KENDRIYA VIDYALAYA SANGATHAN

RAIPUR REGION

तत् त्वं पूषन् अपावृणु

केन्द्रीय विद्यालय संगठन

STUDENT SUPPORT MATERIAL

(INCLUDING COMPETENCY BASED QUESTIONS)

BUSINESS STUDIES XII

2022-23

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Business Studies
CLASS–XII (2022-23)

Theory: 80 Marks **3 Hours**
Project: 20 Marks

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

Part A: Principles and Functions of

ManagementUnit 1: Nature and Significance

of Management

Concept	**After going through this unit, the student/ learner would be able to:**
Management - concept, objectives, andimportance	• Understand the concept ofmanagement. • Explain the meaning of ‘Effectiveness and Efficiency. • Discuss the objectives ofmanagement. • Describe the importance ofmanagement.
Management as Science, Art andProfession	• Examine the nature of management as a science, art andprofession.

Levels of Management	• Understand the role of top, middleand lower levels of management
Management functions- planning, organizing, staffing, directing andcontrolling	• Explain the functions ofmanagement
Coordination- concept and importance	• Discuss the concept and characteristics of coordination. • Explain the importance ofcoordination.

Unit 2: Principles of Management

Principles of Management- concept andsignificance	• Understand the concept ofprinciples of management. • Explain the significance ofmanagement principles.
Fayol's principles of management	• Discuss the principles of management developed by Fayol.
Taylor's Scientific management- principlesand techniques	• Explain the principles andtechniques of 'Scientific Management'. • Compare the contributions of Fayoland Taylor.

Unit 3: Business Environment

Business Environment- concept andimportance	• Understand the concept of'Business Environment'. • Describe the importance ofbusiness environment
Dimensions of Business Environment- Economic, Social, Technological, Politicaland Legal Demonetization - concept and features	• Describe the various dimensions of'Business Environment'. • Understand the concept ofdemonetization

Unit 4: Planning

Concept, importance and limitation	• Understand the concept ofplanning. • Describe the importance ofplanning. • Understand the limitations ofplanning.
Planning process	• Describe the steps in the processof planning.
Single use and standing plans. Objectives, Strategy, Policy, Procedure, method Rule,budget and Programme	• Develop an understanding of singleuse and standing plans • Describe objectives, policies, strategy, procedure, method, rule, budget and programme as types ofplans.

Unit 5: Organising

Concept and importance	• Understand the concept of organizing as a structure and as a

	process. • Explain the importance oforganising.
Organising Process	• Describe the steps in the processof organizing
Structure of organisation- functional anddivisional concept. Formal and informal organisation- concept	• Describe functional and divisionalstructures of organisation. • Explain the advantages, disadvantages and suitability of functional and divisional structure. • Understand the concept of formaland informal organisation. • Discuss the advantages, disadvantages of formal andinformal organisation.
Delegation: concept, elements andimportance	• Understand the concept ofdelegation. • Describe the elements ofdelegation. • Appreciate the importance ofDelegation.
Decentralization: concept and importance	• Understand the concept ofdecentralisation. • Explain the importance ofdecentralisation. • Differentiate between delegationand decentralisation.

Unit 6: Staffing

Concept and importance of staffing	• Understand the concept of staffing. • Explain the importance of staffing
Staffing as a part of Human ResourceManagement concept	• Understand the specialized duties and activities performed by Human Resource Management
Staffing process	• Describe the steps in the processof staffing

Recruitment process	• Understand the meaning ofrecruitment. • Discuss the sources of recruitment. • Explain the merits and demerits of internal and external sources ofrecruitment.
Selection – process	• Understand the meaning ofselection. • Describe the steps involved in theprocess of selection.
Training and Development - Concept andimportance, Methods of training - on the	• Understand the concept of trainingand development.
job and off the job - vestibule training, apprenticeship training and internshiptraining	• Appreciate the importance of training to the organisation and tothe employees. • Discuss the meaning of inductiontraining, vestibule training, apprenticeship training and internship training. • Differentiate between training anddevelopment. • Discuss on the job and off the jobmethods of training.

Unit 7: Directing

Concept and importance	• Describe the concept of directing. • Discuss the importance of directing
Elements of Directing	• Describe the various elements ofdirecting
Motivation - concept, Maslow's hierarchy ofneeds, Financial and non-financial incentives	• Understand the concept ofmotivation. • Develop an understanding ofMaslow's Hierarchy of needs. • Discuss the various financial andnon-financial incentives.
Leadership - concept, styles - authoritative,democratic and laissez faire	• Understand the concept ofleadership. • Understand the various styles ofleadership.

Communication - concept, formal and informal communication; barriers to effective communication, how to overcomethe barriers	• Understand the concept ofcommunication • Understand the elements of thecommunication process. • Discuss the concept of formal andinformal communication. • Discuss the various barriers toeffective communication. • Suggest measures to overcomebarriers to communication.

Unit 8: Controlling

Controlling - Concept and importance	• Understand the concept ofcontrolling. • Explain the importance ofcontrolling.
Relationship between planning andcontrolling	• Describe the relationship betweenplanning and controlling
Steps in process of control	• Discuss the steps in the process ofcontrolling.

Part B: Business Finance and

MarketingUnit 9: Financial

Management

Concept, role and objectives of FinancialManagement	• Understand the concept of financialmanagement. • Explain the role of financial management in an organisation. • Discuss the objectives of financialmanagement
Financial decisions: investment, financing and dividend- Meaning and factorsaffecting	• Discuss the three financial decisions and the factors affectingthem.
Financial Planning - concept andimportance	• Describe the concept of financialplanning and its objectives. • Explain the importance of financialplanning.

Capital Structure – concept and factorsaffecting capital structure	• Understand the concept of capitalstructure. • Describe the factors determining the choice of an appropriate capitalstructure of a company.
Fixed and Working Capital - Concept andfactors affecting their requirements	• Understand the concept of fixedand working capital. • Describe the factors determiningthe requirements of fixed and working capital.

Unit 10: Financial Markets

Financial Markets: Concept	• Understand the concept of financialmarket.
Money Market: Concept	• Understand the concept of moneymarket.
Capital market and its types (primary andsecondary)	• Discuss the concept of capitalmarket. • Explain primary and secondary markets as types of capital market. • Differentiate between capitalmarket and money market. • Distinguish between primary andsecondary markets.
Stock Exchange - Functions and tradingprocedure	• Give the meaning of a stockexchange. • Explain the functions of a stockexchange. • Discuss the trading procedure in astock exchange.
	• Give the meaning of depository services and demat account as used in the trading procedure of securities.
Securities and Exchange Board of India(SEBI) - objectives and functions	• State the objectives of SEBI. • Explain the functions of SEBI.

Unit 11: Marketing

Marketing – Concept, functions andphilosophies	• Understand the concept ofmarketing. • Explain the features of marketing. • Discuss the functions of marketing. • Explain the marketing philosophies.
Marketing Mix – Concept and elements	• Understand the concept ofmarketing mix. • Describe the elements of marketingmix.
Product - branding, labelling andpackaging – Concept	• Understand the concept of productas an element of marketing mix. • Understand the concept of branding, labelling and packaging.
Price - Concept, Factors determining price	• Understand the concept of price asan element of marketing mix. • Describe the factors determiningprice of a product.
Physical Distribution – concept, components and channels of distribution	• Understand the concept of physicaldistribution. • Explain the components of physicaldistribution. • Describe the various channels ofdistribution.
Promotion – Concept and elements; Advertising, Personal Selling, Sales Promotion and Public Relations	• Understand the concept of promotion as an element ofmarketing mix. • Describe the elements of promotionmix. • Understand the concept of advertising. • Understand the concept of salespromotion. • Discuss the concept of publicrelations.

Unit 12: Consumer Protection

Concept and importance of consumerprotection	• Understand the concept ofconsumer protection. • Describe the importance of

	consumer protection. • Discuss the scope of ConsumerProtection Act, 2019
The Consumer Protection Act, 2019: *Source:* http://egazette.nic.in/WriteReadData/2019/210422.pdf Meaning of consumer Rights and responsibilities of consumersWho can file a complaint? Redressal machinery Remedies available	• Understand the concept of a consumer according to the Consumer Protection Act, 2019. • Explain the consumer rights • Understand the responsibilities ofconsumers • Understand who can file a complaint and against whom? • Discuss the legal redressal machinery under Consumer Protection Act, 2019. • Examine the remedies available to the consumer under ConsumerProtection Act, 2019.
Consumer awareness - Role of consumerorganizations and Non-Governmental Organizations (NGOs)	• Describe the role of consumerorganizations and NGOs in protecting consumers' interests.

Unit 13: Project Work

UNIT- 1
NATURE AND SIGNIFICANCE OF MANAGEMENT

Quick revision

Meaning of management -Management is a process which consist of series of inter related functions that are performed by all managers to achieve the goals of an organization effectively and efficiently.

Definition - in the words of Koontz," management is the art of getting things done through others and with formally organised groups."

Features of management

1. **Management is a goal-oriented process**- Management unites the efforts of different individuals in the organisation towards achieving these goals.
2. **Management is all pervasive**.- The activities involved in managing an enterprise are common to all organisations whether economic, social or political
3.**Management is multidimensional**.- Management of work,people and operations.
4.**Management is a continuous process**- The process of management is a series of continuous, composite, but separate functions (planning, organising, directing, staffing and controlling)
5.**Management is a group activity**- Every member of the group has a different purpose for joining the organisation but as members of the organisation they work towards fulfilling the common organisational goal.That's why it is a group activity.
6.**Management is a dynamic function**- Management is a dynamic function and has to adapt itself to the changing environment
7.**Management is an intangible force**- The effect of management is noticeable in an organisation where targets are met according to plans, employees are happy and satisfied, and there is orderliness instead of chaos.

Objectives of management

1.**Organisational objectives**- These are related with survival profit earning and growth of an organisation.
2.**Social objectives** -These involved creation of benefits for the society.
3.**Personal Objective-** These are related to full filling the financial social and higher-level needs of employees.

Importance of management

- Management helps in achieving group goals.
- Management improves efficiency.
- Management create a dynamic organisation.
- Management helps in achieving personal objectives.
- Management helps in development of society.

Nature of management

1)management as science.
2) Management as an art.
3) Management is a science as well as an art.

	4)Management as profession **<u>Levels of Management -</u>** 1) Top level 2)Middle level 3)Operational level **<u>Functions of management -</u>** There are main five functions of Management Planning, Organising, Staffing, Directing and Controlling **<u>Meaning of coordination-</u>** Coordination is the force that binds all the functions of Management it is considered as the essence of management. 1. Integrated groups. 2. Ensures unity of action. 3.It is a continuous process. 4. It is all pervasive. 5. It is a deliberate function of management **<u>Importance of coordination</u>-** 1.Coordination is necessary to manage large organisation. 2. due to functional differentiation in departments and division it is required to bring in a degree of homogeneity. 3. To create unity of action among specialist it is required in organisation.	
	Multiple choice questions	
1	_____ essentially implies a process which coordinates human efforts, assembles resources and integrates both into a unified whole to be utilised for achieving specified objectives. A.Coordination B.Planning C.Organising D.Directing	1
2	One of the objectives of management is to generate demand of its products so that at least such revenue can be generated which is sufficient for covering the costs. Identify the organisational objective of management. A. Survival B. Profits C. Growth D. All of Above	1
3	A company's target production is 5000 units in a year. To achieve this target the manager has to operate on double shifts due to power failure most of the time. The manager is able to produce 5000 units but at a higher production cost. The manager is : (a) Effective and efficient (b) Effective but not efficient (c) Efficient but not effective (d) Neither effective nor efficient	1
4	Consideration of the interest of employees during managerial activities is known as (a) organisational objectives (b)social objectives (c) personal objectives (d) All of these	1

5	Management is essential for the following enterprises (a) profit or non profit (b) services or manufacturing (c) big or small (d) all of these	1
6	Managerial activities are performed in all types of organization, in all departments and at all levels which management character is highlighted here? (a)continuous (b) All pervasive (c)dynamic (d) group activity	1
7	Management is not called perfect science due to its association with (a) general truth (b) facts and logics (c)human nature (d) none of these	1
8	Policy formation is the function of (a) operational management (b) middle level management (c) top level management (d) All of these	1
9	Name the level of management engaged in overseeing the activities of the workers. (a)top level management (b)middle level management (c) operational level management (d) All of these	1
10	At which level of management are the managers responsible for maintaining the quality of output and the safety standards? (a)Top level management (b)middle level management (c) operational level management (d) None of these.	1
11	Supervision, communication, motivation and leadership are the key elements of which function of management (a)Directing. (b)controlling (c)planning (d) organising	1
12	Name the process by which a manager synchronizes the activities of different departments. (a)Directing. (b) cooperation (c) coordination (d)controlling	1
13	The first line managers fall under which level of management (a) Top Level (b)Middle Level (c) Operational Level (d) None of these	1

14	. ……. Function of management is considered as base for all other functions (a) coordination (b) organising (c) planning (d) directing	1
15	Like a thread in a garland,..... concept of management can be said to be as Central as thread in a garland (a)organising. (b)planning (c)directing (d)coordination	1
16	Match the functions of management with their respective examples: Functions of Management — Examples A.Planning — (i) Conform actual results with planned results B. Organising — (ii) Bridge the gap between where we are and where we want to go C. Staffing — (iii) Establishing authority responsibility relationship D. Directing — (iv) Right people for the right job E. Controlling — (v) Putting resources into action Identify the correct option. A B C D E (a) (i) (v) (iv) (ii) (iii) (b) (i) (iv) (iii) (ii) (iv) (c) (ii) (iii) (iv) (v) (i) (d) (iii) (iv) (i) (v) (ii)	1
	Assertion reason type questions: Read the following statements- Assertion (A) and Reason (R) Choose one of the correct alternatives given below: Alternatives: (a)Both A and R are true and R is the correct explanation of A. (b) Both A and R are true and R is not the correct explanation of A (c) A is true but R is false. (d) A is false but R is true.	

1	Assertion (A) The main objective of any organisation is optimal utilisation of resources so as to derive maximum advantage from them. Reason (A) The main aim of every manager in any organisation is to complete work without minimising the cost.	1
2	Assertion (A) Middle level management acts as a link between top manager and the division head. Reason (R)Division heads are responsible for implementing and controlling plans and strategies formulated by top management	1
	Source Based Question (MCQ)	
	Read the following text and answer the following questions from 1to 4 on the basis of the same: Mansi is the production manager of Mehak Perfumes Pvt. Ltd. The company's objective is to promote the sales of Organic Perfumes which are made from 100% naturally-sourced ingredients, usually plant- based, and extracted without chemical intervention. She appoints a team of engineers and experts in the field of Environmental Working group having idea of plants , flowers and natural oils used for making organic perfumes in the company .She decides quantities, variety, colour and design of bottles and allocates resources for their purchase form different supplies. They developed some eco- friendly perfumes with an amazing smell. Although the products looked very attractive and impressive, they were relatively expensive on the front of affordability for an average customer. Mansi suggested that they should keep the costly ranges of perfumes for elite class customers making them available only in special showrooms and offer the regular ranges like, rose,jasmine,lemon,etc. through large retail outlets to keep costs under control.	
1	"She appoints a team of engineers and experts in the field of Environmental Working group having idea of plants, flowers and natural oils used for making organic perfumes in the company." Which function of management is highlighted in this context? (A)Controlling (B) Staffing (C) Planning (D)Directing	1
2	In the above case "The company's objective is to promote the sales of Organic Perfumes which are made from 100% naturally-sourced ingredients, usually plant- based, and extracted without chemical intervention." The above line focuses on which feature of management? (A)Management is an intangible force (B) Management is a goal oriented process (C) Management is pervasive in nature (D)Management is a continuous process	1
3	With reference to the above case, at which level of management Mansi is working? (A)Lower level (B) Top level (C) Middle level (D)Shop floor	1

4	"Mansi suggested that they should keep the costly ranges of perfumes for elite class customers in special showrooms and offer the rose, jasmine, lemon and similar ones through large retail outlets to keep costs under control." Which function of management is highlighted in this context? (A)Controlling (B) Staffing (C) Organising (D)Planning	1
	Short answer type questions(3/4 mark Questions)	
1	Define management. (Ans. Management is the process of planning, organising, staffing, directing and controlling the enterprise resources efficiently and effectively for achieving the goals of the organisation.)	3
2	Discuss any four basic features of management as a profession. (Ans.1. well defined body of knowledge. 2. restricted entry. 3. Presence of professional association 4. Existence of ethical code 5 Service motives.	4
3	Suraj Power Ltd. set up a factory for manufacturing solar lanterns in a remote village as there was no reliable supply of electricity in rural areas: The revenue earned by the company was sufficient to cover its cost, so the company decided to increase production to generate higher sales. For this they decided to employ people from the nearby villages as very few job opportunities were available in that area. The company also decided to open schools and creches for the children of its employees. Identify and explain the objectives of management discussed above. Ans. The objectives of management referred to are: (a) Organisational Objective: It refers to the utilisation of human and physical resources available in the organisation, considering the interest of all stakeholders. (b) Social Objective: It refers to the consideration of the interest of the society during managerial activities.	4
4	Mr Sharma is managing director of Happy Ltd manufacturing different varieties of cheese .He has an efficient team working under Raman, the production manager, Vivan , the marketing manager and Aditya, the finance manager. They understand and interpret the policies made by Mr Sharma, ensure that their departments have adequate manpower and assign them the necessary duties. (a) State two more functions other than those mentioned above that this team may perform at the level they are working. (b) Also recognise the level. Ans. (a) (1)Motivating employees (2) Creating cooperation	3

	(b) Middle level management	
5	At which level of management, managers are responsible for the welfare and survival of the organisation. Explain. Ans Top level management	3
6	." Management is intangible. “Explain. Ans Management functions cannot be physically seen but its presence can be felt through the orderliness and coordination in the working environment.	3
7	Why management is considered a multi dimension function? Ans. Management is considered a multidimension function because it includes three main activities management of work, management of people and management of operations	3
8	"Management is considered to be both an art and science." Explain. Ans. Features of management as Art and as Science. Management has features of both art and science. The practice of management is an art. However, managers can work better if their practice is based on the principles of management which constitute the science of management.	4
9	Coordination is the essence of management.Give reasons? Ans. Coordination brings unity of action and integrates different activities of organisation coordination is considered as the essence of management because 1. coordination is needed to perform all the functions of management. 2.coordination is required at all the levels 3 coordination is the most important function of an organisation	3
10	Three groups of employees of 'Gama Limited' are working at different posts. The first group of employees is responsible for the welfare and survival of the organisation. In order to discharge its responsibility properly, this group continuously keeps a watch over the Business Environment. With a view to coping with the changes going on in the Business Environment, this group immediately discusses the change to be brought about in the company's plans. The second group of employees is responsible for maintaining quality and safety standards, and minimising wastages. The responsibility of third group of employees is to explain the policies decided by the top management and developing the feeling of cooperation among all the departments of the company. (a) Identify the concept of management described in the paragraphs given above. (b) Identify the three types of the concept identified in 'a' by quoting the relevant lines. Ans. (a) Here the levels of management have been described. (b) Here the following three levels of management have been highlighted: (1) The first group……. of the organisation Top-Level Management	4

	(ii) "The second group……wastages Lower-Level Management (iii) The responsibility of third group…… departments of the company." Middle level Management	
	LONG ANSWER TYPE QUESTIONS(6 MARKS)	
1	Miss Surbhi is a senior manager in Soft touch Soap factory Pvt. Ltd. She has got the administrative qualities of a good manager and all the qualities of a leader in her. She is running the whole business successfully. She divides the work among her workers on the basis of their respective capability and interest.Not only does she hand over the work to them, but also gives them the authority to take decisions. She pays full attention to making them capable enough to participate in the realisation of the objectives of business. In her company people of several religions and castes are working. Even then she has succe ded in uniting them in a group. She knows that the success of her company depends upon the level of production which entails the flow of input material and the technology for transforming this input into the desired output for consumption. This is the reason that Miss Surbhi is keeping a special watch over this department of hers. Actually, this is the department on the performance of which depends the survival of company in the market for a long time. Identify and explain the characteristics of management described in the paragraphs above by quoting the relevant lines. Ans. In the above paragraphs the characteristic of management described is that 'management is multidimensional.' In this discussion the following dimensions of management have been touched. (1) Not only does …….take decisions. Management of work (2) "She pays full…….uniting them in a group," Management of people (3) "She knows that the ……..for consumption." Management of operations.	6
2	Sumit Gupta is working as the Managing Director in ' Tech. Limited. He has got knowledge and a long experience of management. He understands every complexity of management. This reservoir of knowledge he has obtained through continuous practice. Whenever he was faced with managerial problems, he faced them with firmness and tried to learn something from them. There are four departments in all in Mr Gupta's company. They are: Marketing. Production, Finance and Personnel. The Marketing Department of the company has fixed high objectives of sales. All the Sales Executives are working hard day in and day-out to achieve the objectives. On the other hand, the Manager of the production department has started the repair work in the factory at a large scale. Consequently, it has not been possible to supply the sales orders It was beyond	6

	everybody's understanding how the two departments working under so highly experienced Managing Director made such a big mistake. (a) Which concept of management is related to the mistake made at the departmental level . (b) Identify the characteristics of art available in management by quoting the relevant lines. Ans. (a) Here coordination, one of the concepts of management has been highlighted. There has been a lack of coordination between the Marketing Department and Production Department. For this, along with departmental managers, the Managing Director is also answerable. (b) (i)"He has got knowledge and a long…… every complexity of management." Existence of theoretical knowledge. (ii) "This reservoir of knowledge……. continuous practice." Based on practice and creativity.	

ANSWER TO MCQs/OBJECTIVE BASED QUESTIONS

1.Ans(c) 2. Ans (a)
3. Ans (b) 4. Ans (c)
5. Ans (d) 6. Ans (b)
7. Ans(c) 8. Ans. (c) top level management
9. Ans (c) 10. Ans (c)
11. Ans (a)
12. Ans (c)
13. Ans (c)
14Ans. (C)
15. Ans (d)
16. Ans. (c)

Assertion /Reason Based Questions

1. Ans © a is correct as it is the main objective of an organisation R is not correct as every manager is required to minimise the cost and to increase output through effective planning
2.Ans. (d) A is false as middle level management act as a link between top management and lower management (inspectors) are is correct as the division head is part of middle level management

Source Based Question(MCQ)

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

UNIT- 2

PRINCIPLES OF MANAGEMENT

Principles of Management: Concept. Nature and Significance (Gist)

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

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

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

General Principles of Management Developed by Henri Fayol

1. **Division of Work:** According to this principle, the entire work should be divided into different tasks and instead of assigning the entire work to one person, one task or work should be assigned to one person according to his competence, qualification and experience leading to specialisation.
2. **Authority and Responsibility**: Authority is the right of a superior to give orders to his subordinates and obtain obedience. Responsibility means obligation to carry out an assigned job on time.There should be balance between the two.
3. **Discipline:** In management discipline means obedience, respect of authority and complying with the rules and regulations of the organisation.
4. **Unity of Command**: This principle states that a subordinate should receive orders/instructions from only one superior at a time and that subordinate should be accountable only to that superior.
5. **Unity of Direction**: Unity of direction states that there should be "ONE HEAD AND ONE PLAN" for a group of activities having the same objective.

6. **Subordination of Individual Interest to General Interest**: An organisation is superior to its individual employees. The interest of the organisation must be given priority over the interest of the individuals or employees.

7. **Remuneration of Employees**: This principle states that remuneration payable to employees should be fair, equitable and reasonable so as to give maximum amount of satisfaction to both the employees and the organisation.

8. **Centralisation and Decentralisation**: Centralisation means the concentration of authority at the top management. On the other hand, decentralisation means sharing of authority at all levels of management.
9. **Scalar Chain**: Scalar chain refers to the formal lines of authority or chain of superiors from highest to lowest rank. The gang plank is a shorter route in a scalar chain which permits two persons at the same level to communicate directly with each other.
10. **Order**: This principle states that in an organisation there should be a place for everyone and everything and that everyone/everything should be at its right place.
11. **Equity**: This principle suggests that managers should be fair and impartial while dealing with their subordinates.

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

13. **Initiative**: Workers should be encouraged to develop and carry out their plans for improvement.
14. **Espirit de Corps**: Espirit de corps means team spirit or harmony in group effort and mutual understanding among employees.

Meaning of Scientific Management:
Scientific management means knowing exactly what you want men to do and seeing that they do it in the best and cheapest way.
Principles of Scientific Management
1 **Science, not Rule of Thumb**: According to this principle, Taylor stressed that each job performed in the organisation should be based on scientific enquiry and not on intuition, experience and hit and miss methods

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

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

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

5. **Maximum, not Restricted Output**: This principle suggests that both the management and workers should try to achieve maximum output instead of restricted output.

Techniques of Scientific Management

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

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

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

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

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

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

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

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

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

	Multiple Choice Questions	
1.	The Practice of Management is written by _____. (a) Peter F. Drucker. (b) Terry. (c) Louis Allan. (d) Henry Fayol.	1
2.	Espirit de corps means_____. (a) union is strength. (b)service is our motto. (c) buyer beware.	1

	(d) product is our strength.	
3.	F.W. Taylor is associated with_____. (a) Scientific Management. (b) Future management. (c) Modern management. (d) Principles of management.	1
4.	Every subordinate should receive orders from and be accountable to only one superior is _____. (a) Unity of direction. (b) Unity of command. (c) Centralization. (d) Scalar chain.	1
5.	The chain of command from the highest authority to the lowest level in the organization is _____. (a) Unity of direction. (b) Unity of command. (c) Centralization. (d) Scalar chain.	1
6.	Study of the movements of both the workers and the machine to eliminate wasteful movement is _____. (a) fatigue study. (b) time study. (c) motion study. (d) work-study.	1
7.	A study relating to the fixing of the working hours with rest periods to recoup the energy while performing in a job is called _____. (a) fatigue study. (b) time study. (c) motion study. (d) work-study.	1
8.	**Principles of management are not: -** **(*a*)** absolute **(*b*)** Behavioural **(*c*)** universal **(*d*)** Flexible	1
9.	" Principles of management are at the core of management theory.They provide basic groundwork for the development of management as a discipline."Identify the significance of Principles of management. A.Optimum utilisation of resources and effective administration B. Providing managers with useful insights into reality C.Management training, education and research D.Meeting changing environment requirements	1
10.	Which is not an objective of Time Study? A. Determine number of workers	1

	B. Design suitable incentive scheme C. Decide rest intervals D. Determine Labour cost	
11.	**Concentration of authority at one level is called: -** **(*a*)** Decentralisation **(*b*)** Delegation **(*c*)** Accountability **(*d*)** Centralisation	1
12.	Read the following text and answer the following questions on the basis of the same: (Q 12 to Q15) After completing her Bachelors in Fashion Designing from a well-known college in France, Aditi has opened a boutique in a posh market in Kolkata. She has divided the work in smaller units and each employee is well trained to perform his/her task efficiently. The sales persons are allowed to close a deal with a buyer by giving a maximum of 5 percent discount, whereas the decision to give any further discount rests with Aditi as the final authority. In the earlier period of her business venture, employees were asked to put in extra hours of work. In return she had promised to give them a special incentive within a year. Therefore, when the business was doing well, she honor her commitment by giving bonus to her employees. She also instructed her employees that communication from top to bottom should follow the official lines of command. However, she tends to be more biased towards her female employees, when it comes to solve the conflicts among employees. Aditi has divided the work in smaller units and each employee is well trained to perform his/ her task efficiently. Which principle of management is being followed here? (a) Centralization and Decentralization (b) Division of work (c) Discipline (d) Order	1
13.	"The sales persons are allowed to close a deal with a buyer by giving a maximum of 5 percent discount, whereas the decision to give any further discount rests with Aditi as the final authority." Identify the principle of Management being followed here: (a) Centralization and Decentralisation (b) Authority and Responsibility (c) Unity of Command (d) Unity of Direction	1
14.	Therefore, when the business was doing well, she honoured her commitment by giving bonus to her employees." Which principle of management is being highlighted here? (a) Discipline (b) Order (c) Remuneration to Employees (d) Unity of Direction	1
15.	Aditi tends to be more biased towards her female employees, when it comes to solve the conflicts among employees. Which principle is being violated here? (a) Discipline	1

	(b) Order (c) Equity (d) None of these	
16.	 Identify the general principle of management violated in the picture given: (a) Discipline (b) Order (c) Remuneration to Employees (d) Equity	
17	 Identify the scientific principle of management illustrated in the picture above: (a) Science not Rule of Thumb: (b) Harmony, Not Discord (c) Cooperation, Not Individualism: (d) Development of Each and Every Person to His or Her Greatest Efficiency and Prosperity	
	Answers	
1.	A	
2.	A	
3.	A	
4.	B	
5.	D	
6.	C	
7.	A	
8.	A	
9.	C	

10.	C	
11.	D	
12.	B	
13.	A	
14.	A	
15.	C	
16.	D	
17.	B	
	Short Answer Questions: (3 or 4 marks)	
1.	Name and Explain Principles of management: a. That prevents dual subordination b. That prevents overlapping of working of two divisions. (Hint: a.Unity of Command b.Unity of Direction)	3
2.	Explain how the principle of management provide: a. Useful insight into reality b. Thoughtful decision making	3
3.	Define Scientific management. State any three of its principles.	3
4.	If an organisation does not provide the right place for physical and human resources in an organisation, which principle is violated? (Hint: Principle of Order)	3
5.	For the last three years, Abhishek Solutions Pvt.(Ltd.) is not functioning smoothly and systematically. The relations between management and employees are becoming bitter day by day. After a complete analysis, it was observed that employees are not working effectively and efficiently and management is not fulfilling its commitment of increments and promotions. The managers sometimes fall into temptation of misusing her/his powers for individual/ family benefit at the cost of larger general interest of the workers/ company Identify and explain the principles of management violated in the above case. (Hint: Principle of Discipline and Subordination of Individual interest to general interest)	3
6.	For the last three years, Veeram Ltd. is not functioning smoothly and systematically. The relations between management and employees are becoming unhealthy. After a complete analysis, it was observed that employees are not working efficiently and effectively to produce maximum output and management is not fulfilling its promises of better environment, increments, promotions, etc. Which Principles of Henri Fayol is being ignored in this case? (Hint: Discpline)	4
7.	Explain briefly 'Unity of Direction' and 'Order' as principles of General management.	4
8.	Taylor was a firm believer in developing methods which could substitute "Rule of thumb" in various activities of the organization. He wanted that the competition between the trade unions and the management should be replaced by coordination in decision making. He also gave techniques which if applied in the organization would lead to minimize the cost of production and help in removing unnecessary movements of the workers. He also developed a payment plan where a financial loss in wages will	4

	work as the strongest motivator for workers to improve their efficiency. Identify the principles and techniques of Taylor highlighted in the above paragraph. (Hint:Science not rule of thumb, Cooperation not individualism, Motion Study, Differential Piece Wage rate)	
9.	Explain the technique of Functional Foremanship and the concept of Mental Revolution as enunciated by Taylor.	4
10.	Explain the Principle of 'Scalar Chain' and Gang plank.	4
	Long Answers Questions (6 marks)	
1.	R Ltd. is a multinational company. It hires young people from different countries of the world. It is a company in which people dream to work because of its work environment, pay and growth prospectus. The company has a culture of open communication and people of various nationalities work together in a discrimination free environment. The behavior of managers of R Ltd. emphasizes kindliness and justice which ensures loyalty and devotion of workers. It also promotes mutual trust and belongingness among team members. In this way, management can achieve its objectives by promoting team work. By doing so managers of R Ltd. are following some principles of management. Identify and explain any two such principles. (Hint: Equity & Espirit De corps)	6
2.	One of the principles of scientific management emphasizes that to make the employees learn the best method of production, training to workers is essential. It further emphasizes that each person should be scientifically selected and the work assigned to the employees should suit physical, mental and intellectual capabilities. a. Name and explain the principle of scientific management involved. b. Name the principles of management which is concerned with selecting the best way of performing a job through application of scientific analysis and not by intuition or hit and trial methods. (Hint: (a)Development of each and every person to his or her Greatest Efficiency and Prosperity (b)Science not Rule of Thumb)	6
3.	Name and explain with a suitable example the technique of Scientific Management given by Taylor: (a) With the objective of determining the number of workers to be employed for a task. (b) To differentiate between the efficient and the inefficient workers. (Hint: Time Study, Differential Piece Wage Rate)	6

UNIT- 3

BUSINESS ENVIRONMENT

Concept:
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 .

Features

1. Totality of External Forces.
2. Specific and General Forces
3. Inter-relatedness.
4. Dynamic Nature.
5. Uncertainty.
6. Relativity.
7. Complexity.

Importance

1. It Enables the Firm to Identify Opportunities and Getting the First Mover Advantage
2. It Helps the Firm to Identify Threats and Early Warning Signals.
3. It Helps in Tapping Useful Resources.
4. It Helps in Coping with Rapid Changes.
5. It Helps in Assisting in Planning and Policy Formulation.
6. It Helps in Improving Performance.

Dimensions

1. **Economic Environment**: Value of rupee, inflation rate, disposable income, interest rate For example, a rise in the disposable income of people creates increasing demand for product

2**. Social Environment**: Customs and traditions, social trends and values which bring various opportunities and threats to business enterprises. For example: Increase in diet soft drinks, mineral water, etc. because of health-and-fitness trend.

3. **Political Environment**: Stability, peace, government attitude towards business. For example if the government provides subsidy in the production of cotton garments, it will have positive effect on cotton textile businesses.

4. **Legal Environment**: Legislations, administrative orders, court judgements. For example advertisements for packets of cigarettes must carry the statutory warning.
"Cigarette Smoking is Injurious to Health."

5. **Technological Environment**: Scientific improvement and innovations. For example, booking railway and air tickets through internet.

Demonetisation

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

Aims Of Demonetisation: 1. Curb Corruption 2. Counterfeiting use of high denomination notes for illegal activities 3. Accumulation of Black Money **Features of Demonetisation:** 1. Tax Administrative measure 2. Govt's step to stop tax evasion 3. Channelising savings into the formal financial system 4. Creates cashless or cash-lite economy. **Impact of Demonetisation:** 1. Money/Interest Rates 2. Private wealth 3. Public Sector Wealth 4. Digitisation 5. Real Estate 6. Tax Collection

	Multiple Choice Questions	
1.	Read the following text and answer the following questions on the basis of the same: (Q1 to Q4) The name and taste of Coca-Cola is known to almost each and every individual in India as well as throughout the world. This carbonated soft drink holds the most market share in the soft drink market and got itself a special seat in each and every gathering. The Coca-Cola Company has on occasion introduced other cola drinks under the Coke name. The most common of these are Diet Coke, since more number of people has become fitness and health conscious.Others include Caffeine free Coca-Cola, Diet Coke Caffeine free, Coca-Cola Zero Sugar, Coca-Cola Cherry, Coca-Cola Vanilla and the list goes on. It has capitalized on each and every opportunity to market itself effectively and place itself in the middle of every gathering. The main reason for such an outstanding placement of product goes to the way they have established the connection between every occasion and the need for Coke to be present there, product design and creative advertising. In the context of the above given case, identify one valid importance of Business Environment. a) Enables a firm to identify opportunities and getting first mover advantage b) Uncertainty c) Delay in action d) Pervasive function	1
2.	"The most common of these are Diet Coke, since more number of people has become fitness and health conscious ."Identify the related feature of Business Environment A. Totality of external forces B. Dynamic nature C. Interrelatedness D. Relativity	1
3.	Which business environment did Coca-Cola majorly tap into?	1

	a) Technological Environment b) Social Environment c) Political Environment d) Economic Environment	
4.	Which of the following is not a product of COCA-COLA? a) Diet Coke Caffeine free b) Coca-Cola Zero Sugar c) Coca-Cola Avocado d) Coca-Cola Cherry	1
5.	Identification of opportunities to get first more advantage is one of the importance of business environment **(*a*)** True **(*b*)** False **(*c*)** Cannot say	1
6.	Which of the following is not a feature of Business environment **(*a*)** Interrelated Elements **(*b*)** Dynamics **(*c*)** Complexity **(*d*)** Continuous	1
7.	_____ refers to negative and unfavourable external factors that are likely to create hurdles for a firm:- **(*a*)** Opportunities **(*b*)** Warning **(*c*)** Threats **(*d*)** None of these	1
8.	_____ is considered a major element of the political environment: A. The extent and nature of government intervention in business; B. Planned outlay in public and private sectors; C. Expectations from the work force; D. Administrative order issued by government authorities	1
9.	Business environment consists of various forces such as social, political, legal and technological conditions which have impact on all business enterprises and thus may affect an individual firm only indirectly. Identify the forces being discussed here: A.Specific Forces B.General Forces C.Dynamic Forces D. External Forces	1
10.	Which of the following headings does not highlight the importance of business environment ? A.Tapping useful resources B. Coping with rapid changes C. Improving performance D. Promoting innovative ideas	1
11.	Which of the following are the dimensions of the business environment:- **(*a*)** Economic & Social **(*b*)** Technological & Economic **(*c*)** Legal & Social **(*d*)** All of the above	1

12.	Creating a website and selling online is related to (a) Political Environment (b) Social environment (c) Economic Environment (d) TechologicalEnvironment	1
13.	Which of the following is a feature of demonetisation? (a) Tax administration measure (b) Channelising savings into the formal financial system (c) Development of less-cash economy (d) All of the above	1
14.	According to a report by the India Staffing Federation (ISF), India has emerged as the fifth largest market worldwide in Flexi-staffing in 2018, and the country would have a 6.1 million Flexi-workforce by 2021. It showed that Haryana, Gujarat, Karnataka, Madhya Pradesh, and Telangana are the states with high growth potential for Flexi-staffing, but Andhra Pradesh tops the list of states with favourable business environments. Identify the features of the business environment being discussed above. (a) Dynamic nature (b) Relativity (c) Uncertainty (d) Interrelatedness	1
15.	The government of India has recently come up with an amendment to section 6 of the payment of wages act 1936, to allow employees of certain industries to make payment through various electronic modes of payments. The amendment will be applicable to all the public sector enterprises for wages disbursement using e-payment options. This is another milestone in the direction to further push to cashless economy. Identify the dimension of business environment which relate to the above mentioned case. A. Political Environment B. Legal Environment C. Technological Environment D. All of these	1
	Answers	
1.	A	
2.	C	
3.	B	
4.	C	
5.	A	
6.	D	
7.	C	
8.	A	
9.	B	
10.	D	
11.	D	
12.	D	
13.	D	

14.	B	
15.	C	
	Short Answer Questions(3/4 MARKS)	
1.	What is Business Environment?	3
2.	How does understanding of business environment helps the management in the following:- (a) Identification of threats and warnings. (b) Formulation of strategies and policies	3
3.	State the impact of Demonetisation on interest rates, private wealth and real estate.	3
4.	'Accent Electronics Ltd.' was operating its business in Malaysia. The company started exporting its products to India when the Prime Minister announced relaxation in import duties on electronic items. The company appointed retailers in India who had direct on-line links to the suppliers to replenish stocks when needed. Identify and explain the dimensions of the business environment discussed in the above case. (Hint: Political and Technological Environment)	3
5.	With change in the consumption habits of people, Neelesh, who was running a sweets shop, shifted to the chocolate business. On the eve of Diwali, he offered chocolates in attractive packages at reasonable prices. He anticipated huge demand and created a website chocolove.com for taking orders online. He got a lot of orders online and earned huge profit by selling chocolates. Identify and explain the dimensions of business environment discussed in the above case. (Hint: Social and Technological Environment)	3
	Long Answer Question(6 MARKS)	
1.	The government of India announced Demonetization of ₹ 500 and ₹1,000 currency notes with effect from the midnight of November 8, 2016. As a result, the existing ₹ 500 and ₹ 1,000 currency notes ceased to be legal tender from that date. New currency notes of the denomination of ₹ 500 and ₹ 2,000 were issued by Reserve Bank of India after the announcement. This step resulted in a substantial increase in the awareness about and use of Point of Sale machines, e-wallets, digital cash and other modes of cashless transactions. Also, increased transparency in monetary transactions and disclosure led to a rise in government revenue in the form of tax collection. a. Enumerate the dimensions of business environment highlighted above. b. State the features of Demonetization. (Hint:Economic , Technological) (NCERT)	6
2.	"Demand for reservation in jobs for minorities" (a) Identify the type of Dimensions. (Hint: Social Environment) (b) Explain the type of Dimensions. (c) If this demand is fulfilled which dimension will be positively affected? (Hint: Economic Environment)	6

UNIT-4
PLANNING

Planning: Concept, Features, Importance and Limitations

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

Features:

1. Planning **focuses on achieving objectives** as specific goals are set out in the plans along with activities to be undertaken to achieve them.

