

Solved Paper 2015

BUSINESS STUDIES

Class-XII

Time : 3 Hours

Max. Marks : 100

General Instructions:

- (i) Answers to questions carrying 1 mark may be from **one word** to one sentence.
- (ii) Answers to questions carrying 3 marks may be from **50 – 75 words**.
- (iii) Answers to questions carrying 4 – 5 marks may be about **150 words**.
- (iv) Answers to questions carrying 6 marks may be about **200 words**.
- (v) Attempt all parts of a question together.

Delhi Set I

Code No. 2/1/1

1. What is meant by 'efficiency' in management? 1
Ans. Efficiency means doing the task correctly and with minimum cost.
(or any other correct definition)
2. How does management help in achieving personal objectives? State. 1
Ans. Management helps in achieving personal objectives by motivating and leading in such a way that the individual members are able to achieve personal goals while contributing to the overall organisational objectives.
3. Define 'planning premises'. 1
Ans. Planning premises are the assumptions made about the future on the basis of which the plans are drawn.
4. Alliance Ltd. is engaged in manufacturing plastic buckets. The objective of the company is to manufacture 100 buckets a day. To achieve this, the efforts of all departments are co-ordinated and interlinked and authority- responsibility relationship is established among various job positions. There is clarity on who is to report to whom.
Name the function of management discussed above. 1
Ans. Organising.
5. Explain how 'cost of debt' affects the choice of capital structure of a company. 1
Ans. 'Cost of debt' affects the choice of capital structure of a company as low interest rates increase a firm's capacity to employ higher debt.
6. 'Indian Logistics' has its own warehousing arrangements at key locations across the country. Its warehousing services help business firms to reduce their overheads, increase efficiency and cut down distribution time. State with reason, whether the working capital requirements of 'Indian Logistics' will be high or low. 1
Ans. Low, as it is a service industry, which usually do not have to maintain inventory.
7. 'Beauty Products Ltd' is a natural and ethical beauty brand famous for offering organic beauty products for men and women. The company uses plant based materials for its products and is the No.1 beauty brand in the country. It not only satisfies its customers but also believes in overall protection of the planet.
Identify the marketing management philosophy being followed by 'Beauty Products Ltd.' 1
Ans. Societal marketing concept.
8. On Sonika's birthday her mother gave her a pair of gold earrings. After one month Sonika observed that the ear-rings are losing their shine. She checked the mark on the ear-rings and found that it was not a proper Hallmark and her mother had been cheated by the shopkeeper. So, she filed a complaint in the district forum which rejected it. Not satisfied by the decision of district forum, she was very much disturbed and after two months decided to appeal further.
Can Sonika appeal against the decision of the district, forum? Give reason in support of your answer. 1
Ans. No, Sonika cannot appeal now as the appeal has to be filed within 30 days of passing of the order by the district forum.
9. What is meant by 'functional structure' of an organisation? State its any two advantages. 3
Ans. Functional structure is an organisational structure formed by grouping of jobs of similar nature under functions and organising these major functions as separate departments like production, finance etc.
Advantages: (Any two)
(a) It leads to occupational specialisation since emphasis is placed on specific functions.

- (b) It promotes control and coordination within a department because of similarity in the tasks being performed.
 - (c) It increases managerial and operational efficiency.
 - (d) It lowers cost as it reduces duplication of effort.
 - (e) It makes training of employees easier as it focuses on a limited range of skills.
 - (f) It ensures that different functions get due attention.
- (If an examinee has given only the heading, ½ mark for each heading should be awarded)

* 10. Explain how the 'product related factors' affect the choice of channels of distribution? 3

11. Pramod was a supervisor at 'Annapurna Aata' factory. The factory was producing 200 quintals of aata every day. His job was to make sure that the work goes on smoothly and there was no interruption in production. He was a good leader who would give orders only after consulting his subordinates and work out the policies with the acceptance of the group.

Identify and describe the leadership style being adopted by Pramod. 3

Ans. Democratic style of leadership.

- A democratic leader favours decision making by the group. This improves the attitude of the employees towards their jobs and the organisation thereby increasing their morale.
- Using this style is of mutual benefit – it allows them (subordinates) to become part of the team and helps leaders (seniors) to make better decisions.

12. Financial market plays an important role in the allocation of scarce resources in an economy by performing many important functions' Explain any three such functions. 3

Ans. Financial market plays an important role in the allocation of scarce resources in an economy by performing the following functions: (Any three)

- (i) Mobilisation of savings and channelising them into most productive use.
- (ii) Facilitating price determination/ discovery.
- (iii) Providing liquidity to financial assets.
- (iv) Reducing the cost of transactions.

(If an examinee has not given the headings as above but has given the correct explanation, full credit be given)

13. Neeraj, a sales representative of Omida 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 customer due to his inadequate vocabulary and omission of needed words. Sometimes he uses wrong words because of which intended meaning is not conveyed. All this created a mis-understanding between him and his clients.

- (a) Identify the communication barrier discussed above.
- (b) State the category of this communication barrier.
- (c) Explain any other communication barrier of the same category. 3

Ans. (a) Badly expressed message.

- (b) Semantic barrier which arises from problems and obstructions in the process of encoding and decoding of message into words or impressions.
- (c) Other barriers in the same category are: (Any one)
 - (i) Symbols with different meanings
 - (ii) Faulty translations
 - (iii) Unclear assumptions
 - (iv) Technical jargon
 - (v) Body language and gesture decoding.

14. What is meant by 'business environment'? State any three points of its importance. 4

Ans. 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.

Importance of business environment: (Any three)

- 1. It helps to identify opportunities and getting the first mover advantage instead of losing them to the competitors.
- 2. It helps to identify threats on time which serves as an early warning signal.
- 3. It helps in tapping useful resources so that it can convert them into output that the environment desires.
- 4. It helps in coping with rapid changes in an increasingly dynamic environment.
- 5. It helps in assisting in planning and policy formulation.
- 6. It helps in improving performance by continuously monitoring the environment and adopting suitable practices.

