

KENDRIYA VIDYALAYA SANGATHAN
KOLKATA REGION



CAPSULE MATERIAL OF CLASS XII
BUSINESS STUDIES
2019-20

PREPARED DURING THE 2-DAY REGIONAL
LEVEL WORKSHOP
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UNDER THE ABLE GUIDANCE OF :
MS. P B S USHA
DEPUTY COMMISSIONER
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SUBJECT – BUSINESS STUDIES

BLUE PRINT

S. No.	Typology Of Question	MCQ (1 Mark)	Short answer I (3 Marks)	Short answer II (4 Marks)	Long answer (5 Marks)	Essay Type (6 Marks)	Total Marks
1	Remembering	5	1	1	1	1	23
2	Understanding	5	2	1	-	1	21
3	Application	5	1	-----	1	1	19
4	Analysing and Evaluating	5	1	1	1	--	17
	TOTAL	20X1= 20	5X3= 15	3X4= 12	3X5= 15	3X6= 18	80 (34)

UNIT	VSA 1 Mark	SA-I 3 Mark	SA-II 4 Mark	Long Answer 5 Mark	Essay Type 6 Mark	Total Mark	TOTAL Marks (No. of questions)
Part A :- Principle and Functions of Management							
1. Nature and Significance of Management	1	–	1	–	–		
2. Principle of Management	1	–	1	–	–		
3. Business Environment	2	–	–	–	1		
4. Planning	1	1	–	–	–		
5. Organizing	2	–	–	1	–		
6. Staffing	4	–	–	1	–		
7. Directing	3	1	---	–	–		
8. Controlling	3	1	–	1	–		
Part B :- Business Finance and Marketing							
9. Financial Management	2	–	–	–	1		
10. Financial Markets	1	1	1	–	–		
11. Marketing Management		1	–	–	1		
12. Consumer Protection		–	1	–	–		
TOTAL	20*1=20	5*3=15	3*4=12	3*5=15	3*6=18	80(34)	80(34)

BUSINESS STUDIES
CLASS: - XII
CAPSULE MATERIAL
CHAPTER: 1

NATURE AND SIGNIFICANCE OF MANAGEMENT

1. Multiple choice Questions (MCQ)

1. Which is not a function of Management of the following?
 - a. Planning
 - b. Controlling
 - c. Cooperating.
 - d. Staffing.
2. Setting Objective is a function of :-
 - a. Middle level management
 - b. Operational level management
 - c. Top level Management
 - d. None of the above
3. Which one of the following sequence of process of management is correct:
 - (a) Planning, Controlling, Organising, Staffing
 - (b) Staffing, Planning, Organising, Controlling
 - (c) Planning, Organising, Staffing, Controlling
 - (d) Organising, Planning, Staffing, Controlling
4. Management ensures:
 - (a) Providing employment opportunities
 - (b) Maintaining profit
 - (c) Ensuring maximum utilisation of resources
 - (d) Control on cost
5. A manager obtains the required capital at 12% interest while the prevailing rate of interest happens to be 10%. How would you describe such a manager?
 - (a) Efficient
 - (b) Effective
 - (c) Efficient and Effective
 - (d) Inefficient
6. Whose speciality happens to be 'personal skill'?
 - (a) Profession
 - (b) Art
 - (c) Science
 - (d) None of these
7. At what level of management does the Chief Executive Officer operate?
 - (a) Top-level
 - (b) Middle-level
 - (c) Lower-level
 - (d) None of these
8. 'Thinking before doing', under which function of management is this performed?
 - (a) Controlling
 - (b) Directing
 - (c) Organising
 - (d) Planning
9. 'Arrangement of various resources for achieving Target, under which function of management is this performed

- (a) Controlling
 - (b) Directing
 - (c) Organising
 - d) Planning
10. Under what function of management does the 'corrective action' fall?
- (a) Planning
 - (b) Organising
 - (c) Directing
 - (d) Controlling
11. Coordination is
- (a) Function of management
 - (b) The essence of management
 - (c) an objective of management
 - (d) none of the above
12. Number of levels of management are:
- (a) one
 - (b) two
 - (c) three
 - (d) four
13. Which of the following is true?
- (a) Coordination is not equally important at all levels of management
 - (b) Coordination has no importance
 - c) Coordination is equally important at all levels of
 - (d) None of these
14. What out of the following has been called the essence of management?
- (a) Communication
 - (b) Coordination
 - (c) Supervision
 - (d) Leadership
15. The following is not an objective of management
- (a) earning profits
 - (b) growth of the organisation
 - (c) providing employment
 - (d) policy making

VERY SHORT ANSWER QUESTIONS (2 MARKS EACH)

1. In order to be successful an organization must change its goals according to the needs to the environment. Which characteristic of management is highlighted in the statement?
2. To meet the objectives of the firm the Management of Angora Limited offers employment to Physically Challenged persons. Identify the organizational objective it is trying to achieve
3. Management of any organization strives to attain different objectives. Enumerate any two such objectives
4. Give any two characteristics of management.
5. Management is multidimensional. Enumerate any two dimensions of management.
6. Managerial activities are performed in all types of organizations in all departments at all levels. Which management character is highlighted here?
7. Your grandfather has retired where he is responsible for implementing the plans developed by the top management at which level of management was he working? State one more function of this level of management.

8. List any two social objectives of management.
9. Your grandfather has retired as a Director of manufacturing company. At which level of management was he working? Different functions are performed at this level. State any one such function.
10. What is meant by management?

SHORT ANSWER TYPE QUESTION (3 MARKS EACH)

1. . 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:
 - To reduce the labour costs by shifting the manufacturing unit to a backward area where labour was available at a very low rate
 - To start manufacturing solar water-heaters and reduce the production of electric water heaters slowly. This will not only help in covering the risks but also help in meeting other objectives.
 a) Identify and explain the objectives of management discussed above.
2. Mr. Nithin Singhania's father has a good business of iron and steel. He wants to go to 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 USA? Give any three reasons in support of your answer.
3. In order to achieve target production of 50,000 units per month, the Production Manager of Action Shoes Ltd had to operate on double shifts. Due to power failure most of the time, the manager was able to achieve the target, but at a production cost.
 - a. In your point of view, what is lacking in management? Explain.
4. Various departments of Swift Automobiles Ltd have set up their own objectives without paying any interest to the organizational objectives.
 - a. Name the values which are ignored by the departmental heads.
 - b. What would be the impact of diverse objectives on the organization?
5. Mr. Amol passed his B.Sc (Non-medical) examination in the year 2014. After this he successfully ran the business of his father. Suddenly he thought of seeking employment. He got the job of a finance manager in a company on the basis of his knowledge, experience and proficiency. He is doing his job successfully.
 - i. Is the appointment of Mr. Amol as a manager valid?
 - ii. Was not it necessary for him to do M.B.A or some other course for this job?

SHORT ANSWER TYPE QUESTION (4 MARKS EACH)

1. Management provides judgments and vision. Explain
2. Unique Ltd. is engaged in manufacturing electrical appliances. The company has been facing a lot of problems for the last few months because of chaos between two departments i.e, Production department and Sales department. The sales department blames production department for delayed production. However, the production department blames sales department for poor sales. The force that integrates the two departments is missing.
 - a. Identify the missing force in the above case and list its two characteristics.
 - b. List any two values which can be cultivated among the employees by using the force identified in (a)
3. Why is management considered as a multifaceted concept?
4. State any four functions of Operational Level of management
5. Kayco Ltd is manufacturing detergents. They decide to launch a new range of herbal products. As they in a hurry , they have tested products on animals only. The necessary information is missing on the package. The management also plan to launch a new factory in a tribal area where the required products are available for work at low wages in the absence of development opportunities and school
 - (a) Which responsibility of management do you disturbing in the above para?

(b) will the decision to install a new unit in a tribal area help society?

5 / 6 MARKS QUESTIONS

1. B 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 manifold over the years. The rate of profitability of the business is also creditable. The employees of the company are happy and satisfied with their remuneration, working conditions, promotion policy etc. As a part of its moral obligation, the company has taken many initiatives for providing employment to specially abled persons and promoting literacy in the villages adopted by it.

In the context of the above case:

a. Identify and explain the various types of objectives of management being fulfilled by Real Alliance Ltd by quoting lines from the paragraph.

b. List any two values that Real Alliance Ltd wants to communicate to the society.

2. Ajay and Sanjay are childhood friends. Sanjay had lost his right hand in an accident in childhood. They meet after a long time in a restaurant. On being asked, Sanjay tells Ajay that he feels very discontented in managing his family business after the death of his father as it does not match with his areas of interest. Ajay knows that Sanjay possesses extraordinary skills in management although he hasn't acquired any professional degree in management. Therefore, he asks Sanjay to wind up his business in India and join him in his hotel business in Dubai as an Assistant Manager in Sales and Marketing Division.

In context of the above case:

a. Can Sanjay be deployed at the post of Assistant Manager in Sales and Marketing Division though he hasn't acquired any professional degree in management? Explain by giving suitable justifications in support of your answer.

3. Ramanuja 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 Ramanuja realizes that each departmental head has its 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.

In the context of the above case:

Identify and explain the nature of management highlighted in the above case

4. 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. Every day 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.

In context of the above case:

a. 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.

b. State briefly any two points highlighting the importance of quality of management identified in part

5. Jayant is working as Head Relationship Manager in the wealth management division of a private sector bank. He has created an internal environment which is conducive to an effective and efficient performance of his team of ten relationship management executives. A typical day at work in Jayant's life consists of a series of interrelated and continuous functions. He decides the targets for his department which are in line with the objectives of the organization as a whole. The future course of action for his team members is laid out well in advance. The various

resources required by the relationship managers like and iPad with GPS system, account opening forms, brochures, details of account holders etc. are made readily available to them. The executives are given sufficient authority to carry out the work assigned to them. Jayant works in close coordination with the Human Resource Manager in order to ensure that he is able to create and maintain a satisfactory and satisfied workforce in his department. Through constant guidance and motivation, Jayant inspires them to realize their full potential. He offers them various types of incentives from time to time keeping in view their diverse individual needs. Moreover, he keeps a close watch on their individual performance in order to ensure that they are in accordance with the standard set and takes corrective actions whenever needed.

In context of the above case:

- a. Identify the concept being referred to in the following line, "He has created an internal environment which is conducive to an effective and efficient performance of his team of ten relationship management executives."
 - b. Identify and describe the various functions of the concept as identified in part (a) of the question by quoting lines from the paragraph.
6. "In the absence of management, all the resources of an organization remain only as resources and never become production". Explain the importance of management in the light of this statement.

ANSWER KEY (EXPECTED ANSWER)

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

VERY SHORT ANSWER QUESTIONS (2 MARKS EACH)

1. Management is Dynamic
2. Social Objective.
3. Organisational Objective.
4. Economic and Social Objective
5. Management of Work, Management of People
6. Pervasive
7. Social Objective
8. Supply of good quality of Product, Creating Employment Opportunity.
9. Top level and Setting Objective.
10. Definition of Management.

SHORT ANSWER TYPE QUESTION (3 MARKS EACH)

1. Explanation of Social Objective. Any Three points.
2. Management as a profession. Explanation.

3. Efficiency. Explanation.
4. Multiple Objectives of Management--- Explanation Point Wise.
5. Valid. Management is not fully Profession ---- Explanation Point Wise with reasons.

SHORT ANSWER TYPE QUESTION (4 MARKS EACH)

1. Importance / significance of management.
2. Co-ordination and its characteristics. Explain point wise.
3. Management is Multidimensional. Explain point wise.
4. **Lower** Level of management. Explain its Functions.
5. Social Responsibility of business. Explain.

LONG ANSWER TYPE QUESTION (5/6 MARKS EACH)

1. Multiple objective of Management. Explain point wise.
2. Management as a profession Explanation.
3. Management as an science and management as an Art.
4. Co ordination its importance. Explain Point Wise.
5. Importance/Significance of Management.

Chapter: Principle of Management.

MCQ

1. Who is the considered as the father of Scientific Management?
 - a) Hanry Fayol
 - b) Gilberth
 - c) F W Taylor
 - d) Harold Koontz.
2. Who is known as father of general Management?
 - a). Hanry Fayol
 - e) Gilberth
 - f) F W Taylor
 - g) Harold Koontz.
3. Harmony Not discord principle is concerned with_____
 - a) Management should share the gain of the company with workers
 - b) Investigation of Task
 - c) Scientific inquiry
 - d) Observation and Analysis.
4. Unity of Directon is concerned with_____
 - a) One head one plan
 - b) One head different plans
 - c) Planning by employee
 - d) Planning by production manager
5. Espirit De Corps mean_____
 - a) Gang plank

- b) Gang boss
- c) Order
- d) Union is strength.

6. Gang plank is concerned about_____

- a) Contact not allowed
- b) Indirect contact
- c) Direct contact
- d) Contact before application.

7. Which of the following is not considered with F W Taylor?

- a) Method Study
- b) Motion Study
- c) Time Study
- d) Scalar chain

8. Functional foremanship is concerned with_____

- a) Marketing
- b) Division of work
- c) Insurance
- d) Gang plank

9. The main objective of functional foremanship is____

- a) Not to provide free time to workers
- b) Separate planning functions from executive functions
- c) To separate top level management from CEO
- d) Not to divide the work.

10. The main objective of the motion Study is____

- a) To provide more work to the workers
- b) To separate planning functions with other functions
- c) To eliminate unproductive movement
- d) To study standard time.

11. Science not rule of thumb principle is given by____

- a) Hanry Fayol
- b) LM Prasad
- c) F W Taylor
- d) L H Haney.

12. What is the main motive of Fatigue Study?

- a) Calculation of standard time
- b) Calculation of standard output
- c) Calculation of frequent rest interval to be given to the employees
- d) Direct contact.

13. Which principle of management discuss about route clerk and gang boss?

- a) Equity
- b) Order

- c) Functional Foremanship
- d) Motion study.

14. Principle of Order is concerned with_____

- a) Orderly arrangements of various resources
- b) Giving order to employees
- c) Receiving order from top level
- d) None of the above.

15. Which principle of management suggest the concept of replacing I with we.

- a) Order
- b) Equity
- c) Espirit the Corp
- d) None of these.

Questions of 3 and 4 marks:

Principles of Management

In your school, you observe that books are kept in office, chinks in the library and office records in the staff room.

1. Which principle of management is violated here and why?
2. How will that affect the achievement of school objectives?
3. As a manager, what steps will you take to rectify the shortcomings? (3 marks)

Ans.

1. The principle of „Order“
2. In the absence of orderliness, school objectives will not be achieved efficiently and effectively.
3. Things should be placed at appropriate places to achieve maximum efficiency with given time framework.

Q. 2. The production manager of an automobile company asked the foreman to achieve a target production of 200 scooters per day. But he did not give him the authority of requisition tools and materials from the stores department. Can the production manger blame the foreman if he is not able to achieve the desired target? Explain briefly the principle relating to the situation. (3 marks)

Ans. No, the production manager cannot blame the foreman because he did not give him the authority to requisition tools and materials form the stores department. Since he has no authority, he could not fulfill his responsibility.

In this case the principle of „Authority and Responsibility“ is violated. Fayol suggested tht there must be a balance between authority and responsibility. Authority and responsibility must go hand in hand.

Responsibility without adequate authority will make the subordinate ineffective, I.e., he will not be able to perform his duties properly. At the same time giving authority without fixing responsibility may lead to misuse of of authority.

Q. 3. Soniya Ltd. was engaged in the business of manufacturing auto components. Lately, its business was expanding due to increased demand for cars. The competition was also increasing. In order to keep its market share intact, the company directed its workforce to work overtime. But this resulted in many problems.

Due to increased pressure of work the efficiency of workers declined. Sometimes, the subordinates had to work for more than one superiors. The workers were becoming indisciplined. The spirit of teamwork, which had characterized the company previously, had begun to wane. Identify any three principles of management (as given by Henry Fayol) which were begin violated, quoting the lines from the above case. (3 marks)

Ans.

1. Unity of command

“Sometimes, the subordinates had to work for more than one superiors.”

1. Discipline

„The workers were becoming indisciplined.“

1. Spirit de corps

„The spirit of teamwork, which had characterized the company previously, had begun to wane.“

Q. 6. Radhika opens a jewelry showroom in Jaipur after completing a course in jewelry designing. She has employed eleven persons in her showroom. For greater productivity, she divides the work into small tasks and each employee is trained to perform his/her specialized job. The sales persons are allowed to close a deal with a buyer by giving a maximum of 10% discount, whereas the decision to give any further discount rests with Radhika as the final authority. In the earlier days of starting of the business, five of her 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, after six months when the business was doing well, she awarded a cash bonus to each of these employees to honour her commitment. However, when it comes to setting the conflicts among her employees, she tends to be more biased towards her female employees.

In context of the above case:

- 1. Identify and explain the various principles of management that are being applied by Radhika by quoting lines from the paragraph.**
- 2. Identify and explain the principle of management which is being violated by Radhika by quoting lines from the paragraph.**
- 3. State any one effect of the violation of the principle of management by Radhika as identified in part (b) of the question.**

Ans.

1. The various principles of management that are being applied by Radhika are listed below:

1. Principle of Division of work:

“For greater productivity, she divides the work into small tasks and each employee is trained to perform his/her specialized job.”

1. Principle of Centralization and Decentralization:

“The sales persons are allowed to close a deal with a buyer by giving a maximum of 10% discount, whereas the decision to give any further discount rests with Radhika as the final authority.”

1. Principle of Discipline:

“Therefore, after six months when the business was doing well, she awarded a each bonus to each of these employees to honour her commitment.”

1. The principle of management which is being violated by Radhika is Equity.

“However, when it comes to setting the conflicts among her employees, she tends to be more biased towards her female employees.”

1. One effect of the violation of the Principle of Equity is that it may lead to job dissatisfaction among the male workers.

Q7. Neeraj is selected for the post of software developer in an IT Company. On the first day of his joining Mehul, his project manager tells Neeraj that during the course of his work he will come across many such opportunities which may tempt him to misuse his powers for individual or family’s benefit at the cost of larger general interest of the company. In such situations, he should rather exhibit exemplary behavior as it will raise his stature in the eyes of the company. Also, for interacting with anyone in the company on official matters, he should adopt the formal chain of authority and communication.

In context of the above case:

1. Identify and explain the various principles of management that Mehul is advising Neeraj to follow while doing his job.

Ans.

1. The various principles of management that Mehul is advising Neeraj to follow while doing his job are as follows:

1. Subordination of Individual Interest to General Interest:
2. Scalar Chain:

Q8. Davinder is a class twelfth commerce student in a reputed school in Punjab. Satinder is his elder brother who is doing his Masters in Hospital administration from Delhi after completing his B. Sc course. During vacations when Satinder comes home, Davinder shows him the business studies project that he is preparing on the topic ‘Principles of Management’. Satinder tells him that these principles are also a part of MBA course curriculum at the beginner’s level as they form the core of management in practice. But he finds these principle different from those of pure science.

In context of the above case:

- 1. Outline the concept of principles of management.**
- 2. Why does Satinder find the principle of management different from those of pure science?**
- 3. Why do the principles of management form the core of management in practice?**

Explain by giving any two points highlighting the importance of principles of management.

Ans.

1. The principles of management serve as a broad and general guideline for the managerial decision making and action.
2. Satinder finds the principles of management different from those of pure science because the management principles are not as rigid as principles of pure science. This is due to the fact that they deal with the human behavior and thus, need to be applied creatively in the light of given situation.
3. The importance of principles of management is described below:

1. Providing managers with useful insights into reality:

2. Optimum utilization of resources and effective administration:

Q.9 Nutan Tiffin Box service was started in Mumbai by Mumbai dabbawalas. The Dabbawalas who are the soul of entire Mumbai aim to provide prompt and efficient services by providing tasty homemade tiffin to all office goers at right time and place. The service is uninterrupted even on the days of bad weather, political unrest and social disturbances. Recently they have started online booking system through their website 'mydabbawals.com'. Owing to their tremendous popularity amongst the happy and satisfied customers and members, the dabbawalas were invited as guest lecturers by top business schools. The Dabbawalas operate in a group of 25-30 people along with a group pleader. Each group teams up with other groups in order to deliver the tiffin on time. They are not transferred on frequent basis as they have to remember the addresses of their customers. They follow certain rules while doing trade-No alcohol during working hours; No leave without permission; Wearing of white cap & carrying ID cards during business hours.

Recently on the suggestion of a few self-motivated fellow men, the dabbawalas thought out and executed a plan of providing food left in tiffin boxes by customers to slum children. They have instructed their customers to place red sticker if food is left in the tiffin, to be fed to poor children later.

1. State any two principle of management given by Fayol & two characteristic of management mentioned in the above case.

(4 marks)

Ans.

1. Principles of management (any two)

1. Stability of Personnel

2. Initiative

3. Discipline

4. Esprit de corps

Characteristic of management

1. Goal oriented

2. Group activity

Q10. 'Aapka vidyalaya' believes in holistic development of students and encourages team building through a mix of curricular, co-curricular and sports activities. On its founders day a stage performance had to be put up. A committee of ten prefects was constituted to plan different aspect of the function. They all decided to use recycled paper for decoration. There was a spirit of unit and harmony and all members supported each other. With mutual trust and belongingness the programme was systematically planned and executed. Kartik, one of the prefects realized that unknowingly the group had applied one of the principles of management while planning and executing the programme. He was so inspired by the success of the function that he asked his father to apply to same principle in his business. His father replied that he was already using this principle.

1. Identify the principle of management applied for the success of the programme.

2. State any two features of management highlighted in the above

(4 marks)

Ans.

1. Espirit de corps

2.

1. Management is pervasive--,, *...he asked his father to apply the same principle in his business.*'

Management is pervasive as it can be applied to all types/levels of organizations.

2. Management is a group activity --,,*There was a spirit of unity and harmony and all members supported each other.*'

Management is a group activity because it requires team work and/or coordination of individual efforts.

Q11. Nikita and Salman completed the MBA and started working in a multinational company at the same level. Both are working hard and are happy with their employer. Salman had the habit of backbiting and wrong reporting about his colleagues to impress his boss. All the employees in the organization knew about it. At the time of performance appraisal the performance of Nikita was judged better than Salman. Even then their boss, Mohammed Sharif decided to promote Salman stating that being a female Nikita will not be able to handle the complications of a higher post.

1. Identify and explain the principle of management which was not followed by this multinational company.

(4 marks)

Ans.

1. The principle violated is EQUITY.

It advocates that there should be no discrimination against anyone on account of sex, religion, language, caste, belief, nationality etc.

It emphasizes kindness and justice in the behavior of managers towards the workers to ensure loyalty and devotion.

1. The valuation which are being ignored are:

1. *Good human behavior* because „Salman had the habit of backing and wrong reporting about his colleagues to impress his boss.“

2. *Gender Equality* because „Their boss decided to promote Salman stating that being a female Nikita will not be able to handle the complications of a higher post.