2. Planning is **pervasive** It is required in all organisations and at all levels of management.

3. Planning is a **continuous process** Once a plan is framed, it is implemented and then it is followed by another and so on.

4. Planning is **futuristic** It involves looking ahead and preparing for the future.

5. **Planning involves decision-making** It involves choosing the best one from among various alternatives.

6. Planning is **a mental exercise** It requires application of mind involving foresight and vision, intelligent imagination and sound judgement.

Importance:

1. Planning **provides direction** to action by stating in advance how the work is to be done.

2. Planning **reduces the risk of uncertainty** by looking forward and anticipating changes.

3. Planning **reduces overlapping and wasteful activities** by coordinating the efforts of different divisions.
4. Planning **promotes innovative ideas** requiring application of mind and foresight.
5. Planning **facilitates decision-making** by making a choice from among the alternative courses of action.
6. Planning **establishes standard** against which actual performance is measured.

Limitations:
1.Planning **leads to rigidity** because managers cannot change the plan after its implementation
2. Planning **may not work in a dynamic environment** because it is very difficult to accurately forecast the future changes.

3. Planning **reduces creativity** Initiative and creativity of employees get lost or reduced since they cannot deviate from plans.
4. Planning **involves huge costs** in terms of time and money.
5. Planning is a **time consuming process**: and sometimes not much time is left for implementation of plans.
6. Planning **does not guarantee success**: It is meaningless unless it is translated into action. It is not always true that plan which has worked successfully in the past will bring success in the future also.

Planning Process

1. **Defining objectives** for the entire organisation and each department or unit within the organisation**.**
2. **Developing planning premises**, i.e., assumptions about the future, which are the base material upon which plans are to be drawn.
3. **Identifying alternative courses of action** to achieve objectives and targets.
4. **Evaluating alternative courses of action:** The positive and negative aspects of each alternative are evaluated.

5. **Selecting an alternative**: The best plan has to be adopted and implemented, which is the most feasible, profitable and with least negative consequences.
6. **Implementing the plan i.e., putting the plan into action**. This step involves organising for labour and purchase of machinery.
7. **Follow-up Action**: It means to see whether plans are being implemented and activities are being performed according to plans.

Types of Plans

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

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

1. Objectives: Objectives are the ends or results which an organisation wants to achieve by its operations.
2. Strategy: It is an overall plan prepared for meeting the challenge posed by the activities of competitors and other environmental forces.
3. Policy: It is a general statement that guides decision making.
4. Procedure: A procedure is the plan that determine the sequence of doing any work for achieving objectives.
5. Method: Methods can be defined as standardised ways in which a given task has to be performed.
6. Rule: Rules are codes of conduct. They tell us what is to be done and what is not to be done in specific situations.

	7. Programme: A programme is a combination of objectives, policies, procedures, rules, resources, etc. It is a well defined scheme designed to achieve a particular objective. **8. Budget**: A budget is a statement of expected results expressed in numerical terms for a definite period of time in the future.	
S.N.	**Multiple Choice Questions**	M.M
1	Identify the comprehensive plan prepared by top management outlining resource allocation, priorities and takes into consideration the business environment to achieve organizational objectives. (a) Objectives (b) Budget (c) Programme (d) Strategy. **Ans. (d) Strategy**	1
2	In addition to budget which of the following is included in single use plan. (a) Policy (b) Rule (c) programs (d) Procedure. **Ans. (c) Programs**	1
3	"Plans decide the future course of action and managers may not be in a position to change it." Identify the limitation of planning indicated here. (a) Planning reduces creativity (b) Planning does not guarantee success (c) Planning may not work in a dynamic environment (d) Planning leads to rigidity. **Ans. (d) Planning leads to rigidity**.	1
4	While doing work, an idea struck Rajinder, which will not only reduce the time of work but would also reduce the cost but he was neither allowed to deviate from plans nor permitted to act on his own. Choose the limitation of planning described in above para. (a) Planning leads to rigidity (b) Planning reduces creativity (c) Planning does not guarantee success (d) Planning involves huge cost. **Ans. (b) Planning reduces creativity.**	1
5	While selecting the best possible course of action, what manager will have to apply? (a) Pros, cons (b) Thinking, understanding © Permutations, combinations (d) Innovative ideas, decision making. **Ans. © Permutations, combinations.**	1
6	Arrange the following steps of planning process in the required sequence (1) Evaluating alternative courses (2) Developing premises (3) Identifying alternative courses of action. (4) Selecting an alternative. (a) 1, 2, 3, 4 (b) 2,1, 3, 4 (c) 1, 3, 2, 4 (d) 2, 3, 1, 4 **Ans. (d) 2, 3, 1, 4**	1
7	Select the feature of planning out of the following.	1

	(a) Primary function. (b) Pervasive (c) Futuristic (d) All of these **Ans. (d) All of these**	
8	What may be prepared to show the number of workers required in the factory at peak production times? Select the oppropiate word out of the following. (a) Objective (b) Programme (c) Budget (d) Policy **Ans. (c) Budget**	1
9	What are general forms of standing plans that specify the organisations response to a certain situation like the basis on which admission are done in an educational institution. (a) Rules (b) Strategies (c) Policies (d) Procedures. **Ans. (c) Policies**	1
10	Which activity will be a futile exercise if it is not acted upon or implemented. (a) Management (b) Coordination (c) Directing (d) Planning. **Ans. (d) Planning.**	1
11	Rahim wanted to start with a stationery app to help students of schools and college to provide stationery to them. He felt that students were not able to get the needed stationery easily and hence wanted to provide the stationery directly to students in the school. He listed out the various ways of setting up this business and finally selected the best way to set up this business by developing an app. Suggest what should be the next step for him: a) Developing premises b) Identifying the alternative course of action. c) Implementation of plan d) Follow up action. **Ans. c) Implementation of plan**	
12	'Objectives of an enterprise play a vital role'. These should be a) Expressed in measurable terms b) Written statements c) Issued by top management d) All the above. **Ans. d) All the above.**	

11

Match the following table

	Column-I		Column-II
(a)	Planning provides direction.	(i)	Planning shows the ways to deal with changes
(b)	Planning reduces the risk of uncertainty.	(ii)	Planning helps in avoiding confusions and misunderstanding
(c)	Planning reduces overlapping and wasteful activities.	(iii)	Planning clarifies 'how work is to be done

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

12

Swachh Bahrat Abhiyan started by Government of India is an example of which type of plan?
Ans. Programme

13

ABC Ltd. gives promotion on the basis of seniority . which type of plan is it?
Ans. Policy

14

Anupam joins as a sales manager of a company dealing with garment manufacturing. Being professional in his approach, he knew that without good planning he will not be able to organise or perform any other managerial function effectively or efficiently. Only on the basis of sales forecast, he can prepare annual plan for its production or sales, besides he will have to prepare sales plan regularly on weekly, monthly, quarterly and half yearly basis. While preparing the sales forecast, he undertakes intellectual thinking, involving foresight visualisation rather than guess work and he has to make sure that all these planning activities coincide with the purpose for which business is being carried out.
"He knew that without good planning…… any other managerial function." This line indicates which feature of planning?
(a) Planning is futuristic

(b) Planning is a mental exercise
(c) Planning is pervasive
(d) Planning is primary function of management
Ans. (d)

15

For the following two statements choose the correct option:
Statement I: Planning is pervasive.
Statement II: Planning reduces creativity as it is usually made by top management and the rest of the members just implements these plan.
Choose the correct option from the options given below:
(a) Statement I is correct and II is wrong
(b) Statement II is correct and I is wrong
(c) Both the statements are correct
(d) Both the statements are incorrect
Ans: (c)

	Case based MCQ	
	Read the following text and answer the following questions(Q1 to 4) on the basis of the same: Simplex Limited had been taken over by Mundhra Group immediately following India's independence. Since then it enjoys a rich record of industry presence and experience. In 2005, with the aim to accelerate growth the company had gone through several rounds of meetings and discussions before launching ERP system to attract large projects. The management had done effective forecast and critical thinking regarding allocation of resources to reduce wastage. For this purpose, the company had laid down multiple courses of action to meet the challenge of adverse situations. In 2008, the company suffered loss in many projects due to the great recession despite taking many cost cutting measures. The management had taken utmost care regarding the possible outcome and timely review of the plans to achieve the set target during that hard time. In 2010 the system was implemented successfully which subsequently helped the company to execute numerous projects with precision and timeliness.	
Q.1	"In 2005, with the aim to accelerate growth the company had gone through several rounds of meetings and discussions." What is the objective mentioned here according to the process stated here? (A) Developing Premises (B) Growth and development (C) Launching IT enabled system (D) Cost cutting Ans. Option (B) is correct.	1
Q.2	"The management had done effective forecast and critical thinking regarding allocation of resources to reduce wastage." Identify the function of management mentioned here. (A) Planning (C) Controlling (B) Organising (D) Directing Ans. Option (A) is correct.	1
Q.3	"In 2008, the company suffered loss in many projects due to the great recession despite taking many cost cutting measures." Which limitation of the management process is indicated here? (A) It may not work in dynamic environment. (B) It involves huge cost. (C) It requires critical thinking. (D) It leads to rigidity Ans. Option (A) is correct.	1
Q4.	"The management had taken utmost care regarding the possible outcome and timely review of the plans to achieve the set target during that hard time." Which is the last step of the process mentioned here? (A) Implementation of plan (B) Timely execution of projects (C) Follow up (D) To prepare alternative course of action	1

	Ans:Option (C) is correct. **Explanation**: To see whether plans are being implemented and activities are performed according to schedule is also part of the planning process. Monitoring the plans is equally important to ensure that objectives are achieved.	
	Read the following text and answer the questions(Q5 to Q 8) given below: Sana inherited a 20 acre ancestral land from her grandparents. She decided to venture into agriculture. For this purpose she set out specific goals, objectives and activities. Everything was a challenge because she was not aware about farming. She learnt every activity and in the process thought of assisting other farmers as well. She eventually launched her own company, Agricultural Solutions Ltd. sure that the activities effectively met the best . She wanted to be interests of the company and the farmers. Hence, she prepared an annual plan for production, sales and marketing through sales forecasting. She also realized that farmers were growing only one or two crops. On account of this; the land remained idle for the rest of the year. Thus, she identified and evaluated different alternatives through which the farms could be utilized throughout the year. She used her foresight and logical and systematic thinking based on analysis of all facts and examined and evaluated all the alternatives. She presented a plan to the farmers union, where after harvesting the primary crop, seasonal vegetables and fruits could be grown.	1
Q5.	"For this purpose she set out specific goals, objectives and activities." Which feature of planning is depicted in the statement? (A) Planning focuses on achieving objectives. (B) Planning is a primary function of management. (C) Planning is pervasive. (D) Planning is continuous. Ans. Option (A) is correct. Explanation: Specific goals are set out in the plans along with the activities to be undertaken to achieve the goals. Thus, planning is purposeful. Planning has meaning no unless it contributes to the achievement of predetermined organisational goals.	1
Q6.	"Hence, she prepared an annual plan for production, sales and marketing through sales forecasting." Which feature of planning is depicted in the statement? (A) Planning is continuous (B) Planning is futuristic (C) Planning involves decision making (D) Planning is a mental exercise Ans. Option (B) is correct. Explanation: Planning essentially involves looking ahead and preparing for the future. The purpose of planning is to meet future events effectively to the best advantage of an organisation. It implies peeping into the future, analysing it and predicting it.	1
Q7.	"Thus, she identified and evaluated different alternatives through which the farms could be utilized throughout the year." Which feature of planning is depicted in the statement? (A) Planning is pervasive. (B) Planning is continuous. (C) Planning is futuristic. (D) Planning involves decision-making.	1

	Ans. Option (D) is correct. Explanation: Planning essentially involves choice from among various alternatives and activities. Planning involves thorough examination and evaluation of each alternative and choosing the most appropriate one.	
Q8.	"She used her foresight and logical and systematic thinking based on analysis of all facts and examined and evaluated all the alternatives." Which feature of planning is depicted in the statement? (A) Planning focuses on achieving objectives. (B) Planning is a primary function of management. (C) Planning involves decision making. (D) Planning is a mental exercise. Ans. Option (D) is correct. Explanation: Planning requires application of the mind involving foresight, intelligent imagination and sound judgement. It is basically an intellectual activity of thinking rather than doing, because planning determines the action to be taken.	1
	SHORT ANSWER TYPE QUESTIONS(3/4 MARKS)	
1.	Bhuvan Ltd. is a garment manufacturing company. The company regularly scans business environment and constantly adapts itself to the changes in environment. With all these efforts also it became difficult for company to foresee future trends. Competition in the market affects the financial plan of the company, sales targets have to be revised which in turn affect the cash budget. Name and explain the limitation of planning highlighted in the above para. (ii) Identify the two types of plans mentioned in above para. **Ans**. (i) Planning may not work in dynamic environment. (ii) Plans: (a) Strategy (b) Budget	3
2.	A company wants to increase its market share from the present 10% to 25% to have a dominant position in the market by the end of the next financial year. Ms Kanak, the sales manager has been asked to prepare a proposal that will outline the options available for achieving this objective. Her report included the following options - entering new markets, expanding the product range offered to customers, using sales promotion techniques such as giving rebates, discounts or increasing the budget for advertising activities. (a) Which step of the planning process has been performed by Ms Kanak? (b) State the next three steps . (Hint: Identifying various alternatives)	4
3.	In an attempt to cope with Reliance Jio's onslaught in 2018, market leader Bharti Airtel has refreshed its ₹ 149 prepaid plan to offer 2 GB of 3G/4G data per day, twice the amount it offered earlier. Name the type of plan which is highlighted in the given example. ? State its three dimensions also (Hint: Strategy) (NCERT)	4
4.	State the type of plan and state whether they are Single use or Standing plan: (a). A type of plan which serves as a controlling device as well. (b). A plan based on research and analysis and is concerned with physical and technical tasks. (Hint: budget,Method) (NCERT)	3

	LONG ANSWER TYPE QUESTIONS(6 MARKS)	
1.	The Indian auto industry has been going through a pretty rough phase. As you might already know, sales from every carmaker dropped to an absolute zero in April 2020, and even last month, after more than a year since the complete lockdown, the sales numbers posted by the carmakers turned out to be pretty ordinary. However, the carmakers aren't the ones to call it quits so easily and have decided to lure prospective buyers to their showrooms by offering some attractive discounts on most of their models. Advika Motors, one such company plans to increase the sale of its ADV model by 20% in the next quarter. In order to achieve the desired target, the marketing team of the company considers the impact of policy of the government towards diesel vehicles and the level of competition in this segment of cars. They explore the various available options like offering more discount to dealers and customers, providing more customer friendly finance options, lucky draws on test drives, increasing advertising, offering more of free accessories on the purchase of the car, etc. Identify the steps in the process of one of the functions of management by quoting the lines (Steps in Planning- Setting objectives, Developing Planning Premises,Identifying alternative courses of action)	6
2.	Mega Ltd. holds an Annual Management Programme every year in the month of March in which the top managerial personnel formulate plans for the next year by analyzing and predicting the future to meet future events effectively. As they are responsible for providing direction to the organization, facs are thoroughly checked using scientific calculations. Detailed plans are prepared after discussion with professional experts. Preliminary investigations are also undertaken to find out the viability of the plan. Since it is an intellectual activity requiring intelligent imagination and sound judgement so it is mainly done by the top management. Usually rest of the members just implement the plans. Middle level managers are neither allowed to deviate from the plans nor are they permitted to act on their own. The top management ensures that the expenses insured in formulating the plans justify the benefits derived from them. Explain any two limitations and any two features of planning discussed above. **Ans.** The two features of planning discussed above are 1. Planning is futuristics . with correct explanation 2. Planning is mental exercise . with correct explanation. Two limitation of planning which has been discussed in the given paragraph are as follows: 1. Planning reduce creativity 2. Planning involve huge cost.	6

UNIT- 5

ORGANISING

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

Steps in the Organising Process:

1. **Identification and division of work** into manageable activities (called jobs) so that duplication of efforts and resources can be avoided.

2. **Departmentalisation** where activities of a similar nature are grouped together.

3. **Assignment of duties** to job positions according to their skills and competencies.

4.**Establishing reporting relationships** so that each individual knows from whom he has to take orders and to whom is he accountable.

Importance of Organising

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

7. It **helps in expansion and growth** by allowing a business enterprise to add more job positions, departments and even diversify their product lines.

Organisation Structure: Functional and Divisional

Organisation structure can be defined as the framework within which managerial and operating tasks are performed.

Functional Structure

Functional structure refers to grouping of jobs of similar nature under major functions and organising these as separate departments.

Advantages:

1. Functional Specialisation.
2. Better control and coordination within department.
3. Increasing managerial and operational efficiency
4. Minimizes duplication of work
5. Facilitates Training.

Disadvantages:

1. Less Emphasis on Organisational Objectives:
2. Problems in Coordination between departments
3 Inter-Departmental Conflicts
4.Difficulty in Fixing Accountability.

Divisional Structure

Divisional structure is a type of organisational structure comprising of separate business units or divisions, created on a certain basis, eg, product manufactured

Advantages

1. Product Specialisation.
2. Easy to fix Accountability.
3. Flexibility and Initiative.
4. Facilitates Expansion and Growth

Disadvantages

1. Conflicts- on issues like allocation of resources
2. Expensive
3. Organisational Interest Ignored.

Formal Organisation:

Meaning: Formal organisation can be defined as the organisation structure which is designed and established by the management to achieve organizational objectives.

Informal Organisation:

Interaction among people at work gives rise to a 'network of social relationships among employees' called the informal organization.

Delegation

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

Elements of Delegation

1. **Responsibility:** Responsibility means the obligation of a subordinate to properly perform the assigned duty.

2. **Authority :** Authority means the right of an individual to take necessary decisions and to command his subordinates.

	3. **Accountability**: Accountability means answerability for the final outcome of the assigned work. **<u>Importance of Delegation</u>** 1. Effective Management. 2. Employee Development. 3. Motivation of Employees. 4. Basis of Management Hierarchy. 5. Better Coordination. 6. Facilitates Growth **<u>Decentralisation</u>**: Concept: Decentralisation means systematic delegation of authority throughout all the levels of the organization. **<u>Importance of Decentralisation:</u>** • Develops initiative among subordinates: • Develops managerial talent for the future • Quick decision making • Relief to top management: • Facilitates growth • Better Control	
	MULTIPLE CHOICE QUESTIONS	
1	Name the process which co-ordinates human efforts, assembles resources and integrates both into a unified whole to be utilised for achieving specified objectives, (a) Management (b) Planning (c) Organising (d) Directing Answer: c	1
2	Organising is a process by which the manager (a) Establishes order out of chaos (b) Removes conflict among people over work or responsibility sharing (c) Creates an environment suitable for teamwork (d) All of the above Answer: d	1
3	It refers to the number of subordinates that can be effectively managed by a superior, (a) Organisational structure (b) Informal organisation (c) Span of management (d) None of the above Answer: c	1

4	As the span of management increases in an organisation, the number of levels of management in the organisation (a) Increases (b) Decreases (c) Remains unaffected (d) None of the above Answer: b Explanation: (b) because more subordinates can be effectively managed by a superior	1
5	Uranus Limited is a company dealing in metal products. The work is mainly divided into functions including production, purchase, marketing, accounts and personnel. Identify the type of organisational structure followed by the organisation. (a) Functional structure (b) Relational structure (c) Divisional structure (d) None of the above Answer: a Explanation: (a) as the people are being grouped on the basis of function	1
6	Identify the type of organisational structure which facilitates occupational specialisation, (a) Functional structure (b) Horizontal structure (c) Network structure (d) Divisional structure **Answer/Explanation** Answer: a Explanation: (a) it emphasises on specific functions	1
7	Identify the type of organisational structure which makes training of employees easier, as the focus is only on a limited range of skills. (a) Network structure (b) Divisional structure (c) Functional structure (d) Matrix structure **Answer/Explanation** Answer: c Explanation:	1

	(c) as each employee is expected to gain proficiency with regard to one function only	
8	Under this type of organisational structure, manpower is grouped on the basis of different products manufactured. (a) Divisional structure (b) Functional structure (c) Network structure (d) Matrix structure **Answer/Explanation** Answer: a Explanation: (a) the divisions are created on the basis of products	1
9	Identify the correct sequence of steps to be followed in an organising process. (a) Departmentalisation, Establishing reporting relationships, Assignment of duties, Identification and division of work (b) Identification and division of work, Departmentalisation, Assignment of duties, Establishing reporting relationships (c) Identification and division of work, Assignment of duties, Departmentalisation, Establishing reporting relationships (d) Identification and division of work, Establishing reporting relationships, Departmentalisation, Assignment of duties Answer: b	1
10	**Assertion A** : As an Organisation grows in size and complexity, there is a tendency to move towards decentralised decision making. **Reason R** In large organisations those employees who are directly and closely involved with certain operations tend to have more knowledge about them than the top management which may only be indirectly as . A. Both A & R are true & R is the correct explanation of A B. Both A & R are true ,but R is not the correct explanation of A C. Only R is true but A is false D. A is true but B is false Answer: A	1
11	Which of the following is not a merit of functional structure? (a) It promotes control and co-ordination within a department. (b) It makes training of employees easier, as the focus is only on a limited range of skills. (c) It ensures that different products get due attention. (d) It leads to occupational specialisation.	1

	Answer: c	
12	 Identify the concept being overlooked by the manager leading to increase in workload and delay in decision-making: (a) Decentralisation (b) Delegation (c) Span of management (d) Organising Ans: (b) Delegation	
	CASE-BASED MCQ	
13	Read the following text and answer the questions given below: “Tappu Sweets Makers' is a sweets making company which has turnover in crores. In order to manage the work in the organisation, the departments have been created on the basis of functions. Examine the following situations of this organization and give answers accordingly: Situation 1: It is expected that employees who are performing similar tasks work under the same department. So the company now has HR, Marketing and Finance departments. The division is based on specific functions. Situation 2: There are similarities in the tasks performed within the same department. Situation 3: The profit is increasing month by month due to the success of this structure of the organisation Situation 4: There has been minimum duplication of efforts as the same department is taking care of single function. Q.1. Which type of organisation structure is discussed in the above case?	

	(A) Functional (B) Divisional (C) Linear (D) None of the above Ans. Option (A) is correct. Explanation: A functional structure leads to occupational specialisation since emphasis is placed on specific functions. This promotes efficiency in utilisation of manpower as employees perform similar tasks within a department and are able to improve performance. Q. 2. What will be the outcome of Situation 2? (A) Increase in control and coordination (B) Quick decision-making (C) More initiatives (D) Flexibility Ans. Option (A) is correct. Q. 3. Why do you think the profit is increasing as in Situation 3? (A) Due to product specialization given (B) Due to managerial and operational efficiency (C) Due to flexibility (D) Due to no repetition of tasks Ans. Option (B) is correct. Q. 4. What will be the result of Situation 4? (A) Reduction in cost (B) Increase in cost (C) Stability to the organization (D) None of the above Ans. Option (A) is correct.	
14	Read the following text and answer the questions given below: Bimal, the owner of 'Reliable Constructions' decided to begin a campaign in order to create awareness among the residents for creating a clean and safe environment. In an effort to develop clean surroundings in the area, he formed a team of 20 members to list the different ways that can be adopted for keeping the area clean. Different people had	

different suggestions, someone suggested to take the help of local residents including young children, one suggestion was to involve unemployed youth. The idea to take the help of volunteers was also given. A combination of the most effective strategies after evaluating all options was selected for implementation. To achieve the desired goals and objectives, various activities were identified like:

(i) Purchase of essential items like dustbins, garbage bags, brooms, phenyl, etc.
(ii) Door-to-door collection of garbage.
(iii) Recycling of garbage.
(iv) Disposal of garbage, etc.

Thus, an organisational design was chosen which grouping similar activities together in order to minimize duplication of efforts. After identification and grouping of these activities, the work was allocated among the different members.

Q. 1. "To achieve the desired goal various activities were identified like....." Which step does this represent in the process of organizing?

(A) Identification and division of work
(B) Departmentalisation
(C) Assignment of duties
(D) Establishing reporting relationships

Ans. Option (A) is correct.

Explanation: The process of organising involves identifying and dividing the work that has to be done in accordance with previously determined plans. The work is divided into manageable activities so that duplication can be avoided and the burden of work can be shared among the employees.

Q. 2. "Thus, an organisational design was chosen which grouped similar activities together in order to minimize duplication of effort." Which organisational design is being referred to in this line?

(A) Functional (B) Divisional
(C) Formal (D) Informal

Ans. Option (A) is correct.

Q. 3. "Thus, an organisational design was chosen which grouped similar activities together in order to minimize duplication of effort." Which step under the process of organizing is being referred to in this line?

	(A) Identification and division of work (B) Departmentalisation (C) Assignment of duties (D) Establishing reporting relationships Ans. Option (B) is correct. Explanation: Once work has been divided into small and manageable activities then those activities which are similar in nature are grouped together. Such sets facilitate specialisation. This grouping process is called departmentalisation.	
	SHORT ANSWER TYPE QUESTIONS(3/4 MARKS)	
1.	State any three features of Informal organization. Ans. (1) Informal organisational structure is formed by the employees to get psychological satisfaction. (2) Informal organisational structure does not follow any fixed path of flow of authority or communication. (3) Source of information cannot be known under informal structure as any person can communicate with anyone in the organisation. (4) The existence of informal organisational structure depends on the formal organisation structure.	3
2.	State any four advantages of formal organization. Ans. The following advantages are as follows: (1) Systematic working (2) Achievement of organizational objectives. (3) No overlapping of work (4) Coordination1	4
3.	Roasted Coffee Corporation is a coffeehouse chain operating in seven states of India. Through its effective organisational structure, it has grown despite pressure from competitors in the national market. The company has a Purchase and Production department, Supply chain management and logistics department, Brand management department and Sales department This structure has facilitated operational efficiency, as employees became specialists within their own realm of expertise. They could be	4

	imparted specialised training as the focus was on limited range of skills. (A)Identify the organisational structure of Roasted Coffee Corporation. (B) Also state the three advantages of this structure other than those discussed in the above paragraph. Ans. Functional structure is being followed by Roasted Coffee Corporation. The three advantage of this structure other than those discussed in the above paragraph are stated below: (a) Due to the similarity in the tasks being performed it promotes control and coordination within a department. (b) It results in increased profit with the improvement in managerial and operational efficiency. (C) It leads to minimal duplication of effort and leads to economics of scale thereby reducing cost.	
	LONG ANSWER TYPE QUESTIONS (6 MARKS)	
1.	Kiran Industries is a company manufacturing office furniture. The company chose to diversity 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 organisation. 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. (a) Name the framework, which the diversified organisation should adopt, to enable it to cope with the emerging complexity. Give two reasons in support of your answer. (b) State any three limitations of this framework. Ans. (a) Divisional Structure: Reason in support of the answer (any one) (i) Product specialisation helps in the development of varied skills in a divisional head and this prepares him for higher positions. (ii) Divisional heads are accountable for profits, as revenues and costs related to different departments can be easily identified and assigned to them. (iii) It promotes flexibility and initiative because each division functions as an autonomous unit which leads to faster decision-making. (iv) It facilitates expansion and growth as new divisions can be added without interrupting existing operations by merely adding another divisional head and	6

	staff for the new product line. (b) Limitations of the Divisional Structure: (any two) (i) Conflict may arise among different divisions with reference to allocation of funds. (ii) it may lead to increase in costs since there may be a duplication of activities across products. (iii) Divisional interests may supersede organisational interests.	
2.	Why delegation is considered essential for effective organising? (Hint: Importance of Delegation)	6
3.	Decentralisation is an optional policy. Explain why an organisation would choose to be decentralized (Hint: Importance of Decentralisation)	6
4.	Arav.Ltd. has set-up its electric appliances manufacturing factory in a backward area of Himachal Pradesh where subsidies are provided by the government and labour is available at cheaper rates. Arav Ltd. was able to produce its products at low cost thereby generating enough profits in the first year itself. It was because of the fact that the limits of authority and responsibility of the employees were clearly defined and the activities of various departments were coordinated and integrated. The Production Manager of the company also came to know about the availability of raw material at cheaper rates from a vendor. For this he wrote a letter to the Managing Director of the company for getting sanction. But because of procedural delays in getting this sanction and procuring funds from the Finance Manger, the order could not be placed. (a)Identify the type of organization that led to procedural delays and because of which the company could not get the advantage of procuring raw material at cheaper rates. (b)State two advantages of the type of organization identified in (a) above other than those discussed in the above case. (c) State two disadvantages of the type of organization identified in (a) above other than the one discussed in the above case. (Hint: Formal Organisation)	6

UNIT-6
STAFFING

Staffing Concept and Importance
Concept: Finding the right people for the right job is called Staffing.
Importance
Proper staffing ensures following benefits to the organisation:
1. Helps in discovering and obtaining competent personnel for various jobs.
2. Makes higher performance by putting right person on the right job.
3. Ensures continuous survival and growth of the enterprise.
4. Helps to ensure optimum utilisation of human resources.
5. Improves job satisfaction and morale of employees through objective assessment and fair reward for their contribution.

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

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

Internal Sources: Methods under internal sources are
1. Transfer 2. Promotion
External Sources: Main external sources of Recruitment are
1. Direct Recruitment.
2. Casual Callers.
3. Advertisement.
4. Employment Exchanges
5. Placement Agencies and Management Consultants.
6. Campus Recruitment
7. Recommendations of Employees.
8. Labour Contractors
9. Advertising on Television.
10. Web Publishing

Advantages of Internal Sources of Recruitment
1. Motivation to Employees to Improve their Performance.
2. Less Expensive.
3. Simple Process.
4. A Tool of Training
5. No Over or Under Staffing.
Disadvantages of Internal Sources of Recruitment
1. Not Suitable for a New Organisation.
3. Lack of Competition.
5. Limited Choice
Advantages of External Sources of Recruitment
1. Qualified Personnel.
3. Fresh Talent.
4. Increase in Competition
5. Wider Choice
Disadvantages of External Sources of Recruitment
1. Dissatisfaction Among Existing Staff.
2. Lengthy Process.
3. Expensive Process.
Steps in Selection Process
1. **Preliminary Screening**: To eliminate unfit job seekers.
2. **Selection Tests :** To measure certain characteristics of individuals.
Example:intelligence, aptitude,personality,trade test,interest test etc.
3. Employment Interview: Interview is a formal, in-depth conversation conducted to evaluate the applicant's suitability for the job.
4. **Reference and Background Checks**: Names, addresses and telephone numbers of persons who know the applicant.
5. **Selection Decision**: From among the candidates who pass the tests, interviews and reference checks
6. **Medical Examination**: ie, medical fitness test.
7. **Job Offer :** Job offer is made through a letter of appointment/
8. Contract of Employment: Regarding pay, hours of work, duties, leave rules, etc.

Importance of Training

To Organisation

1. Systematic Learning
2. Greater Productivity
3. Develops Future Manager
4. Increases employee morale and reduces absenteeism.
5. Helps to adapt to fast changing environment.