(If an examinee has given only the headings, ½ mark for each heading should be awarded)

* 15. Explain the following rights of a consumer as provided under Consumers Protection Act, 1986:

- (a) Right to be informed; and
- (b) Right to seek redressal. 4

16. Samir Gupta started a telecommunication company, 'Donira Ltd.' to manufacture economical mobile phones for the Indian rural market with 15 employees. The company did very well in its initial years. As the product was good and marketed well, the demand of its products went up. To increase production, the company decided to recruit additional employees. Samir Gupta, who was earlier taking all the decisions for the company had to selectively disperse the authority. He believed that subordinates are competent, capable and resourceful and can assume responsibility for effective implementation of their decisions. This paid off and the company was not only able to increase its production but also expanded its product range.

- (a) Identify the concept used by Samir Gupta through which he was able to steer his company to greater heights.
- (b) Also, explain any three points of importance of this concept. 4

Ans. (a) Decentralisation.

(b) **Importance of decentralisation:** (Any three)

- (i) Develops initiative among subordinates.
- (ii) Develops managerial talent for the future.
- (iii) Quick decision making.
- (iv) Relief to top management.
- (v) Facilitates growth.
- (vi) Better control.

(if an examinee has not given the headings as above but has given the correct explanation, full credit should be given)

(If the concept is wrongly identified but the points of importance are correct. Due credit be given)

17. The workers of 'Vyam Ltd.' are unable to work on new and hi-tech machines imported by the company to fulfill the increased demand. Therefore, the workers are seeking extra guidance from the supervisor. The supervisor is overburdened with the frequent calls of workers. Suggest how the supervisor, by increasing the skills and knowledge of workers, can make them handle their work independently?

Also state any three benefits that the workers will derive by the decision of the supervisor. 4

Ans. Training of employees/ Vestibule training/ On the job training.

Benefits the workers will derive by the decision of the supervisor: (Any three)

- (a) It helps in promotion and career growth due to improved skills and knowledge.
- (b) It helps them to earn more due to improved performance.
- (c) It reduces accidents as the employees are more efficient to handle machines.
- (d) It increases the morale of the employees as the employees are more satisfied.

(If an examinee has given only the heading, ½ mark for each heading should be awarded)

18. 'Aapka Vidyalaya' believes in holistic development of students and encourages team building through a mix of curricular, co-curricular and sports activities. On its founders day a stage performance had to be put up. A committee of ten prefects was constituted to plan different aspects of the 9 function. They all decided to use recycled paper for decoration. There was a spirit of unity and harmony and all members supported each other. With mutual trust and belongingness, the programme was systematically planned and executed. Kartik, one of the prefects realised that unknowingly the group had applied one of the principles of management while planning and executing the programme. He was so inspired by the success of the function that he asked his father to apply the same principle in his business. His father replied that he was already using this principle.

(a) Identify the principle of management applied for the success of the programme.

(b) State any two features of management highlighted in the above para.

(c) Identify any two values which 'Aapka Vidyalaya' communicated to the society. 4

Ans. (a) Principle of management - *Espirit de corps*.

(b) Features of management: (Any two)

(i) Management is Pervasive

"...he asked his father to apply the same principle in his business'.

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

(ii) Management is a Group Activity

'There was a spirit of unity and harmony and all members supported each other.

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

(iii) Management is Goal Oriented

"...the programme was systematically planned and executed'.

Management is goal oriented as it unites the efforts of different individuals towards achieving organisational goals.

(iv) Management is Multi- Dimensional

'...programme was systematically planned and executed'.

OR

'There was a spirit of unity and harmony and all members supported each other'.

Management is multi- dimensional as it involves management of work, people and operations.

(v) Management is Intangible

'With mutual trust and belongingness....'.

OR

'There was a spirit of unity and harmony and all members supported each other'.

Management is intangible as it cannot be seen but its presence can be felt in the way the organisation functions.

(If an Examinee has Identified the Feature of Management Correctly, Full Credit be given for Either Quoting the line or giving the Statement.)

(c) Values being communicated to the society:

(Any two)

(i) Concern for the environment.

(ii) Holistic development of children.

(iii) Teamwork

(or any other correct value)

* 19. 'Ganesh Steel Ltd.' is a large and credit-worthy company manufacturing steel for the Indian market. It now wants to cater to the Asian market and decides to invest in new hi-tech machines. Since the investment is large, it requires long-term finance. It decides to raise funds by issuing equity shares.

The issue of equity shares involves huge floatation cost. To meet the expenses of floatation cost the company decides to tap the money market. 4

- (a) Name and explain the money-market instrument the company can use for the above purpose.
- (b) What is the duration for which the company can get funds through this instrument?
- (c) State any other purpose for which this instrument can be used.

20. State any five features of 'Planning'. 5

Ans. Features of planning: (Any five)

- (i) It focuses on achieving organisational objectives.
- (ii) It is the primary function of management as it lays down the basis for all other functions of management.
- (iii) It is pervasive as it is required in all organisations, at all levels and in all departments.
- (iv) It is continuous because a plan is framed, implemented and is followed by another plan.
- (v) It is futuristic as it involves looking ahead and preparing for the future.
- (vi) It involves decision making as it involves a choice from among the various alternative courses of action.
- (vii) It is a mental exercise as it is intellectual activity of thinking rather than doing.
- (viii) It provides the basis for controlling by providing standards.

(If an examinee has given only the headings, ½ mark for each heading should be awarded)

21. Smita had been working as an assistant manager with 'Johnson Enterprises' for the last ten years. She was very popular amongst her colleagues because of her commitment and dedication towards the work. When the manager senior to her retired, all her colleagues thought that now Smita would be promoted. But to everyone's surprise the vacant post was filled by an outsider, Mrs. Rita. Smita felt demoralised and her performance started declining. She would abstain herself often and could not meet her targets.

Mrs. Rita was a good leader, who would not only instruct her subordinates but would also guide and inspire them. She noticed Smita's behaviour and felt that her performance could be improved. She started involving Smita in decision making-issues related to the organisation and made her a part of high level joint-management committee. Smita was now punctual in office and her performance started improving. 5

- (i) Identify the function of management being performed by Rita.
- (ii) Name the element of the above function of management which helped Rita to improve Smita's behaviour.
- (iii) State any three features of the element identified in (ii) above.