Q12. Sigma Ltd. is a large company manufacturing electric motors. The company has several departments – Production, Marketing, Finance and HR. Mr. Shashank, CEO of the company set the target sale of 10 crore in a month. To increase the sales, the marketing manager, Mr. Ishaan insists on offering 10% discount to customers. But the finance manager, Mr. Mohak does not approve such discount as it would mean loss of revenue. Because of dual subordination, the sales manager, Mr. Anshik could not achieve the sales target.

1. Which concept of management Sigman Ltd. is lacking? State it.

2. Which principle of management has been overlooked by this company? State it.

(6 marks)

Ans.

1. The company is lacking „Coordination“.

It is the process by which the activities of different departments are synchronized to ensure unity of action.

1. Unity of command

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. Consequences of violation: Authority is undermined, discipline is in jeopardy, order is disturbed and stability is threatened.

1. Spirit de Corps

Management should promote a team spirit of unity and harmony among employees. It is necessary for coordination.

Q13. 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 behavior of the management is very good.

1. State the principle of management described in the above para.

2. Explain any two benefits of that principles

(3 marks)

Ans. .

1. The principle of Taylor described in the above para is Cooperation, Not Individualism.

It states that there should be complete cooperation between the labour and the management. Competition should be replaced by cooperation.

1. Values which the company wants to communicate to the society are:

Q14. Voltech India Ltd. is manufacturing LED bulbs to save electricity and running under heavy losses.

To revive from the losses, the management thought of shifting the unit to a backward area where labour is available at a low cost. The management also asked the workers to work overtime without any additional payment and promised to increased to wages of the workers after achieving its mission. Within a short period the company started earning profits because both the management and the workers honoured their commitments.

1. State the principle of management described in the above para.

2. Explain any two benefits of that principle

(3 marks)

Ans.

1. The principle of management described in the above para is Discipline.

Discipline is the obedience to organizational rules and employment agreement which are necessary for the working of the organization.

Q15. Kushal Ltd. is a leading automobile company in which the various departments are setting up their own objectives without paying any interest to the organizational objectives.

1. Which aspect of management the company is lacking? What will be its impact on the organization?

2. Identify the principle of management which has been overlooked by this organization.

. (5 marks)

Ans.

1. The company is lacking „Coordination“.

Its different departments like production, marketing, etc. do not coordinate their work. In the absence of coordination, there will be overlapping and chaos instead of harmony and integration of activities. The company will fail to achieve its objectives.

1. Subordination of individual interest to general interest.

Q16. Telco Ltd. is manufacturing files and folders from old clothes to discourage use of plastic fields and folders. For this, they employ people from nearby villages where very less job opportunities are available. An employee, Harish, designed a plan for 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.

1. State the principle of management described in the above para.

2. Explain any two benefits of that principle.

(3 marks)

Ans.

1. Initiative. It means eagerness to initiate action without being asked to do so.

Q17. Khandelwal Ltd., a tyre manufacturing concern has been established for more than ten years. Having made good profits in the past, company wanted to expand further and hence did not declare bonus for the previous year. The workers got agitated and trade union declared strike and demanded bonus and other facilities. The management decided not to give into their demands.

1. Which principle of scientific management is overlooked in the given case?

2. State any two benefits of that principle

(3 marks)

Ans.

1. Harmony, not Discord

Q18. Hritik is desirous of setting up a small factory to manufacture different kinds of eco-friendly packaging materials. He proposes to adopt a logical approach to his business rather than hit and trial method as he knows that this can result in tremendous saving of human energy as well as wastage of

time and materials. He plans to adopt paternalistic style of management in practice in order to avoid any kind of class-conflict that may emerge between him and the workers. Moreover, he plans to seek the opinion of his workers before taking any important decisions and also offers incentives to them for providing valuable suggestions for the business.

In context of the above case:

1. Identify and explain the various principle of scientific management that Hritik plans to apply.

Ans.

1. The various principle of scientific management that Hritik plans to apply in his business are described below:

1. *Science, not Rule of Thumb:*
2. *Harmony, Not Discord:*
3. *Cooperation, Not Individualism:*

Q19. Gaurika has been appointed as the chief organizer of a weeklong cultural event. Being a staunch follower of scientific management, she decides to execute her work by putting into practice the various techniques of scientific management. On the basis of several observations, she is able to determine that the standard time taken by the security officer at the gate to check the credentials of each visitor is 30 seconds. So she decides to employ two persons on this job for every function along with the other necessary support staff. She considers the fact that every day, the functions will take place in three shifts of four hours each, therefore it is important to give breaks to the support staff even in a single shift to take her/his lunch etc. moreover, on introspection, she determines that the best way to distribute refreshment boxes to the visitors will be to hand it over to them at the exit gate as it would help to save time and eliminate any kind of confusion.

In the context of the above case:

1. Identify and explain the various techniques of work study which have been put into practice by Gaurika.

Ans.

1. The various techniques of work study which have been put into practice by Gaurika are outlined below:

1. *Time Study:*
2. *Fatigue Study:*
3. *Method Study:*

Q20. Study Buddy Pvt.' Is company dealing in stationery items. In order to establish standards of excellence and quality in materials and in the performance of men and machines, the company adheres to benchmarks during production. Moreover, its products are available in limited varieties, sizes and dimensions thereby eliminating superfluous diversity of products.

3. Identify and explain the technique of scientific management which has been adopted by 'Study Buddy Pvt. Ltd.'

4. **Ans. Standardization and Simplification of Work** is the technique of scientific management which has been adopted by „Study Buddy Pvt. Ltd.“

Q21 Tina and Anshu completed their MBA and started working in a multinational company at the same level. Both are working hard. Anshu has the habit of backbiting and wrong reporting about his

colleagues to impress the boss. All the employees in the organization know about it. At the time of performance appraisal also Tina's performance was rated better than Anshu. Even then their boss decided to promote Anshu stating that being a female, Tina will not be able to handle the complications of higher post.

1. Identify and explain the principle of management that was not followed by this company.

Ans.

1. Company is violating the "Principle of Equity."

Q22 The production department of Alpha Ltd. was not performing well on detailed analysis, it was observed that the workers of that department were overburdened. They were forced to work for longer hours without any break. So the management planned to replace the production manager. They appointed Mr. Hari as the new Production Manager. He observed the average worker and note down their times. He noted down the time they worked and the time they required to be fresh to join back the work. Based on this observation, he set the break intervals for workers. He gave small breaks to workers to recharge their energy.

1. Name and explain the technique of scientific management used by Mr. Hari.
2. State the benefits of that principles

Ans.

1. Fatigue study.

Q23. In the staff meeting the principal of the school raised objection that teachers start the teacher after 5 to 10 minutes in third floor classes. He warned them as students are complaining about this. The teachers explained the principal that when we climb steps from ground to third floor. We get some tiredness and need 5 to 10 minutes rest before starting the lecture. The principal planned to install a lift in school so that teachers do not waste their energy on wasteful activity of climbing steps.

1. State the techniques of scientific management used by principal.
2. State any other technique of scientific management.

Ans.

1. "Technique of motion study."
2. Other two techniques:
 1. Functional foremanship
 2. Time study.

Q24. In a factory the toolbox was kept under the table of every worker, whenever worker needs tools he had to bend tape out tool from tool box and keep it back after use. The newly appointed supervisor observed it and suggested to keep a stool near every worker's chain where toolbox can he placed so that workers do not waste their energy in bending again and again.

1. Which technique of scientific management is used by New Supervisor.
2. State the objective of motion study.

Ans.

1. Motion study.

2. The objective of motion study is to eliminate unproductive movements of workers.

Q25. Mr. Rajiv the senior manager of Unique enterprise considered himself very wise and used to take all the decisions himself without consulting the employees, he never used to help any one nor he used to take help of anyone. The employees of unique enterprise were not working efficiently and company's profit margin started declining to tackle the problem, the company appointed a new manager from IIM Bangalore. The new manager after joining made a policy that all the decisions will be taken after consulting employees in the meeting. All employees must give some suggestions and best suggestions will be rewarded with financial and nonfinancial incentives. This policy had a very positive effects on company.

1. **State the principle of Hencry Fayol used by new manager.**
2. **State the technique of scientific management related to above case.**

Ans.

1. Principle of initiative.
2. "Cooperation not individualism."

Principles of Management

In your school, you observe that books are kept in office, chinks in the library and office records in the staff room.

1. **Which principle of management is violated here and why?**
2. **How will that affect the achievement of school objectives?**
3. **As a manager, what steps will you take to rectify the shortcomings? (3 marks)**

Ans.

1. The principle of „Order“
2. In the absence of orderliness, school objectives will not be achieved efficiently and effectively.
3. Things should be placed at appropriate places to achieve maximum efficiency with given time framework.

Q. 2. The production manager of an automobile company asked the foreman to achieve a target production of 200 scooters per day. But he did not give him the authority of requisition tools and materials from the stores department. Can the production manger blame the foreman if he is not able to achieve the desired target? Explain briefly the principle relating to the situation. (3 marks)

Ans. No, the production manager cannot blame the foreman because he did not give him the authority to requisition tools and materials form the stores department. Since he has no authority, he could not fulfill his responsibility.

In this case the principle of „Authority and Responsibility“ is violated. Fayol suggested tht there must be a balance between authority and responsibility. Authority and responsibility must go hand in hand.

Responsibility without adequate authority will make the subordinate ineffective, I.e., he will not be able to perform his duties properly. At the same time giving authority without fixing responsibility may lead to misuse of of authority.

Q. 3. Soniya Ltd. was engaged in the business of manufacturing auto components. Lately, its business was expanding due to increased demand for cars. The competition was also increasing. In order to keep its market share intact, the company directed its workforce to work overtime. But this resulted in many problems.

Due to increased pressure of work the efficiency of workers declined. Sometimes, the subordinates had to work for more than one superiors. The workers were becoming indisciplined. The spirit of teamwork, which had characterized the company previously, had begun to wane. Identify any three principles of management (as given by Henry Fayol) which were begin violated, quoting the lines from the above case. (3 marks)

Ans.

1. Unity of command

“Sometimes, the subordinates had to work for more than one superiors.”

1. Discipline

„The workers were becoming indisciplined.“

1. Spirit de corps

„The spirit of teamwork, which had characterized the company previously, had begun to wane.“

Q. 6. Radhika opens a jewelry showroom in Jaipur after completing a course in jewelry designing. She has employed eleven persons in her showroom. For greater productivity, she divides the work into small tasks and each employee is trained to perform his/her specialized job. The sales persons are allowed to close a deal with a buyer by giving a maximum of 10% discount, whereas the decision to given any further discount rests with Radhika as the final authority. In the earlier days of starting of the business, five of her 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, after six months when the business was doing well, she awarded a cash bonus to each of these employees to honour her commitment. However, when it comes to setting the conflicts among her employees, she tends to b e more biased towards her female employees.

In context of the above case:

- 1. Identify and explain the various principles of management that are being applied by Radhika by quoting lines from the paragraph.**
- 2. Identify and explain the principle of management which is being violated by Radhika by quoting lines from the paragraph.**
- 3. State any one effect of the violation of the principle of management by Radhika as identified in part (b) of the question.**

Ans.

1. The various principles of management that are being applied by Radhika are listed below:

1. Principle of Division of work:

“For greater productivity, she divides the work into small tasks and each employee is trained to perform his/her specialized job.”

1. Principle of Centralization and Decentralization:

“The sales persons are allowed to close a deal with a buyer by giving a maximum of 10% discount, whereas the decision to give any further discount rests with Radhika as the final authority.”

1. Principle of Discipline:

“Therefore, after six months when the business was doing well, she awarded a each bonus to each of these employees to honour her commitment.”

1. The principle of management which is being violated by Radhika is Equity.

“However, when it comes to setting the conflicts among her employees, she tends to be more biased towards her female employees.”

1. One effect of the violation of the Principle of Equity is that it may lead to job dissatisfaction among the male workers.

Q7. Neeraj is selected for the post of software developer in an IT Company. On the first day of his joining Mehul, his project manager tells Neeraj that during the course of his work he will come across many such opportunities which may tempt him to misuse his powers for individual or family's benefit at the cost of larger general interest of the company. In such situations, he should rather exhibit exemplary behavior as it will raise his stature in the eyes of the company. Also, for interacting with anyone in the company on official matters, he should adopt the formal chain of authority and communication.

In context of the above case:

1. Identify and explain the various principles of management that Mehul is advising Neeraj to follow while doing his job.

Ans.

1. The various principles of management that Mehul is advising Neeraj to follow while doing his job are as follows:

1. Subordination of Individual Interest to General Interest:

2. Scalar Chain:

Q8. Davinder is a class twelfth commerce student in a reputed school in Punjab. Satinder is his elder brother who is doing his Masters in Hospital administration from Delhi after completing his B. Sc course. During vacations when Satinder comes home, Davinder shows him the business studies project that he is preparing on the topic 'Principles of Management'. Satinder tells him that these principles are also a part of MBA course curriculum at the beginner's level as they form the core of management in practice. But he finds these principle different from those of pure science.

In context of the above case:

1. Outline the concept of principles of management.

2. Why does Satinder find the principle of management different from those of pure science?

3. Why do the principles of management form the core of management in practice?

Explain by giving any two points highlighting the importance of principles of management.

Ans.

1. The principles of management serve as a broad and general guideline for the managerial decision making and action.
2. Satinder finds the principles of management different from those of pure science because the management principles are not as rigid as principles of pure science. This is due to the fact that they deal with the human behavior and thus, need to be applied creatively in the light of given situation.
3. The importance of principles of management is described below:
 1. Providing managers with useful insights into reality:
 2. Optimum utilization of resources and effective administration:

Q.9 Nutan Tiffin Box service was started in Mumbai by Mumbai dabbawalas. The Dabbawalas who are the soul of entire Mumbai aim to provide prompt and efficient services by providing tasty homemade tiffin to all office goers at right time and place. The service is uninterrupted even on the days of bad weather, political unrest and social disturbances. Recently they have started online booking system through their website 'mydabbawals.com'. Owing to their tremendous popularity amongst the happy and satisfied customers and members, the dabbawalas were invited as guest lecturers by top business schools. The Dabbawalas operate in a group of 25-30 people along with a group pleader. Each group teams up with other groups in order to deliver the tiffin on time. They are not transferred on frequent basis as they have to remember the addresses of their customers. They follow certain rules while doing trade-No alcohol during working hours; No leave without permission; Wearing of white cap & carrying ID cards during business hours.

Recently on the suggestion of a few self-motivated fellow men, the dabbawalas thought out and executed a plan of providing food left in tiffin by customers to slum children. They have instructed their customers to place red sticker if food is left in the tiffin, to be fed to poor children later.

1. State any two principle of management given by Fayol & two characteristic of management mentioned in the above case.

(4 marks)

Ans.

1. Principles of management (any two)
 1. Stability of Personnel
 2. Initiative
 3. Discipline
 4. Esprit de corps

Characteristic of management

1. Goal oriented
2. Group activity

Q10. 'Aapka vidyalaya' believes in holistic development of students and encourages team building through a mix of curricular, co-curricular and sports activities. On its founders day a stage performance had to be put up. A committee of ten prefects was constituted to plan different aspect of the function. They all decided to use recycled paper for decoration. There was a spirit of unit and harmony and all members supported each other. With mutual trust and belongingness the

programme was systematically planned and executed. Kartik, one of the prefects realized that unknowingly the group had applied one of the principles of management while planning and executing the programme. He was so inspired by the success of the function that he asked his father to apply to same principle in his business. His father replied that he was already using this principle.

1. Identify the principle of management applied for the success of the programme.
2. State any two features of management highlighted in the above

(4 marks)

Ans.

1. Espirit de corps

2.

1. Management is pervasive--,, *...he asked his father to apply the same principle in his business.*'

Management is pervasive as it can be applied to all types/levels of organizations.

2. Management is a group activity --,,*There was a spirit of unity and harmony and all members supported each other.*'

Management is a group activity because it requires team work and/or coordination of individual efforts.

Q11. Nikita and Salman completed the MBA and started working in a multinational company at the same level. Both are working hard and are happy with their employer. Salman had the habit of backbiting and wrong reporting about his colleagues to impress his boss. All the employees in the organization knew about it. At the time of performance appraisal the performance of Nikita was judged better than Salman. Even then their boss, Mohammed Sharif decided to promote Salman stating that being a female Nikita will not be able to handle the complications of a higher post.

1. Identify and explain the principle of management which was not followed by this multinational company.

(4 marks)

Ans.

1. The principle violated is EQUITY.

It advocates that there should be no discrimination against anyone on account of sex, religion, language, caste, belief, nationality etc.

It emphasizes kindness and justice in the behavior of managers towards the workers to ensure loyalty and devotion.

1. The valuation which are being ignored are:

1. *Good human behavior* because „Salman had the habit of backing and wrong reporting about his colleagues to impress his boss.“

2. *Gender Equality* because „Their boss decided to promote Salman stating that being a female Nikita will not be able to handle the complications of a higher post.

Q12. Sigma Ltd. is a large company manufacturing electric motors. The company has several departments – Production, Marketing, Finance and HR. Mr. Shashank, CEO of the company set the target sale of 10 crore in a month. To increase the sales, the marketing manager, Mr. Ishaan insists on offering 10% discount to customers. But the finance manager, Mr. Mohak does not approve such

discount as it would mean loss of revenue. Because of dual subordination, the sales manager, Mr. Anshik could not achieve the sales target.

1. Which concept of management Sigman Ltd. is lacking? State it.

2. Which principle of management has been overlooked by this company? State it.

(6 marks)

Ans.

1. The company is lacking „Coordination“.

It is the process by which the activities of different departments are synchronized to ensure unity of action.

1. Unity of command

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. Consequences of violation: Authority is undermined, discipline is in jeopardy, order is disturbed and stability is threatened.

1. Spirit de Corps

Management should promote a team spirit of unity and harmony⁶ among employees. It is necessary for coordination.

Q13. 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 behavior of the management is very good.

1. State the principle of management described in the above para.

2. Explain any two benefits of that principles

(3 marks)

Ans. .

1. The principle of Taylor described in the above para is Cooperation, Not Individualism.

It states that there should be complete cooperation between the labour and the management. Competition should be replaced by cooperation.

1. Values which the company wants to communicate to the society are:

Q14. Voltech India Ltd. is manufacturing LED bulbs to save electricity and running under heavy losses.

To revive from the losses, the management thought of shifting the unit to a backward area where labour is available at a low cost. The management also asked the workers to work overtime without any additional payment and promised to increased to wages of the workers after achieving its mission. Within a short period the company started earning profits because both the management and the workers honoured their commitments.

1. State the principle of management described in the above para.

2. Explain any two benefits of that principle

(3 marks)

Ans.

1. The principle of management described in the above para is Discipline.

Discipline is the obedience to organizational rules and employment agreement which are necessary for the working of the organization.

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- 1. Which aspect of management the company is lacking? What will be its impact on the organization?**
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. (5 marks)

Ans.

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- 1. Which principle of scientific management is overlooked in the given case?**
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(3 marks)

Ans.

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Q18. Hritik is desirous of setting up a small factory to manufacture different kinds of eco-friendly packaging materials. He proposes to adopt a logical approach to his business rather than hit and trial method as he knows that this can result in tremendous saving of human energy as well as wastage of time and materials. He plans to adopt paternalistic style of management in practice in order to avoid

any kind of class-conflict that may emerge between him and the workers. Moreover, he plans to seek the opinion of his workers before taking any important decisions and also offers incentives to them for providing valuable suggestions for the business.

In context of the above case:

1. Identify and explain the various principle of scientific management that Hritik plans to apply.

Ans.

1. The various principle of scientific management that Hritik plans to apply in his business are described below:

1. *Science, not Rule of Thumb:*
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In the context of the above case:

1. Identify and explain the various techniques of work study which have been put into practice by Gaurika.

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1. Identify and explain the principle of management that was not followed by this company.

Ans.

1. Company is violating the "Principle of Equity."

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1. Name and explain the technique of scientific management used by Mr. Hari.

2. State the benefits of that principles

Ans.

1. Fatigue study.

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1. State the techniques of scientific management used by principal.

2. State any other technique of scientific management.

Ans.

1. "Technique of motion study."

2. Other two techniques:

1. Functional foremanship

2. Time study.

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1. Which technique of scientific management is used by New Supervisor.

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- 1. State the principle of Hencry Fayol used by new manager.**
- 2. State the technique of scientific management related to above case.**

Ans.

1. Principle of initiative.
2. "Cooperation not individualism."

(Chapter- 3) Business Environment

MCQ/OBJECTIVE QUESTIONS:

1. Which of the following does not characterise the business environment?

- (a) Uncertainty (b) **Employees**
(c) Relativity (d) Complexity

2. Which of the following best indicates the importance of business environment?

- (a) Identification (b) Improvement in performance
(c) Coping with rapid changes (d) **All of them**

3. Which of the following is an example of social environment?

- (a) Money supply in the economy (b) Consumer Protection Act
(c) The Constitution of the country (d) **Composition of family**

4. Liberalisation means

- (a) Integration among economies
(b) **Reduced government controls and restrictions**
(c) Policy of planned disinvestments
(d) None of them

5. Which of the following does not explain the impact of Government policy changes on business and industry?

- (a) More demanding customers (b) Increasing competition
(c) **Change in agricultural prices** (d) Market orientation

6. Business environment is a group of _____ powers.

- (a) Special (b) General
(c) Internal (d) **Special and General**

7. Which factor is not included in Macro Environment?

- (a) Economic Environment (b) **Competitors**
(c) Social Environment (d) Political Environment

8. Which factor is not included in Internal Environment?

- (a) Objective (b) Policies
(c) **Public** (d) Production-Method

9. The entry of the multinational companies in large numbers in the Indian **market has created** _____ .

- (a) Huge Demand (b) Huge Supply
(c) **Tough Competition** (d) Huge Demand and Supply

10. Reducing the role of Public Sector and increasing the role of Private Sector **falls under** _____ .

- (a) Liberalisation (b) **Privatisation**
(c) Liberalisation and Privatisation (d) Globalisation

11. Under _____ the Reserve Bank keeps control on the money supply in order **to achieve the objectives of the general economic policy.**

- (a) Fiscal Policy (b) **Monetary Policy**
(c) Trade Policy (d) Industrial Policy

12. The income and expenditure policy of the government is called _____ .

- (a) **Fiscal Policy** (b) Industrial Policy
(c) Trade Policy (d) Monetary Reforms

13. In all the countries there is a free-flow of goods and services under which of **the following does it come?**

- (a) Liberalisation (b) Privatisation
(c) Liberalisation and Privatisation (d) **Globalisation**

14. Which of the following deals with the process of simplification of Import- **Export?**

- (a) **Liberalisation** (b) Privatisation
(c) Liberalisation and Privatisation (d) Globalisation

15. With the introduction of Photostat Machines in the market, the carbon paper **industry was adversely affected. Which component of environment was responsible for it?**

- (a) Economic (b) Political
(c) **Technical** (d) All the above

SHORT ANSWER TYPE QUESTIONS (3/4 MARKS)

1. **Identify the nature of business environment in the following cases –**

- Reliance Company recycled the plastic bottles to manufacture the polyester fabric.**
- Even with launch of Android operating system for mobiles, Nokia stuck to its old Sembilan models which resulted in fall in Nokia Sales.**
- Samsung converted its mobile phone technology immediately after Android Operating technology was launched.**
- The changes in government policy for imports from china have forced Sell Well Ltd. To import medical devices from Taiwan.**

- Ans. a) First Mover Advantage/ Use of Resources
b) Warning Signals
c) First Mover d) Inter- relatedness.