To Employees

1. Improved skills and knowledge.
2. More Earning
3. Safety of Employees
4. Increases Employees' Morale

Methods of Training

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

S.NO.	**Objective Type Questions**	MARK
1	Read the following statements carefully: I - Staffing increases efficiency of the organization by placing the right person on the right job.	1

	II - Staffing requirements arise only in case of starting a new business. Choose the correct option from below : (a) Statement (i) is incorrect, but statement (ii) is correct (b) Statement (ii) is incorrect, but statement (i) is correct (c) Both statements (i) and (ii) are incorrect (d) Both statements (i) and (ii) are correct	
2	An analysis that reveal the number and type of employees available with the organisation is (a) Internal source (b) Workforce analysis (c) Workload analysis (d) Medical examination	1
3	Which of these is the purpose of recruitment? (a) Make sure that there is match between cost and benefits (b) To attract potential employees with necessary qualification (c) Help the firm to create more culturally diverse work force (d) Help the firm to recognise the calibre of every employee	1
4	Anushka is doing a course in fashion designing form an institute of repute. As a part of the course, she has been asked to take on-the-job training in an export house for a fortnight in order to gain an insight about various practical aspects related to designing. Anushka, through the references from her senior, joins an export house owned by an upcoming designer, Nandita. Which training Anushka has been asked to undertake? (a) Internship Training (c) Apprenticeship (b) Vestibule Training (d) Induction	1
5	'Infosys recruits candidate from Kirorimal College' is an example of _____method of one of the sources of recruitment. (a) Campus recruitment (c) Employment exchange (b) Direct recruitment (d) labour contractors	1
6	Match the type of test with their suitable meaning by using the options given below the lists: List I List II A. Intelligence test 1. Measure the existing skills of the individual B. Aptitude test 2. Measure the involvement of a person C. Trade test 3. Measures the level of intelligence quotient of an individual D. Interest test 4. Measure of individual's potential for learning A B C D (a) 3 4 2 1 (b) 2 1 4 3 (c) 4 3 1 2 (d) 3 4 1 2	1
7	Which test is helpful in assessing the individual's capacity for learning new skills? (a) Aptitute test	1

	(b) Personality Test (c) Interest test (d) Trade test	
8	Ramesh is working under the guidance of Harsh, a carpenter for the last three years to learn the different skills of this job. Name the method of training Ramesh is undergoing.	1
9	Pick the odd one. (b) Direct recruitment (a) Campus recruitment (c) Casual caller (d) Promotion	1
10	It refers to the employee occupying the position or post for which the person has been selected." Identify the term. (a) Training (b) Placement (c) Recruitment (d) Promotion	1
11	"Our assets walk out of the door each evening, we have to make sure that they come back the next morning." This statement relates to which function of management. (a) Staffing (b) Organizing (c) Planning (d) Directing	1
12	Statement I: Placement is introducing the selected employee to other employees and familiarising him with the rules and policies of the organisation Statement II: Out of training and development, Development is wider in scope. Choose the correct option: (a) Statement I and II both are correct. (b)Statement I is correct but Statement II is incorrect. (c)Statement II is correct but Statement I is incorrect. (d)None of these	1
13	When Jaskaran Singh applied for the post of Computer teacher in a school in Bhubaneswar, he was asked to prepare a PowerPoint presentation on a particular topic during the selection procedure. Identify the type of selection test being mentioned in the above lines. (a) Trade test (c) Intelligence test (b) Personality test (d) Interest test	1
14	Identify the correct sequence of the steps involved in the selection process. (a) Medical Examination, Contract of Employment, Reference and Background Checking, Selection Decision, Job Offer (b) Reference and Background Checking, Selection Decision, Contract of	1

	Employment, Medical Examination, Job Offer (c) Job Offer, Reference and Background Checking, Selection Decision, Medical Examination, Contract of Employment (d) Reference and Background Checking, Selection Decision, Medical Examination, Job Offer, Contract of Employment	
15	When the Principal of Golden Life Public School was on the verge of retirement, the management of the school contacted a specialised business firm in order to fill up the vacancy. Identify the source of recruitment being used by the management. (a) Labour contractors (b) Advertising (c) Placement agencies and management consultants (d) Direct recruitment	1
16	Aruna applied for the post of an art and craft teacher in a reputed school in Delhi. After successfully clearing the tests and the interview, she was offered letter containing the date of joining. Identify the step in the staffing process being described in the above lines. (a) Reference and background checking (b) Selection decision (c) Job offer (d) Contract of employment	1
17	Kundan Lai joined a food processing unit as a factory worker. Since he was expected to work on sophisticated machinery, he was asked to undergo a special training. Identify the training method with reference to above lines. (a) Vestibule training (b) Apprenticeship training (c) Internship training (d) Induction training	1
18	A Formal, in-depth conversation conducted to evaluate the applicant's suitability for the job: (a) Selection Test (b) Contract of employment (c) Medical Test (d) Employment Interview	1
19	Which aspect of staffing is concerned with upgradation of the knowledge and skills of the employees? (A) Placement and Orientation (B) Training and Development (C) Selection (D) Estimating manpower requirement	1
20	Real Tech Builders has to deliver the flats to its buyers for possession on time. Due to this, there is a sudden increase in workload. Therefore, the company needs to arrange workers to work at the sites at a short notice. The source of recruitment which may be used by the company to tap the casual vacancy is:	1

	(A) Direct recruitment (B) Advertisement (C) Recommendation of employees (D) Employment exchange	
	SHORT ANSWER TYPE QUESTIONS(3/4 MARKS)	
1.	Identify and explain the following: 1. It is a managerial decision-making process as to predict which job applicants will be successful if hired. 2. It is the process of differentiating between applicants in order to identify and hire those with a greater likelihood of success in job. 3. It is the process of choosing from among the candidates from within the organization or from outside, the most suitable person for the current position or for the future position. (Ans: Selection is the process being referred to in all the three statements. It is the process of identifying and choosing the best person out of a number of prospective candidates for the job.)	3
2.	A company is manufacturing paper plates and bowls. It produces 1,00,000 plates and bowls each day. Due to local festival it got an urgent order of extra 50,000 plates and bowls per day. 1. Name the source of recruitment of labour the company needs to fulfill its order. 2. Explain any two merits of this method. (NCERT)	3
3.	Sahil the director of garments company, is planning to manufacture bags for the utilization of waste material of one of his garments unit. He decided that his manufacturing unit will be set up in a rural area of Orissa where people have very less job opportunities and labour is available at very low rate. He also thought of giving equal opportunities to men and women. For this he selected S. Chatterjee, Indrajeet Kaur, Aslam and Sarabjeet as heads of Sales, Accounts, Purchase and Production departments. Identify and state the next two steps that Sahil has to follow in the staffing process after selecting the above heads. (Ans : The next two steps that Sahil has to follow in the staffing process are: 1. Placement and Orientation 2. Training and development)	3
4.	Aakanksha, Nikita and Parishma are the owners of a handicraft unit in the urban area of Dibrugarh in Assam, which is involved in the manufacturing and marketing of Sital Pati, traditional mats and Jappi (the traditional headgear). They decided to shift this manufacturing unit to a rural area with an objective of reducing the cost and providing job opportunities to the locals. They followed the functional structure in this organization with a view to increasing managerial and operational efficiency. They assessed and analysed the type and number of employees required, keeping in mind that they had to encourage the women, and the people with special needs belonging to the rural area. State the next three steps that they will have to undertake, for obtaining a	3

	satisfied workforce for their handicraft unit. (Ans: Next three steps: Recruitment Selection Placement and Orientation)	
5.	Prateek has started an advertising agency in Gurgoan. One of the page on his company's website contains the following information, "Welcome to all the visitors of this page who are looking for an opportunity to make a career in the field of advertising. The openings are available in the company at various levels, so don't miss the chance." This page includes a link to provide further details about the vacancies available in terms of the desired qualifications, experience, personality characteristics and so on. Through a continuous assessment of the number and types of human resources necessary for the performance of various jobs to accomplis the organizational objectives and in relation to the number and type available, he gets the information on this page updated. In context of the above case: (a). Identify and explain the steps in the staffing process being carried out by Prateek by quoting lines from the paragraph. (b). Name the concept that relates to the details about the vacancies available in terms of the desired qualifications, experience, personality characteristics and so on. Ans: (a) The two steps in the staffing process being carried out by Prateek are as follows: 1. Estimating the Manpower Requirements: 2. Recruitment (b) Job descriptions the concept that relates to the details about the vacancies available in terms of the desired qualifications, experience, personality characteristics and so on.	3
6.	Srija runs an NGO under the name 'Sarthak' in Delhi. The organization is engaged in offering waste paper recycling services to all kinds of institutions in the Delhi NCR region. It also manufactures custom made paper stationery out of recycled paper on order for the interested institutions at a very competitive price. The website of 'Sarthak' provides a link to a Careers site where in the people desirous of joining the NGO can use simple Job Search to find the right opportunity for themselves. The NGO also keeps a database of unsolicited applicants in its office so that job seekers may be notified of future opportunities when they arise. In context of the above case: Identify the two sources of external recruitment being used by the NGO 'Sarthak' by quoting lines from the paragraph Ans: The two sources of external recruitment being used by the NGO 'Sarthak' are as follows: 1. Web Publishing: 2. Casual Callers:	3
7.	Name the methods of recruitment in the following cases: 1. A company gets applications on and off even without declaring any vacancy. However, as and when the vacancy arises, the company makes use of	3

	such applications. 2. Casual vacancies of unskilled or semi-skilled jobs when there is a rush of order or when some permanent workers are absent. 3. Recruitment by which most of the senior positions of the industry as well as commerce are filled. Ans: 1. Casual callers 2. Direct recruitment 3. Advertisement	
	LONG ANSWER TYPE QUESTIONS(6 MARKS)	
1.	The quality of production is not as per standards. On investigation it was observed that most of the workers were not fully aware of the proper operation of the machinery. (a)Suggest the remedy to improve the quality of production to meet the standards? (b) State the benefits of the remedy identified in (a) above. (NCERT modified) (Hint: (a) Training (b) Benefits of Training to the Organisation any four)	2+4=6
2.	In an interview with a leading news channel, Mr. Rakesh Kwatra, CEO of 'Get My Job" has suggested that the Companies which want more and more people to apply for jobs in their organization should make the process of applying for jobs easier and candidate friendly. It is for this reason, he said, that most progressive companies today have a short application process. He also said that the application form filled by the candidate is very important as it is the information supplied in the application forms, which helps the manager in eliminating unqualified or unfit job seekers. The company can create a mechanism that attempts to measure certain characteristics of individuals like aptitude, manual dexterity, and intelligence to personality. The candidate may then be called for an in-depth conversation to evaluate their suitability for the job. Name the process and steps in the process of identifying and choosing the best person out of a number of prospective candidates for a job discussed above. Also explain the next three steps in the process which can be subsequently performed by the company. (Hint: (a). Selection Steps in the process of selection discussed: 1. Preliminary Screening. 2. Selection Tests. 3. Employment interview (b)Next three steps - Reference and background checks, Selection Decision,Medical Examination)	(1 + 2 + 3)= 6
3.	'Human resource management includes many specialized activities and duties.' Explain. (Hint: Human Resource Management includes many specialised activities and duties which the human resource personnel must perform. These duties are: 1. Recruitment, i.e., search for qualified people 2. Analysing jobs, collecting information about jobs to prepare job descriptions. 3. Developing compensation and incentive plans. 4 Training and development of employees for efficient performance and career growth.	6

	5. Maintaining labour relations and union management relations. 6. Handling grievances and complaints. 7. Providing for social security and welfare of employees. 8. Defending the company in law suits and avoiding legal complications.)	
4.	The IT major GIPRA is terminating the employment of its senior managers, if after evaluating their performance against pre-determined standards if it is found lacking. With this disruption analysts say a large portion of the employees may become irrelevant unless they learn new skills and apply the knowledge to work on emerging technologies. GIPRA is ready to facilitate employee learning, through its in-house centers. (A) Name the function of management performed by GIPRA to maintain a satisfactory work force. (B) Identify and explain the two steps in the process of the function of management discussed above. (C)Also state any two steps of the function of management discussed, that the firm had to perform before performing the above steps. (CBSE Sample paper 2017-18) (Hint: (A) Staffing (B)Training and development and Performance appraisal (C)Placement and orientation, Selection,Recruitment,Esatimating manpower requirement(any two))	1+3+2=6

MCQ ANSWERS

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

UNIT 7

DIRECTING

Directing : Concept, features and Importance

Concept

Directing means instructing, guiding, supervising, motivating, leading, counselling and coaching people in the organization to achieve its objectives.

Features

1. Directing Initiates Action.
2. Directing Takes Place at Every Level of Management.
3. Directing is a Continuous Process.
4. Directing Flows from Top to Bottom
5. Result Oriented.
6. Human Factor.

Importance

1. Initiates Action.
2. Integrates employees efforts
3. Means of Motivation.
4. Facilitates change
5. Balance in the Organisation.

Elements of Directing

1. Supervision
2. Motivation
3. Leadership
4. Communication

Motivation Concept and Features

Concept: Motivation refers to the process of stimulating people to action to accomplish desired goals

Features of Motivation

1. Internal Feeling
2 Goal Directed Behaviour.
3. Motivation can be either Positive or Negative,
4. Motivation is a Complex Process.

Maslow's Need Hierarchy Theory of Motivation

This theory was developed by Abraham H. Maslow, an eminent and a famous US. psychologist in 1943. Maslow categorised human needs into five types:

1**. Basic Physiological Needs:** Hunger, thirst, shelter, etc. Basic salary satisfies these needs.

2 **Safety or Security Needs**: Job security, stability of income, etc.

3. **Social/Belongingness/Affiliation Needs:** Sense of belongingness, cordial relations among employees.
4. **Esteem Needs**: Self respect, autonomy, status, etc.
5. **Self-Actualisation Needs**: Growth, self-fulfillment, achievement of goals.

Assumptions:

(a) People's behaviour is based on their needs.
(b) People's needs are in hierarchical order.
(c) A satisfied need can no longer motivate a person.
(d) A person moves to the next higher level need only when the lower need is satisfied.

Financial and Non-Financial Incentives

Financial Incentives	**Non-Financial Incentives**
1. Pay and Allowances.	1. Status.
2. Productivity-Linked Wage Incentives.	2. Organisational Climate.
3. Bonus.	3. Career Advancement Opportunity.
4. Profit Sharing.	4. Job Enrichment.
5. Co-partnership/Stock Option. Programmes	5. Employee Recognition
6. Retirement Benefits.	6. Job Security.
7. Perquisites.	7. Employee Participation.
	8. Employee Empowerment.

Leadership Concept, Features and Styles

Concept: Leadership can be defined as the process of influencing the behaviour of people towards the achievement of organisational objectives

Features/Characteristics of Leadership

1. Leadership indicates the ability of an individual to influence others
2. Leadership tries to bring change in the behaviour of people.
3. It indicates interpersonal relations between leaders and followers.
4. Leadership is exercised to achieve common goals of the organization
5. Leadership is a continuous process

Leadership Styles

1. **Autocratic Leadership:** Autocratic style of leadership is one in which a leader gives orders and expects his/her subordinates to obey those orders.
2. **Democratic Leadership:** Democratic style of leadership is one in which a leader develops action plans and makes decisions in consultation with his subordinates
3. **Laissez-Faire Leadership:** A free-rein leader gives a high degree of freedom to the subordinates. The group members work on their own tasks, resolving issues themselves. Such a leader avoids the use of power. He serves only as a 'contact with the outside world to bring the required information and resources to complete the task assigned.

Communication: Concept and Elements of Communication Process

Concept: Communication can be defined as a process of exchange of ideas, facts,

feeling etc. between two or more people to create mutual understanding.

Elements of Communication Process

1. Sender or Communicator.
2. Message.
3. Encoding
4. Media or Communication Channel.
5. Receiver.
6. Decoding
7. Feedback.
8. Noise.

Type of Communication

I. Formal Communication: It refers to the communication which flows through official channels designed in the organisation chart (ie., through scalar chain).

2. Informal Communication: It refers to the communication which takes place without following formal lines of communication (ie., disregarding the levels of authority)

Barriers to Effective Communication

A. Semantic Barriers

1. Badly Expressed Message.
2. Words or Symbols with Different
3. Faulty Translations.
4. Unclarified Assumptions
5. Technical Jargon.
6. Body Language and Gesture Decoding.

B. Psychological Barriers

1. Premature Evaluation.
2. Lack of Attention/Poor Listening
3. Loss by Transmission and Poor Retention.
4. Distrust.

C. Organisational Barriers

1. Organisational Policy.
2. Rules and Regulations
3. Status.
4. Complexity in Organisation Structure
5. Organisational Facilities.

D. Personal Barriers

1. Fear of Challenge to Authority.
2. Lack of Confidence of Superior on his Subordinates.
3. Unwillingness to Communicate.
4. Lack of Proper Incentives.

Measures to Improve Communication Effectiveness

1. Clarify the Ideas before Communication.
2. Communicate According to the Needs of Receiver.
3. Consult others before Communicating.
4. Be Aware of Language, Tone and Content.
5. Convey Helpful and Valuable Things.

	6. Communication for present as well as future 7. Be a Good Listener. 8. Ensure Proper Feedback. 9. Follow up Communication.	
S.NO.	**OBJECTIVE BASED QUESTIONS**	MARK
1.	Directing is initiated at…….. level of management. (A) Lower (B) Middle (C) Top (D) All of these	1
2	A company wants to replace manual production technique with mechanised techniques. Labour unions are resisting this change. Which function of management will help in the introduction of this change? (A) Planning (B) Organising (C) Controlling (D) Directing	1
3	Which of the following statements is true about directing? (A) Directing is necessary at planning stage. (B) Directing is needed at every level of management in each department. (C) Directing is initiated at lower level of management. (D) Directing is the least important function of management.	1
4	Match : Column I — Column II (a) Security need — (i) Friendship (b) Affiliation need — (ii) Recognition (c) Esteem need — (iii) Achievement of goals	1

	(d) Self actualization need (iv) Stability of income (A) (i), (iii), (iv), (ii) (B) (ii), (iii), (i), (iv) (C) (iv), (i), (ii), (iii) (D) (ii), (i), (iii), (iv)	
5	…… is an inner state that energises, activates or moves and directs behaviour towards goals. (A) Motivation (B) Motive (C) Motivators (D) All of the above	1
6	Which of the following Maslow's needs refer to affection, sense of belongingness, acceptance and friendship? (A) Esteem Needs (B) Self-Actualisation Needs (C) Affiliation/Belonging Needs (D) Safety/Security Needs	1
7	Which of the following Maslow's needs include factors such as self-respect, autonomy status, recognition and attention? (A) Esteem Needs (B) Self-Actualisation Needs (C) Affiliation/Belonging Needs (D) Safety/Security Needs	1
8	Which of the following is a financial incentive? (A) Productivity linked wage incentive (B) Organisational climate (C) Status (D) Job enrichment	1
9	Which of the following statements is incorrect regarding Motivation? (A) It is the process of stimulating subordinates to act in a desired manner to achieve certain organisational goals. (B) It produces goal-directed behaviour.	1

	(C) It is an external feeling of an individual (D) It is mainly based on needs of individuals.	
10	What is the effect of motivation on all the employees of an organisation? (A) Invariable (B) Same (C) Variable (D) Uniform	1
11	Which of the following statements is not true regarding Democratic Style of Leadership? (A) The leader exercises more control by using forces within the group. (B) The leader encourages subordinates to participate in decision making. (C) The leader gives orders and insists that they are obeyed. (D) The leader supports and respects the Subordinates' opinion.	1
12	Mr. Saxam, production manager of Creative Concepts, discusses with his staff about the new export order. All the staff members unanimously agree that they all will work together to do overtime to complete the order and meet the deadline. Mr. Saxam is following …… Leadership Style. (A) Democratic (B) Autocratic (C) Authoritative (D) LaissezFaire	1
13	…… is the process of converting encoded symbols of the sender. (A) Encoding (B) Decoding (C) Media (D) All of these	1
14	Which of the following statements is true regarding 'Communication? (A) Communication acts as a basis for coordination. (B) Communication is basis to an organisation's existence, right from its birth through its continuing life. (C) It is a process by which people create and share information with one another in order to reach at a common understanding. (D) All of the above	1

15	Assertion (A): Directing is a key managerial function. Reason (R): Directing is a continuous activity. In the following questions, a statement of Assertion (A) is followed by a statement of Reason (R). Mark the correct choice as: (A) Both (A) and (R) are true, and (R) is the correct explanation of (A). (B) Both (A) and (R) are true, but (R) is not the correct explanation of (A). (C) (A) is true, but (R) is false. (D) (A) is false, but (R) is true.	1
16	Assertion (A): Motivation is the technique used to motivate people in an organisation. Reason (R): Negative motivation provides rewards like increase in pay, promotion, recognition, etc. In the following questions, a statement of Assertion (A) is followed by a statement of Reason (R). Mark the correct choice as: (A) Both (A) and (R) are true, and (R) is the correct explanation of (A). (B) Both (A) and (R) are true, but (R) is not the correct explanation of (A). (C) (A) is true, but (R) is false. (D) (A) is false, but (R) is true.	1
	SHORT ANSWER TYPE QUESTIONS (3/4 MARKS)	
1.	Mr. Sunil Diali is a safety officer in a reputed PSU sector ECL. He supervises the workers towards the predetermined goals of the organisation and directs how to eradicate unsafe practices of inundation, fire breakouts, existence of inflammable gases, etc. On one such instances there was huge fire breakout in the underground mines and the workers morale was down and they were demotivated because of several risk hazards.Mr. Diali observed the whole situation and consulted with all his workers and constantly monitored, guided and inspired them to integrate their efforts and accept the situation as a challenge and take adequate safety measures for extinguishing fire and subsiding its effects. Thereby, production turnover was outstanding and outperformed other subsidiaries. Mr. Diali was recognized with Bravery Award from CIL. Question 1. (A) Which importance of the function of Directing is addressed here? (B) Mr. Diali consulted with all his workers, he listened to their opinions. Which form of leadership is identified here? Ans: (A) Facilitate change (B) Democratic	3
2.	ABC Ltd. is a company which is successfully running in the insurance sector for the	3

	past 15 years. It is one of the leading companies and Mr. Ghosh, the Zonal Sales Head has been working in the company for the past 8 years spearheading its sales continuously. He has a wide and rich experience in the insurance sector and has worked with two other major insurance companies previously. In the company, the employees always feel that they are under enormous unnecessary stress, as their manager Mr. Ghosh does not provide any information about future plans but simply instructs them what to do. He also does not listen to any of the suggestions given by the subordinates. Mr. Ghosh does not provide any flexibility to his subordinates; he is extremely rigid while taking decisions and does not like to be interrupted. Thus, he is extremely unpopular as a manager due to his leadership style. But Mr. Ghosh strongly believes in his style of leadership and has seen effective results on account of this. He has been able to increase the sales of number of insurance policies in the last quarter of the financial year for the past three years in a row and thus has been able to meet the annual sales targets successfully. On account of this, he has been awarded the 'Best Employee' Trophy for two years by the management. 1. What is the leadership style of the manager, Mr. Ghosh? 2. Quoting lines from the paragraph, in which circumstances has Mr. Ghosh's leadership style proved effective? 3. What is the nature of communication in the leadership style of Mr. Ghosh identified in Q 1. above? Ans: 1.Autocratic 2. In meeting the annual sales target. In increasing his team's productivity in the last quarter. 3. Formal and One-way	
3.	Naveen, a sales representative of 'Alpha Ltd.' has changed seven jobs in the last one year. He is a hard working person but is not able to finalise deals with the customers due to his inadequate vocabulary and omission of needed words. Sometimes he uses wrong words because of which intended meaning is not conveyed. All this created a misunderstanding between him and his clients. (a) Identify the communication barrier discussed above. (b) State the category of this communication barrier. (c) Explain any other two communication barrier of the same category. (Hint: (a) Badly expressed message (b) Semantic Barrier (c) Symbols with different meanings,Technical jargon, etc.)	3
4.	Hema is a permanent employee of a very large company called Global Pvt. Ltd. She	4

	has been working with the company for the last 5 years and is now eligible for retirement benefits as well. She likes her work and performs her responsibilities with due diligence. She has always displayed utmost dedication while being at work. As per the job agreement, she had to work for 40 hours per week and was free to work overtime. Hema worked overtime during the weekdays and on some occasions, she also used to work on weekends for 8 to 10 hours. On account of which she fell sick and had to take leave from her work as she got hospitalized for a fairly long period of time.The company did not show any concern and neither did it enquire about her health. She realised that on one hand, she was able to fulfill only some of her needs as she only had the stability of income and pension plans since she had completed 5 years already with the organization. On the other hand, some other needs still remained unfulfilled which she realized on account of the indifferent attitude of the company during her sickness. Thus, Hema felt that though her most basic needs are being met as per Maslow's need hierarchy theory, she has a long way to go before her highest level needs are met. (CBSE paper) 1. Which need of Hema is being fulfilled? 2. Which need of Hema is not being fulfilled? 3. In the light of the above case, what are the most basic needs of Hema known as? 4. In the light of the above case, which is the highest level of needs of Hema which she believes will take a fairly long time to fulfill? Ans: 1. Security needs 2. Belongingness Needs Esteem Needs 3. Physiological needs 4. Self-actualization needs	
5.	Zeba Ltd., an e-commerce company operating for the past 10 years, is a company which strongly believes in motivating its employees by offering them various incentives. It is so because they are very focused on their goals and objectives and want their people to improve their performance because there is a lot of competition in the market and Zeba Ltd. has the vision to become the market leader in the next 5 years. Aman, who is an alumnus of IIM Ahmedabad and has done his specialization in Marketing, is a marketing employee employed with the company for the last 3 years has often been rewarded with a <u>pay hike</u> for his growing performance.Samay, who is a Chartered Accountant and has been working in the company for the last 7 years, is from the finance department and <u>has been allotted some shares</u> by the management in lieu of various incentives payable in cash for his continuous efforts towards ensuring timely availability of funds and their effective utilization at all times. Aadvika, who recently graduated from FMS Delhi, is working in the Human Resources department of the company and joined as a <u>contractual employee but is now on the payrolls of the company</u>. The company also organizes annual functions to provide public appreciation to its high performers as it strongly believes in uplifting their spirits towards working for the company as well as preventing them from	4

	joining their competitors. 1. What type of incentive has been provided to Aman? 2. What type of incentive has been provided to Samay? 3. What type of incentive has been provided to Aadvika? 4. What type of incentive does the company provide by organizing annual functions to provide public appreciation to its high performers? Ans: 1. Pay and allowances 2. Co-partnership 3. Job security 4. Employee recognition programmes	
6.	The Managing Director of 'Verma Chemicals Pvt. Ltd.' held a meeting of all the departmental managers. In the meeting, the managing director said that besides doing their current work efficiently, they also had to make themselves capable of shouldering more responsibility in future as the company is going to add an additional product to its existing product line. For the realisation of this objective he invited suggestions from all departmental heads. The Managing Director proposed a plan on the basis of the suggestions received. All the departmental heads carried out the plan. (a) Identify and give the meaning of the style of leadership referred in the above para. (b) Explain the other two styles of leadership. (Hint: (a) Democratic (b)Autocratic, Free Rein)	4
7.	Mrs. Vandana is promoted to the post of principal in the G.S. Alag Public School, Delhi. Shalini and Pooja are Business Studies teachers as well as good friends. One day at lunch they were discussing about the behaviour of the newly appointed Principal. The Principal sets the targets for the subject teachers without discussing it with them. She firmly tells them that if the task is not completed within the given time period then strict action will be taken against them. On the next day, one of the teachers explains some problems to the Principal but the Principal does not grasp the message as he believed a subordinate can not freely express their opinion in front of superiors. At the end of the given time period, the Principal has seen that few teachers could not complete their task. (a) Identify the type of communication used by Shalini and Pooja in the above question. (b) State style of leadership is followed by Mrs. Vandana? (c) Name the communication barrier highlighted in the given question. (d) State any other two barriers of the same category	4

	(Hint: (a)Informal Communication (b)Autocratic (c)Status (d)Rules Regulations, Complexity,etc.)	
	LONG ANSWER TYPE QUESTIONS(6 MARKS)	
1.	What is the meaning of motivation? State the features of motivation as an element of Directing. (Concept: Motivation refers to the process of stimulating people to action to accomplish desired goals **<u>Features of Motivation</u>** 1. Internal Feeling 2 Goal Directed Behaviour. 3. Motivation can be either Positive or Negative, 4. Motivation is a Complex Process.	6
2.	Roshan is the chief of 'Khidmat' restaurant located in the city of Bangaluru. The place is known for its exquisite Mughlai cuisine especially mutton briyani and kababs. All the food is prepared under Roshan's purview. The various activities in the kitchen are initiated in accordance to his instructions. He is very clear and specific in issuing instructions to his subordinates in order to ensure smooth working of the department. He personally oversees the method followed by the chefs for preparation of each dish. He misses no opportunity to praise his subordinates for their good work. All his team members feel very happy and satisfied under his direction. He provides constant guidance to them in order to improve upon its taste and presentation and also encourages them to innovate and be more creative in their work. In the above context: 1. Identify the various elements of directing mentioned in the above paragraph by quoting lines from the paragraph. 2. Describe briefly any two points to highlight the importance of directing as a function of management. Ans: 1. Communication: 'He is very clear and specific in issuing instructions to his subordinates in order to ensure smooth working of the department." 2. Supervision: "He personally oversees the method followed by the chefs for preparation of each dish." 3. Leadership: "He provides constant guidance to them in order to improve upon its taste and presentation and also encourages them to innovate and be more creative in their work." 4. Motivation: "He misses no opportunity to praise his subordinates for their good work."	6
3.	In Saarthak Steel several initiatives have been taken to further improve the motivation	6

	levels of employees through designing jobs that include greater variety of work content, providing certain stability about future income and work, providing fringe benefits like housing, medical aid, etc., allotment of shares in line with various incentives. Identify by quoting the lines and briefly explain the incentives being given by the organization to the employees (Ans: Incentives being given by the organization to the employees are: 1. Job enrichment: Job enrichment is concerned with designing jobs that include greater variety of work content, require higher level of knowledge and skill; give workers more autonomy and responsibility; and provide opportunity for personal growth and a meaningful work experience. Line: "greater variety of work content" 2. Job security: Employees want their jobs to be secure. They want certain stability about future income and work so that they do not feel worried about these aspects and work with greater zeal. Line- "certain stability about future income and work" 3. Perquisites: In many companies perquisites and fringe benefits are offered such as car allowance, housing, medical aid and education to the children, etc., over and above the salary. Line- "fringe benefits like housing, medical aid, etc." 4. Co-partnership/stock option: Under these incentive schemes, employees are offered company shares at a set price which is lower than market price. Sometimes, management may allot shares in line of various incentives payable in cash. Line- "allotment of shares in line with various incentives")	

ANSWER KEY

1. (C)
2. (D)
3. (B)
4. (C) (iv), (ii), (i), (iii)
5. (B) Motive
6. (C) Affiliation/Belonging Needs
7. (A) Esteem Needs
8. (A) Productivity linked wage incentive
9. (C) It is an external feeling of an individual
10. (C) Variable
11. (C) The leader gives orders and insists that they are obeyed.
12. (A)
13. (B)
14. (D)
15. (B) Both (A) and (R) are true, but (R) is not the correct explanation of (A).
16. (C) (A) is true, but (R) is false.

UNIT-8

CONTROLLING

Controlling Concept, Nature and Importance
Concept Controlling can be defined as the process of ensuring that actual activities conform to planned activities. It involves comparison of actual performance with the planned performance and taking suitable corrective actions in case of deviations between actual and planned performance.

Nature of Controlling
1. Goal Oriented.
2. Pervasive Function.
3. Continuous Process.
4. Controlling is Both Backward Looking as well as Forward Looking Function

Importance of Controlling
1. Accomplishing Organisational Goals
2. Judging Accuracy of Standards
3. Making Efficient Use of Resources.
4 Improving Employee Motivation.
5. Ensuring Order and Discipline
6. Facilitating Coordination

Relationship between Planning and Controlling
1. Controlling takes place on the basis of standards developed by planning. So, when there is no plan, managers have no basis for controlling. Thus, controlling is blind without planning
2. Planning is meaningless without controlling as controlling ensures that the events conform to the plans
3. Planning and controlling both are forward-looking:
Planning is looking ahead because plans are prepared for future and are based on forecasts about future conditions.
Controlling is forward looking because the corrective action in controlling seeks to improve the future performance. In other words, controlling helps in a better planning in future.
4. Planning is prescriptive as it prescribes an appropriate course of action for achieving objectives Controlling on the other hand, is evaluation as it evaluates whether decisions have been translated into desired actions.
5. Planning and controlling are both looking back:
* Planning is looking back also new planning is guided by the problems identified in the past.
* Controlling is looking back as it compares the actual performance with the standards This involves scrutinising the events after they have taken place.

Steps in Controlling Process
1. Setting Performance Standards.
2. Measurement of Actual Performance.
3. Comparing Actual Performance with Standards.
4. Analysing Deviations

	5. Taking Corrective Action. **Management by exception:** which is often referred to as control by exception means only significant deviations which go beyond the permissible limit should be brought to the notice of management **Critical Point Control**: It is neither economical nor easy to keep a check on each and every activity in an organisation. Control should, therefore, focus on key result areas (KRAs) which are critical to the success of an organisation.	
	MULTIPLE CHOICE QUESTIONS	
1	Name the function of management which helps in the formulation of future plans, in the light of the problems that were identified and thus, helps in better planning in the future period. (A) Planning (B) Organising (C) Directing (D) Controlling	1
2	Identify an important principle of management control in which only significant deviations which go beyond the permissible limit should be brought to the notice of management. (A) Management by control (B) Control by exception (C) Critical point control (D) Both (A) and (B)	1
3	Raman and Vasudev were two employees who were embezzling an import-export company in Varanasi where they were working. The finance manager of the company Sampat Singh became suspicious of the two employees when he realized that their activities were not being performed as per the plans. He installed a software program that could secretly log every single stroke of the suspects' computer keys and send an encrypted email report to the Cyber police. The police were able to catch the two dishonest employees red handed and arrest them. Identify the function of management being discussed above. a. Staffing b. Coordination c. Controlling d. Organizing	1
4	In a manufacturing organisation, an increase of 5 per cent in the labour cost may be more troublesome than a 15 per cent increase in postal charges."Identify the related concept. (A) Management by control (B) Control by exception (C) Critical point control	1

	(D) Both (A) and (B)	
5	An important project at AMB Consultants is running behind schedule by a month. This has upset their clients and might affect the reputation of the company in the long run. No managerial action like assigning more workers, equipment or giving overtime has been able to solve the problem. What managerial action may now be taken by the company to avoid such a situation from arising in future? (A) Revise the schedule (B) Assigning additional workers and equipment to the project (C) Get permission for further overtime work (D) Both (B) and (C)	1
6	Controlling means ensuring that activities in an organisation are performed as per the …… . (A) Plans (B) Goals (C) Resources (D) None of these	1
7	What should be the 'focus point' for a manager while controlling, as controlling at each and every step is not possible? (A) Special area (B) Key result area (C) Normal area (D) None of these	1
8	An effort to control everything may end up in controlling nothing is related to: (A) Critical Point Control " (B) Management by Exception (C) Management by Information (D) Key Result Areas	1
9	Statement-I Management by exception facilitates delegation of authority and increases morale of the employees. Statement-II . It saves the time and efforts of managers as they deal with only significant deviations. Choose the correct option from the options given below: A.Statement I is true and II is false B. Statement II is true and I is false C. Both the statements are true D.Both the statements are false	1
10	"Employee know well in advance what they are expected to do and what are the standards of	1

	performance on the basis of which they will be appraised, which inturn help them to give better performance.” Which importance of controlling is highlighted above? (A) Facilitating coordination in action (B) Making efficient use of resources (C) Accomplishing organisational goals (D) Improves employee motivation	
11	Match the FUNCTIONAL AREA in Column I with their respective STANDARDS set to gauge performance in Column II, as a part of the controlling function. Column I — Column II (a) Marketing — (i) Quality (b) Production — (ii) Liquidity (c) Human Resource Management — (iii) Advertising expenditures (d) Finance and Accounting — (iv) Labour absenteeism (A)(i), (iii), (iv), (ii) (B) (iii), (i), (iv), (ii) (C) (iv), (ii), (i), (iii) (D) (iii), (i), (ii), (iv)	1
12	Assertion (A): Controlling ensures that resources are used in the most effective and efficient manner. Reason (R): In controlling, each activity is performed in accordance with predetermined standards and norms to reduce wastage and spoilage of resources. In the following questions, a statement of Assertion (A) is followed by a statement of Reason (R). Mark the correct choice as: (A) Both (A) and (R) are true, and (R) is the correct explanation of (A). (B) Both (A) and (R) are true, but (R) is not the correct explanation of (A). (C) (A) is true, but (R) is false.	1

	(D) (A) is false, but (R) is true.	
13	Assertion (A): A small enterprise cannot afford to install an expensive control system. Reason (R): Control system loses some of its effectiveness when standards cannot be defined in quantitative terms. In the following questions, a statement of Assertion (A) is followed by a statement of Reason (R). Mark the correct choice as: (A) Both (A) and (R) are true, and (R) is the correct explanation of (A). (B) Both (A) and (R) are true, but (R) is not the correct explanation of (A). (C) (A) is true, but (R) is false. (D) (A) is false, but (R) is true.	1
14	Assertion (A): The controlling function measures progress towards the organisational goals. Reason (R): Controlling guides the organisation and keeps it on the right track so that organisational goals might be achieved. In the following questions, a statement of Assertion (A) is followed by a statement of Reason (R). Mark the correct choice as: (A) Both (A) and (R) are true, and (R) is the correct explanation of (A). (B) Both (A) and (R) are true, but (R) is not the correct explanation of (A). (C) (A) is true, but (R) is false. (D) (A) is false, but (R) is true.	1
15	Assertion (A): Controlling creates an atmosphere of order and discipline in the organisation. Reason (R): Controlling helps to minimise dishonest behaviour on the part of the employees by keeping a close check on their activities. In the following questions, a statement of Assertion (A) is followed by a statement of Reason (R). Mark the correct choice as: (A) Both (A) and (R) are true, and (R) is the correct explanation of (A). (B) Both (A) and (R) are true, but (R) is not the correct explanation of (A). (C) (A) is true, but (R) is false. (D) (A) is false, but (R) is true.	1
	SHORT ANSWER TYPE QUESTIONS(3/4 MARKS)	
1.	Explain "Critical point control" with respect to Analyzing deviations, a step in the process of controlling. Give a suitable example. OR Explain "Management by exception" with respect to Analyzing deviations, a step in the process of controlling. Give a suitable example.	3

	(Hint: **Critical Point Control**: It is neither economical nor easy to keep a check on each and every activity in an organisation. Control should, therefore, focus on key result areas (KRAs) which are critical to the success of an organization **Management by exception:** which is often referred to as control by exception means only significant deviations which go beyond the permissible limit should be brought to the notice of management.)	
2	Vinay was the Chief Operating Officer of 'Easy Solutions Ltd.', a company providing advanced software solutions to Indian Defence Services. They had been carrying on business successfully for the last twelve years and earning enough profits. But from the last one year, they realised that though the business is getting big orders which are being fulfilled on time, even then the revenues kept on decreasing. Vinay was not able to find out where the problem was. He started keeping a close check on the progress of the activities as he could sense that something was wrong.He wanted to take some action before any major damage could be done to the business. Vinay appointed a cyber security expert who monitored the company's processes and found out that the computer operator was deleting the entries from the computers and pocketing the revenues. He was caught and handed over to the police. This helped in minimizing dishonest behaviour on the part of the employees. 1. Which management function proved helpful in creating an atmosphere of order and discipline in the organisation and helped in minimizing dishonest behaviour on the part of the employees? 2. What did the measurement of performance reveal? 3. Identify the importance of the function when it says "This helped in minimizing dishonest behaviour on the part of the employees." 3. What corrective action did Vinay take? Ans: 1. Controlling 2. Declining revenues despite getting big orders which were being fulfilled on time. 3. Ensures order and discipline/ 4.Computer operator was caught and handed over to the police.	4
3	Discuss the relationship between planning and controlling. **(Hint:** 1. <u>Planning forms the basis of Controlling</u>- Controlling takes place on the basis of standards developed by planning. So, when there is no plan, managers have no basis for controlling. Thus, controlling is blind without planning 2. <u>Planning is meaningless without controlling</u> as controlling ensures that the events conform to	4

	the plans 3. Planning and controlling both are forward-looking and backward looking. Planning is looking ahead because plans are prepared for future and are based on forecasts about future conditions. Controlling is forward looking because the corrective action in controlling seeks to improve the future performance. In other words, controlling helps in a better planning in future. 4. Planning is prescriptive and Controlling is evaluative- Planning is prescriptive as it prescribes an appropriate course of action for achieving objectives Controlling on the other hand, is evaluation as it evaluates whether decisions have been translated into desired actions.)	
4.	Mr.Arfaaz had been heading the production department of Writewell Products Ltd., a firm manufacturing stationary items. The firm secured an export order that had to be completed on a priority basis and production targets were defined for all the employees. One of the workers, Mr.Bhanu Prasad, fell short of his daily production target by 10 units for two days consecutively. Mr.Arfaaz approached MsVasundhara, the CEO of the Company, to file a complaint against MrBhanu Prasad and requested her to terminate his services. Explain the principle of management control that MsVasundhara should consider while taking her decision. (NCERT) (Hint: Management by exception)	3
	LONG ANSWER TYPE QUESTIONS(6 MARKS)	
1.	Sameer Sweets, a renowned name for quality sweets since 1950 had maintained its standards ever since then. It is an ancestral sweet shop and Sana, the present owner of Sameer Sweets, is the third generation entrepreneur who has taken the charge of the sweet shop from her father. Sana has been handling her responsibilities exceptionally well except that she was worried as the sales had declined during the last three months despite her best efforts and involvement in business. When she enquired from the Sales Manager, Ajay, he reported that there were some complaints about the quality of sweets from many customers recently. Therefore, Sana ordered for sample checking of sweets by her quality control team. The team investigated and reported to Sana. She realized that during peak demand, quality was being compromised by her team to meet the orders of the customers. She decided to invest more capital in order to increase production to be able to meet the increasing demand especially during peak seasons like festivals and marriage catering. (a) State the function of management discussed above. (b) Identify those steps in the process of the function identified which are discussed in the above paragraph by quoting the lines. Ans: (a) Controlling(meaning) (b) 1. Setting performance standards **'…a renowned name for quality sweets since 1950 had maintained its standards ever since then.'** **2.** Measurement of actual performance	6

	'.. .sales had declined during the last three months.' 3. Analysis of deviations '…**Sana ordered for sample checking of sweets by her quality control team.'** 4. Taking corrective action '**She decided to invest more money in order to increase production to be able to meet the increasing demand….'**	
2.	XYZ Ltd. is engaged in manufacturing machine components. The target production is 200 units per day. The company had been successfully attaining this target until two months ago. Over the last two months, it has been observed that daily production varies between 170-180 units. (a)Identify the management function to rectify the above situation. (b) 'This function is an indispensable function of management'. Do you agree? Explain any five reasons in support of your answer. (Hint: (a) Controlling , (b) Importance of Controlling- 1. Accomplishing Organisational Goals 2. Judging Accuracy of Standards 3. Making Efficient Use of Resources. 4 Improving Employee Motivation. 5. Ensuring Order and Discipline 6. Facilitating Coordination)	6

ANSWER KEY

1. (D) Controlling
2. (B) Control by exception
3. (C) Controlling
4. (C)
5. (A) Revise the schedule
6. (A) Plans
7. (B) Key result area
8. (B) Management by Exception
9. (C) Both the statements are correct
10. (D) Improves employee motivation
11. (B) (iii), (i), (iv), (ii)
12. (A) Both (A) and (R) are true, and (R) is the correct explanation of (A).
13. (B) Both (A) and (R) are true, but (R) is not the correct explanation of (A).
14. (A) Both (A) and (R) are true, and (R) is the correct explanation of (A).
15. (A) Both (A) and (R) are true, and (R) is the correct explanation of (A).

