

Solved Paper 2017

BUSINESS STUDIES

Class-XII

Time : 3 Hours

Max. Marks : 80

General Instructions :

- (i) This paper is divided into three sections : A, B and C. All the sections are **compulsory**.
- (ii) Separate instructions are given with each section and question, wherever necessary. Read these instructions very carefully and follow them faithfully.
- (iii) Do not exceed the prescribed word limit while answering the questions.

Delhi Set I

Code No. 66/1/1

1. Give the meaning of 'motivation' as an element of directing. 1

Ans. Motivation means stimulating people to act in a desired manner to achieve certain organizational goals. (or any other correct meaning)
[CBSE Marking Scheme, 2017] 1

2. Differentiate between 'formal' and 'informal' organisation on the basis of 'origin' 1

Ans. Formal organisation originates as a result of company's rules and policies while an informal organisation originates as a result of social interaction. [CBSE Marking Scheme, 2017] 1

3. Why is 'employment interview' conducted in the process of selection ? 1

Ans. Employment Interview is conducted to evaluate the applicant's suitability for the job.
[CBSE Marking Scheme, 2017] 1

4. Alpha Enterprises is a company manufacturing water geysers. The company has a functional structure with four main functions—Production, Marketing, Financial and Human Resource. As the demand for the product grew, the company decided to hire more employees. Identify the concept which will help the Human Resource Manager in deciding the actual number of persons required in each department. 1

Ans. Workload Analysis.
[CBSE Marking Scheme, 2017] 1

5. Hina Sweets is a renowned name for quality sweets since 1935. Harsh the owner of Hina sweets was worried as the sales has declined during the last three months. When he enquired from the Sales Manager, the Sales Manager reported that there were some complaints about

the quality of sweets. Therefore, Harsh ordered for sample checking of sweets.

Identify the step taken by Harsh that is related to one of the functions of management. 1

Ans. Measurement of actual performance.
[CBSE Marking Scheme, 2017] 1

6. What is meant by 'financial management'? 1

Ans. Financial Management refers to management of flow of funds and involves decisions relating to procurement of funds, investment of funds and distribution of earnings to the owners.

OR

Financial Management means planning, organising, directing and controlling the financial activities of an organisation.

[CBSE Marking Scheme, 2017] 1

7. Meca Ltd. a reputed automobile manufacturer needs rupees ten crore as additional capital to expand its business. Atul Jalan, the CEO of the company wanted to raise funds through equity. On the other hand the Financial Manager, Nimi Sahdev said that the public issue may be expensive on account of various mandatory and non-mandatory expenses. Therefore, it was decided to allot the securities to institutional investors.

Name the method through which the company decided to raise additional capital. 1

Ans. Private placement.
[CBSE Marking Scheme, 2017] 1

- * 8. Sunita took her niece, Aishwarya for shopping to 'Benetton' to buy her a dress on the occasion of her birthday. She was delighted when on payment for the dress she got a discount voucher to get 20% off for a meal of ₹ 500 or above at a famous eating point. 1

9. Explain 'unity of command' and 'equity' as principles of general management. 3

Ans. Unity of command

The principle of unity of command states that each employee in an organisation should receive orders from one superior only and he should be responsible to only one superior.

It prevents confusion regarding tasks to be done.

Equity

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

It emphasises kindness and justice in the behaviour of managers towards the workers to ensure loyalty and devotion.

[CBSE Marking Scheme, 2017] $1\frac{1}{2}+1\frac{1}{2}=3$

10. State any three points of importance of planning function of management. 3

Ans. Importance of Planning:

- (i) **Provides directions:** Planning provides directions to other functions of management by deciding in advance what action should be taken. 1
- (ii) **Reduces the risks of uncertainty:** Planning reduces the risks of uncertainty by anticipating changes and developing managerial responses to them. 1
- (ii) **Reduces the risks of uncertainty:** Planning reduces the risks of uncertainty by anticipating changes and developing managerial responses to them. 1
- (iii) **Reduces overlapping and wasteful activities:** Planning reduces overlapping and wasteful activities by coordinating the activities of different divisions. 1
- (iv) **Promotes innovative ideas:** Planning promotes innovative ideas requiring application of mind and foresight. 1
- (v) **Facilitates :** Planning facilitates by making a choice from among the alternative courses of action. 1
- (vi) **Establishes standards for controlling:** Planning establishes standards against which actual performance is measured. 1

(Any three) [CBSE Marking Scheme, 2017]

- *11. Explain briefly any three functions performed by a supervisor. 3
12. Somnath Ltd. is engaged in the business of export of garments. In the past, the performance of the company had been upto the expectations. In line with the latest technology, the company decided to upgrade its machinery. For this the Finance Manager, Dalmia estimated the amount of funds required and the timings. This will help the company in linking the investment and the financial decisions on a continuous basis. Dalmia

therefore, began with the preparation of a sales forecast for the next four years. He also collected the relevant data about the profit estimates in the coming years. By doing this he wanted to be sure about the availability of funds from the internal sources of the business. For the remaining funds he is trying to find out alternative sources from outside.

Identify the financial concept discussed in the above para. Also state the objectives to be achieved by the use of financial concept, so identified. 3

Ans. Concept: Financial Planning 1
Objectives of financial planning:

- (i) **To ensure availability of funds whenever required:** It involves estimation of the funds required, the time at which these funds are to be made available and the sources of these funds. 1
- (ii) **To see that the firm does not raise resources unnecessarily:** It ensures that firm does not raise resources unnecessarily as it will increase the costs and the resources will remain idle. 1

[CBSE Marking Scheme, 2017]

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

In one of such meetings, Ginika drew the attention of Tanish and Rohit towards the exploitation of consumers. She told that most of the sellers were exploiting the consumers in various ways and were not paying attention towards the social, ethical and ecological aspects of marketing, whereas she was not doing so.

Tanish told that they were under pressure to satisfy

the consumers, but stated that the consumers would not buy or not buy enough unless they were adequately convinced and motivated for the same.

Rohit stressed that a company cannot achieve its objectives without understanding the needs of the customers. It was the duty of the businessmen to keep consumer satisfaction in mind because business is run by the resources made available to them by the society. He further stated that he himself was taking into consideration the needs of the customers.