2. **Identify the dimension of business environment in the following cases –**

- Replacing old machinery with new one to meet the requirements of pollution control regulations.**
- Importing machinery from Japan to install automatic production system**
- Demand for home loans decreased due to increase in interest rates**
- HCL has opened various institutions to provide education to lesser privileged children.**
- Various foreign companies are planning to establish business in India because the government has allowed 100% foreign direct investment (FDI) in retail trade.**

- Ans. a) Legal Environment.
b) Technological Environment.
c) Economic Environment.
d) Social Environment.

e) Political Environment.

3. **Mr. Ajay after completing MBA from USA comes to India to start a new business under the banner Ecom Creations Ltd. He launches a new product in a e-learning for senior Secondary School students in Commerce stream, which already has n established market in UK and USA but not in India. His business starts flourishing in India. Now more Indian companies entered into the market with other subjects also. Identify and quote the lines from above para which highlight the significance of understanding business environment. (4 marks)**

Ans.

□ “Comes to India to start a new business ... launches a new product in e-learning for Senior secondary school students in Commerce stream.”

1. It helps in assisting in planning and policy formulation.
2. It helps the firm to identify opportunities and get the first mover advantage.

□ “His business starts flourishing in India.”

1. It helps in improving performance.
- “Now more Indian companies entered into the market with different subjects also.”

1. It helps the firm to identify threats and early warning signals.

4. **“Zero Defect Zero Effect” (ZED) is a slogan coined by the Prime Minister of India, Narendra Modi with reference to the Make in India initiative launched by the government. The slogan reflects the efficiency of production processes, i.e. the products have no defects and the process through which the product is made has zero adverse environmental and ecological effects. The Zed model aims to make India the manufacturing hub of the world and prevent the products developed in India from being rejected by the global market. Moreover, before the initiative was launched, the limits of foreign direct investment in various sectors had been relaxed. The application for licences was made available online and the validity of licences was increased to three years. Various other norms and procedures were also relaxed by the government.**

In the light of the above paragraph, identify and explain the major component of New Economic Policy of 1991 that are being referred to by quoting lines from the paragraph.

Ans. The major components of New Economic Policy of 1991 that are being referred to are as follows:

□ *Liberalization*: The economic reforms signaled the end of the licence-permit-quota raj and were aimed at liberalizing the Indian business and industry from all unnecessary controls and restrictions. “Moreover, before the initiative was launched, the limits of foreign direct investment in various sectors has been relaxed. The application for licences was made available online and the validity of licences was increased to three years. Various other norms and procedures were also relaxed by the government.”

□ *Globalization*: Globalization means the integration of the various economies of the world leading towards the emergence of a cohesive global economy.

“The ZED model aims to make India the manufacturing hub of the world and prevent the products developed in India from being rejected by the global market.”

5. **Over the years, e-business in our country has witnessed tremendous growth due to several reasons. There is significant improvement in the Information Technology infrastructure over the last decade as the Government has taken important steps in high-speed Internet connectivity. As a result, the broadband networks have not only become better but also more affordable. Additionally, Government is trying to make rural India connected through broadband – a great possibility for e-business to expand the retail market by reaching out to the most remote rural customer. Another catalyst strengthening the e-business segment is the country’s favourable demography. It has more than 50% of its population below the age of 25 and more than 65% below the age of 35. It is expected that, in the year 2020, the average age of an Indian will be 29 years, compared to 37 for China and 48 for Japan, this promises for phenomenal increase in e-business. Moreover, the penetration of the smartphone in a large section of the population has aptly addressed the problem of compute illiteracy. Not with standing the fact that consumers also prefer e-business due to multiple factors like convenience, time etc.**

Identify and explain the various dimensions of business environment being referred to in the above case.

Ans. The various dimensions of business environment being referred to in the above case are as follows:

1. Political Environment:
2. Technological Environment:

3. Social Environment

6. Beni, after completing her MBA, took up a job a multinational company named „Fortio“. The company was paying good salary and perks to its employees. The wages were within the paying capacity of the company that provided the employees a reasonable standard of living. The company also had a good work-culture and the behaviours of superiors was very good towards their subordinates. Beni was very happy in this organization, but due to long working hours she did not have time to cook her meals. She had to depend on outside food, which was deteriorating her health.

She observed that this problem was faced by many of her colleagues, not only in her company but also in many other companies. This was because of increase in the number of working women and non-availability of hygienic home-cooked food. She identified this as a great opportunity and decided to give up her job to supply packaged home-cooked food to office goers at a reasonable price. At the end of the day she also distributing the left-over food in the nearby night-shelters.

1. State the dimension of business environment being discussed above.
2. State the principle of management being followed by „Fortio“.

(3 marks)

Ans.

1. Social environment which includes social forces like customs and traditions, values trends etc.

‘this was because of increase in the number of working women and non-availability of hygienic home-cooked food.’

1. Remuneration of employees, which states that the overall pay and compensation should be fair to both employees and the organization.

‘The company was paying good salary and perks to its employees. The wages were within the paying capacity...standard of living

7. . Philips, a company manufacturing light bulbs incurred heavy expenditure on scientific Research and Development and discovered a technology that made it possible to produce an energy efficient light bulb that lasts at least twenty times as long as a standard bulb. It resulted in growth and profitability of the company.

1. Identify and state the dimension of business environment mentioned above.
2. State the importance of business environment mentioned above by quoting the lines.

Ans.

1. Technological environment It 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. Business environment helps a firm to improve its performance. „It resulted in growth and profitability of the company.

8. In an environment of rising petroleum prices and a large middle class population in India, KV Motors Ltd. recognized the need for small cars in India. It created a product far superior than their competitors not only in terms of quality but also in terms of overall driving experience. It soon became the leader in the small car market. As the Indian government was encouraging foreign investment, MNCs having a big name in car manufacturing entered the Indian market. KV Motors further expanded its service network and quality creating an entry barrier for the competitors. It depicted its strengths through various brandbuilding activities. As a result, the market share of KV Motors is refusing to go down in spite of all major automakers as its competitors. (a) Identify the economic reforms highlighted in the above case. (b) Quoting the lines, explain any two points of importance of Business Environment being highlighted in the above case

. Ans. (a) Liberalisation and Globalisation

(b) Importance of Business Environment (Any two)

(i) It helps the firm to identify opportunities and get the first mover advantage.

“KV Motors Ltd. recognized the need for small cars in India.”

(ii) It helps the firm in improving performance.

“It created a product far superior than their competitors not only in terms of quality but also in terms of overall driving experience. It soon became the leader in the small car market.

(iii) It helps the firm in planning and policy formulation.

“KV Motors further expanded its service network and quality creating an entry barrier for the competitors. It depicted its strengths through various brand-building activities.

9. Mahinder Agro Ltd. started a new venture for distribution of harmful and chemical free fertilizers vegetables. They conducted a survey to find out consumer preferences for such vegetables. They found that most of the consumers were concerned about the harmful chemicals being used in growing the vegetables. They found out that 90% of the households were searching for alternatives. The company contacted a group of agricultural experts to lay down the procedure for growing the vegetables by the farmers. They decided to train the farmers in new technology to grow chemical free vegetables according to new innovative methods. The experts also suggested soil management techniques through which farmers would be able to create an abundant and lasting harvest. Identify and explain the two dimensions of business environment highlighted in the above para.

Ans. Dimensions of business environment highlighted above are:

(i) Social Dimension

Social Environment includes social forces like custom and traditions, values, social trends and society's expectation from business.

(ii) Technological Dimension

Technological Environment of business 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

10. Bharat is running an ice cream parlour in a local market. Keeping in mind the changing perceptions about health among the people, one of his employee Abhiraj suggests to him that they should introduce a range a flavoured yogurt. Bharat accepts his suggestion as a result both the image and the profitability of his business increases.

In the context of the above case:

1. Identify the feature of management which is being highlighted.

2. State the related dimension of the business environment.

3. Name and explain the related principle of general management.

Ans.

1. The feature of management which is being highlighted is **Dynamic**.

2. The related dimension of the business environment is **Social**.

3. The related principle of general management is **Initiative**

LONG ANSWER TYPE QUESTIONS(5/6 MARKS)

1. The court passed an order that all schools must have water purifier for the school children as Society in general is more concerned about quality of life. Innovative techniques are being developed to manufacture water purifier 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.

(5 marks)

Ans.
Legal environment: The court passed an order that all schools must have water purifier for the school
Social environment: Society in general is more concerned about quality of life
Technological environment: Innovative techniques are being developed to manufacture water purifier at competitive rates
Economic environment: Incomes are rising and children at home are also drinking purified water
Political environment: The government is also showing positive attitude towards the water purifier business.

Q. 2. The Court passed an order to ban polythene bags as The 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. (5 marks)

Ans. Legal environment: The Court passed an order to ban polythene bags
Social environment: The bags are creating many environmental problems which affect the life of people in general.. Society in general is more concerned about quality of life.
Political environment: The Government decided to give subsidy to jute industry to promote this business
Technological environment: Innovative techniques are being developed to manufacture jute bags at low rates.
Economic environment: Incomes are rising and people can afford to buy these bags

Q. 3. Kapil Sharma is working as the Country Head of a company which owns a chain of malls under the name of 'Virtuoso' in the various parts of India. Through an analysis report of the business environment, it has been brought to his notice that in the coming years, shopping at a mall will not be a necessity for the buyers as purchases can be made online from anywhere and at any time with ease and at the consumer's convenience. Hence, malls will have to provide much more than shopping to be able to attract customers. So, he recommends that 'Virtuoso' malls should to be restructured into recreation centres, offering more spaces to socialize, host events and concerts, and provide ample Food and Beverages options. Consequently the share of entertainment segment and Beverages segment in the overall mall space is increased by 20%. As a result, the company gains enormously by getting the first mover advantage. In context of the above case: Define the term 'Business Environment'. Explain the terms 'Threats' and 'Opportunities' by quoting lines from the paragraph. (5 marks)

Ans. The term 'Business Environment' means the sum total of all individuals, institutions and other forces that are outside the control of a business enterprise but that may affect its performance.
The term 'threats' refers to the external environment, trends and changes that will hinder a firm's performance.
"Trough an analysis report of the business environment, it has been brought to his notice that in the coming years, shopping at a mall will not be a necessity for the buyers as purchases can be made online from anywhere and at any time with ease and at the consumer's convenience. Hence, malls will have to provide much more than shopping to be able to attract customers."
The term 'opportunities' refers to the positive external or changes that will help a firm to improve its performance.
"As a result, the company gains enormously by getting the first mover advantage."

Q 4. Eco-friendly products are gaining power as the consumers' awareness about environmental issues has increased over the years and they are conscious about choosing products that do not have adverse effects on the environment. They are now more conscious about the carbon emission and climate change effects, and want

themselves to be 'seen' as a green advocate among their peers. In such a scenario, it has become a challenge for the companies as they have to not only meet the needs of the consumers but also ensure that their products are safe and environment friendly. At a result, there is growing need for better and advanced technologies to works as a catalyst in this regard. Identify the relevant feature of business environment being discussed above. Describe briefly any three points which highlight the importance of business environment and its understanding by managers.(5 marks)

Ans. Inter-relatedness is the relevant feature of business environment which is being discussed above.

The three points which highlighted the importance of business environment and its understanding by managers 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.

It helps in tapping useful resources as the enterprise designs policies that allow it to get the resources that it needs so that it can convert those resources into outputs that the environment desires.

Q. 5. Ultra Paint Co. which is manufacturing paints has been enjoying a prominent market position as it manufactured best quality paints, made timely payment of taxes to government. It assembled various inputs like finance, machines, raw materials, etc. from its environment. But since last year it has been dumping its untreated poisonous waste on the river bank which has created many health problems for the people. As a result, the court passed an order to seal the manufacturing unit of the company. State the importance of business environment highlighted quoting the line from the above case. Identify any two dimensions of business environment mentioned in the above case by quoting lines from it.(5 marks)

Ans. (a) Business environment helps in tapping useful resources. 'It assembled various inputs like finance, machines, raw materials, etc. from its environment.'

(b) (i) Social environment '...it has been dumping its untreated poisonous waste on the river bank which has created many health problems for the people.'

(ii) Legal environment '...the court passed an order to seal the manufacturing unit of the company.' Value overlooked. Environment protection Concern for human life Respect for law and order Social responsibility

6. Nakul, a manager of Zyco Ltd. always takes into account the changes taking place in business environment while determining plans. He accepts changes readily and gives useful suggestions to his superior, which results in reduction of costs. As a result, company's profits increase. Nakul enjoys cordial relations with his co-workers and makes plans in consultation with his team to achieve organizational goals.

1. Which characteristic of management is highlighted in the above lines?

2. Identify and state any two principles of management followed by Zyco Ltd.

3. Give any two benefits which Zyco Ltd. get by taking into account the changes taking place in business environment, quoting the lines from the above para.

(6 marks)

Ans.

1. Management is a dynamic function.

2.

Initiative

This principle indicates that the subordinates should be encouraged to give suggestions and make and execute plans within the prescribed limits of authority.

1. *Espirit de corps*

This principle suggests that management should promote a team spirit of unity and harmony among the employees.

1. Benefits of business environment:

1. It helps in assisting in planning and policy formulation.

„... takes into account the changes taking place in business environment while determining plans.“

1. It helps in improving performance.

„He accepts changes readily and gives useful suggestions to his superior, which results in reduction of costs. As a result, company's profits increase.

7. 'Konark Ltd.' is an electric goods manufacturing enterprises 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, individual forms 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: Specific and General Forces Business Environment includes both specific and general forces. Specific forces affect individual enterprises directly and immediately in their day-to-day working. General forces have impact on all business enterprises and thus may affect an individual firm only indirectly.

(b) Importance of business environment: (Any four)

(i) It helps to identify opportunities and getting the first mover advantage instead of losing them to the competitors.

(ii) It helps to identify threats on time which serves as an early warning signal.

(iii) It helps in tapping useful resources so that it can convert them into output that the environment desires.

(iv) It helps in coping with rapid changes

8. India's craft heritage continues because of its customs and traditions. Crafts are used not only in the country by craftsmen in Rajasthan, Gujarat and Assam but are also exported to USA, Germany, UK and France. The volume of exports and imports give India an advantage in balance of payments and the much needed foreign exchange reserves. The Prime Minister desires that the handicraft industry should be expanded by linking it with technology. Focus should be on changing the manufacturing process, ensuring durability and adapting innovations.

Quoting the lines from the above para, explain four dimensions of the business environment.

Ans. Dimensions of business environment are:

(a) Social environment

India's craft heritage continues because of its customs and traditions

Social Environment includes social forces like custom and traditions, values, social trends and society's expectation from business.

(b) Economic environment

The volume of exports and imports give India an advantage in balance of payments and the much needed foreign exchange reserves

Economic environment refers to factors like interest rates, inflation rates and changes in disposable income of people etc. which have an impact on business enterprise.

(c) Political environment

The Prime Minister desires that the handicraft industry should be expanded by linking it with technology

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

(d) Technological environment

Focus should be on changing the manufacturing process, ensuring durability and adapting innovations

Technological Environment of business 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.

9. After completing his education, Arun joins his father in their family business of manufacturing cookware.

As a businessman, his father is rigid in his approach and has fixed ideas about various issues. He tends to maintain a distance from the factory workers.

However, Arun is more receptive to the needs of the workers and doesn't seem to believe in any class-differences. He believes that the prosperity of their business greatly depends upon the prosperity of their workers and vice versa. At the same time, he has a good understanding of the business environment.

Therefore, he introduces a new range of green pans that provide a healthy cooking surface, as they are manufactured with all ceramic or silicon coating and are considered safer than the traditional petroleum based nonstick surfaces which may contain toxic substances. Although, the new cookware range is highly priced, he expects a ready market for it as both the purchasing power of people and their preference for better quality products has increased over the years.

In context of the above case:

1. Identify the nature of management which is being reflected in the different styles of management in practice adopted by Arun and his father.
2. Name and explain the related principle of scientific management.
3. State the related dimensions of business environment.

Ans.

1. The different styles of management in practice adopted by Arun and his father reflect that management is an art.

2. „Harmony, Not Discord“ is the related principle of scientific management.

3. The related dimensions of the business environment are:

Economic Environment:

Social Environment:

Technological Environment

10.

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. (i) Identify and state the component of business environment highlighted in the above Para. (ii) State any two features of business environment as discussed by Professor Mehta with Naman and Govind. (iii) Also state two points of importance of business environment as stated by Professor Mehta in the above

PLANNING

MCQ (15 QUESTION)

1. Rearrange the steps in the decision-making process logically.

- A. Identification of a problem
- B. Identification of decision criteria
- C. Allocation of weights to criteria
- D. Development of alternatives
- E. Analysis of alternatives
- F. Selection of an alternative
- G. Implementation of the alternative

- a. GFEDCBA
- b. CDBAFEG
- c. **ABCDEFG**
- d. GCDABEF

2. State true or false

i. Managers who plan, organise, lead and control are called decision makers.

- a. **True**
- b. False

3. Which of the following is an assumption of rationality in decision making?

- a. Preferences are clear
- b. Final choice will maximise payoff
- c. The problem is clear and unambiguous
- d. **All of the above**

4. _____ is accepting solutions that are "good enough".

- a. Bounded rationality
- b. **Satisficing**
- c. Escalation of commitment
- d. None of the above

5. Making decisions on the basis of experience, feelings and accumulated judgement is called as _____

- a. Decision making
 - b. Structured problems
 - c. **Intuitive decision making**
 - d. None of the above
6. Who is the CEO of Nike?
- a. **D. Perez's**
 - b. John. T. Chambers
 - c. Phil Knight
 - d. None of the above
7. Which of this is not mentioned in decision making matrix?
- a. Analytic
 - b. Behavioural
 - c. Directive
 - d. **Performance management**
8. Which software provides key performance indicators to help managers monitor efficiency of projects and employees?
- a. Management Information System
 - b. **Business Performance Management**
 - c. Enterprise Application Software
 - d. Online analytical Processing
9. _____ is a rule of thumb that managers use to simplify decision making.
- a. Sunk costs
 - b. Framing
 - c. **Heuristics**
 - d. None of the above
10. State true or false.
- . Availability bias is when decisions makers tend to remember events that are most recent.
- a. **True**
 - b. False
11. Which of the following quality(or qualities) a manager must possess to succeed in planning?
- (a) Reflective Thinking
 - (b) Imagination
 - (c) Farsightedness
 - (d) **All of these**
12. Plan which is firstly discussed in business plan is mostly
- a. **marketing plan**
 - b. financial planning
 - c. personnel plan
 - d. production plan
13. First step in planning process is to
- a. **setting an objectives**
 - b. Evaluate alternative
 - c. Determine strength and weakness
 - d. None of the above.

VSA

1. Define Planning.

Answer: Planning is deciding in advance what to do and how to do. Before doing something, the manager always formulates an idea of how to work on a particular task. Planning is selecting and relating of facts and making and using of assumptions regarding the future in the visualization and formulation of proposed activities believed necessary to achieve desired results.

Q2: What is meant by Market Orientation?

Answer: It means the firm starts producing goods after analysing the market needs/requirements.

Q3: The planning function of management is conducted at which level of management?

Answer: At all three levels.

Q4: Is planning all-pervasive function of management? How?

Answer: Yes. It is a continuous process. All other functions of organizing, staffing, directing and controlling must reflect planning function of management. It prevails all levels of organization and Departments.

Q5: What all qualities are required for doing planning?

Answer: Intelligence, Imagination, Foresight, Sound Judgment

Q6: Planning strangles the initiative of the employees and compels them to work in an inflexible manner". What does it imply?

Answer: Planning reduces creativity.

Q7: Point out whether Planning is a physical or mental activity.

Answer: Planning is a mental activity. It requires application of the mind involving creative thinking and imagination, foresight & judgment. A manager can make efficient plans only when he has sound judgment, foresight & vision. Planning, is not mere guess work but involves logical and systematic approach.

Q8: How does planning create rigidity?

Answer: Planning creates rigidity by putting adverse effect on initiative taken by the managers.

Q9: Which limitation of planning suggests that the employees stop thinking and become the blind followers of Plan?

Answer: Planning reduces creativity.

Q10: Does planning help eliminating risk?

Answer: No, Planning does not eliminate risk. It helps in mitigating the risks. Business enterprises operate in an uncertain environment and face several types of risks. Planning enables these enterprises predict future events and prepare them how to face the unexpected events. With the help of planning managers can identify potential dangers and take steps to overcome them. Thus planning helps reducing or mitigating risk.

SA (3 Marks & 4 marks)

1. Explain the following types of plans. (4)

Ans. (1) Strategy: A strategy is a comprehensive action plan. It is prepared by the organization to compete from its competitors.

(2) Objective : An objective is an action plan. Its basic goal is to achieve completion of plans, to measurable in numerical values.

(3) Method: It is the chronological way of doing specific work. It consists of series of activities

(4) Policy: It helps in maintaining uniformity in internal affairs of the company. It maintains rules and regulations.

2. Bansari Saree Ltd. is a garment exporter. In the last financial year, it suffered huge losses. The reason was stated that there were overlapping and wasteful activities. State how can the company reduce overlapping and wasteful activities? (3)

Ans. The company can deal with this problem through proper planning which serves as the basis of coordinating the activities and efforts of different divisions, departments and individuals. It helps in avoiding confusion and misunderstanding. Since **planning ensures clarity in thought and action, work is carried on smoothly without interruptions. Useless and redundant activities are minimized or eliminated. It is easier to detect inefficiencies and take corrective measures to deal with them.**

2. "Planning is not a guarantee of success of a business." Comment. (3)

Ans It is right to say that planning is not a guarantee of success of a business because planning function is based on certain assumptions regarding future and no one can give guarantee that assumptions regarding future are hundred per cent accurate. The planning function suffers certain limitations which are any three limitations of planning.

3. A company is manufacturing garments. The manager wants to increase the profit by:

a) Purchasing new high speed machine

b) Increasing the sale price

c) Using waste material in manufacturing stuff toys

He decided that using waste material to increase the profit is the best solution for him.

4. **Identify the concept of management involved ii) State any four features of that concept. 4**
Ans) planning ii) feature any three.
5. Give any four difference between 'single use plans' and 'standing plans'. 4
6. "G.S. Alag Ltd., organises team building workshops to improve team spirit and relationship among employees." Identify and explain the type of plan reflected by this statement (3)
- Ans. Programme.
7. Why are rules considered to be plans. 3
8. In a planning process, certain assumptions and predictions are made about the future.
 a) Identify the step in planning process referred to in this context.
 b) Give any four examples to such assumption.
- Ans a) Developing premises.
9. Give the meaning of 'strategy's and 'rule' as types of plans.