UNIT-9

FINANCIAL MANAGEMENT

Quick Revision
Concept, Objective and Role of Financial Management **Financial Management**: It is concerned with decisions related to procurement and utilisation of fund. **Objectives of Financial Management**: The primary objective of financial management is to maximise shareholders' wealth. It means maximisation of the market value of equity shares. It can happen through appropriate decision making. The secondary objectives include profit maximization, ensuring effective utilisation of funds, availability of funds at reasonable costs, liquidity, avoidance of idle finance, etc. **Role of Financial Management**: Financial management has a direct bearing on the financial health of a business. The importance of financial management can be judged by the fact, that almost all items in the financial statements of a business are affected directly or indirectly through some financial management decisions. Some of the examples are : (i) Size and composition of fixed assets by the business. (ii) Quantum of current assets. (iii) Amount of long term and short -term funds to be used (iv) Breakup of long- term financing into debt, equity, etc. (v) All items in the Profit and Loss Account.
Financial Decisions Types of Financial Decisions: **(i) Investment Decision:** It is concerned with investment of firm's funds in different assets. (a) A long-term investment decision in fixed assets is called capital budgeting decision. (b) A short-term investment decision in cash, inventory, and debtors is called as working capital decision. **Factors affecting capital budgeting decision are :** (a) Cash flows of the project. (b) Rate of return. (c) Investment criteria. **(ii) Financing Decision**: It deals with the quantum of finance to be raised from various long-term sources viz. debt and equity. **Factors affecting Financing Decision are**: (a) Cost of funds. (b) Cost of floatation. (c) Cash flow position of business. (d) Control consideration. (e) Capital market situation. (f) Fixed operating cost. (g) Risk. (h) Return on investment. (i) Tax rate. (j) Flexibility. (k) Regulatory frame work. **III. Dividend Decision:** It determines how much of the profits are to be distributed as dividends and how much to be retained for the investment requirement**.** **Factors affecting dividend decisions are:** (a) Amount of earnings. (b) Stability of earnings. (c) Stability of dividends. (d) Growth opportunities. (e) Cash flow position. (f) Shareholders' preference. (g) Taxation policy. (h) Stock market reaction. (i) Access to capital market. (j) Legal constraint. (k) Contractual constraints **Features (Importance)of Fixed Capital/Investment decision/Capital budgeting decision :** (i) Long-term growth and impact. (ii) Large amount of funds involved. (iii) Risk involved. (iv) Irreversible decision. **Factors affecting the requirement of fixed capital :** (i) Nature of business. (ii) Scale of operation. (iii) Choice of technique. (iv) Technology upgradation. (v) Growth prospects. (vi) Diversification. (vii) Financing alternatives. (viii) Level of Collaboration.

Working Capital = Current Assets – Current Liabilities

Factors affecting the working capital requirements : (i) Nature of business. (ii) Scale of operations. (iii) Business cycle. (iv) Seasonal factors. (v) Production cycle. (vi) Credit availed. (vii) Credit allowed. (viii)Operating efficiency. (ix) Availability of raw material (x) Growth prospects. (xi) Level of competition. (xii) Inflation**.**

Financial Planning : It is the process of estimating the fund requirement of a business and specifying the sources of funds.

Objectives of Financial Planning : (i) To ensure the availability of funds whenever required. (ii) To ensure that the firm does not raise resources unnecessarily.

Importance of Financial Planning : (i) Prepares for future challenges. (ii) Avoids business shocks and surprises. (iii) Co-ordinates various business functions. (iv) Eliminates wasteful efforts. (v) Links present with future. (vi) Links investment with financing decision. (vii) Facilitates financial control.

Capital Structure : It refers to the mix between owners funds i.e., equity and borrowed funds raised by a company i.e., Debt/Equity Capital.

Trading on Equity : It refers to an increase in profit earned by the equity shareholders due to the presence of fixed financial charges like interest.

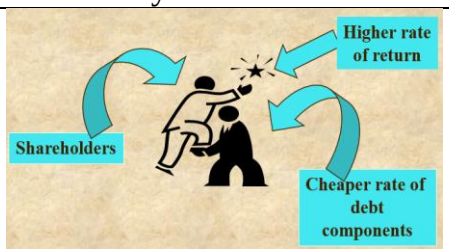
Factors determining the capital structure : (i) Cash flow position (ii) Interest Coverage Ratio (ICR) (iii) Debt Service Coverage Ratio (DSCR) (iv) Return on Investment (ROI) (v) Cost of debt (vi)Tax rate (vii) Cost of equity (viii) Floatation Cost (ix) Risk Consideration (x) Flexibility (xi) Control (xii) Regulatory Framework (xiii) Stock Market Conditions (xiv) Capital Structure of other companies .

Q.No.	COMPETENCY BASED OBJECTIVE TYPE QUESTIONS	Marks
1.	Dheeraj has opened a company. He has come from Australia to set up a business of his father here in India. He decides to meet a person who owns huge chunks of property. He decides to take a piece of land for his company on lease from him. State the factor affecting the fixed capital requirement of his company? (Hint –Financial Alternative. The fixed capital requirement of Dheeraj's company will be less.The reason for this less requirement will be a financial alternative in the form of lease that he has generated saving his funds which otherwise would have been used in purchasing the land.)	1.
2.	Atul is thinking of opening a scissors manufacturing plant. He requires capital investment. He discusses the project with his father. His father after listening to his project tries to find out the fixed capital requirement for his plant. What do you think will be the fixed capital requirement for the scissors manufacturing plant of Atul? (Hint-The fixed capital requirement for the plant of AtuI will be high as it is a manufacturing plant. For a manufacturing plant the fixed capital requirement is high since the purchase of plant and machinery, equipment, etc. is involved.**)**	1.

3.	Ravi has started a pizza base manufacturing business. The early morning schedule is very busy as the product is dispatched as soon as it is made to keep it fresh and is sent to the various pizza making restaurants or hotels. Daily fresh pizza base has to be delivered on the basis of estimated orders as there is no sure shot consumption pattern in the city. What will be the working capital requirement of this business? (Hint- The working capital requirement of this business will be low. The reason for this low requirement is that the production cycle for Pizza base is short and as the production is made on estimated order no inventory is required which will further prevent inventory costs)	1
4.	What is meant by 'financial management'? (Hint- Financial Management is concerned with optimal procurement as well as usage of finance.)	1.
5.	'Hamara Bank' has over 1.5 million satisfied customers. However, recently some of them started leaving the clientele of bank. The reason behind this was that the services of the bank were extremely good, people always complained about lack of ATM facility in the bank. To overcome this problem and stop the clients go away, the bank decided to go for collaboration with 'Tumhara Bank'. 'Tumhara Bank' is a new bank and is no way near to the competency of Core services of 'Hamara Bank' but it has exceptional ATM facilities. What do you think is going to be the impact of this collaboration on the fixed capital investment of 'Hamara Bank'? Give reason. (Hint-The result of this will result in lower fixed capital requirement of 'Hamara Bank'.As both the banks will share each other's facilities, the requirement of the banks to invest in fixed capital will come down.)	1.
6.	'Hot Winters' is a premium sweater making company. The sweaters are worn in many countries and they are of very high quality. For six months of the year the company is almost without work but the remaining six months it is busy in preparing almost 10 million sweaters for its customers in different parts of the world. State the factor affecting working capital requirement of this company? (Hint – Seasonal factor The working capital requirement of this company will be high in the six months when it produces more sweaters.Though the company is almost without work for six months yet for the remaining six months it produces almost 10 million sweaters thus require a huge working capital since the scale of operations is large.)	1.
7.	What is the cost of raising funds called? (Hint: Flotation Cost)	1.
8.	A textile company is diversifying and starting a steel manufacturing plant. State the effect of diversification on the fixed capital requirement of the company.	1.

	(Hint- Fixed capital will increase with diversification of business activity.)	
9.	Bharat Steel Ltd., an Indian company producing 50 million tonnes of steel annually and generating revenue of 38 billion US dollars has recently acquired the 5 second largest steel producing company, 'German Steels.' After this acquisition Bharat Steels Ltd. will become the World's largest steel producer. For this acquisition Bharat Steels Ltd. had to arrange about 50,000 crores of rupees through debt and equity. State the function performed by the company for arranging the funds through debt and equity. (Hint - **Financing function or Financing decision.** It refers to the decision about quantum of finance to be raised from various long- term sources.)	1.
10.	A company has decided to plough back the money in the form of retained earnings. This decision will save the company at least Rs.50 crores. These funds can be used for the long term growth of the business. Identify the type of decision. Ans. Dividend decision (As out of the EPS one portion will be dividend and the other retained earnings. This is decided by dividend decision)	1.
	OBJECTIVE TYPE QUESTIONS(MCQS)	
11.	Avik is the finance manager of Mars Ltd. in the current year, the company earned high profit. However, Avik thinks that it is better to declare smaller dividend as he is unsure about the earning potential of the company in the coming years. Avik's choice of dividend decision is based on which of the factor that affect it? (a) Amount of earnings (b) Stability in earnings (c) Stability of dividends (d) Growth opportunities	1.
12.	Financial decisions impact which of the following items of profit and loss account? (a) Interest (b) Profit (c) Tax (d) All of these	1.
13.	Bharti Ltd. is a leading mobile company. It is planning to acquire Queen Ltd. (its close competitor) business worth `1,000 crore. Which financial decision is involved in it? (a) Investment (b) Financing (c) Dividend (d) None of these	1.
14.	VNG Agro Food Ltd. is a famous multinational company. Mr. SK Nagi is its finance manager. He is making efforts to increase the market value of capital invested by the equity shareholders. He already knew it could be possible only when price of the shares increases and price of shares increase only if financing, investment and dividend decisions are taken optimally. He did the same and achieved success. Which objective of financial management has been referred here?	1.

	(a) Maximising the wealth of equity shareholders (b) Effective utilisation of funds (c) Ensures safety of funds (d) Avoiding idle finance	
15.	A company was expecting a sale increase of 20% in comparison to the last year. However, due to poor support from the economic situations around the increase turned out to be only 10%. The company however had prepared itself for this situation. It knew how to change its expenses in case the increase in sales goes down in comparison to the expectations. Identify the concept of financial management which is highlighted in the above case.	1.
16.	**Assertion** (A) Business finance refers to the money required for carrying out business activities. **Reason** (R) Financing decisions involves careful selection of assets, in which funds are to be invested. a) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A) (b) Both Assertion (A) and Reason (R) are true, but Reason (R) is not the correct explanation of Assertion (A) (c) Assertion (A) is true, but Reason (R) is false (d) Assertion (A) is false, but Reason (R) is true	1.
17.	Assertion (A) The objective of financial planning is to ensure that enough funds are available at right time. Reason (R) Capital structure refers to the mix between owners and borrowed funds. a) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A) (b) Both Assertion (A) and Reason (R) are true, but Reason (R) is not the correct explanation of Assertion (A) (c) Assertion (A) is true, but Reason (R) is false (d) Assertion (A) is false, but Reason (R) is true	1.
18.	Assertion (A) Primary aim of financial management is to maximise shareholder's wealth. Reason (R) Company's funds belong to the shareholders and the return earned by them determine their market value and price. a) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A) (b) Both Assertion (A) and Reason (R) are true, but Reason (R) is not the correct explanation of Assertion (A) (c) Assertion (A) is true, but Reason (R) is false (d) Assertion (A) is false, but Reason (R) is true	1.
19	During negative leverage effect, firm prefers ..... . (a) debenture (b) equity (c) preference share (d) borrowed funds	1.

20	The fund-raising exercise also costs something. This cost is called (a) Fixed cost (b) Flotation cost (c) Bearing cost (d) Variable cost	1.
21.	In the paint industry, various raw materials are mixed in different proportions with petroleum for manufacturing different kind of paints. One specific raw material is not readily available to the manufacturing company. Bonter paints company is also facing this problem and because of this there is a time lag between placing the order and the actual receipt of the material. But once it receives the raw material, it takes less time in converting it into finished goods. Identify the factor affecting working capital requirements of this industry. (a) Nature of business (b) Seasonal factors (c) Operating efficiency (d) Availability of raw material	1.
22.	 Identify the concept of Financial Management illustrated in the picture given above: (a) Capital Budgeting (b) Capital Structure (c) Financial Planning (d) Trading on Equity	
	<u>Answers-:</u> 11. Ans. (b) Low dividend should be declared by the company as its not sure about future earnings. 12. Ans. (d) Financial decision impacts all those transactions which are related with financial transactions and profit, interest and tax all are financial transactions 13. Ans. (a) Investment 14. Ans. (a) Maximising the wealth of equity shareholders 15. Ans-.The concept of financial management highlighted in the above case is ‘financial planning’ 16. Ans. (c) Investment decision involves careful selection of assets, in which funds are to be invested. 17. Ans. (b) Both Assertion (A) and Reason (R) are true, but Reason (R) is not the correct explanation of Assertion (A). 18. Ans. (a) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A). 19. Ans. (b) When RoI is less than the cost of debt, company prefers more equity than debt. 20. Ans. (b) When a company raises the funds it includes some costs like	

	brokerage, commission, etc. which is known as flotation cost. 21. Ans. (d) Availability of raw material 22. Ans. (d) Trading on Equity	
	SHORT ANSWER TYPE QUESTIONS (3/4 MARKS)	
1.	Financial management is based on three broad financial decisions. What are these? Hint: (Investment, Financing,Dividend)	3
2.	An organisation is busy preparing its financial blueprint for its future operations. The idea is to create satisfactory amount of money which should be there in the reach of the organisation at the right time. 1.Which concept of financial management has been highlighted in the above case? 2.What are the financial plans made for a year known as? 3.What are the twin objectives of financial planning? **Answer:** 1.The concept of financial management highlighted is **'Financial Planning'.** 2.The financial plans made for a year are known as **'Budgets'.** 3.The twin objectives of financial planning are: To ensure proper availability of funds whenever the need arises. To ensure that there is no unnecessary raising of funds by the organisation.	3
3.	What are the main objectives of financial management? Briefly explain.	3
4.	Vipul is engaged in 'transport business' and transports fruits and vegetables to different states. Stating the reason in support of your answer, identify the working capital requirements of Vipul. Vipul also wants to expand and diversify his transport business, explain any two factors that will affect his fixed capital requirements. (Hint: Nature of Business, Growth opportunities)	3
5.	Distinguish between fixed capital and working capital.	3.
6.	How do debt and equity differ in their costs and risks involved? Explain	3
7.	What is meant by Capital Budgeting? State any three factors which affect the Capital Budgeting decision (Hint: Meaning of Capital Budgeting Any three Factors affecting Capital Budgeting decision (Cash Flow Position, Return on Investment, Investment Critera)	4
8.	Explain briefly any four factors which affect the choice of capital structure of a company. (Hint:Any four factors - (1) Cash Flow Position: While making a choice of the capital structure the future cash flow position should be kept in mind. ... (2) Interest Coverage Ratio-ICR: ... (3) Debt Service Coverage Ratio-DSCR: ... (4) Return on Investment-ROI	4

	Any other point	
9.	Explain briefly any four factors that affect the working capital requirement of a company. (Hint: Any four Factors Affecting Working Capital (1) Nature of Business: (2) Scale of Operations: (3) Business Cycle: (4) Seasonal Factors: (5) Production Cycle: (6) Credit Allowed: (7) Credit Availed:(8) Operating Efficiency	4
10.	MM Ltd. is manufacturing small cars at its manufacturing unit in Pune. The demand of its cars is increasing at the rate of 20% annually. It is planning to set up a new car manufacturing unit at Indore. For this the company will require approximately Rs1,500 crores as fixed capital and Rs 400 crores as working capital. The company has already arranged for its working capital. State any four factors that the finance manager should keep in mind while arranging its fixed capital. (Hint: Any four factors Affecting Requirement of Fixed Capital: Nature of Business: Scale of Operation: Technique of Production: Technology Up-gradation: Growth Prospects: Diversification: Availability of Finance and Leasing Facility: Level of Collaboration/Joint Ventures	4
11.	How does working capital affect both the liquidity as well as profitability of a business? (Hint: Working Capital refers to investment in current assets. This investment facilitates smooth day-today operations of the business. Current assets are usually more liquid but contribute less to the profits than fixed assets. Insufficient investment in current assets may make it more difficult for an organisation to meet its payment obligations. However, these assets provide little or low return. Hence, a balance needs to be struck between liquidity and profitability.)	4
	6 MARKS Questions (Objective type, Case Based / Source Based)	
1.	**Direction Read the following text and answer the question no. (i) to (vi) on the basis of the same.** Neelabh Sarin, the finance manager and Atul Chopra the MD of Tata Ltd. were discussing regarding the source of finance to be raised for modernisation of their existing plant. Quoting that 'Sensex has soared by 6,078 points in the last 4 years', Neelabh Sarin suggests that equity should be preferred while Atul Chopra wanted to opt for debt. Company has high operating cost over period	6
(i)	Keeping in mind the high operating costs of the company, suggest the	

	source of finance that should be used for modernisation of existing plant. (a) Equity (b) Debt (c) Both (a) and (b) (d) None of these Ans. (a) Equity	
(ii)	Higher debt-equity ratio results in (a) lower financial risk (b) higher degree of operating risk (c) higher degree of financial risk (d) higher EPS Ans. (c) higher degree of financial risk	
(iii)	Identify the factor highlighted in below lines which affects this decision ‘‘Sensex has soared by 6,078 points in last 4 years.’’ (a) Cash flow position (b) Stock market condition (c) Taxation policy (d) Legal constraints Ans. (b) Stock market condition	
(iv)	Which one is favourable financial leverage? (a) RoI > Rate of interest on debt (b) RoI < Rate of interest on debt (c) Both (a) and (b) (d) None of the above Ans. (a) Rol > Rate of interest on debt	
(v)	Stock market condition is a factor related to (a) financing decision (b) investment decision (c) dividend decision (d) financial planning Ans. (a) financing decision	
(vi)	“Neelabh Sarin, the finance manager and Atul Chopra the MD of Tata Ltd. were discussing regarding the source of finance to be raised for modernisation of their existing plant.” Identify the decision involved in the given lines. (a) Financing (b) Investment (c) Dividend (d) None of these Ans. (a) Financing	
2.	**In the following cases identify the type of financial decision. Also identify the factors affecting the decisions:** 1.A company has decided to issue equity but it is concerned about the control management will lose. So after a lot of brainstorming the board of directors decide to take loan from a bank and debt from other sources. 2.Keeping the concern of raising funds alive a company decides to go for debenture as the final choice. The people who will be purchasing the debentures would be assured a definite return after a definite period of time. The company’s credibility is good so they should not worry about the A company issues equity shares but the expenses involved are quite a lot. The organisation has to be aware about the printing charges, advertisement related expenses, underwriter’s commission and brokerage asked by the middle men.	6

	3.‘Dheeraj Plants’, a manufacturing company, thinks of starting a project in South America. The company knows that the project will be a successful venture in the years to come. It tries to figure out the revenue generated by the project and the expenses which will be involved in it. 4.Suyash tries to evaluate two projects. The projects have equal level of risk. According to this parameter he finds both projects at par. However, when it comes to knowing the rate of return of the two projects he finds that Project A will yield a rate of return of 10% and Project B will yield a rate of return of 12%. So he decides to go ahead with the project B. 5.Shobhit wants to start a movie hall so he decides to evaluate the feasibility of starting the project. He finds that at place A the movie hall will cost Rs.20 crore and at place B it will cost Rs.30 crore. He decides to go for the first option—Project A. **Answer:** **Type of financial decision:** Financing decision **Factor affecting:** Control considerations **Type of financial decision:** Financing decision **Factor affecting:** Cost **Type of financial decision:** Financing decision **Factor affecting:** Floatation cost **Type of financial decision:** Investment decision **Factor affecting:** Cash flows of the project **Type of financial decision:** Investment decision **Factor affecting:** Rate of return **Type of financial decision:** Investment decision **Factor affecting:** Amount of investment	
3.	Every manager has to take three major decisions while performing the finance functions. Explain them. (Hint – Investment decision, Financing decision and Dividend decision)	6
4.	There are two companies B and D. Total contribution of capital is Rs.40 lakh each. The ratio of equity to total capital in company B is ` 10 lakh and debt is Rs. 30 lakh while in company D, the total equity capital is ` 40 lakh, sourced through equity. EBIT is Rs.8 lakh, the interest rate on debt is @ 10% and the tax rate is 30%. Which company enjoys favourable financial leverage? **ANS**	6

Particulars	Company B	Company D
Equity @ Rs 100 each	10,00,000	40,00,000
Loan @ 10 % p.a	30,00,000	--
Total capital	**40,00,000**	**40,00,000**
EBIT	8,00,000	8,00,000
Less Interest	(3,00,000)	--
EBT	5,00,000	8,00,000
Less Tax @ 30%	(1,50,000)	(2,40,000)
EAT	3,50,000	5,60,000
EPS	35	14

Company B is in the position of favourable financial leverage as use of debt increases the EPS and thus, the situation is considered as favourable for trading on equity.

5. Tata International Ltd. earned a net profit of Rs. 50 crores. Ankit, the finance manager of Tata International Ltd. wants to decide how to appropriate these profits. Discuss any five factors which will help him in taking this decision. 6

(Hint-:The five factors which will help Ankit, in taking the dividend decision are described below: Earnings , Cash flow position, Access to capital market, Growth prospects, Preferences of the shareholders)

6. "Sound financial planning is essential for the success of any enterprise." Explain this statement by giving any six reasons. 6

(Hint- any six Importance of financial planning.)

Importance of Financial Planning

(i)Helps in forecasting alternative business plans.
(ii)Helps to avoid business shocks.
(iii)Helps in coordinating various business functions.
(iv)Helps in linking present with the future.
(v)Helps to eliminate wasteful efforts.
(vi)Provides a link between investment and financing decisions.
(vii)Facilitates financial control.
(viii) Helps in avoiding wastage of finance.
(ix)Helps in proper utilisation of funds.
(x)Helps in operational activities.

UNIT- 10

FINANCIAL MARKET

Financial Market: Definition
A financial market is a market for the creation (new issue of securities) and exchange (sale of existing securities) of financial assets.
Financial Markets: Purpose
Financial market serves as an intermediary between the surplus sector (households which have savings) and deficit sector (business firms which needs funds).
Functions of Financial market:
1. Mobilisation of savings
2. Price Discovery
3. Providing liquidity
4. Reducing cost of transactions

Types of Financial Markets : (i) Money Market; (ii) Capital Market.
Money market: Market for short term funds and securities having maturity upto one year
Capital Market : It refers to whole market of organisations and institutions through which medium and long-term funds; both debt and equity are raised and invested.
Types of Capital Market : (i) Primary Market : It refers to the market wherein securities (shares, debentures) are sold for the first time. It is also known as new issue market
Secondary Market : It refers to the market for sale and purchase of previously issued securities. It is also known as stock exchange.

Difference between Primary Market & Secondary Market

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

Difference Between Money Market & Capital Market

	Money Market	Capital Market
Definition	A random course of financial institutions, bill brokers, money dealers, banks, etc., wherein dealing on short-term financial tools are being settled is referred to as Money Market	A kind of financial market where the company or government securities are generated and patronised with the intention of establishing long-term finance to coincide with the capital necessary is called Capital Market.
Instruments involved	Commercial Papers, Treasury Certificate of Deposit, Bills, Trade Credit, etc.	Bonds, Debentures, Shares, Asset Secularisation, Retained Earnings, Euro Issues, etc.
Participants	Commercial banks, non-financial institutions, central bank, chit funds, etc.	Stockbrokers, insurance companies, Commercial banks, underwriters, etc.
Liquidity	Money markets are highly liquid.	Capital markets are comparatively less liquid.
Risk Involved	Money markets have low risk.	Capital markets are riskier in comparison to money markets.
Maturity of Instruments/ Duration	Instruments mature within a year.	Instruments take longer time to attain maturity
Investment outlay	Requires huge amounts.	Does not require huge amounts.

Stock Exchange-

A stock Exchange is an institution which provides a platform for buying and selling of existing securities. It facilitates the exchange of a security i.e. share, debenture etc. into money and vice versa.

Functions of a Stock Exchange : (i) Provides liquidity and marketability to existing securities. (ii) Ensures safety of transactions. (iii) Contributes to economic growth. (iv) Spreads out equity cult. (v) Determines price of securities. (vi) Provides scope for speculation.

Trading Procedure on a Stock Exchanges. **1. Selection of Broker :** In order to trade on a stock Exchange first a broker is selected who should be a member of stock exchange as they can only trade on the stock exchange.

2. Opening demat account

3. **Placing the order** : After selecting a broker, the investors specify the type and number of securities they want to buy or sell.

4. Broker goes onlione

5. **Executing the order** : The broker will buy or sell the securities as per the

	instructions of the investor. 6. Issue of contract note 7. Delivery of shares/ pay cash (pay-in day) **8. T+2 Settlement** :. All transactions made during one account are to be settled by payment for purchases and by delivery of share certificates, which is a proof of ownership of securities by an individual. 9. Pay out Day 10. Delivery of shares in demat account **Depository Services :** Now a days on line paper-less trading in shares of the company is compulsory in India. Depository services is the name of that mechanism. In this system transfer of ownership in shares takes place by means of book entry without the physical delivery of shares. When an investor wants to deal in shares of any company he has to open a demat account. This process of holding securities in an electronic form is called **dematerialisation.** Physical shares can be converted into electronic form or electronic holdings can be reconverted into physical certificates **(rematerialisation).** The **depository participant (DP)** serves as an intermediary between the investor and the **Depository** (NSDL or CSDL) who is authorised to maintain the accounts of dematerialised shares **Demat Accounts** : In this process shares certificates are converted from its physical form to electronic form and the same number of holding is credited to demat account. **Securities and Exchange Board of India (SEBI)** SEBI was established by Government of India on 12 April 1988 as an interim administrative body to promote orderly and healthy growth of securities market and for investor protection. It was given a statutory status on 30 January 1992 through an ordinance, which was later replaced by an Act of Parliament known as the SEBI Act, 1992. **Objectives of SEBI** 1. To regulate stock exchange and the securities market to promote their orderly functioning. 2. To protect the rights and interests of investors and to guide & educate them. 3. To prevent trade malpractices such as internal trading. 4. To regulate and develop a code of conduct and fair practices by intermediaries like brokers, merchant bankers etc. **Functions of the SEBI :** I. **Regulatory Functions :** (i) Registration of players in the market. (ii) Registration of investment schemes. (iii) Regulation of intermediaries. (iv) Regulation of takeover bids. (v) Calling for information. (vi) Levying fees. (vii) Others as delegated by the Govt. of India. **II. Developmental Functions** : (i) Training of intermediaries. (ii) Conducting research. (iii) Developing capital markets. **III. Protective Functions :** (i) Prohibition of unfair trade practices. (ii) Controlling insider trading. (iii) Investors' protection. (iv) Promotion of fair practices and code of conduct.	
Q.NO	**OBJECTIVE TYPE QUESTIONS**	MA

.		RKS
1	The XYZ Ltd. wants to raise Rs. 500 crore to fulfill its expansion plans by issue of equity shares. Identify the market, ABC Ltd. will look for raising funds. (a) Primary market (b) Secondary market (c) Both (a) and (b) (d) None of these	1
2	Mr. X bought certain shares of Reliance Ltd. from Mr. Y and lodged them with the depository in form of a book entry. However, as per the register of members of Reliance Ltd., Mr. Y is still the owner of those shares. In such a situation, Mr. X would be known as (a) Registered owner (b) Holder of shares (c) Beneficial owner (d) None of these	1
3	In which of the following aspects, money market is different from capital market? (a) Participants (b) Tenure of securities traded (c) Liquidity of securities traded (d) All of the above	1
4	Arrange the steps involved in trading procedure at the stock exchange in correct sequence : i) Settlement of order ii) Opening of Demat Account iii) Placing of order iv) Execution of order (a) (ii) ; (iv);(iii);(i) (b) (ii) ;(i) ;(iii);(ii) (c) (iii);(ii);(ii);(i) (d) (ii);(iii);(iv);(i)	1
5	Radha is a Chartered Accountant in Prakash Ltd. During the course of meeting with directors, she came to know that as against the previous years, this year company is going to declare handsome dividend offer. It is observed that when such news becomes public then the share-market jumps up. Considering it, Radha purchased large number of company's shares before this news reached to public. Identify the type of malpractice used by Radha. (a) Non-adherence of provisions (b) Insider trading (c) Price rigging (d) Unofficial private placement	1
6	What is the important document which is legally enforceable and helps to settle disputes/claims between the investor and the broker? (a) Trade Confirmation Slip (b) Broker Client Agreement (c) Contract Note (d) None of these.	1
7	Assertion (A) Primary market is also known as the new issues market Reason (R) Primary market deals with the securities already traded in market. (a) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A) (b) Both Assertion (A) and Reason (R) are true, but Reason (R) is not the correct	1

	explanation of Assertion (A) (c) Assertion (A) is true, but Reason (R) is false (d) Assertion (A) is false, but Reason (R) is true	
8	Rina's grandmother in her will gave shares worth Rs.50 lac in her name, when she opened the bank locker to get the share certificates, she found all were in very bad shape, half torn, etc. To overcome this problem, financial market has started a new concept called..... . (a) Dematerialisation (b) Demutualisation (c) Both (a) and (b) (d) Materialisation	1
9	Which of the following statements is incorrect? (a). Providing liquidity to securities is one of the functions of stock exchange (b). Process of holding shares in electronic form is known as Dematerialization (c). Securities Exchange Board of India performs the regulatory function of controlling insider trading and imposing penalties for such practices. (d). Capital market consists of Commercial banks, Development banks and stock	1
10	_____ is a number assigned to each transaction by the stock exchange and is printed on the contract note. (a). Client code number (b). Unique order code (c). Permanent account number (d). Depository participant number	1
11	New issue market is also known as: (a) Stock market (b) Money market (c) Primary market (d) Capital market	1
12	Depository participant is an agent between depository and investor.(True/False)	1
13	SEBI was established on ……..and it's headquarter is situated at ……. . (a) 12th April, 1988, Mumbai (b) 12th April, 1990, Mumbai (c) 12th May, 1988, Delhi (d) 12th May, 1990, Delhi	1
14	SEBI recently called for information and issued a show cause notice to NSE and its 14 officials seeking explanation on the Preferential Access allegations at the Exchange's Co-location facility. Identify the type of function that SEBI performed by doing so: (a) Regulatory Function (b) Developmentary Function (c) Protective Function (d) None of these.	
15	ABC Ltd. issued prospectus for the subscription of its shares for ` 500 crores in 2008. The issue was oversubscribed by 20 times. The company issued shares to all the applicants on pro-rata basis. Later SEBI inspected the prospectus and found some misleading statement about the management of the company in it. SEBI imposed a penalty of ` 5 crores and banned its three executive directors for dealing in securities market for three years. Identify the function and its type performed by SEBI in the above case.	
	Answers-	

	1. Ans. (a) Primary market 2 Ans. (c) In this case, Mr. Y is the registered owner of securities. However, Mr. X is the real owner, also known as beneficial owner of such securities, as he has bought those securities, from Mr. Y and lodged them with the depository. 3 Ans. (d) All of the above 4 Ans. (a) 5. Ans. (b) The insiders of company like directors, promoters, CA etc. use inside information to make personal profits. 6 Ans. (c) 7Ans. (c) Primary market deals with new securities being issued for the first time. It facilitates the transfer of investible funds from savers to entrepreneurs seeking to establish new enterprises, to expand existing ones through the issue of securities for the first time 8 Ans (a) 9 Ans. (c) 10 Ans. (b) 11 (c) Primary market 12 Ans True 13. (a) 12th April, 1988, Mumbai 14.(a) 15. Ans: Protective function ,Prohibition of fraudulent and unfair trade practices	
	SHORT ANSWER TYPE QUESTIONS (3/ 4 MARKS)	
1.	Mr. Axe, one of the directors of XYZ Ltd, knew that bonus shares were to be announced in the next meeting and he expected the price to rise. He bought 10,000 shares from the stock market. By the end of few months, price rose by ` 9. He sold his shares and made huge profit. (i) Name the act of Mr. Axe. is involved. (ii) It is prohibited under which function of SEBI (Hint: (i) Mr. Axe is indulged in Insider Trading. Insider trading means buying and selling of securities by those persons (Directors, promoters, etc), who have some secret information about the company and who wish to take advantage of such secret information. This hurts the interests of the general investors. It was very essential to check this tendency. Many steps have been taken to check insider trading through the medium of the SEBI. (ii) Insider trading is illegal and is prohibited under the Protective Function of SEBI)	3
2.	These days, the development of a country is also judged by its system of transferring finance from the sector where it is in surplus to the sector where it is needed most. To give strength to the economy, SEBI is undertaking measures to develop the capital market. In addition to this there is another market in which unsecured and short-term debt instruments are actively traded everyday. These markets together help the savers and investors in directing the available funds into their most productive investment opportunity. (a) Name the function being performed by the stock market in the above case. (b) Also, explain briefly two other functions performed by this market.	3

	(Ans. Mobilisation of savings and channeling them into the most productive uses/ Allocative function.Other functions performed by Financial market are: • (i) Facilitating price determination/ discovery. • (ii) Providing liquidity to financial assets. • (iii) Reducing the cost of transactions.)	
3.	Explain any four objectives of establishing Securities and Exchange Board of India. (Hint :Any four objectives. ((a) To regulate stock exchanges and the securities industry to promote their orderly functioning.(b) To protect the rights and interests of investors(c) To prevent trading malpractices(d) To regulate and develop a code of conduct and fair practices by intermediaries)	4
4.	Distinguish between Capital Market and Money Market.	4
5.	Raju works as a waiter in a five star hotel in Mumbai. While serving the customer he overhears him at the table saying that the he has made profits higher than expected by investing in securities market. So, Raju also decides to make a nominal investment from his savings in the stock market in pursuit of higher gains. In context of the above case: As a financial consultant, apprise him of the steps involved in the working of a Demat system. (Hint-: Raju will have to initiate the following steps for trading through a Demat system: He will have to first open a Demat account with a depository participant (DP) which may either be a bank, broker or financial services company by furnishing certain details and information about himself including PAN number, date of birth, bank account details, income details etc. • If he plans to buy shares through a public offer he will have to give details of his Demat account, bank account etc. On allotment the shares will be directly credited to his account.)	
6.	Differentiate between ‘primary market’ and ‘secondary market’.	4
	LONG ANSWER TYPE QUESTIONS (6 MARKS)	
1	SEBI is the watch dog of security market. Do you agree? Give three reasons in support of your answer. Ans. Yes, I agree as SEBI regulates and protects the interest of investors. SEBI was established in 1988 and given a statutory status in 1992, to protect the investors from the fraudulent malpractices, rampant in securities market before 1988. As a watch dog, it regulates the market and protects the investors by keeping a check on various	6

	manipulative activities by performing the following functions (i) Regulatory Functions- Regulates takeover bids by companies,registration of intermediaries,mutual funds etc.. (ii) Protective Functions- Prohibits fraudulent and unfair trade practices. (iii) Developmentary Functions-Undertakes several steps to protect the investors, checks insider trading etc..	
2	Janvi wants to buy shares of Farhan Enterprises, through her broker Kushvinder. She has a Demat Account and a bank account for cash transactions in the securities market. State the next six steps involved in the screen-based trading for buying and selling of securities . (Ans:Placement of order, Broker goes online,Execution of order,Issue of Contract Note,Delivery of shares in the Pay in Day, T+2 settlement)	6
3	The Bombay Stock Exchange (BSE) is Asia's first stock exchange and the world's 11th largest stock exchange. It became the first stock exchange to be recognized by the Indian Government under the Securities Contracts Regulation Act. Its automated, screen-based trading platform called BSE On-Line Trading (BOLT) had a capacity of 8 million orders per day. The BSE has also introduced a centralized exchange-based internet trading system, BSEWEBx.co.in to enable investors anywhere in the world to trade on the BSE platform. In context of the above case: 1.Name the organisation that regulates the working of stock exchanges in India. 2.State any five functions performed by stock exchanges. (Hints- Securities and Exchange Board of India (SEBI) regulates the working of stock exchanges in India.ii. state any five functions performed by stock exchanges.)	6
4	Priya's grandmother who, was unwell, called her and gave her a gift packet. Priya opened the packet and saw many crumpled share certificates inside. Her grandmother told her that they had been left behind by her late grandfather. As no trading is now done in physical form, Priya wants to know the process by adopting which she is in a position to deal with these certificates. 1. Identify and state the process. 2. Also, give any four reasons to Priya why dealing with shares in physical form has been stopped. Ans.1. Dematerialisation refers to the process of holding securities in electronic form. 2. The two problems of holding shares in physical form are as follows: (1) When the shares certificates are held in physical form, there is danger of loss or theft. (2) There is risk of forgery, as the buyer may be delivered fake certificates. (3) Transfer delay	6.