Ans. (i) Directing.

(ii) Motivation.

(iii) Features of motivation: (Any three)

- (a) It is an internal feeling.
- (b) It produces goal directed behaviour.
- (c) It can be positive or negative.
- (d) It is a complex process.

(If an examinee has identified the element in part (b) as non financial incentive, full credit is to be given)

22. A company was manufacturing 'LED bulbs' which were in great demand. It was found that the target of producing 300 bulbs a day was not met by the employees. On analysis, it was found that the workers were not at fault. Due to electricity failure and shortage of workers, the company was not able to achieve the set targets and alternative arrangements were needed. To meet the increased demand, the company assessed that approximately 88 additional workers were required out of which 8 would work as heads of different departments and 10 would work as subordinates under each head. The required qualifications and job specifications were also enlisted. It was also decided that necessary relaxation should be given to encourage women, persons from backward and rural areas and persons with special abilities to assume responsible positions in the organisation. All efforts were made to match the ability of the applicants with the nature of work. 5

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

Ans. (a) Staffing and controlling.

(b) Steps in Staffing

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

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

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

(If an Examinee has only Identified 'Estimating Manpower Requirements' as a step in the staffing process, full credit is to be given)

Steps in controlling: (Any two)

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

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

- (ii) Analysing deviations which would help to find out the causes of deviation.

On analysis, it was found that the workers were not at fault....alternative ma arrangements were needed.

- (iii) Taking corrective action, if required.

To meet the increased demand, the company assessed that approximately....as subordinates under each head.

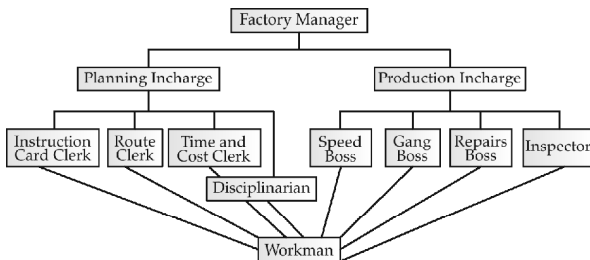
(If an examinee has given the steps of the process not discussed above, 1/2 mark may be deducted)

- (c) Values which the company wants to communicate to the society: (Any two)
- Using environment friendly methods of production.
 - Women empowerment.
 - Upliftment of underprivileged sections of the society.

(or any other correct value)

23. With the help of a diagram explain 'Functional Foremanship' as a technique of scientific management. 6

Ans.



Functional Foremanship (Any three points)

- Functional foremanship is a technique which aims to improve the quality of supervision at shop floor.
- Taylor identified a list of qualities of a good foreman or a supervisor. Since all the qualities could not be found in a single person, Taylor proposed eight specialists.
- In this technique, planning is separated from execution.
- It is an extension of the principle of division of work and specialization.
- Taylor suggested four foremen for planning and four foremen for execution.
- The four foremen for planning were route clerk, instruction card clerk, time and cost clerk and disciplinarian and four foremen for execution were gang boss, speed boss, repair boss and inspector.
- The four foremen for planning would draft instructions for the workers, specify the route of production, prepare time and cost sheet and ensure discipline respectively.
- The four foremen for execution were responsible for timely and accurate completion of the job, keeping machines and tools ready for operation by the workers, ensuring proper working conditions of machines and tools and checking the quality of work.

(If an examinee has made an incomplete diagram but has named all foremen in the explanation, one mark may be given for the diagram)

24. 'Sarah Ltd.' is a company manufacturing cotton yarn. It has been consistently earning good profits for many years. This year too, it has been able to generate enough profits. There is availability of enough cash in the company and good prospects for growth in future. It is a well managed organisation and believes in quality, equal employment

opportunities and good remuneration practices. It has many shareholders who prefer to receive a regular income from their investments.

It has taken a loan of ₹ 40 lakhs from IDBI and is bound by certain restrictions on the payment of dividend according to the terms of loan agreement.

The above discussion about the company leads to various factors which decide how much of the profits should be retained and how much has to be distributed by the company.

Quoting the lines from the above discussion identify and explain any four such factors. 6

Ans. Factors affecting dividend decision: (Any four)

(i) **Stability of earnings**

'It has been consistently earning good profits for many years'.

Stability of earnings affects dividend decision as a company having stable earnings is in a position to declare higher dividends.

(ii) **Cash Flow position**

'There is availability of enough cash in the company'.

A good cash flow position is necessary for declaration of dividend.

(iii) **Growth Prospects**

'Good prospects for growth in the future'.

If a company has good growth opportunities, it pays out less dividend.

(iv) **Shareholders' preference**

'It has many shareholders who prefer to receive regular income from their investments'.

Shareholder's preference is kept in mind by the management before declaring dividends.

(v) **Contractual constraints**

'It has taken a loan of ₹ 40 Lakhs from IDBI and ... agreement'

While taking dividend decision, companies keep in mind the restrictions imposed by the lenders in the loan agreement.

25. 'Hayaram' is a famous chain selling a large variety of products in the Indian market. Their products include chips, biscuits, sweets and squashes. It charges a comparatively higher price than its competitors as it sells quality products. Besides, it offers regular discounts to its customers and easy credit terms to its retailers. It has five of its own retail shops. It also sells its products through various grocery stores so that the products are made available to customers at the right place, in the right quantity and at the right time. It regularly uses different communication tools to increase its sales.

The above para describes the combination of variables used by Hayaram to prepare its market offering. Identify and explain the variables. 6

Ans. The combination of variables used by Hayaram to prepare its market offering are:

(i) PRODUCT

It refers to the combination of various aspects relating to the product or service to be offered for sale. It relates to decisions regarding planning, designing and developing the right type of products and services for the consumers. It includes branding, labelling and packaging.

'Their products include chips, biscuits, sweets and squashes'.

(ii) PRICE

Price mix involves different Pricing methods, Pricing strategies, Pricing policies and Price Changes. It involves decisions regarding the basic price of the product, discount, allowances, terms of payment, etc.

'It charges a comparatively higher price than its competitors'.

OR

'It offers regular discounts to its customers and easy credit terms to its retailers'.

