers
 - (c) call money
 - (d) none of the above
- 6) It is a short-term, negotiable, self-liquidating instrument which is used to finance the credit sales of firms.
 - (a) commercial bill
 - (b) commercial papers
 - (c) call money
 - (d) none of the above
- 7) Which of the following statements is not true with regard to primary market?
 - a) It is also known as the old issues market.
 - b) it facilitates the transfer of investible funds from savers to entrepreneurs.
 - c) it deals with new securities being issued for the first time.
 - d) it facilitates the transfer of investible funds from savers to entrepreneurs.
- 8) Jaykant is holding hundred shares of a company. He has been given a privilege offer to subscribe to a new issue of shares of the same company in proportion of 2:1 to the number of shares already possessed by him. Identify the method of floatation being described in the above case.
 - (a) offer through prospectus
 - (b) offer for sale
 - (c) rights issue
 - (d) private placement
- 9) Stock exchange works as a mechanism for valuation of securities through the forces of demand and supply. Identify the related function performed by the stock exchanges.
 - a) providing liquidity and marketability to existing securities.

- b) safety of transaction.
- c) pricing of security.
- d) spreading of equity cult

Q10) The process of holding shares in electronic form is known as

- (a) demutualization
- (b) dematerialization
- (c) speculation
- (d) none of the above

Q11. ASSERTION REASON BASED QUESTIONS

Read the following statements- Assertion (A) and Reason (R). Choose one of the correct alternatives given below:

- (a) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A).
- (b) Both Assertion (A) and Reason (R) are true and Reason (R) is not the correct explanation of Assertion (A).
- (c) Assertion (A) is true but Reason (R) is false
- (d) Assertion (A) and Reason (R) both are incorrect.

- A)** 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.
- B)** Assertion(A) : Primary market promotes capital formation directly.
Reason(R): Only buying of securities takes place in the primary market.
- C)** Assertion(A) :.Depository participant serves as an intermediary between the investor and the depository (NSDL or CSDL).
Reason(R): Only banks are permitted to become depository participants.
- D)** Assertion(A) :SEBI was established to promote orderly and healthy growth of securities market.
Reason(R): Price rigging refers to a practice in which the insider uses the sensitive information about the securities of a company to make personal profits.

CASE STUDY BASED QUESTIONS

Q1. After doing a course in online trading, Arsh started an online portal for stock trading under the name ‘investment guru’. He met his school friend Ajay after a long time in a bank where Ajay had come to open a d-mat account. Arsh urged Ajay to invest in the forthcoming IPO of a blue chip companies whereas Ajay was inclined to buy existing securities of the other companies to build his investment portfolio.

In context of the above case:

- (a) Identify the two different types of capital market being referred to by quoting lines from the para.
- (b) State any four differences between the two different types of capital markets as identified in part (a).

Q2. 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.

Name the concept which separate the ownership and control of stock exchange. Name the body set up by the government of India to contract the stock exchange. State the objectives of that regulating body.

Q3. 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 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. Also, explain briefly three other functions performed by this market.

Q4 Supriya's grandmother who was unwell, called her and gave her as gift packet. Supriya opened the packet and saw many crumpled share certificates inside. Her grandmother told her that they had been left behind by her late grandfather

As no trading is now trading is done on physical form, Supriya wants to know the process by adopting which she is in a position to deal with these certificates.

- (a) identify and state the process

- (b) Also, give two reasons to Supriya why dealing with shares in physical form has been stopped.

Q5 Mr. Sanjay Nehra was the Chairman of Taran Bank. The bank was earning good profits. Shareholders were happy as the bank was paying regular dividends. The market price of their shares was also steadily rising. The bank was about to announce taking over the 'Vena Bank.' Mr. Sanjay Nehra knew that the share price of Taran Bank would rise on this announcement. Being a part of the bank, he was not allowed to buy shares of the bank. He called one of his rich friends Sudhir and asked him to invest Rs.5 crores in shares of his bank promising him the capital gains. As expected, the share prices went up by 40% and the market price of Sudhir's shares was now ? 7 crores. He earned a profit of Rs. 2 crores. He gave Rs. 1 crore to Mr. Sanjay Nehra and kept Rs. 1 crore with himself. On regular inspection and by conducting enquiries of the brokers involved, the Securities and Exchange Board of India (SEBI) was able to detect this irregularity. The SEBI imposed a heavy penalty on Mr. Sanjay Nehra. By quoting the lines from the above paragraph, identify and state any two functions that were performed by SEBI in the above case.

3MARKS QUESTIONS

Q1. Ganesh steel ltd." is a large and credit-worthy company manufacturing steel for the Indian market. It now wants to enter in to the Asian market and decides to invest in new hi-tech machines. Since the investment is large, it requires long-term finance. It decides to raise funds by issuing equity shares. The issue of equity shares involves huge floatation cost. To meet the expenses of floatation cost the company decides to tap the money market.

1. Name and explain the money-market instrument the company can use for the above purpose.
2. What is the duration for which the company can get funds through this instrument?

Q2. ABC Ltd. issued prospectus for the subscription of its shares for Rs. 500 crores in 2008. The issue was oversubscribed by 20 times. The company issued shares to all the applicants on pro-rata basis. Later SEBI

inspected the prospectus and found some misleading statement about the management of the company in it. SEBI imposed a penalty of Rs. 5 crores and banned its three executive directors for dealing in securities market for three years. Identify the function and explain its type performed by SEBI in the above case

Q3 What is primary market?

Q4. What is main objective of stock exchange?

Q5. How does the financial market 'reduce the cost of transaction'?

4MARKS QUESTIONS

Q1 Sumita 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 screen – based trading is done and dematerialization is compulsory. In context of the above case:

1. What is screen based trading?

Give the meaning of „dematerialization“. State any two of its advantages

Q2 Financial market plays an important role in the allocation of scarce resources in an economy by performing various functions” explain any four functions of financial market.

Q3 What is another name of secondary market? Explain the trading procedure of it.

Q4. Distinguish between money market and capital market on the basis of:

(a)Participants (b) Instruments (c)Safety and (d)Expected return

Q4 State the regulatory functions of Securities and Exchange Board of India.

Q5 Why do money market instruments are more liquid as compared to capital market instruments?

6MARKS QUESTIONS

Q1 Explain the functions of the Securities and Exchange Board India.

Q2 State any six functions of 'Stock Exchange.'

Q3 Madhav's is one of the India's most trusted brands in Indian sweets and snacks segment. The company has manufacturing plants in Kota, Kanpur, New Delhi, and Mumbai. Madhav's has its own retail chain stores and a range of restaurants in these cities. Now, the company plans to extend its business in 12 more cities in India. In order to raise the funds, its directors have decided to float a public issue through prospectus. Besides, it intends to raise money to meet the floatation costs in terms of brokerage, underwriting commission, advertising etc. In context of the above case:

- i) What is the other name used for the funds required to meet floatation costs?
- ii) Describe briefly the short term instrument popularly used by the companies to raise for the funds required to meet floatation costs. Who can issue them?
- iii) Distinguish between the two types of financial markets that the company intends to approach to meet its financial needs.

Q4 Explain the money market instruments.

Q5. A company wants to set up a new branch in Chennai. For additional capital, the company is planning to issue equity shares to public as there is a boom period in the capital market and the public will prefer to invest in shares. While analyzing the issue, the financemanager found that the floatation costs of the issue would be high and the company is already in a liquidity crunch. Company deemed it proper to depend on money market instruments for about six months.

- (i) Identify the method of flotation of capital, mentioned above.
- (ii) Besides the above share issue method, mention two other methods.
- (iii) What kind of instrument will be appropriate for use in the money market?

Q6 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 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.

1. Name the function being performed by the market in the above case.

Name the market segment other than the capital market segment in which unsecured and short-term debt instrument are traded. Also, give any three points of difference between the two.

Q7. Ragu works as a waiter in a five star hotel in Mumbai. While serving the customer he overhears him at the table saying that the he has made profits higher than expected by investing in securities market. So, Ragu also decides to make a nominal investment from his savings in the stock market in pursuit of higher gains. In context of the above case: As a financial consultant, apprise him of the steps involved in trading procedure on a stock exchange.

Q7. Why was securities and exchange board of India set up? Explain any four objectives of SEBI.

Q8. After doing a course in online trading, Arsh started an online portal for stock trading under the name 'Investment Guru'. He met his school friend Ajay after a long time in a bank where Ajay had come to open a D-Mat account. Arsh urged Ajay to invest in the forthcoming IPO of a blue chip companies whereas Ajay was inclined to buy existing securities of the other companies to build his investment portfolio. In context of the above case:

1. Identify the two different types of capital market being referred to by quoting lines from the para.
2. State any four differences between the two different types of capital markets as identified in part (1).

MARKETING MANAGEMENT

MCQ – (10 Questions)

1. Which one of the following is not a marketing mix?

- (a) Product (b) Physical distribution (c) Pricing (d) Production process

Ans. (d) Production process

2. Heena is planning to set up a small manufacturing unit for manufacturing eco-friendly packaging material. She has decided to market her products through the conventional channel of distribution, which involves wholesalers and retailers. Identify the channel of distribution being adopted by the company.

- (a) Zero level channel (b) One level channel (c) Two level channel (d) Three level channel

Ans. (c) Two level channel

3. Within 2 years of its inception, Bhavishya Limited has created a very positive reputation about itself and its products in the eyes of general public by participating extensively in various social welfare programs. Identify the component of promotion mixing described in the given lines.

- (a) Advertising (b) Personal selling (c) Public relation (d) Sales promotion

Ans. (c) Public relation

4. Sugandha purchased a pack of crayons for her daughter from a nearby stationery shop. She noticed that the crayons were packed in a portable transparent plastic bag. Identify the level of packaging being described in the above lines.

- (a) Primary package (b) Secondary packaging (c) Transportation packaging (d) None of the above

Ans. (a) Primary package

5. On visiting a supermarket to buy a pack of moisturizer, Harsha noticed that the packaging of most of the beauty products exhibited a photograph of a celebrity. Identify the related function of packaging being described in the given case.

- (a) Facilitates the use of product (b) Assists in promotion of the product (c) Helps in product identification (d) Provides protection to the product

Ans. (b) Assists in promotion of the product

6. The labelling of a pack of oats cookies explains how the product is beneficial in adding fibre to the diet and the other related health benefits. Identify the related function of labelling being described in the given case. (a) Describes the product and specifies its content (b) Identification of the product or brand (c) Grading of products (d) Helps in promotion of the products

Ans. (d) Helps in promotion of the products

7. Mehak Limited has hired 300 salesmen who will be assigned the task of contacting prospective buyers and creating awareness about the new range of organic incenses introduced by the company. Identify the element of promotion been described in the given lines.

- (a) Advertising (b) Sales promotion (c) Personal selling (d) Public relation

Ans. (c) Personal selling

8. Which of the following are strategies involved in marketing –

- A. Analysis of consumer needs and demands B. Production C. Pricing D. All the above

Ans. D. All the above

9. _____ is the process of classification of products into different groups on the basis of some of its important characteristics.

(a) Grading (b) Packaging (c) Standardization (d) Branding

Ans. (a) Grading

10. Packaging is important not only for protection of the product but also serves as _____.

(a) Quality product (b) Complex graphics (c) Promotional tool (d) Promotion budget

Ans. (c) Promotion tool

Case study based questions – (5 Questions)

1 “Time Line” watch manufacturing company is a renowned company marketing watch. It performs various activities like, market analysis, product designing or merchandising, packaging, warehousing, branding, pricing, promotion and selling. The company maintains good customer relations through various follow up activities. This helps the company in procuring repeat sales orders.

I) Name the concept related to the activities mentioned in the above paragraph.

a) Marketing b) Selling c) Industry d) Packaging

II) Which concept of marketing is used to develop good relations with customers?

a) Branding b) sales promotion c) labeling d) public relation

Ans. I a. marketing

Ans. II d. public relation

2. Radhika was a student of Business Studies of Class XII. Her father was a farmer who grew different varieties of rice and was well-versed in the various aspects of rice cultivation. He was also selected by the government for a pilot-project on rice cultivation. As a project work in Business Studies, she decided to study the feasibility of marketing good quality rice at a reasonable price. Her father suggested her to use the Internet to gather customers’ views and opinions. She found that there was a huge demand for packaged organic rice. She knew that there were no predetermined specifications in case of rice because of which it was difficult to achieve uniformity in the output. To differentiate the product from its competitors, she gave it the name of ‘Malabari Organic Rice’ and classified it into three different varieties, namely — Popular, Classic and Supreme, based on the quality. She felt that these names would help her in product differentiation.