Identify the various types of thinking that guided Ginika, Tanish and Rohit in the marketing efforts of business. Also, state one more feature of the various types of thinking identified that is not given in the above para. 3

Ans. Various types of thinking that guided the marketing efforts were :

Ginika

Societal Marketing concept

Feature of Societal marketing concept :

- (i) It takes care of long term well being of the consumers as well as the society.
- (ii) It uses integrated marketing as a means to achieve the objective.
- (iii) Its objective is to earn profits through customer satisfaction and social welfare.
- (iv) The marketing efforts start from the identification of needs of the target market and the society. **1**

(Any one)

Tanish:

Selling concept

Feature of Selling concept:

- (i) It uses aggressive selling and promotional techniques like advertising, personal selling and sales promotion to achieve the objective.
- (ii) It involves pushing the sale of existing products.
- (iii) Its objective is to earn profits through increased volume of sales.
- (iv) The marketing efforts start after the product is produced in the factory. **1**

(Any one)

Rohit

Marketing concept

Feature of Marketing concept:

- (i) It involves development of products for satisfying needs of the target market better than the competitors.
- (ii) Its focus is on satisfaction of customers needs.
- (iii) It uses integrated marketing as a means to achieve the objective.
- (iv) The marketing efforts start from the identification of needs of the target market. **(Any one) 1**

[CBSE Marking Scheme, 2017]

- 14. Ashutosh Goenka was working in 'Axe Ltd.' a company manufacturing air purifiers. He found that the profits had started declining from the last six months. Profit has an implication for the survival of the firm, so he analysed the business environment to find out the reasons for this decline.**

- (a) Identify the level of management at which Ashutosh Goenka was working.**
- (b) State three other functions being performed by Ashutosh Goenka.** **4**

Ans. Top Level

Functions of the top level of management :

- (i) To coordinate the activities of different departments.
- (ii) To be responsible for welfare and survival of the organisation.

- (iii) To formulate overall organisational goals and strategies for their achievement.

- (iv) To be responsible for all the activities of the business and for its impact on the society.

(Any three)

[CBSE Marking Scheme, 2017] 1+3=4

- 15. 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 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 with in a short period Sandhya was able to attract the customers.

Identify and explain any two techniques of scientific management used by Sandhya to solve the problem. **4**

Ans. Techniques of Scientific management used by Sandhya to solve the problem were :

(i) Motion Study

- (a) Meaning:** It is a technique to study the movements that are necessary for doing a well defined job.

- (b) It seeks to eliminate unnecessary and wasteful movements so that it takes less time to complete a job efficiently.** **2**

(ii) Time Study

- (a) Meaning:** It is a technique to determine the standard time taken by a worker of reasonable skill and efficiency to perform a well-defined job.

- (b) It helps in deciding the number of workers to be employed, frame suitable incentive schemes and determine labour costs.** **2**

(iii) Simplification of Work

- (a) Meaning:** It is a technique to eliminate superfluous varieties, sizes and dimensions of products.

(b) It leads to reduced inventories, fuller utilization of equipment and increased turnover to reduce costs. 2
 (Any two) [CBSE Marking Scheme, 2017]

16. Give the meaning of 'objectives' and 'budget' as types of plans. 4

Ans. Objectives : Objectives are the end points which are numerically expressed, that the management seeks to achieve within a given time period. These are set by the top management and focus on broad general issues. They serve as a guide for overall business planning. 2
Budget : A budget is a statement of expected results for a given future period expressed in numerical terms from where deviations can be taken care of. It is a fundamental planning instrument as making a budget involves forecasting. 2
 [CBSE Marking Scheme, 2017]

17. Explain briefly 'transfers' and 'promotions' as internal sources of recruitment. 4

Ans. Transfers :
 Transfers involve shifting of an employee from one job to another, one department to another or from one shift to another, without a substantive change in the responsibilities and status of the employee.
 It may lead to changes in duties and responsibilities, working condition etc., but not necessarily salary. 2
Promotions :
 Promotions involve shifting an employee to a higher position, carrying higher responsibilities, facilities, status and pay.
 This practice helps to improve the motivation and increases loyalty and satisfaction level of employees. 2
 [CBSE Marking Scheme, 2017] 4

18. 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.

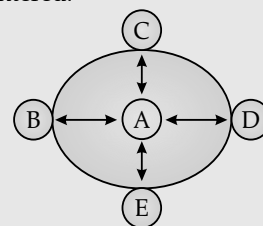
- (a) Name the function being performed by the market in the above case.
- (b) Also, explain briefly three other functions performed by this market. 4

Ans. (a) Mobilisation of savings and channeling them into the most productive uses/ Allocative function. 1
(b) Other functions performed by Financial market are:
 (i) Facilitating price determination/ discovery. 1
 (ii) Providing liquidity to financial assets. 1
 (iii) Reducing the cost of transactions. 1
 [CBSE Marking Scheme, 2017]

19. Umang Gupta is the Managing Director of Denver Ltd. The company had established a good name for itself and had been doing well. It was known for timely completion of orders. The production manager, Ms. Kanta was efficiently handling the processing of orders and had a term of fourteen motivated employees working under her. Everything was going on well. Unfortunately she met with an accident. Umang knew that in the absence of Ms. Kanta, the company may not be able to meet the deadlines. He also knew that not meeting the deadlines may lead to customer dissatisfaction with the risk of loss of business and goodwill. So, he had a meeting with his employees in which accurate and speedy processing of orders was planned. Everybody agreed to work as team because the behaviour of Umang Gupta was positive towards the employees of the organisation. Hence everyone put in extra time and efforts and the targets were met on time. Not only this, the Umang visited Ms. Kanta and advised her to take sufficient rest.

- (a) Identify the leadership style of Umang Gupta and draw a diagram depicting the style.
- * (b) State any two values highlighted by the behaviour of Umang Gupta. 4

Ans. (a) Leadership Style : Democratic/ Participative/ Group centered.



In the above diagram, A is the leader and B, C, D and E are subordinates.

[CBSE Marking Scheme, 2017] 2

20. Metlapp Networks and Technologies Ltd. is a leader in technology innovation in the United States, creating products and solutions for connecting the world. It has a large research and development team which invented the first

smart watch, named as W-7. The watch besides showing the time, also monitors few health parameters like heart beat, blood pressure etc.

While in search of market abroad, the company found that in India, the reform process was underway with the aim of accelerating the pace of economic growth. The company decided to take advantage of simplified export procedure and removal of quantitative as well as tariff restrictions in India.

It set up its office in Jamnagar with a view to capture the Indian market. In a short span of time, the company emerged as a market leader. Success of the company attracted many other players to enter the market. Competition resulted in reduction in prices, thereby benefiting the customers.

- * (a) In the above paragraph two major concepts related to government policy have been discussed. Identify and explain these concepts.
- * (b) Also, explain briefly any three impacts of these concepts on Indian business and industry. 5
21. State the steps in the process of controlling. 5

Ans.(i) Setting performance standards : The standards of performance are set which serve as the criteria against which actual performance will be measured. 1

(ii) Measurement of actual performance: Actual performance is measured in an objective and reliable manner in the same units in which standards are set. 1

(iii) Comparing actual performance with the standards : Actual performance is compared with the standards to find out the deviation. 1

(iv)Analysing deviations : Deviations are analysed for their causes through Critical Point Control and Management by Exception. 1

(v) Taking corrective action : Corrective action is taken if deviations go beyond the acceptable limits. 1

[CBSE Marking Scheme, 2017] 5

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.