LA (6&8 MARKS)

1. Why is it that organisations are not always able to accomplish all their objectives.
 Ans. Demerits of planning.
2. " No enterprise can achieve its objectives without systematic planning." Do you agree with this statement.
 Give any six reasons in support of your answer.
 Ans. Importance of planning.
3. What are the steps taken by management in the planning process.
 Ans. Planning process.
4. Discuss the relationship between planning and controlling.
5. At what stage of planning process feasibility and consequences of an alternative course of action is checked. Identify the step and explain the next step followed by the above.
6. Explain first, second last and last step in the process of planning.
7. ABC LTD Gave its sales executives the defective that they could sell the goods on credit. Also it told them very clearly to inform the customers that if upto one month they did not make payment, after the completion of this period, they would have to pay interest for the whole period at the rate of 122% per annum.
 Identify and explain the types of plans mentioned above by quoting the lines.

**ORGANIZING
 MCQ QUESTIONS. (1 MARKS)**

- 1. Under what function of management the relationship between different posts (positions) is explained?**
 (a) Planning (b) Communication
 (c) Organisation (d) Supervision
- 2. Where lies the need of organisation?**
 (a) In business organisation (b) In non-business organisation
 (c) In both (a) and (b) (d) No where
- 3. Which organisation structure is consciously or deliberately established?**
 (a) Formal (b) Informal
 (c) Both (a) and (b) (d) None
- 4. Which organisation structure is based on rules and procedures?**
 (a) Informal (b) Formal
 (c) Both (a) and (b) (d) None
- 5. Which structure of organisation is helpful in locating the inefficient employees?**
 (a) Formal (b) Informal
 (c) Both the above (d) None of the above

6. Which organisation structure does not have duplication of work?

- (a) Formal (b) Informal
- (c) Both (a) and (b) (d) None of these

7. Which of the following is not the disadvantage of formal organisation?

- (a) Lack of initiative (b) Delay in work
- (c) Lack of favouritism (d) Mechanical relationship

8. In which organisation structure do we find “group norms”?

- (a) Formal (b) Informal
- (c) Both (a) and (b) (d) None of these

9. Which of the following is not an element of delegation?

- (a) Accountability (b) Authority
- (c) Responsibility (d) Informal organisation

10. 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

11. Which of the following does not follow the scalar chain?

- (a) Functional structure (b) Divisional structure
- (c) Formal organisation (d) Informal organisation.

12. A tall structure has a

- (a) Narrow span of management (b) Wide span of management
- (c) No span of management (d) Less levels of management

13. Centralisation refers to

- (a) Retention of decision making authority
- (b) Dispersal of decision making authority
- (c) Creating divisions as profit centers
- (d) Opening new centers or branches

14. For delegation to be effective it is essential that responsibility be accompanied with necessary

- (a) Authority (b) Manpower (c) Incentives (d) Promotions.

15. Span of management refers to

- (a) Number of managers
- (b) Length of term for which a manager is appointed
- (c) Number of subordinates under a superior
- (d) Number of members in top management

16. The form of organisation known for giving rise to rumors is called

- (a) Centralised organisation (b) Decentralised organisation
- (c) Informal organisation (d) Formal organisation

17. Grouping of activities on the basis of product lines is a part of

- (a) Delegated organisation (b) Divisional organisation
- (c) Functional organisation (d) Autonomous organisation

18. Grouping of activities on the basis of functions is a part of

- (a) Decentralised organisation (b) Divisional organisation
- (c) Functional organisation (d) Centralised organisation

Answers: 1. (c), 2. (c), 3. (a), 4. (b), 5 (a), 6. (a), 7. (c), 8. (b),9. (d), 10. (b), 11. (d), 12. (a), 13. (a), 14. (a), 15. (c), 16. (b), 17. (b), 18. (c).

VERY SHORT ANSWER TYPE QUESTIONS. (2 MARKS)

1. Neeta Ltd. is engaged in the production of marble articles. The members of the organization have friendly relationships among them. What type of organization is Neeta Ltd.?
2. Name the function of management which decides who will do a particular task, where it will be done and when it will be done.
3. It is system of job position, the roles assigned to them and the authority-responsibility among the various positions. Identify it.
4. Differentiate between formal and informal organisation on the basis of origin.
5. Mohan is an overburdened manager. Can he take help from his subordinates? How?
6. What is the direction of flow of Responsibility and accountability?
7. National Vritech Ltd. has grown in size. It was a market leader but with changes in business environment and with the entry of MNCs its market share is declining. To cope up with the situation CEO starts delegating some of his authority to the General Manger, who also felt himself overburdened and with the approval of CEO disperses some of his authority to various levels throughout the organization. Identify the concept of management discussed above.
8. 'Himalaya Ltd.', is engaged in manufacturing of washing machines. The target of the organization is to manufacture 500 washing machines in a day. There is an occupational specialization in the organization which promotes efficiency of employees. There is no duplication of efforts in such type or organization structure. Identify the type of organization structure described above.
9. "Delegation of authority is based on elementary principle of division of work". Explain.
10. Define job Description.

Answers.

Ans 1. Informal organization

Ans2 Organising

Ans3 Organnisation structure.

Ans 4 Formal organisation originates as a result of company's rules and policies while an informal organisation originates as a result of social interaction.

Ans5 Yes' By delegation of authority

Ans 6 Both flow upwards from subordinate to superior

Ans.7 Decentralisation

Ans.8 Functional Structure

Ans.9 Give meaning of delegation and division of work.

Ans.10 Explain Job description in two line.

SHORT ANSWER TYPE QUESTIONS. (3 MARKS)

1. Identify and state the type of organization structure that should be followed by the company in each case: Vrinda Ltd. grows, so it needs to add more employees, create new departments and introduce new levels of management. Shreya Ltd. is a large organization having diversified activities and operations requires a high degree of specialization.
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 business environment. The workforce is also not motivated due to lack of social interaction. The company is facing problems of procedural delays and inadequate recognition of creative talents. Suggest how the organization can overcome the problems faced by it. Give any two benefits it will derive from your suggestions.
3. Sherya Ltd. has been awarded recently with the 'Best Employer of the Year Award'. The company has believed in the ideas and suggestions of its employees. There is systematic dispersal of decision making at all levels. There is no delay in delivery of orders to customers due to prompt decisions taken by employees.

Identify and state the concept of management followed by the company. State any two values responsible for the success of the organization.

4. An electronic company manufacturing TV and Refrigerators wants to bring two new Washing machines and ACs in the market. For each product separate division is to be set up. In charge of washing machine division and ACs division will be females and disabled person respectively. What type of organizational structure is suitable for this company? Give reason. State any one value which has been considered by the company.
5. A manager has kept all right of decision making with himself. Each and every employee has to come to him for orders again and again. Identify and state the concept of management not followed by the manager. Which values are being violated here?

Ans 1. Divisional structure It is an organization structure comprising of separate business units or divisions, created on a certain basis, e.g. product lines. Functional structure It is an organization structure formed by grouping of jobs of similar nature under functions and organizing these functions as separate departments like production, finance, marketing, etc.

Ans 2. The organization can overcome the problem faced by it by adopting informal organization. Informal organization emerges from within the formal organization when people interact beyond their officially defined roles. The two benefits of informal organization are as follows: It helps to fulfill the social needs of the members by giving them a sense of belongingness in the organization and enhances their job satisfaction. It contributes towards the fulfillment of organizational objectives by compensating for inadequacies in the formal organization.

Ans 3. Decentralization It refers to systematic delegation of authority through all the levels of management and in all the departments except that which can be exercised only at central points. Values: Confidence / faith in the abilities of the subordinates Initiative by subordinates Respect towards others' opinion Acceptance (any two)

Ans 4. Divisional structure; because it is a large company having multiple products with distinctive characteristics. Values: Women Empowerment Promotion of equality (any one)

Ans5 . Delegation of authority It means transfer of authority from a superior to a subordinate to operate within the prescribed limits. It has three elements – authority, responsibility and accountability. Values: Wastage of time and resources Lack of employee development without delegation of authority Frustration in employees (any two)

SHORT ANSWER TYPE QUESTIONS. (4 MARKS)

1. The directors of Gunjan Ltd. an organization manufacturing colour televisions, have asked their production manager to achieve a target production of 150 televisions per day. The production manager has asked his foreman to achieve this target, but he did not give him the authority for the requisition of tools and materials from the stores department. The foreman could not achieve the desired target. Can the directors blame the production manager, and can the production manager blame his foreman for not achieving the target? Explain in brief the relevant principles relating to this situation in support of your answer.
2. Sudhir is working as a purchase manager in a power sector company. All his subordinates hold him in high regard for his exceptional managerial skills. On one hand, as a manager, he is a tough task master and expects strict compliance to the organizational rules and procedures from his subordinates. On the other hand, he makes conscious efforts to develop rapport with his subordinates by interacting freely with them during the lunch breaks in the cafeteria. Many a times these chit chats help him to get an insight into the views and opinions of his team members about the policies of the organization. In the context of the case: Identify and explain the two types of organizations that have been discussed. State any three differences between the types of organizations as identified in part (a) of the question.
3. A Steel Manufacturing Company has the following main jobs: Manufacturing, (ii) Finance, (iii) Marketing, (iv) Personal and, (v) Research and development. Which type of organizational structure will you choose for this type of a company and why? State any six advantages that this structure offers to an organization.
4. Kiran 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 alternatives were generated for the purpose and were thoroughly discussed amongst the members of the organization. After evaluating the various alternatives Sukhvinder,, the Managing Director of the company decided that they should add 'Home Interiors and Furnishings' as a new line of business activity. 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. State any two limitations of this framework.

5. Samir Gupta started a telecommunication company, 'Donira Ltd.' to manufacture economical mobile phones for the Indian rural market with 15 employees. The company did very well in its initial years. As the product was good and marketed well, the demand of its products went up. To increase production the company decided to recruit additional employees. Samir Gupta, who was earlier taking all the decisions for the company had to selectively disperse the authority. He believed that subordinates 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. Identify the concept used by Samir Gupta through which he was able to steer his company to greater heights. Also explain any three points of importance of this concept.

Ans.1 Yes, the directors can blame the production manager, although he had delegated the task to his foreman because accountability cannot be delegated by a manager. The production manager shall still be accountable for the performance of the assigned tasks. (Principle of absoluteness of accountability) However, the production manager cannot blame his foreman for not achieving the target because he did not give him the authority for the requisition of tools and materials from the stores department. Responsibility with authority will make the subordinate ineffective, i.e., he will not be able to perform his duties well. (Principle of authority and responsibility)

Ans2 . Formal organization and Informal organization are the two types of organizations which have been discussed. Formal organization is the structure of authority relationships created deliberately by the management to achieve its objectives. Informal organization is a network of social relationships arising out of the interaction among employees within an organization. The difference between Formal organization and Informal organization.

Ans 3. Functional structure; because the company has diversified activities and operations require a high degree of specialization. Advantages of functional structure: Functional structure leads to occupational specialization. It promotes control and coordination within the department. It helps in increasing managerial and operational efficiency and this results in an increase in profits. It leads to minimum duplication of effort. It makes training of employees easier. It ensures that different functions get due attention.

Ans4. Divisional Structure Reason in support of the answer (any one) Product Specialization helps in the development of varied skills in a divisional head and this prepares him for higher positions. Divisional heads are accountable for profits, as revenues and costs related to different departments can be easily identified and assigned to them. It promotes flexibility and initiative because each division functions as an autonomous unit which leads to faster decision making. It facilitates expansion and growth as new divisions can be added without interrupting existing operations by merely adding another divisional head and staff for the new product line. Limitations of the Divisional Structure: (Any two) Conflict may arise among different divisions with reference to allocation of funds. It may lead to increase in costs since there may be a duplication of activities across products. Divisional interests may supersede organizational interests.

Ans5. Decentralization Importance of Decentralization Relief to top management: Develops initiative amongst subordinates: Develops managerial talent for the future:

LONG ANSWER TYPE QUESTIONS. (6 MARKS)

1. Ishita works as a corporate event coordinator in an event management company. She has been made an overall official in charge for organizing a painting exhibition for one of the clients of the company. For ensuring that the exhibition takes place successfully, she identifies the various activities involved and divides the whole work into various task groups like marketing committee, decoration committee and reception committee. In order to facilitate coordination within and among committees, she appoints a supervisor of each group. Each member in the group is asked to report to their respective supervisor of each group. Each member in the group is asked to report to their respective supervisors and all the supervisors are expected to work as per Ishita's orders. In context of the above case: Identify the function of management being performed by Ishita. Describe briefly the various steps involved in the performance of the function of management as identified in part (a) of the question.
2. A company manufacturing sewing machines set up in 1946 follows formal organization structure. It is facing a lot of problems such as delay in decision-making. As a result, it is not able to adapt to the changing business

environment. The workforce is also not motivated, there is problem of red tapism and employees' turnover is very high. Advise the company with regard to change it should bring about in its organization structure to overcome the problems faced by it. Give reasons in terms of benefits it will derive from the changes suggested by you. In which sector can the company diversify keeping in mind the declining market for the product the company is manufacturing?

3. A company manufacturing consumer goods has grown in size. It was a market leader but with changes in economic environment and with the entry of MNCs its market share is declining. The company was following a centralized business model as even the minor decisions were in the hands of top level. Before 1991 this model was suitable for company but now the company is under pressure to reform.

What changes should the company bring about in order to retain its market share? Give its three points of importance.

4. As the head boy and head girl of 'Prakashay Public School', Deepak Chugh and Deepika Chawla have been given the responsibility of hosting the teacher's Day programme in the school. In order to conduct the programme in a systematic way, Deepak and Deepika first called a meeting of the student council. In the meeting they decided about the content of the programme after taking into consideration the different available alternatives and choosing the best alternative among them. Then the various tasks required to be performed were identified and divided in accordance with predetermined schedule made by them. After that they grouped the similar activities into main groups as skit group, choir group, instrumental music group and contemporary dance group. Then each group was placed under the charge of a council member in accordance with his/her skills and competencies. These council members were in turn informed that they have to take orders and will be accountable only to Deepak and Deepika so as to facilitate coordination amongst various groups. In context of the above case: Identify functions of management discussed in the above case:

Describe briefly any two points highlighting the importance of each of the functions of management as identified in part (a) of the question.

State any two values that 'Prakashay Public School' wants to communicate to society. 6

5. Rishu, Ashu and Ravi have decided to start a business of manufacturing toys. They identified the following main activities which they have to perform; Purchase of raw materials, Purchase of machinery, Production of toys, Arrangement of finance, Sale of toys, Identifying the areas where they can sell their toys Selection of employees In order to facilitate the work they thought that four managers should be appointed to look after Production, Finance, Marketing' Personnel. Identify the function of management involved in the above-mentioned para.

Quote the lines from the above para which help you in identifying this function. State the steps followed in the process of this function of management.

Ans1. The Organizing function of management is being performed by Ishita.

The steps involved in the process of organizing are as follows:

Identification and Division of Work:

Departmentalization:

Assignment of Duties:

Establishing Reporting Relationship:

Ans 2. The company should give due importance to informal organizational structure along with the formal structure. It enhances their job satisfaction. This will overcome the problem of lack of motivation. Informal groups can also provide useful communication channels, which may help to transmit useful information quickly. Benefits of informal organizational structure; Faster spread of information: Fulfillment of social needs: Fills inadequacies of formal structure: The company can diversify its activities by introducing embroidery machines. It can also design special machines keeping in mind the requirement of ready – made garment manufacturers, etc. by diversifying in the same field, it can get maximum utilization of existing resources.

Ans 3. The top management of the company must share decision-making authority with middle level and supervisory level also. It should introduce the concept of 'Decentralization' instead of following complete centralization. In the current scenario of business environment, there is need for fast action and quick decision-making which is possible only with decentralization. Importance of decentralization: Relief to top management: Develops initiative amongst subordinates: Quick decision-making:

Ans4. The planning and organizing functions of management are being discussed. Planning is deciding in advance what to do, how to do, when to do and who has to do it. It is one of the basic managerial functions. Thus, it involves setting objectives and developing an appropriate course of action to achieve these objectives. Organizing is the process of defining and grouping the activities of the enterprise and establishing authority relationships among them. The importance of the planning function of management is described below: Planning provides directions: Planning reduces the risk of uncertainty: The importance of the organizing function of management is described below: Benefits of specialization: Clarity in working relationships: The two values that 'Prakashay Public School' wants to communicate to society are: Trust Participation

Ans5. Organizing 'they identified the following main activities which they have to perform.' 'In order to facilitate the work they thought that four managers should be appointed to look after Production, Finance, Marketing, Personnel.' Steps in Organizing Process: Identify and dividing the work into manageable activities. Departmentalization / Departmentation where activities of a similar nature are grouped together. Assignment of duties to job positions. Establishing reporting relationships so that each individual knows from whom he has to take orders and to whom he is accountable.

LONG ANSWER TYPE QUESTIONS. (8 MARKS)

1. Tanushree runs a factory wherein she manufactures shoes. The business has been doing well and she intends to expand by diversifying into leather bags as well as western formal wear, thereby making her company a complete provider of corporate wear. This will enable her to market her business unit as the one stop for working women. Which type of structure would you recommend for the expanded organization and why? State any four advantages of this organization structure.
2. A company, which manufactures a popular brand of toys, has been enjoying good market reputation. It has a functional organisational structure with separate departments for Production, Marketing, Finance, Human Resources and Research and Development. Lately to use its brand name and also to cash on to new business opportunities it is thinking to diversify into manufacture of new range of electronic toys for which a new market is emerging.
 - a] Prepare a report regarding organisation structure giving concrete reasons with regard to benefits the company will derive from the steps it should take.
3. A company manufacturing sewing machines set up in 1945 by the British promoters follows formal organisational culture in totality. It is facing lot of problems in delays in decision making. As the result it is not able to adapt to changing business environment. The workforce is also not motivated since they cannot vent their grievances except through formal channels, which involve red tape. Employee turnover is high. Its market share is also declining due to changed circumstances and business environment.
 - a] You are to advise the company with regard to change it should bring about its organisation structure to overcome the problems faced by it.
 - b] Give reasons in terms of benefits it will derive from the changes suggested by you.
 - c] In which sectors can the company diversify keeping in mind the declining market for the product the company is manufacturing?
4. A company X limited manufacturing cosmetics, which has enjoyed a pre-eminent position in business, has grown in size. Its business was very good till 1991. But after that, new liberalised environment has seen entry of many MNC'S in the sector. With the result the market share of X limited has declined. The company had followed a much centralised business model with Directors and divisional heads making even minor decisions. Before 1991 this business model had served the company very well as consumers had no choice. But now the company is under pressure to reform.
 - a) What organisation structure changes should the company bring about in order to retain its market share?
 - b) How will the changes suggested by you help the firm? Keep in mind the sector in which the company is FMCG.
5. Bhuvan and Co. are running a shoe manufacturing company successfully. So they planned to expand their business activities by adding more line of products, i.e, leather bags, belts, and garments. Which type of structure would you recommend after expansion and why?

Ans1. 'Divisional structure' is suitable for the expanded business since it will produce multiple products – shoes, leather bags and western formal wear. That means, the organization will grow; and will need to add more employees; create more divisions; and introduce new levels of management. By adopting divisional structure, the company will get the following advantages: It will facilitate growth and expansion. Now the business of Tanushree will have multiple divisions shoes, bags and formal wear. Within division, functions like production, marketing finance, purchase, etc. will be performed to achieve the objectives of the business. Greater accountability will be possible because the divisional managers can be held separately accountable for their respective division's profits, costs, etc. Product specialization: A divisional head gains experience in all functions related to a particular product. Flexibility and initiative: It promotes flexibility and initiative because each division functions as an autonomous unit which leads to faster decision-making.

Ans. 2 Ans. The company should change its organisational structure from Functional to Divisional. The main reason for the change is that company is diversifying and is planning to add new products to its existing product line. This will mean that the organisation will increase its scale of operations, will have larger number of employees leading to increase in levels of management. It will be better for company to create divisions for each product for effective control on quality and production. The benefits of adopting divisional structure of organisation are:

- i. It will lead to product specialization.
- ii. It will provide growth opportunities for employees.
- iii. It will define accountability and responsibility for the performance of each division.
- iv. Independent functioning will promote flexibility and employee initiative.
- v. New divisions provide growth and expansion opportunities for the organisation.

Ans 3. The company should try and encourage the formation of informal organisational structure within the formal structure of the organisation.

b) Benefits the organisation will enjoy with the formation of Informal organisation are as follows:

- i. *Quick communication and faster feedback.* The information transmitted without following formal channels will spread faster and it will also receive quick response from the receiver.
- ii. *Fulfills social needs.* The informal structure has groups of like-minded people. Therefore, it allows them to satisfy their social needs, gives them sense of belongingness and motivates them to perform better.
- iii. *Makes up for inadequacies of formal organisation.* Informal organisation provides feedback on organisational policies, procedures or decisions taken by top management. It facilitates formal organisation to incorporate the positive suggestions and adapt to the changes for the better.

c] The company can diversify or add new products in their existing line of products. For example, they may introduce embroidery machines, handy sewing machines, automatic or computerized embroidery or buttoning machines, interlocking machines etc. They may also introduce sewing machines for differently-abled people.

Ans. 4.a. Company should introduce certain degree of decentralization in the organisation. Top management should delegate authority and responsibility to middle and supervisory levels so that they can concentrate on taking strategic decisions to improve company's market share.

b) A company working in the FMCG sector requires quick decisions and that too at the point of action. Therefore, if decentralisation is introduced the company will be greatly benefitted. The various benefits company may enjoy are:

- i. It will develop initiative among subordinates to take decisions and find more effective ways of fulfilling responsibilities.
- ii. It will build confidence and give experience to existing employees thus developing managerial talent for the future.
- iii. It will facilitate quick decision making leading to faster actions with lesser confusions.
- iv. It will give relief to the top management from day to day decision making and thus allow them to focus on more crucial issues.
- v. Effective management will help business to use opportunities for expansion and growth.
- vi. It will be easier to fix accountability leading to better control and meaningful performance evaluations.

Ans. 5 Presently, Bhuvan and Co. are manufacturing only one product so the most suitable organisation structure is functional but on expansion if they are adding more line of products then the suitable organisation structure will be divisional structure as it is a perfect structure for multiproduct manufacturing company due to following reasons:

- 1) Product specialisation. All the activities related to one type of product are grouped under one department only which brings integration and co-ordination in the activities.
- 2) Fast decision making. The decisions are taken must faster in divisional structure because there is no dependence on other departments for taking decisions.
- 3) Accountability. In this type of structure, the performance of individual departments can easily be assessed and you can hold the department accountable for non- accomplishment of objectives.
- 4) Flexibility. Fast decision making leads to flexibility.
- 5) Expansion and growth. New departments can be added without disturbing existing departments.