(iii) PLACE/PHYSICAL DISTRIBUTION

It includes activities that make firm's products available to the target customers. It consists of all

the activities involved in transferring ownership and physical possession of the product to the consumers.

It consists of physical distribution (i.e., activities involving the movement of products or services from producers to consumers as well as channels of distribution i.e., the route through which the goods move from the producer to the consumer.

'It has five of its own retail shops'.

OR

'It also sells its products through various grocery stores...right time'.

(iv) PROMOTION

It consists of all the activities aimed at persuading customers to buy the product through advertising, personal selling, sales promotion and publicity.

'It regularly uses different communication tools to increase its sales'.

(Full credit be given if an Examinee has not quoted the lines from the above para but has given the correct explanation.)

Delhi Set II

Code No. 2/1/1

Note : Except for the following questions, all the remaining questions have been asked in previous sets.

7. What is meant by 'co-ordination' in management? 1

Ans. Co-ordination is the process by which a manager synchronises the activities of different departments towards the achievement of a common goal.

(or any other correct definition)

8. Define Planning'. 1

Ans. Planning is the process of setting objectives for a given time period, formulating various courses of action to achieve them and then selecting the best possible alternative from among the various courses of action available.

(or any other correct definition)

9. What is meant by 'divisional structure' of an organisation? State its any two advantages. 3

Ans. Divisional structure is an organisation structure comprising of separate business units or divisions created on the basis of different products, geographical area, customer groups, etc.

Advantages of divisional structure: (Any two)

- (i)** Product specialisation helps in the development of varied skills.
- (ii)** It helps in the fixation of responsibility as divisional heads are accountable for profits, revenues and costs related to their departments.
- (iii)** It promotes flexibility, initiative and faster decision making as each division is an autonomous unit.
- (iv)** It facilitates expansion and growth as new divisions can be added without cap interrupting the existing operations.

(If an examinee has given only the heading, ½ mark for each heading)

14. What is meant by principles of management? State any three points of their importance. 4

Ans. Principles of management are broad and general guidelines for managerial decision making and behaviour.

Importance of principles of management :(any three):

- (i)** They provide the managers with useful insights into reality.
- (ii)** They help in optimum utilisation of resources as the wastages associated with trial and error approach can be overcome.
- (iii)** They help in effective administration as the decisions are free from personal bias.
- (iv)** They help in taking scientific decisions which are based on objective assessment of the situation.
- (v)** They help in meeting changing environment requirements as they can be modified according to the needs of the environment.
- (vi)** They help in fulfilling social responsibility by responding to the demands of the public.
- (vii)** They are used as a basis for management training, education and research by providing the basic groundwork for the development of management as a discipline.

(If an examinee has given only the heading, ½ mark for each heading should be awarded)

*** 15. Explain the following rights of a consumer as provided under Consumers Protection Act, 1986:**

- (a) Right to Safety; and**
- (b) Right to be Heard.**

20. State any five points which highlight the importance of delegation of authority. 5

Ans. Importance of delegation of authority: (Any five)

- (i) It helps in effective management as the managers get more time to concentrate on important matters.
- (ii) It helps in development of employees as the employees get more opportunities to utilise their talent.
- (iii) It helps to motivate employees as the employees feel encouraged and try to improve their performance further.
- (iv) It facilitates growth by providing a ready workforce to take up leading positions in new ventures.
- (v) It establishes a management hierarchy through clear superior subordinate relationships.
- (vi) It helps in better co-ordination by avoiding overlapping of duties.

(If an examinee has given only the heading, ½ mark for each heading should be awarded)

23. Explain the following techniques of scientific management:

(i) Differential piece wage system; and

(ii) Motion Study. 6

Ans. (i) Differential Piece Wage System

- Differential Piece Wage System is a technique which differentiates between efficient and less

efficient workers. It rewards the efficient workers and motivates the less efficient ones to improve their efficiency.

- In this plan, there are two piece rates - one for those workers who produce the standard output or more, and the other for those who produce less than the standard output.

- Example: Standard output (per worker per day) = 10 units.

Wage rate I = ₹ 2 per unit (for output < 10 units)

Wage rate II ₹ 3 per unit (for output ≥ 10 units)

Particulars	Worker A	Worker B
Actual output	9 units	11 units
Total wages (in ₹)	$9 \times ₹ 2 = ₹ 18$	$11 \times ₹ 3 = ₹ 33$

Difference in units produced = 2

Difference in wages = ₹ 15

(ii) Motion Study

- It is a technique to study the movements which are undertaken while doing a well defined job.
- The movement could be productive, incidental and unproductive.
- It seeks to eliminate unnecessary and wasteful movements so that it takes less time to complete a job efficiently.

Delhi Set III

Code No. 2/1/1

Note : Except for the following questions, all the remaining questions have been asked in previous sets.

8. Define formal organisation'. 1

Ans. Formal organisation refers to the organisation structure which is designed by the management to accomplish a particular task.

(or any other correct meaning)

9. State any three limitations of divisional structure' of an organisation. 3

Ans. Limitations of divisional structure of an organisation: (Any three)

- (i) Conflicts may arise among different divisions with respect to allocation of funds.
- (ii) It may increase the cost since there may be a duplication of activities.
- (iii) Divisional heads may misuse the authority ignoring organisational interests.

(If an examinee has given only the heading, ½ mark for each heading should be awarded)

14. State any four features of Principles of Management'. 4

Ans. Features of principles of management: (Any four)

- (i) The principles of management apply to all types of organisations, at all levels and at all times.
- (ii) The principles are guidelines to action but do not provide readymade, straitjacket solutions to all managerial problems.

(iii) The principles of management are derived by observation, experimentation as well as personal experience of managers.

(iv) They are not rigid but are flexible and can be modified by the manager when the situation so demands.

(v) Management principles aim at influencing behaviour of human beings.

(vi) The principles of management establish cause and effect relationship, so that they can be used in similar situations in a large number of cases.

(vii) The application of principles of management is contingent or dependent upon the prevailing situation at a particular point of time.