- (a) State any six directions that might have been issued by the court.
- *(b) Also identify any two values that are being communicated by IYO to the society. 5

Ans. (a) Directions that might have been issued by the court:

- (i) To remove the deficiency in service. ½
- (ii) To refund the price paid for the service provided. ½
- (iii) To pay a reasonable amount of compensation for any loss suffered by the inmates of old age home. ½
- (iv) To pay punitive damages ½
- (v) To discontinue the unfair/restrictive trade practice and not to repeat the same in future. ½
- (vi) To pay any amount (not less than 5% of the value of the service provided) to be credited to the Consumer Welfare Fund or any other organisation/person, to be utilised in the prescribed manner. ½
- (vii) To issue corrective advertisement to neutralize the effect of misleading pamphlet. ½
- (viii) To pay adequate costs to IYO. ½

(Any six)

[CBSE Marking Scheme, 2017]

23. Aman Chadha started 'Bulls Eye' a company for providing cyber security solutions to business. Its objective is to prevent, detect and respond to cyber attacks and protect critical data. He was a hardworking software engineer and an expert in cyber security. His reputation grew by leaps and bounds as he was not only a person of integrity but also did his work with utmost honesty and sincerity. The business started growing day by day.

He was delighted when he was offered a big project by the Ministry of Defence. While working on the project, he found that the volume of work made it impractical for him to handle all the work by himself. He decided to expand the team. The company maintained a close liaison with a local

engineering college. During a campus placement, Ishan and Vrinda were appointed to work for the new project.

He found the new employees competent, enthusiastic and trustworthy. Aman Chadha was thus, able to focus on objectives and with the help of Ishan and Vrinda, the project was completed on time. Not only this, Aman Chadha was also able to extend his area of operations. On the other, hand Ishan and Vrinda also got opportunities to develop and exercise initiative.

- (a) Identify and briefly explain the concept used by Aman Chadha in the above case which helped him in focusing on objectives.
- (b) Also, state any four points of importance of the concept identified in (a) above. 6

Ans.(i) Delegation: Delegation is the transfer of authority from superior to subordinate, entrustment of responsibility and creation of accountability for performance which helps a manager to extend his area of operations.

(or any other relevant explanation)

- (ii) **Importance of delegation of authority:**
- (a) **Effective management:** It helps in effective management as the managers get more time to concentrate on important matters. 1
- (b) **Employee development:** It helps in development of employees as the employees get more opportunities to utilize their talent. 1
- (c) **Motivation of employees:** It helps to motivate employees as the employees feel encouraged and try to improve their performance further. 1
- (d) **Facilitation of growth:** It facilitates growth by providing a ready workforce to take up ending positions in new ventures. 1
- (e) **Basis of management hierarchy:** It establishes a management hierarchy through clear superior subordinate relationships. 1
- (f) **Better coordination:** It helps in better co-ordination by avoiding overlapping of duties.

(Any four) 1

[CBSE Marking Scheme, 2017]

24. Explain briefly any four factors which affect the choice of capital structure of a company. 6

Ans. Following are the factors affecting the choice of capital structure of a company:

- (i) Cash flow position
(ii) Interest coverage ratio

- (iii) Debt service coverage ratio
(iv) Return on investment
(v) Cost of debt
(vi) Tax rate
(vii) Cost of equity
(viii) Floatation costs
(viii) Floatation costs
(ix) Fixed operating costs
(x) Risk consideration
(xi) Flexibility
(xii) Control
(xiii) Regulatory framework
(xiv) Stock market conditions
(xv) Capital structure of other companies

(Any four)

[CBSE Marking Scheme, 2017] $1\frac{1}{2} \times 4 = 6$

Detailed Answer :

Refer Q.23 of Delhi Set-I 2019.

- *25. Mediquip Ltd. is a company dealing in distribution of medical equipment. The company recently imported 15,000 units of sugar testing machines to test the sugar levels without taking blood samples. For deciding the marketing strategy, the Chief Executive Officer of the company called a meeting of the marketing heads of different zones.

In the meeting, Sandeep, the North Zone Marketing Head, suggested that since the machines were sophisticated they need to visit hospitals personally, to explain its working to the hospital staff who would be using the machines. He also suggested that additional trained people may be recruited for the same.

Himanshu, another Zonal Head, added that since lot of money had been spent on the import of the machines, the company was short of funds to pay to the additional staff as suggested by Sandeep.

Rahul, a newly appointed Zonal Head of South Zone suggested that since the size of the order is not large, a detailed study of the factors determining the choice of channels of distribution is required before making the right choice.

- (a) Identify the factors influencing the choice of channels of distribution which were discussed in the meeting.
- (b) Also, explain briefly the other consideration to be taken care of in each factor identified in part (a). 6

Delhi Set II**Code No. 66/1/2**

Except these, all other questions are from Delhi Set-I.

9. Explain briefly 'discipline' and 'scalar chain' as principles of general management. 3

Ans. Discipline:

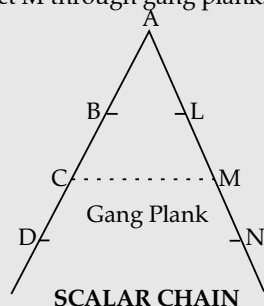
(a) **Meaning:** It is the obedience to organizational rules and employment agreement necessary for the working of the organization by both workers and management.

(b) It requires good superiors at all levels, clear and fair agreements and judicious application of penalties. 1½

Scalar chain:

(a) **Meaning:** It refers to chain of authority and communication that runs from top to bottom and should be followed by the managers and the subordinates.

(b) **For example:** There is one head A who has two lines of authority under him, B-C-D and L-M-N. If C has to communicate with M who is at the same level of authority, then he has to transverse the route D-C-B-A-L-M-N due to the principle of scalar chain. However, if there is an emergency, then C can directly contact M through gang plank.