TOPIC –STAFFING

MULTIPLE CHOICE QUESTIONS

1. Staffing is
 - a. Setting goals for the organization
 - b. translation of plans into action
 - c. putting right people in right job organizational structure
 - d. filling and keeping filled positions in the
2. This explains the reason for increase in importance of staffing.
 - a. Increase in business operations
 - b. rapid advancement of technology
 - c. complexities in human behavior
 - d. all the above
3. This determines the number and types of personnel required to perform the jobs
 - a. workforce analysis
 - b. workload analysis
 - c. selection
 - d. none of the above
4. Workforce analysis is a part of
 - a. recruitment process
 - b. selection process
 - c. training and development process
 - d. estimation of manpower requirement
5. This is not a part of recruitment process
 - a. estimate manpower requirement
 - b. rejects applications of unqualified candidates
 - c. invites applications from potential candidates
 - d. identifies sources to find suitable candidates
6. This results in higher responsibilities and hike in salary
 - a. transfers
 - b. job rotation
 - c. promotion
 - d. none of the above
7. It is not an internal source of recruitment
 - a. direct recruitment
 - b. transfers
 - c. promotions
 - d. all of the above
8. This source of recruitment selects fresh talent
 - a. direct recruitment
 - b. campus interview
 - c. promotions
 - d. all of the above
9. The advantage of using internal sources for filling positions is
 - a. inducts fresh talent
 - b. gives wider choice
 - c. motivates existing employees
 - d. all of the above
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. A test to measure the level of existing knowledge and skills in a potential employee

a. intelligence test

b. trade test

c. personality test

d. aptitude test

12. This test is not a part of selection tests

a. aptitude test

b. personality test

c. trade test

d. medical test

13. It helps to improve the aptitude of an employee

a. training

b. development

c. education

d. none of the above

14. This method of training help workers learn while working with superiors

a. apprenticeship training

b. induction training

c. job rotation

d. coaching

16. the training technique which duplicates the actual work environment

a. computer modeling

b. programmed instruction

c. vestibule training

c. internship

VERY SHORT ANSWER TYPE QUESTIONS

1. Why is selection called a negative process?
2. One of the functions of management injects life in the organization. Name that function and give its meaning.
3. Under which source of recruitment do employees get motivated and why? Give one reason to justify your answer.
4. Is expense on training a waste? Give reason.
5. What information do we get through Aptitude test?
6. Why is Recruitment called positive process?
7. Some learning opportunities are designed and delivered to improve skills and abilities of employees whereas some others are designed to help in the growth of individuals in all respects. Identify the two concepts.
8. Why are internal sources of recruitment considered to be more economical?
9. What is meant by Orientation of employees?
10. Briefly enumerate the important sources of recruitment.

SHORTANSWER TYPE QUESTIONS

[3 MARKS]

1. State the steps in the Selection process, after the employment interview and before the job offer.
2. There is no need of human resource planning as so many people are available in the market these days. Do you agree with this statement? Give reasons.
3. State any three merits of external sources of recruitment.
4. Explain briefly, the workload analysis and the workforce analysis.
5. Explain the method of training suitable for plumbers, electricians etc.?

[4 MARKS]

6. Human Resource Management includes many specialized activities and duties which the human resource personnel must perform. In the light of this statement, explain any four such duties performed by Human Resource Manager.
7. Why employees become lethargic when the organization uses internal sources of recruitment. State.
8. Explain 'Casual callers' and 'Labour Contractors' as external sources of recruitment.
9. The quality of production is not as per standard. On investigation it was observed that most of the workers were not fully aware of the proper operation of the machinery. What could be the way to improve the accuracy?

10. Differentiate between Recruitment and Selection.

LONG ANSWER TYPE QUESTIONS

[6 MARKS]

1. Explain, in brief, the three important components of staffing.
2. Explain various types of tests used in the selection process.
3. Distinguish between the internal recruitment and external recruitment.
4. Why are external sources of recruitment considered better than internal source recruitment?
5. Distinguish between training, development and education on the basis of meaning, orientation, focus and goal.

[8 MARKS]

1. Explain the staffing process and the various steps involved in it?
2. Explain the process of selection of employees.
3. Differentiate between training and development.
4. What are the advantages of training to the individual and to the organization?
5. Write a short note on :
 - a. Internship
 - b. Vestibule school/training

NAME OF TOPIC :- DIRECTING

Multiple Choice Question (One Marks) (1-15)

- Q 1: Which one of the following is not an element of direction ?
a. Motivation b. Communication c. Delegation d. Supervision
- Q 2: The motivation theory which classifies needs in hierarchical order is developed by.
a. Fred Luthans b. Scott c. Abraham Maslow d. Peter Sticker
- Q 3: Which of the following is a financial incentive ?
a. Promotion b. Start incentive c. Job Security d. Employee Participation
- Q 4: Which of the following is not an element of communication process?
a. Recording b. Communication c. Channel d. Receiver
- Q 5: Grapevine is
a. Formal Communication b. Barrier to Communication
c. Lateral Communication d. Informal Communication
- Q 6: Status comes under the following type of barriers
a. Semantic barriers a. Organizational barrier C. Non semantic
D. Psychological barrier
- Q 7: The software company promoted by Narayana Murthy is
a. Wipro b. Infosys c. Satyam d. HCL
- Q 8: The highest level need in the need hierarchy of Abraham Maslow is
a. Safety need b. Belongingness need c. Self actualization need
d. Prestige need
- Q 9: The process of converting the message into communication symbols is known
a. Media b. Encoding c. Recording c. Feedback
- Q 10: The communication network in which all subordinates under a supervisor communicate through supervisor only is
a. single chain b. Inverted v c. Wheel D. free flow
- Q 11: Two way communication technique is used under _____
A. Laissez Faire B. Democratic style C. Autocratic style D. None of these
- Q 12: Under which style of leadership there is no delegation of authority
A. Democratic B. Autocratic C. Laissez Faire D. None of these

- Q13. Which of the following is not a leadership style?
 A. Free-rein B. Autocratic C. Democratic D. Dictatorship
- Q14. Self Actualisation Needs are concerned with _____
 A . Autonomy status B. Recognition C. Growth and Self-fulfillment D. None of these
- Q 15. Basic Physiological Needs are concerned with _____
 A. Shelter B. Hunger C. Thirst D. All of These

Short Answer Type Question (3 Marks/4Marks)

- Q.16. Explain the 'communication network' and how it works? (3)
- Q.17. Define directing. (3)
- Q.18. Write a note on downward communication and upward communication. (3)
- Q.19. 'Directing is the process around which all performance of an organization revolves.. Do you agree. Give two points in support of your answer. (3)
- Q20). Mention advantages of democratic leadership style? (3)
- Q21. 'Directing is the least important function of management.' Do you agree with this statement? Give any two reasons in support of your answer. (4)
- Q22. A Supervisor hears the suggestions and also implements the good suggestions while taking decision for the employees? Which value has been given importance here? (4)
- Q23. In an organization the good environment, refreshment Corner and entertainment rooms have been made for all employees. Which values have been considered here? (4)
- Q24. In an organization the employees are being paid fair wages/ remuneration and productivity based bonus. Which values are highlighted here? (4)
- Q.25. A liquor manufacturing firm provides liquors to its employees at cheaper rates to motivate them. Which values are deficient in this plan? (4)

Long Answer Type Question (5 Marks/6 Marks)

- Q.26. What is meant by 'Esteem needs' and 'Self-actualization needs' in relation to motivation of the employees? (5)
- Q.27. How can an organisation overcome the barrier to effective communication? (5)
- Q.28. It is through motivation that managers can inspire their subordinates to give their best to the organisation'. In the light of this statement, explain, in brief, the importance of motivation. (5)
- Q.29. Explain briefly importance of a supervision (5)
- Q30. Explain the nature of motivation (5)
- Q31. Explain three advantages and three disadvantages of democratic leadership. (6)
- Q32. Mention three advantages and three disadvantages of laissez-faire (6)
- Q33. Explain the various leadership styles? (6)
- Q34. What is meant by Directing? Explain the importance of directing? (6)
- Q35. The post of supervisor should be abolished in the hierarchy of managers". Do you agree? Give any three reasons in support of your answer (6)

NAME OF TOPIC :- DIRECTING

Answer key

Multiple Choice Question

- Q. 1 Delegation
 Q. 2 Abraham maslow

- Q. 3 stock incentive
- Q. 4 communication
- Q. 5 informal communication
- Q. 6 Organisational barrier
- Q. 7 Infosys
- Q.8 self actualisation need
- Q.9 Encoding
- Q. 10 wheel
- Q. 11 Democratic
- Q 12 Autocratic
- Q.13 Dictatorship
- Q.14 Growth and self fulfillment
- Q.15 All of these

Short Answer Type Question (3 Marks/4Marks)

Q16. Network of formal communication are

1. Wheel Pattern 2. Chain Pattern, 3. Circle Pattern 4. All Source pattern

Informal Communication

1. Gossip 2. Clusters 3. Single strand 4. Probability

Q17. Directing refers to the process of instructing, guiding, counselling, motivating and leading people in the organisation to achieve its objectives.

Q18. Downward and Upward communication

Q19. Yes I agree – Directing initiative action

- a. Integrated employee efforts
- b. Means of motivation
- c. Balance of the Organisation

Q20. - Improve the job satisfaction
 -Improves decision making ability of subordinates
 - quality of decision improves

Q21. No, I don't agree with the statement . The directing is not the least but the most important function of management.
 - Improve the job satisfaction
 -Improves decision making ability of subordinates
 - quality of decision improves

Q22. Ans. i) Development of the feeling of the cooperation.
 ii) Development of the feeling of oneness towards organization.
 iii) Development of Initiative power.
 iv)Cordial atmosphere.

Q23. Ans. i) Good Working Conditions.
 ii) Improvement in efficiency and health.
 iii) Helpful in decreasing the tension of employees.

Q24. Ans. i) Increase in morale.
 ii) Increase in productivity.
 iii) Improvement in life standard of employees.

Q25. Ans. i) Increase in Social evils.

ii) Encouragement of drinking habits.

iii) Improper way of motivation.

Q26. Ans. i. Esteem Needs: these needs are needs for self esteem and need for other esteem .For

Example: Self-respect, self-confidence etc.

ii. Self-actualization Needs: This is the needs to be what one is capable of becoming and includes needs for optimal development.

Q27. 1. Clarify the idea before communication

2. Consult others before communication

3. Proper feedback

4. Communication for the present as well as future.

5. Proper feedback

6. Open mind

7. Good Listener

Q28. Ans. Importance of motivation: Motivation sets in motion the action of people: Motivation builds the will to work among employees and puts them into action.

ii. Motivation includes the efficiency of work performance: Performance of employees dependence not only on individual abilities but also on his willingness.

iii. Motivation ensures achievement of organizational goals: If employees are not motivated, no purpose can be served by planning organizing and staffing

iv. Motivation creates friendly relationships: Motivation creates friendly and supportive relationships between employer and employees.

v. Motivation leads to stability in the employees: Motivation helps in reducing absenteeism and turnover.

vi. Motivation helps to change negative / indifferent attitudes of an employee

Q29. 1. Ensure issuing of instruction

2. facilitates 3. Optimum utilisation of resource 4. disciplin 5. Feedback . 6. Improves communication 7. Improves

motivation 8. maintain group unity

Q.30 1. Motivation is a psychological phenomenon 2. motivation produces goal directed behaviour 3. motivation can be positive as well as Negative 4. motivation is a complex process 5. motivation is a dynamic and continuous process.

Q31. Ans. Advantages: 1. Democratic leadership style advantages, 2. Morale, 3. Creation of more efficiency and productivity, 4. Availability of sufficient time for constructive work

2) Disadvantages: 1. Requirement of educated sub ordinates 2. Delay in decisions

3. Lack of responsibility and managers

Q32. Ans. Advantages 1. Development of self confidence in sub ordinates, 2. High level motivation, 3. Help in development of extension and enterprise

Disadvantages: 1. Difficulty in co operation, 2. Lack of importance of managerial post,

3. Suitable only for highly educated employees

Q33. Ans): Autocratic leadership style: This style is also known as leader centered style. The leader keeps all the authority and employees have to perform the work exactly as per his order. He does not decentralizes his authority. The responsibility of the success or the failure of the management remains with the manager. Democratic leadership: This style is also known as group centered leadership style. Managerial decisions are not taken by the manager in

consultation with employees. This leadership style is based on decentralization. Managers respect the suggestions made by his sub ordinates. Laissez-faire leadership style: this style as leadership is also known as free brain leadership or individual centered style. The manger takes little interest in managerial functions and the sub ordinates are left on their own. Manager explain over all objectives; help sub- ordinates in determining their own objectives. They provide resources. They also advise the employees.

Q34. Ans: Directing is telling people what to do and seeing that they do it to the best of their ability. It includes making assignment, explaining procedures, seeing their mistakes are corrected, providing on the job instructions and issuing orders.

Importance of Directing: -

1. It initiates action. It integrates employees' efforts
3. It is the means of motivation
4. It facilitates implementing changes.
5. It creates balance in the organization

Q35. Ans..No, I don't agree, because a supervisor performs the following functions to achieve organization goals.

Functions of the supervisor:

- a).Planning the work. The supervisor has to determine work schedule for every job.
- b).Issuing orders: Supervisor issues orders to the workers for achieving coordination in his work.
- c).Providing guidance and leader ship: The supervisor leads the workers of his department.
- d).Explains the policies and programmes of the organization to his sub ordinates and provide guidance
- e).Make necessary arrangement for supply of materials and ensure they are efficiently utilized.
- f). Deviations from the target if any are to be rectified at the earliest.
- g). To help the personnel departments in recruitment and selection of workers.

Controlling

MCQ.

1. An efficient control system helps to:
 - (a) Accomplishes organizational objectives
 - (b) Boosts employee morale
 - (c) Judges accuracy of standards
 - (d) All of the above
2. Controlling function of an organization is
 - (a) Forward looking (b) Backward looking
 - (c) Forward as well as backward looking (d) None of the above
3. Management audit is a technique to keep a check on the performance of
 - (a) Company (b) Management of the company (c) Shareholders (d) Customers
4. Budgetary control requires the preparation of
 - (a) Training schedule (b) Budgets (c) Network diagram (d) Responsibility centres
5. Controlling is needed at which level of management?

(a) Top level (b) Middle level (c) Lower level (d) All level

6. Controlling is related to :

(a) Results (b) Individuals (c) Things (d) Managers

7. First step in controlling process is :

(a) Taking corrective actions (b) Analysing the deviations (c) Determining standards (d) Measurement of actual performance.

8. Cost at Rs. 100 per unit is an example of which standard ?

(a) Quantitative (b) Qualitative (c) Both (d) None of these

9. Which standard is associated with production?

(a) Quality (b) Quantity (c) Quality and Quantity (d) Labour

10. Strike is which cause of deviation ?

(a) Uncertain conditions (b) Human cause (c) Various hindrances (d) Defective standards

11. Which function of management is controlling?

(a) First (b) Second (c) Third (d) Last

12. 'Planning in the absence of controlling is meaningless'. What does this statement indicate in respect of both?

(a) Only planning is essential (b) Only controlling is essential (c) both are essential (d) Both are unnecessary

13. Which of the following is associated with the marketing standard?

(a) sales expenses (b) Capital expense (c) Quantity (d) Dispute rate

14. Which of the following qualities the standard should have?

(a) Achievable (b) Measurable (c) Flexible (d) All of these

15. What type of nature the control has ?

(a) Positive approach (b) Negative approach (c) Both of the above (d) None of these

Ans:

1 d, 2 c, 3 b, 4 b, 5 d, 6 a, 7 c, 8 a, 9 c, 10 b, 11 d, 12 c, 13 a, 14 d, 15 c

VSA (2Marks)

1. Explain the meaning of controlling

Ans: Controlling is the process of ensuring that the activities in an organization are performed as per the plan.

2. Why planning is looking ahead and controlling is looking back ?

Ans: Planning is chalking out future course of action, where as controlling is correcting past performance.

3. 'An effort to control everything may end up in controlling nothing'- comment

Ans: Importance of critical point control.

4. What is deviation in controlling ?

Ans: difference between standard and actual performance.

5. What is the significance of standard ?

Ans: Standard specifies best desirable performance.

6. What is meant by budgetary control?

Ans: Controlling with the help of Budget.

7. How does controlling help in achieving organizational goals ?

Ans: By minimizing deviations

8. What is critical point control ?

Ans: to control key areas.

9. What do you mean by 'key result area (KRA's) in the context of controlling?

Ans: Areas having significant effect on the organisation's working.

10. What is meant by corrective action?

Ans: Action taken to rectify deviations.

SA (3 & 4 Marks)

1. Explain the importance of controlling in an organization.

Ans: (i) Accomplishment of Goal

(ii) Judge the accuracy of standards

(iii) Ensures efficient use of resources

2. What are the problems faced by the organization in implementing an effective control system?

Ans: (i) Change in situation

(ii) Employee resistance

(iii) Standard may be too high

3. Discuss the relationship between planning and controlling

Ans: (i) Both are inseparable twins of management

(ii) Planning is prescriptive, whereas controlling is evaluative

(iii) Planning proceeds controlling and controlling succeeds planning.

4. Improving customer satisfaction in a fast food chain having self service, by reducing the time taken by a customer to wait for a table, time taken by him to place the order and time taken to collect the order. The above statement relates to one of the steps involved in the controlling process. Identify the step.

Ans: Corrective action.

5. Why it is important that the standard set are flexible in nature?

Ans : Future change in environment.

6. Calculation of certain ratios like gross profit ratio, net profit ratio, return on investment , etc, at periodic intervals relates to one of the steps in the process of controlling. Identify and explain the step.

Ans: Measuring actual performance.

7. Hina sweets is a renowned name for quality sweets since 1935. Harsh the owner of Hina sweets was worried as the sales had declined during the last three months. When he enquired from the sales manager, the sales Manager reported that there were some complaints about the quality of sweets. Therefore, Harsh ordered for sample checking of sweets. Identify and explain the step taken by Harsh that is related to one of the functions of management.

Ans : Controlling

Measuring actual performance.

8. Arjun works as a manager in an export house. He has identified that an important order is running behind schedule.

In context of the above case:

(a) Identify the function of management being described above.

(b) How does this function help in achieving the organizational goals?

(c) Suggest suitable remedy

Ans: Controlling.

It ensures accomplishment of goal by adhering to the plan

Taking corrective measures to complete work in time.

9. Rudrakshi Ltd. Is engaged in manufacturing high end luxury pens. The target production is 700 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 productions varies between 600- 650 units.

(a) Identify the function of management, which has been highlighted in the above context.

(b) Discuss the first four steps involved in the process of the function identified above.

Ans: Controlling

Determining standard

Measuring actual performance

Comparing actual performance with standards

Analysing deviations.

10. 'I-phone India Ltd.' is a manufacturer of advanced category of mobile phones. The company trained its engineers from Japan. It markets its mobile phones domestically as well as internationally. The company had a substantial market share and had a loyal customer following because of quality of its i-phone. From the last financial year the company had been unable to achieve its targets because of competition in the market. The company is planning to revamp its controlling system,

(i) Identify the concepts of management involved in the above para.

(ii) State the steps of the controlling process to be followed by the company to solve this problem.

Ans.(i) Staffing and Controlling.

(ii) The two steps which must be followed by the company to solve this problem are:

(a) Analysing deviations.

(b) Taking corrective action

LA (6 & 8 Marks)

1. Explain the various steps in the process of controlling.

Ans. Steps in the process of controlling:

- (i) Setting performance standards.
- (ii) Measurement of actual performance.
- (iii) Comparison of actual performance with the standards and analysing deviations.
- (iv) Taking corrective action

2 Explain any five points which highlight the importance of controlling function of management.

Ans. Importance of controlling (Any five points with explanation):

- (i) Accomplishing organisational goals.
- (ii) Making efficient use of resources.
- (iii) Ensuring order and discipline.
- (iv) Improving employee motivation.
- (v) Judging accuracy of standards.
- (vi) Facilitating co-ordination in action.

3. State the relationship between 'planning' and 'controlling' functions of management.

Ans. Relationship between planning and controlling: (With explanation)

- (i) Controlling takes place on the basis of standards developed by planning because if the standards are not set in advance, managers have nothing to control.
- (ii) Planning without controlling is meaningless because once a plan becomes operational, controlling ensures that events conform to the plans.
- (iii) Planning is prescriptive whereas controlling is evaluative because planning prescribes an appropriate course of action while controlling evaluates whether decisions have been translated into desired actions.
- (iv) Planning and controlling both are forward looking because while plans are prepared for the future, controlling seeks to improve the future on the basis of the past experience.
- (v) Planning and controlling are both looking back because, while planning is guided by past experiences, Controlling compares the actual performance with the standards set in the past.

4.

'A.S. Ltd.' is a large company engaged in assembly of air-conditioners. Recently the company had conducted the 'Time' and 'Motion' study and concluded that on an average a worker can assemble ten air-conditioners in a day. The target volume of the company in a day is assembling of 1,000 units of air-conditioners. The company is providing attractive allowances to reduce labour turnover and absenteeism. All the workers are happy. Even then the assembly of air-conditioners per day is 800 units only. To find out statement the reason the company compared actual performance of each worker and observed through C.C.T.V. that some of the workers were busy in gossiping.

- (a) Identify the function of management discussed above.
- (b) State those steps in the process of the function identified which are discussed in the above paragraph, and explain them.

Ans.(a) Controlling.

(b) Steps discussed in the above paragraph are :

- (i) Setting performance standards

'Recently the company had conducted the 'Time' can assemble ten air-conditioners in a day'.

5. A company was manufacturing 'LED bulbs' which were in great demand.

It was found that the target of producing 300 bulbs a day was not met by the employees. On analysis, it was found that the workers were not at fault. Due to electricity failure and shortage of workers, the company was not able to achieve the set targets and alternative arrangements were needed. To meet the increased demand, the company assessed that approximately

88 additional workers were required out of which 8 would work as heads of different departments and 10 would work as subordinates under each head. The required qualifications and job specifications were also enlisted. It was also decided that necessary relaxation should be given to encourage women, persons from backward and rural areas and persons with special abilities to assume responsible positions in the organisation. All efforts were made to match the ability of the applicants with the nature of work.

- (a) Identify the functions of management discussed above.
- (b) State the two steps in the process of each function discussed in the above para.
- (c) List any two values which the company wants to communicate to the society.

Ans. (a) Staffing and controlling.

(b) Steps in Staffing:

(i) Estimating manpower requirements which involves knowing how many persons are needed and of what type.

'To meet the increased demand. the company assessed that... subordinates under- each head '.

(ii) Recruitment which involves searching for prospective employees and stimulating them to apply for jobs in the organization

Steps in controlling :(Any two)

(i) Comparison of actual performance with the standards which would reveal the deviation between actual and desired results.

'It was found that the target of producing 300 bulbs a day was not met by the employees '.

(ii) Analysing deviations which would help to find out the causes of deviation. On analysis, it was found that the workers were not at fault alternative arrangements were needed.

(iii) Taking corrective action, if required. To meet the increased demand. the company assessed that approximately as subordinates under each head.

(c) Values which the company wants to communicate to the society: (Any two)

(i) Using environment friendly methods of production.