I) Radhika has given a special name to her product, what does this name refer to?

a) Brand name b) Brand Mark c) Generic name d) Trade mark

II) Radhika has classified her product into different varieties, which function of marketing has been performed by Radhika in this step?

a) Gathering and analysing marketing information b) Standardisation and Grading c) Product designing and development d) None of these

III) Radhika’s father suggested her to use internet for acquiring information about people’s taste and preferences. Why is it necessary to know about taste and preferences of customers in marketing?

a) It is essence of marketing b) Customers are required for profit making. c) Customer is called king of market d) Customer satisfaction is main objective of marketing.

Ans. I a) Brand name

Ans. II b) Standardisation and Grading

Ans. III d) Customer satisfaction is main objective of marketing.

3. Haryaram is a famous chain selling a large variety of products in the Indian market. Their products include chips, biscuits, sweets and squashes. It charges a comparatively higher price than its competitors as it sells quality products. Besides, it offers regular discounts to its customers and easy credit terms to its retailers. It has five of its own retail shops. It also sells its products through various grocery stores so that the products are

made available to customers at the right place, in the right quantity and at the right time. It regularly uses different communication tools to increase its sales.

I) Which philosophy of marketing management is being used by Haryaram?

a) Production concept b) Product concept c) Selling concept d) Marketing concept

II) Which promotional tool is being used by offering discounts to customers?

a) Advertising b) Personal selling c) Sales promotion d) Public relations

III) Haryaram is selling goods through grocery store, which channel of distribution is being used by Haryaram?

a) Direct channel b) One level c) Two level d) None of these

Ans. I b) Product concept

Ans. II c) Sales promotion

Ans. III b) One level

4. Unilever has found a new way to make ice creams by using an ingredient called 'ice structuring protein' which is widely found in nature especially, in fishes which allows them to survive in freezing arctic waters. Combining ISP with stabiliser technology allows to make ice creams that don't melt so easily thereby making it more convenient for small children and consumers in hot countries. In the context of above case:

I) The component of marketing mix being taken into consideration by the company. a) Product b) price c) place d) promotion.

II) The function of marketing highlighted here.

a) Gathering and analysing marketing information b) Marketing planning c) Product designing and development d) Branding.

Ans. I a) Product

Ans. II c) Product designing and development

5. As the number of people making online purchases has increased manifolds, there is a growing concern about the disposal and management of packaging waste. Every item bought is delivered with excess packaging and sometimes even non-biodegradable materials are used. In the context of above case:

I) Name the levels of packaging that the marketers uses for extra protection besides the immediate package.

A) Primary packaging B) Secondary packaging C) Transportation packaging D) None of these

Ans. B) Secondary packaging

Reasoning Assertion based questions – (4 Questions)

1. Assertion (A) the purpose of marketing is to generate customer value at a profit Reasoning (R) Marketing is the process of satisfying needs and wants of customers through the process of exchange

a) Both are correct and (R) is the correct explanation of (A)

b) Both are correct but (R) is not the correct explanation of (A)

c) Both statements are incorrect

d) (A) is correct but (R) is incorrect

Ans. b) Reason is not correct explanation. As marketing generate customer value at profit because customer satisfaction is the main objective of marketing

2. Assertion (A) Selling focuses on profit maximization through maximization of sales

Reasoning (R) Selling is considered as a part of marketing.

a) Both are correct and (R) is the correct explanation of (A)

b) Both are correct but (R) is not the correct explanation of (A)

c) Both statements are incorrect

d) (A) is correct but (R) is incorrect

Ans. b) Reason is not correct explanation. As selling focuses on profit maximization through sales because it is process of converting good into cash.

3. Assertion (A) Production concept focuses on increasing scale of production to reduce price of products.

Reasoning (R) Production concept is used where demand is more than supply.

- a) Both are correct and (R) is the correct explanation of (A)
- b) Both are correct but (R) is not the correct explanation of (A)
- c) Both statements are incorrect
- d) (A) is correct but (R) is incorrect

Ans. b) Reason is not the correct explanation of assertion as production concept focuses on increasing scale of production to increase demand of product in the market.

4. Assertion (A) Brand is used to identify a product in market by customers. Reasoning (R) Brand provides a specific name to a product.

- a) Both are correct and (R) is the correct explanation of (A)
 - b) Both are correct but (R) is not the correct explanation of (A)
 - c) Both statements are incorrect
 - d) (A) is correct but (R) is incorrect
- a) Brand provides a specific name to a product for identification.

3 Marks Questions (5 Questions)

Q.1 The Research & Development department of Healthy Production Ltd. has decided to diversify from manufacturing health drinks to cereals made from millets. They are well aware of the fact that the company will have to communicate to the people the benefits of eating millets. For this purpose, they plan to sponsor various events like marathons and encourage people to switch to healthy eating through newsletters.

- a) Identify and briefly explain the promotional tool being discussed above.
- b) Also explain any two other promotional tool that can be used by the company, apart from the one discussed above.

Ans. a) Public relations- It involves variety of activities designed to promote or protect company's image & its individual products in the eyes of public.

b) Any two of the following are the promotional tools which may also be used:

- i) Advertising
- ii) Personal Selling
- iii) Sales promotion

Q.2 What is societal marketing concept?

Ans. The societal marketing concept holds that the task of any organisation is to identify the needs and wants of the target market and deliver the desired satisfaction in an effective and efficient manner so that the long-term well-being of the consumers and the society is taken care of.

Q.3 Discuss the concept of advertising as an element of promotion mix.

Ans. Advertising is the most commonly used tool of promotion. It is an impersonal form of communication, which is paid for by the marketers (Sponsors) to promote some goods or service.

Q.4 Discuss the concept of sales promotion as an element of promotion mix.

Ans. Sales Promotion refers to short-term incentives, which are designed to encourage the buyers to make immediate purchase of a product service. These include promotional efforts other than advertising, personal selling and publicity, used by a company to boost its sales. Commonly used Sales Promotion Activities include Rebate, Discount, Refunds, Product Combinations, Quantity Gift, Instant Draws and Assigned Gift, Lucky Draw, Usable Benefit, Full Finance @ 0%, sampling, and contests.

Q.5 Discuss the concept of personal selling as an element of promotion mix.

Ans. Personal Selling involves oral presentation of message in the form of conversation with one or more prospective customers for the purpose of making sales. Personal Selling plays important role for the business persons as well as for the society.

4 Marks Questions (5 Questions)

Q.1 State the four components of physical distribution?

Ans. The following are the components of physical distribution:

1. Transportation is the means of carrying goods and raw material from the point of production to the point of sale.

2. Warehousing refers to the act of storing and assorting products in order to create time utility in them.
3. Inventory Control- A very important decision in respect of inventory is deciding the level of inventory.
4. Order Processing- A good physical distribution system should provide for an accurate and speedy processing of orders.

Q.2 Identify the technique of sales promotion used by the company in the following cases:

- i. Payment of Rs. 1,60,000 for the purchase of a bike can be made, Rs. 40,000 immediately and balance in 20 equal instalments of Rs. 6000 each.
- ii. 30 grams extra soap in a cake of bathing soap.
- iii. Get 4 GB memory card free with a 'Popo' mobile phone.
- iv. Lucky draw coupon for a car on purchase of petrol Rs. 2,500 from Indian Oil Corporation petrol pumps.

Ans.

- i. Full financing
- ii. Quantity gift
- iii. Product combination
- iv. Lucky draw

Q.3. R&T Reality, the property development arm of the construction and engineering giant R&T in a recent report to the media shared that it is betting on bigger and better projects providing greater benefits to the customers, lower prices and faster execution to boost its growth. The spokesperson of the company informed the media that besides the innovative features, quality and brand, the fair pricing followed by the company is also a hit with the buyers. He said that the company is also focusing on accurate, speedy and timely delivery. Proper communication with the market was being maintained through advertising. Even dealers were to be offered incentives to boost the sales.

The above para describes the combination of variables used by R&T Reality to prepare its market offering. Identify and explain the variables.

Ans. The following are the variables used by R&T Reality to prepare its market offering:

- a. Product: Product means goods or services or 'anything of value', which is offered to the market for sale. The concept of product relates to not only the physical product but also the benefits offered by it from customer's view point. The concept of product also includes the extended product or what is offered to the customers by way of after sales services, handling complaints, etc. The important product decisions include deciding about the features, quality, packaging, labeling and branding of the products.
- b. Price: Price is the amount of money customers have to pay to obtain the product. The marketers have not only to decide about the objectives of price setting but to analyse the factors determining the price and fix a price for the firm's products. Decisions have to be taken in respect of discounts to customers, traders and credit terms, etc, so that the customers perceive the price to be in line with the value of the product.
- c. Place: Place or physical distribution include activities that make firms products available to the large customers. Important decision areas in this respect include selection of intermediaries to reach the customers, providing support to the intermediaries. The other decision areas relate to managing inventory, storage and warehousing and transportation of goods from the place it is produced to the place it is required by the buyers.
- d. Promotion: Promotion of products and services include activities that communicate availability, features, merits, etc, of the products to the target customers and persuade them to buy it. Most marketing organizations undertake various promotional activities and spend substantial amount of money on the promotion of their goods through using number of tools such as advertising, personal selling and sales promotion techniques.

Q.4 Bye-Bye Motors recently informed the media about its aim to train up to 4000 people in the next 3 years in the skills associated with automobile industry as part of its program to provide technical and vocational education for unemployed youth. The firm has already started the program in collaboration with Automobile Skill Development Council. This news in the media has helped the firm in promoting its image in the eyes of the public and consumer activist groups.

- A. Why is it important for the company to satisfy the public and the consumer activist groups. Give reasons.
B. Which departments in the firm can be given the responsibility to disseminate information and build goodwill of the firm?

Ans. A. a. The voice and opinion of the general public is important as they may be interested in the company and its product and have an impact on the business ability to achieve its objectives. Thus, it is imperative to manage public opinion and the company's relation with the public on a regular basis.

b. Consumer Activist groups need to be satisfied because they can impose restriction on the sales of the firm's products directly by urging customers to refrain from buying them through the imposition of laws.

B. The following departments in the firm can be given the task to disseminate information and build goodwill:

a. The marketing department.

b. A separate department to manage public relations.

Q.5 Explain branding, labelling and packaging as functions of marketing.

Ans. Branding: A very important decision area for marketing of most consumer products is whether to sell the product in its generic name (name of the category of the product, say Fan, Pen, etc.) or to sell them in a brand name (such as Pollar Fan or Rottomac Pen). Brand name helps in creating product differentiation, i.e., providing basis for distinguishing the product of a firm with that of the competitor, which in turn, helps in building customer's loyalty and in promoting its sale. The important decision areas in respect of branding include deciding the branding strategy, say whether each product will be given a separate brand name or the same brand name will be extended to all products of the company, say Phillips bulbs, tubes and television or Videocon washing machine, television, and refrigerator. Selection of the brand name plays an important role in the success of a product.

Packaging refers to designing and developing the package for the products.

Labelling refers to designing and developing the label to be put on the package. The label may vary from a simple tag to complex graphics.

Packaging and labelling have become so important in modern day marketing that these are considered as the pillars of marketing. Packaging is important not only for protection of the products but also serves as a promotional tool. Sometimes, the quality of the product is assessed by the buyers from packaging. We have seen that in the success of many of the consumer brands in recent times such as Lays or Uncle Chips potato wafers Clinic Plus shampoos, and Colgate Toothpaste, etc., packaging has played an important role.

6 Marks Questions (8 Questions)

Q. 1. Read the statements given in point 1 and 2, answer the questions that follow:

1) Tea is produced in Assam but is carried to customers not only in this state but also in other parts of the country.

a) Identify and explain the function of marketing that enables the marketer to achieve its goals.

b) Enumerate any two factors that marketer should take into consideration in order to analyse the identified needs.

2) Paddy is grown during summer season but its demand and sale takes place throughout the year.

a) Name and state the function of marketing which should be undertaken to reduce the gap between production and consumption of Paddy.

b) State by giving two reasons as to why proper discharge of this function is important.

Ans. a) The function of marketing that enables the marketer to achieve its goals is Transportation. It involves physical movement of goods from one place to another. Since the user of products are wide spread and geographically separated from the place where they are produced it is necessary to move them to the place where they are needed for consumption.

b) The factors that should be taken into consideration to analyse the marketing needs are nature of the product, cost and location of target market.

c) The function of marketing that reduces the gap between production and consumption of paddy is Storage or Warehousing. Due to irregular demand or supply, there may be time gap between production of goods and their sale. Storage helps in reducing the time gap between production and consumption and provides time utility.

Importance of warehousing:

1. To ensure smooth flow of products in the market
2. To protect against any unavoidable delays in delivery or meet contingencies in demand.