SCALAR CHAIN 1½
[CBSE Marking Scheme, 2017]

10. State any three limitations of planning. 3

Ans. Limitations of Planning :

(i) **Leads to rigidity :** Planning leads to rigidity because once a well defined plan is drawn, the managers may not be in a position to change it with the changed circumstances. 1

(ii) **May not work in a dynamic environment:** Planning may not work in a dynamic environment as the environment in which a business operates keeps on changing and planning may not foresee everything. 1

(iii) **Reduces creativity :** Planning reduces creativity as middle management and other decision makers are neither allowed to deviate from plans nor are they permitted to act on their own. 1

(iv) **Involves huge costs :** Huge costs are involved in formulating the plans and sometimes costs incurred may not justify the benefit derived from the plan. 1

(v) **Time consuming process :** Planning is time consuming as checking accuracy of facts may involve lot of time and sometimes not much time is left for its implementation. 1

(vi) **Does not guarantee success:** Planning does not guarantee success as managers have a tendency to rely on previously tried and tested successful plans which may create a false sense of security and lead to failure. (Any three) 1

[CBSE Marking Scheme, 2017]

11. Explain any three points that highlight the importance of directing function of management.3

Ans. (i) Integrates employee efforts: The organisational goals can be achieved only when individual efforts are integrated. Directing integrates employee's efforts in such a way that every individual efforts contributes to the organisational performance.

(ii) **Facilitates changes:** An organisation operates in a changing environment. A proper system of direction helps in motivating employees to take up challenges of new situations. Directing helps the organisation to become dynamic and responsive to new developments.

(iii) **Initiates action :** Direction sets an organisation into motion. Through directing, other managerial functions are initiated and activated. Directing helps the management to supervise, communicate, lead and motivate people at work to function in the desired way for achieving organisational goals.

(iv) **Directing guides employees to realize their potential :** Every employee has potential and capacity, which needs to be harnessed by the superiors. By using elements of direction, i.e., Supervision, Motivation, Leadership and Communication, the efficiency of employees can be raised through willing cooperation.

(v) **Brings stability and balance in organisation :** Directing fosters cooperation and commitment among the people and help to achieve stability and balance among various groups, activities and the departments. (Any three)

16. Give the meaning of 'procedure' and 'rule' as types of plans. 3

Ans. Procedure : It consists of sequence of routine steps performed in a chronological order to carry out activities within a broad policy framework. It details the exact manner in which any work is to be performed. 1½

Rule : A rule is a statement that specifies what is to be done or not to be done. It is a guide to behaviour.

A rule does not allow for any flexibility or discretion and prescribes a penalty for violation.

[CBSE Marking Scheme, 2017] 1½

22. Describe briefly the relationship between controlling and planning. 5

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

(i) Controlling takes place on the basis of standards developed by planning because if the standards are not set in advance, managers have nothing to control. 1

- (ii) Planning without controlling is meaningless because once a plan becomes operational, controlling ensures that events conform to the plans. 1
- (iii) Planning is prescriptive whereas controlling is evaluative because planning prescribes an appropriate course of action while controlling evaluates whether decisions have been translated into desired actions. 1

- (iv) Planning and controlling both are forward looking because while plans are prepared for the future, controlling seeks to improve the future on the basis of the past experience. 1
- (v) Planning and controlling are both backward looking because, while planning is guided by past experiences, controlling compares the actual performance with the standards. 1

[CBSE Marking Scheme, 2017]

Delhi Set III**Code No. 66/1/3**

Except these, all other questions are from Delhi Set-I and Set-II.

11. Explain 'order' and initiative' as principles of general management. 3

Ans. Order:

It states that there should be a place for everything and everyone in an organization and that thing or person should be found in its allotted place.

People and materials must be in suitable places at appropriate time for maximum efficiency. 1½

Initiative:

It states that the workers should be encouraged to develop and carry out their plans for improvement in the organisation.

It does not mean going against the established practices of the company for the sake of being different. 1½

[CBSE Marking Scheme, 2017]

12. State any three features of 'planning'. 3

Ans. Features of planning:

- (i) **Focuses on achieving objectives:** It focuses on achieving organisational objectives as specific goals are set out in the plans along with the activities to be undertaken to achieve the goals. 1
- (ii) **Primary function of management :** It is the primary function of management as it lays down the basis for all other functions of management. 1
- (iii) **Pervasive:** It is pervasive as it is required in all organisations, provide space between the words 1
- (iv) **Continuous:** It is continuous because a plan is framed and implemented for a specific periods of time and is followed by another plan and so on. 1
- (v) **Futuristic:** It is futuristic as it involves looking ahead and preparing for the future based on forecasting which involves anticipating future events and drawing plans accordingly. 1
- (vi) **Involves decision-making:** Planning involves decision making as a manager has to make a choice from among the various alternative courses of action. 1

- (vii) **Mental exercise :** It is a mental exercise as it is intellectual activity of thinking rather than doing requiring application of mind involving foresight, intelligent imagination and sound judgement. 1

(Any three)

[CBSE Marking Scheme, 2017]

13. Explain briefly any three measures to overcome the communication barriers. 3

Ans. Measures to overcome communication barriers are:

- (i) **Clarify the ideas before communication:** The problem to be communicated to the subordinates should be clear in all its perspective to the executive himself. The entire problem should be studied in depth, analysed and stated in such a manner that is clearly conveyed to the subordinates. 1
- (ii) **Communicate according to the needs of the receiver:** The level of understanding of receiver should be crystal clear to the communicator. Manager should adjust his communication according to the education and understanding levels of the subordinates/receivers. 1
- (iii) **Consult others before communicating :** Before actually communicating the message, it is better to involve others in developing a plan for communication. Participation and involvement of subordinates may help gain ready acceptance and willing cooperation of subordinates. 1
- (iv) **Be aware of language, tone content of the message:** The contents of the message, tone, language used, manner in which the message is to be communicated are the important aspects of effective communication. The language used should be understandable to the receiver and should not offend the sentiments of the listeners. The message should be stimulating to evoke response from the listeners. 1
- (v) **Convey things of help and value to the listeners :** While conveying message to the others, it is better to know the interests and needs of the people with whom you are communicating. If the message relates directly or indirectly to such interests and needs, it certainly evokes response from communicates 1

- (vi) **Ensure proper feedback:** The communicator may ensure the success of communication by asking questions regarding the messages conveyed. The receiver of communication may also be encouraged to respond to communication. The communication process may be improved by the feedback received to make it more responsive. 1
- (vii) **Communicate for the present as well as for the future :** Generally, communication is needed to meet the existing commitments, to maintain consistency; the communication should aim at future goals of the enterprise also. 1
- (viii) **Follow up communications:** There should be regular follow up and review on the instruction given to subordinates. Such follow up measures help in removing hurdles if any, in implementing the instructions. 1
- (ix) **Be a good listener:** Manager should be a good listener. Patient and attentive listening solves half of the problems. Managers should also give indications of their interest in listening to their subordinates. 1

(Any three)