(ii) Women empowerment.

(iii) Upliftment of underprivileged sections of the society.

6. D & D Ltd. is a large manufacturing unit. Recently, the company has conducted the 'time' and 'motion' studies and concluded that on an average a worker could produce 120 units per day. However, it has been noticed that average daily production of a worker is in the range of 80-90 units.

Which function of management is needed to ensure that the actual performance is in accordance with the performance as per 'time' and 'motion' studies? State four features of this function of management.

Ans: Controlling

Features:

Goal oriented

Pervasive

Forward looking

Backward looking function.

Not the last function of management

7. Joseph Bros. was a firm manufacturing jute lamp shades. It uses left over jute pieces from various jute factories to manufacture economical lamp shades which are supplied to various hotels in nearby towns: it employs men and women from nearby villages as workers for creating good lamp shade designs.

Joseph Bros., is not able to meet its targets. Namish, the supervisor of the company, was told to analyze the reasons for the poor performance. Namish found following problems and suggested certain solutions in the working of the business. The number of workers employed was less than what was required for the work. As a result, the existing workers were overburdened. The firm decided to search for new workers and it asked the present employees to introduce candidates or recommend their friends and relatives to

the firm. This enabled the firm in “putting people to jobs” and assured attainment of objectives according to plans.

Identify the functions of management being performed by the firm in the above situation.

What are the steps performed in this function?.

Ans: Controlling

Setting performance standards

Measuring actual performance

Comparing actual performance with standards

Analysing deviations

Taking corrective action.

8. Babita Ltd. is engaged in manufacturing machine components. The target production is 250 units per day per worker. 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 200-210 units per worker.

Name the function of management and identify the step in the process of this function which helped in finding out that the actual production of a worker is less than the set target.

To complete the process of the function identified in (a) and to ensure the performance as per set targets, explain what further steps a manager has to take.

Ans: Controlling

Comparing actual performance with standards

Analysing deviations

Taking corrective action

9. . Rajeev and Sanjeev are managers in the same organization having different units. While discussing about the function of management, Rajeev says “Planning is looking ahead whereas controlling is looking back.” But Sanjeev says, “Planning is looking back whereas controlling is looked ahead.” Both are giving reasons in favour of their statements.

Explain the possible reasons given by both and justify who is correct.

Ans: Planning is futuristic in nature and it bridges the gap between present and future

Controlling on the other hand is post mortem of the past activities to find out deviations from the standards.

10.

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 materials 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.

In context of the above case:

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.

Briefly explain the term ‘deviations.’

Give any three advantages of giving training to the employees.

Ans: Controlling

Deviation is the difference between standard performance and actual performance

Deviations will be reduced and achievement of goal will be ensured.

Financial Management & Financial Market

A.1 mark questions (Multiple choice/Fill in the blanks/One sentence answer) 15Questions

1. Management has to decide whether a new and modern plant should be replaced with the old one. Which type the financial decision is it.
2. What is meant by 'Financial Risk'?
3. Which type of dividend policy should be followed by a company having growth opportunities?
4. Identify, why the requirement of Fixed Capital for a trading concern are different from that of a manufacturing organization
5. Sumeet adopted a new policy in his business: Purchase computer on credit and sell them for cash. Will it affects the requirement of working capital?
6. For optimal procurement of funds, a finance manager identifies different available sources and compares those in term of cost and associated risks. Identify and define the concept highlighted in the above lines.
7. Tata Sons has debt equity ratio of 4:1 and Bajaj Ltd has debt equity ratio 1:1. Name the advantage, Tata sons may have over Bajaj Ltd.
8. Financial Leverage is called favourable if-
 - a) Return on Investment is lower than cost of Debt.
 - b) Return on Investment is higher than cost of Debt.
 - c) Debt is nearly available
 - d) If the degree of existing financial leverage is low.
9. Mahima's mother has gifted her shares of a large cement company, with which she had been working. The securities were in physical form. She already has a bank account and does not possess any other forms of securities. She wished to sell the shares and approached a registered broker for the purpose. Mention one mandatory detail which she will have to provide with the broker from the following alternatives-
 - a) PAN Card.
 - b) Aadhar Card.
 - c) Service Identity Card.
 - d) Bank Pass Book.
10. State any one consequence of well- performed allocative function of financial market.
11. What is meant by dematerialization of securities?
12. Why was SEBI set up.
13. What is insider trading?
14. Lusaka Ltd. a reputed automobile manufacturer needs Rs.10 Cr. as additional capital to expand its business. Deepak Agarwal, the CEO of the Company wanted to raise funds through equity ,on the other hand the Finance Manager, Namrata Sahni said the public issue may be expensive on account of various mandatory and non mandatory expenses, therefore, it was decided to allot the securities to institutional Investors.
15. Which bearer document is issued by a bank against deposit kept by the companies and institutions for a short period?

B. 3/4 marks questions. [10 Questions]

1. Explain the objective of financial management.
2. "During annual general meeting of Future Ltd. CEO, Mr. Rajnesh put the expansion plan for the coming year before shareholders and asked for suitable source of finance to finance manager. Finance manager Mr. Rajat Kant proposed issue of debentures than equity with a plan that they can be paid back whenever requirement of funds is over"
In the above paragraph, which component affecting financing decision has been highlighted? Explain the component.
3. Sadhna Ltd. is a manufacturer of Laptops. It made a profit of 1000 crores. The directors have proposed a dividend of 38%. As a finance manager of the company. What factors would you consider while

formulating a dividend policy of the company? (Any four)

4. Naina is engaged in Warehousing - Business Identify the working capital requirements of Naina stating the reason in support of your answer. Naina is also planning to start his Transport business. Explain any two factors that will affect his fixed capital requirements.
5. What do you mean Capita budgeting or Investment decision? Explain any two factors affecting the decisions.
6. State the difference between Primary and Secondary Market
7. These Days, development of a country is also judged by its system of transferring finance from the sector where it is in surplus to the sector where it is needed most. To give strength to the economy, SEBI is undertaking measures to develop the capital market. In addition to this, there is no other 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 functions being performed by the market in the above case.
 - (b) Name the market segment other than the capital market segment in which unsecured and short term debt instruments are traded. Also give any two points of difference between the two.
8. The Company Secretary of Cosmos Ltd. comes to know that the company is going to take over a very reputed company Jupiter Ltd in near future that will increase the price of the share of that company that why he purchases huge number of shares from the market before the information goes to general public.
 - (a) Do you think this is a fair practice, if not what is called such type practice by Company Secretary?
 - (b) Which regulatory body is responsible to check such type of practices and write other function of it.
9. Sunil had misplaced his number of share certificates while shifting his house. After a long time he was able to trace his shares certificates. Now he was facing problem in selling them off. He shared his problem with one of his relatives who told him that he would now have to get his shares converted into electronic form and put it in an account.
 - (a) Name the account which is required to be opened to deal in shares.
 - (b) With whom will he have to open this account?
 - (c) Also name two organisations which can keep those shares in electronic form.
10. Project India Ltd. Is a large and credit worthy company manufacturing coaches for Indian railways. It now wants to export these coaches to other countries and decides to invest in new hitech 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.
 - (a) Name and explain the money market instrument the company can use for the above purpose.
 - (b) What is duration for which the company can get funds through these instruments?
 - (c) State any other purpose for which the instrument can be used.

C. 5/6 marks questions.[10 questions]

1. 'Happy Ltd.' is a company manufacturing cotton yarn. It has been consistently earning good profits for many years. This year too, it has been able to generate enough profits. There is availability of enough cash in the company and good prospects for growth in future. It is a well managed organization and believes in quality, equal employment opportunities and good remuneration practices. It has many shareholders who prefer to receive a regular income from their investments. It has taken a loan of Rs.40 lakhs from IDBI and is bound by certain restrictions on the payment of dividend according to the terms of loan in agreement. The above discussion about the company leads to various factors which decide how much of the profits should be retained and how much has to be distributed by the company. Quoting the lines from the above discussion identify and explain any four such factor.
2. Trishulam Ltd is running into manufacturing business for five years. Now due to huge success the company needs additional capital 50 crores for new project for long period of time more than five year for purchase new plant. Identify the needs of that capital and Explain four factors affecting that capital.
 3. What do you mean by **Working capital**? Explain any four factors affecting the requirement of working capital.
 4. What is meant by Capital structure? State any four factors affecting the choice of Capital structure.
 5. "Financial Planning has no importance in the business". Comment after explanation of the meaning of Financial Planning.
 6. Explain these terms: -(a) Depository Participant (b) Depository (c) Demat Account (d) Dematerialisation (e) Demutualisation

7. What is Primary or New issue market? Explain various methods of floating capital.
8. Mr. Sandeep is a holder of financial securities in Futura limited. He wants to sell his securities to purchase new securities of another company. You are required to suggest him the markets where he can sell his securities and describe the concept. Explain two function of that market.
9. A company wants to set up a new branch in Hyderabad. For additional capital company is planning to issue equity shares to public as there is boom period in capital market and public will prefer to invest in shares. While analysing the issue, finance manager found that floatation costs of the issue would be high and company is already in liquidity crunch. Company deemed it proper to depend on money market instruments for about six months.
- a) Identify the method of flotation of capital, mentioned above.
- b) Besides above shares issue method, mention two other methods.
- c) Use of what kind of instrument will be appropriate for the money market. Clarify.
10. Briefly describe the Trading Procedure of Stock Exchange in India.

ANSWER KEY

A.1 mark questions (Multiple choice/Fill in the blanks/One sentence answer) 15Questions

1. Investment Decision.
2. Financial risk refers to inability to meet fixed financial charges like interest.
3. Conservative dividend policy, i.e. such company should pay less dividend.
4. Trading concern requires less fixed capital as compared to manufacturing
5. Yes, it will reduce the need of working capital as there are no debtors due to cash sales and there is less investment in inventory due to credit availed
6. The concept is financial management and is concerned with management of flow of funds and involves decisions relating to procurement and investment of funds, in long term and short term assets and distribution of earning to the owner.
7. Trading on Equity.
8. b.Return on Investment is higher than cost of Debt.
- 9.a PAN Card
10. The rate of return offered to household is higher/Scarce resources are allocated to firms which offer higher productivity to the economy.
11. Converting of Physical securities to electronic form.
12. To keep a vigil on malpractice in the security market and protect the interest of investor.
13. Leaking of important information related to dealing of securities by an important person of the issuing company to the outsider with vested interest.
14. Answer- Private Placement
15. Certificate of Deposit.

B. 3/4 marks questions. [10 Questions]

1. Proper and meaningful explanation of Financial Management in 50-60 words.
2. Component-Flexibility). Proper explanation.
3. Any four factors of dividend policy with short explanation.
4. Explanation of any four factors of Fixed Capital Requirement.
5. Proper meaning of Capita budgeting or Investment decision. Explanation of any two factors affecting the decisions.
6. Any four differences with basis.
7. a) Allocative function (b)money market. Write two differences between Money Market and Capital Market.
- 8 No. Insider Trading. SEBI.Explanation of any two functions of SEBI.
- 9.(a) D Mat (b)Depository (c) NSDL,CDSL
- 10.(a) Commercial Paper. (b)3-12 month (c) To tide over very short term liquidity crunch.

C. 5/6 marks questions.[10 questions]

1. Factors affecting dividend decision-

- a) Stability of earnings: It has been constantly.....for many years.
- b) Cash Flow Position: There is availability of enough cash..... company.
- c) Growth prospect: Good prospect for Growth..... future.
- d) Shareholders preference: It may have shareholders.....investment.
- e) Contractual constraints: It has taken a loan.....agreement.

2. Fixed Capital, Explanation of any four factors.

3. Meaning of Working Capital. Explanation of any four factors of Working capital.

4. Meaning of Capital Structure. Explanation of any four factors of Capital Structure.

5. Meaning of Financial Planning. Explanation of any four importance of Financial planning.

6. Brief explanation of the term in a meaningful way

7. It refers to that market in which securities are sold for the first time for collecting long term capital.

Various methods of floating capital.-

a) Public Issue- Under this method, the company issues a prospectus and invites the general public to purchase shares or debentures.

b) Offer for Sale-Under this method, Firstly the new securities are offered to an intermediary at a fixed price. They further resell the same to the general public.

c) Private Placement-The company sell securities to the institutional investors or brokers instead of selling them to the general public.

e) Right Issue – When an existing company issues new securities, First of all it invites its existing shareholders.

f) Electronic Initial Public offer (e-IPO's) – Under this method ,companies issue their securities through the electronic medium (i.e. internet)

8. Financial Market: This market refers to that market where financial securities are exchanged.

Functions of Financial Market

a) Facilitates Price Discovery: - The price of any goods or services is determined by the forces of demand and supply. Like goods and services, the investors also try to discover the price of their securities. The financial market is helpful to the investors in giving them proper price.

b) Provides Liquidity Financial Assets:-This is market where the buyers and the sellers of all the securities are available all the times. This is a reason that it provides liquidity securities. It means that they invest their money, whenever they desire, in securities through the medium of financial market. They can also convert their investment into money whenever they so desire.

9.a) IPO b) Explain any two methods. C) Commercial Paper

10. Brief description of Trading Procedure of Stock Exchange in India.

Marketing Management

MCQ

1. _____ point of view lays stress upon customer's welfare.

(a) Production (b) Product (c) Marketing (d) **Social Marketing**

2. Sales promotion is helpful in making _____ effective.

(a) Advertisement (b) Personal selling (c) **Both the above** (d) Publicity

3. Which of the following is a sales promotion activity?

(a) Rebate (b) Discount (c) Product Combination (d) **All the above**

4. 'Providing finance at 0%' which of the following adopts this method.

(a) Advertisement (b) Personal Selling (c) **Sales Promotion** (d) Publicity

5. _____ removes doubts immediately.

(a) Advertisement (b) **Personal Selling** (c) Sales Promotion (d) Publicity

6. _____ develop relationship.

(a) Publicity (b) Advertisement (c) Sales Promotion (d) **Personal Selling**

7. _____ makes flexibility available.

(a) Publicity (b) Advertisement (c) Sales Promotion (d) **Personal Selling**

8. Customer's satisfaction alone can ensure success. Which marketing concept holds this view?

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

9. Which of the following is a factor of marketing mix?

(a) Product (b) Price (c) Promotion (d) **All the above**

10. Under which philosophy of marketing, efforts are made to bring down the cost of production to the minimum?

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

12. Under which concept the companies push for the betterment of the quality of their products in their efforts for marketing?

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

13. _____ is objection to advertisement.

(a) **Undermines social values** (b) Decrease in price (c) Knowledge on various products (d) Improvement in Quality of Product

15. Which of the following is the example of Dunlop?

(a) Branding (b) Brand (c) **Brand Name** (d) Brand Mark

16 'Products are not purchased but sold', with which point of view is this statement associated?

(a) Product (b) **Sale** (c) Production (d) Marketing

17. The collection of utilities is known as _____ .

(a) Purchaser (b) Seller(c) **Product** (d) Market

18. Which of the following is the function of marketing?

(a) Promotion (b) Physical Distribution (c) Transport (d) **All the above**

19. Cardboxof Shaving Cream is the example of?

(a) Primary Packaging (b) **Secondary Packaging** (c) Transport Packaging (d) None of the above

20.Selling goods by producer to consumer involves which channel?

a)one level b)two level c)three level d) **zero level**

21.Marketing mix does not include a) product b) place c) promotion d)**People**

22. Nisha, a school bag manufacturer decided to improve the product for profit maximization and thus added a water bottle holder to the existing design. Identify the marketing management philosophy adopted by Nisha
a) **Product concept** b) Production concept. c) Selling concept d) Marketing concept

23. Vasvi purchased a bottle of pickle from the local grocery shop. The information provided on the bottle was not clear. She fell sick on consuming it. She filed a case in the District forum under the Consumer Protection Act and got the relief. Identify the important aspect neglected by the marketer in the above case.
a) Packaging b) Branding c) **labelling** d) Pricing

24. Mr. Rajiv, the sales executive of ABC Ltd. possess good marketing techniques, his techniques involve oral presentation of message, convincing the customer with face to face interaction, etc. Name the element of marketing mix under which the above technique fall:
a) **Promotion** b) Product c) Price d) Place

25. Mansi, a shoe manufacturer for school students, decided to maximize profits by producing and distributing shoes on a large-scale and thus reducing the average cost of production. Identify the marketing management philosophy adopted by Mansi.
a) Product concept b) **Production concept**. c) Selling concept d) Marketing concept

26. Ranger India Limited, is an automobile manufacturer in India. It makes 1.5 million family cars every year. That's one car every 12 seconds. It has a sales network of company approved retailers that spreads across 600 cities. In the context of above case: Identify the type of the channel of distribution adopted by the company.
a) **One level** b) Two Level c) Three Level d) Zero Level

3,4 Marks

QUESTION 1.

Ajay was appointed as a marketing head of 'Alfa Enterprise' manufacturers of toothpaste and toothbrushes. His target sale was 2,000 units a month. Apart from thinking about various channels of distribution to achieve the target he himself started visiting schools in backward areas. He found that even after taking various steps and counselling, some school children had not started brushing their teeth. He investigated and found that they could not afford to buy toothbrush and toothpaste. So with due permission he started donating 200 toothbrushes and toothpastes every month to the school. i. Identify the channel of distribution 'Ajay would adopt for distribution of toothpaste and toothbrushes and justify it by giving one reason. ii. State any two values which Ajay wants to communicate to the society. (CBSE BOARD 2013)

Answer: i. Ajay should go for the zero-level channel of distribution. This is because he can directly provide products to schoolchildren and form a direct relation with them.

ii. Values which Ajay wants to communicate to society: a. Promotion of hygienic and healthy habits among school children b. Fulfilment of social responsibility of business

QUESTION 2.

'Though branding adds to the cost, it provides several advantages to the consumers'. In the light of the statement, state any three advantages of branding to customers. (CBSE BOARD 2013)

Answer: Advantages of branding to customers: • Helps in Product Identification: helps the customers in identifying the products • Ensures Quality : Ensures quality of product • Status Symbol: brands become status symbols because of their quality Eg: Benz cars

QUESTION 3.

There are some characteristics that should be kept in mind while choosing a brand name. Explain any two such characteristics that a good brand name should have. (CBSE BOARD 2015)

Answer. Characteristics that should be kept in mind while choosing a good brand name:

- i. Short, easy to pronounce, spell, recognize and remember
- ii. Suggest the product's benefits and qualities
- iii. Distinctive from other products
- iv. Adaptable to packing or labelling requirements, to different advertising media and to different languages.
- v. Versatile to accommodate new products.
- vi. Registered and protected legally

QUESTION 4.

Diksha Ltd. was marketing 'Dish-Washers' which were very popular due to their quality and after-sale services provided to the customers. The company was a leading company in the market and earning huge profits. Because of huge profits the company ignored its after-sale services. As a result its relations with the customers got spoiled and the image of the company was damaged in the eyes of the public. Top management became concerned when the profits for the current quarter fell steeply. On analysis it was revealed that ignoring after-sale services was its reason. Therefore, the company took all possible measures to protect and promote its image. As a result the goodwill of the company improved in the society.

(a) Name and state the communication tool used by the marketer in the above case to improve its images.

(b) Also explain role of the tool as identified in part (a).

Answer. (a) The communication tool used by the marketer to improve its image is 'Public Relations'. It refers to the activities undertaken by an organisation to promote and protect the image of an organisation or its products. It aims at strengthening the relations of the organisation with its interested parties.

(b) The following points highlight the role of public relations.

1. Building public relations helps an organisation to function smoothly and achieve the desired objectives.
2. Public relations helps the organisation in building customer interest in its established products. This further helps the organisation in building a customer base for its new products.
3. It helps an organisation in building a positive image for its products. Moreover, an organisation facing negative publicity can use public relations to improve its image and reputation.
4. Public relations supplements promotion through advertising.

QUESTION 5.

Your company has setup a food processing unit in Kashmir with a production capacity of 10,000 litres of apple juice per day. The company plans to market the apple juice in tetra pack of 100 millilitres. Design a label for the same. (CBSE BOARD 2015)

Answer. The following information is to be PROVIDED ON THE LABEL IN ANY FORM Name of the product/ Real Apple juice Name of the manufacturer/ Fine Juice Ltd. Address of the manufacturer/ 54, ChandniChowk Net weight when packed/ 200 ml Manufacturing date/ 20th July 2015 Expiry date/ 20th December 2015 Maximum retail price (MRP)/ 30 Batch number/ D 4567 Directions for use/ To be consumed within 3 days of opening. Contents/ Juice concentrate, sugar, preservatives.

QUESTION 6.

Ginika, Tanish and Rohit were friends from college days and now they are doing different kinds of business. They regularly meet and discuss their business ideas and exchange notes on customer satisfaction, marketing efforts, product designing, selling techniques, social concerns etc.

In one of such meetings, Ginika drew the attention of Tanish and Rohit towards the exploitation of consumers. She told that most of the sellers were exploiting the consumers in various ways and were not paying attention towards the social, ethical and ecological aspects of marketing, whereas she was not doing so. Tanish told that they were under pressure to satisfy the consumers, but stated that the consumers would not buy or not buy enough unless they were adequately convinced and motivated for the same. Rohit stressed that a company cannot achieve its objectives without understanding the needs of the customers. It was the duty of the businessmen to keep consumer satisfaction in mind because business is run by the resources made available to them by the society. He further stated that he himself was taking into consideration the needs of the customers. Identify the various types of thinking that guided Ginika, Tanish and Rohit in the making efforts of their business. Also, state one more feature of the various types of thinking identified that is not given in the above para. (CBSE BOARD 2017)

Answer. The concept of thinking followed by Ginika is the Societal Marketing Concept. According to this concept, organisations should not only identify the immediate needs of the target market, but also aim at long-term well-being and interests of the consumers. Feature: The emphasis of this thinking, is that the organisation should pay due importance to social and environmental problems such as pollution, deforestation, population explosion and inflation.

The concept of thinking followed by Tanish is the Selling concept. According to this concept, a consumer would purchase the product only when he is sufficiently convinced regarding the features, quality, etc., of the product. Feature: This thinking emphasizes that firms must focus on rigorous selling and promotion techniques so as to increase the sale of their product.

The concept of thinking followed by Rohit is Marketing concept. The marketing concept believes that customer satisfaction plays a vital role in the long-run success of any organisation. Herein, the organisations must aim towards appropriately identifying such needs of customers and satisfying them in an effective manner. Feature: This thinking emphasizes that a firm should not just independently work towards customer satisfaction, but also aim at satisfying the customers better than its competitors.

QUESTION 7.

Crackers Ltd., a firecracker-manufacturing company, launched some new products on the eve of Diwali, which attracted many buyers. To meet the increased demand, the company employed children from nearby villages. Although the product was in great demand, appropriate safety warnings for use were not mentioned on the packets that led to many accidents. (i) Identify and explain the important product-related decision that was not taken into consideration by the company. (ii) Also, identify any two values that were violated by the company. (CBSE BOARD 2014)

Answer. i. Labelling refers to providing information about the product in the form of a tag and graphic on the package of the product. It describes the product and specifies its components or other useful information such as the caution to be taken while using it and the procedure of use. Here, the company did not provide proper description on the usage of crackers, which may lead to accidents. ii. Values which were violated by the company are (a) Employing children, which is against the child labour law, and (b) Not protecting the safety of consumers.