Q.2. Choco Ltd. offers a wide variety of chocolate products. It has an action program of not selling its products by their generic name but under different names like Choco-silk bar, Choco-Munchy and Choco-crunchy etc. for different customer segments. All these names have great popularity and acceptability in the markets. As the company policy the products were offered at reasonable and affordable prices for targeting a mass customer base. During the festive season the company launched a massive promotional campaign to increase its revenue and achieve its communication objectives. The company introduced free gifts for the customers. Their on-ground sales team delivers the product not only to the departmental stores but also to small shops, so that all segments of customers can easily get the products. They also provide information and support services to customers to ensure repeat sales. From the viewpoint of the management function, briefly explain any four activities of marketing which the firm will be involved in, apart from the above-mentioned ones it's already performing.

Ans. Functions of marketing, apart from the ones Choco Ltd is already performing:

1. Gathering and analysing market information: This is necessary to identify the needs of the customers and make various decisions for the successful marketing of the products and services. This is important for making an analysis of the available opportunities and threats as well as strengths and weaknesses of the organization and help in deciding what opportunities can best be pursued by it.
2. Product designing and development: The design of the product contributes to making the product attractive to the target customers. A good design can improve performance of a product and give it a competitive advantage in the market.
3. Standardization: Standardization refers to producing goods of predetermined specifications which help in achieving uniformity and consistency in the output
4. Packaging and labeling- Packaging refers to designing and developing the package for the products. Labeling refers to designing and developing the label to be put on the product.

Q.3 “The elements of marketing mix are popularly known as 4 P’s of marketing.” Briefly explain these elements.

Ans. The marketing mix consists of various variables, which have broadly been classified into four categories, popularly known as four Ps of marketing. These are: (i) Product, (ii) Price, (iii) Place, and (iv) Promotion, and are discussed as follows:

1. Product: Product means goods or services or ‘anything of value’, which is offered to the market for exchange. The concept of product relates to not only the physical product as mentioned in the above examples but also the benefits offered by it from the customer's view point (for example toothpaste is bought for whitening teeth, strengthening gums, etc.). The concept of product also includes the extended product or what is offered to the customers by way of after sales services, handling complaints, availability of spare parts etc. These aspects are very important, particularly in the marketing of consumer durable products (like Automobiles, Refrigerators, etc.). The important product decisions include deciding about the features, quality, packaging, labelling and branding of the products.
2. Price: Price is the amount of money customers have to pay to obtain the product. In the case of most of the products, the level of price affects the level of their demand. The marketers have not only to decide about the objectives of price setting but to analyse the factors determining the price and fix a price for the firm's products.

3. Place: Place or Physical Distribution include activities that make firm's products available to the target customers. Important decision areas in this respect include selection of dealers or intermediaries to reach the customers, providing support to the intermediaries (by way of discounts, promotional campaigns, etc.).

4. Promotion: Promotion of products and services include activities that communicate availability, features, merits, etc. of the products to the target customers and persuade them to buy it. Most marketing organisations undertake various promotional activities and spend a substantial amount of money on the promotion of their goods through using a number of tools such as advertising, personal selling and sales promotion techniques (like price discounts, free samples, etc.).

Q.4 State any four factors which affect the determination of the price of the product.

Ans. Factors affecting price determination-

1. Product cost- One of the most important factors affecting the price is its cost. It includes cost of producing, distributing & selling the product.

2. Utility & Demand- The product cost set the lower limit of price, the utility provided by the product & intensity of demand of product sets the highest price of the product.

3. Extent of competition in the market- when firm does not face any competition it has complete freedom in fixing up the price. But when competition is more the price of the product is fixed keeping in mind the competitor's price.

4. Government regulations- In order to protect the interests of the consumers government has all rights to control prices of important commodities & services.

5. Marketing methods used- The price of product is also affected by the methods & techniques used to promote the product.

6. Pricing objectives- Apart from profit maximization other objectives are:

a. Obtaining market share leadership-If firm wants to capture big share of market it has to keep its price low.

b. Surviving in competitive market- To survive in a competitive market the firm has to offer discounts.

c. Attaining product quality leadership- Generally high prices are charged to cover cost of R&D.

Q.5 Identify the technique of sales promotion used by the company in the following cases:

i. Purchase goods worth ₹ 90,000 and get a holiday package of ₹10,000 free.

ii. A company offers 40% of extra glucose in a pack of 1 Kg.

iii. A mobile company offers a discount of ₹2,000 to clear off excess inventory

iv. A company offers a pack of 1 Kg of tea with a purchase of 5 kgs of sugar.

v. On return of the wrapper, a customer gets ₹5 off on purchase of the same product.

vi. A free holiday package of Rs. 5,000 on purchase of goods worth Rs. 20,000.

Ans.

i. Usable benefit

ii. Quantity Gifts

iii. Rebate

iv. Product combination

v. Refund

vi. Usable benefit

Q.6 State the characteristics of good brand name.

Ans. Following are some of the considerations, which should be kept in mind while choosing a brand name.

(i) The brand name should be short, easy to pronounce, spell, recognise and remember e.g., Ponds, VIP, Rin, Vim, etc.

(ii) A brand should suggest the product's benefits and qualities. It should be appropriate to the product's function. e.g., Rasika, Genteel, Promise, My Fair Lady and Boost.

(iii) A brand name should be distinctive e.g., Liril, Sprit, Safari, Zodiac.

- (iv) The brand name should be adaptable to packing or labelling requirements, to different advertising media and to different languages.
- (v) The brand name should be sufficiently versatile to accommodate new products, which are added to the product line e.g., Maggie, Colgate.
- (vi) It should be capable of being registered and protected legally.

Q.7 Explain the following concepts:

- i. Production concept
- ii. Product concept
- iii. Selling concept
- iv. Marketing concept

Ans.

i. Production concept - The focus of business activities was on production of goods. It was believed that profits could be maximised by producing at large scale, thereby reducing the average cost of production. It was also assumed that consumers would favour those products which were widely available at an affordable price. Thus, availability and affordability of the product were considered to be the key to the success of a firm. Therefore, greater emphasis was placed on improving the production and distribution efficiency of the firms.

ii. Product concept - As a result of emphasis on production capacity during the earlier days, the position of supply increased over period of time. Mere availability and low price of the product could not ensure increased sale and as such the survival and growth of the firm. Thus, with the increase in the supply of the products, customers started looking for products which were superior in quality, performance and features. Therefore, the emphasis of the firms shifted from quantity of production to quality of products. The focus of business activity changed to bringing continuous improvement in the quality, incorporating new features etc. Thus, product improvement became the key to profit maximisation of a firm, under the concept of product orientation.

iii. Selling concept - With the passage of time, the marketing environment underwent further change. The increase in the scale of business further improved the position with respect to supply of goods, resulting in increased competition among sellers. The product quality and availability did not ensure the survival and growth of firms because of the large number of sellers selling quality products. This led to greater importance to attracting and persuading customers to buy the product. The business philosophy changed. It was assumed that the customers would not buy, or not buy enough, unless they are adequately convinced and motivated to do so. Therefore, firms must undertake aggressive selling and promotional efforts to make customers buy their products. The use of promotional techniques such as advertising, personal selling and sales promotion were considered essential for selling of products. Thus, the focus of business firms shifted to pushing the sale of products through aggressive selling techniques with a view to persuade, lure or coax the buyers to buy the products. Making sale through any means became important. It was assumed that buyers can be manipulated but what was forgotten was that in the long run what matters most is the customer satisfaction, rather than anything else.

iv. Marketing concept - Marketing orientation implies that focus on satisfaction of customer's needs is the key to the success of any organisation in the market. It assumes that in the long run an organisation can achieve its objective of maximisation of profit by identifying the needs of its present and prospective buyers and satisfying them in an effective way. All the decisions in a firm are taken from the point of view of the customers. In other words, customer's satisfaction become the focal point of all decision making in the organisation. For example, what product will be produced, with what features and at what price shall it be sold, or where shall it be made available for sale will depend on what do the customers want. If the customers want features like double door in a refrigerator or a separate provision for water cooler in it, the organisation would produce a refrigerator with these features, would price it at a level which the customers are willing to pay and so on. If all marketing decisions are taken with this prospective, selling will not be any problem. It will automatically follow. The basic role of a firm then is to 'identify a need and fill it'. The concept implies that products ad-services are

bought not merely because of their quality, packing or brand name, but because they satisfy a specific need of a customer. A pre-requisite for the success of any organisation, therefore, is to understand and respond to customer needs.

Q.8 Explain any four functions of marketing management.

Ans. 1. **Gathering and Analysing Market Information:** One of the important functions of a marketer is to gather and analyse market information. This is necessary to identify the needs of the customers and take various decisions for the successful marketing of the products and services. This is important for making an analysis of the available opportunities and threats as well as strengths and weaknesses of the organisation and help in deciding what opportunities can best be pursued by it. For example, rapid growth is predicted in several areas in the Indian economy, say in the use of the Internet, market for cell phones and several other areas. Which of these areas a particular organisation should enter, or in which area should it expand, requires a careful scanning of the strengths and weaknesses of the organisation, which is done with the help of careful market analysis. With the growth of computers, a new trend has emerged in the collection of market information. More and more companies are using interactive sites on the internet, to gather customer views and opinions, before taking important business decisions. (see the box on Global Brands) One of the popular TV News Channel (in Hindi) seeks viewer's choice (through SMS) on which of the given four or five main news stories of the day would be broadcasted as detailed story at the prime time, to ensure that the viewers get to listen to the story of their own choice.

2. **Marketing Planning:** Another important activity or area of work of a marketer is to develop appropriate marketing plans so that the marketing objectives of the organisation can be achieved. For example, a marketer of colour TV, having 10 per cent of the current market share in the country, aims at enhancing his market share to 20 per cent, in the next three years. He will have to develop a complete marketing plan covering various important aspects including the plan for increasing the level of production, promotion of the products, etc. and specify the action programmes to achieve these objectives.

3. **Product Designing and Development:** Another important marketing activity or decision area relates to product designing and development. The design of the product contributes to making the product attractive to the target customers. A good design can improve performance of a product and also give it a competitive advantage in the market. For example, when we plan to buy any product say a motorbike, we not only see its features like cost, mileage, etc. but also the design aspects like its shape, style, etc.

4. **Standardisation and Grading:** Standardisation refers to producing goods of predetermined specifications, which helps in achieving uniformity and consistency in the output. Standardisation ensures the buyers that goods conform to the predetermined standards of quality, price and packaging and reduces the need for inspection, testing and evaluation of the products. Grading is the process of classification of products into different groups, on the basis of some of its important characteristics such as quality, size, etc. Grading is particularly necessary for products which are not produced according to predetermined specifications, such as in the case of agricultural products, say wheat, oranges, etc. Grading ensures that goods belong to a particular quality and helps in realising higher prices for high quality output.

CONSUMER PROTECTION

MCQ type question

1- Who among the following is not considered a consumer under the Consumer Protection Act, 2019 :

- (a) A person who buys any goods for a consideration which has been paid.
- (b) A person who avails of any service for a consideration which has been promised
- (c). A person who avails of a service for a commercial purpose
- (d) Any user of goods when such use is made with the approval of the buyer

2- Mehak bought a Laptop for 75,000. It was later found to be defective. She asked the company to exchange it but the company refused to do so. So she filed a complaint in the District Commission, However, the District Commission also disallowed it. As she was not satisfied with the order of District Commission, she decided to appeal further after 60 days. In which redressal agency Mehak can appeal against the order of District Commission?

- (a) Supreme Court (b) National Commission (C) State Commission **(d) Can Not Appeal**

3-Match the following by choosing the correct option :

	Column A	Column B
(a)- (i)a,(ii)d (iii)c(iv) b	(i)File a case when the value the goods or services paid as compensation ,does not exceed Rs. 1 Crore	(a)State commission
b (i)b(ii) c(iii)d(i) v)a	(ii)checking standardisation mark	(b)District commission
(c(i)c(ii) d(iii)a(i	(iii)file a case when the value of the goods or services paid as compensation is more than Rs. 10crore	(c)Right to safety
v)b	(iv)File a case of the goods or services paid as compensation ,is between 1 Crore and 10 Crore	(d)National commission

(d)(i)d(ii)c(iii)b(iv)a

4-Yash had severe pain in his throat, so he called up the doctor and asked for a telephonic advice. The doctor prescribed him a sachet of Throat Reliever Hot Sip. He asked his servant to get a sachet from a local chemist with a cash memo. After consuming the sachet, he started feeling more ill, so he picked up the empty sachet and started reading the label. To his utter dismay, the sachet had already expired last month. Which of the following remedies is not available to him any longer as a consumer ?

- (a) To withdraw the hazardous goods from sale.
(b) To replace the defective product with a new one.
 (c) To refund the price paid for the product.
 (d) To pay a reasonable amount of compensation for any loss suffered by the consumer of the opposite party

5-Due to the negligence of the doctors, Johar passed away within a week's time after his surgery of the spine Which of the following parties can not file a case in this regard?