14. Give the meaning of 'policy' and 'strategy' as types of plans. 4

Ans. Policy: Policy is a general guideline that guides thinking or channelises energies towards a particular direction. It defines the broad parameters within which a manager may function. It brings uniformity in decision making and action for interpretation of strategy. 2

Strategy: A strategy is a comprehensive plan for accomplishing an organisation's objectives taking business environment into consideration. It provides broad contours of an organisation's business and refers to future decisions defining the organisation's direction and scope in the long run. 2

[CBSE Marking Scheme, 2017]

22. State any five points that highlight the importance of 'controlling' function of management. 5

Ans. Importance of controlling:

- (i) **Accomplishing organisational goals:** It helps in accomplishing organisational goals by bringing to light, deviations if any and indicating corrective action. 1
- (ii) **Making efficient use of resources:** It helps in making efficient use of resources by ensuring that each activity is performed in accordance with predetermined standards. 1
- (iii) **Ensuring order and discipline:** It ensures order and discipline among employees by keeping a close check on their activities. 1
- (iv) **Improving employee motivation:** It improves employee motivation as the employees' know well in advance the standards of performance on the basis of which they will be appraised. 1
- (v) **Judging accuracy of standards:** It helps in judging accuracy of standards in the light of changes taking place in the organisation and in the environment. 1
- (vi) **Facilitating coordination in action:** It facilitates coordination in action as each employee and department is governed by predetermined standards which are well coordinated with one another. 1

(Any five)

[CBSE Marking Scheme, 2017]

23. Explain briefly any four factors that affect the fixed capital requirements of a company. 6

Ans. Refer Q.25 of D-elhi Set 2018.**Outside Delhi Set I****Code No. 66/1**

- *1. Give the meaning of 'supervision' as an element of directing. 1
2. Differentiate between 'formal' and 'informal' organisation on the basis of 'flow of communication'. 1

Ans. In a formal organisation, communication takes place through the scalar chain while in an informal organisation flow of communication is not through a planned route. It can take place in any direction. 1

[CBSE Marking Scheme, 2017]

3. Why is 'Aptitude Test' conducted in the process of selection? 1

Ans. Aptitude test is conducted to measure an individual's potential for learning new skills.

[CBSE Marking Scheme, 2017] 1

4. Bhagwati Enterprises is a company engaged in the marketing of air-conditioners of a famous brand. The company has a functional structure with four main functions — Purchase, Sales, Finance and Staffing. As the demand for the product grew, the company decided to recruit more employees.

Identify the concept which will help the Human Resource Manager to find out the number and type of personnel available so that he could decide and recruit the required number of persons for each department. 1

Ans. Workforce analysis.

[CBSE Marking Scheme, 2017] 1

5. Isha Machines was a renowned name for quality sewing machines since 1960. Mr. Suresh, the owner of Isha Machines, was worried as the production

had declined during the last three months. He directed the Production Manager to find out the reason. The Production Manager ordered the different supervisors to prepare a performance report of the workers working under them.

Identify the step taken by the Production Manager that is related to one of the functions of management. 1

Ans. Measurement of actual performance.
[CBSE Marking Scheme, 2017] 1

6. What is meant by 'Capital Structure'? 1

Ans. The capital structure means the proportion of debt and equity used for financing the operations of a business. 1

OR

It refers to the mix between owner's funds and borrowed funds.

[CBSE Marking Scheme, 2017] 1

7. Sika Ltd., a reputed industrial machines manufacturer, needs Rupees twenty crores as additional capital to expand the business. Mr. Amit Joshi, the Chief Executive Officer (CEO) of the company wants to raise funds through equity. The Finance Manager, Mr. Narinder Singh, suggested that the shares may be sold to investing public through intermediaries, as the same will be less expensive.

Name the method through which the company decided to raise additional capital. 1

Ans. Offer for Sale.

[CBSE Marking Scheme, 2017] 1

* 8. Mansi took her niece, Ridhima, for shopping to 'Mega Stores' to buy her a bag for her birthday. She was delighted when on payment of the bag she got a pencil box along with the bag free of cost.

Identify the technique of sales promotion used by the company. 1

9. Explain briefly 'Unity of Direction' and 'Order' as principles of general management. 3

Ans. Unity of Direction:

Unity of direction states that all the units of an organisation should be moving towards the same objectives through coordinated and focussed efforts.

Each group of activities having the same objective must have one head and one plan. 1½

Order :

It states that there should be a place for everything and everyone in an organization and that thing or person should be found in its allotted place.

People and materials must be in suitable places at appropriate time for maximum efficiency.

1½

[CBSE Marking Scheme 2017]

10. State any three features of planning. 3

Ans. Refer Q.12 of Delhi Set-III 2017.

11. Explain briefly any three semantic barriers to communication. 3

Ans. Semantic barriers to communication :

- (i) Badly expressed message
- (ii) Symbols with different meanings
- (iii) Faulty translations
- (iv) Unclear assumptions
- (v) Technical jargon
- (vi) Body language and gesture decoding

(Any three)

[CBSE Marking Scheme, 2017] 1×3=3

Detailed Answer:

Semantic Barriers are as follows:

- (i) **Unclear Message:** Lack of clarity and precision in a message makes it badly expressed. When language of the message is vague, imprecise or there is use of wrong words or omission of needed words, then communication becomes ineffective as intended meaning is not conveyed.
- (ii) **Faulty Translations:** Sometimes messages are in a language, which may not be clearly understandable to the receiver. In such cases, it becomes necessary to translate the message into a known language. If the translator is not proficient in translation, it may act as a barrier in communication.
- (iii) **Technical jargons:** Many specialists or experts make use of technical jargons (terminology) to communicate message, which may not be understood by the receiver. It leads to poor communication.
- (iv) **Symbols with different meaning:** The same words or symbol may carry different meanings to different people and convey different meanings under different circumstances.
- (v) **Unclear assumptions:** Sometimes the receiver may misinterpret the assumptions drawing different meaning from what sender wants to communicate. For example, Boss may instruct the subordinate to take care of the goods. He may mean that take care of the quality of goods whereas workers may understand that he is instructing to keep the goods safely.
- (vi) **Body Language and gesture decoding:** Along with verbal communication another important mode of communication is body language and gestures shown by person who is talking. If the verbal communication is not matching with the body language then workers may get confused and misunderstand the meaning.

(Any three)

12. Ramnath Ltd. is dealing in import of organic food items in bulk. The company sells the items in smaller quantities in attractive packages. Performance of the company has been up to the expectations in the past. Keeping up with the latest packaging technology, the company decided to upgrade its machinery. For this, the Finance Manager of the company, Mr. Vikrant Dhull, estimated the amount of funds required and the timings. This will help the company in linking the investment and the financing decisions on a continuous basis.