8. What are the functions of packaging? Explain any three.

Ans- a) protection
ii) identification
iii) Promotion
iv) Transportation

9. Shivam bought a pain relieving ointment after seeing it being displayed in the chemist's shop. The ointment tube was packed in a cardboard box. The tubes were received by the chemist from the wholeseller in corrugated boxes containing 20 units. Identify and explain the different levels of packaging of the pain relieving medicine.

Ans- tube- primary level

Cardbox- secondary level

corrugated boxes- transportation level.

QUESTION 8.

ABC Crackers Ltd., a fire-cracker manufacturing company, launched some new products on the eve of Diwali in the market which attracted many buyers. To meet the increasing demand, the company employed people from nearby villages where there was a lot of unemployment. Because of the good behavior of the management with the employees, more and more people wanted to join the company. As the products were in great demand in the market, a competitor imitated the products. The products of the competitor were not accepted by the consumers as it was a status symbol to buy the products of ABC Crackers Ltd. because of their quality.

1. **Identify and explain the product-related decision because of which consumers preferred the products of ABC Crackers Ltd.**
2. **Also, identify any two values which ACB Crackers Ltd. wanted to communicate to the society.**

Ans.

1. Branding is the product-related decision because of which consumers preferred the products of ABC Crackers Ltd.

Branding is the process of assigning a name (brand name), sign or symbol (brand mark) or a combination of all to a product. Branding facilitates product differentiation, assists in advertising and display programmes, facilitates differential pricing, promotes consumers loyalty etc.

1. The two values that ABC Crackers Ltd. wants to communicate to the society are:
 1. Generating employment opportunities
 2. Providing good working environment.

QUESTION 9

. Amar is engaged in the manufacturing of refrigerators. He surveyed the market and found that customers need a refrigerator with a separate provision of water cooler in it. He decided and launched the same refrigerator in the market. Identify and explain the marketing philosophy involved.

Ans. Amar is following the philosophy of marketing concept. The prime focus of marketing concept is to 'find wants and fill them'. Therefore, the marketer first assesses the needs and preferences of its target market and manufacturers products accordingly in order to satisfy their needs and wants optimally. It aims at profit maximization through customer satisfaction.

Q. 10. Mansi, a shoe manufacturer for school students, decided to maximize profits by producing and distributing shoes on a large-scale and thus reducing the average cost of production.

1. **Identify the marketing management philosophy adopted by Mansi.**
2. **Explain this philosophy on the basis of the following:**

- **Main Focus**
- **Means and Ends**

Ans.

1. Mansi has adopted the production philosophy.
2. *Means:* The production philosophy can be brought into effect by making products affordable and widely available.
Ends: The production philosophy aims at maximizing profits through high volume of production

11. 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 stabilizer technology allows to make ice creams that don’t melt so easily thereby making it more convenient for small children and consumer in hot countries.

In the context of above case:

- 1. Identify the component of marketing mix being taken into consideration by the company.**
- 2. Explain briefly the function of marketing highlighted here.**

Ans.

- The component of marketing mix being taken into consideration by the company is ‘Product’.
- Product designing and development:* Every marketer strives to achieve his marketing objectives by creating offerings to satisfy a need or a want. Therefore one of the core functions of marketing is to develop the product in the most effective and efficient way. Every marketer endeavours to add value to his product by introducing constant innovations in the product to enhance both its utility and attractiveness in the eyes of the potential buyers and gain a competitive edge .

Q.12. Ranger India Limited, is an automobile manufacturer in India. It makes 1.5 million family cars every year. That’s one car every 12 seconds. It has a sales network of company approved retailers that spreads across 600 cities.

In the context of above case:

- Identify the type of the channel of distribution adopted by the company.
- State the market related factors that are likely to affect the decision of a marketer about the choice of channel of distribution.

Ans.

- Indirect channel: One level channel f distribution adopted by the company.
- The market related factors that are likely to affect the decision of a marketer about the choice of channel of distribution are explained below:
 - Size of market:*
 - Geographical concentration of potential buyers:*
 - Quantity purchased:
- Indirect channel: One level channel f distribution adopted by the company.
- The market related factors that are likely to affect the decision of a marketer about the choice of channel of distribution are explained below:
 - Size of market:*
 - Geographical concentration of potential buyers:*
 - Quantity purchased:

5,6 marks

QUESTION 1..

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 to 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.

The above para describes the combination of elements marketing mix used by Haryaram to prepare its market offering. Identify and explain the elements

Ans.

Product mix- Their products include chips, biscuits, sweets and squashes

Price mix- It charges a comparatively higher price than its competitors as it sells quality products.

Place mix- 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.

Promotion mix- It regularly uses different communication tools to increase its sales.

QUESTION. 2

There are a number of factors which affect the fixation of the price of a product. Explain any four such factors. (CBSE BOARD 2015)

Answer. Factors that affect the fixation of price of a product are: (a) Product cost (b) Utility and demand (c) Extent of competition in the market, (d) Government and legal regulations. (e) Pricing objectives. (f) Marketing methods used.

QUESTION .3

Mediquip Ltd. is a company dealing in distribution of medical equipments. The company recently imported 15000 units of sugar testing machines to test the sugar levels without taking blood samples. For deciding the marketing strategy, the Chief Executive Officer of the company called a meeting of the marketing heads of different zones. In the meeting, Sandeep, the North Zone Marketing Head, suggested that since the machines were sophisticated they need to visit hospitals personally, explain its working to the hospital staff who would be using the machines. He also suggested that additional trained people may be recruited for the same. Himanshu, another Zonal Head, added that since lot of money had been spent on the import of the machines, the company was short of funds to pay to the additional staff as suggested by Sandeep. Rahul, a newly appointed Zonal Head of South Zone suggested that since the size of the order is not large, a detailed study of the factors determining the choice of channels of distribution is required before making the right choice. (a) Identify the factor influencing the choice of channels of distribution which were discussed in the meeting. (b) Also, explain briefly the other consideration to be taken care of in each factor identified in part (a). (CBSE BOARD 2017)

Answer. a. The three factors that are influencing the choice of channels of distribution in the given question are: 1. Product related factors (as the machinery is sophisticated)

2. Company characteristics (as the company do not have enough funds to pay for more employees) 3. Market related factors (as the size of the order is not large)

b. Other considerations in the cases are:

1. Product related factors: The decision regarding the appropriate channel of distribution is largely affected by the classification or the type of a product. Here, it is important to check whether the product is perishable or non-perishable; whether it is an industrial or a consumer product or the degree of complexity of the product. For instance, if a product is complex or sophisticated in nature then it would require shorter channels of distribution and careful handling of the product.

2. Company characteristics: The characteristics of a company play an important role in making a decision regarding the channel of distribution. Generally a company's financial strength and the degree of control that the company wishes to hold on the intermediaries affect the choice of channels of distribution. Keeping the first one in view, a company that is financially strong and has spare funds to spend would opt for a shorter channel of distribution. This is because the shorter channels of distribution generally require a greater amount of funds for activities like hiring more salesman or opening higher number of retail outlets Similarly, a company that wishes to have a greater control over the intermediaries should also opt for shorter channels of distribution. The reason behind this lies in the fact that the direct or the shorter channels involve minimum numbers of intermediaries and thus are easily

controllable. On the other hand, companies that exercise lesser control over the intermediaries can opt for longer channels of distribution.

3. Market related factors: Factors such as size of the market, geographical concentration of buyers, quantity demanded, etc. also affect the choice between the channels. For example, in case the size of order is small then shorter channels should be adopted, whereas in case of large orders, long channels should be adopted. Similarly, in case the size of market is small then shorter channels should be adopted and if the size of market is large, then long channels should be adopted.

QUESTION 4.

After acquiring the necessary knowledge and skills on starting an Aloe vera Farm. Ashok wanted to be the leading manufacturer of Aloe vera products worldwide. He observed that the products were expensive as the demand of the products was more than supply. He was also keen to promote methods and practices that were economically viable, environmentally sound and at the same time protecting public health.

Ashok's main consideration was about the amount of money paid by the consumers in consideration of the purchase of Aloe vera products. He also thought that competitors prices and their anticipated reactions to be considered for this.

After gathering and analysing information and doing correct market planning, he came to know that the consumers compare the value of a product to the value of money which they are required to pay. The consumers will be ready to buy a product when they perceived that the value of the product is at least equal to the value of money which they would pay.

Since he was entering into a new market, he felt that he may not be able to cover all costs. He knew that in the long run the business will not be able to survive unless all costs are covered in addition to a minimum profit.

He examined the quality and features of the products of the competitors and the anticipated reactions of the consumers. Considering the same he decided to add some unique features to the packaging and also decided to provide free home delivery of the products.

The above case relates to a concept which is considered to be an effective competitive marketing weapon. In conditions of perfect competition most of the firms compete with each other on this concept in the marketing of goods and services.

(a) Identify the concept.

(b) Explain briefly any four factors discussed in the above case related to the concept so identified. (CBSE BOARD 2018)

Answer.

(a) The concept discussed in the given paragraph is price of the product.

(b) Four factors discussed in the above case:

i. Quoted Line: After gathering and analysing information and doing correct marketing planning, he came to know that consumers compare the value of a product to the value of money, which they are required to pay. Consumers will be ready to buy a product when they perceived that the value of the product is at least equal to the value of money, which they would pay.

Factor: The Utility and Demand

ii. Quoted Line: He examined the quality and features of the products of competitors and the anticipated reactions of consumers.

Factor: Extent of competition in the market

iii. Quoted Line: Considering the same he decided to add some unique features to the packaging and also decided to provide free home delivery of the products.

Factor: Marketing methods used

iv. Quoted Line: Since he was entering into a new market, he felt that he may not be able to cover all costs. He knew that in the long run, the business will not be able to survive unless all costs are covered in addition to a minimum profit.

Factor: Product cost

QUESTION 5.

Explain any four factors which affect the determination of the price of a product (CBSE BOARD 2013)

Answer. Factors affecting the determination of the price of a product:

1. Cost of Product: Cost of the product is the most important factor determining the price. The cost of product can be of the following three types: • Fixed cost: These are costs which remain fixed irrespective of the level of output; for example, cost of machinery or building. • Variable cost: These are costs which vary in direct proportion with the level of output. As the level of output increases, the variable costs also increase and vice versa; for example, cost of labour and raw material. • Semi-variable cost: Similar to variable costs, these are costs which vary with the level of output but not in direct proportion; for example, commission paid to intermediaries. A firm decides such a price for its product so that it can cover various costs and earn a profit.

2. Demand for the Product: Another important factor determining the price of a product is the elasticity of demand for the product. Price elasticity of demand implies how responsive the demand is to the changes in price. • Elastic demand: The demand is said to be price elastic if a given proportionate change in price leads to a more than proportionate change in demand. In such a case, charging a higher price by the firm would lead to a large fall in demand. • Inelastic demand: The demand is said to be price inelastic if a given proportionate change in price does not bring about any significant change in demand. In such a case, it is possible for a firm to charge a higher price. This is because even at higher price, the demand will not fall much. Therefore, goods generally having an elastic demand have a comparatively lower price than those, which have an inelastic demand.

3. Degree of Competition in the Market: In case there is high competition in the market, it is not possible for a firm to charge a higher price. This is because if the firm charges a higher price, consumers would shift the demand to its competitors.

4. Government Regulations: At times, the government regulates the prices of certain commodities. For example, in the market for agricultural products such as wheat and rice, the government intervenes in price determination.

QUESTION 6.

Explain the following functions of marketing: (i) Gathering and analysing market information (ii) Marketing planning (iii) Customer support services and (iv) Physical distribution.

Answer.

i. Gathering and analysing market information: Marketer analyses the prevailing trend in the market and identify the best opportunities. Collecting information of the target market segment including size of market and behaviour, culture, needs and wants of customers.

ii. Marketing planning: Creating a market plan to achieve the marketing goals and objectives of the organisation. Market research is conducted to analyse the preferences of the customers to formulate a suitable plan.

iii. Customer support services: Involve handling complaints and feedback of customers. Customer support services are developed such as credit, maintenance, technical services, consumer information etc. These customer services are provided to satisfy customers and to make them a permanent customer for their products.

iv. Physical distribution: Channels of distribution are to be decided through which products would be moved from the place of production to the place of consumption. Choosing an appropriate distribution channel holds more importance because an inappropriate distribution channel may either lead to an increase in the price of the good or decrease in the quality of the product.

QUESTION 7.

'Though advertising is one of the most frequently used medium of promotion of goods and services, it attracts lot of objections.' Explain any four such objections.

Answer. There are different views with regard to expenditure on advertising. On one hand, it is considered a social waste as it adds to the cost of production, weakens social values and adds to consumer needs and desires. On the other hand, it is beneficial as it helps in enhancing the sales and increasing profits.

Points stating that advertising is a waste to the firm: i. Higher Cost: Expenses on advertisement add to the cost of the product and the firm, and these are then passed on as additional cost to consumers in the form of higher prices.

ii. However, advertising helps in attracting consumers to the product. Accordingly, the demand for the product increases. To cater to the increased demand, the production increases. An increase in the production, in turn, lowers the per unit cost of production.

iii. Creates Confusion: It is argued that with advertisements of a large number of similar products, the consumer often gets confused. In contrast, those who support advertisements argue that they help in increasing the knowledge of the consumer with regard to the availability of different products in the market. In this way, it increases their choice and helps them in making an informed decision with regard to purchase of the product.

iv. Promotes Inferior Goods: Advertisements induce consumers to purchase the product. Even inferior goods can be advertised, and their demand be induced. However, it is said that quality is only a relative product. Advertisements provide knowledge with regard to all kinds of products. Whether to purchase the product or not is up to consumers themselves.

v. Objectionable Advertisements: Sometimes, advertisements can be objectionable in the sense that they undermine social values. For instance, in certain advertisements, women are shown in an objectionable manner. Sometimes, the language, images and content of the advertisement may not appeal to society.

QUESTION 8.

A company was marketing 'water purifiers' which were very popular due to their quality and after sales services provided to the customers. The company was a leading company in the market and earning huge profits. Because of huge profits the company ignored the after sales services. As a result its relations with the customers got spoiled and the image of the company was damaged in the public. Top management became concerned when the profits for the current quarter fell steeply. On analysis it was revealed that ignoring the after sales services was its reason. Therefore the company took all possible measures to protect and promote its favourable image in the eyes of the public. As a result the goodwill of the company improved in the society.

(a) Name and state the communication tool used by the marketer in the above case to improve its image.

(b) Also explain role of the tool as identified in part (a).

Ans. a) Public Relations.

Public Relations refer to a variety of programmes to promote and protect a company's image or its products in the eyes of the public.

(b) Role of Public Relations: (any three points with explanation)

- (i) Press Relations.
- (ii) Product Publicity.
- (iii) Corporate Communication.
- (iv) Lobbying.
- (v) Counselling.
- (vi) Smooth functioning of business.
- (vi) Image building.
- (vii) Launching new products.
- (viii) Facing adverse publicity.
- (ix) Supplementing advertising.
- (x) Satisfying interest of different public groups.
- (xi) Building awareness
- (xii) Building credibility.
- (xiii) Stimulating sales force.
- (xiv) Lowering promotion costs.

QUESTION 9.

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 about 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 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 pre-determined specification in case of rice because of which it would be 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.

Explain the three function of marketing, with reference to the above paragraph. (6 Marks)

Ans. Functions of marketing, with reference to the above paragraph are:

1. Gathering and analyzing market information:
2. Standardization and Grading:
3. Branding:

CONSUMER PROTECTION

MCQ

1. To provide protection to the consumers against the improper behaviour of the producers and sellers is called _____ .

- (a) Consumers Protection Act
- (b) **Consumer Protection**
- (c) Consumer Welfare
- (d) Consumer Education

2. When a single consumer fails to get his rights protected, he seeks the help of _____ .

- (a) Trade Union (b) **Consumer Association**

- (c) Labour Union (d) None of the above

3. Don't purchase in haste', this is an important _____ of the consumer.

(a) **Responsibility** (b) Right (c) Act (d) All the above

4. The consumer organisations collect the samples of the products for _____ .

(a) Sell them (b) **Check them** (c) Get bribe from the sellers (d) Distribute them among the poor

5. Disputes of _____ amount are settled at the level of District Forum?

(a) Upto rupees ten lakh

(b) Upto rupees thirty lakh

(c) Upto rupees fifty lakh

(d) **Upto rupees twenty lakh**

8. _____ is not a part of the three tier judicial machinery?

(a) **Tehsil Forum**

(b) District Forum

(c) State Commission

(d) National Commission

9. Which of the following Acts is related to the Consumer's protection?

(a) **Consumer Protection Act, 1986**

(b) Indian Companies Act, 1956

(c) Indian Partnership Act

(d) Indian Contract Act

10. Who, of the following, cannot be considered a consumer?

(a) A person who buys things to further sell them consideration.

(b) A person who gets things without consideration.

(c) A person who uses things without the permission of the purchasers.

(d) **All the above**

11. Who of the following cannot file a complaint?

(a) Individual consumer

(b) **Consumer association that has not been recognised**

(c) Central government

(d) State government

12. Which of the following is a consumer organization?

(a) Common Cause, New Delhi (b) Voice, New Delhi

(c) Consumer Forum, Udipi (d) **All of these**

3,4 marks

QUESTION 1.

Aarushi buys a packet of dry cake from a cake shop without asking for the bill. The pack does not bear any information other than the name of shop. After reaching home she finds the cake to be stale.

a) Identify the consumer right that has been violated.

State any three responsibilities that a consumer must keep in mind while purchasing any good.

Ans.

(i) Right to Information

(ii) CONSUMER RESPONSIBILITIES (Any two):

a. Be aware about various goods and services available in the markets so that an intelligent and wise choice can be made.

b. Buy only standardized goods as they provide quality assurance. Thus, look for ISI mark on electrical goods, FPO mark on food products, Hallmark on jewelry etc.

- c. Learn about the risks associated with products and services, follow manufacturer's instructions and use the products safely.
- d. Read labels carefully so as to have information about prices, net weight, manufacturing and expiry dates, etc.
- e. Assert yourself to ensure that you get a fair deal.
- f. Be honest in your dealings. Choose only from legal goods and services and discourage unscrupulous practices like black-marketing, hoarding etc.

Ask for a cash memo on purchase of goods or services. This would serve as a proof of the purchase made.

QUESTION 11.

QUESTION 2.

Explain any four points of importance of consumer protection from the point of view of business. (CBSE BOARD 2013)

Answer. Importance of consumer protection from the point of view of business:

- i. Long-term Interest: For any business, consumer satisfaction is essential. In today's times, with increasing competition, consumer satisfaction has become all the more important. As the organisation takes care of the interests of consumers, it builds goodwill and reputation in the market. This in turn helps in increasing the sales and profits of the business. Thus, protecting consumer's interests benefits the business in the long run.
- ii. Use of Resources: Any business survives on the basis of society. It uses the resources of society for its various production activities. It earns profits with the sale of these goods and services to society. Thus, the business must take care of the interest of society and supply goods and services, which adhere to the overall interests and wellbeing of society.
- iii. Ethical Reasoning: Every business must follow basic moral and ethical values. It must not follow any such business practices which lead to exploitation of consumers in any form.
- iv. Responsibility towards Society: Any business strives to exist on the basis of society. It sells various goods and services to consumers in society and earns profit. Thus, it is the responsibility of the business to consider this and work towards satisfying consumer interests.

QUESTION 3.

Mr. Verma who was a vegetarian went to a snack bar for having French fries and later found out that it had non-vegetarian content. Neither the advertisement nor the packing of the product displayed that the product has non-vegetarian content. Will Mr. Verma be able to claim compensation which right of the consumer is violated here?

Answer. In the given case there is violation of the consumer right to know. According to the amendment of the regulations in weight and measurement Act. (2000) every product should explicitly bear a green dot for vegetarian ingredients while brown reveals that non-vegetarian ingredients have been used. It is also mandatory to show the dot on an advertisements electronic or press and all posters, banners, stunts etc. hence Mr. Bharti would be able to claim the compensation.

QUESTION 4.

State any three directions which can be issued by the consumer court to the opposite party if it is satisfied about the genuineness of the complaint. (CBSE BOARD 2016)

Answer. The three directions, which can be issued by the consumer court to the opposite party if it is satisfied about the genuineness of the complaint, are:

1. Repair the defective goods or remove the deficiency in the service. 2. Replacement of the defective good with a new one. 3. Refund the price paid by the consumer for the goods or the services.

QUESTION 5.

What is meant by a 'consumer' as per the provisions of Consumer Protection Act, 1986?

Answer. As per the Consumer Protection Act, a consumer is defined as follows:

(i) Any individual who purchases any good for which he has paid or promised to pay; partly paid and promised to pay the remaining part. That is, it includes all individuals who use the goods with the approval of the seller. However, those individuals who purchase the goods for the purpose of resale or for commercial purposes are not considered as consumers.

(ii) Any individual who avails any service or hires a service for which he has paid or promised to pay; partly paid and promised to pay the remaining part. That is, it includes all individuals who have availed the service with the approval of the seller.

QUESTION 6.

State any three points of importance of consumer protection from the point of view of consumers. (CBSE BOARD 2014)

Answer.

Consumer protection refers to educating consumers regarding their rights and responsibilities along with the redressal of their grievances and complaints. Important points of consumer protection from the point of view of consumers:

i. Ignorance of consumers: In India, consumers are unaware about their rights and available reliefs; it becomes important to educate them about the rights of a consumer.

ii. Exploitation of consumers: Sellers are engaged in exploitative and unfair trade practices to increase sales, implying the need for consumer protection.

iii. Unorganized consumers: In India, consumer organisations and NGOs are few and not that powerful.

QUESTION 7.

Explain the following rights of consumers: (i) Right to be informed (ii) Right to safety

Answer. i. Right to be Informed: Every consumer has the right to have complete information with regard to goods and services purchased by them. For instance, they must have information regarding quality, quantity, price, ingredients and weight of goods and services. In India, it is mandatory by law for manufacturers to provide information about the product on its package and the label. This helps the consumer in making an informed, wise choice.

ii. Right to Safety: It is the right of consumers to safeguard themselves against goods and services, which can be hazardous to life, health or property. For example, consumers can be injured if they use defective electrical appliances. Every consumer has the right to protect himself against such goods.

QUESTION 8.

State any three functions performed by non-governmental organisations for consumer protection. (CBSE BOARD 2016)

Answer. The functions performed by Non- Governmental Organisations (NGOs) for consumer protection are as follows.

i) Consumer Education: The NGOs and consumer organisations organize various training programmes and workshops to educate the consumer about their rights and responsibilities.

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ii) Publishing Journals: In addition to the training programmes and seminars they also spread awareness through journals and periodicals. These journals and other publications provide knowledge about various consumer problems, legal remedies available and other such matters.

iii) Testing Quality of the Products: They carry out the quality tests for various products in laboratories and publish the results. Such results help the consumers in making informed choices.