- (a) The consumer** (b) Any registered consumers' association
 (c) A legal heir or representative of a deceased consumer (d) All of the above

6-Which of the following activities lie within the scope of consumer protection?

- (a) Educating consumers about their rights and responsibilities
 (b) Helping consumers in getting their grievances redressed
 (c) Protecting the interests of consumers
(d) All of the above

7-Jagga started a small stationery shop in the nearby market. In pursuit of earning higher profits in a short term, he overpriced all his products by 20%. Gradually, the consumers understood his pricing strategy and stopped coming to his shop for making any purchase. Identify the related point highlighting the importance consumer protection from businessmen's point of view.

(a) Long-term interest of business is assured

(b) Business uses society's resources so they need to safeguard consumer's interests.

(c) Social responsibility towards consumers as an important interest group.

(d) It is the moral obligation of the businessmen to give due consideration to the consumer's interests.

8-Recently, Yamini purchased a pack of dog food for her pet. It was nowhere mentioned on the pack that it had to be mixed in lukewarm water in order to ensure easy digestion. Therefore, Yamini kept serving the food to her pet by mixing it in cold water. As a result, her pet fell ill and had to be hospitalised. Identify the right of consumers being ignored by the company marketing the pet food.

(a) Right to consumer education

(b) Right to be assured

(c) Right to information

(d) Right to be heard

9-Dipika Pallikal, the Padma Shri recipient, in a petition filed in 2012 said that she had faced humiliation and loss of reputation, as a transaction using a bank's debit card at a hotel in the Netherlands' Rotterdam failed, though she had a balance of more than 10 times the billed amount in her account. The bank claimed that the incident was a case of "force majeure", which means a natural and unavoidable catastrophe or an act of God, and was beyond its control. A consumer court in Chennai has directed the bank to pay compensation of lakh to Dipika Pallikal for "deficiency in service". The bank was also directed to pay her Rs.5,000 as expenses. Identify the right of consumers being exercised in the given case.

(a) Right to safety (b) Right to be heard (c) Right to seek redressal (d) Right to consumer education

10-If any aggrieved party is not satisfied with the order of district commission, then he can appeal before the state commission within _____ passing of the order.

(a)15

(b)30

(c)45

(d)60

Assertion-Reasoning Type question

1-Assertion (A): A consumer is generally understood as a person who uses goods or avails of any service.

Reason(R): The term 'consumer' includes any person who obtains goods or avails or consumes services for resale or commercial purpose.

(a) Both the Statement I and Statement II are true

(b) Both the Statement I and Statement II are false

(c) Statement I is true but Statement II is false

(d) Statement I is false but Statement II is true

2-Assertion(A): Only those complaints where value of goods and services paid as consideration exceeds ten crores of rupees can be filed in State Commission.

Reason(R): If any of the parties are not satisfied by the order of State Commission can appeal against such order to the Supreme Court of India.

(a) Both the Statement I and Statement II are true

(b) Both the Statement I and Statement II are false

(c) Statement I is true but Statement II is false

(d) Statement I is false but Statement II is true

3-Assertion(A): Unfair trade practice involves the activities undertaken to falsely represent the quality, standard, quantity, composition, style or model of a product or service.

Reason(R): Restrictive trade practice refers to the act of imposing an unjustified cost on the consumer.

(a) Both the Statement I and Statement II are true

(b) Both the Statement I and Statement II are false

(c) Statement I is true but Statement II is false

(d) Statement I is false but Statement II is true

4-Assertion (A): According to the Right to seek redressal a consumer has the right to get relief in case the product or a service falls short of his expectations.

Reason (R): In order to promote the Right to seek redressal many business firms have setup grievance cells. (a)

Both the statements (A) and (R) are correct and (R) is the explanation of (A)

(b)Both the statements (A) and (R) are correct but (R) is not the right explanation of (A)

(c) Statements (A) is correct but statement (R) is incorrect

(d)Both statements (A) and (R) are incorrect

Case study based Question

1-Piyali purchased an ISI marked Heater from Bharti Appliances. She made Cash Payment. But failed to get a Cash Memo. While making use of the heater she observed that it was not working properly. She contacted the shopkeeper immediately and told him the problem. Shopkeeper paid no heed to her complaint. Rather he marked that the goods in question was not bought from his shop. Piyali had no evidence of proving that the heater was purchased from his shop only. She discussed the problem with her friend Sohini who advised her to approach Consumer Forum and lodge the complaint. Piyali was convinced with the idea of lodging the complaint against the shopkeeper but due to lack of cash memo it was difficult for her to proceed.

(i)Identify the Right of the consumer as referred in the above paragraph.

A. Right to be Informed B. Right to Safety **C. Right to be Heard** D. Right to Choose

(ii)Identify the responsibility of the consumer referred in the above case.

A. Quality Conscious **B. Must Obtain Cash Memo**
C. Cautious Consumer D. Ready to Lodge Complaint

(iii) Piyali can not lodge a complaint against the shopkeeper. Why?

A. She do not have the right B. She was aware of the fact
C. **She do not have the Cash Memo** D. She was happy with the product

(iv)Under which Act Piyali can seek to protect her rights being a consumer?

A. Consumer Protection Act, 2019 B. Consumer Protection Act, 1968
C. The Indian Contract Act, 1872 D. The competitionAct,2002

2- On Maya's Marriage Anniversary, her husband gifted her branded electrical hair straightener. Within a week, the hair straightener stopped working. The hair straightener had a replacement guarantee for 1 year and Maya's husband had invoice for the same. So, Maya went to the shop and asked the shopkeeper for replacement, which he bluntly refused. She filed a complaint in the district commission against it. The district commission gave the decision in favour Maya and she was also awarded compensation along with a new hair straightener from the shop.

(i) Mention the quality mark which a consumer should look for while purchasing electrical goods.

- (a) Hallmark (b) AGMARK (c) ISI (d) FPO

(ii) According to which right, Maya has the right to get relief as the hair straightener falls short expectations?

- (a) Right to Consumer Education (b) Right to Seek Redressal
(c) Right to be Informed (d) Right to be Heard

(iii) Maya has a right to file a complaint and to be heard in case of dissatisfaction with a good or a service. Which right is being highlighted in the given statement?

- (a) Right to be Informed (b) Right to Consumer Education
(c) Right to be heard (d) Right to seek Redressal

(iv) The members of the District commission are appointed by the

- (a) central government (b) State Government (iii) either (a) or (b) (iv) Neither (a) or (b)

3-Prakahar purchased an ISI mark electric iron from Bharat Electricals. While using it, he found that it was not working properly. He approached the seller and complained about the same. The manufacturer refused to replace and Bharat Electrical decided to file a complaint in the consumer court. Can Bharat Electricals do this? Why? Also explain who is a consumer as per Consumer Protection Act, 2019

Answer: No, Bharat Electricals will not be able to file a complaint under Consumer Protection Act 2019 because according to this act a person is not deemed to be a customer if he buys goods for resale or commercial purpose. Under the Consumer Protection Act 2019, a consumer is defined as:

(i). Any person who buys any goods for a consideration, which has been paid or promised, or partly paid and partly promised or under any scheme of deferred payment. It includes any uses of such goods, when such use is made with the approval of the buyer, but does not include a person who obtains goods for re-sale or any commercial purpose.

(ii) Any person who hires or avails of any service, for a consideration which has been paid or promised or partly paid and partly promised or under any system of deferred payment. It includes any beneficiary of services when such services are avails of such services for any commercial purposes.

4-Geetika booked two coach seats online through the website of a transportation company from Delhi to Nanital. As per schedule its departure time was 9.30 am. The description on the website stated that the coach would have full on-board services hosted by a steward with Individual LCD screen preloaded with movies. One day before the trip, she was informed the departure time would be delayed by two hours as the bus had broke down. When Geetika finally boarded the coach, she was told that it was free seating despite having booked the seats online. She eventually had to sit in a seat that was dirty. She later realised that the LCD monitor screen at her seat was not working. Furthermore, there was no Wi-fi services as promised on board. After the trip, Geetika provided her feedback to the company and requested for a refund for the unsatisfactory services rendered. Since the company refused to offer any relief, she has decided to file a case as it is an unfair practice for a business to make misleading or false claims in relation to a consumer transaction..

In context of the above case:

- (a) Identify the responsibility of a consumer being fulfilled by Geetika,
(b) According to you at which level of redressal machinery should Geetika file a case?

(c) Suggest any two reliefs that the court may provide to Geetika in case it is convinced about the genuineness of the complaint..

Answer

(a) The responsibility of a consumer being fulfilled by Geetika is to 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.

(b) Geetika should file a case in District Commission.

(c) The two reliefs that the court may provide to Geetika in case it is convinced about the genuineness the are as follows:

(i) To refund the charges paid for the service.

(ii) To pay punitive damages in appropriate circumstances.

5-Sumit purchased as ISI marked washing machine of a famous brand "MG from 7G Electronic 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 electronics products. He told Sumitt 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 machine without following the manufacturer 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. Sumit therefore approached TC Electronics Ltd which refused to provide any service on the plea that the installation of the machine was not done by the company.

(a) State the responsibility which Sumit had to fulfill as an aware consumer to get the services of the company

(b) Explain briefly any two rights which Sumit could have exercised had he fulfilled his responsibility identified in part (a).

Answer:

(a) The responsibility which Sumit had to fulfil as an aware consumer to get the services of the company is to learn about the risks associated with products and services, follow manufacturer's instructions and use the products safely

(b) The two rights which Sumit could have exercised had he fulfilled his responsibility are described below:

(i) Right to be Heard: According to the Right to be Heard, a consumer has a right to file a case and be heard in case he/she is not satisfied with any product or service In order to promote this right most of the reputed firms have set up a Consumer helpline cells. Moreover the consumer organisations help the consumers in filling and perusal of complaints.

(ii) Right to Seek Redressal: According to the Right to Seek Redressal, the grieved consumer has the right to get relief in case the product or service falls short of his expectation. The various reliefs available to the consumers includes refund of amount paid for the goods, replacement of goods, removal of defects, compensation for any loss suffered etc.

3 Marks Answer Type Question

1-Rita Sharma who works as a guard in a school, purchased two shirts for 2460 each for her son. When she went back home, she realised that the shirt was small in size for her son. She decided to ask for return of money or exchange of the shirt with an appropriate size. But the store owner refused to return the money or exchange the shirt. Rita Sharma, her friend advised her to go to "Seva Sadan', an autonomous voluntary organisation. The organisation helped her by explaining to her the legal procedure, as well as educated her about her rights as a consumer and helped her in filing the complaint and getting relief. With the help of the organisation Rita was

able to get her money back from the store. Enumerate the rights of a consumer which Rita Sharma was able to exercise with the help of the voluntary organisation.

Answer:

The rights of a consumer which Rita Sharma was able to exercise with the help of the voluntary organisation are described below:

(a) Right to consumer education: According to this right, the consumer has a right to gain knowledge and to be a well informed consumer throughout life

(b) Right to be heard: According to this right, the consumer has a right to file a complaint and to be heard in case of dissatisfaction with a good or a service.

(c) Right to seek redressal: According to this right, the consumer has a right to get relief in case the product or service falls short of his/her expectations.

2-Deepak purchased a book from a book-seller and got the cash memo of Rs. 400 which he paid for the book. Later, he found that the actual price of the books is Rs. 380 but the book-seller has put a sticker of Rs. 400 on the original price. Can Deepak recover the extra money that he paid? What other options are available to him against bookseller?

Answer: Deepak is a responsible consumer since he has got the cash memo for the book he purchased. Cash memo is the proof of purchase. A consumer must have the cash memo to file a complaint in a consumer court. In this case, the book-seller has charged for the book a price in excess of the list price. So, Deepak can recover the extra money he paid (Rs. 20) from the book-seller.

Alternatively, Deepak can file complaint against the book-seller in a consumer court if he does not get back Rs. 20 from the book-seller. If the consumer court is satisfied about the genuineness of the complaint, it can issue the following directions to the bookseller. 1. To refund the price paid for the book (Rs. 400). 2. To pay adequate costs to Mr. Deepak, which he incurred for filing the complaint.

3-Himanshu purchased a new car from „Galaxy Motors“ for Rs. 25 lakh. He was offered free insurance for the first 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. Can Himanshu appeal against the decision of the state Commission? Give reason in support of your answer.

Answer. No, Himanshu will not be able to appeal further against the decision of State Commission in the National Commission. This is because two months have already passed and the appeal had to be filed within 30 days of the passing of the order by State Commission.