(If an examinee has given only the heading, ½ mark for each heading should be awarded)

* 15. Explain the following rights of a consumer as provided under Consumers Protection Act, 1986:

(a) Right to choose; and

(b) Right to consumer education. 4

20. State any five limitations of 'Planning' function of management. 5

Ans. Limitations of planning: (any five)

(i) Planning leads to rigidity because once a well defined plan is drawn, the managers may not be in a position to change it.

(ii) Planning may not work in a dynamic environment as it may not foresee everything.

- (iii) Planning reduces creativity since people tend to think on the same lines as others.
- (iv) Planning involves huge costs in terms of time and money.
- (v) Planning is time consuming and sometimes not much time is left for its implementation.
- (vi) Planning does not guarantee success unless it is translated into action.

(If an examinee has given only the heading, ½ mark for each heading should be awarded)

25. Explain the following techniques of scientific management:

- (i) Time Study; and
- (ii) Simplification of work.

6

Ans. (i) Time Study

- Time study is a technique used to determine the standard time taken by a worker of reasonable skill and efficiency to perform a well defined job.
- It helps in deciding the number of workers to be employed, frame suitable incentive schemes and determine labour costs.
- The method of time study will depend upon volume and frequency of the task, the cycle time of the operation and time measurement costs.

(ii) Simplification of work

- It aims at eliminating superfluous varieties, sizes and dimensions.
- It results in saving of cost of labour, machines and tools.
- It leads to reduced inventories, fuller utilization of equipment and increased turnover.

Outside Delhi Set I

Code No. 2/1/1

1. What is meant by 'Business Environment'? 1

Ans. 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.

2. Explain, how management helps in the development of society. 1

Ans. Management helps in the development of society by: (Any two)

- providing good quality products and services,
- creating employment
- adopting new technology and
- leading the path towards growth and development.

3. Give the meaning of 'Objectives' as a type of plan. 1

Ans. Objectives are the ends which the management seeks to achieve within a given time period. (or any other correct meaning)

4. 'Himalaya Ltd.', is engaged in manufacturing of washing machines. The target of the organisation is to manufacture 500 washing machines a day. There is an occupational specialisation in the organisation which promotes efficiency of employees. There is no duplication of efforts in such type of organisation structure.

Identify the type of organisation structure described above. 1

Ans. Functional structure.

5. How does 'cost of equity' affect the choice of capital structure of a company? Explain. 1

Ans. Use of higher debt increases the cost of equity as the financial risk faced by the equity shareholders increases; debt can therefore be used only upto a level.

6. 'Bharat Express' specialises in Courier Services. Its 'wide range of express package and parcel services' help business firms to make sure that the goods are made available to the customers at the right place and at the right time.

State with reason, whether the working capital requirements of 'Bharat Express' will be high or low. 1

Ans. Low, as it is a service industry, which usually do not have to maintain inventory.

7. 'Maruti Vega Ltd.' entered into the market with coloured television and have now introduced products like audio systems, air-conditioners washing machines, etc. The company is not only offering the products but also handling complaints and offering after-sales services.

Identify the element of marketing-mix discussed here. 1

Ans. Product/Product mix.

8. Himanshu purchased a new car from 'Galaxy Motors' for ₹ 25 lakhs. He was offered free insurance for the first year and three free servicing to be availed after the car had covered 5,000 km, 10,000 km and 15,000 km respectively. When Himanshu took the car for the first free servicing, he was told that the car was not new and first service had already been availed on this car. He felt cheated and filed a complaint in the State Commission. Being not satisfied with the decision of the State Commission, after two months he decided to file an appeal against it.

Can Himanshu appeal against the decision of the State Commission? Give reason in support of your answer.

Ans. No, Himanshu cannot appeal now as the appeal has to be filed within 30 days of passing of the order by the State Commission.

9. What is meant by 'Formal Organisation'? State its any two advantages. 3

Ans. Formal organisation refers to the organisation structure which is designed by the management to accomplish its objectives.

Advantages: (Any two)

- (a) It is easier to fix responsibility since mutual relationships are clearly defined.
- (b) It avoids duplication of effort since there is no ambiguity in the role that each member has to play.

- (c) It maintains unity of command through an established chain of command.
- (d) It leads to accomplishment of goals by providing a framework for the operations to be performed.
- (e) It provides stability to the organisation because there are specific rules to guide behaviour of employees.

(If an examinee has given only the headings, ½ mark for each heading should be awarded)

* 10. How do the 'Company-related factors' affect the choice of channels of distribution? Explain. 3

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

- (a) Identify the function of management discussed above.
- (b) State those steps in the process of the function identified which are discussed in the above paragraph. 3

Ans. (a) Controlling.

(b) Steps discussed in the above paragraph are:

- (i) Setting performance standards

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

OR

'The target volume of the company in a day is assembling 1,000 units of air-conditioners'.

Setting performance standards which are the criteria against which the actual performance would be measured.

- (ii) Measurement of actual performance

'Even then the assembly of air-conditioners per day is 800 units only'.

Measurement of actual performance with the standards in an objective and reliable manner.

- (iii) Comparing actual performance with the standards '... the company compared actual performance of each worker' Comparing actual performance with the standards to find out the deviation, if any.

- (iv) Analysing deviations observed through C.C.T.V. that some of the workers were busy in gossiping.

Analysing deviations for their causes.

(If an examinee has given the steps of the process not discussed above, ½ mark may be deducted)

(Full credit be given for quoting the line or giving the statement)

12. 'The Stock Exchange performs many vital functions in today's commercial world.' Explain any three such functions. 3

Ans. Vital functions performed by the Stock Exchange in today's commercial world are: (Any three)

- (i) Provides liquidity and marketability to existing securities.
- (ii) Helps in determining the price of securities.
- (iii) Ensures safety of transactions.
- (iv) Contributes to economic growth.
- (v) Helps in spreading equity cult.
- (vi) Provides scope for speculation.

(if an examinee has not given the headings as above but has given the correct explanation, full credit should be given)

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

- (a) Identify the communication barrier discussed above.
- (b) State the category of this communication barrier.
- (c) Explain any other communication barrier of the same category.

Ans. (a) Organisational policy

- (b) Organisational barrier which arises from organisational structure, authority relationships, rules and regulations etc.