	(4) Paper work associated with the share certificates or debentures held in physical forms.	
5	Stock exchange acts as a regulator of the securities market. It creates a continuous market where the securities are bought and sold. It gives investors the chance to disinvest and reinvest.Through this process of disinvestment and reinvestment, savings get channelised into their most productive investment avenues.To ensure that the investing public gets a safe and fair deal in the market, the membership of the stock exchange is well regulated and its dealings are well defined according to the existing legal framework. It also ensures wider share ownership by regulating new issues, better trading practices and taking effective steps in educating the public about investments. Various functions performed by the Stock Exchange are discussed in the above para. By quoting the lines from the above para, state any four functions of stock exchange. (Hints: Ans. Various functions performed by the Stock Exchange are: (i) <u>Providing liquidity and marketability to existing securities</u> "It creates a continuous market where the securities are bought and sold.It gives investors the chance to disinvest and reinvest." (ii) <u>Contributes to economic growth</u> – "Through this process of disinvestment and reinvestment, savings get channelised into their most productive investment avenues." (iii) <u>Safety of transactions</u>- "This ensures that the investing public gets a safe and fair deal on the market". Membership of the stock exchange is well regulated and its dealings are well defined according to the existing legal framework (iv) <u>Spreading of equity cult</u>- "Ensures wider share ownership by regulating new issues, better trading practices and taking effective steps in educating the public about investments.")	6

UNIT- 11

MARKETING

Marketing Management: - It deals with planning, organizing, directing and controlling the activities related to the marketing of goods and services to satisfy the consumer‘s wants. Its aim is to achieve the organizational goals at minimum cost by: -Analysing and planning marketing activities, implementing the marketing plans, setting control mechanism, marketing management philosophy/Concept, product concept, production concept, selling concept, marketing concept and social concept.

Marketing Management philosophies:-

1. Production Concept: - Some companies believe that it is easy to sell the products when products are inexpensive and are easily available. So the firms following production concept focus on lowering the cost of production by means of mass production and distribution but the drawback of this concept is that customers don‘t always buy products which are inexpensive and available. Main Focus: Large-scale production to decrease the cost.

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

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

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

5. Societal concept: - Marketing concept is satisfying the need s of customers in the best possible manner but then also it has attracted criticism from people who are concerned about society and environment. They argue that companies should not blindly follow the goal of customer satisfaction.
Main Focus: Customer satisfaction with in ethical and ecological boundaries of our society.

Functions of Marketing:-

a) Gathering and analysing market information (market research)
b) Marketing planning
c) Product planning development
d) Standardization and grading
e) Packaging and labelling
f) Branding
g) Customer support services
h) Pricing of products
i) Promotion & Selling

j) Physical distribution
k) Transportation
l) Storage and warehousing.

Marketing Mix

Marketing mix refers to the ingredients or the tools or the variables which the marketer mixes in order to interact with a particular market to achieve its objectives in the target market.

Elements of Marketing Mix:

Product + Price + Place + Promotion = Marketing Mix.

A. Product: - The product element of the marketing mix signifies the tangible or intangible product offered to the customer which is the satisfier of the need. Product is a bundle of utilities(functional,psychological,etc.)

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

Important components of Product Mix:-

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

Packaging:- Packaging is a set of tasks or activities which are concerned with the designing, production of an appropriate wrapper, container or bag for the product which helps in Product identification, Product protection, Facilitating use of the product,Product promotion, Rising standard of health and sanitation etc.

Levels of Packaging:–

a) Primary Packaging:-It refers to the product‘s immediate container, Like-toothpaste tube.

b) Secondary Packaging: - It refers to the additional package, which provides additional layer protection to the product. Like- Card board box for toothpaste.

c) Transportation Packaging:-These are packaging‘s used for storing or transporting the goods. Like- corrugated boxes used to shift Ruffle Lays etc.

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

B. Price: - Price is the value which a buyer passes on to the seller in lieu of the product or service provided. Price Mix:–It includes all those factors which are considered while fixing the price of a product.

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

1. Pricing objective:-What is the objective of firm is a very important factor which helps in deciding the price.The pricing objective of a firm may include: a) Price Maximization, b)Obtaining market shares, c) Surviving in a competitive market etc.
2. Product cost:-The price of the product must be able to cover the total cost of product which includes fixed cost, variable cost and semi-variable cost.
3. Extend of competition in the market: - A firm fixes price of a product as per the competition faced by them.
4. Customer’s demand and utility: - When demand of the product is inelastic i.e. no or very less substitutes are available then company can fix up high price.
5. Government and legal regulations: - To protect the interest of general public, the

	government has all the right to control the prices of various products and services by including the products in the category of essential commodities. 6. Marketing methods used:-The price of the product also gets affected by various techniques of method of marketing used to promote the products. **C. Place**:- Place refers to the set of decisions that need to be taken in order to make the products available. Place Mix:–It includes those activities which are related to movement of goods from the manufactures to the consumers and thus creates place utility. Components of Physical Distribution- 1. Order Processing 2. Transportation 3. Warehousing 4. Inventory Control Channels of distribution 1. Direct Channel(Zero level): Manufacturer---- Customer 2. One level : Manufacturer-------- Reatiler------- Customer 3. Two level: Manufacturer--------Wholesaler------ Reatiler------- Customer 4. Three level : Manufacturer------Agent-------Wholesaler------ Reatiler------- Customer **D. Promotion**:-It is concerned with activities that are undertaken to communicate with customers & distribution channels with the twin objective of informing about a product and persuading them to buy it. **Promotion Mix:** - Promotional techniques are used to create product awareness amongst the potential target customers and persuade them to purchase the product. Like-advertising, personal selling, publicity and sales promotion etc. **Elements of Promotion Mix-** 1-Advertising, 2-Personal Selling, 3- Sales Promotion and, 4-Public relations. 1. Advertising:- It is defined as any paid form of non-personal presentation and promotion of ideas, goods or services by an Identified Sponsor. 2. Personal Selling: - It means selling personally. This involves face-to-face interaction between seller and buyer for the purpose of sale. 3. Sales promotion: - It refers to short term use of incentives or other promotional activities that stimulate the customer to buy the product. 4. Public relations: - Public relation involves variety of programmes to promote or protect a company's image and its individual products in the eyes of the public.	
	OBJECTIVE TYPE QUESTIONS	
1.	In Column I of the following table the important components of product are given and in Column II their respective meanings are given : Column I Column II a. Branding i. Act of designing and producing the container or wrapper of a product. b. Packaging ii. Putting identification marks on the package. c. Labelling iii. Process of giving a name or a sign or a symbol to the product.	**1**

	Which one of the following matches is correct ? a b c (A) i ii iii (B) iii ii i (C) iii i ii (D) ii iii i	
2.	To reach the mass customer in non personnel manner, the following element of promotion mix is used. (a) Advertisement (b) Sales Promotion (c) Personal Selling (d) Public Relation	**1**
3.	Name the term used to describe the combination of variables chosen by a firm to prepare to its market offerings.	**1**
4	According to the modern marketing concept, which of the following statements is true? (A) It refers to the group of people who do not have the ability but willingness to buy a particular product. (B) It refers to only the set of people who have the purchasing power to buy a particular product (C) It refers to the set of actual and potential buyers for a product (D) It refers only to the people who show interest in a particular product.	**1**
5	Madhubala is planning to launch an online education portal. In order to understand the varied needs of the students, she conducted an online survey. Based on the feedback of the survey, she has decided to offer educational packages to the prospective buyers. Identify the type of marketing concept being described in the given lines. A. Product concept B. Production concept C. Societal Marketing concept D. Marketing concept	**1**
6	While the …… sets the lower limit of the price, the…….. sets the upper limit of price of a product. A. Product Cost, Utility and demand B.Utility and demand, Product Cost C.Product Cost, Competition D. Utility and demand, Marketing objectives	**1**
7	The Research & Development department of Healthy Production Ltd. has decided to diversify from manufacturing health drinks to cereals made from millets. They are well aware of the fact that the company will have to communicate to the people the benefits of eating millets. For this purpose, they plan to sponsor various events like marathons and encourage people to switch to healthy eating through newsletters. Identify the promotional tool being discussed above: (a) Advertisement (b) Sales Promotion (c) Personal Selling (d) Public Relation	**1**
8	Adarsh started a Refrigerator manufacturing company and currently is spending substantial amount of money to persuade the target customers to buy its refrigerators	**1**

	through advertisements, personal selling and sales promotion techniques. Which element of marketing mix is referred here? A)Product (B) Place (C) Price (D) Promotion.	
9	Under which of the following situations is a company not likely to fix a lower price for its product? a)When the competitor has introduced a substitute product b)If the demand for the product is inelastic c)When the company wants to attain market share leadership d)When the demand for the product is low	**1**
10	The concept which focuses on customer satisfaction is called (a) Production concept (b) Product concept (c) Selling concept (d) Marketing concept	**1**
11	Statement I : A brand or part of a brand that is given legal protection is called brandmark Statement II: All decisions related to product come under promotion mix. Choose the correct option from the options given below: A. Statement I is true and II is false B. Statement II is true and I is false C. Both the statements are true D Both the statements are false	**1**
12	In a government school chalk is used throughout the year. So, they purchase that in bulk. Recently, they placed an online order for 200 chalk boxes. The boxes were delivered to them in a corrugated box. Identify this level of packaging which facilitated movement of the product. (A) Primary package (B) Secondary packaging (C) Transportation packaging (D) None of the above	**1**
13	"It is the process of classification of products into different groups, on the basis of some of its important characteristics such as quality, size, etc. which is particularly necessary for products which are not produced according to predetermined specifications." Identify the function of marketing: A.Labelling B.Standardisation C.Grading D.Packaging	**1**
14	Choose the odd one out from the following: A. Himalayan Ltd. Approaches and selects Neeraj chopra as their endorser for promoting their products through ads and gets those ads telecasted on certain TV channels. B. Cipla Ltd. Sends their sales representatives to hospital for convincing doctors for recommending their medicines. C. Himalayan Ltd. Offers 30% discount to customers on protein powder D. Wow care Ltd. Produces foam facewash with built in face brush, fixed on neck of bottle of product; due to which one will not have to use his hands for rubbing that foam on face.	**1**
15	The concept which focuses on large scale production and minimum cost is called (a) Production concept (b) Product concept	**1**

	(c) Selling concept (d) Marketing concept	
16	..... is an extension of the marketing concept? A. Production concept B. Selling concept C. Product concept D. Societal marketing concept	**1**
17	The element of marketing mix that involves decisions like managing inventory, storage and warehousing and transportation of goods from one place to the other is : A. Product B. Price C. Physical Distribution D. Promotion	**1**
18	In order to improve its competitive edge, Hindustan Unilever Ltd. has changed the packaging of its hair care product named, "Indulekha". Those ones are now available in a consumer friendly design, which has a nozzle attached to the lid so that at the time of usage, the consumer doesn't need to open the cap of the bottle and has not to oil hair by hand. Now customer has just to squeeze the oil bottle in hair for oiling, which ensures minimum wastage of oil. Name the marketing function being explained in the given lines. (A) Product designing and development (B) Customer support services (C) Promotion (D) Physical distribution	**1**
19	'Natasha started a footwear manufacturing company and has decided to identify the needs of the customers to start successful marketing of the footwears produced by it and for this the company is doing SWOT analysis (Strength, Weakness, Opportunity and Threat Analysis) Which function of marketing has been highlighted in this line (A) Standardization and Grading (B) Marketing planning (C) Gathering and analyzing market information (D) Transportation	**1**
20	'Manoranjan'is a leading telecommunication company in India.On taking the annual Subscription of a DTH connection the company is charging only for 11months and offering one month free subscription.Identify the component of promotion mix adopted by the company to boost it's sales. A.Advertising B.Personal selling C.Sales promotion D.Public relation	**1**
21.		

	Identify the promotional tool illustrated in the given picture: A.Advertising B.Personal selling C.Sales promotion D.Public relation	
	SHORT ANSWER TYPE QUESTIONS (3/4 MARKS)	
22	Shreemaya Hotel in Indore was facing a problem of low demand for its rooms due to off¬season. The Managing Director (MD) of the hotel, Mrs. Sakina was very worried. She called upon the marketing Manager, Mr. Kapoor for his advice. He suggested that the hotel should announce an offer of '3 Days and 2 nights hotel stay package' with free breakfast and one-day religious visit to Omkareshwar and Mahakaleshwar Temples. The MD liked the suggestion very much. (a) Identify the promotional tool suggested by Mr. Kapoor. (b) Explain the promotional tool which can be used by the hotel through which large number of prospective pilgrimage tourists all over the country and abroad can be reached, informed and persuaded to use the incentive. (Hint: (a) Sales Promotion (b) Advertising is the promotion tool that can be used by the hotel)	**3**
23	"Time Line" watch manufacturing company is a renowned company marketing watches. It performs various activities like, market analysis, product designing or merchandising, packaging, warehousing, branding, pricing, promotion and selling. The company maintains good customer relations through various follow up activities. This helps the company in procuring repeat sales orders. 1. Name the concept related to the activities mentioned in the above paragraph. 2. Explain any two features of the concept identified in part (1). (Hint: Marketing is the concept related to the activities mentioned in the above paragraph.The two features of marketing are described below: Needs and wants:. Creating a market offering:)	**3**
24	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 customers got spoiled and the image of the company was damaged in the public.The 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. 1. Name and state the communication tool used by the marketer in the above case to improve its image. 2. Explain the other elements of promotion mix. (Hint: Public Relations is being used as a promotional tool by the marketer. It refers to the practice of managing communication between an organisation and its publics in order to create and maintain a positive image about itself and its products.2. Advertising, Sales Promotion, Public Relations,etc.)	**3**

24	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. Identify and explain the important aspect which has been neglected by the marketer in the above case. (Hint: Labelling)	**3**

25	Seha was a student of Business Studies of Class XII. Her father was a farmer who grew different varieties of rice and was well-versed in the various aspects of rice cultivation. He was also selected by the government for a pilot-project on rice cultivation. As a project work in Business Studies, she decided to study the feasibility of marketing good quality rice at a reasonable price. Her father suggested her to use the Internet to gather customers' views and opinions. She found that there was a huge demand for packaged organic rice. She knew that there were no predetermined specifications in case of rice because of which it was difficult to achieve uniformity in the output. To differentiate the product from its competitors, she gave it the name of 'Malabari Organic Rice' and classified it into three different varieties, namely — Popular, Classic and Supreme, based on the quality. She felt that these names would help her in product differentiation.
	Explain the three functions of marketing with reference to the above Paragraph.
	
	(Hint: The three functions of marketing with reference to the above paragraph are described below:
	  Gathering and analyzing market information: The prime focus of marketing is to 'find wants and fill them'. Therefore, it is absolutely essential for a company to study the needs and preferences of its target market in order to satisfy their needs and wants optimally.
	  Standardisation and grading: Standardisation refers to the process of manufacturing goods as per predetermined specifications. Grading refers to the process of classifying goods on the basis of certain criteria like quality, size etc. Usually, agricultural products are subject to grading.
	  Branding: Branding is the process of assigning a name (brand name), sign or symbol (brand mark) or a combination of all to a product. It is considered to be a very important decision by the marketers because it facilitates product differentiation. This helps the company to obtain a desirable market share.)
		4

26	Apple Inc., is a multinational corporation that creates consumer electronics, personal computers, servers and computer software. The company also has a chain of retail stores known as Restro Stores. Despite high competition, Restro has succeeded in creating demand for its products, giving the company power over prices through product differentiation, innovative advertising and ensured brand loyalty. In the context of above case: 1. What is product differentiation? 2. Name any one function of marketing that facilitates product differentiation. 3. Identify the component of promotion mix being used by the company by quoting lines from the paragraph. . 4. Describe briefly the pricing objective pursued by the company. (Hint: 1. Product differentiation is a strategy used by the marketers to gain an edge over	**4**

	its competitors by creating a distinguished perception of the product in the minds of the potential buyers in terms of its utilities. 2. Branding is a function of marketing that facilitates product differentiation. 3. Advertising is the component of promotion mix being used by the company "giving the company power over prices through product differentiation, innovative advertising and ensured brand loyalty." 4. Attaining product quality leadership: Besides aiming at profit maximisation as its pricing objective.)	
	LONG ANSWER TYPE QUESTIONS (6 MARKS)	
27	After acquiring the necessary knowledge and skills on starting an Aloe Vera Farm, Ashok wanted to be the leading manufacturer of Aloe Vera products worldwide. He observed that the products were expensive as the demand of the products was more than the supply. He was also keen to promote the methods and practices that were economically viable, environmentally sound and at the same time protecting public health. Ashok's main consideration was about the amount of money paid by the consumers in consideration of the purchase of Aloe Vera products. He also thought that competitor's prices and their anticipated reactions must also be considered for this. After gathering and analyzing information and doing correct marketing planning, he came to know that the consumers compare the value of a product to the value of money they are required to pay. The consumers will be ready to buy a product when they perceived that the value of the product is at least equal to the value of money which they would pay. Since he was entering into a new market, he felt that he may not be able to cover all costs 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 related to a concept which is considered to be an effective competitive marketing weapon. In conditions of perfect competition most of the firms compete with each other on this concept in the marketing of goods and services. (a) Identify the concept. (b) Explain briefly any five factors discussed in the above case related to the concept so identified. (Hint: Price, factors determining price of a product - Product Cost,Utility and Demand Extent of competition,Marketing methods used,Pricing objectives)	**6**
28.	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	**6**

	that a company cannot achieve its objectives without understanding the needs of the customers. It was the duty of the businessmen to keep consumer satisfaction in mind because business is run by the resources made available to them by the society. He further stated that he himself was taking into consideration the needs of the customers. Identify the various types of thinking that guided Ginika, Tanish and Rohit in the marketing efforts of their business. Also, state one more feature of the various types of thinking identified that is not given in the above para. (Hint: The various types of thinking that guided Ginika, Tanish and Rohit in the marketing efforts of their business are described below: □ (Ginika) Societal marketing concept: The main focus of this philosophy is on both the needs of the potential buyers as well as concern for the society at large. The ends include profit maximisation through customer satisfaction and social welfare. □ (Tanish) Selling concept: The main focus of this philosophy is on existing products. The ends include profit maximisation through sales volume. □ (Rohit) Marketing concept: The main focus of this philosophy is on customers needs. The ends include profit maximisation through customer's satisfaction.)	
	1. B 2. ANS (a) Advertisement 3. Ans: Marketing Mix **4. C** **5. D** **6. A** 7. D **8. D** **9. B** **10.** D **11. D** **12. C** **13.** C **14. C** **15. A** **16. D** **17. C** **18. A** **19. C** **20. C** **21. C**	

UNIT -12
CONSUMER PROTECTION

• **Meaning of Consumer Protection**

Consumer protection is to safeguard the interests of the consumers. It adopts measures to protect consumers from unethical malpractices by businesses and provide a swift redressal of their grievances.

Importance of Consumer Protection:-

From Consumers point of view:-

a) Consumer Ignorance
b) Unorganised sector
c) Widespread Exploitation of consumers.

From Businessmen's point of view:-

a) Long –term Interest of Business
b) Business Uses Society's Resources
c) Social Responsibilities
d) Moral/Ethical Justification
e) Government Intervention

Who is a consumer ?

A 'consumer' is generally understood as a person who uses or consumes goods or avails of any service.

A person who buys any goods or avails services for a consideration, which has been paid or promised, or partly paid and partly promised or paid on deferred payment.

It includes any user of such goods or beneficiary of services .

It applies to both offline and online transactions

However, any person who obtains goods or avails Protection services for resale or commercial purpose is nottreated as a consumer

•Consumer rights (six):

i) Right to safety, (ii) Right to be informed, (iii) Right to be assured, (iv) Right to be heard, (v) Right to seek redressal,(vi) Right to consumer education

The Consumer Protection Act provides six rights to consumers. They are as follows:

1) **Right to safety:-**The consumer has a right to be protected against marketing of goods and services which are hazardous to life and property, e.g., sometimes the manufacturing defects in pressure cookers, gas cylinders and other electrical appliances may cause loss to life, health and property of customers.

2) **Right to be Informed**:-According to this right the consumer has the right to get information about the product like its ingredients, date of manufacture, quality, quantity, purity, standard and price of goods or services so as to protect himself against the abusive and unfair practices.

3) **Right to be assured:-** The consumer has the freedom to access variety of products at competitive prices.The consumer has the freedom to choose from a variety of products. The marketers should offer a wide variety of product and allow the consumer to make a choice and choose the product which is most suitable for him/her.

4) **Right to be Heard:-** The consumer has a right to file a complaint and to be heard in case of dissatisfaction with a good or a service. It is because of this reason that many enlightened business firms have set up their own consumer service and grievance cells.

5) **Right to Seek Redressal:-**The Consumer Protection Act provides a number of reliefs to the consumer including replacement of the product, removal of defect in the product, compensation paid for any loss or injury suffered by the consumer etc.
6) **Right to Consumer Education:-**The consumer has a right to acquire knowledge about products. He should be aware about his rights and the reliefs available to him in case of a product/service falling short of his expectations. Many consumer organisations and some enlightened businesses are taking an active part in educating consumers in this respect.

• **Understand the responsibilities of consumers**
Be aware about various goods and services, Buy only standardised goods, Learn about the risks associated with products and services, Read labels , Assert yourself to ensure that you get a fair deal, Be honest in your dealings, Ask for a cash memo, File a complaint, Form consumer societies, Respect the environment.
• **Examine the remedies available to the consumer under Consumer Protection Act,2019**
Removal the defect, replace the defective product, pay a reasonable amount of compensation, pay punitive damages, discontinue the unfair/ restrictive trade practice, Not to offer hazardous goods, withdraw the hazardous goods from sale, To cease manufacture of hazardous goods, Compensate for any loss or injury suffered by consumer
Who can file a complaint?
1.A consumer.
2.Any voluntary consumer association.
3.The Central Government.
4.The State Government.
5. One or more consumers, where there are numerous consumers having the same interest.
6. A legal heir or representative of a deceased consumer.
• **Against whom can a complaint be filed ?**
1. The seller, manufacturer or dealer of goods which are defective.
2. The provider of services if they are deficient in any manner.

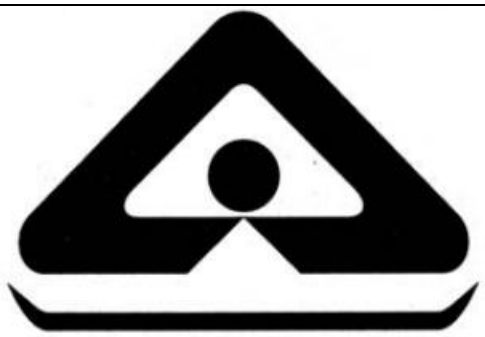
•**Legal redressal machinery under Consumer Protection Act, 2019.**

Basis	**District Commission**	**State commission**	**National Commission**
Level	District	State	National
Size of complaint (value of goods and services paid as consideration)	Upto 1 crore	More than 1 crore upto 10 crores	More than 10 crore
Appeal against the order to the Next authority	Within 45 days to State Commission	Within 30 days to National Commission	Within 30 days to the Supreme Court

Mediation process: The Chapter V of the Consumer Protection Act of 2019 provides for a mediation process for settlement of disputes at three levels - National, State and District

	with all three being attached to the respective commissions. It is a new provision in the Act 2019 as an alternate mechanism to ensure faster and speedy dispute settlements by respective commissions. **<u>Role of NGOs</u>** In India, several consumer organisations and non-governmental organisations (NGOs) are playing an active role in protection and promotion of consumers' interest: 1. Educating the general public 2. Publishing periodicals 3. Carrying out comparative testing of consumer products 4. Encouraging consumers to strongly protest 5. Providing legal assistance to consumers 6. Filing complaints in appropriate consumer courts 7. Taking an initiative in filing cases in consumer courts in the interest of the general public	
	OBJECTIVE TYPE QUESTIONS	
1	For the following statements, choose the correct option: Statement – I: "Assert yourself to ensure that you get a fair deal" is a consumer right. Statement – II: Right to be heard means a right to file a complaint in case of dissatisfaction with a good or a service. Choose the correct option from the options given below: A. Statement I is correct and Statement II is not correct B. Statement II is correct and Statement I is not correct C. Both the Statement I and II are correct D. Both the Statement I and II are not correct	1
2	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?	1
3	If the value of goods or services is more than 1 crore but less than 10 crore, then consumer can file case in (a) District Forum (b) State Commission (c) National Commission (d) All of the above	1
4	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. Identify the consumer right that has been violated.	1
5	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	1
6	Disputes of _____amount are settled at the level of District Forum? (a) Upto rupees ten lakh	1

	(b) Upto rupees thirty lakh (c) Upto rupees fifty lakh (d) Upto rupees 1 crore	
7	If a customer is not satified with the judgement of state commission, he can file appeal in (a) District Forum (b) Supreme Court (c) High Court (d) National Commission	1
8	The Provisions of Consumer Protection act came into force from (a) 1986 (b) 1987 (c) 1988 (d) 1991	1
9	_____ is not a part of the three tier judicial machinery? (a) Tehsil Forum (b) District Forum (c) State Commission (d) National Commission	1
10	Supplying wrong bills by the Electricity and Telephone Departments exemplifies which of the following? (a) Deficiency of services (b) Defective things (c) Charging more price (d) Unfair trade practice	1
11	Informing consumer about the contents of the product, its usage, etc. is part of (a) Right to Safety (b) Right to Information (c) Right to Consumer Education (d) Right to be Heard	1
12	As per Consumer Protection Act, the retailer or wholeseller is (a) A consumer (b) Not a consumer (c) Both (a) and (b) (d) None of the above.	1
13	Preeti wants to buy gold bangles on the occasion of Diwali.As a well-informed consumer which quality certification marks she will look for before buying the gold bangles? A. B.	1

	C.  D.	
	SHORT ANSWER TYPE QUESTIONS (3/4 MARKS)	
14	Himanshu purchased a new car from 'Galaxy Motors' for Rs. 25 lakhs. He was offered free insurance for the first year and three free servicing to be availed after the car had covered 5,000 km, 10,000 km and 15,000 km respectively. When Himanshu took the car for the first free servicing, he was told that the car was not new and first service had already been availed on this car. He felt cheated and filed a complaint in the District. Being not satisfied with the decision of the District Commission, after two months he decided to file an appeal against it. Can Himanshu appeal against the decision of the District Commission? Give reason in support of your answer. (Hint: No. Himanshu cannot appeal now as the appeal has to be filed within 45 days of passing of the order by the District Commission)	
15	Prakhar purchased an ISI mark electric iron from Bharat Electricals. While using it, he found that it was not working properly. He approached the seller and complained about the same. The seller satisfies Prakhar by saying that he will ask the manufacturer to replace the iron. The manufacturer refused to replace and Bharat Electricals decided to file a complaint in the consumer court. Can Bharat Electricals do this? Why? Also explain who is a consumer as per Consumer Protection Act, 1986. (Hint: No, Bharat Electricals will not be able to file a complaint under Consumer Protection Act 2019 because according to this act a person is not deemed to be a customer if he buys goods for resale or commercial purpose. A consumer is generally understood as a person who uses or consumes goods or avails of any service. A person who buys goods for commercial purpose or resale will not be considered to be a consumer)	3
16	Anita purchased a book from Satish Book Store. While reading the book, she found that sixteen pages were missing. She approached the seller of the book and complained about the missing pages. The seller promised that if the publisher was ready to change the book he would change the same. After a week, the seller informed Anita that the publisher had refused to change the book. Where can Anita file a complaint against the seller of the book? Give reason in support of your answer. (Hint: Since, the value of the goods or services in question, along with the compensation claimed, does not exceed Rs. 1 crore she will file a case in the District Forum.)	3
17	Explain any four importance of Consumer protection from the point of vie of Business. (Hint: a) Long –term Interest of Business b) Business Uses Society‘s Resources c) Social Responsibilities d) Moral/Ethical Justification	4

	e) Government Intervention f) Consumer is the Purpose of Business. (any four))	
18	Reena purchased one litre of pure desi ghee from a shopkeeper. After using it, she had doubts that it was adulterated. She sent it for a laboratory test which confirmed that the ghee was adulterated. State any four reliefs available to Reena if she complains and the consumer court is satisfied about the genuineness of the complaint. (Hint: The four reliefs available to Reena are listed below (any four) □ To withdraw the hazardous goods from sale. □ To provide replacement for the defective product. □ To refund the price paid for the product, or the charges paid for the service. □ To pay a reasonable amount of compensation for any loss or injury suffered by the consumer due to the negligence of the marketer. □ Not to offer hazardous goods for sale.)	4
19	Rahul purchased a smart phone for ₹30,000 from a mobile phone seller on his verbal commitment that the smart phone will be replaced in case of any defect, within a span of six months. The phone started creating technical issues in spite of proper maintenance and upkeep of the phone. The seller denied taking any action on the complaint made by Rahul. (a) Name the redressal agency under the Consumer protection Act where Rahul can file his complaint.State the reason. (b) Enumerate any four responsibilities of a consumer under Consumer Protection Act, 2019. (Hint: (a) Since, the value of the goods or services in question, along with the compensation claimed, does not exceed Rs. 1 crore he will file a case in the District Commission. (b) Be aware about various goods and services, Buy only standardised goods, Learn about the risks associated with products and services, Read labels , Assert yourself to ensure that you get a fair deal,etc)	4
	LONG ANSWER TYPE QUESTIONS(6 MARKS)	
20	Aman, a degree holder in Entrepreneurship came to know about Piplantri Village located in Rajasthan, where in 2006 an initiative was started in which 111 trees are planted every time a girl child is born. To keep termites away from the trees the villagers have planted 2.5 million Aloe Vera plants around the trees. This has turned the village into an oasis, as the planting of trees led to higher water levels. Aman decided to visit the village to start a business unit, for the processing and marketing of Aloe Vera into juices, gels and other products. However, on visiting the village Aman found that the villagers were suffering exploitation at the hands of local merchants who were engaged in unscrupulous, exploitative trade practices like hoarding and black marketing of food products and also selling unsafe and adulterated products to the villagers. After looking at their plight, instead of a business organisation, he decided to set up an organisation for the protection and promotion of the consumer interest of the villagers. State the functions that the organisation established by Aman will be performing. (Any six points). (Hint: Functions of NGOs)	6
21	Aarushi purchased a pack of biscuits. When she opened it, she felt the biscuits were stale. She carefully read the label on the pack of biscuits which mentioned : ‘‘If you are not	6

	satisfied with the product quality, write to our Customer Care Cell at Bell Foods Pvt. Ltd. B/321, Jalandhar, Punjab.'' (a) The biscuit company has set up its own consumer service and grievance cell to promote and protect which right under the Consumer Protection Act, 2019. (b) Explain four other rights of a Consumer under the Act. (Hint: (a) Right to be heard (b) Right to information, Right to be assured, Right to safety,Right to Consumer Education)	
22	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. State any six directions that might have been issued by the court. (Hint: 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, To pay punitive damages in appropriate circumstances)	6
23	Explain the redressal mechanism available to consumers under the Consumer Protection Act, 2019. (Hint: District, State and National Commission)	6
	ANSWERS: 1. B 2. In the given case there is violation of the consumer right to information. 3. ANS (b) State Commission 4. Right to Information 5. D 6. D 7. ANS (d) National Commission 8. ANS (a) 1986 9. A 10. A 11. ANS (b) Right to Information 12. ANS (b) Not a consumer. 13. C	

CLASS XII BUSINESS STUDIES

CBSE SAMPLE QUESTION PAPER 2022-23

BLUE PRINT

S.No.	Content	Total Marks	1 Mark	3 Marks	4 Marks	6 Marks	Total Marks(Questions)
1	**Nature and Significance of Management**	5	2(2)	3(1)	-	-	5(3)
2	**Principles of Management**	6	-	-	-	6(1)	6(1)
3	**Business Environment**	4	4(4)	-	-	-	4(4)
4	**Planning**	6	-	-	-	6(1)	6(1)
5	**Organising**	9	3(3)	-	-	6(1)	9(4)
6	**Staffing**	7	-	3(1)	4(1)	-	7(2)
7	**Directing**	8	-	-	8(2)	-	8(2)
8	**Controlling**	5	2(2)	3(1)	-	-	5(3)
9	**Financial Management**	8	-	-	8(2)	-	8(2)
10	**Financial Market**	7	4(4)	3(1)	-	-	7(5)
11	**Marketing Management**	11	5(5)	-	-	6(1)	11(6)
12	**Consumer Protection**	4	-	-	4(1)	-	4(1)
	Total	**80**	**20(20)**	**12(4)**	**24(6)**	**24(4)**	**80(34)**

Note : Figures outside brackets indicate marks and those inside the brackets indicate no.of questions.