4- Rita Sharma, who works as a guard in a school, purchased two shirts for 460 each for her son. When she went back home, she realised that the shirt was small in size for her son. She decided to ask for return of money or exchange of the shirt with an appropriate size. But the store owner refused to return the money or exchange the shirt. Rita Sharma was disheartened. Her friend advised her to go to Seva Sadanan autonomous voluntary organisation working for the protection of consumer welfare The organisation helped her by explaining to her the legal procedure, as well as educated her about her rights as a consumer and helped her in filing the complaint and getting relief. With the help of the organisation Rita was able to get her money back from the store. Enumerate the rights of a consumer which Rita Sharma was able to exercise with the help of the voluntary organisation.

Answer: (i) Right to be Heard: According to the Right to be Heard, a consumer has a right to file a case and be heard in case he/she is not satisfied with any product or service In order to promote this right most of the

reputed firms have set up a Consumer helpline cells. Moreover the consumer organisations help the consumers in filling and perusal of complaints.

(ii) Right to Seek Redressal: According to the Right to Seek Redressal, the grieved consumer has the right to get relief in case the product or service falls short of his expectation. The various reliefs available to the consumers includes refund of amount paid for the goods, replacement of goods, removal of defects, compensation for any loss suffered etc.

5- Tanya purchased some household goods from a „General store“. After reaching home she found a face cream which she had not billed for. After checking the date of expiry and other details, she started using it. Her face burnt due to the use of the cream. Where should Tanya file a complaint? Justify. Under Consumer Protection Act, 2019 who can file a complaint?

Answer: Tanya cannot file a complaint in any consumer court since she does not have the proof of purchase, i.e., cash memo. She did not fulfil her responsibility of an honest consumer. She should have gone back to the general store to get its billing.

Under the Consumer Protection act, 2019, any of the following can file a complaint:

1. Any consumer
2. Any registered consumers“ association
3. The central Government or any State Government
4. One or more consumers on behalf of many consumers having same interest.
5. A legal representatively of a deceased consumer.

4 Marks Answer Type Question

1-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 a 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.

- (a) State any two responsibilities, which have been discharged by Suman, besides asking for a cash memo.
- (b) Explain the two rights being discussed in the above case.

Answer:

(a) The two responsibilities, which have been discharged by Suman, besides asking for a cash memo are listed below:

- (i) Buy only standardised goods in order to be assured of its quality.
- (ii) Learn about the risks associated with products and services and must follow manufacturer's instructions and use the products safely.

The be rights being discussed in the above case are described below

- (i) **Right to safety:** The consumer has a right to be protected against goods and services which are hazardous no life and health. They should check for the standardisation mark before buying a product so as to be assured about its quality The market should not use sub standard or poor quality raw material to manufacture good which do not conform to the safety norms

- (ii) **Right to be assured:** According to this right, the consumer has the freedom to choose from a variety of products according to his/her needs and desires. The products should be offered at fair and justified prices to the consumers, In order to propagate this right it is essential that the marketers should offer a wide variety of products in terms of quality, brand, prices, size, etc and allow the consumer to make a choice from amongst these. Under no circumstances any seller is allowed to force the customer to buy a particular brand

2-A person should keep in mind certain responsibilities while purchasing, using and consuming goods and services . state such four responsibilities of consumer.

Answer: (i) Buy only standardised goods in order to be assured of its quality.

(ii) Learn about the risks associated with products and services and must follow manufacturer's instructions and use the products safely.

(iii) The consumer should ask for the cash Memo.

(iv) The consumer should be honest in his dealings. He should do fair dealing and should buy only legal product.

3- State the reliefs available to the consumer under the consumer protection Act 2019.

Answer: Reliefs available to the consumer:

1. To remove the defects in goods or deficiencies in the services in question

2. To replace the goods with new goods of similar description which shall be free from any defect.

3. To return the price or charges paid by the complainant along with interest.

4. To pay compensation to the consumer for any loss or injury suffered by the consumer due to the negligence of the opposite party.

4- Explain any four functions of consumer organization and non-government organization for protecting and promoting the interest of the consumer.

Answer:

(a) The consumer organisations and non-governmental organisations work consistently towards providing education to the general public on the subject of consumer rights

(b) They undertake the publication of periodicals and other publications to communicate about varied issues of consumer interest.

(c) These organization carry out comparative tests ascertain the quality standards of different types of consumer products in accredited laboratories and provide feedback.

(d) They necessary confidence and support to the grieved consumers so as to enable them protest strongly and take an action against unscrupulous, exploitative and unfair trade practices of the marketers.

6 Marks Answer type Questions

1-Discuss the importance of consumer protection from the point of consumer and business

Answer:- Importance from Consumers' Point of View

1. **Consumer Ignorance:** Due to widespread ignorance of consumers about rights and reliefs available to them, it becomes necessary to educate them so that they can protect their interest Consumer Protection spreads awareness amongst ignorant customers regarding their rights and remedies available to them.

2-**Unorganised Consumers:** Consumers need to be organised in the form of consumer organisations, which would take care of their interests. Consumer Organisations play an important role in educating consumers.

3-Widespread Exploitation of Consumers: Consumers might be exploited by unscrupulous, exploitative and unfair trade practices like defective and unsafe products, adulteration, false and misleading advertising, hoarding, black-marketing, etc. Consumers need protection against such malpractices of the sellers.

Importance from Businessman's Point of View

Long-term Interest of Business: In this highly competitive world, enlightened business firms have realised that they can exist in long-run only when they satisfy the consumers. • Satisfied customers not only bring repeat sales but also add new customers by providing good feedback about the firm. •

Business uses Society's Resources: Business makes use of various resources, which belong to the society. • Businessmen are not the owners but merely the trustees of such resources. • So, it is their responsibility to supply such products and render such services which are in public interest and would not impair public confidence in them.

Social Responsibility: A business has social responsibilities towards various test groups (stakeholders), Business firms make money by selling goods and providing services to consumers.

2- Anchal purchased a food processing machine for 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.

- (a) Identify the consumer right that has been violated by Kajal Machinery Pvt. Ltd.
- (b) Suggest the appropriate commission where Anchal can file her complaint.
- (c) Can she appeal to the Supreme Court if she is not satisfied with the order of the appropriate commission? Give reason in support of your answer.

Answer:

(a) Right to be Heard: According to the Right to be Heard, a consumer has a right to file a case and be heard in case he/she is not satisfied with any product or service. In order to promote this right most of the reputed firms have set up a Consumer helpline cells. Moreover the consumer organisations help the consumers in filling and perusal of complaints.

(b) District Commission

(c) yes she can appeal to the Supreme court if she is not satisfied state commission .

3-After completing his studies, Mahesh started working in a Non Governmental Organisation (NGO) as an Administrative Officer. The organisation is engaged in activities related to consumer welfare. One day when his mother returned home after shopping, she gave him the mixed fruit juice which she had bought. After consuming the Juice, Mahesh started feeling uneasy. On checking, he found that the juice packet purchased was without FPO mark. He realised that there is a strong need to educate consumers about the role of NGOs before buying any good or service. State any six functions which the NGOs can perform to impart knowledge and educate consumers. The six functions which the NGOs can perform to impart knowledge and educate consumers.

Answer:The functions are listed below: (any six)

- (a) The consumer organisations and non-governmental organisations work consistently towards providing education to the general public on the subject of consumer rights
- (b) They undertake the publication of periodicals and other publications to communicate about varied issues of consumer interest.
- (c) These organizations carry out comparative tests to ascertain the quality standards of different types of consumer products in accredited laboratories and provide feedback.

- (d) They necessary confidence and support to the grieved consumers so as to enable them protest strongly and take an action against unscrupulous, exploitative and unfair trade practices of the marketers.
- (e) They extend legal assistance to consumers required for seeking legal justification though guidance, legal advice etc.
- (f) They also take initiative and file complaints in appropriate consumer courts on behalf of the consumers. (g) They may also initiate a legal procedure by in filing cases in consumer courts in the interest of the general public, not for any individual.

4- Gopal Mohan and Shyam are three friends having their separate small manufacturing units in an industrial estate. They are hard-working and honest and undertake their respective production activities following the food practices of business. They use good quality raw materials and adopt standardised process. They fix the prices of their products with a reasonable profit margin. But all of them are worried about the malpractices like manufacturing sub-standard, duplicate, and defective goods by the fellow manufacturers. Therefore, they decided to form an organisation with a constitution of its own which is free from government interference This organisation would encourage consumers to strongly protest and take action against unscrupulous exploitative and unfair trade practices of sellers State three other functions which may be performed by this organisation in addition to those mentioned above

Answer. Three functions which may be performed by this organisation in addition to those mentioned above

- 1- Educating the general public about consumer rights by organising training programmes, seminars and workshops
- 2- Publishing periodicals and other publications to impart knowledge about consumer problems.
- 3- legal reporting reliefs available and other matters of interest Carrying out comparative testing of consumer products in accredited laboratories to test relative qualities of competing brands and publishing the test results for the benefit of consumers.

5- Explain the following redressal mechanism available to a consumer under the Consumer Protection Act 2019.
(i) District commission (b) state commission (c) National commission

Answer;

District commission : It is constituted by the state government which includes a president, and atleast two other member . The complaints with upto 1 Crore can be made to this commission. In case of dissatisfaction the aggrieved person may appeal to the state commission within 45 days from the date of passing the order.

State Commission : It is constituted by the state government which includes a president, and atleast four other member . The complaints between 1 Crore to 10 crore can be made to this commission. In case of dissatisfaction the aggrieved person may appeal to the National commission within 30 days from the date of passing the order.

National Commission : It is constituted by the central government which includes a president, and atleast four other member . The complaints between exceeding 10 Crore can be made to this commission. In case of dissatisfaction the aggrieved person may appeal to the Supreme Court within 30 days from the date of passing the order.

6- State the meaning of consumer . State any four point of importance from the point of business.

Answer

A consumer is generally understood as a person who uses or consumes any product. However,

the term Consumer given in the Consumer Protection Act is comprehensive. As per Consumer Protection Act, 2019, a Consumer a person who buys any goods or avails services for a consideration, which has been paid or promised, or partly paid or partly promised or under any scheme of deferred payment.

It includes any user of such goods or beneficiary of services if such is made with the approval of the buyer. It includes offline or online transactions through electronic means or by teleshopping or direct

Importance from Businessman's Point of View

Long-term Interest of Business: In this highly competitive world, enlightened business firms have realised that they can exist in long-run only when they satisfy the consumers. • Satisfied customers not only bring repeat sales but also add new customers by providing good feedback about the firm. •

Business uses Society's Resources: Business makes use of various resources, which belong to the society. • Businessmen are not the owners but merely the trustees of such resources. • So, it is their responsibility to supply such products and render such services which are in public interest and would not impair public confidence in them.

Social Responsibility: A business has social responsibilities towards various test groups (stakeholders), Business firms make money by selling goods and providing services to consumers.

Moral Justification: It is the moral duty of the business to take care of consumers' interest and avoid any form of their exploitation. Thus, a business must avoid unscrupulous, and unfair trade practices like defective and unsafe products, adulteration, and misleading advertising, etc.

7- Explain the following Consumer Rights provided under the Consumer protection Act 2019:

(a) Right to safety (b) Right to be informed (c) Right to be heard (d) Right to seek redressal

Answer

(a) Right to safety- The consumer has a right to be protected against goods and services which are hazardous to life and health. They should check for the standardisation mark before buying a product so as to be assured about its quality.

(b) Right to be informed- The consumer has the right to have the complete information of the product intended to buy. This information includes ingredients, price, quantity and directions to use the product.

(c) Right to be Heard: According to the Right to be Heard, a consumer has a right to file a case and be heard in case he/she is not satisfied with any product or service. In order to promote this right most of the reputed firms have set up a Consumer helpline cells. Moreover, the consumer organisations help the consumers in filing and perusal of complaints.

(d) Right to Seek Redressal: According to the Right to Seek Redressal, the aggrieved consumer has the right to get relief in case the product or service falls short of his expectation. The various reliefs available to the consumers include refund of amount paid for the goods, replacement of goods, removal of defects, compensation for any loss suffered etc.