Therefore, Mr. Vikrant Dhull began with the preparation of a sales forecast for the next four years. He also collected the relevant data about the profit estimates in the coming years. By doing this, he wanted to be sure about the availability of funds from the internal sources. For the remaining funds he is trying to find out alternative sources.

Identify the financial concept discussed in the above paragraph. Also, state any two points of importance of the financial concept, so identified.

3

Ans. Financial Planning 1

Importance of Financial planning :

- (i) It helps the company to prepare for the future by forecasting what may happen in the future under different business situations. 1
- (ii) It helps in avoiding business shocks and surprises. 1
- (iii) It helps in co-ordinating various business functions by providing clear policies and procedures. 1
- (iv) It helps in reducing waste, duplication of efforts, gaps in planning and confusion. 1
- (v) It links the present with the future. 1
- (vi) It provides a link between investment and financing decisions. 1
- (vii) It serves as a control technique as it makes evaluation of actual performance easier. 1

(Any two) [CBSE Marking Scheme, 2017]

13. Hemant, Guddu and Toshita were friends from college days and presently they were 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, Hemant drew the attention of Guddu and Toshita towards the exploitation of consumers. He 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 he was not doing so. Guddu 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.

Toshita stressed that a company cannot achieve its objectives without satisfying 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 by the society. She further stated that she herself was taking into consideration the needs of the customers.

Identify the various types of thinking that guided Hemant, Guddu and Toshita in the marketing efforts of their business. Also, state one more feature each of the various types of thinking identified that is not given in the above paragraph. 3

Ans. Various types of thinking that guided the marketing efforts were:

Hemant

Societal Marketing concept

Features of Societal marketing concept:

- (i) It takes care of long term well being of the consumers as well as the society.
- (ii) It uses integrated marketing as a means to achieve the objective.
- (iii) Its objective is to earn profits through customer satisfaction and social welfare.
- (iv) The marketing efforts start from the identification of needs of the target market and the society. 1

(Any one)

Guddu

Selling concept

Features of Selling concept:

- (i) It uses aggressive selling and promotional techniques like advertising, personal selling and sales promotion to achieve the objective.
- (ii) It involves pushing the sale of existing products.
- (iii) Its objective is to earn profits through increased volume of sales.
- (iv) The marketing efforts start after the product is produced in the factory. (Any one) 1

Toshita

Marketing concept

Features of Marketing concept :

- (i) It involves development of products for satisfying needs of the target market better than the competitors.
- (ii) Its focus is on satisfaction of customers needs.
- (iii) It uses integrated marketing as a means to achieve the objective.
- (iv) The marketing efforts start from the identification of needs of the target market. (Any one) 1

[CBSE Marking Scheme, 2017]

14. Rishitosh Mukerjee has recently joined AMV Ltd, a company manufacturing refrigerators. He found that his department was under-staffed and other departments were not cooperating with his department for smooth functioning of the organisation. Therefore, he ensured that his department has the required number of employees and its co-operation with other departments is improved.

- (a) Identify the level at which Rishitosh Mukerjee was working.
 (b) Also, state three more functions required to be performed by Rishitosh Mukerjee at this level. 4

Ans. (a) Middle level	1
(b) Functions required to be performed by Rishitosh Mukerjee:	
(i) To interpret the policies framed by the top management	1
(ii) To ensure that their department has the necessary personnel.	1
(iii) To assign necessary duties and responsibilities to the employees of their respective departments for implementation of the plan.	1
(iv) To motivate employees of their respective departments to achieve the desired objectives.	1
(v) To co-operate with other departments for smooth functioning of the organisation.	1
(Or any other correct function) (Any three) [CBSE Marking Scheme, 2017]	

15. Sanket, after completing his entrepreneurship course from U.S.A. returned to India and started a coffee shop 'Fioma Coffee' in a famous mall in Mumbai. 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. Sanket was keen to find out the reason. He appointed Riya, an MBA from a reputed management institute as a manager to find out the causes of the business not doing well.

Riya, took a 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 which could, be eliminated. She fixed a standard time for processing the order. She also realised that there were many flavours whose demand was not enough. So, she also decided to discontinue the sale of such flavours. As a result, within a short period Riya was able to attract the customers.

Identify and explain any two techniques of scientific management used by Riya to solve the problem. 4

Ans. Techniques of Scientific Management used by Riya to solve the problem were :

- (i) **Motion Study**
 (a) **Meaning:** It is a technique to study the movements that are necessary for doing a well defined job.
 (b) It seeks to eliminate unnecessary and wasteful movements so that it takes less time to complete a job efficiently. 2
- (ii) **Time Study**
 (a) **Meaning:** It is a technique to determine the standard time taken by a worker of reasonable skill and efficiency to perform a well-defined job.
 (b) It helps in deciding the number of workers to be employed, frame suitable incentive schemes and determine labour costs. 2
- (iii) **Simplification of Work**
 (a) **Meaning:** It is a technique to eliminate superfluous varieties, sizes and dimensions of products.
 (b) It leads to reduced inventories, fuller utilization of equipment and increased turnover to reduce costs. 2
- (Any two) [CBSE Marking Scheme, 2017]

16. Give the meaning of 'Strategy' and 'Rule' as types of plans. 4

Ans. **Strategy:** A strategy is a comprehensive plan for accomplishing an organisation's objectives taking business environment into consideration. It provides broad contours of an organisation's business and refers to future decisions defining the organisation's direction and scope in the long run.

Rule: A rule is a statement that specifies what is to be done or not to be done. It is a guide to behaviour.

A rule does not allow for any flexibility or discretion and prescribes a penalty for violation.

[CBSE Marking Scheme, 2017]

17. Explain briefly 'Casual Callers' and 'Labour Contractors' as external sources of recruitment. 4

Ans. **Casual callers:**

It is an external source of recruitment in which a list of job seekers is prepared and screened to fill the vacancies as they arise, from the database of unsolicited applications kept in the office.

It reduces the cost of recruitment. 2

Labour Contractors :

It is an external source of recruitment in which a Labour Contractor maintains close contacts with labourers and provides the required number of unskilled workers at short notice.

Labour contractors who recruit the workers are employees of the organisation who recruit the workers. 2

[CBSE Marking Scheme, 2017]

18. These days, the development of a country is also judged by its system of transferring finance from the sector where it is in surplus to the sector where it is needed the most. To give strength to the economy, SEBI is undertaking measures to develop the capital market. In addition to this, there is another market in which unsecured and short-term debt instruments are actively traded every day. These markets together help the savers and investors in directing the available funds into their most productive investment opportunity.

(a) Name the function being performed by the market in the above case.