	CLASS XII BUSINESS STUDIES SAMPLE QUESTION PAPER 2022-23 MM – 80 TIME: 3 HOURS	
	General instructions : 1 This question paper contains 34 questions. 2. Marks are indicated against each question. 3. Answers should be brief and to the point. 4. Answers to the questions carrying 3 marks may be from 50 to 75 words. 5. Answers to the questions carrying 4 marks may be about 150 words. 6. Answers to the questions carrying 6 marks may be about 200 words. 7. Attempt all parts of the questions together.	
1.	Rishabh joined an entertainment company Avtaar, as a creative head. As a manager looking after the creative unit of the company, one of the functions he has to perform is the process of organizing. Which step of the process will he need to perform after identifying and dividing the work that has to be done in accordance with previously determined plans? a)Identification and division of work b).Departmentalisation c).Assignment of Duties d).Establishing Reporting Relationships	1
2.	Which characteristic of the business environment is highlighted when changes are taking place too frequently and it becomes difficult to predict the future? a). Uncertainty b). Complexity c). Inter-relatedness d). Relativity	1
3.	Aarohan Ltd. is a company manufacturing automobiles where division of work into key areas includes production, purchase, marketing, accounts and personnel. Which of the following is a disadvantage of the organization structure of Aarohan Ltd.? a). It may lead to increase in cost b). Managers may gain power and assert independence and ignore organization interests. c). It ensures that different functions get due attention. d). Heads do not get training for top management positions.	1

4.	 Identify the dimensions of the business environment illustrated by the picture given abovein which Sapna who has joined the workforce recently is working on an accounting software. a. Technological and social. b. Technological and political c. Political and economic d. Social and legal	1
5.	Identify the reason which makes management important in the light of the fact that it is generally seen that individuals in an organization resist change, as a change often means moving from a familiar, secure environment into a newer and a more challenging one. a. Management helps in achieving group goals. b. Management creates a dynamic organization c. Management increases efficiency d. Management helps in the development of society.	1

6.	The government of India made an announcement regarding Demonetization of the Indian economy on November 8, 2016 with profound implications for it. The process which put restrictions on convertibility of domestic money and bank deposits was meant to create a less-cash economy. One argument against the cash-lite economy is that: a).Internet connectivity is a prerequisite b).More people will be introduced into the formal economy. c).Financial saving will increase d).Tax evasion will be reduced	1
7.	Airlines will be able to offer the benefit of lower pricing to customers on sectors/routes due to the decision of the civil aviation ministry to remove price caps from August 31, 2022. This can help an airline to do better performance if they take early decisions regarding future courses of action after understanding and doing analysis. Which importance of business environment and its understanding by managers is not highlighted above: a. It helps in improving performance b. It helps in assisting in planning and policy formulation c. It helps in tapping useful resources d. It enables a firm to identify opportunities and get first mover advantage.	1
8.	Alo a mobility platform is in the process of laying off 400-500 employees in a move aimed at driving cost efficiency. Which objective of management will the firm not be able to achieve by carrying out this process. a) Efficiency b) Social c) Profit d) Survival	1
9.	Radha started a home cooked food delivery Dabba service. Her mother, who is a great cook, decided to help her. They relied on friends and family for orders and then on word of mouth. As a step in the process of ensuring that activities are performed as per her plan of supplying healthy, good quality, reasonable food and earning profit, she decided to keep both qualitative and quantitative benchmarks towards which she would strive to work. A function of management is being discussed above. An important characteristic of this function of management is : a. It is the first function of management b. It is the Last function of management c. It is both forward looking and backward looking. d. It is required only in business organizations.	1

10.	Raman and Vasudev were two employees who were embezzling an import-export company in Varanasi where they were working. The finance manager of the company Sampat Singh became suspicious of the two employees when he realized that their activities were not being performed as per the plans. He installed a software program that could secretly log every single stroke of the suspects' computer keys and send an encrypted email report to the Cyber police. The police were able to catch the two dishonest employees red handed and arrest them. Identify the function of management being discussed above. a. Staffing b. Coordination c. Controlling d. Organizing	1
11.	Name the outcome of the function of management which includes designing of roles to be filled by suitably skilled people and defining the inter relationship between roles so that ambiguity in performance of duties can be eliminated. a. Organization structure b. Delegation of authority c. Decentralization d. controlling	1
12.	Statement-I Transportation helps in creating time utility and warehousing helps in creatingplace utility Statement-II The process of classification of products into different groups on the basis oftheir important characteristics is known as standardization. Choose the correct option from the options given below: a. Statement I is true and II is false b. Statement II is true and I is false c. Both the statements are true d. Both the statements are false	1
13.	Match the various terms of Financial Markets Column - I with their respective Statementsin Column-II	

	Column - I		**Column – II**
a	Financial market	i	It is also known as the Stock market
b	Primary market	ii	It is a market for creation and exchangeof financial assets.
c	Secondary market	iii	It is also known as New issue market

	(a) (ii), (iii), (i) (b) (i), (iii), (ii) (c) (iii), (ii), (i) (d) (i), (ii), (iii)	
14.	_____is a number assigned to each transaction by the stock exchange and isprinted on the contract note. a. Client code number b. Unique order code c. Permanent account number d. Depository participant number	1
15.	One of the important decision areas under the marketing function of..... is managing inventory. a. Branding b. Pricing c. Promotion d. Physical distribution.	1
16.	Which of the following statements is incorrect? a. Providing liquidity to securities is one of the functions of stock exchange b. Process of holding shares in electronic form is known as Dematerialization c. Securities Exchange Board of India performs the regulatory function of controllinginsider trading and imposing penalties for such practices. d. Capital market consists of Commercial banks, Development banks and stock	1

	Exchanges	
17.	One of the following is considered to be an extension of the marketing concept, whichapart from customer satisfaction pays attention to ethical and ecological aspects of marketing. Identify the concept. a. Selling concept b. Product concept c. Production concept d. Societal Marketing concept	

18.	While the product costs set the lower limits of the price for a product, the upper limit of price which a buyer would be prepared to pay is decided by: a. Utility and demand of the product b. The marketing manager of the firm c. The Government d. The competitors of the firm	
19.	Which of the following statements about Advertising is incorrect? a. It is a personal form of communication b. It is a paid form of communication c. It is a mass selling technique. d. It is inflexible as the message can't be adjusted to the needs of the buyer.	
20.	Arrange the steps involved in trading procedure at the stock exchange in correct sequence : i) Settlement of order ii) Opening of Demat Account iii) Placing of order iv) Execution of order a) (ii) ; (iv);(iii);(i) b) (ii) ;(i) ;(iii);(ii) c) (iii);(ii);(ii);(i) d) (ii);(iii);(iv);(i)	
21.	Top management plans for the entire organization. According to these plans the organizational structure is developed and staffed. In order to ensure that these plans are executed according to plans, directing is required. Any discrepancies between actual and realized activities are then taken care of at the stage of controlling. Name and explain the process highlighted above which started at the planning stage itself and is implicit and inherent in all the functions of management in an organization.	3
22.	Mrs. Ahilya Pasi is the Principal of a prestigious school in New Delhi. The school has a vacancy of a headmistress/headmaster of the junior wing of the school. The senior teachers of the school have the opinion that only internal candidates should be considered for this post. However, Mrs. Pasi and the management would like to invite applications from external sources too. Briefly explain any three justifications the management can provide to convince the staff for inviting applications of external candidates for the vacant post.	3

23.	Explain "Critical point control" with respect to Analyzing deviations, a step in the process of controlling. Give a suitable example. OR Explain "Management by exception" with respect to Analyzing deviations, a step in the process of controlling. Give a suitable example.	3
24.	State any three objectives of the Securities Exchange Board of India. Or State any three functions performed by the stock exchange.	3 3
25.	Enumerate any four benefits of the process by which the aptitudes, skills and abilities of employees to perform specific jobs are increased. OR Name the mechanism that attempts to measure certain characteristics of individuals in the process of identifying and choosing the best person out of the number of prospective candidates for the job. Enumerate any three of its types.	4
26.	State any four barriers to communication which are concerned with problems and obstructions in the process of encoding and decoding the message into words or impressions. OR State any four barriers to communication which are related to authority relationships, rules and regulations of the company.	4
27	In Saarthak Steel several initiatives have been taken to further improve the motivation levels of employees through designing jobs that include greater variety of work content, providing certain stability about future income and work, providing fringe benefits like housing, medical aid, etc., allotment of shares in line with various incentives. Identify and briefly explain the incentives being given by the organization to the employees.	4
28.	State any four factors affecting the financial decision that is concerned with raising of finance using shareholders' funds and borrowed funds.	4

29.	Krish limited is in the business of manufacturing and exporting carpets and other home décor products. It has a share capital of ₹ 70 lacs at the face value of ₹ 100 each. Company is considering a major expansion of its production facilities and wants to raise ₹ 50 lacs. The finance manager of the company Mr. Prabhakar has recommended that the company can raise funds of the same amount by issuing 7% debentures. Given that earning per share of the company after expansion is ₹ 35 and tax rate is 30%, did Mr. Prabhakar give a justified recommendation? Show the working.	4
30.	Mayank purchased a pack of chocolates of a renowned brand for his daughter from a shop in the nearby market. After consuming the chocolates, his daughter fell sick. He filed a case with the District forum against the renowned brand. He lost the case because of a mistake that he could not provide proof of purchase. What should be kept in mind by a consumer while purchasing, using and consuming goods and services apart from avoiding the mistake committed by Mayank, in order to enable him/her to achieve the objective of consumer protection? Enumerate any four points.	4
31.	Briefly explain any three of the following techniques of Scientific Management as given by F.W. Taylor: a. Method study b. Functional foremanship c. Standardization d. Differential piece wage system OR Briefly explain any three of the following principles of management given by Henry Fayol: a. Unity of command b. Equity c. Remuneration d. Initiative	6
32.	'The pros and cons of each alternative need to be weighed.' Name and briefly explain the logical steps in the process of planning which are followed by a manager before performing the step highlighted in the above statement. OR Briefly explain the next three steps in the process of planning which the manager will haveto have to follow after using conjecture about what might happen in the future.	6

33.	Jojo and Jojo is a company known for its consumer business of baby oil and bandages, but many people do not know that the company also runs a medical device and diagnostics business, as well as a pharmaceutical company. With more than 1,80,000 employees worldwide the company has chosen to share decision making authority with lower levels and place it nearest to the point of action. Therefore the response does not take time. This	6
	propagates the belief that people are competent, capable and resourceful who can get a chance to prove their abilities. And enables the company in identifying those executives who have the necessary potential to become dynamic leaders, so that the checking required on decisions taken by lower levels of management is the least. This makes it possible to evaluate performance at each level and each department can be individually held accountable for their results. By quoting the lines given above identify and briefly explain the benefits of the concept discussed above.	
34.	Choco Ltd. offers a wide variety of chocolate products. It has an action program of not selling its products by their generic name but under different names like Choco-silk bar, Choco-Munchy and Choco-crunchy etc. for different customer segments. All these names have great popularity and acceptability in the markets. As the company policy the products were offered at reasonable and affordable prices for targeting a mass customer base. During the festive season the company launched a massive promotional campaign to increase its revenue and achieve its communication objectives. The company introduced free gifts for the customers. Their on-ground sales team delivers the product not only to the departmental stores but also to small shops, so that all segments of customers can easily get the products. They also provide information and support services to customers to ensure repeat sales. From the viewpoint of the management function, briefly explain any four activities of marketing which the firm will be involved in, apart from the above-mentioned ones it's already performing.	6

MARKING SCHEME

BUSINESS STUDIES

CBSE SAMPLE PAPER

2022-23

	Answers	**Marks**
1	b) Departmentalization	1
2	a) Uncertainty	1
3	d) Heads do not get training for top management positions.	1
4	a) Technological and Social	1
5	b) Management creates a dynamic organization	1
6	a) Internet connectivity is a prerequisite	1
7	c) It helps in tapping useful resources	1
8	b) Social	1
9	c) It is both forward looking and backward looking	1

10	c) Controlling	1
11	a) Organization structure	1
12	d) Both the statements are false	1

13	(a) (ii), (iii), (i)	1
14	b) Unique order code	1
15	d) physical distribution	1
16	(C)Securities Exchange Board of India performs the regulatory function of controlling insider trading and imposing penalties for such practices.	1
17	d).Societal Marketing concept	1
18	(a) Utility and demand of the product	1
19	a) It is a personal form of communication	1
20	d). (ii);(iii),(iv);(i)	1
21	Coordination The process by which a manager synchronizes the activities of different departments is known as coordination. Coordination is the force that binds all the other functions of management. It is the common thread that runs through all activities. It is implicit and inherentin all functions of an organization.	1 (1X 2)
22	Merits of external sources: (Any three) 1. Qualified personnel: By using external sources of recruitment, the management can attract qualified and trained people to apply for vacant jobs in the organization. 2. Wider choice: When vacancies are advertised wisely, a large number of applicants from outside the organization can apply. The management has a wider choice while selecting the people for employment. 3. Fresh Talent: The present employees may be insufficient or they may not fulfill the specifications of the jobs to be filled. External recruitment provides wider choice and brings new blood in the organization. 4. Competitive spirit: If a company taps external sources, the existing sources, the existing staff will have to compete with the outsiders. They will work harder to show better performance.	(1X3=3) ½ mark for theheading and ½for the explanation

23	Critical point control: It is neither economical nor easy to keep a check on each and every activity in an organization. Control should therefore focus on key result areas which are critical to the success of an organization.	(2+1 = 3)

	These KRAs are set as the critical points. If anything goes wrong at the critical points, the entire organization suffers. For instance, in a manufacturing organization, an increase of 5% in the labour cost may be more troublesome than a 15% increase in postal charges. OR Management by Exception: Management by exception, which is often referred to as control by exception, is an important principle of management control based on the belief that an attempt to control everything results in controlling nothing. Thus, only significant deviations which go beyond the permissible limit should be brought to the notice of the management. For instance, if the plans lay down 2% increase in labour cost as an acceptable range of deviation in a manufacturing organization, only an increase in labour cost beyond 2% should be brought to the notice of the management. However, in case of major deviation from the standard (say, 5%), the matter has to receive immediate action of management on a priority basis.	(2+1=3)

24	Following are the objectives of SEBI : (any three) 1. To regulate stock exchanges and the securities industry to promotetheir orderly functioning 2. To protect the rights and interests of investors, particularly individual investors and to guide and educate them. 3. To prevent trading malpractices and achieve a balance between self-regulation by the securities industry and its statutory regulation. 4. To regulate and develop a code of conduct and fair practices by intermediaries like brokers, merchant bankers etc., with a view to making them competitive and professional. OR Following are the functions of stock exchange: (any three) (i) Providing liquidity and marketability to existing securities. (ii) Pricing of securities on the stock exchange is determined by the forces of demand and supply. (iii) Safety of transaction is ensured as membership of a stock exchange is well regulated and its dealings are well defined. (iv) Contributes to economic growth through the process of disinvestment and reinvestment. (v) Spreading of equity cult by ensuring wider ownership by way of regulating new issues. (vi) Providing scope for speculation by ensuring speculative activity within the	(1x3) 1 mark for each correct statement . (1x3) 1 mark for each correct statement .

	provisions of law for it to take place in a restricted and controlled manner.	
25	The benefits of training to an organization are as follows:(any four) (i) Training is a systematic learning, Always better than hit and trial methods which lead to wastage of efforts and money? (ii) It enhances employee productivity both in terms of quantity and quality, leading to higher profits. (iii) Training equips the future manager who can take over in case of emergency. (iv)Training increases employee morale and reduces absenteeism and employee turnover. (v) It helps in obtaining an effective response to a fast changing environment – technological and economic. OR Selection test Types of tests are: (any three) a. Intelligence test is one of the important psychological tests used to measure the level of intelligence quotient of an individual and is an indicator of a person's ability or the ability to make decisions and judgments. b. Aptitude test is a measure of an individual's potential for learning new skills and indicates the person's capacity to develop. c. Personality tests provide clues to a person's emotions, her reactions, maturity, and value system and probe the overall personality. d. Trade tests measure the existing skills of the individual, level of knowledge and proficiency in the area of professions or technical training. e. Interest tests are used to know the pattern of interests or involvement of a person.	(1X4=4) 1 (1X3=3)

26	Semantic barriers (Any four): 1. Sometimes intended meaning may not be conveyed by a manager to his subordinates due to badly expressed messages which may be on account of inadequate vocabulary, usage of wrong works, omission of needed works, etc. 2. A word may have different meanings and the receiver has to perceive one such meaning for the word used by the communicator. 3. If the translator is not proficient with both the languages, mistakes may creep in causing different meanings to communication. 4. Some communications may have certain assumptions which are subject to different interpretations. 5. It is usually found that specialists use technical jargon while explaining to persons who are not specialists in the concerned field and therefore they may not understand the actual meaning of many words.	(1x4=4) 1 mark for each correct statement

	6. If there is no match between what is said and what is expressed in body movements, communications may be wrongly perceived. OR Organizational barriers (Any four): 1. If organizational policy either explicit or implicit is not supportive to free flow of communication it may hamper effectiveness of communications. 2. Rigid rules and regulations, cumbersome procedures may be a hurdle to communication, as communications through prescribed channels may result in delays. 3. Status of superior may create psychological distance between him and his subordinates. 4. Complexity in the organization caused by the number of managerial levels may delay and distort the communication as the number of filtering points is more. 5. If facilities like frequent meetings, suggestion box, and complaint box, social and cultural gathering, transparency in operations, etc, for smooth, clear and timely communications are not provided, communications may be hampered.	(1X4=4) 1 mark for each correct statement
27	Incentives being given by the organization to the employees are: 1. Job enrichment: Job enrichment is concerned with designing jobs that include greater variety of work content, require higher level of knowledge and skill; give workers more autonomy and responsibility; and provide opportunity for personal growth and a meaningful work experience. 2. Job security: Employees want their jobs to be secure. They want certain stability about future income and work so that they do not feel worried about these aspects and work with greater zeal. 3. Perquisites: In many companies perquisites and fringe benefits are offered such as car allowance, housing, medical aid and education to the children, etc., over and above the salary. 4. Co-partnership/stock option: Under these incentive schemes, employees are offered company shares at a set price which is lower than market price. Sometimes, management may allot shares in line of various incentives payable in cash.	(1X4=4) ½ mark for the heading and ½ mark for the explanation

28	Following are the factors affecting capital structure of a company : (Any four) 1. Size of the projected Cash flows must be considered before borrowing. 2. Interest Coverage Ratio refers to the number of times earnings before interest and taxes of a company covers the interest obligation. 3. Debt Service Coverage Ratio takes care of the deficiencies referred to	(1X4=4) 1 mark for each correct statement

	in the interest coverage ratio. 4. More debt can be used if debt can be raised at a lower rate 5. A higher Tax Rate makes debt relatively cheaper and increases its attraction vis-a-vis equity. 6. Process of raising resources also involves some cost which may affect the choice between debt and equity and hence capital structure. 7. If a firm's business risk is lower, its capacity to use debt is higher and vice versa. 8. To maintain flexibility the firm must maintain some borrowing power to take care of unforeseen circumstances. 9. Capital Structure of other companies is a useful guideline in the capital structure planning. 10. Stock Market Conditions often affect the choice between debt and equity. 11. Every company operates within a regulatory framework provided by the law. 12. Control as a factor also influences the choice between debt and equity especially in companies in which the current holding of management is on a lower side. 13. If the ROI of the company is higher, it can choose to use trading on equity to increase its EPS. 14. When a company increases debt, the financial risk faced by the equity shareholders increases consequently their desired rate of return may increase. OR Factors affecting financing decision: (Any four) 1. A prudent financial manager would normally opt for a source which is the cheapest. 2. The risk associated with each of the sources is different. 3. Higher the floatation cost, less attractive the source. 4. A stronger cash flow position may make debt financing more viable than funding through equity. 5. If a business has high fixed operating costs, it must reduce fixed financing costs. 6. Issues of more equity may lead to dilution of management's control over the business. 7. Health of the capital market may also affect the choice of source of funds.	

29	Earnings per share = ₹ 35 EPS = Earning after tax / No.of equity shares35= Earning after tax / 70,000	3

	Earning after tax = ₹ 24,50,000 Interest= 50,00,000 x7/100 = ₹. 3,50,0000 Let the Earning before tax (EBT) = xEBT- Tax= EAT X-0.30 x= 24,50,000 0.70 x = 24,50,000 x= 24,50,000/0.70 x= 35,00,000 Earning before tax = ₹. 35,00,000 EBIT = Earning before tax + Interest = 35,00,000 + 3,50,000 = ₹. 38,50,000 ROI= EBIt/total Investment × 100= 38,50,000 / 1,20,00,000 × 100 = 32.08% As ROI (32.08%) > Rate of interest (7%). The company can choose to usetrading on equity to increase its EPS. The finance manager was justified in making this recommendation.	1

30	A consumer should keep in mind the following responsibilities whilepurchasing, using and consuming goods and services (Any four)— (i) Be aware about various goods and services available in the market so thatan intelligent and wise choice can be made. (ii) Buy only standardized goods as they provide quality assurance. Thus, look for ISI mark on electrical goods, FPO mark on food products, Hallmark on jewelry, etc. (iii) Learn about the risks associated with products and services, follow manufacturer's instructions and use the products safely. (iv) Read labels carefully so as to have information about prices, net weight, manufacturing and expiry dates, etc. (v) Assert yourself to ensure that you get a fair deal. (vi) Be honest in your dealings. Choose only from legal goods and services and discourage unscrupulous practices like black-marketing, hoarding, etc. (viii) File a complaint in an appropriate consumer forum in case of a shortcoming in the quality of goods purchased or services availed. Do not failto take an action even when the amount involved is small. (ix) Form consumer societies which would play an active part in educatingconsumers and safeguarding their interests. (x) Respect the environment. Avoid waste, littering and contributing topollution.	(1x4=4)

31	Techniques of Scientific Management given by F.W.Taylor: Method Study The objective of method study is to find out one best way of doing the job. There are various methods of doing the job. To determine the best way there are several parameters. Right from procurement of raw materials till the final product is delivered to the customer every activity is part of method study. Taylor devised the concept of assembly line by using method study. Ford Motor Company used this concept very successfully. Even now auto companies are using it. The objective of the whole exercise is to minimize the cost of production and maximize the quality and satisfaction of the customer. For this purpose many techniques like process charts and operations research etc. are used. For designing a car, the assembly line production would entail deciding the sequence of operations, place for men, machines and raw materials etc. All this is part of method study. (b) Functional foremanship is an extension of the principle of division of work and specialization to the shop floor. Each worker will have to take orders from these eight foremen in the related process or function of production. Foremen should have intelligence, education, tact, grit, judgment, special knowledge, manual dexterity, and energy, honesty and good health. Since all these qualities could not be found in a single person, Taylor proposed eight specialists. Each specialist is to be assigned work according to her/his qualities. For example, those with technical mastery, intelligence and grit may be given planning work. Those with energy and good health may be assigned execution work (c) Standardization refers to the process of setting standards for every business activity; it can be standardization of process, raw material, time, product, machinery, methods or working conditions. These standards are the benchmarks, which must be adhered to during production. The Objective Of (i) To reduce a given line or product to fixed types, sizes and characteristics. (ii) To establish interchangeability of manufactured parts and products. (iii) To establish standards of excellence and quality in materials. (iv) To establish standards of performance of men and machines	(3X2=6)

	(d) Taylor was a strong advocate of a piece wage system. He wanted to differentiate between efficient and inefficient workers. The standard time and other parameters should be determined on the basis of the work- study discussed above. The workers can then be classified as efficient or inefficient on the basis of these standards. He wanted to reward efficient workers. So he introduced different rates of wage payment for those who performed above standard and for those who performed below standard.	(3X2=6)

OR

Principles of Management given by Henry Fayol:

(a)Unity of Command: According to Fayol there should be one and only one boss for every individual employee. If an employee gets orders from two superiors at the same time the principle of unity of command is violated. The principle of unity of command states that each participant in a formal organization should receive orders from and be responsible to only one superior. Fayol gave a lot of importance to this principle. He felt that if this principle is violated "authority is undermined; discipline is in jeopardy, order disturbed and stability threatened". The principle resembles military organization. Dual subordination should be avoided. This is to prevent confusion regarding tasks to be done. Suppose a sales person is asked to clinch a deal with a buyer and is allowed to give a 10% discount by the marketing manager. But the finance department tells her/ him not to offer more than a 5% discount. Now there is no unity of command. This can be avoided if there is coordination between various departments.

b) Equity: Good sense and experience are needed to ensure fairness to all employees, who should be treated as fairly as possible," according to Fayol. This principle emphasizes kindliness and justice in the behavior of managers towards workers. This will ensure loyalty and devotion. Fayol does not rule out use of force sometimes. Rather he says that lazy personnel should be dealt with sternly to send the message that everyone is equal in the eyes of the management. There should be no discrimination against anyone on account of sex, religion, language, caste, belief or nationality etc. In practice we can observe that now a days in multinational corporations people of various nationalities work together in a discrimination free environment. Equal opportunities are available for everyone in such companies to rise.

(c)Remuneration of Employees: The overall pay and compensation should be fair to both employees and the organization. The employees should be paid fair wages, which should give them at least a reasonable standard of living. At the same time it should be within the paying capacity of the company. In other words, remuneration should be just and equitable. This will ensure a congenial atmosphere and good relations between workers and management. Consequently, the working of the company

	would be smooth. (d) Initiative: Workers should be encouraged to develop and carry out their plans for improvements according to Fayol. Initiative means taking the first step with self-motivation. It is thinking out and executing the plan. It is one ofthe traits of an intelligent person. Initiative should be encouraged. But it doesnot mean going against the established practices of the company for the sake of being different. A good company should have an employee suggestion system whereby initiative/suggestions which result in substantial cost/time reduction should be	

32	Steps in the process of planning to be followed by a manager before performing the step of evaluation of alternatives: Setting Objectives: The first and foremost step is setting objectives. Every organization must have certain objectives. Objectives may be set for the entire organization and each department or unit within the organization. Objectives or goals specify what the organization wants to achieve. It could mean an increase in sales by 20% which could be the objective of the entire organization. How all departments would contribute to the organizational goals is the plan that is to be drawn up. Objectives should be stated clearly for all departments, units and employees. They give direction to all departments. Departments/ units then need to set their own objectives within the broad framework of the organization's philosophy. Objectives have to percolate down to each unit and employees at all levels. At the same time, managers must contribute ideas and participate in the objective setting process. They must also understand how their actions contribute to achieving objectives. If the end result is clear it becomes easier to work towards the goal. (ii) Developing Premises: Planning is concerned with the future which is uncertain and every planner is using conjecture about what might happen in future. Therefore, the manager is required to make certain assumptions about the future. These assumptions are called premises. Assumptions are the base material upon which plans are to be drawn. The base material may be in the form of forecasts, existing plans or any past information about policies. The premises or assumptions must be the same for all and there should be total agreement on them. All managers involved in planning should be familiar with and use the same assumptions. For example, forecasting is important in developing premises as it is a technique of gathering information. Forecasts can be made about the demand for a particular product, policy change, interest rates, prices of capital goods, tax rates etc. Accurate forecasts therefore become essential for successful plans. (iii) Identifying alternative courses of action: Once objectives are set, assumptions are made. Then the next step would be to act upon them. There may be many ways to act and achieve objectives. All the alternative courses of action should be identified. The course of action which may be taken could be either routine or innovative. An	(2X3=6) ½ mark for heading and 1½mark for the explanation (2X3=6) ½ mark for heading and 1½mark for

	innovative course may be adopted by involving more people and sharing their ideas. If the project is important, then more alternatives should be generated and thoroughly discussed amongst the members of the organization. OR The next three steps are : i) Identifying alternative courses of action: Once objectives are set, assumptions are made. Then the next step would be to act upon them. There	the explanation

	may be many ways to act and achieve objectives. All the alternative courses of action should be identified. The course of action which may be taken could be either routine or innovative. An innovative course may be adopted by involving more people and sharing their ideas. If the project is important, then more alternatives should be generated and thoroughly discussed amongst the members of the organization. ii) Evaluating alternative courses: The next step is to weigh the pros and cons of each alternative. Each course will have many variables which have to be weighed against each other. The positive and negative aspects of each proposal need to be evaluated in the light of the objective to be achieved. In financial plans, for example, the risk-return trade-off is very common. The more risky the investment, the higher the returns it is likely to give. To evaluate such proposals detailed calculations of earnings, earnings per share, interest, taxes, dividends are made and decisions taken. Accurate forecasts in conditions of certainty/uncertainty then become vital assumptions for these proposals. Alternatives are evaluated in the light of their feasibility and consequences. (iii) Selecting an alternative: This is the real point of decision making. The best plan has to be adopted and implemented. The ideal plan, of course, would be the most feasible, profitable and with least negative consequences. Most plans may not always be subjected to a mathematical analysis. In such cases, subjectivity and the manager's experience, judgment and at times, intuition play an important part in selecting the most viable alternative. Sometimes, a combination of plans may be selected instead of one best course. The manager will have to apply permutations and combinations and select the best possible course of action.	

33	Importance of Decentralization: 1. "Response does not take time". Quick decision making- In a decentralized organization since decisions are taken at levels which are nearest to the point of action and there is no requirement for approvals from many levels, the process is much faster. 2. "Who can get a chance to prove their abilities". Develops managerial talent for the future- Decentralization gives managers a chance to prove their abilities and creates a reservoir of qualified manpower that can be considered to fill up more challenging positions through promotion. 3. "Identifying those executives who have the necessary potential to become dynamic leaders". Develops initiative among subordinates- Decentralization helps to promote self-reliance and confidence amongst the subordinates. It also keeps them in a state wherein they are constantly challenged and have to develop solutions for the various problems they encounter. 4. "This makes it possible to evaluate performance at each level and each department can be individually held accountable for their results."	(11/2X4=6) (½ mark for quoting+½ mark for identification +½mark for explaining)

	Better control- Feedback from levels helps to analyze variances and improve operations.	
34	Functions of marketing, apart from the ones Choco Ltd is already performing:(Any four) 1. Gathering and analyzing market information: This is necessary to identify the needs of the customers and make various decisions for the successful marketing of the products and services. This is important for making an analysis of the available opportunities and threats as well as strengths and weaknesses of the organization and help in deciding what opportunities can best be pursued by it. 2. Product designing and development: The design of the product contributes to making the product attractive to the target customers. A good design can improve performance of a product and give it a competitive advantage in the market. 3. Standardization: Standardization refers to producing goods of predetermined specifications which help in achieving uniformity and consistency in the output 4. Packaging and labeling- Packaging refers to designing and developing the package for the products. Labeling refers to designing and developing the label to be put on the product. 5. Transportation- Transportation involves physical movement of goods from one place to another. As generally the users of products particularly consumer products are wide spread and geographically separated from the place where they are produced. 6. Storage and warehousing- In order to maintain smooth flow of products in the market, there is a need for proper storage of the products. Further there is need for storage of adequate stock of goods to protect against unavoidable delays in delivery or to meet out contingencies in the demand. Ram Kumar the CEO of Sabarmati Enterprises in a meeting with the middle management of the company advised that the personal goals of the people should be reconciled with the organizational objectives for harmony in the organization. Briefly explain the objective of management that he was referring to.	(1½ X 4 =6) (½ mark for heading and 1mark for the explanation)

MODEL PAPER – I BLUE PRINT

CHAPTER	OT/MCQ (1 Mark)	SA 1 (3 Marks)	SA II (4 Marks)	LA II (6 Marks)		GRAND TOTAL
PART A						
1.Nature and Significance of Management	2		1			16
2. Principles of Management	2			1		
3. Business Environment	2					
4. Planning	3		1			14
5. Organising	3		1			
6. Staffing	1	1		1		20
7. Directing	2		1			
8. Controlling	1	1				
PART B						
9. Financial Management	1	1		1		15
10. Financial Markets	1		1			
11. Marketing Management	1	1		1		15
12. Consumer Protection	1		1			
	20X1=20	4X3=12	6X4=24	4X6=24		**34**
Internal choice		2	2	2		6
GRAND TOTAL						**80**

BUSINESS STUDIES -XII
MODEL PAPER -I

Time: 3 Hours **Max. Marks: 80**

General instructions:
1 This question paper contains 34 questions.
2. Marks are indicated against each question.
3. Answer should be brief and to the point.
4. Answers to the questions carrying 3 marks may be from 50 to 75 worlds.
5. Answers to the questions carrying 4 marks may be about 150 worlds.
6. Answers to the questions carrying 6 marks may be about 200 worlds.
7. Attempt all parts of the questions together.

S.No.		Marks
1	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	1
2	The overall organization goals and strategies of organization are formulated by --------level of management.	1
3	According to the functional foremanship technique, there would be a _____ under the production in-charge who would supervise the quality of work done. (Choose the correct alternative and fill in the blank) A. Inspector B. Workman C. Gang boss D. Disciplinarian	1
4	"Workers should be encouraged to develop and carry out their plans for improvements". Identify the principle of management A) Esprit the corps B) Order C) Principle of initiative D) Discipline	1
5	Which of the following statements is ***not true*** with respect to business environment? A. Business environment keeps changing. B. It is very difficult to predict business environment. C. Business environment remains the same across regions. D. Various parts of a business are interrelated.	1
6	The packets of tobacco would carry the statutory warning, it is related to which dimension of business environment. (a) Economic (b) Political (c) Social (d) Legal	1

7	Planning results in decreasing _____ (a) Coordination (b) Proper use of resource (c) Future uncertainties (d) Control	1
8	Planning is ---------- exercise.	1
9	Planning premises means systematic and logical estimate for the future factors affecting planning. (TRUE/FALSE)	1
10	Which step in the organizing process stresses on maintaining a hierarchy in the organization? (Choose the correct alternative) A. Departmentalization B. Assignment of duties C. Identification of work D. Establishing work relations	1
11	Ravi works as a Project Manager in Suzy Ltd. He delegates the responsibility of a task to his subordinates but he is responsible for the final outcome of the task. Which element of delegation is reflected in the above case? (Choose the correct alternative) A. Authority B. Responsibility C. Accountability D. None of the above	1
12	Which organisation structure is based on rules and procedures? (a) Informal (b) Formal (c) Both (a) and (b) (d) None	1
13	Which of the following is called negative process I)staffing ii)recruitment iii)selection iv)training	1
14	Which is not an element of Directing. (a) Planning (b) Leadership (c) Communication (d) Motivation	1
15	In an organization employees always feel they are under stress. They take least initiatives and fear to express their problem before the manager. The manager does not give information about future plans but simply tells the employee what immediate steps they must take. Which style of leadership is followed in above case?	1
16	Naivedya sweets is renowned name for quality sweets since 1935. Harsh the owner of Naivedya sweets was worried as the sales had declined during 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 the function of management performed by Harsh.	1
17	Capital structure is optimal when the ratio of debt and _____ is such that the	1

	value of _____ increases. (Fill in the blank by choosing the correct alternative) A. Equity, debt B. Equity, equity share C. Retained earnings, debt D. Retained earnings, equity share	
18	Which of the following financial instruments is not traded in the capital market? (Choose the correct alternative) A. Bonds B. Equity C. Debentures D. Commercial paper	1
19	Under which marketing philosophy, 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	1
20	Mr. Ram purchased a refrigerator for Rs 19500 from a company named ABC Ltd. After two days of purchase, he found that the compressor of the refrigerator was defective and seller refused to repair it. In this situation, in which of the following forums should he file his complaint? (Choose the correct alternative) A. District forum B. State Commission C. National Commission D. None of the above	1
21	Explain 'Internship training' and 'vestibule training' and classify them as on-the-job and off-the-job methods of training.	3
22	Why is controlling important for an organization? Discuss any three points.	3
23	What is capital budgeting decisions. Explain any two factors affecting the capital budgeting decisions of a firm? **OR** What is working capital decisions. Explain any two factors affecting the working capital decisions of a firm?	3
24	Explain 'Price' as an element of marketing-mix. Also explain any three factors that affect the fixation of price of a product. **OR** Briefly discuss product and production concept of marketing.	3
25	What is coordination? Why is it important for an organization? Discuss any three points.	4
26	Briefly explain any four limitations of planning.	4
27	Discuss the steps of Organizing process.	4

28	Shweta works as an accountant in AI Ltd. Although her salary is at par with industry standards, she feels that her designation is not according to her knowledge and work experience. a) Identify the incentive which would be best suitable in the given situation. b) Explain three other such incentives. **OR** What is financial incentive? Explain any three exampleS of such incentives.	4
29	'Financial market plays an important role in the allocation of scarce resources in an economy by performing various functions'. Explain any two functions of financial market. **OR** Explain any two objectives of SEBI.	4
30	Discuss any four rights of consumers under the Consumer Protection Act,2019.	4
31	In ABC Ltd., there is an employee suggestion system, and any employee who gives good suggestions which result in substantial cost/time reduction is rewarded. There is also team spirit of unity and harmony among employees, which results in the spirit of mutual trust and belongingness among team members. Besides this, employees give priority to the interests of the organization over their interests. Identify and briefly explain the Fayol's principles of management which are discussed above.	6
32	'Gokul' is a chain of departmental stores in India with 56 outlets. It sells the qualitative products at the reasonable price. The Human Resource department takes care to select, train, motivate and retain the employees. Currently, it has 1800 fulltime employees and 350 part time employees. For top-level management, employees are recruited through private consultants. These professional recruiters can entice the needed top executives from other companies by making the right offers. Employees appointed at the entry level are recruited through walk-in. For that, a notice is placed on the notice board specifying the details of the jobs available. 'Gokul' also encourages present employees or their friends and relatives to refer candidates. They also visit some of the reputed educational institutions to hire some of the most talented and promising students as its employees. 'Gokul' shifts workforce from surplus departments to those where there is shortage of staff instead of laying them off. Explain the various internal and external sources of recruitment used by 'Gokul' to recruit its employees. **OR** A company X Ltd. Is setting up a new plant in India for manufacturing auto components? India is highly competitive and cost effective production base	6

	in this sector, X Ltd. Is planning to capture about 40% of the market share in India and also export to the tune of at least $5 million in about 2 years of its planned operations. To achieve these targets it requires a highly trained and motivated work force. You have been appointed by the company to advise it in this matter. i. Outline the process of staffing the company should follow. ii. Which sources of recruitment should the company rely upon? Give reasons for your recommendation. iii. Outline the process of selection the company should follow with reasons. Iv. Which methods of training and development should company initiate? Explain giving reasons.	
33	Naveen glass ltd is into this business for 20 years. Now due to expansion plans the company needs additional 100 crores. The finance manager is asked to decide about the capital structure after considering the pros and cons of both the sources-Owners fund and borrowed fund. He finds out the following facts. Cash flows of the company are unstable and he is in no mood to choose a source in which high risk is involved. Company also wants to retain control over the management of the affairs of the company. There is a boom period in the economy. The above disclosures lead to various factors which decide how much to finance from equity and how much from debt. The recent companies act has revised the tax on companies to 20% from 15%. Amidst all this the company is also facing heavy operating costs of salaries, rent, premiums etc. Quoting the relevant lines, identify and explain any six such factors	6
34	You are a mobile manufacturer and you have introduced a new brand of mobile in the market. What are the factors which you consider while determining the price of your product? **OR** What is Physical Distribution? Discuss the components of Physical Distribution.	6

MARKING SCHEME

BUSINESS STUDIES MODEL PAPER-I

2022-23

CLASS XII

TIME: 3HRS **M:M:80**

SR.NO.	ANSWERS	M
1	D Inefficient	1
2	TOP LEVEL	1
3	A. Inspector	1
4	C) Principle of initiative	1
5	C. Business environment remains the same across regions.	1
6	(d) Legal	1
7	(c) Future uncertainties	1
8	Mental	1
9	TRUE	1
10	D. Establishing work relations	1
11	C. Accountability	1
12	(b) Formal	1
13	iii)selection	1
14	(a) Planning	1
15	Autocratic	1
16	Controlling	1
17	B. Equity, equity share	1
18	D. Commercial paper	1
19	(a) Production concept	1
20	I) District Forum	1
21	internship training- is a joint program of training in which educational institutions and business firms cooperate. Selected candidates carry on regular studies for the prescribed period. Vestibule training-Employees learn their jobs on the equipment they will be using, but the training is conducted away from the actual work floor. Actual work environments are created in a class room and employees use the same material, files and equipment. Internship training can be classified as On-the-job method of training Vestibule training can be classified as off-the-job method of training.	3
22	**Importance of controlling:**	3

	1. **Achieving goals:** Controlling ensures that various activities are carried out correctly according to the plans. It ensures that deviations if any are identified and appropriate corrective action is taken. This helps the organisation to be on track and achieve its goals. 2. **Reviewing standards:** An effective control system ensures that the standards are set accurately. As the business environment changes, it ensures that the standards are also reviewed so as to adapt to the changes taking place. 3. **Enables efficiency in resource utilisation**: Effective control system ensures that there is minimum wastage of resources. In other words, it ensures that resources are utilized optimally and in the most efficient manner. 4. **Better motivation:** With controlling, employees know what is expected from them and how their performance would be evaluated. This clarity motivates employees to perform better. 5. **Ensures coordination**: With proper controlling, the efforts of the various departments can be unified towards the common goals and objectives of the organisation. The existence of predefined standards of evaluation ensures coordination in the activities of various departments. (any three point)	
23	**1 marks meaning and 2marks for factors in both option.**	3
24	ice mix refers to the activities relating to the price to be changed for the product. Consumers are very sensitive to price changes. A minor change in price may affect the demand for the product and profitability of the producer. Price is the only element that produces revenue and therefore, it is most important tool marketing management. 'ollowing are the factors that affect fixation of price of producer:- any three (i) Objective of setting the price. (ii) Utility and demand of the product. (iii) Cost of production and other overheads. (iv) Extent of competition in the market. OR One and half marks each correct explanation.	3
25	Coordination refers to the process through which the various functions of management are synchronized together towards the common goals and objectives of the organization. Importance of coordination: 1. **Growth in size:** When the size of the organization increases, the need for coordination also increases. This is because individuals working in large organizations belong to different environments and they have their own requirements and objectives. So, it is necessary to bring all their efforts jointly to achieve the common goal of the organisation. In this situation, in order to achieve organisational efficiency, it is	4

	important to harmonise the objectives of employees with the goals of the organisation through proper coordination. 2. **Difference in functions:** In an organisation, there are different inter-linked and interrelated departments. Coordination is required to bring together the activities of different departments towards one common organisational goal. Also, it helps to minimise the differences among departments. 3. **Specialisation:** As there are number of specialists working in the organisation, each of them have their own way of working and consider themselves to be capable of judging analysing and deciding So they are not willing to take any kind of suggestions or advice. This results in chaos and misunderstanding in the work place. Therefore, coordination helps in coordinating the activities of all the specialists in the right direction and enables the achievement of the organizational goals.(1+3)	
26	1 marks for each correct limitations. (1x4)	4
27	Process: the process of organizing consists of the following steps: (a).Identification and division of work (b).Departmentalization (c).Assignment of Duties (d).Establishing reporting relationships.	4