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Answers- MCQ type questions

1- (c). A person who avails of a service for a commercial purpose

2- (d) Can Not Appeal

3- (b) (i) b (ii) c (iii) d (iv) a

4- (b) To replace the defective product with a new one

5- (a) The consumer

6-(d) All of the above

7- (a) Long-term interest of business is assured

8--(c) Right to information

9-(c) Right to seek redressal

10-(c)45

Answer-Assertion –reasoning type question

1-(c) Statement I is true but Statement II is false

2-(b) Both the Statement I and Statement II are false

3-(c) Statement I is true but Statement II is false

4-(c) Statements (A) is correct but statement (R) is incorrect

All Factors Of Business Studies Class 12

FACTORS AFFECTING

Topics SrNo	Financial Management				Marketing Management				
	Investment Decision	Financing Decision	Dividend Decision	Capital Structure	Fixed capital	Working Capital	Price	Inventory level	Choice of channels
1.	Rate of return of project	Cash flow position of company	Cash Flow Position, Amount of Earnings	1.Cash flow position 2.Cost of Debt	Nature of Business	Nature of business	Product Cost	Policy regarding customer service	Product related
2.	Cash flow of project	Cost	Stability of Earnings, Dividend	3.Cost of equity 4.Risk Considerations	Scale of Operation	Scale of operation	Utility and demand	Degree of accuracy of sales forecast	Nature of Product (Perishable/NP, Unit value, Product Complexity)
3.	Investment criteria involved	Risk	Growth Opportunities	5.ICR 6.DSCR	Growth prospects	Growth prospects	Extent of competition	Cost of inventory	Market Factor
4.		Fixed operating cost	Legal/Contractual constraints	7.Regulatory frame work	Technology Upgradation	Business/Producti on cycle	Legal regulations	Responsiveness of distribution system	Size of Market, Geographical Concentration, Potential Buyer, Size of Order
5.		Floatation cost	Share holders preference	8.Floatation cost 9.Control	Choice of Technique	Seasonal factors/ Availability of raw material	Pricing objectives		Company Characteristics
6.		Control Considerations	Access to capital, Stock Market Reaction	10.ROI	Diversification	Operating efficiency	Marketing methods used		Financial Strength, Degree of Control
7.		Stock market conditions	Taxation Policy	11.Stock Market Conditions	Financing alternatives	Inflation			Competitive factors
8.				12.CS of other Companies	Level of collaboration	Credit allowed/Availed			Environmental factors
9.				13. Tax rates 14.Flexibility		Level of competition			

All Features Of Business Studies **Class 12**

	Ch 1: Nature & Significance of Management					Ch 2 Principles of MGT	Ch 3 Business Environment	Ch 4 Planning
Topic S.N.	Management	As ART	As Science	As Profession	Co-Ordination	Principles of Management	Business Environment	Planning
1.	Goal -Oriented Process	Existence of theoretical knowledge	Systematised body of knowledge	Well defined body of knowledge	Integrates Group efforts	Universal Applicability	Totality of External forces	Focuses on Achieving Objectives
2.	All Pervasive	Personalised Application	Principles based on experimentation	Restricted Entry	Ensure Unity of Action	General Guidelines	Specified and General forces	Primary Function
3.	Multi-dimensional (Work, People, Operations)	Based on practice and creativity	Universal validity	Professional Association	Continuous Process	Formed by practice and Experimentation	Inter-relatedness	Pervasive
4.	Continuous Process	---	---	Ethical code of conduct	All Pervasive	Flexible	Dynamic	Continuous
5.	Group Activity	---	---	---	Responsibility of all Managers	Mainly Behavioural	Uncertainty	Futuristic
6.	Dynamic Function	---	---	---	Deliberate Function	Cause and Effect relationship	Complexity	Mental Exercise
7.	Intangible Force	---	---	---	---	Contingent		Involves Decision Making
6.	Dynamic Function	---	---	---	Deliberate Function	Cause and Effect relationship	Complexity	Mental Exercise
7.	Intangible Force	---	---	---	---	Contingent		Involves Decision Making

	Ch5 Organizing		Ch6 Staffing	Ch7 Directing			Ch8 Controlling	
Topic Sr No	Informal Organisation	Formal Organisation	Staffing	Directing	Motivation	Leadership	Controlling	
1.	Specifies reporting relationship	Originates from within Formal Organisation	Integral Part	Initiates action	An internal feeling	Ability to Influence others	Goal Oriented	
2.	Means to achieve objectives	Behavior guided by Group Norms	Pervasive	Take place at every Level	Produces Goal directed Behavior	Bring changes in behavior	Pervasive	
3.	Co-ordinates and Integrates efforts	Free Flow of communication	Continuous	Continuous Process	Can be Positive or Negative	Indicates inter- personal relationships	Backward & Forward	
4.	Deliberately designed management	Emerges spontaneously	Wide Scope (RST)	Flows from Top to Bottom	Complex Process	Goal Oriented	Continuous	
5.	Emphasis on work	Complex Network of Social relationships				Continuous Process		

All Functions Of Business Studies Class 12

	Nature & Sign. of Management			Financial	Market	Marketing			
Topics SrNo	Management	Top level	Middle level	Low level	Financial market	Stock exchange	SEBI	Marketing	Packaging
1.	Planning	Formulate overall organisation goals	Interpret policies framed by Top Level	Oversee efforts of workforce	Mobilisation of savings into most productive uses	Contributes to Economic growth	Regulatory	1. Gathering & Analysing Market Information 2. Market Planning	Product Identification
2.	Organising	Co-ordinate activities of different department	Ensure their Dept. has necessary personnel	Interaction with operations	Facilitating price discovery	Pricing of Securities	Development	3. Product designing & Development	Product Protection
3.	Staffing	Responsible for welfare & Survival	Assign duties & Responsibilities	Maintain quality & minimise wastage.	Provides liquidity to financial assets	Providing Liquidity to Existing Securities	Protective	4. Standardisation & Grading	Facilitating use of product
4.	Directing	Analyse business environment	Motivate personnel for higher objectives	Represent workers grievances	Reducing cost of transactions	Safety of transaction		5. packaging, Labelling & Branding	Product promotion
5.	Controlling	To be responsible for all activities of business	Co-operate with other Departments	Maintain safety standards.		Spreading Equity Cult		6. Customer Support Service 7. Pricing	
6.			Responsible for activities of first line managers			Providing Scope for Speculations		8. Promotion 9. Physical Distribution	
7.								10. Transportation 11. Warehousing	

	Marketing			Consumer Protection					
Topics Sr No	Labeling	Public Relations	Channels of Distribution	NGO's					
1.	Describes & Specify the Product content	Press Relation	Sorting	Educating Public about Consumerism					
2.	Identification of Brand	Product Publicity	Accumulation	Publishing Periodicals					
3.	Grading of Product	Corporate Communication	Allocation	Comparative testing of consumer goods					
4.	Promotion of Product	Lobbying	Assorting	Encouraging Consumer protest					
5.	Provide information required by Law	Counseling	Product Promotion	Providing Legal Assistance in seeking Legal remedy					
6.			Negotiation	Filing complaints on behalf of consumers					
7.			Risk Taking	Taking interest in filing case under PIL					

All Processes Of Business Studies Class 12

	PLANNING	ORGANISING		STAFFING		DIRECTING		CONTROLLING	FIN. MARKETS
Topics Sr No	Planning	Organising	Delegation	Staffing	Selection	Motivation	Communication	Controlling	Online Trading
1.	Setting Objectives	Identification and division of work	Authority	Estimating the manpower requirements	Preliminary screening	Unsatisfied Need	Sender	Setting performance standards	Selection of Broker
2.	Developing premises	Departmentalisation	Responsibility	Recruitment	Selection test Intelligence test, Aptitude test, Personality test, Trade test, Interest test	Tension	Message	Measurement of actual performance	Opening a DEMAT A/c
3.	Identifying alternative courses of action	Assignment of duties	Accountability	Selection	Employment interview	Drives	Encoding	Comparing AP with PP	Placing order
4.	Evaluating alternative Courses	Establishing reporting relationships		Placement and orientation	Reference and background checks	Search behavior	Media	Analysing Deviations CPC MBE	Executing the order
5.	Selecting an alternative			Training and development	Selection decision	Satisfied need	Decoding	Taking corrective action	Settlement.
6.	Implementing the plan			Performance appraisal	Medical examination	Reduction of Tension	Receiver		
7.	Follow up action			Promotion and career planning	Job offer		Feedback		
8.				Compensation	Contract of employment				

Key Words Business Studies Class 12

CHAPTER- NATURE AND SIGNIFICANCE OF MANAGEMENT

S.No.	CONCEPTS	KEYWORDS
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1	Management	<ul style="list-style-type: none"> • Deliberate process • Group Activity • Term used for taking charge of different activities • Guiding activity for achievement of goals • Concerned with efficient use of resources.
2	Effectiveness	<ul style="list-style-type: none"> • Finishing the task • Doing right task • Completing activities • Concerned with end result.
3	Efficiency	Doing the task correctly Minimum cost Cost-benefit analysis Less input more output.
4	Input Resources	Money, Materials, Equipments and persons
5	Poor management results in	Inefficiency and ineffectiveness
6	Nature of Management	Art or Science or Profession
7	Management as an Art	Observation Experience Personalised application
8	Management as Science	Systemised body of knowledge Experimentation Universal validity
9	Management as Profession	Emphasis on managed business concerns
10	Levels of Management	Hierarchy Authority-responsibility relationship
11	Co-ordination	Process Synchronize Force Common thread Minimum of conflict Integration of efforts

CHAPTER- PRINCIPLES OF MANAGEMENT

S.No.	CONCEPTS	KEYWORDS
	Principles of Management	Broad guidelines

Functions of Scientific Management		
1	Science, Not rule of thumb	Method of Scientific enquiry One best method developed through study and analysis Investigation of traditional methods
2	Harmony, Not Discord	‘Get work done’ from the workers Kind of class conflict Mental Revolution Prosperity for employer accompanied by prosperity of employees
3	Co-operation, Not Individualism	Complete co-operation b/w workers and management Competition replaced by co-operation Reward for suggestions Paternalistic style of management
4	Development of Each and Every Person to His or Her Greatest Efficiency and Prosperity	Workers’ training Scientific selection of workers Work assigned should suit capabilities.
Techniques of Scientific Management		
1	Functional Foremanship	Improving factory set up. Separation of Planning and Execution. Shop Floor. Extension of Principle of Division of Work and Specialisation. Eight specialists.
2	Standardisation	Process of setting standards. Benchmarks. To reduce given line or product to fixed types. To establish interchange ability.
3	Simplification	Eliminating superfluous varieties, sizes and dimensions Eliminating unnecessary diversity of products. Results in saving of cost of labour, reduced inventories, fuller utilization and increase turnover.
4	Method Study	Find one best way of doing the job. Concept of assembly line. Objective is to minimise the cost of production and maximize quality and satisfaction of customer.
5	Motion Study	Study of movements like lifting, putting objects, sitting and changing positions. Eliminating unnecessary movements. Use of stop watches, symbols, colours to identify different motions.

6	Time study	Standard time for task. Objective is to determine number of workers to be employed; frame suitable incentive schemes and determine labour costs.
7	Fatigue study	Rest while working. Regain stamina. Objective is to determine the amount and frequency of rest intervals.
8	Differential Piece Wage System	Differentiate efficient and inefficient workers.
9	Mental Revolution	Change in the attitude of workers and management. Aim to increase size of surplus.
14 Principles of Management by Henry Fayol		
1	Division of Work	Work divided into small tasks. Competent specialist is required. Leads to specialization. Increase in efficiency effective output. This principle is all pervasive.
2	Authority and Responsibility	Balance b/w authority and responsibility. Manager have right to punish for willfully not obeying a legitimate order.
3	Discipline	Obedience to organizational rules. Employment agreement. Good superiors at all levels. Clear and fair agreements.
		Judicious application of penalties. Honor commitments without prejudice.
4	Unity of Command	One boss for every employee. Order from one superior. Dual subordination should be avoided.

5	Unity of Direction	<p>Common objectives through coordinated and focused efforts. One head one plan. Unity of action and co-ordination. Each division should have its own incharge.</p>
6	Subordination of individual interest to General Interest	<p>Larger interests of workers and stakeholders are more important that interest of any one person. Manager should not misuse his power for any individual.</p>
7	Remuneration of employees	<p>Fair pay and compensation. Giving reasonable standard of living. Just and equitable remuneration. Helps in congenial atmosphere and good relations.</p>
8	Centralization and Decentralisation	<p>Concentration of authority is centralization. Managers' retention of final authority through centralization. Dispersal of authority among more than one person is Decentralisation. Balance subordinate involvement through decentralisation. Panchayats is example of decentralisation at National level.</p>
9	Scalar chain	<p>A formal line of authority from highest to lowest ranks is called Scalar Chain.</p>

		<p>Chain of authority and communication. Gang plank (shorter route for communication)in case of emergency.</p>
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10	Order	A place for everything and everything in place. Helps in increased production and efficiency. People and Materials at right place. Orderliness
11	Equity	Fair and equal treatment with all employees. Kindliness and justice in the behaviour of manager. Increase in loyalty and devotion. No discrimination on the basis of caste, creed, age etc.
12	Stability of Personnel	Minimise employee turnover. Selection of employees after due and rigorous process. Stability of tenure. No adhocism. High cost of recruitment, selection and training.
13	Initiative	Taking first step with self-motivation. Thinking out and executing the plan. Employee suggestion system resulting in decrease in cost and time. Rewards to employee for suggestion.
14	Espirit De Corps	Team spirit of unity and harmony. Replace 'I' with 'we'. Mutual trust and belongingness.