(c) Other communication barriers of the same category are: (Any one)

- (i) Rules and regulations
- (ii) Status
- (iii) Complexity in organisational structure.
- (iv) Organisational facilities.

(If an examinee has not given the headings, no marks should be deducted)

14. What is meant by 'Management'? State any three objectives of management. 4

Ans. Management is the process of getting things done with the aim of achieving goals effectively and efficiently. (Or any other correct meaning)

Objectives of management:

- (i) Organisational objectives which include survival, profit and growth.
- (ii) Social objectives which involve creation of benefit for the society.
- (iii) Personal objectives which aim to satisfy the needs of the employees working in the organisation.

(If an examinee has given only the heading, ½ mark for each heading should be awarded)

15. Explain any four points of importance of 'consumer protection' from the point of view of business. 4

Ans. Importance of Consumer Protection from the point of view of business:

- (i) **Long term interest of the business:** In the competitive environment, the businessman can win and capture a big share in the market only through consumer satisfaction. Those who ignore the interest and satisfaction of consumers may lose their goodwill and clients.
- (ii) **Business uses society's resources :** As a business uses social resources, it is bound to serve the society by using its resources through adoption of fair trade practices which ensures consumer protection.
- (iii) **Social responsibility:** Just like other stakeholders, towards consumers also, businessmen have got social responsibility to provide quality goods at reasonable prices. Consumer protection guides businessmen to fulfil social responsibility towards consumers.
- (iv) **Government Intervention:** If businessmen want to avoid intervention of Government, then they should not involve in unfair trade practices and exploitative practices towards consumers.
- (v) **Moral justification:** Business ethics advocates adoption of moral principles in conducting business affairs. A business is required to adopt consumer protection as its moral duty. (Any four)

16. Neeraj Gupta started a company 'YoYo Ltd.' with ten employees, to assemble economical computers for the Indian rural market. The company did very well in its initial years. As the product was good and marketed well, the demand went up. To increase production the company decided to recruit additional employees. Neeraj Gupta, who was earlier taking all decisions for the company, had to selectively disperse the authority. He believed that people are competent, capable and resourceful and can assume responsibility for effective implementation of their decisions. This paid off and the company was not only able to increase its production but also expanded its product range with different features.

- (a) Identify the concept used by Neeraj Gupta through which he was able to steer his company to greater heights.
- (b) Also explain any three points of importance of this concept. 4

Ans. (a) The concept is decentralisation.

Importance of Decentralisation:

- (i) **Develops initiative among subordinate:** Decentralisation helps to promote self-reliance and confidence amongst the subordinates.
- (ii) **Develops managerial talent for the future:** Formal training plays an important part in equipping subordinates with skills that help them rise in the organisation but equally important is the experience gained by handling assignments independently.

(iii) **Quick decision making:** In a decentralised organisation since decisions are taken at levels which are nearest to the points of action and there is no requirement for approval from many levels, the process is much faster.

(iv) **Relief to the top management:** Decentralisation leaves the top management with more time which they can devote to important policy decisions rather than occupying their time with both policy as well as operational decisions.

(v) **Facilitates growth:** With each department doing its best in a bid to outdo the other, the productivity levels increase and the organisation is able to generate more returns which can be used for expansion purposes.

(vi) **Better control:** Decentralisation makes it possible to evaluate performance at each level and the departments can be individually held accountable for their results. (Any three)

(if an examinee has not given the headings as above but has given the correct explanation, full credit should be given)

(If the concept is wrongly identified but the points of importance are correct, Due credit be given)

17. The workers of 'Gargya Ltd.' are unable to work on new computerised machines imported by the company to fulfil the increased demand. Therefore, the workers are seeking extra guidance from the supervisor and the supervisor is overburdened with the frequent calls of workers.

Suggest how the supervisor, by increasing the skills and knowledge of workers, can make them handle their work independently.

Also state any three benefits that the workers will derive by the decision of the supervisor. 4

Ans. Training of employees/ Vestibule training/ On the job training.

Benefits the workers will derive by the decision of the supervisor: (Any three)

- (a) It helps in promotion and career growth due to improved skills and knowledge.
- (b) It helps them to earn more due to improved performance.
- (c) It reduces accidents as the employees are more efficient to handle machines.
- (d) It increases the morale of the employees as the employees are more satisfied.

(If an examinee has given only the heading, ½ mark for each heading should be awarded)

18. Beni, after completing her MBA, took up a job with a multinational company named 'Fortio'. The company was paying good salary and perks to its employees. The wages were within the paying capacity of the company that provided the employees a reasonable standard of living. The company also had a good work-culture and the behaviour of superiors was very good towards their subordinates. Beni was very happy in this organisation, but due to long working hours she did not have time to cook her meal. She had to depend

upon outside food, which was deteriorating her health.

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

- (a) State the dimension of business environment being discussed above.
 (b) State the principle of management being followed by 'Fortio'. 4

Ans. (a) Social environment which includes social forces like customs and traditions, values, social trends etc.

'This was because of the increase in the number of working women and non-availability of hygienic home-cooked food'.

- (b) Remuneration of employees states that the overall pay and compensation should be fair to both employees and the organisation.

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

* 19. 'Mission Coach Ltd.' is a large and creditworthy company manufacturing coaches for Indian Railways. It now wants to export these coaches to other countries and decides to invest in new hi-tech machines. Since the investment is large, it requires long-term finance. It decides to raise funds by issuing equity shares. The issue of equity shares involves huge floatation cost. To meet the expenses of floatation cost, the company decides to tap the money market.

- (a) Name and explain the money-market instrument the company can use for the above purpose.
 (b) What is the duration for which the company can get funds through this instrument ?
 (c) State any other purpose for which this instrument can be used. 4

20. Give the meaning of 'organising'. State the steps in the process of organising. 5

Ans. Organising is the process of defining and grouping the activities of the enterprise and establishing authority relationships among them.

OR

Organising is the process of identifying and grouping the work to be performed, defining and delegating responsibility and authority and establishing relationships for the purpose of accomplishing objectives.

Steps in the process of organising:

- (i) Identifying and dividing the work into manageable activities so that duplication can be avoided.