(b) Name the market segment other than the capital market segment in which unsecured and short-term debt instruments are traded. Also, give any three points of difference between the two. 4

Ans. (a) Mobilisation of savings and channel them into the most productive uses/ Allocative function. 1

(b) Money market

Difference between Capital Market and Money Market:

Basic	Money market	Capital Market
(i) Participants	The participants are RBI, financial institutions, banks, corporate,	The participants are financial institutions, banks, corporates, foreign investors and retail investors
(ii) Instruments	Instruments traded are treasury bill, commercial paper, certificates of deposit, call money and commercial bill,	Instruments traded are shares, debentures and bonds.
(iii) Safety	Money market securities are comparatively safer	Capital market securities are riskier than money market instruments
(iv) Expected return	Money market securities yield comparatively less return	Generally yield a higher return than money market instruments.
(v) Investment outlay	Money market securities have a large investment outlay	Capital market securities have small investment outlay
(vi) Duration	Money market deals in short term securities whose period of maturity is upto one year	Capital market deals in medium term and long term securities with period of maturity of more than one year
(vii) Liquidity	Money market securities are comparatively more liquid	Capital market securities are comparatively less liquid

(Any three) $1 \times 3 = 3$

[CBSE Marking Scheme, 2017]

19. Avdhesh is the Managing Director of Delta Ltd. The company had established a good name for itself and had been doing well. It was known for timely completion of orders. The Production Manager, Ms. Priyanka was efficiently handling the processing of orders and had a team of ten motivated employees working under her. Everything was going on well. Unfortunately, Priyanka met with an accident. Avdhesh knew that in the absence of Priyanka, the company may not be able to meet the deadlines. He also knew that not meeting the deadlines may lead to customer dissatisfaction with the risk of loss of business and goodwill. So, he had a meeting with his employees in which accurate and speedy processing of orders was planned. Everybody agreed to work as a team because the behaviour of Avdhesh was positive towards the employees of the organisation. Everyone put in extra time and efforts and the targets were met on time. Not only this, Avdhesh visited Priyanka and advised her to take adequate rest.

(a) Identify the leadership style of Avdhesh and draw a diagram depicting the style. 3

*(b) Also, identify any two values highlighted by the behaviour of Avdhesh. 2

Ans. Refer to Q. 19 of Delhi Set-I 2017.

20. Nandrachal Networks and Technologies Ltd. is a leader in technology innovation in U.S.A. creating products and solutions for a connected world. It has a large Research and Development team which invented the first smart watch W-I, which besides showing the time would also monitor few health parameters like heart beat, blood pressure, etc. While in search of markets abroad, the company found that in India, the reform process was underway with the aim of accelerating the pace of economic growth. The company decided to take advantage of the fact that licensing requirements had been abolished. The company was also aware that there had been increased level of interaction and interdependence among the various nations of the world and India could be made a base for its

international trade. It set up its office in Gujarat with a view to capture the Indian market. In a short span of time, the company emerged as a market leader. Success of the company attracted many other players to enter the market. Competition resulted in reduction in prices, thereby benefiting the customers.

* (a) In the above paragraph, two major concepts related to government policy have been discussed. Identify and explain those concepts.

* (b) Also, explain briefly any three impacts of those concepts on Indian business and industry. 5

21. State any five points that highlight the importance of controlling. 5

Ans. Refer Q.21 of Delhi Set-III 2017.

22. 'RO Youth Club' organised a visit of its members to an Old Age Home to inculcate the habit of social work among them. The visit revealed that the living conditions of the inmates of the Old Age Home were not hygienic. So, the RO Youth Club members decided to clean the premises. During their cleanliness drive, they realised that the Old Age Home also required pest control. But some of the inmates of the Old Age Home were reluctant for it because they believed that the pest control may create health problems for them. RO Youth Club, therefore, decided to provide ethical, safe and odourless pest control. They showed to the inmates of the Old Age Home a pamphlet of the proposed pest control product which promised easy, inexpensive and long-lasting pest control. The inmates happily agreed and the pest control was carried out. The effect of the pest control started wearing off after a fortnight. RO Youth Club contacted the pest control company which kept on postponing their visit. After waiting for a month, RO Youth Club filed a case in the consumer court.

The consumer court was satisfied about the genuineness of the complaint and issued necessary directions to the pest control company.

* (a) State any six directions that might have been issued by the court,

(b) Identify any two values that are being communicated by RO Youth Club to the society. 5

Ans. Refer Q.22 of Delhi Set-I 2017.

23. Anoop Gaur started 'Cat's Eye', a company for providing cyber security solutions to businesses. Its objective is to prevent, detect, respond to cyber attacks and protect critical data. He was a hardworking software engineer and an expert in cyber security. His reputation grew by leaps and

bounds as he was not only a person of integrity but also did his work with utmost honesty and sincerity. The business started growing day by day. He was delighted when he was offered a big project by the Ministry of Science and Technology. While working on the project he found that the volume of work made it impractical for him to handle all the work by himself. Therefore, he decided to expand the team. The company maintained a close liaison with an engineering college in the State. During a campus placement, Aarav and Pranshi were appointed to work for the new project.

He found the new employees capable, enthusiastic and trustworthy. Anoop Gaur was thus, able to focus on the objectives and with the help of Aarav and Pranshi, the project was completed on time. Not only this, Anoop Gaur was also able to extend his area of operations. On the other hand, Aarav and Pranshi also got opportunities to develop and exercise initiative.

(a) Identify and explain briefly the concept used by Anoop Gaur in the above case which helped him in focusing on the objectives.

(b) Also, explain any four points of importance of the concept identified in part (a). 6

Ans. (a) **Delegation** : Delegation is the transfer of authority from superior to subordinate, entrustment of responsibility and creation of accountability for performance which helps a manager to extend his area of operations.

(or any other relevant explanation)

(b) **Importance of delegation** :

Refer Q.14 of Delhi Set-II 2019.

[CBSE Marking Scheme, 2017] 2+4=6

24. Explain briefly any four factors that affect the working capital requirements of a company. 6

Ans. Refer Q.25 of Delhi Set-II 2017

*25. Medi Instruments Ltd. is a company dealing in the distribution of medical instruments. The company recently imported 15,000 units of sugar testing machines to test the sugar levels without taking blood samples. For deciding the marketing strategy, the Chief Executive Officer of the company called a meeting of the marketing heads of different zones.

In the meeting, Sanjay, the North Zone Marketing Head, suggested that since the machines were sophisticated they need to visit hospitals personally to explain its working to the hospital staff who would be using the machines. He also suggested that additional trained people may be recruited for

the same. Hitesh, another Zonal Head, added that since lot of money had been spent on the import of the machines, the company was short of funds to pay the additional staff, as suggested by Sanjay. Revansh, a newly appointed Zonal Head of South Zone, suggested that since the size of the order was not large, a detailed study of the factors

determining the choice of channels of distribution was required before making the right choice.