CH- BUSINESS ENVIRONMENT

S.NO.	CONCEPT	KEYWORDS
1	Business Environment	Sum total of all individuals and forces.
Importance of business environment		
1	First mover advantage	Early identification of opportunities. First to exploit opportunities.
2	Identify threats and early warning signals	Threats refer to external env. trends and changes that hinder firm's performance. Environmental awareness.

3	Tapping useful resources	Assemble various resources. Convert input resources into output.
4	Coping with rapid changes	Turbulent market conditions, Less brand loyalty, Fragmentation (division) of markets. Increasing dynamic environment. Examine environment and develop suitable course of action.
5	Assisting in planning and policy formulation	Deciding future course of action (planning). Training guidelines for decision making (policy). Think afresh about how to deal with situation.
6	Improving performance	Continuous monitoring of environment. Understanding business environment difference in performance.
Dimensions of business environment		
1	Economic	Interest rates, price, income, rate of growth.
2	Social	Life expectancy, birth rate/death rate, quality of life, population shifts, family, habits, traditions, values, education, literacy rate.
3	Technological	New methods/techniques, new ways of production, scientific improvements and innovations.
4	Legal	Legal Act, Court order, legal regulations, statutory warning on products like cigarettes or tobacco etc.
5	political	Government policies, elected government decisions, political conditions, attitude of government etc.
	Demonetisation	The Government of India, made an announcement on November 8, 2016. The two largest denomination notes, Rs.500 and Rs.1,000 were 'demonetised'. Ceasing to be legal tender except for a few specified purposes such as paying utility bills.
	Aim	The aim of demonetisation was to curb--- corruption counterfeiting the use of high denomination notes for illegal activities;

		Accumulation of 'black money' generated by income that has not been declared to the tax authorities.
	Features	<p>Demonetisation is viewed as a tax administration measure.</p> <p>Demonetisation also indicates that tax evasion will no longer be tolerated or accepted.</p> <p>Demonetisation also led to tax administration channelizing savings into the formal financial system.</p> <p>Another feature of demonetisation is to create a less-cash or cash-lite economy, i.e., channeling more savings through the formal financial system and improving tax compliance.</p>
Impact of demonetisation		
	Money/Interest rates	<p>Decline in cash transactions.</p> <p>Bank deposits increased.</p>
		Increase in financial savings.
	Private wealth	Declined since some high demonetised notes were not returned and real estate prices fell.
	Public sector wealth	No effect
	Digitisation	Digital transactions amongst new users (RuPay/AEPS) increased
	Real estate	Prices declined
	Tax collection	Rise in income tax collection because of increased disclosure

CHAPTER- PLANNING

S.NO.	CONCEPT	KEYWORDS
1	Planning	<p>A process</p> <p>Function of management.</p> <p>Formulate an idea to do work.</p> <p>Concerned with both ends and means.</p> <p>Choosing best alternative course of action.</p> <p>Deciding in advance what to do and how to do.</p> <p>Planning process is structuring the work.</p>
2	Premises	<p>Assumptions are called premises.</p> <p>Assumptions are the base material upon which plans are made.</p>
Types of plans		

	Single Use Plans	Plan developed for one time event or Project. Not likely to repeat in future. Budgets, programmes, projects
	Standing Plan	Plan for activities that occur regularly. Repeatedly used plans. Policies, Procedures, Rules, Methods.
1	Objective	Neither single-use nor standing plan. End points OR end results. Plans set by Top Management. Serve as guide for overall planning. Expressed in Specific terms like increase in 20% sales. Define future state of affairs.
2	Strategy (Dimensions) Determining long term objectives. Adopting particular course of action. Allocating resources necessary to achieve objectives.	Neither single-use nor standing plan. Broad Contours Comprehensive plan. Future decisions defining organisations' direction and

		scope in the long run.
3	Policy	General statements Basis for interpreting and implementing strategy. Guides to managerial action. Broad parameters Recruitment policy, pricing policy, purchase policy etc.
4	Procedure	Routine steps. Procedures detail exact manner to perform task. Chronological order. Specified steps. Procedures are meant for insiders to follow. Sequence of steps or action to attain pre-determined objectives. Procedures are steps to be carried out within a broad policy framework.

5	Method	Prescribed ways or manner. It comprises one step of a procedure. Training methods, selection method, orientation programmes method, lecture method or seminar method.
6	Rule	Specific statements that inform what is to be done. No flexibility Simplest type of plan. No compromise or change in rule unless policy decision is taken.
7	Programme	Detailed statements Outlines objectives, policies, procedures, rules, budget and human and physical resources. The minutest details are worked out.
8	Budget	Statement of expected results expressed in numerical terms. Plan which quantifies future facts and figures.

CHAPTER- ORGANISING

S.NO.	CONCEPT	KEYWORDS
1.	Organising	A process Function of management Process that co-ordinates human efforts, assemble resources and integrate both. Process that initiates implementation of plans by clarifying jobs and working relationships and effectively deploying resources.
2	Departmentalisation	Process of grouping together similar activities.
3	Organisation Structure	Framework that specifies relationship b/w people, work and resources.
4	Span of Management	No. of subordinates that can be effectively managed by a superior.
5	Functional Organisation Structure	Grouping of jobs of similar nature. Separate departments. Leads to occupational specialisation. Minimum duplication of work. Suitable when size of org. is large, has diversified activities and operations and high degree of specialisation.

6	Divisional Organisation Structure	<p>More than one category of product. Set of homogenous functions. Separate business units or divisions. Within each Division, functional structure is adopted. Product specialisation Suitable for business where a large variety of products is manufactured, when an org. grows, need more employees, create more departments, and introduce new levels of management.</p>
7	Formal organisation	<p>Guided by rules and regulations Job description</p>
		<p>Org. structure deliberately designed by the management. Specifies clear boundaries of authority and responsibilities. Formal org. can be Functional or Divisional. Procedural delays</p>
8	Informal organisation	<p>Network of social relationships among employees. Emerges within Formal Organisation. No defined roles. No fixed lines of communication. Spontaneous Interpersonal relations Grapevine structure</p>
9	Delegation	<p>Downward transfer of authority from superior to subordinate. Manager extends his area of operations. Delegation does not mean abdication. It means manager shall still be accountable for the performance of assigned tasks. Authority can be taken back and re-delegated to someone else.</p>
10	Elements of delegation	<p>Authority (right to command or power to take decisions) (flows downwards) (can be delegated) Responsibility (obligation to do task) (flows upwards),(can't be entirely delegated). Accountability (answerability) (can't be delegated)(flows upward)</p>
11	Decentralisation	<p>Manner in which decision making responsibilities are divided among hierarchal levels. Dispersal of authority through entire organisation. Propagates that employees are competent, capable and resourceful. Extension of delegation to the lowest level of management. Decentralisation is a policy decision of the Top management.</p>

CHAPTER- STAFFING

S.NO.	CONCEPT	KEYWORDS
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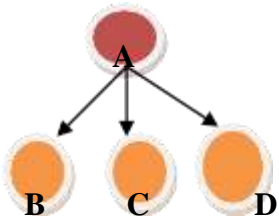
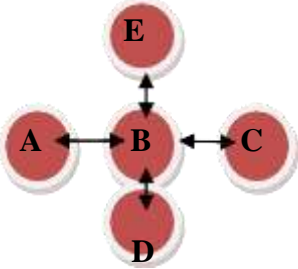
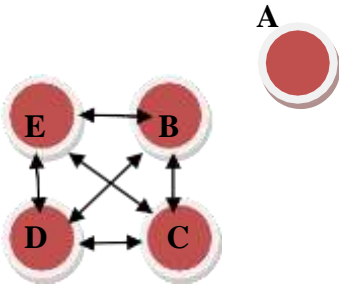
1	Staffing	A continuous process Generic Function of management Putting people to jobs Work force Filling and keeping filled the positions in the organisation structure.
2	Why staffing is continuous process?	Because new jobs may be created and some of the existing employees may leave the organisation.
3	Why HRM is needed?	As organisations grow and number of persons employed increases, a separate department called HRD is formed.
4	Why Staffing is both a line as well as staff activity?	Because it is an essential function of manager as well as an advisory role played by the HRD.
5	Workload analysis	Assessment of number and types of human resources required.
6	Workforce analysis	To reveal the number and type of human resources actually available.
7	Recruitment	Positive process of searching for prospective employees and stimulating them to apply for the jobs.
8	Selection Purposes: Ensures org. gets the best among the available. Enhances the prestige of those selected and conveys to them the seriousness with which things are done in the org.	Negative process because it involves rejection. Choosing from among pool of the prospective job candidates through interviews and tests.
9	Placement	Employee occupying the position or post for which he has been selected.
10	Orientation	Introducing the selected employee to other employees and familiarizing him with the rules and policies of the org.
11	Training and Development	Upgrade or alter the skills. Attempt to improve current or future performance, attitude and skills of employee. Development means growth of individual in all respects.

12	Performance appraisal	Evaluating employees' past or current performance against pre-determined standards.
13	Promotion	Placed in positions of increased responsibility.
14	Compensation	All forms of pay or rewards going to employees through direct or indirect payments.
15	Process of Recruitment	Identification of different sources of labour supply. Assessment of the validity. Choosing the most suitable source. Inviting applications from the prospective candidates.
16	Transfer	Shifting of an employee from one job to another or one department to another
17	Intelligence tests	To measure level of intelligence quotient of an individual. Indicator of person's learning ability. Ability to make decisions and judgments.
18	Aptitude tests	To measure individuals' potential for learning new skills. Indicates persons' capacity to develop or grow. To judge person's future success score.
19	Personality tests	Provide clue to a person's emotions, reactions, maturity and value system etc. Probes the overall personality. Tests are difficult to design and implement.
20	Trade tests	Measure existing skills of the individual. Measure level of knowledge and proficiency in the area of technical training.
21	Interest tests	To know the pattern of interests or involvement of a person.
22	On the Job Training Methods	Apprenticeship training Coaching Internship Training Job Rotation
23	Off the Job Training Methods	Classroom Lectures/ Conference Films Case Study Computer Modeling Vestibule Training Programmed Instruction
24	Apprenticeship training	To acquire higher level of skill. For plumbers, technicians, electricians or iron-workers. Spend prescribed time with experienced guide or trainer. Slow learners may require additional training.

25	Coaching	Superior guides trainee as a coach. Trainee works directly with a senior mgr. Trainee is groomed to replace the Senior Manager and relieve him from some of his duties.
26	Internship Training	Joint programme of educational institutes and business firms. To acquire practical knowledge and skills. Doctors and C.As.
27	Job Rotation	Shifting of trainee from one deptt. to another deptt. To gain a broader understanding of all parts of business as a whole. Org. finds it easier to promote or replace or transfer of employees.
28	Vestibule Training	Away from actual work place. Actual work environment is created in a classroom where trainees work using same materials, files and equipments.

CHAPTER- DIRECTING

S.NO.	CONCEPT	KEYWORDS
1	Directing (Function of management)	Managerial Process of instructing, guiding, counseling, motivating and leading the people.
2	Principles of Directing	Maximum Individual Contribution Harmony of Objectives Unity of Command Appropriateness of directing techniques Managerial communication Use of informal communication Leadership Follow through
3	Elements of directing	Supervision Motivation Leadership Communication
4	Supervision	Element of directing Function performed by supervisors Process of overseeing or monitor workers' performance.
5	Motivation	Element of directing Internal feeling Complex process of stimulating or inspiring people Positive or negative motivation.