- (ii) Departmentalisation/ departmentation when activities of a similar nature are grouped together.
 (iii) Assignment of duties to job positions.
 (iv) Establishing reporting relationships so that each individual knows who he has to take orders from and to whom he is accountable.

(If an examinee has given only the headings, ½ mark for each heading should be awarded)

21. Anjali had been working with 'Tata Enterprises' for the last ten years. She was famous for her dedication towards the work. When the Manager senior to her retired, all her colleagues thought that now Anjali would be promoted. But to everyone's surprise the vacant post was filled by an outsider 'Miss Monika'. Anjali felt demoralised and her performance started declining. She would absent herself often and could not meet her targets.

Miss Monika was a good leader who would not only instruct her subordinates, but also guide and inspire them. She noticed Anjali's behaviour and felt that her performance could be improved. She started involving Anjali in decision-making issues related to the organisation and made her a part of a high-level joint management committee. Anjali was now punctual to office and her performance started improving.

- (a) Identify the function of management being performed by Monika.
 (b) Name the element of the above function of management which helped Monika to improve Anjali's behaviour.
 (c) State any three features of the element identified in (b) above. 5

Ans. (a) Directing.

(b) Motivation.

(c) Features of motivation: (Any three)

- (i) It is an internal feeling.
 (ii) It produces goal directed behaviour.
 (iii) It can be positive or negative.
 (iv) It is a complex process.

(If an examinee has identified the element in part (b) as non financial incentive, full credit is to be given)

22. Mohit Gupta is working with 'Yellow Security Services Ltd.' He is also recruiting security guards for the company. The company provide security services in Delhi and Noida at short notice to various companies. The guards are recruited on temporary basis. The guards provided by this company are known for their honesty and punctuality. Mohit Gupta is well known in his village for providing employment to unskilled people.

- (a) Name the source of recruitment used by 'Yellow Security Services Ltd.'
 (b) State any one disadvantage of this source of recruitment. 5

(c) Identify the need of 'Security Guards' which is being fulfilled by the company as per Maslow's need hierarchy.

Ans. (a) External source of recruitment/ Labour Contractor.

(b) Disadvantages of external source of recruitment:

(Any one)

- (i) It may lead to dissatisfaction among existing employees as they may feel that their chances of promotion are reduced.
- (ii) It is a lengthy process as the vacancies have to be notified and applications received before selection.
- (iii) It is a costly process as a lot of money is spent on advertisement and processing of applications.

(If an examinee has given only the heading, ½ mark for each heading should be awarded)

(c) Basic physiological needs.

(or any other correct value)

23. Explain the following principles of management:

(a) Science, not rule-of-thumb.

(b) Discipline. 6

Ans. (a) Science not rule of thumb

- It states that there was only one best method to maximise efficiency.
- This method can be developed through scientific study and analysis of each element of a job and should substitute 'Rule of Thumb'.
- This standard method then should be followed throughout the organisation.

(b) Discipline

- It is the obedience to organisational rules and employment agreement which are necessary for the working of the organisation.
- It requires good superiors at all levels, clear and fair agreement and judicious application of penalties.
- Workers and management both should honour their commitments towards one another without prejudice.

24. 'Abhishek Ltd.' is manufacturing cotton clothes. It has been consistently earning good profits for many years. This year too, it has been able to generate enough profits. There is availability of enough cash in the company and good prospects for growth in future. It is a well managed organisation and believes in quality, equal employment opportunities and good remuneration practices. It has many shareholders who prefer to receive a regular income from their investments.

It has taken a loan of ₹ 50 lakhs from I.C.I.C.I. Bank and is bound by certain restrictions on the payment of dividend according to the terms of the loan agreement.

The above discussion about the company leads to various factors which decide how much of the profits should be retained and how much has to be distributed by the company.

Quoting the lines from the above discussion, identify and explain any four such factors. 6

Ans. Factors affecting dividend decision: (Any four)

(i) **Stability of earnings:** 'It has been consistently earning good profits for many years'.

Stability of earnings affects dividend decision as a company having stable earnings is in a position to declare higher dividends.

(ii) **Cash Flow position:** 'There is availability of enough cash in the company'.

A good cash flow position is necessary for declaration of dividend.

(iii) **Growth Prospects:** 'Good prospects for growth in the future'.

If a company has good growth opportunities, it pays out less dividend.

(iv) **Shareholders' preference:** It has many shareholders who prefer to receive regular income from their investments'.

Shareholders' preference is kept in mind by the management before declaring dividends.

(v) **Contractual constraints:** 'It has taken a loan of ₹ 50 Lakhs from I.C.I.C.I. and agreement'

While taking dividend decision, companies keep in mind the restrictions imposed by the lenders in the loan agreement.

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

Explain the three functions of marketing, with reference to the above paragraph. 6

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

(i) Gathering and analysing market information.

use internet to gather customers' views and opinions.'

(ii) Standardisation and Grading/ Grading.

'no pre-determined specifications in case of rice because of which it would be difficult to achieve uniformity in the output.'

OR

'classified it into three different varieties namely – Popular, Classic and Supreme, based on the quality'.

(iii) Branding.

'To differentiate the product from its competitors, she gave it the name of 'Malabari Organic Rice'.

OR

She felt that these names would help her in product differentiation.

(If an examinee has identified the functions correctly and has given the explanation without quoting the lines from the above para, full credit is to be given)

Outside Delhi Set II

Code No. 2/1/1

Note : Except for the following questions, all the remaining questions have been asked in previous sets.

* 7. What is meant by 'liberalisation'? 1

8. Give the meaning of 'Policy' as a type of plan. 1

Ans. Policy is a general guideline which brings uniformity in decision making for achievement of predetermined objectives.

9. What is meant by 'Informal Organisation'? State its two advantages. 3

Ans. Informal organisation is a network of personal and social relations within the formal organisation arising spontaneously as people associate with one another.

Advantages of informal organisation: (Any two)

- (i) It leads to faster spread of information as well as a quick feedback.
- (ii) It fulfills the social needs of the members.
- (iii) It contributes towards fulfillment of organisational objectives by compensating for inadequacies in the formal organisation.