- (a) Identify the factors influencing the choice of channels of distribution which were discussed in the meeting.
- (b) Also, explain briefly the other considerations to be taken care of in each factor identified in part (a). 6

Outside Delhi Set II

Code No. 66/2

Except these all other questions are from Outside Delhi Set-I.

9. Explain briefly 'Initiative' and 'Esprit de Corps' as principles of general management. 3

Ans. Initiative:

It states that the workers should be encouraged to develop and carry out their plans for improvement in the organisation.

It does not mean going against the established practices of the company for the sake of being different.

Esprit de Corps:

It states that management should promote a team spirit of unity and harmony among employees to realise organisational objectives.

The manager should replace 'I' with 'We' to foster team spirit.

This will give rise to a spirit of mutual trust and belongingness among team members. It will also minimise the need for using penalties.

[CBSE Marking Scheme, 2017] $1\frac{1}{2} + 1\frac{1}{2} = 3$

10. State any three points of importance of planning. 3

Ans. Importance of Planning:

- (i) **Provides directions:** Planning provides directions by deciding in advance what action should be taken. 1
- (ii) **Reduces the risks of uncertainty:** Planning reduces the risks of uncertainty by anticipating changes and developing managerial responses to them. 1
- (iii) **Reduces overlapping and wasteful activities:** Planning reduces overlapping and wasteful activities by coordinating the activities of different divisions. 1
- (iv) **Promotes innovative ideas:** Planning promotes innovative ideas requiring application of mind and foresight. 1

- (v) **Facilitates decision-making:** Planning facilitates decision-making by making a choice from among the alternative courses of action. 1

- (vi) **Establishes standards for controlling:** Planning establishes standards against which actual performance is measured. 1

(Any three)

[CBSE Marking Scheme, 2017]

11. Explain briefly any three organisational barriers to communication. 3

Ans. Organisational barriers are as follows:

- (i) **Organisational facilities:** Facilities like frequent meetings, conferences, suggestion box, complaint box, social and cultural gatherings, etc. will encourage free and timely flow of communication. If such facilities of communication are not provided, then people fail to make effective communication.

- (ii) **Complexity in organisation structure:** The effectiveness of communication largely depends upon the nature of the organisation structure. If the structure involves number of managerial levels, communication gets delayed and distorted due to large number of filtering points.

- (iii) **Status:** Status relationship create psychological distance between superior and his subordinates and stands in the way of true and accurate communication. A status conscious manager also may not allow his subordinates to express their feelings freely.

- (iv) **Rules and regulations:** Rigid rules and regulations adversely affect the process of communication. By prescribing the subject-matter to be communicated and the channel through which these are to be communicated, rules and regulation create a hurdle to the communication process.

- (v) **Organisational policy:** If the organisational policy, explicit or implicit, is not supportive to free flow of communication, it may hamper effectiveness of communication.

(Any three)

16. Give the meaning of 'Policy' and 'Budget' as types of plans. 4

Ans. Policy : Policy is a general guideline that guides thinking or channelises energies towards a particular direction. It defines the broad parameters within which a manager may function. It brings uniformity in decision - making and action for interpretation of strategy.

Budget : A budget is a statement of expected results for a given future period expressed in numerical terms from where deviations can be taken care of. It is a fundamental planning instrument as making a budget involves forecasting.

[CBSE Marking Scheme, 2017] 4

25. Explain briefly any four factors that affect the fixed capital requirements of a company. 6

Ans. Refer Q.25 of Delhi Set 2018.

Outside Delhi Set III **Code No. 66/3**

Except these, all other questions are from Outside Delhi Set-I and Set-II.

11. Explain briefly 'Remuneration of Employees' and 'Scalar Chain' as principles of general management. 3

Ans. Remuneration of employees:

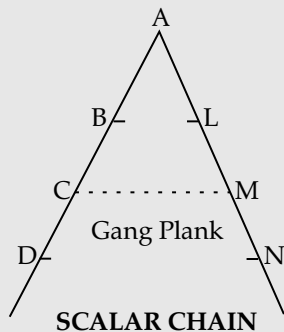
It states that the remuneration of employees should be just and equitable according to the paying capacity of employee.

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.

Scalar Chain:

It refers to chain of authority and communication that runs from top to bottom and should be followed by the managers and the subordinates.

For example, There is one head A who has two lines of authority under him, B-C-D and L-M-N. If C has to communicate with M who is at the same level of authority, then he has to transverse the route D-C-B-A- L-M-N due to the principle of scalar chain. However, if there is an emergency, then C can directly contact M through gang plank.



[CBSE Marking Scheme, 2017] 1½+1½=3

12. State any three limitations of planning. 3

Ans. Refer to Q. 10 of Delhi Set-II, 2017.

13. Explain briefly any three personal barriers to communication. 3

Ans. Personal barriers to effective communication are :

- (i) Fear of challenge to authority
- (ii) Lack of confidence of superior on his subordinates
- (iii) Unwillingness to communicate
- (iv) Lack of proper incentives (Any three)

[CBSE Marking Scheme, 2017] 1×3=3

Detailed Answer:

Personal barriers are as follows:

- (i) **Lack of proper incentives:** When there is no motivation or incentive for communication, subordinates may not take initiative to communicate.
- (ii) **Unwillingness to communicate:** Sometimes, the subordinates are not willing to communicate with their superiors because they believe that if information is not correct, it will adversely affect them.
- (iii) **Lack of confidence of superior on his subordinates:** Communication process is hampered when superior do not have faith or confidence on the competence of their subordinates. In such cases, superior may not seek advice or opinion of the subordinates.
- (iv) **Fear of challenge to authority:** A superior always aims to maintain a higher position and prestige in the organisation. If he fears that a particular communication may adversely affect his authority, then he may with-hold such communication.

(Any three)

14. Give the meaning of 'Objectives' and 'Procedure' as types of plans. 4

Ans. Objectives: Objectives are the end points which are numerically expressed, that the management seeks to achieve within a given time period. These are set by the top management and focus on broad general issues. They serve as a guide for overall business planning.

Procedure: It consists of sequence of routine steps performed in a chronological order to carry out activities within a broad policy framework. It details the exact manner in which any work is to be performed.

[CBSE Marking Scheme, 2017] 2+2=4

22. Explain briefly the relationship between controlling and planning. 5

Ans. Refer Q.22 of Delhi Set-II 2017.

23. Explain briefly any four factors that affect the choice of capital structure of a company. 6

Ans. Refer Q.23 of Delhi Set-I 2019.