QUESTION 9.

Who can file a complaint in a consumer court?

Answer: For the redressal of the grievances of consumers, consumer courts and consumer forums have been established under the Consumer Protection Act. The following can file a complaint in a consumer court. (i) Any consumer (ii) Any registered consumer association or organisation (iii) The Central and State Government (iv) A consumer or a group of consumers on behalf of a number of consumers having same interest. (v) A legal heir or a representative of the deceased consumer.

LONG ANSWER TYPE QUESTIONS (5 OR 6 MARKS)

QUESTION 1.

Pooja purchased a packet of juice from the local grocery shop. The information provided on the packet was not clear. She fell sick on consuming it. She filed a case in the District Forum under Consumer Protection Act and got the relief.

(a) Identify the important aspect which has been neglected by the marketer in the above case.

(b) Explain briefly the functions of the aspect identified in (a) above.

Answer. (a) The aspect neglected by the marketer in the above case is 'Labelling'. (b) The following points highlight the functions of labelling.

i) Description of use and contents: The main function performed by labelling is to provide the description about the product regarding its use, application, cautions, content, etc. For example, on the bottle of a shampoo, the contents are written, along with the cautions such as keep away from children below the age of 10. Similarly, on food products such as maggi cuppa mania, a picture of noodles is there describing its appearance. Along with this, the ingredients and procedure of making it is also stated.

ii) Identification and Differentiation: A label helps in easy identification of the product. It helps the consumers to differentiate their favorable products from other products. For example, in a potato chip product, a man eating potato chips is imprinted for identification. A label also provides other valuable information such as name or address of the manufacturer, net weight, maximum retail price, batch number, etc.

iii) Standardizing and Grading: A label also helps in setting grades for a product. This helps the marketers to classify the product in different categories based on certain specific quality or features. For example, a brand of face-cream comes in different categories such as oily skin, dry skin and normal skin.

iv) Promotes the Production: An attractive label helps the marketers in promoting the product as well. It helps in attracting more customers towards the product. For example, for Maggie noodles, the label says "Taste bhi, Health bhi". Herein, label plays an important role in highlighting the product and promoting its sale.

v) Information Required for Law: Label also provides and mentions the information, which are required to be mentioned as per the law. For example, on a packet of tobacco it is written 'chewing tobacco is injurious to health.'

QUESTION 2.

Indian Youth Organisation (IYO) organised a visit of its members to an old age home to inculcate the habit of social work among them. The visit revealed that the living conditions of the inmates of the old age home were not hygienic. So, the IYO members decided to clean the premises. During their cleanliness drive, they realised that the old age home also required pest control. But some of the inmates of old age home were reluctant for it because they believed that the pest control may create health problems for them. IYO, therefore decided to provide ethical, safe and odourless pest control. They showed to the inmates of old age home a pamphlet of the proposed pest control product which promised easy, inexpensive and long lasting pest control. The inmates happily agreed and the pest control was carried out. It worked for a fortnight but to their dismay the effect started wearing off. IYO contacted the pest control company which kept on postponing their visit. After waiting for a month, IYO filed a case in the consumer court. The consumer court was satisfied about the genuineness of the complaint and issued necessary directions to the pest control company. (a) State any six directions that might have been issued by the court.

(b) Also, identify any two values that are being communicated by IYO to the society. (CBSE BOARD 2017)

Answer. (a) The court may direct to

(i) Repair the defective goods or remove the deficiency in service. (ii) Replacement of the defective good with a new one. (iii) Refund the price that was paid by the consumer for the good or service. (iv) Payment of compensation in cash for the loss or injury suffered. (v) Removal of misleading advertisement and issue of a correct advertisement henceforth. (vi) Payment of an appropriate amount (not less than 5% of the good in question) to be credited to the Consumer Welfare Fund.

(b) Values involved

(i) Promoting cleanliness and hygiene (ii) Fulfilling social responsibility

QUESTION 3 .

Sumit purchased an ISI marked washing machine of a famous brand 'MG' from TG Electronics Ltd. The shopkeeper asked him to wait for two days for installation of the machine. His friend, Vivek, was very fond of experimenting with new electronic products. He told Sumit that there is no need to wait for the company's representative to install the machine and that he could do it. So, both of them installed the machine without following the manufacturer's instructions. Initially, the machine worked effectively and the wash was good. But after two days, the machine started stopping in between the wash cycle. Sumit and Vivek tried their best to start the machine but failed in their efforts. Sumit, therefore, approached TG 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 fulfil 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). (CBSE BOARD 2018)

Answer.

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

(b) Two rights which Sumit could have exercised had he fulfilled his responsibility:

i. Right to be Heard: It is the right of consumers to be heard in an appropriate legal forum in case of any grievance or dissatisfaction faced by them. In other words, a consumer has the right to file a complaint in case of any grievance.

ii. Right to Seek Redressal: It is the right of consumers to seek redressal in case of a grievance and, if required, demand a suitable compensation. The Consumer Protection Act provides for compensation in the form of replacement of product, cash compensation and repair/removal of defects.

QUESTION 4.

As a well informed consumer. what kind of quality certification marks you will look for before buying 'products? Specify any 6 points.

Answer. Some of the quality certification marks are:

(1) FPO(Fruit Products Order 1955) – It contains specification and quality control requirements regarding the production and marketing of processed fruits and vegetables ,sweetened aerated water, vinegar and synthetic syrups.

(2) ISI- On consumer durable products.

(3) Hall mark- BIS certification scheme for gold jewellery items.

(4) Earthen Pitcher –For Labeling Environment friendly products.

(5) AGMARK – It is a grade standard for agricultural commodities and like stock products. (6) Wool mark- It signifies 100% pure wool.

QUESTION 5.

Explain the rights and responsibilities of a consumer.

Answer :

The Consumer Protection Act enlists six rights for a consumer. The following are the rights of a consumer. 1. Right to Safety: Every consumer has the right to be safeguarded against those goods and services that are hazardous to life, health and property. For example, manufacturing defects in electrical appliances, cooking gas cylinders can be injurious. The consumer has the right to be protected against such products.

2. Right to be Informed: According to this, the consumer has the right to be informed of the quality, quantity, price, ingredients, weight, etc. of the goods and services. In India, it is legally mandatory for the manufactures to provide all such information on the package and the label of the goods. This enables the consumer to make a wise choice.

3. Right to Choose: A consumer has the right to choose from a variety of goods and services at competitive prices as per his wishes. That is, the consumer has the right to have access to a variety of products at fair and competitive price.

Thus, the retailer or the supplier should offer a variety of products in terms of quality, brand, price, etc. They should not induce the consumers towards the purchase of a particular product or service.

4. Right to be Heard: In case of any grievance or dissatisfaction, a consumer has the right to file a complaint. A consumer can file a legal complaint and seek redressal against any form of exploitation in appropriate forums established by the government. Nowadays, many consumer organisations and associations also work in this direction.

5. Right to Seek Redressal: A consumer has the right to seek redressal and compensation in case of any exploitation. The Consumer Protection Act provides for compensation in the form of replacement of product, cash compensation, repair/removal of defects, etc.

6. Right to Consumer Education: A consumer has the right to be educated and aware of his rights and the available remedies in case of exploitation. Many government and non-government organisation work actively in this regard.

In addition to the rights, a consumer has some responsibilities to safeguard himself from exploitation. The following are some of the responsibilities of a consumer. (i) Awareness: A consumer should be well aware of the availability of various goods and services. This enables him to make an informed and wise choice.

(ii) Looking for Quality Marks: A consumer must always look for the quality certification marks before the purchase of goods such as ISI in case of electrical goods, AGMARK in case of agricultural goods, etc.

(iii) Asking for Cash Memo: A consumer should always ask for cash memo or bills for the goods and services purchased. The bill acts a proof of purchase and can be used for future references in case of a complaint.

(iv) Reading Labels: Labels on goods provide information regarding price, weight, expiry date of the product. The consumer must read these labels carefully before purchasing the goods.

(v) Honest Transactions: A consumer must always choose legal dealings and discourage illegal trade practices such as black marketing and hoarding.

(vi) Ensure Safety: A consumer must carefully read the manuals and instructions provided by the manufacturer so as to ensure safe use of the product. For example, instructions provided on the electrical appliances must be carefully read before using them.

(vii) Filing Complaint: In case the product is found defective or any deficiency is found in the quality of the product, a complaint must be filed in the appropriate forum.

(viii) Consumer Societies: Consumer organisations and societies such as consumer Coordination Council, Common Cause, Karnataka Consumer Service Society, etc. must be formed to work towards consumer education and awareness.

(ix) Environment Protection: The consumers must also work towards environment protection by avoiding wastes, pollution control, etc.

KENDRIYA VIDYALAYA SANGATHAN
SUBJECT – BUSINESS STUDIES(054)

CLASS XII

TIME: 3 HOURS

MM: 80

General Instructions:

- (i) Answers to questions carrying 1 mark may be from one word to one sentence.
- (ii) Answer to questions carrying 3 marks may be from 50 to 75 words.
- (iii) Answer to questions carrying 4-5 marks may be about 150 words
- (iv) Answer to questions carrying 6 marks may be about 200 words.
- (v) Attempt all parts of a question together.

S.No	QUESTIONS	MARKS
1	A purchase manager of a company has to purchase 500 tonnes of raw material. Apart from the other suppliers in the market, his son also supplies that raw material. The manager purchases the raw material from the firm of his son at a rate higher than the market rate, which principle of management has been violated by this situation? (a) Unity of command (b) Unity of direction (c) Subordinating personal interest to general interest (d) Equity	1
2	The violation of which principle of management results in 'disorderly flow of information'? (a) Scalar Chain (b) Unity of Command (c) Authority and Responsibility (d) Stability of employees	1
3	Reducing the role of Public Sector and increasing the role of Private Sector falls under _____. (a) Liberalisation (b) Privatisation (c) Liberalisation and Privatisation (d) Globalisation	1
4	Under which environmental effect, IBM and Coca-Cola had to leave India? (a) Political (b) Social (c) Economic (d) Technical	1
5	"In case the debts are not paid within a month interest at a definite rate will be levied." To what element of planning does this saying point out? (a) Policy (b) Rule (c) Procedure (d) Budget	1

6	Where lies the need of organisation? (a) In business organization (b) In non-business organisation (c) In both (a) and (b) (d) No where	1
7	Centralization refers to (a) Retention of decision making authority (b) Dispersal of decision making authority (c) Creating divisions as profit centers (d) Opening new centers or branches	1
8	Span of management refers to (a) Number of managers (b) Length of term for which a manager is appointed (c) Number of subordinates under a superior (d) Number of members in top management	1
9	_____ is helpful in finding out a competent employee. (a) Planning (b) Staffing (c) Both the above (d) Organisation	1
10	Recruitment process starts with _____. (a) Strike (b) Lock out (c) Demand of employees (d) Invitation to interested people	1
11	_____ is included in Internal Source of Recruitment. (a) Promotion (b) Transfer (c) Both (d) None of these	1
12	What type of the process selection is? (a) Positive (b) Negative (c) Qualitative (d) Quantitative	1
13	According to which principle of management, all similar activities for the fulfilment of one object must be kept under one authority. Ans . Centralisation According to which principle of management, all similar activities for the fulfilment of one object must be kept under one authority.	1
14	_____ is an example of monetary motivation. (a) Bonus (b) Status (c) Job (d) Job Security	1
15	'Controlling in the absence of planning is blind' what does this statement indicate in respect of both? (a) Only planning is essential (b) Only controlling is essential (c) Both are essential (d) Both are unnecessary	1
16	When does the measuring of actual performance become meaningful? (a) When standards are more than the need (b) When the standards have not been set (c) When the standards have been set (d) When standards are less than the need	1
17	Which deviation is the most important? (a) Negative (b) Positive (c) None (Nil) (d) All the above	1
18	Use of machines makes the use of fixed capital _____. (a) More (b) Nil (c) Less (d) Very little	1
19	Which investment decisions are difficult to be changed? (a) Working capital decision (b) Fixed capital decision (c) Both (a) & (b) (d) None of these	1
20	Money market deals in _____ securities. (a) Mid-term (b) Long-term (c) Short-term and long-term (d) Short -term	1
b.	Explain the next three steps in the process of controlling after setting up of target (standard).	3

	OR	
	Control is backward looking and planning is forward looking. Explain.	
c.	Pankaj a shoe manufacturer for school students decided to use indirect channel of distribution to sell his product. Briefly explain the different forms of indirect channel available for him.	3
d.	Supervision is not at all required in an organization. Do you agree? Give two reasons in support of your answer.	3
e.	What is meant by non-monetary incentives? Explain any two types of non-monetary incentives which contribute to the performance of employees.	3
f.	ABC company is facing a lot of problems these days . it manufactures electric goods like washing machines, refrigerators and air conditioners etc. the company's margins are under pressure and the profits and market share are declining.The production department blames marketing for not meeting sales targets and marketing blames production department for producing goods, which are not of good quality meeting customer's expectations . The finance department blames both production and marketing for declining return on investment and bad marketing. What quality of management do you think the company is lacking ? State any two points essence of it.	3
g.	Financial market plays an important role in the allocation of scare resources in and economy by performing many important functions. Explain any four such functions.	4
h.	Management function cannot be carried out efficiently due to barriers of communication. Explain any four organizational barrier of communication in the light of this statement.	4
i.	During Boom period, Sohan Industries (Water cooler industries) decided to reduce the rest interval of workers from 45 minustes to just 10 minutes. However due to heavy work load and reduction in time of rest interval, efficiency of workers went down and it led to fall in production level, instead of rising. i. Which technique of scientific management should be followed by Sohan Industries? Also state the technique. ii. What should be done by the company to make the technique effective?	4
	OR	
	Name and explain the principle of management being violated in the following cases :- 1) Sachin receives order from the planning incharge as well as the production incharge. 2) Mr. Rohit, the HR manager, grants one of his assistant 15 days paid leave but rejected the leave application of other assistant who was appearing in an exam.	
j.	What is meant by recruitment? Explain any five external sources of recruitment of employees.	5
k.	Sudhir Gupta and Jagat Gupta have decided to start a business of stationery. They have identified the following main activities which they have to perform:- a) Purchase of raw material b) Purchase of machinery c) Production of stationery d) Arrangement of finance e) Sale of stationery f) Selection of employees g) Identifying the areas where they can sell their product. In order to facilitate the work they create four managerial positions to look after 1.Production 2. Finance 3.Marketing 4. Personnel (A) Identify the function of management Sudhir Gupta and Jagat Gupta performed in the above given statement. (B) Explain the steps followed in the process of this function of management.	5
	Or	
	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. For quality conscious consumers, the company is introducing new models with added features and new technological advancements. Questions. i. Prepare a model business plan for C Ltd meet the existing challenge. You need not to be very specific about quantitative parameters. You may specify which type of plan you are preparing.	

	<p>ii. Identifying the limitations of such plan.</p> <p>iii. How will you seek to remove these limitations?</p>	
I.	You are a mobile manufacturer and you have introduced a new brand of mobile in the market. What are the factors those you consider while determining the price of your product?	5
m.	<p>Explain any five points which highlight the importance of controlling function of management.</p> <p style="text-align: center;">Or</p> <p>Explain different financial and non-financial incentives used to motivate employees of a company?</p>	6
n.	<p>Explain the redressal mechanism available to consumers under the Consumer Protection Act, 1986.</p> <p>Mr. Kabir is a finance manager of XYZ Ltd. The directors have asked Mr. Kabir to determine the amount of working capital requirement for the company. Explain any six factors those should be considered while determining the working capital requirement for the company.</p> <p style="text-align: center;">Or</p> <p>The director of a company want to modernize its plant and machinery by making a public issue of shares. They wish to approach stock exchange, while the finance manager prefers to approach a consultant for the new public issue of shares.</p> <p>i. Advise the directors whether to approach stock exchange or a consultant for new public issue of shares and why?</p> <p>ii. Also advise about the different methods which the company may adopt for the new public issue of shares.</p>	6
o.	<p>Metlapp Networks and Technologies Ltd. is a leader in technology innovation in the United States, creating products and solutions for connecting the world. It has,, a large research and development team which invented the first smart watch, named as W-7. The watch besides showing the time, also monitors few health parameters like heart beat, blood pressure etc. While in search of markets abroad, the company found that in India, the reform process was underway with the aim of accelerating the pace of economic growth. The company decided to take advantage of simplified export procedure and removal of quantitative as well as tariff restrictions in India. It set up its office in Jamnagar with a view to capture the Indian market. In a short span of time, the company emerged as a market leader. Success of the company attracted many other players to enter the market. Competition resulted in reduction in prices, thereby benefiting the customers.</p> <p>1. In the above paragraph, two major concepts related to government policy have been discussed. Identify and explain these concepts.</p> <p>2. Also, explain briefly any three impacts of these concepts on Indian business and industry.</p>	6

SUBJECT – BUSINESS STUDIES (054)
MARKING SCHEME
Class XII

1.	(c) Subordinating personal interest to general interest	1
2.	(a) Scalar Chain	1
3.	(b) Privatisation	1
4.	(a) Political	1
5.	(b) Rule	1
6.	(c) In both (a) and (b)	1
7.	(a) Retention of decision making authority	1

8.	(c) Number of subordinates under a superior	1
9.	(b) Staffing	1
10.	(d) Invitation to interested people	1
11.	(c) Both a and b	1
12.	(b) Negative	1
13.	Centralisation	1
14.	(a) Bonus	1
15.	(c) Both are essential	1
16.	(c) When the standards have been set	1
17.	(a) Negative	1
18.	(a) More	1
19.	(b) Fixed capital decision	1
20.	(d) Short -term	1
21.	Next three steps in the process of controlling after setting up of target 1) Measuring of performance. 2) Comparing performance against standard. 3) Analyzing deviations. (1/2 mark for each step and 1/2 mark for each explanation) OR A control means review of performance fixed in planning process whereas planning means deciding future course of action. (maximum any three 1 Mark for each)	3
22.	Forms of indirect channel for distribution :- 1) One level channel, 2) Two level channel, 3) Three level channel (1/2 Mark for each heading and 1/2 Mark for the explanation, maximum two)	3
23.	No, I do not agree to that statement. (1 Mark for not agree and 1 Mark for each suitable reason)	3
24.	Non-monetary incentives = Incentives which cannot be calculated in terms of money are known as non-monetary incentives. Mark = 1 Types of non-monetary incentives: - 1) Status 2) Organizational climate 3) Career advancement 4) Job enrichment 5) Employee's recognition 6) Job security 7) Employee's participation 8) Employee empowerment. Any two (1/2 Mark for each correct incentive and 1/2 Mark for each explanation)	3
25.	Cordination.	3
26.	Functions of financial market:- 1) Mobilization of saving and channelization them into more productive use 2) Facilitates price discovery. 3) Provides liquidity to financial assets 4) Reduces the cost of transactions (1/2 Mark for each function and 1/2 Mark for each explanation maximum four points)	4
27.	Organizational barriers of communication: - 1) Organizational policy 2) Rules and regulations 3) Status difference 4) Complex organization. 5) Organizational facilities. (Any four, 1 Mark for each)	4
28.	i. Fatigue Study. It refers to determining the amount and frequency of rest-intervals required to revitalize an employee while performing the job. ii. To make this technique, the co should determine the amount and frequency of rest intervals not randomly, workers should be observed by noting down the time. (2+2) OR Principle of management violated 1) Unity of command 2) Principle of Equity (1 Mark for each principle and 1 Mark for each explanation)	4

29.	<p>Recruitment: - Recruitment means inducing or attracting more and more candidates to apply for vacant job positions in the organization. Mark=1</p> <p>External sources of recruitment</p> <p>1) Direct recruitment 2) Casual callers 3) Media advertising 4) Employment exchange 5) Placement agencies 6) Campus recruitment 7) Recommendations from present employees 8) Labour contractor 9) Factory gate</p> <p>(1/2 Mark for each source and 1/2 Mark for each explanation, maximum four sources)</p>	5
30.	<p>Function of management: - Organizing. (Mark=1)</p> <p>Organizing process</p> <p>(1) Identification and division of work. (Mark=1)</p> <p>(2) Grouping the jobs and departmentalization. (Mark=1)</p> <p>(3) Assignment of duties. (Mark=1)</p> <p>(4) Establishing reporting relationship. (Mark=1)</p> <p style="text-align: center;">Or</p> <p>Strategy as a type of plan made by C Ltd.</p> <p>The various steps of planning prepared by the Co are</p> <ol style="list-style-type: none"> a. Set-up its objectives b. The Co can cut down its prices without compromising the quality c. Use sales promotion tools <p>Limitations of such plan- a costly process, time consuming process, may not work in dynamic environment.</p> <p>For overcome the limitations the following measures can be taken:</p> <p>I can keep a strict watch on time limit.</p> <p>II Properly monitor the environment. (1+2+2)</p>	5
31.	<p>Six factors affecting requirement of working capital are as follows :-</p> <p>1) Length of operating cycle 2) Nature of business 3) Scale of operation 4) Business cycle fluctuations 5) Seasonal factors 6) Technology and production cycle 7) Credit allowed</p> <p>8) Credit avail 9) Operating efficiency 10) Availability of raw material 11) Level of competition 12) Inflation 13) Growth prospectus</p> <p>Any six (1/2 mark for each factor and 1/2 mark for each explanation)</p> <p>Or</p> <ol style="list-style-type: none"> a. It is advised the director to approach a consultant for new issue of shares as it is not possible through stock exchange. In stock exchange buying and selling of previously issued securities is done. b. New public issue of shares is the activity of the primary market. So, the director should approach the consultant. <p>b. Different methods for new public issue of shares are: offer through prospectus, offer for sale, private placement, right issue, e-IPO (3+3)</p>	5
32.	<p>Importance of controlling :-</p> <p>1. Helps in achieving organizational goal. 2. Judging accuracy of standard. 3. Making efficient use of resources. 4. Improving employees' motivation. 5. Ensures order and discipline. 6. Facilitates coordination in action. 7. Controlling helps in improving the performance of the employees. 8. Controlling helps in minimizing the errors.</p> <p>Any five (1/2 Mark for each heading and 1/2 Mark for each explanation)</p> <p>Or</p> <p>Explanation of financial incentive 3 Marks</p> <p>Explanation of non-financial incentive 3 Marks</p>	6

33.	<p>Following factors should be kept in mind while determining the price of mobile :- 1) Pricing objective. 2) Product cost. 3) Extent of competition in the market. 4) Customer demand and utility 5) Government and legal regulations 6) Marketing method used.</p> <p>(1 mark for each, maximum five factors with explanation)</p> <p style="text-align: center;">or</p> <p>Three-tier redressal mechanism are:</p> <ul style="list-style-type: none"> i. District forum ii. State commission iii. National commission <p>(1 mark for each forum and 1 mark for their explanation)</p>	6
34.	<p>Liberalisation and globalisation</p> <p>Increasing competition, More demanding customers, Rapidly changing technological environment</p>	6