28	a) The incentive which would work best in the given situation is the non-financial incentive of status. Shreya can be given a designation in the organisation which is according to her work experience and knowledge.
	b) three other kinds of non-financial incentives:
	  Career opportunity: Employees must be given ample opportunities to develop their skills and knowledge such that they are able to improve their career prospects. This can be done through training and development programmes.
	  Job enrichment: Employees must be offered various tasks and responsibilities. In other words, the work must provide greater opportunities of growth and experience.
	  Security of job: Employees need a certain degree of security of job in the sense that they must be certain about the income in the future. This is would enable them to work with greater passion.
	  Participation in decision making: Employees must be involved in decision making, especially in issues pertaining to them. (1+3)
	OR
	1 marks for meaning and 3 marks for three examples.
		4

29	Any two Functions	4

	Or Any two objectives	

30	Following are the rights of the consumers:
	1) **Right to Safety**
	  It refers to the right of consumers to safeguard themselves against goods and services which can be hazardous to life, health or property.
	  For example, consumers can get injured if they use defective electrical appliances.
	  Every consumer has the right to protect himself against such goods.
	2) **Right to be Informed**
	  Every consumer has the right to have complete information with regard to goods and services. For instance, they must have information regarding quality, quantity, price, ingredients and weight of goods and services.
	  In India, it is mandatory under law for manufacturers to provide information about the product on its package and the label. This helps the consumer in making an informed choice.
	3) **Right to be assured**
	  A consumer has the right to have access to and choose from a wide variety of goods and services available in the market at competitive prices.
	  Accordingly, the retailers or suppliers should offer a large variety of products to consumers.
	  They must not be biased or force a customer towards buying a particular product.
	4) **Right to be Heard**
	  It refers to the right of consumers to be heard in an appropriate legal forum in case of any grievance or dissatisfaction faced by them.
	  A consumer has the right to file a complaint in case of any grievance with regard to any product or service.
	5) **Right to Seek Redressal**
	  It refers to the right of consumers to seek redressal in case of a grievance and, if required, demand a suitable compensation.ww.topperlearning.com 11
	  The Consumer Protection Act provides for compensation in the form of replacement of product, cash compensation and repair/removal of defects.
	  Various redressal forums are set up under the Consumer Protection Act.
	6) **Right to Consumer Education**
	  It refers to the right of consumers to have knowledge and be aware of their rights and responsibilities.
	  They must have knowledge with regard to various legal remedies available in case they face any form of exploitation. Various consumer organisations and NGOs actively work in this regard. any four(1X4)
		4

31	The following Fayol's principles of management have been discussed above: 1. **Initiative:** there is an employee suggestion system, and any employee who gives good suggestions which result in substantial cost/time reduction is rewarded.	6

	According to this principle, there must be motivation and an incentive among employees to work. They must be encouraged to come up with new, exciting ideas and suggestions. However, it must be ensured that the new initiatives and ideas are in accordance with the usually followed rules and practices in the organisation. In addition, good initiatives can be suitably rewarded by managers. 2. **Esprit de corps:** There is also team spirit of unity and harmony among employees,which results in the spirit of mutual trust and belongingness among team members. According to this principle, the management must work towards promoting team spirit among employees. In other words, there must be unity in work. Employees must have a feeling of belongingness and mutual trust towards each other. Following this principle is specifically important for large organisations where team work is essential for the achievement of objectives. Working together as a team helps in building mutual understanding, which in turn helps in improving efficiency. 3. **Subordination of individual interest to general interest:** employees give priority to the interests of the organisation over their interests. According to this principle, employees should give priority to organisational objectives over their personal objectives as interest of the organisation is more important than the interest of any employee.	
32	'Gokul': (i) Internal • Transfers (ii) External • Placement Agencies and Management Consultants • Direct Recruitment • Recommendations of Employees • Campus recruitment(1X5+1for correct category) OR (i) the steps involved in the staffing process which company should follow are: a) Estimating manpower requirement.; (b)Recruitment;(c) Selection; d) Placement and Orientation; (e) Training and Development. ii) Company should rely upon external source of recruitment as companies require setting up a new plant and large number of manpower with latest technology. Reasons for relying on external sources are: a) ***Fresh Talent***. With external recruitment fresh and new talent come to the organisation. b) ***Wider Choice***. Through external recruitment the organisation gets wider choice. c) ***Qualified Personnel***. By using external recruitment the management can get qualified and trained persons. d) ***Latest Technological Knowledge***. Through campus placement organisation	6

	can get employees with latest technological knowledge. e) ***Competitive Spirit***. Through external recruitment when outsiders join the organisation, this develops a competitive spirit in existing employees of organisation. iii) The steps in the process of selection company should follow are:) Preliminary screening ;b) Selection test ;c) Interview ;d) References ;e) Medical examination; g) Job offer ;h) Contract of employment.; v) Company should prefer following methods of training and development: a) Apprenticeship programme,;b) Vestibule school;c) Internship training.	
33	Cash flows of the company are unstable – Cash flow position. he is in no mood to choose a source in which high risk is involved- Risk. Company also wants to retain control over the management of the affairs of the company- Control considerations There is a boom period in the economy. The recent companies act has revised the tax on companies to 20% from 15%. -Tax rate .**State of Capital Markets** Amidst all this the company is also facing heavy operating costs of salaries, rent, premiums etc.**Level of Fixed Operating Costs**	6
34	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. (1 mark for each, maximum six factors with explanation OR **Physical Distribution:–** The fourth important element of marketing mix is the physical distribution of products and services. Through this component of marketing mix, the goods and services are made available at right place, at right time to right people without change. **Components of Physical Distribution-(explain)** 1. Order Processing 2. Transportation 3. Warehousing 4. Inventory Control (2+4=6 marks)	6

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	MODEL PAPER –II **MM- 80** **TIME: 3 HOURS**	
	General instructions : **1 This question paper contains 34 questions.** **2. Marks are indicated against each question.** **3. Answers should be brief and to the point.** **4. Answers to the questions carrying 3 marks may be from 50 to 75 words.** **5. Answers to the questions carrying 4 marks may be about 150 words.** **6. Answers to the questions carrying 6 marks may be about 200 words.** **7. Attempt all parts of the questions together.**	
1.	Fabmart is a private limited company with several branches all over the country. It needs a team of designers and crafts people. Similarly, another company Infosys Technologies which develops software needs systems analysts and programmers. Identify that which function of management is needed to satisfy the need of the above companies? (a) Planning (b) Organising (c) Staffing (d) Controlling	1
2.	Pankaj plans his winter collection in the month of June itself. He has to then ensure that there is adequate workforce and continuously monitor whether production is proceeding according to plans. His marketing department also has to be briefed in time to prepare their promotional and advertising campaigns. Identify the characteristic of coordination to which the above case is related. (a) Coordination is an all pervasive function (b) Coordination is a deliberate function (c) Coordination is a continuous process (d) Coordination ensures unity of action	1
3.	Match the techniques of scientific management in Column-I with their respective statements in Column-II: Column-1 | Column-II (a) Simplification | (i) It aims at eliminating unnecessary diversity of Products.	1

	(b) Time study — (ii) It refers to find out one best way of doing the job. (c) Method study — (iii) The objective is to determine labour costs. (a) (i), (iii), (ii) (b) (ii), (iii), (i) (c) (i), (ii), (iii) (d) (ii), (i), (iii)	
4.	Environment is a source of various resources for running a business. To engage in any type of activity, a business enterprise assembles various resources called inputs like Money, Machine.Material, Men, etc. from its environment including Financers, Government and Suppliers. Which importance of business environment is highlighted by this statement? (a) It helps in tapping useful resources. (b) It helps in coping with rapid changes. (c) It helps in assisting in planning and policy formulation. (d) It helps the firm to identify threats and early warning signals.	1
5.	**Assertion (A)** An adequate knowledge of rules and regulations framed by the government is a pre-requisite for better business performance. **Reason (R)** Non-compliance of laws can land the business enterprise into legal problems. (a) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A). (b) Both Assertion (A) and Reason (R) are true and Reason (R) is not the correct explanation of Assertion (A). (c) Assertion (A) is true but Reason (R) is false. (d) Assertion (A) and Reason (R) both are incorrect.	1
6.	Which component of business environment resulted in the relaxation of ban imposed on the Foreign Direct Investment? (a) Economic Environment (b) Political Environment (c) Social Environment (d) Legal Regulatory Environment	1
7.	Which of the following is not included in special powers of the business environment? (a) Technical Situations (b) Suppliers (c) Investors	1

	(d) Customers	
8.	Some friends joined together and set up a multi-product company. Their company makes four different products. Three products of the company have been successfully launched is market. But the company has not succeeded to launch the fourth product in market. What sort of organisational structure, in your view, might have been adopted by the company? (a) Divisional Organisation Structure (b) Functional Organisation Structure (c) Both (a) and (b) (d) None of these	1
9.	Statement (i) Delegation of authority is inevitable and decentralisation is voluntary. Statement (ii) Scope of delegation of authority is limited and the scope of decentralisation is broad. Both the above statements are: (a) True (b) False (c) Statement (i) is True and Statement (ii) is False (d) Statement (i) is False and Statement (ii) is True	1
10.	Hina opened her own travel agency, sometime back. She assigned work to her three employees in the following manner 'Priyanka, you are incharge of air plane, train and bus reservations. 'Ankit, you will take care of accommodation booking'. 'Abhi, you will keep track of online queries and credit card payments'. I want regular reports from the three of you. Identify the concept of management discussed above. (a) Decentralisation (b) Centralisation (c) Delegation (d) Organisation structure	1
11.	‘Lack of attention' - What type of Communication barrier is it? (a) Semantic (b) Psychological (c) Organisational (d) Personal	1
12.	When does the measuring of actual performance become meaningful?	1

	(a) When the standards have been set (b) When the standards have not been set (c) When the standards are more than the need (d) When the standards are less than the need	
13.	Which of the following takes advantage of the internal trading? (a) All Shareholders (b) All Debentureholders (c) People having secret information of the company (d) All the employees	1
14.	Which of the following is the supply side of finance? (a) Financial Institutions (b) Insurance Companies (c) Financial Institutions and Insurance Companies (d) Industry	1
15.	Match the various 'Functions of a Stock Exchange' in Column-I with their respective statements in Column-II: Column-1 / Column-II (a) Safety of transactions / (i) A stock exchange is a mechanism of constant valuation (b) Pricing of securities / (ii) It gives investors the chance to disinvest and reinvest (c) Providing liquidity and market ability to existing securities / (iii) The membership of a stock exchange as well regulated. (a) (i), (iii), (ii) (b) (i), (ii), (iii) (c) (iii). (i), (ii) (d) (iii), (ii), (i)	1
16.	Assertion (A): Financial market helps to save time, effort and money of both buyers and sellers of a financial assets. Reason (R) Financial markets provide valuable information about securities being traded in the market.	1

	(a) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A). (b) Both Assertion (A) and Reason (R) are true and Reason (R) is not the correct explanation of Assertion (A). (c) Assertion (A) is true but Reason (R) is false. (d) Assertion (A) and Reason (R) both are incorrect.	
17.	The marketing manager of Green Gold Pvt. Ltd. Mr. Dishant while taking decision consider at the top-what product will be produced, with what features and at what price shall it be sold, or where shall it be made available for sale will depend on what do the customers want. If the cothers want features like double door in a refrigerator or a separate provision for water cooler in it, the organisation would produce a refrigerator with these features, would price it at a level which the customers are willing to pay and so on. Identify the marketing philosophy followed by Mr. Dishant. (a) The Marketing Concept (b) The Product Concept (c) The Selling Concept (d) The Production Concept	1
	Read the text given below and answer the questions based on it. (Q18-Q20) "Dayaram is a famous chain selling a large variety of products in the Indian market. The products include chips, biscuits, sweets and squashes. It changes a comparatively higher price than its competitors as it sells quality products. Besides, it offers regular discounts to custumors and easy credit terms to its retailers. It has five of its own retail shops. It also sells its products through various grocery stores so that the products are made available to customers at the right place, in the right quantity and at the right time. It regularly uses different communicatio to increase its sales. The above para describes the combination of variables used by Dayaram to prepare its marker offering. Match the variables with their relevant statements.	
18.	"It charges a comparatively higher price than its competitors." (a) Place mix (b) Promotion mix (c) Price mix (d) Product mix	1
19.	"It regularly uses different communication tools to increase its sales." (a) Promotion mix	1

	(b) Price mix (c) Place mix (d) Product mix	
20.	"It has five of its own retail shops." (a) Promotion mix (b) Price mix (c) Place mix (d) Product mix	1
21.	Das is the Managing Director of 'Gamut Ltd., manufacturing different varieties of cheese. He has an efficient team working under him consisting of Rajat the Production manager, Vinay the Marketing manager and Adit - the Finance manager. They understand and interpret the policies made by Das, ensure that their departments have adequate manpower and assign them the necessary duties. (a) State two more functions other than those mentioned above, that this team may perform at the level they are working. (b) Also recognise the level.	3
22.	Rahul, the director of a garments company is planning to mature bags for the minata waste materials of one of his garments unit He decided that this manufacturing unit will be up in a rural area of Orissa where people have very less job opportunatics and labour is avalatic at very low rate. He also thought of giving equal opportunities to men and women. For this he selected. S. Chatterjee. Inderjeet Kaur, Aslam and Sarbject as heads of Sales, Accounts, Purchase and Production department. Identify and state the next two steps that Rahul has to follow in the staffing process after selecting the above heads.	3
23.	What is meant by financial management? State any two financial decision taken by financial manager. OR What is meant by capital structure? Explain any two factors that affect the capital structure of a company.	3
24.	Jay is working as the Chief Executive Officer of a soft drinks company. The company is doing business in collaboration with a soft drinks company of France. Jay's friend, Swam a teacher of Business Studies in a reputed college was discussing the "Marketing' chapter with his stude He wanted clarity from	3

	Jay about the factors which affect the marketing decisions. Jay explained that there were a large number of factors affecting marketing decisions which may be divided into two categories: (i) controllable factors, and (ii) non-controllable factors. Jay further explined that controllable factors became marketing tools that can be constantly shaped and reshaped by marketing managers, to achieve marketing success. Identify and explain the set of marketing tools that can be constantly shaped and reshaped by the marketing managers. OR Explain the following functions of marketing: (1) Product designing and development; (2) Standardization and Grading	
25.	Newrange is a chain of departmental sures in India with 56 outlets. It sells the best products the lowest price. The Human Resource department takes care to select, train, motivate retain the employees. Currently, it has 170 full time employees and 50 part time employee. For top-level management, employees are recruited through private consultant. The professional recruiters can entice the needed top executives from other companies by making the right offers. Employers appointed at the entry level are recruited through walk-in. For that a notice is placed on the notice board specifying the details of the jobs available. 'Newrange encourages present employees or their friends and relatives to refer candidates. They also visit some of the reputed educational institutions to hire some of the most talented and promising students as it's employees. Newrange' shifts workforce from surplus departments to those where there is shortage of staff instead of laying them off. Explain the various internal and external sources of recruitment used by Newrange to recruit it's employees. OR Manu, a Chief Manager in a company using highly sophisticated machines and equipmen wants that every employee should be fully trained before using the machines and equipmen Suggest and describe the best method of training that Manu can use for training of the Employees	4
26.	State any four semantic barriers to communication in an organisation.	4
27.	What is Democratic Leadership style? Explain any two of its advantages and two disadvantages. OR Kunal joined as a shop level manager in the Production department of a textile company in the year 2005. Because of his good work, he became the Deputy Production Manager of the company in the year 2010. He had status and	4

	prestige and was well respected by all in the company. On 1 March, 2019, he was promoted as the General Manager of the company. Kunal was very happy on his promotion as now he had become what he was capable of becoming. As a good nager Kunal decided to motivate his subordinates, after understanding the Need Hierarchy theory which is based on various assumptions. He realised that people's behaviour is based on their needs and the manager can influence the behaviour of his employees by satisfying their needs (a) One of the assumptions of Need Hierarchy theory is stated in the above paragraph. State the other three assumptions of this theory. (b) State the needs of Kunal which are being satisfied through promotion.	
28.	How do 'Choice of Technique' and 'Nature of business' affect the fixed capital requirement of a company? Explain. OR Give the meaning of 'Investment' and 'Financing' decision of financial management	4
29.	You are the financial manager of a newly established company. The directors have asked you to determine the amount of working capital requirement of the company. Explain any four factors that you will be considered while determining the working capital requirement for the company.	4
30.	A shopkeeper sold you some spices, claiming that those were pure. Later a laboratory test showed that those were adulterated. What precautions you should have taken before buying and what remedies are available to you for the wrong act?	4
31.	Sanchit, after completing his entrepreneurship course from Sweden returned to India and started a coffee shop 'Aroma Coffee Can' in a famous mall in New Delhi. The speciality of the coffee shop was the special aroma of coffee and a wide variety of flavours to choose from. Somehow, the business was neither profitable nor popular. Sanchit was keen to find out the reason. He appointed Sandhya, an MBA from a reputed college as a Manager to find out the causes for the same. Sandhya took feedback from the clients and found out that though they loved the special unique aroma of coffee but were not happy with the long waiting time being taken to process the order. She analysed and found out that there were many unnecessary obstructions in between, which could be eliminated. She fixed a standard time for processing the order. She also realised that there were some flavours whose demand was not enough. So, she also decided to stop the sale of such flavours. As a result, within a short period Sandhya was able to attract the customers. Identify and explain any two	6

	techniques of scientific management used by Sandhya to solve the problem.	
32.	Having transformed 2500 Kirana stores across eight cities in to virtual super markets, the start up Quick Bizz further decided in advance, to collaborate with 15,000-20,000 store owners in top 30 cities of the country by the end of this year. The company has set its eye on digitizing over 1,00,000 kirana stores over next 18-24 months. (a) Identify and explain the step in the process of one of the functions of management discussed above. (b) Also explain the last step to be performed by Quick Bizz as part of the process. OR Saurabh Jain set up a telecom business in Nasik named as 'Ketone, with an ambitious target of reaching out to 90% of the Indian population within me year. He chose this business on the belief that the demand for data services will increase 4 times within the next 2-3 years. To fulfill such an ambitious target, he had to either acquire an existing telecom business or collaborate or go independent aggressively in the light of tough competition. He assessed the proposals of different companies vis-a-vis earnings per share, tax liabilities, dividends paid etc. and their future projections knowing fully well that the projections may change if the country's economic policies get modified. The above paragraph discusses some of the steps of one of the functions of management. By quoting the lines from the above paragraph, explain these steps in chronological order.	6
33.	"Put simply, decentralisation refers to delegation of authority throughout all the levels of the organisation." In the light of the above statement give the meaning of and difference between Delegation of authority and decentralisation.	6
34.	What are the tools of promotion?	6
	MODEL PAPER –II **MARKING SCHEME**	
1.	C	
2.	C	
3.	A	
4.	A	
5.	A	
6.	D	
7.	A	
8.	A	
9.	A	
10.	D	
11.	B	

12.	A	
13.	C	
14.	C	
15.	C	
16.	A	
17.	A	
18.	C	
19.	A	
20.	C	
21.	(a) (i)Motivating employees, (ii) Creating Cooperation (b) Middle Level Management.	
22.	HINT- Placement and Orientation Training and Development.	
24.	HINT- 1. Product 2. Price 3. Place 4. Promotion	
25.	HINT- (a) Transfer Or HINT- Vestibule Training	
26.	Semantic Barrier to Communication: (i) Badly Expressed Message (ii) Symbols or Words with Different Meanings (iii) Faulty Translation: (iv) Unclarified Assumptions	
27.	Democratic leadership is a leadership style in which members of the group participate in the decision-making process. This type of leadership can apply to any organization, from private businesses to schools to the government. Advantages of democratic leadership 1. Creating employee job satisfaction 2. Encouraging innovation and creative solutions to organizational issues and problems. Disadvantages 1. Reduction of efficiency 2. Problems with accountability. Or The following are the assumptions of Maslow's Need Hierarchy Theory other	

	than the one discussed above: There are many needs of people and their order or priority can be made. (a) Motivation ends with the satisfaction of needs. After that the next higher need serves as a motivator. (b) People move to next higher need only when the lower level needs are satisfied. Needs of Kunal which are being satisfied through promotion are: (i) Esteem Needs: It refers to the need for respect, autonomy, status, recognition and attention. (ii) Self-actualisation Needs: Self-actualisation needs refer to the desire to maximise whatever potential an individual possesses. These needs include growth, self-fulfillment and achievement of goals.	
28.	1. Choice of Technique: Those manufacturing enterprises which make use of modern and automatic machines, need large amount of fixed capital. On the other hand, those enterprises in which production is carried out mainly through laborer, need for fixed capital is very little. 2. Nature of Business: Need of fixed capital depends upon the nature of business. Usually, nature of business is of two kinds: Manufacturing Business and Trading Business. In case of manufacturing business, large investment is made in land. building, machinery, etc. Thus there is need for large amount of fixed capital. On the contrary, in case of trading business in which finished goods are bought and sold, less amount of fixed capital is needed.	
29.	(i) Scale of Operations: There is a direct link between the working capital and the scale of operations. In other words, more working capital is required in case of big organisations, while less working capital is needed in case of small organisations. (ii) Business Cycle: The need for the working capital is affected by various stages of the business cycle. During the booming period, the demand of a product increases and sales abo increase. Therefore, more working capital is needed. On the contrary, during the period of depression, the demand declines and it affects both the production and sale of goods. Therefore, in such a situation, less working capital is required. (iii) Production Cycle: Production cycle means the time involved in converting	

	raw material into finished product. Longer this period, more will be the time for which the capital remain blocked in raw material and semi-manufactured products. Thus, more working capital will be needed. On the contrary, where period of production cycle is little, less working capital will be needed. (iv) Credit Allowed: Those enterprises which sell goods on cash payment basis need link working capital, but those who provide credit facilities to the customers need more working capital.	
30.	You should have been conscious about the quality of the product by checking the AGMARK should have obtained the cash memo. Now the following remedies are available: i) Removing the defects of the product. (ii) Replacing the defective product with the right product. (iii) Returning the price of the product. (iv) Compensating by way of paying compensation, etc.	
31.	Motion Study Simplification.	
32.	Following is the step in process of planning: are those end points for whose attainment all the activities (i) Setting Objectives: Objectives are those undertaken. In the planning process, objectives are determined and defined first of all so that all the employees concerned can be informed about them to get their complete cooperation. Objectives have a hierarchy of their own, eg, organisational objectives. departmental objectives, and individual objectives. They are determined and defined in the same hierarchical order. b) Following is the last step to be performed by Quick Bizz as a part of the process of planning: (ii) Follow up Action: The process of planning does not end with the implementation of plans. Plans are formulated for future which is uncertain. It is of great importance that there is a constant review of plans so as to ensure success in the uncertain future. The moment there appears to be changes in the assumptions on which the plans are based. there should be corresponding changes in the plans also. In this way we can say planning is a continuously moving process. Or Steps discussed in the above case are: (i) Setting Objectives:	

	Saurabh Jain set a telecom business in Nasik, named as "Ketone, with an ambitious target of reaching out to 90% of the Indian population within one year." • Objectives may be set for the entire organisation and each department or unit within the organisation. •They specify what the organisation wants to achieve. (ii) Developing Premises: "He choose this business on the belief that the demand for data services will increase 4 times within the next 2-3 years." • A manager is required to make certain assumptions about the future called premises. •Assumptions are the base material upon which plans are to be drawn. (iii) Identifying Alternative Course of Action: "To fulfil such an ambitious target, he had to either acquire an existing telecom business or collaborate or go independent aggressively in the light of tough competition." • As there may be many ways to achieve the objectives, all the alternative courses of action should be identified and thoroughly discussed. (iv)Evaluating Alternative Courses: "He assessed the proposals of different companies vis-a-vis earnings per share, tax liabilities, dividends paid etc. and their future projections knowing fully well that the projections may change if the country's economic policies get modified." • The pros and cons of each alternative are weighted in the light of objective to be achieved, their feasibility and consequences.	
33.	Meaning of Delegation: It refers to the process of entrusting responsibility and authority, and creating accountability of the person to whom work or responsibility has been handed over. Meaning of Decentralisation: It refers to the situation which exists as a result of the systematic delegation of authority throughout the organisation Difference between Delegation and Decentralisation: On the basis of nature, status,scopeFreedom of action and purpose.	

34.	**Elements of Promotion Mix-** **Tools of promotion-** 1-Advertising, 2-Personal Selling, 3- Sales Promotion and, 4-Public relations. 1. Advertising:- It is defined as any paid form of non-personal presentation and promotion of ideas, goods or services by an Identified Sponsor. 2. Personal Selling: - It means selling personally. This involves face-to-face interaction between seller and buyer for the purpose of sale. 3. Sales promotion: - It refers to short term use of incentives or other promotional activities that stimulate the customer to buy the product. 4. Public relations: - Public relation involves variety of programmes to promote or protect a company's image and its individual products in the eyes of the public.	

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MODEL PAPER –III

MM – 80 **TIME – 3 HOURS**

S.NO.	QUESTION	MARK
1	Naveen started a saree showroom in Mumbai, India. He wants to sell sarees in France but he understands that conditions are different in different countries. Identify the feature of business environment highlighted here : (a) Relativity (b) Uncertainty (c) Dynamic nature (d) Complexity	1
2	Yash is doing CA. He wants to do some training under some coach as to acquire real world knowledge and skills. He has two mentors with him. One mentor is from the college and the other is from the company. The idea is to give real knowledge about the corporate functioning. Identify the type of training involved : (a) Apprenticeship Programme (b) Internship training (c) Vestibule training (d) None of these	1
3	Sushant runs a software company. Now he wants to open a retail company. The size of organization is large and there is a need for higher degree of specialization. Identify the organizational structure here : (a) Divisional structure (b) Functional structure (c) Both (a) and (b) (d) None of these	1
4	In Rathi Steel Company the employees do the quality analysis in a neutral and fair manner. They are applying different techniques for achieving this aim. Some of these are personal observation, sample checking, etc. They are also keeping the units of measurement same to that of the units of set standards. Identify the step of controlling : (a) Taking corrective action (b) Measurement of actual performance (c) Comparing actual and standard performance (d) Analyzing deviations	1
5	Answerability of the subordinate about the final result of the assigned task. Identify the element of delegation. (a) Authority (b) Accountability (c) Responsibility (d) None of these	1
6	New issue market is also known as: (b) Stock market (b) Money market (c) Primary market (d) Capital market	1
7	Arun wants to start a TV manufacturing company. He has decided to make a blueprint for the amount of production it will do, the efforts behind promotion it will put and all other major actions it will undertake to achieve its objectives.	1

	Identify the function of marketing management. (a) Gathering and analyzing market information (b) Marketing planning (c) Transportation (d) Warehousing	
8	Which right states that a consumer has a right to get information while buying any good or service? (a) Right to safety (b) Right to be informed (c) Right to be heard (d) Right to seek redressal	1
9	Beauty Women is a leading cosmetic company which sell variety of products such as kajal, lipsticks, eyeliner etc. Identify the ingredients of marketing mix (a) Price (b) Place (c) Product (d) Promotion	1
10	When a customer shows proof of purchase he/ she is repaid a part of money paid by him as price. Identify the tool of promotion technique. (a) Advertising (b) Personal Selling (c) Sales Promotion (d) Public Relations	1
11	Kamini runs a designer boutique in Gurgaon. She's doing well in terms of profits. She wants to open branches in different parts of India. Identify the type of decision : (a) Financing decision (b) Investment decision (c) Dividend decision (d) None of these	1
12	Match the following: Column I Column II A Production orientation (i) Relationship between benefits and the sacrifice B Customer value (ii) Marketing management philosophy C Customer satisfaction (iii) Fundamental objective of most businesses D Survival, profits, and growth (iv) Grading E Product sorting (v) Value-based price are met or exceeded (a) (ii), (i), (v), (iii), (iv) (b) (iv), (ii), (iii), (i), (v) (c) (i), (ii), (iii), (iv), (v) (d) (v), (i), (ii), (iv), (iii)	1
	Read the following text and answer question no.13-16 on the basis of the same: Krishna and Saroj are both qualified CA and good friends. After obtaining a certificate of practice, they decide to pursue a career of their own choice. Krishna starts own practice in the city whereas Saroj joins a Government Company. They meet after a long time in a party. Krishna invites Saroj to visit his office and she accepts his invitation. She observes at his office that there is a fixed place for everything and everyone and it is present there so that there is no hinderance in the activities of the office . Also, Krishna always tends to replace 'I' with 'We' in all his conversations with the staff members. Later on Krishna shares with her	

	that he always deals with lazy staff sternly to send the message that everyone is equal in his eyes.	
13	Whether Management is _____ profession (a) Full fledged (b) Soon going to be (c) Not (d) None of these	1
14	"She observes at his office that there is a fixed place for everything and everyone" Identify the Principle of Management highlighted here (a) Equity (b) Order (c) Espirit De Corps (d) Unity of Command	1
15	"Krishna always tends to replace 'I' with 'We' in all his conversations with the staff members". Which principle of Management is being highlighted here (a) Stability of Personnel (b) Equity (c) Espirit de Corps (d) None of these	1
16	"Krishna shares with her that he always deals with lazy staff sternly to send the message that everyone is equal in his eyes". Identify the management principle. (a) Equity (b) Subordination of Individual interest to general interest (c) Scalar Chain (d) None of these	1
	Read the following text and answer question no.17-20 on the basis of the same:Over the years, e-business is growing as there is significant improvement in the Information Technology infrastructure over the last decade. For that 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 withstanding the fact that consumers also prefer e-business due to multiple factors like convenience, time etc.	
17	"Over the years, e-business is growing as there is significant improvement in the Information Technology infrastructure over the last decade." Identify the dimension of Business Environment (a) Technological Environment (b) Political Environment (c) Economical Environment (d) None of these	1
18	"For that Government has taken important steps in high-speed Internet connectivity." Identify the dimension of Business Environment (a) Political Environment (b) Legal Environment	1

	(c) Both (a) and (b) (d) None of these	
19	"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." Identify the dimension of Business Environment (a) Demographic Environment (b) Social Environment (c) Economical Environment (d) None of these	1
20	The various legislations passed by the Government administrative orders issued by government authorities, court judgments as well as the decisions rendered by various commissions and agencies at every level of the government— center, state or local comes under which dimension of business environment (a) Political Environment (b) Legal Environment (c) Both (a) and (b) (d) None of these	1
21	Mohit is working as a production manager in a MNC which produces steel bottles. He set target 80 units per day. Recently he noticed that his team could not achieve the target production of 80 units per day. Instead on an average the production touched the target of only 65 units. On thorough analysis, he found out that the deviation between standard production and actual production is far beyond acceptable range, on overall analysis he also found out that there has been a marginal increase in office stationery expenses. Moreover, he detected that the machine installed for the purpose of manufacturing was not able to perform at its best. Being a management expert suggest Mohit how he should deal with the existing problem.	3
22	Write process of staffing after a candidate gets selected.	3
23	Explain various steps in process of controlling?	3
24	Explain work study as a technique of management. OR Write significance of Principles of Management.	3
25	What do you mean by working capital and what are the types of working capital?	4
26	Explain the importance of planning. OR Write features of planning.	4
27	Manan runs a medicine manufacturing company. 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, Mohan, the Managing Director of the company, decided that they should add "cosmetics" as a new line of business activity. (a) Name the framework, which the diversified organization should adopt, to enable it to cope with the emerging complexity? Give one reason in support of	4

	your answer. (b) State any two limitations of this framework.	
28	State any four factors affecting the financial decision that is concerned with raising of finance using shareholders funds and borrowed funds	4
29	Why is the understanding of business environment important for managers? State any four points.	4
30	Lokesh and litesh are two friends. They started a business of making affordable housing societies named as Ashiyana homes for underprivileged people. People invested ` 3000 crore into this project. Later on, it was discovered that they it was an illegal business and conducted various fraudulent activities in the company. The SEBI has imposed a penalty of ` 400 crores on Ashiyana Homes Ltd. While imposing the penalty, the biggest in its history, Securities and Exchange Board of India (SEBI) said the company deserved "maximum penalty" for duping the common man. Its Prevention of Fraudulent and Unfair Trade Practices Regulations provides for "severe to severe penalties" for dealing with such violations. As per SEBI norms, it can impose a penalty of ` 25 crore or three times of the profit made by indulging in fraudulent and unfair trade practices and in the present case, the regulator has imposed a fine equivalent to three times of the illicit gains. In the context of the above case: (a) State the objectives of setting up SEBI. (b) Identify the type of function performed by SEBI by quoting lines from the paragraph.	4
31	What are the reliefs available to Consumers under the Consumer Protection Act. 2019? OR Explain any three rights of consumer under Consumer Protection Act 2019.	6
32	Star technologies are a design company which designs websites and mobile phone application. The company does mass recruitment each year from different colleges offering fresher level job to the final year students. This helps in recruiting the brightest and the best available talent in the educational institutions In context of the above case : (a) Identify the source of external recruitment adopted by the company. (b) Explain briefly any three advantages of using the external sources of recruitment.	6
33	Seema runs a utensils manufacturing company. She earned ` 500 crore out of this business. She doesn't know how to appropriate these profits. Discuss any five factors which will help him in taking this decision. OR Hemant, a businessman, is engaged in the purchase and sale of bread. Identify his working capital requirements by giving reasons to support your answer. Now, he is keen to start his own bread factory. Explain any two factors that will affect his fixed capital requirements	6
34	Deepak Shah purchased a car for Rs. 19 lakhs from an automobile company and	6

	found its engine defective. Despite many complaints the defect was not rectified. He filed a case in the District forum but he was not satisfied with the orders of the District forum and decided to appeal. Which right did he exercise? Suggest him the next higher authority where he could appeal against the decision of the District Commission? Explain the redressal machinery under Consumer Protection Act,2019.	

MARKING SCHEME

MODEL PAPER -III

1. (a) Relativity

2. (b) Internship training

3. (b) Functional structure

4. (b) Measurement of actual performance

5. (b) Accountability

6. (c)

7. (b) Marketing Planning

8. (b) Right to be informed

9. (c) Product

10. (c)

11. (b) Investment decision

12. (a) (ii), (i), (v), (iii), (iv)

13. (a) Full fledged

14. (b) Order

15. (c) Espirit de Corps

16. (a) Equity

17. (a) Technological Environment

18. (a) Political Environment

19. (a) Demographic Environment

20. (b) Legal Environment

21. Mohit should follow the following principles of managerial control while analyzing deviations:

(i) Critical point control : According to this principle of managerial control, a manager should focus on Key Result Areas (KRAs) that are critical to the success of an organization. A manager should not waste his precious time on checking each and every activity in the organisation. He should focus on those areas which are critical to the success of the enterprise. In the above case Mohit should focus on improving the performance of the machinery either by repairing it or by replacing it with the new one. Marginal increase in stationery expenses can be dealt later by him.

(ii) Management/Control by Exception : As per this principle of managerial control, a manager trying to control everything may end up controlling nothing. Therefore, only significant deviations that go beyond the permissible limit should be brought to the notice of management. In the above case poor performance of machinery needs immediate managerial attention.

22. The process of staffing after a candidate gets selected is following :

(i) Employment interview : Interview is conducted to have a detailed conversation with the applicant for measuring his suitability for the job.

(ii) Reference and background checks : More information about the candidate is gathered from indirect personal sources like previous employers, teachers, university professors, etc. Often employers ask for references with names, addresses and contact numbers of people to verify information provided by the applicant. References help the employer to acquire more information about the candidate.

(iii) Selection decision : The employer then chooses the best candidates out of those who clear the tests, interviews and reference checks.

(iv) Medical examination : After selection, a candidate undergoes a medical fitness test.

(v) Job offer : Appointment letter is given to the candidate confirming the place and date of starting his job. The candidate is expected to report on the mentioned date.

(vi) Employment contract : This includes the terms and conditions applicable to both—the employer as well as the employee. The contract includes detailed information about remuneration, duty hours, rules and regulations, allowances, etc.

23. The following steps of controlling are discussed in the given case:

(i) Setting up of performance standards: The first step of controlling process is to set up the quantitative standards. As in the given case assembling of 1000 units per day is set as quantitative standards for the workers to achieve.

(ii) Measuring the actual performance: Once the standards have been set, the next step is to measure the actual performance. Assembling of 800 units of Air conditioners per day is the actual performance in the given case.

(iii) Comparing the actual performance with standards: The next step in controlling process is to compare the actual performance with standard performance. Such comparisons will reveal the deviations. In the above case the deviation is of 200 are conditioner.

24. It ensures maximum production at minimum cost and getting best contribution from every factor : Time study fatigue study + method study + motion study.

(i) Time Study is the technique to determine the standard time taken by a worker of average skill and knowledge to complete a standard task.

(ii) Fatigue study seeks to determine the amount and frequency of rest intervals required in completing a task.

(iii) Method study seeks to find out one best way of doing the job.

(iv) Motion study refers to the study of movements of limbs which are undertaken while doing a typical job. This helps to eliminate unnecessary movements so that it takes less time to complete the job efficiently.

OR

The significance of Principles of Management are as follows :

(i) They help to provide managers with useful insights into reality and increase their efficiency in dealing with recurring problems.

(ii) They ensure optimum utilization of resources as due to the presence of cause and effect relationship the outcome of the decisions and actions can be predicted. Moreover,

it leads to effective administration as the principles tend to restrict the personal prejudices and biases.

(iii) They facilitate scientific decision- making as they emphasize on logical thinking rather than blind faith.

(iv) They help to meet the changing requirements of the environment to the best advantage of an organization.

25. Working capital represents investment in current assets which are required for day-to-day business operations.

Working capital is important for the following reasons :

(i) To pay wages/salaries to the employees working for them.