6	Motivation process	Unsatisfied need Tension Behaviour satisfied needs Reduction of Tension.
7	Leadership	Influencing the behaviour of people.
8	Leadership style	Autocratic or Authoritarian leader Democratic or Participative leader Laissez faire or Free-Rein leader
9	Autocratic or Authoritarian leader 	<p>Boss centered approach (A is the leader and others are subordinates)</p> <p>Only one way communication.</p> <p>Leader gives orders and expects subordinates to obey the orders.</p> <p>Leader is DOGMATIC i.e. does not wish to be contradicted.</p> <p>Based on assumption that both reward and punishment can be given.</p> <p>Only boss (Supervisor) is responsible for production on time</p> <p>Quick decision making.</p> <p>Listen to everyone's ideas but decision will be their own.</p>
10	Democratic or Participative leader 	<p>Group Centered Approach</p> <p>Leader develops action plans.</p> <p>Leader takes decision in consultation with his subordinates.</p> <p>Encourage subordinates to participate.</p> <p>Based on the assumption that People perform best if they have set their own objectives.</p> <p>Respect others' opinion and support subordinates</p> <p>Leader exercise more control by using forces within the group.</p>
11	Laissez faire or Free-Rein leader 	<p>Subordinate Centered Approach</p> <p>Leader does not believe in the use of power unless essential.</p> <p>Followers/ subordinates are given high degree of independence to make their own objectives.</p> <p>The group members work on their own tasks and solve issues themselves.</p> <p>Manager only supports them and provides required information to subordinates.</p> <p>Subordinate assumes responsibility for the work to be done.</p>

12	Communication	Process of exchange of ideas, views, facts, feelings etc to reach common understanding.
13	Barriers of Communication	Semantic barriers Psychological barriers Organizational barriers
		Personal barriers
14	Semantic barriers	Branch of linguistics dealing with meaning of words and sentences. Problems in the process of encoding and decoding of message into words.
	Badly expressed Message	Inadequate vocabulary. Usage of wrong words. Omission of needed words.
	Symbols with different meanings	Word having several meanings. Wrong perception
	Faulty translations	Difficulty in understanding language.
	Unclear assumptions	Implied instructions. Like 'take care of guest' means all things should be considered while welcoming guest whether said or not.
	Technical jargon	Use of technical words
	Body language and gesture decoding	Body movement and gestures wrongly perceived.
15	Psychological barriers	Emotional factors (worry, anger, confusion)
	Premature evaluation	Evaluate message before listening complete message. Pre-conceived notions or prejudices against the communication.
	Lack of attention	Pre-occupied mind of receiver Non-listening of message.
	Loss by transmission and poor retention	Communication passing through various levels, Successive transmission of message results in loss of or transmission of inaccurate information.

	Distrust	If sender do not believe receiver or vice versa, then they can't understand each other in original sense.
16	Organisational barriers	Factors related to org. structure Authority relationships, Rules and regulations
	Organizational policy	Highly centralised pattern in an org. makes communication difficult.
	Rules and regulations	Rigid rules and cumbersome procedures Prescribed channel may result in delayed communication.
	Status	Status cause psychological distance b/w sender and receiver. Conscious man may not allow subordinate to express freely.
	Complexity in organizational structure	Large number of managerial levels. Delayed and distorted due to large number of filtering points.
	Organizational facilities	Lack of frequent meetings, Suggestion box, Complaint box, Social-cultural gathering, Transparency in operations etc.
17	Personal barriers	Personal factors of both sender and receiver.
	Fear of challenge to authority	If superior perceives (thinks) that a particular communication may adversely affect his authority.
	Lack of confidence of superior on his subordinates	Superior does not have confidence on competency of his subordinates. Does not ask their advice or opinions.
	Unwillingness to communicate	If subordinate perceives that a particular communication may adversely affect their interests.
	Lack of proper incentives	Employees lack initiative due to no motivation or no incentive. No reward and no appreciation for employees' suggestions.

CHAPTER- CONTROLLING

S.NO.	CONCEPT	KEYWORDS
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1	Controlling	Process Function of management Ensuring that activities are performed as per plans. Controlling completes one cycle of management process and improves planning in the next cycle. It should not be understood as last function of management. Brings to light the deviations. Corrective action.	
2	Relationship b/w Planning and Controlling	Planning and Controlling are inseparable twins of management.	
	Planning without Controlling is meaningless	Once a plan becomes operational, controlling is necessary to monitor the progress, discover deviations and initiate corrective measures to ensure that events conform to plans.	
	Controlling is blind without planning	If the standards are not set in advance, managers have nothing to control. When there is no plan, there is no basis of controlling.	
	Planning is pre-requisite for controlling	Controlling could not be accomplished without planning.	
	Difference b/w Planning and Controlling	Planning is intellectual process involving thinking, articulation and analysis to prescribe appropriate course of action. Planning is prescriptive.	Controlling checks whether decisions have been translated into desired action. Controlling is evaluative.
	Planning is looking ahead while controlling is looking back	The statement is partially correct. Plans are prepared for future and are based on forecasts about future conditions. Thus it is forward looking. Controlling is like a postmortem of past activities to find out deviations from the standards. Thus, Controlling is backward looking.	
	Planning is backward looking	Planning is guided by past experiences.	
	Controlling is forward looking	Controlling aims to improve future performance by corrective action.	

<p>Conclusion- Thus Planning and Controlling, both are forward looking and backward looking functions of management. Planning and Controlling are inter-related and reinforce each other.</p>		
3	Critical Point Control	<p>Key Result Areas (KRA) is set as the critical points. If anything goes wrong at the critical points, the entire organisation suffers. Focus on KRAs.</p>
4	Management by Exception	<p>Attempt to control everything results in controlling nothing. Significant deviations which go beyond permissible limit should be taken care of. Insignificant deviations may be ignored. Deviations within permissible limit can be ignored.</p>
5	Advantages of Critical Point Control	<p>Saves time and efforts of managers. Focuses managerial attention on important areas. Mgt. by Exception facilitates delegation of authority and increases morale of employees. Identifies critical problems which need timely action.</p>

CHAPTER- FINANCIAL MANAGEMENT

S.N	CONCEPTS	KEYWORDS
1	Business Finance	<p>Money required carrying out business activities. Finance is required to establish a business, to run it, to expand it, to modernize it, or to diversify it.</p>
2	Financial Management	<p>It is concerned with optimal procurement as well as the usage of finance. It aims at reducing the costs of funds procured, keeping the risk under control and achieving effective deployment of funds. It also aims at ensuring availability of enough funds whenever required and avoiding idle funds.</p>
3	Objective of Financial Mgt.	<p>To maximize Shareholders' Wealth. Shareholders' Wealth = No. of Equity Shares X Market value of shares.</p>
4	Poor Financial Decisions	Decisions which result in decrease in M.V. of shares.
5	Decision making is efficient	When out of various available alternatives, the best is selected.
6	Financial decisions	

	Investment Decisions	Concerned with decisions relating to investment in assets. These decisions include- Capital Budgeting Decisions Working Capital Investment Decisions
	Capital Budgeting Decisions	Long term investment decision. Huge amount of Investment Irreversible decisions. e.g Replace an existing fixed asset, purchase of new fixed asset.
	Working Capital Investment Decisions	Short term Investment Decisions. Concerned with the decisions about levels of cash, inventory and receivables. Affect day- to- day working of a business.
	Financing Decisions	It is concerned with quantum of finance to be raised from various long term sources. Short term sources are studied under Working Capital Management. Main sources are Owned Funds and Borrowed Funds.
		A firm has to decide the proportion of funds to be raised from either source.
	Dividend Decision	It is concerned with how much of the profit is to be distributed to the shareholders and how much should be retained in the business.
7	Financial Risk	The risk of default of payment is called financial risk.
8	Floatation Cost	The cost of raising funds is called floatation cost.
9	Financial Planning	The process of estimating fund requirement of a business and specifying the sources of funds is called financial planning. Blueprint of an organisation's future operations. Proper matching of fund requirements and their availability.
10	Objectives of Financial Planning	To ensure availability of funds whenever required. To see that the firm does not raise resources unnecessarily.
11	Capital Structure	It refers to mix between owners' funds and borrowed funds.
12	Financial Leverage	The proportion of debt in the overall capital is called financial leverage.
13	Trading on Equity	It refers to the increase in EPS due to use of debt.

CHAPTER- FINANCIAL MARKETS

.No.	CONCEPTS	KEYWORDS
1	Financial Markets	A financial market is a market for the creation and exchange of financial assets.
2	Money market	Deals in short term securities maturing in less than one year. Treasury bills, Commercial papers, Certificates of Deposits, Call Money and Commercial bill.

3	Capital market	Deals in long term securities maturing in more than one year like Equity shares, Preference shares, Debentures etc.
4	Primary Market	Also known as New Issue Market. Deals with new securities being issued for the first time.
5	Secondary Market	It is a market for sale and purchase of existing securities.
6	Stock Exchange	It is an institution which provides a platform for buying and selling of existing securities.
7	Dematerialistaion	The process of holding securities in an electronic form is called Dematerialistaion.
8	Depository	Depository is like a bank and keeps securities in electronic form on behalf of the investor.

CHAPTER-MARKETING

S.No.	CONCEPTS	KEYWORDS
1	Market (traditional sense)	Place where buyers and sellers gather to enter into transactions involving exchange of goods and services.
2	Market (modern sense)	It refers to set of actual and potential buyers of a product or a service.
3	Marketing (traditional sense)	It referred to as performance of business activities that direct the flow of goods and services from producers and consumers.
4	Marketing (modern sense)	Marketing is a social process wherein people interact with others, in order to act in a particular way, rather than forcing them to do so.
6	Marketing Activities	Product designing or merchandising Packaging, warehousing, transportation, packaging, selling and distribution, advertising and pricing.
10	Marketing management	Choosing a target market. Focus on getting, keeping and growing the customers. (creating demand) Creating and developing superior values for customers.
13	Marketing Philosophies	
	The Production Concept	Problem was number of producers were limited. Focus on production of goods at large scale and reducing average cost of production.

	The Product Concept	Mere availability and low price could not ensure increased sale. Emphasis was shifted from quantity of products to quality of products.
	The Selling Concept	The product quality and availability did not ensure the survival and growth of firms anymore. It was assumed customers will not but unless they are convinced and motivated. Focus on aggressive selling and promotional techniques.
	The Marketing Concept	It assumes that in long run profits maximization can be done by identifying the needs of prospective buyers and satisfying them.
		Focus on Customers' satisfaction. Role of firm is to 'identify a need and fill it'.
	The Societal Marketing Concept	Extension of marketing concept. Any activity which satisfies human needs but is detrimental to the interests of the society cannot be justified. Long term welfare of society.
14	Marketing Mix	The Combination of controllable variables chosen by a firm to prepare its market offering is called Marketing Mix. Marketing mix can be described as set of marketing tools that a firm uses to achieve its marketing objectives in a target market.
15	Elements of Marketing Mix	Product Mix Price Mix Place or Physical Distribution Mix Promotion Mix.
16	Product Mix	Product means goods or services or 'anything of value' or tangible and intangible attributes of a product which is offered to the market for sale. Product is offered for attention, acquisition, use or consumption.
17	Branding	The process of giving a name or sign or a symbol etc. to a product is called branding.
18	Packaging	Act of designing and producing the container or wrapper of a product.
19	Labelling	Process of indicating and providing detailed information about the product, its contents, brand name, method of use, ingredients etc.

20	Price Mix	<p>Price money represents the sum of values that consumers exchange for the benefit of having or using the product.</p> <p>Price may be defined as the amount of money paid by a buyer in consideration of the purchase of a product or a service.</p> <p>Pricing is used as a regulator of the demand of the product.</p> <p>Price is the single most important factor affecting the revenue and profits of the firm.</p>
21	Physical Distribution Mix	<p>It is concerned with making the goods and services available at the right place, so the people can purchase the same.</p>

		<p>There are two decisions relating to this aspect- Physical movement of goods and services from producers to consumers.</p> <p>Channels or intermediaries in the distribution process.</p>
22	Promotion mix	<p>Promotion refers to the use of tools of communication with the twin objectives of informing potential customers about the product and Persuading them to purchase it.</p>
23	Sales Promotion Techniques	
	Rebate	<p>Offering products at special prices to clear off excess inventory. Discount of Rs.10000 for a limited period.</p>
	Discount	<p>Offering products at less than list price. E.g. discount upto 50% or 50+40% discount.</p>
	Refunds	<p>Refunding a part of price paid by customer on some proof of purchase.</p> <p>Commonly used by food companies to increase their sales.</p> <p>e.g return of empty wrapper etc.</p>
	Product combinations	<p>Offering another product as gift along with the purchase of a product.</p> <p>E.g. ½ kg rice with a bag of 5 kg atta.</p>
	Quantity gift	<p>Offering extra quantity of the product.</p> <p>500 g extra sauce in maggi's tomato ketchup.</p> <p>Buy two get one free.</p> <p>Take a 2 night 3 days package at the Hotel and get an extra night stay at just Rs.100.</p>
	Instant Draws and Assigned Gift	<p>Scratch a card or burst a cracker and instantly win car, computer, refrigerator with the purchase of a TV.</p>

	Lucky Draw	Offer of a bathing soap to win gold coin on lucky draw coupon.
	Usable Benefit	Purchase goods worth Rs.3000 and get a holiday package. Get a discount voucher for accessories on Apparel purchase of Rs.1000. Get Rs.500 off for movie tickets on purchase of goods worth Rs.5000.
	Full finance @ 0%	Offer easy financing on sale of consumer durable products like electronic goods or automobiles such as 24 easy installments.
	Sampling	Offer of free sample say free conditioner pouch with bottle of a shampoo.
	Contests	Competitive events to win prizes. like quiz or application of some skills or answering some questions
24	Public Relations	Necessary to manage public opinion and the company's relation with the public on regular basis. To monitor attitude of public and generate positive publicity. Build goodwill of the business.