(If an examinee has given only the heading, ½ mark for each heading should be awarded)

14. State any four features of principles of management. 4

Ans. Features of principles of management: (Any four)

- (i) The principles of management apply to all types of organisations, at all levels and at all times.
- (ii) The principles are guidelines to action but do not provide ready made, straitjacket solutions to all managerial problems.
- (iii) The principles of management are derived by observation, experimentation as well as personal experience of managers.
- (iv) They are not rigid but are flexible and can be modified by the manager when the situation so demands.
- (v) Management principles aim at influencing behaviour of human beings.
- (vi) The principles of management establish cause and effect relationship so that they can be used in similar situations in a large number of cases.
- (vii) The application of principles of management is contingent or dependent upon the prevailing situation at a particular point of time.

(If an examinee has given only the heading, ½ mark for each heading should be awarded)

15. Explain the concept of 'consumer protection' and any three points of importance from the point of view of consumers. 4

Ans. Consumer protection means protection of consumers from unscrupulous, exploitative and unfair trade practices.

Importance of consumer protection for consumers is due to:

- (a) Educate consumers to avoid consumer ignorance.
- (b) Protect and promote interests of unorganised consumers.
- (c) Safeguard from widespread exploitation of consumers

(If an examinee has not given the headings as above but has given the correct explanations, full credit should be given)

20. What is meant by 'Delegation'? State any four points which highlight the importance of delegation in an organisation. 5

Ans. Delegation refers to granting of authority to subordinates to operate within prescribed limits.

Importance of delegation of authority: (Any four)

- (i) It helps in effective management as the managers get more time to concentrate on important matters.
- (ii) It helps in development of employees as the employees get more opportunities to utilise their talent.
- (iii) It helps to motivate employees as the employees feel encouraged and try to improve their performance further.
- (iv) It facilitates growth by providing a ready workforce to take up leading positions in new ventures.
- (v) It establishes a management hierarchy through clear superior subordinate relationships.
- (vi) It helps in better co-ordination by avoiding overlapping of duties.

(If an examinee has given only the heading, ½ mark for each heading should be awarded)

23. Explain the following principles of management:

- (a) Scalar Chain. 6
- (b) Harmony, Not Discord.

Ans. (a) Scalar Chain:

Meaning: The chain of authority and communication that runs from top to bottom and is followed by both the managers and the subordinates is called scalar chain.

- This chain should not be violated in the normal course of formal communication.

- In case of any emergency, a shorter route named gang plank may be used to avoid delay in communication.
- It facilitates smooth flow of communication and unity of command in the organisation.
(Any two points from the above points along with the meaning)
(If an examinee has explained the principle with the help of a diagram in addition to the meaning, full credit be given)

(b) Harmony Not Discord

- The principle emphasises that there should be complete harmony between the management and the workers.
- This requires 'Mental revolution' on the part of both management and workers. Both management and the workers should transform their thinking.
- Management should share gains of the company if any with the workers and workers should work hard and be willing to embrace change for the good of the company.

Outside Delhi Set III

Code No. 2/1/1

Note : Except for the following questions, all the remaining questions have been asked in previous sets.

7. Give the meaning of 'Programme' as a type of plan. 1

Ans. Programme is a detailed statement about a project which outlines the objectives, policies, procedures, rules, resources required and the budget to implement any course of action.

8. Define 'co-ordination.' 1

Ans. Co-ordination is the process by which a manager synchronises the activities of different departments towards the achievement of a common goal.

(or any other correct definition)

15. Explain any two points of importance of 'consumer protection' from the point of view of business and any two points from the point of view of consumers. 4

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

- (i) **Long term interest of the business:** In the competitive environment, the businessman can win and capture a big share in the market only through consumer satisfaction. Those who ignore the interest and satisfaction of consumers may lose their goodwill and clients.
- (ii) **Business uses society's resources:** As a business uses social resources, it is bound to serve the society by using its resources through adoption of fair trade practices which ensures consumer protection.
- (iii) **Social responsibility:** Just like other stakeholders, towards consumers also, businessmen have got social responsibility to provide quality goods at reasonable prices. Consumer protection guides businessmen to fulfil social responsibility towards consumers.
- (iv) **Government intervention:** If businessmen want to avoid intervention of Government, then they should not involve in unfair trade practices and exploitative practices towards consumers.
- (v) **Moral justification:** Business ethics advocates adoption of moral principles in conducting business affairs. A business is required to adopt consumer protection as its moral duty. **(Any two)**

(i) From the point of view of Consumer:

- (a) Educate consumers to avoid consumer ignorance.
- (b) Protect and promote interests of unorganised consumers.
- (c) Safeguard from widespread exploitation of consumers

(If an examinee has not given the headings as above but has given the correct explanations, full credit should be given)

20. Give the meaning of 'divisional structure' of organising. State its any four advantages. 5

Ans. Divisional structure is an organisation structure comprising of separate business units or divisions created on the basis of different products, geographical area, customer groups etc.

Advantages of divisional structure: (Any four)

- (i) Product specialisation helps in the development of varied skills.
- (ii) It helps in the fixation of responsibility as divisional heads are accountable for profits, revenues and costs related to their departments.
- (iii) It promotes flexibility, initiative and faster decision making as each division is an autonomous unit.
- (iv) It facilitates expansion and growth as new divisions can be added without interrupting the existing operations.

(If an examinee has given only the heading, ½ mark for each heading should be awarded)

23. Explain the following principles of management:

- (a) **Subordination of Individual Interest to General Interest.**
- (b) **Development of Each and Every Person to His or Her Greatest Efficiency. 6**

Ans. (a) Subordination of Individual Interest to General Interest:

- The interests of an organisation should take priority over the interests of any individual employee.
- The larger interests of the workers and stakeholders are more important than the interest of any one person.
- A manager can ensure this by his/ her exemplary behaviour.

(b) Development of Each and Every Person to His or Her Greatest Efficiency:

- This principle is concerned with efficiency of employees which could be built in right from the process of employee selection.
- The work assigned to employees should suit their capabilities.

They should be given the required training to increase their efficiency.

- Efficient employees would produce more and earn more. This will ensure their greatest efficiency and prosperity for both the company and the workers.