(ii) To pay taxes insurance premium etc.

(iii) To maintain the required level of inventory of finished goods.

(iv) To meet marketing and general expenses.

(v) To maintain the cash in hand and in the bank.

(vi) To maintain the required level of inventory of raw material.

Types of working capital : There are basically four types of working capital that are to be maintained by the organization :

(i) Gross working capital : It represents the total inverstment in current assets. Thus, it represents the operating cycle of working capital.

(ii) Net working capital : It represents the excess of current assets over current liabilities i.e., Net working capital = Current Assets – Current Liabilities Difference between gross working and net working as that gross working capital represents the amount of total current assets while net working capital represents the excess of current assets over current liabilities.

(iii) Permanent working capital : Also known as fixed working capital is the amount of capital which must be in cash or current assets for continuing the business activities. It is the minimum amount of all current assets that is required at all times to ensure the required level of uninterrupted business operations.

(iv) Temporary working capital : Temporary working capital is also known as variable, fluctuating. seasonal working capital is that amount which is required to meet certain specific requirements, like payment of dividend payment of loans, etc. It is usually not need such capital.

26. Importance of Planning is following :

(i) Planning provides direction as it acts as a guide for deciding what course of action should be taken to attain the organisational goals.

(ii) Planning reduces the risk of uncertainty arising due to the dynamic nature of business environment as it enables a manager to anticipate and meet changes effectively.

(iii) Planning reduces overlapping and wasteful activities as it serves as the basis for coordinating the activities and efforts of different divisions and individuals.

(iv) Planning promotes innovation as it encourages new ideas that can take shape of concrete plans.

(v) Planning facilitates decision- making as it enables a manager to choose the best alternative course ‘of action among the various available alternatives in light of present and future conditions.

(vi) Planning establishes standards for controlling. Planning provides standards against which the actual performance is measured and timely corrective actions are taken.

OR

Features of Planning are following :

(i) Planning focuses on achieving objectives by deciding upon the activities to be undertaken.

(ii) Planning is a primary function as it precedes all functions of management i.e., organising, staffing, directing & controlling.

(iii) Planning is pervasive as it is required at all the levels of management but its scope may vary.

(iv) Planning is continuous as plans need to be made on a continuous basis till an organization exists.

(v) Planning is futuristic as it seeks to meet future events effectively to the best advantage of an organization. Planning is, therefore, called a forward-looking function.

(vi) Planning involves decision-making as it involves rational thinking to choose the best alternative among the various available alternatives in order to achieve the desired goals efficiently and effectively.

27. (a) Divisional structure should be adopted by the diversified organization to enable it to cope with the emerging complexity.

Reason : It leads to faster decision making, promotes flexibility and initiative because each division functions as an autonomous unit.

(b) The two limitations of divisional structure are as follows:

(i) There may be conflicts among the different divisions heads as in pursuit of higher profits, each of

them may seek maximum allocation of resources at the cost of other divisions.

(ii) The cost is high as each division is provided with separate set of similar functions not find enough

time to take care of all functional activities. At the same time, they are not in position to afford

professional managers.

OR

Introduction : Management is as old as the organizations are but the systematic study of management started in the beginning of the 20th century. Management is not pure science; it is an art too.

Meaning : Management is an activity which a course of action to achieve specific result. Management as a group refers to all those persons who are involved in managing an organization.

Characteristics of Management are as follow :

(i) Management as goal -Oriented process.

(ii) Multidimensional

(iii) Complex process

(iv) Dynamic process

(v) Social Process

(vi) Continuous process

Objectives of management are the end results that it seeks to achieve. The end results which management seeks to achieve in an organization in the form of achieving the following objectives :

(i) Organizational objectives

(ii) Individual objectives

(iii) Social objectives

(i) Individual objectives : In an organization, individual or personal objectives emerge because individuals

join it to satisfy their need. Thus it must include:

(a) Fair and equitable remuneration for work performed.

(b) Reasonable job security.

(c) Training and development facilites.

(d) Opportunity for promotion.

(e) Recognition of good work.

28. Importance of planning function of management is as follows:

(i) There are many risks and uncertainties involved in any business. Planning can enable foreseeing such risks and uncertainties by considering necessary precautions for the business. Accordingly, planning can reduce costs of damage to life and property.

(ii) It enables creativity and innovation among managers and subordinates who can come up with new ideas for improving efficiency in business. Planning involves identifying the best alternatives out of many options that also encourages satisfaction among the employees and eventually success to the organization.

(iii) Planning makes availability of resources to be utilized optimally by businesses. It helps in reducing wastage of resources and avoids duplication of efforts thus, increasing efficiency and effectiveness of the business' operations.

29. Organizing is arrangement of physical, human and financial resources, to establish most productive relations for achievement of specific goal of organization.

Advantages of Organizing are following :

(i) Specialization: As work is divided into small tasks according to the skills and capabilities of the employees leads to specialization.

(ii) Clarity in Working Relationship: It is clearly defined in organization, what is to be done and how much power and authority is being enjoyed by different individuals and managers.

(iii) Optimum Utilization of Resources: As the employees are having required skills and qualification, no duplication of work leads to optimum utilization of resources.

(iv) Adoption to Change: As the environment is dynamic, the organizing function helps the organization in adopting the changes.

(v) Effective Administration: As the similar jobs are grouped under one department which leads to unification of efforts and harmony in efforts and harmony in work. There is clarity in working relationship which leads to improver effective administration.

30. (a) The objective of setting up SEBI are outlined below :

(i) To prevent trading malpractices in the securities markets.

(ii) To protect the rights and interest of investors and to guide and educate them.

(iii) To regulate and develop a code of conduct and fair practices by intermediaries like brokers, merchant bankers, etc. with a view to making them competitive and professional.

(iv) To regulate stock exchanges and the securities market to promote their orderly functioning.

(b) Protective function is performed by SEBI: "The SEBI has imposed a penalty of ` 400 crores on Ashiyana Homes Ltd"

31. Relief (Remedies) Available to Consumers : If the consumer court is satisfied about the genuineness of the complaint, it can issue one or more of the following directions to the opposite party.

(i) To remove the defect in goods or deficiency in service.

(ii) To replace the defective product with a new one, free from any defect.

(iii) To refund the price paid for the product, or the charges paid for the service.

(iv) To pay a reasonable amount of compensation for any loss or injury suffered by the consumer due to the negligence of the opposite party.

(v) To pay punitive damages in appropriate circumstances.

(vi) To discontinue the unfair/ restrictive trade practice and not to repeat it in the future.
(vii) Not to offer hazardous goods for sale.

viii) To withdraw the hazardous goods from sale.

(ix) To cease manufacture of hazardous goods and to desist from offering hazardous services.

(x) Compensate for any loss or injury suffered by consumer under product liability action and withdraw hazardous products from being offered for sale etc.

OR

Consumer Rights : Three rights of consumer under Consumer Protection Act:

1. Right to Safety:

(a) The consumer has a right to be protected against goods and services which are hazardous to life and death.

(b) For instance, electrical appliances which are manufactured with substandard products or do not confirm to the safety norms might cause serious injury.

(c) Thus, consumers are educated that they should use electrical appliances which are ISI marked as this would be an assurance of such products meeting quality specifications.

2. Right to be Informed:

(a) The consumer has a right to have complete information about the product he intends to buy including its ingredients, date of manufacture, price, quality, directions for use, etc.

(b) It is because of this reason that the legal framework in India requires the manufactures to provide such information on the package and label of the product.

3. Right to be assured:

(a) The consumer has the freedom to access variety of products at competitive prices.The consumer has the freedom to choose from a variety of products at competitive prices.

(b) This implies that the marketers should offer a wide variety of products in terms of quality, brand, prices, size, etc. and allow the consumer to make a choice from amongst these.

32. (a) Campus Recruitment is the source of external recruitment adopted by the company.

(b) The advantages of using the external sources of recruitment are stated below:

(i) Qualified Personnel : Through the external sources of recruitment, the management is able to attract qualified and trained people to apply for the vacant job positions in the organisation.

(ii) Wider Choice : As the vacancies are advertised widely a large number of applicants from outside the organisation are likely to apply. This gives the organization a wider choice while selecting the people for employment.

(iii) Fresh Talent : The organizations cannot fulfill all the vacancies from within the organization.

Therefore, by using the sources of external recruitment they get a wider choice and it brings new blood into the organization.

33. The five factors which will help Seema, in taking the dividend decision are described below:

(i) Earnings : Since the dividends are paid out of current and past earnings, there is a direct relationship between the amount of earnings of the company and the rate at which it declares dividend. If the earnings of the company are high, it may declare a higher dividend or vice-versa.

(ii) Cash flow position : Since the dividends are paid in cash, if the cash flow position of the company is good it may declare higher dividend or vice-versa.

(iii) Access to capital market : If the company enjoys an easy access to capital market because of its credit worthiness. It does not feel the need to depend entirely on retained earnings to meet its financial needs.

Hence, it may declare higher dividend or vice-versa.

(iv) Growth prospects : If the company has any forthcoming investment opportunities, it may like to retain profits to finance its expansion projects. This is because retained profits are considered to be the cheapest source of finance as it doesn't involve any explicit costs. Hence, it may declare lower dividend or viceversa.

(v) Preferences of the shareholders : The companies paying stable dividends are always preferred by small investors primarily if they want regular income in the form of 'stable returns' from their investments.

Large shareholders may be willing to forgo their present dividend in pursuit of higher profits in future.

Therefore, the preferences of the shareholders must be taken into consideration.

OR

The working capital requirements of Hemant will be less as he is engaged in trading business.

The two factors that will affect his fixed capital requirements when he will start his own bread factory are described below:

(a) Level of collaboration : If Hemant gets an opportunity to set -up his factory in collaboration with another enterprise, his fixed capital requirements will reduce considerably else his fixed capital requirements will be more.

(b) Financial alternatives available : If Hemant is able to get the place to start the factory and machinery on lease, his fixed capital requirements will reduce considerably. Whereas if he decides to purchase them, his fixed capital requirements will be more.

34.Right to be heard.

If any of the parties are not satisfied by the order of District Commission can appeal against such order to the State Commission on the grounds of facts or law within a period of forty five days from the date of order.

Redressal Agencies Under The Consumer Protection Act,2019

For the redressal of consumer grievances, the Consumer Protection Act 2019 provides for setting up of a three-tier enforcement machinery at the District, State, and the National levels, known as the 'District Commission', 'State Commission', and the 'National Commission', respectively. While the National Commission is set up by the Central Government, the State Commissions and the District Forums are set up, by the State Government.

District commission has a jurisdiction to entertain complaints where value of goods or services paid as consideration does not exceed one crore rupees. State Commission has a jurisdiction to entertain complaints where value of goods and services paid as consideration exceeds one crore but does not exceed ten crore rupees. National Commission has a jurisdiction to entertain complaints where value of goods or services paid as consideration exceeds ten crores of rupees.

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PREPARED BY MS. NEELIMA JAIN, PGT COMMERCE, KV DURG

MODEL PAPER - IV

Blue print

S. No	Name of Chapter	No. of Question				
		1 Marks	3 Marks	4 Marks	6 Marks	Total
1	Management-Nature & Significance	2	1			5
2	Principles of Management	1			1 or 1	7
3	Business Environment	4				4
4	Planning				1 or 1	6
5	Organising	3			1	9
6	Staffing		1	1 or1		7
7	Directing	1		1, 1 or 1		9
8	Controlling	1	1 or1			4
9	Financial Management			1, 1 or 1		8
10	Financial Market	4	1 or 1			7
11	Marketing Management	4			1	10
12	Consumer Protection Act – 2019			1		4
	Total	1x20=20	4x3=12	6x4=24	4x6=24	80

	MODEL PAPER-IV 2022-23 MM – 80 TIME: 3 HOURS	
	General instructions : 1 This question paper contains 34 questions. 2. Marks are indicated against each question. 3. Answers should be brief and to the point. 4. Answers to the questions carrying 3 marks may be from 50 to 75 words. 5. Answers to the questions carrying 4 marks may be about 150 words. 6. Answers to the questions carrying 6 marks may be about 200 words. 7. Attempt all parts of the questions together	
1	_____ is the process of dividing work into manageable activities and then grouping the activities which are similar in nature. (a) Coordination (b) Departmentalisation (c) Organisation Structure (d) Delegation of authority	1
2	Even though the political conditions vary from country to country, they impact the sentiment of an investor in the business, if the instability of the political conditions cause uncertainty and make it difficult for him to predict the future. Which feature of the business environment is being highlighted in the above statement? (a) Specific and general forces (b) Dynamic nature (c) Relativity (d) All of these	1
3	"Any one can be called a manager irrespective of the educational qualification possessed." Identify the characteristic of the profession that management does not fulfil in the statement being discussed above. (a) Ethical code of Conduct (b) Professional Association (c) Restricted Entry (d) Service Motive	1
4	"Even after opening up of the Indian Economy in 1991 foreign companies found it extremely difficult to cut through the bureaucratic red tape to get permits for doing business in India, which created a negative impact on business." Identify the dimension of the business environment which led to creation of the negative impact on business. (a) Social Environment (b) Technological (c) Political Environment (d) Legal Environment	1
5	Name the process of working with and through others to effectively achieve organisational objectives by efficiently using limited resources in a changing environment. (a) Management (b) Planning (c) Organising (d) Controlling.	1
6	"The increase in the demand for many Ayurvedic medicines, Health products and services in the past few months, is related to the need for building immunity and an increased awareness for health care due to the spread of Corona Virus." Identify the feature of business environment being described above.	1

	(a) Specific and general forces (b) Inter-relatedness (c) Relativity (d) None of these	
7	Which of the following is not an element of social environment? (a) Birth and Death rate (b) Constitution of the country (c) Population Shifts (d) Life expectancy	1
8	'Even where members of a department willingly cooperate and work, a manager has to coordinate the efforts of different people in a conscious manner.' Identify the characteristic of coordination discussed above. (a) Coordination ensures unity of action (b) Coordination is a deliberate function (c) Coordination is a continuous process (d) Coordination is an all-pervasive function	1
9	Name the function of management which helps in the formulation of future plans, in the light of the problems that were identified and thus, helps in better planning in the future period. (a) Planning (b) Organising (c) Directing (d) Controlling	1
10	Identify an important principle of management control in which only significant deviations which go beyond the permissible limit should be brought to the notice of management. (a) Management by control (b) Control by exception (c) Critical point control (d) Both (a) and (b)	1
11	_____ is the process by which the manager brings order out of chaos, removes conflict among people over work or responsibility sharing and creates an environment suitable for teamwork. (a) Planning (b) Organising (c) Staffing (d) Controlling Or _____ ensures that the heads of separate business units in the organisation are responsible for profit or loss of their unit and have authority over it. (a) Span of management (b) Divisional Structure (c) Functional structure (d) Hierarchy of Authority	1
12	Match the concept of marketing in Column I with their respective definition in Column II : **COLUMN – I** **COLUMN – II** A Product Concept (i) relates to maintaining high quality of the product B Selling Concept (ii) relates to satisfying customer needs C Marketing Concept (iii) relates to aggressively persuading buyer to purchase the product (a) (i), (ii), (iii) (b) (ii), (i), (iii) (c) (iii), (ii), (i) (d) (i), (iii), (ii) Or In order to get feedback about its recently launched immunity boosting ayurvedic	1

	medicine, Atulya limited conducted an online survey using a questionnaire, to gather customer views and opinions. Identify the marketing function being used by Atulya Limited : (a) Standardisation (b) Product Designing (c) Customer Support Service (d) Gathering and analyzing market information	
13	Arrange the steps involved in trading procedure at the stock exchange in correct sequence : i) Settlement of order ii) Opening of Demat Account iii) Placing of order iv) Execution of order (a) (ii) ; (iv);(iii);(i) (b) (ii) ;(i) ;(iii);(ii) (c) (iii);(ii);(ii);(i) (d) (ii);(iii);(iv);(i)	1
14	Radha is a Chartered Accountant in Prakash Ltd. During the course of meeting with directors, she came to know that as against the previous years, this year company is going to declare handsome dividend offer. It is observed that when such news becomes public then the share-market jumps up. Considering it, Radha purchased large number of company's shares before this news reached to public. Identify the type of malpractice used by Radha. (a) Non-adherence of provisions (b) Insider trading (c) Price rigging (d) Unofficial private placement	1
15	What is the important document which is legally enforceable and helps to settle disputes/claims between the investor and the broker? (a) Trade Confirmation Slip (b) Broker Client Agreement (c) Contract Note (d) None of these.	1
16	New issue market is also known as: (c) Stock market (b) Money market (c) Primary market (d) Capital market	1
	Read the following text and answer question no.17-20 on the basis of the same: Yamuna Prasad, a small shopkeeper in Bikaner, Rajasthan used to sell the famous 'Bhujia-Sev'. It was a quick selling product for locals and foreign tourists. His second generation expanded the business and got 'Yamuna Ki Bhujia' registered with concerned authorities. Gradually the brand offered a wide range of products to its customers like namkeen, sweets, bakery items etc. However, 'Bhujia-Sev' remained the most popular product of the brand creating maximum revenue. 'Yamuna Ki Bhujia' offered its products at competitive prices even while offering customer services like gift packaging and free home	

	delivery to become a household name. Now it has virtually become a synonym for bhujia-sev in the market, so much so, that people ask for 'Yamuna Ki Bhujia' instead of bhujia-sev. 'Yamuna Ki Bhujia' has developed a strong distribution network in India and abroad by setting up retail outlets and reaching out to the customer through internet selling. Promotion of the brand had always been low profile, till the increase in competition pushed it to hire the services of a professional advertising agency, VIGYAPAN PVT. LTD. for promoting the product. On the advice of VIGYAPAN PVT. LTD., 'Yamuna Ki Bhujia' has also worked upon managing public opinion by developing relations with the masses through sponsoring cultural and sporting events, maintenance of public parks etc.	
17	'His second generation expanded the business and got 'Yamuna Ki Bhujia' registered with concerned authorities.' With reference to the given text 'Yamuna ki Bhujia' is a _____ giving it a legal protection against its use by anyone else. (a) Brand value (b) Trademark (c) Trait mark (d) Brand mark	1
18	'Yamuna Ki Bhujia' offered its products at competitive prices even while offering customer services like gift packaging and free home delivery to become a household name. Identify the factor affecting the element of marketing mix being discussed above. (a) Marketing methods used (b) Objectives (c) Extent of competition in the market (d) product cost	1
19	'Yamuna Ki Bhujia' has developed a strong distribution network in India and abroad by setting up retail outlets and reaching out to the customer through internet selling. Identify the decision related to the element of marketing mix being discussed above. (a) Storing and assorting products in order to create time utility (b) Regarding the channels or using intermediaries (c) Both (a) and (b) (d) One regarding branding, packaging and labeling	1
20	On the advice of VIGYAPAN PVT. LTD., 'Yamuna Ki Bhujia' has also worked upon managing public opinion by developing relation with the masses through sponsoring cultural and sporting events, maintenance of public parks etc. Name the department in the organisation which is generally responsible for performing the above important task of managing public opinion. (a) Marketing Department (b) A separate department created in the firm for the purpose (c) An outside agency (d) Any of the above.	1
21	Identify the level of management whose basic task is to integrate diverse elements and coordinate the activities of different departments according to the overall objectives of the organisation. State any two functions of the level of management identified.	3
22	Explain 'Internship training' and 'vestibule training' and classify them as on-the-	3

	job and off-the-job methods of training.	
23	"Controlling is an indispensable function of management. Without controlling the best of plans can go awry." Do you agree? Explain any two reasons in support of your answer. OR "It is generally believed that measurement of performance should be done after the task is completed." Identify and explain the step in the process of the function of management being discussed above and the step followed by the same in the process.	3
24	State the development functions of the Securities Exchange Board of India. OR State any three functions of Stock exchange.	3
25	'In an interview with a leading news channel, Mr. Rakesh Kwatra, CEO of 'Get My Job' has suggested that the Companies which want more and more people to apply for jobs in their organisation should make the process for applying for jobs easier and candidate friendly.' Name and explain the next two steps which follow the step, in the process of the function of management being discussed above.	4
26	Kishor is a supervisor at 'Shyam Breads and Biscuits Factory'. The factory produces 20,000 packets of bread and biscuits every day. As a supervisor Kishor ensures that work goes on smoothly and there is no interruption in production. He is a good leader who gives orders only after consulting his subordinates, working out the policies with the acceptance of the group. Identify and explain the leadership style being adopted by Kishor.	4
27	Briefly explain the positive and negative aspects of the type of communication which arises out of the need of employees to exchange their views. OR Identity and explain the elements of directing mentioned below: (a) Astha, a manager, has the ability to influence others to bring about a change in their behaviour. (b) Neeraj, a managing director, declares share in the profits to the manager for their contribution to increase profits of the company.	4
28	Explain any four factors that can affect the working capital requirement of a company. OR Explain any four factors that affect the choice of capital structure of a company.	4
29	Dheeraj wants to start a business of selling N-95 masks after the outbreak of the global pandemic of COVID-19. Due to the uncertain market conditions he wants to make a low investment in fixed capital. Suggest how the decisions related to the choice of technique and financing alternatives can help Dheeraj in ensuring a low investment in fixed capital requirements.	4
30	Explain the following rights of consumers provided by Consumer Protection Act, 2019: (a) Right to Safety	4

	(b) Right to Consumer Education	
31	Explain 'Science, not rule of thumb', 'Harmony, not discord', and 'Development of each and every person to his or her greatest efficiency and prosperity' as principles of Scientific Management given by F.W.Taylor.	6
32	"Planning is worth the huge costs involved?" Do you agree? Explain any four reasons in support of your answer. OR "If the project is important then more alternatives should be generated and thoroughly discussed amongst the members of the organisation." Identify and explain the step in the process of planning being discussed above. Also explain the remaining steps which will have to be carried out to complete the process.	6
33	An important difference between S&M Ltd. and most other companies is that instead of operating as one large corporation it operates as 180 smaller companies each focused on a specific product and area, implying selective dispersal of authority, recognising the decision makers need for autonomy, as decision making authority is pushed down the chain of command. It enables the company to maintain short lines of communication with customers and employees, and accelerate the development of talent. Identify the philosophy that is being followed by S&M Ltd. through which it is dividing the decision-making responsibilities among the hierarchical levels. State any five points of importance of the philosophy identified.	6
34	'Advertising' and 'Personal selling' both are communication tools used by the marketers to promote their products. Yet they differ in their approach. Differentiate between the two by giving any six points. OR "The elements of marketing mix are popularly known as 4 P's of marketing." Briefly explain these elements.	6

	MARKING SCHEME MODEL PAPER- IV	
1	(b) Departmentalisation	1
2	(d) All of these	1
3	(c) Restricted Entry	1
4	(c) Political Environment	1
5	(a) Management	1
6	(b) Inter-relatedness	1
7	(b) Constitution of the country	1
8	(b) Coordination is a deliberate function	1
9	(d) Controlling	1
10	(b) Control by exception	1

11	(b) Organising OR (b) Divisional Structure	1
12	(d) (i), (iii), (ii) OR (d) Gathering and analyzing market information	1
13	(d)	1
14	(b)	1
15	(c)	1
16	(c)	1
17	(b) Trademark	1
18	(a) Marketing methods used	1
19	(b) Regarding the channels or using intermediaries	1
20	(d) Any of the above.	1
21	Top Level Management : Functions of TOP level management (a) Top level management establishes the goals of an enterprise. (b) Top level management formulates overall organisational goals and strategies for their achievement. (c) They are responsible for all the business activities and their overall impact on society. (d) They are also held responsible for the overall success or failure of the enterprise. (e) Monitoring and controlling overall performance. (f) It builds and maintain relations with the outside world, i.e., government, suppliers, media, etc.	3
22	Internship training can be classified as On-the-Job methods of training on the other hand vestibule training can be classified as off-the-Job method. (a) Internship Training : Internship training is joint programme of training in which educational institutes and business enterprises collaborate. The aim of this training is to maintain a good balance between theoretical and practical knowledge. Under internship training, the educational institutes sent their students to various organisations so that they can practice the theoretical knowledge acquired by them through educational institutes. (b) Vestibule Training : Under this method, an attempt is made to duplicate as closely as possible materials, equipments , methods and conditions as found in real work place. In other words, a duplicate model of workshop is prepared and instead of using original equipments, employees are trained on the dummy model. Expert trainers are employed to give instructions.	3
23	Yes. Controlling is an indispensable function of management. No manager can complete his job without control. A good control system offers the following advantages : (a) Accomplishing Organisational Goals : Controlling is a goal oriented process. It is through controlling that managers ensure the execution of plans and the attainment of goals. In the absence of control, activities may	3

	not be carried out according to plans, and the targets may be missed. (b) Judging Accuracy of Standards : An efficient control system helps management to judge whether the standards or target set are accurate and objective. It keeps a careful check on the changes taking place in the organisation and in the environment and helps to review and revise the standards in the light of such changes. (c) Improving Employee Motivation : Controlling provides performance standards for all the employees in the organisation. So, employees know well in advance what they are expected to do and what are the standards of performance on the basis of which their performance will be judged. (d) Ensuring Order and Discipline : Controlling ensures order and discipline in the organisation. It keeps a close and continuous check on the activities of employees to minimise undesirable activities such as dishonesty, theft, fraud etc. (e) Facilitating Coordination in Action : Controlling facilities coordination of the activities of different departments. It integrate the complex activities of the various departments of an organisation. It provides unity of direction to all the departments. OR (a) Measurement of Actual Performance : Once the standards of performance are fixed, the next step is the measurement of actual performance. It means evaluation of the work actually done and the results accomplished. Performance should be measured in an objective and reliable manner. The various techniques for measuring are personal observation, sample checking, performance report. (b) Comparing Actual Performance with Standards : The steps involves comparison of actual performance with the standards or planned targets. Such comparison will reveal the deviations between the actual and desired results. Deviation means gap or difference between actual performance and standard performance. Comparison is easy when standards are fixed in quantitative terms.	
24	Development Functions of SEBI : (a) SEBI promotes training of intermediaries of the securities market such as brokers, sub-brokers etc. (b) SEBI has permitted internet trading in a limited way through registered stock brokers. (c) SEBI conduct research and publish useful market information. (d) SEBI undertakes measures to develop capital market by adopting flexible approach. OR **<u>Functions of a Stock Exchange</u>** : (i) Provides liquidity and marketability to existing securities. (ii) Ensures safety of transactions. (iii) Contributes to economic growth. (iv) Spreads out equity cult. (v) Determines price of	3

	securities. (vi) Provides scope for speculation (Explain any three)	
25	(a) Selection : Selection begins where recruitment ends. It is the process of choosing from among the pool of prospective candidates who have applied for a job. Many steps are involved in the process of employee selection. These steps are preliminary screening, selection / employment tests, interview, reference and background checks, selection decision, medical examination, job offer and contract of employment. The candidates who best meet the needs of this vacant job are selected. (b) Placement and Orientation of Induction : Placement refers to the employee occupying the position or post for which the person has been selected. In other words, it involves putting the selected candidates on the right job. Orientation refers to the process of introducing the newly selected employees with their superior, subordinates and colleagues and familiarising them with the rules and policies of the organisation.	4
26	Participative or Democratic Leader : Leadership style adopted by Kishor is Participative or democratic style. In democratic leadership style, members of the group take a more participative role in the decision-making process. This leadership style is more effective and lead to higher productivity and better contributions from group members as the group members are encouraged to share their thoughts, their problems are solved faster through better ideas and more creative solutions.	4
27	Positive Aspects of Informal Communications : (a) Sometimes, grapevine channels may be helpful as they carry information rapidly because they are free from all restrictions and therefore, may be useful to the manager at times. (b) Informal channels are used by the mangers to transmit information so as to know the reactions of his/her subordinates. Because there is no restriction on the flow of communication. Every member is allowed to communicate freely with all other members. Negative Aspects of Informal Communications : (a) Informal communication sometimes gets distorted. It also leads to generating rumors and informal discussions and sometime may hamper the work environment. (b) It is very difficult to detect the sources of such communication. Because flow of communication is free for every one. OR l Leadership can be defined as the process of influencing the behaviour of people by making them strive voluntarily towards the achievement of organisational goal. In other words, Leadership is the activity of influencing people to strive willingly for mutual objectives. l Motivation means a process of stimulating people to action to accomplish	4

	desired goals. It means the process of making subordinates to act in a desired manner to achieve certain organisational goals.	
28	Factor affecting Working Capital of the Company : (a) Nature of Business : The basic nature of business influences the amount of working capital required. A trading organisation usually needs smaller amount of working capital compared to manufacturing organisation. this is because there is usually no processing. Service industries which usually do not have to maintain inventory require less working capital. (b) Scale of Operations : For organisations which operate on a higher scale of operation, the quantum of inventory and debtors is generally required high. Such organisations, therefore, require large amount of working capital compared to the organisations which operate on a lower scale. (c) Business Cycle : Different phase of business cycle affect the requirement of working capital by affirm. In case of a boom, the sales as well as production are likely to be larger and, therefore, larger amount of working capital is required. As against this, the requirement for working capital will be lower during the period of depression as the sales as well as production will be small. (d) Seasonal Factor : Most business have some seasonality in their operations. In peak season, because of higher level of activity, larger amount of working capital is required. As against this, the level of activity as well as the requirements for working capital will be lower during the lean season. (e) Credit Allowed : Different firms allows different credit terms to their customers. These demand upon the level of competition that a firm faces as well as the credit worthiness of their clientele. A liberal credit policy results in higher amount of debtors, increasing the requirements of working capital. (f) Operating Efficiency : Firms manage their operations with varied degree of efficiency. If degree of efficiency is high more working capital is required on the other hand if the operating efficiency is not required working capital is not necessary OR Factor affecting Capital Structure of the Company : Cash Flow Position : Size of projected cash flows must be considered before borrowing. Cash flows must not only cover fixed cash payments obligations but there must be sufficient buffer also it must be kept in mind that a company has cash payment obligations for payment of interest and repayment of principal. Interest Coverage Ratio : It refers to the number of times earning before interest and taxes of a company covers the interest obligation. This may be calculated as follows : ICR = EBIT / Interest	4

	The higher the ratio, the company will go for higher debt. Otherwise equity is preferable. Return of Investment : If the ROI fo the company is higher than the cost of debt, the company may opt for higher debt. In the alternative case, higher equity is preferable. Cost of Debt : A firm's ability to borrow at a lower rate increase its capacity to employ higher debt. Thus, more debt can be used if debt can be raised at a lower rate. Tax Rate : Since interest is a deductible expense, cost of debt is affected by the tax rate. Cost of Equity : Stock owners expect a rate of return from the equity which is commensurate with the risk they are assuming. When a company increases debt, the financial risk faced by the equityholders, increase. Consequently, their desired rate of return may increase.	
29	(a) Choice of Technique : A company that adopt a labour intensive technique would require a small amount of fixed capital to manufacture N-95 masks. Since better technology would cost him much and his risk appetite is not conducive for capital intensive techniques of production. (b) Financial Alternatives : As he wishes to stick to a low investment model, we may suggest him to go with the lease option. Because leasing facilities are easily available in a market, they provide an easy alternative for firm. As this may reduce his investments requirement in the business.	4
30	(a) Right to Safety : The consumer has a right to be protected against goods and services which are hazardous to life and health. Thus, consumers are educated that they should use electrical appliances which are ISI marked as this would be an assurance of such products meeting quality specifications. (b) Right to Consumer Education : The consumer has a right to acquire knowledge and to be a well-informed consumer throughout life. He should be aware about his rights and the reliefs available to him in case of product or service falling short of his expectations. Consumer should be fully aware their rights and duties.	4
31	(a) Science, not Rule of Thumb : According to this principle, Taylor stressed that each job performed in the organisation should be based on scientific enquiry and not on intuition, experience and hit and miss method. Rule of thumb does not involve thinking before doing. Rule of thumb means decisions taken by managers on the basis of subjectivity, prejudice and whims whereas scientific decisions are based on cause and effect. This method can be developed through study and analysis. The method so developed through study and analysis. (b) Harmony, not Discord (Conflict): Factory system of production implied that managers served as a link between the owners and the workers. Since as mangers they had the mandate to "get work done" form the worker. This Principle Suggests that there should be complete harmony and	6

	proper understanding between management and workers and they should work together for achieving organisational goals. Taylor insists that there should be complete harmony between the management and workers. If there is any conflict between management and workers then it will bot be beneficial either for the management or the workers. Both should realise the importance of each other and feel that they are the part of a same family. (c) Development of each and every Person to his or her Greatest Efficiency and Prosperity : Taylor insisted that due care should be taken while selecting the employees and after selection, they must be given jobs according to their qualification, physical, mental and intellectual capabilities. The selected employees must be sent for training for some time to improve their skills and work performance. Efforts should be made to develop each employee to his greatest efficiency.	
32	Yes. Importance of Planning : (a) Planning Provide Direction : By stating in advance how work is to be done planning provides direction for action. Planning ensures that objective are clearly defined so that they act as a guide for deciding what action should be taken and in which direction. If objectives are clearly laid down, employees are aware of what the organisation has to do and what they must do to achieve those objectives. (b) Planning Reduces the Risk of Uncertainty : Planning is always done for future which is full of uncertainties. No one can say with absolute accuracy that what is going to happen in future. Uncertainty and change are inevitable or unavoidable and planning cannot eliminate them. But planning helps the firm to cope up with uncertainty and change. Thus planning help to reduce uncertainty . (c) Planning Reduce Overlapping and Wasteful Activities : Planning coordinate the efforts of different divisions, departments and individuals. Since planning ensures clarity in thoughts and action, work is carried on smoothly without any confusion and misunderstanding. Useless and redundant activities are minimised or eliminated. It is easier to detect inefficiencies and take remedial action to deal with them. (d) Planning Promotes Innovative Ideas : Planning is basically the thinking function of management. It involves looking ahead and preparing for the future. It induces the management to forecast changes in the business environment and to design plans to turn them in their favour. Thus planning forces managers to think differently and encourage creative thinking innovation among them. (e) Planning Facilitates Decision Making : Decision making involves searching for various alternative courses of action, evaluating them and selecting the best one. In planning targets are set in advance and these targets are indicators on the basis of which alternative course of action are	6

	considered. (f) Planning Establishes Standards for Controlling : Controlling involves comparison of actual performance with the planned performance. Planning provides the objectives or standard against which the actual performance is evaluated. A comparison of actual performance with the planned results helps to identify the deviations and to take corrective action to match the actual performance with the planned performance. But in the absence of planned objectives the manager will not be able to compare whether actual performance is satisfied or not. OR Identifying Alternative Courses of Action : Once objectives are established and assumptions are made, then the next step is to determine alternative courses of action which may be used to achieve the set objectives. There is hardly any plan for which alternatives do not exist. Remaining steps to the carried out to complete the process are as follows : (a) Evaluating Alternative Courses : In this step various alternative courses of action are evaluated to select the best alternative through which set objectives can be achieved. The alternative should be compared in the light of objectives, cost, risk, planning premises, benefits, availability of capital etc. (b) Selecting an Alternative : This step involves selection of the best alternative. This is the real point of decision making. The best plan has to be adopted and implemented. The ideal plan would be the most feasible, profitable and with least negative consequences. (c) Implementing the Plan : This step is concerned with putting the plan into action. This step involves organising for labour and purchase of machinery. If the plan is not put into action then it would remain only a paper plan not capable of achieving anything and become a cause of wasting the precious organisation resources used in making the plan. (d) Follow up Action : It means to see whether the plans are being implemented and activities are performed according to plans. Planning is an ongoing process so the managers does not get over simply by implementing the plan. The manager monitor the plan carefully while plan is implemented.	
33	Decentralisation Importance of Decentralisation : (a) Develops Initiative among Subordinates : Decentralisation helps the lower level manager to take all those decisions, which are for the improvement of enterprise, on their own and to develop appropriate solutions for solving different kinds of difficulties they face. This help in increasing confidence and self-reliance among the subordinates. (b) Develop Managerial Talent for the Future : Under decentralisation, managers working at middle and lower level learn the art to take	6

	independent decisions. Decentralisation provides them a chance to prove their talent by handling various assignments independently. (c) Quick Decision Making : In a decentralised organisation decision-making is not restricted in few hands only but decision- making power is entrusted to all the managers who are performing the activities. As a result, more accurate and quick decisions can be taken as employees are well aware of the realities of the situation. (d) Relief to Top Level Management : In a decentralised organisation, the authority to take routine operational decisions is delegated to the middle and lower level of management. As a result, top level managers relieves themselves from routine matters and consequently the work load is reduced. (e) Facilitate Growth : Decentralisation provides considerable liberty to the managers at lower level. This allows them to do the work in a manner best suited to their department. When each department is doing best then the overall productivity increases and organisation is able to generate more revenues which can be used for growth and expansion purposes. (f) Better Control : Decentralisation helps to evaluate the work performance at each level of management. Managers working at various levels are allowed to take their own decisions and they are personally accountable for their decisions. They cannot pass the blame to their employees.	
34		6

Basis	Advertising	Personal selling
Kinds of Communication	Advertising is an impersonal form of communication	Personal selling is a personal form of communication
Flexibility	Advertising is inflexible as the message can't be adjusted to the needs of the buyer.	Personal selling is highly flexible. As the message can be adjusted
Reach	It reach masses, i.e. a large number of buyer can be approach.	Only a limited number of people can be contacted because of time and cost consideration.
Uniformity of message	Advertisement involves transmission of standardized message	In personal selling. The sales task is adjusted
Cost	In advertisement the cost per person reached is very low.	The cost per person is quite high in the case of personal selling.

		Time period	Advertising can cover the market in short time.	Personal selling efforts take a lot of time to cover the entire market.		
		Response/feedback	Advertising lacks direct feedback. Marketing research efforts are needed to judge customers' reactions to advertising	Personal selling provides direct and immediate feedback. Sales persons come to know about the customers reactions immediately.		
		Interest/ Awareness	Advertising is more useful in creating and building interest of the consumers in the firms products.	Personal selling plays an important role at the awareness stage of decision making.		

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***** **THE END** ******