

Solved Paper 2023

BUSINESS STUDIES

Class-XII

Time : 3 Hours

Max. Marks : 80

General Instructions :

Read the following instructions carefully and strictly follow them:

- (i) This Question Paper contains 34 questions. All questions are compulsory.
- (ii) Marks are indicated against each question.
- (iii) Answers should be brief and to the point.
- (iv) Answers to the questions carrying 3 marks may be from 50 to 75 words.
- (v) Answers to the questions carrying 4 marks may be in about 150 words.
- (vi) Answers to the questions carrying 6 marks may be in about 200 words.
- (vii) Attempt all part of a question together.

Delhi Set-I

66/5/1

1. The next step in the 'Selection Process' after 'Selection Decision' is 1
 - (a) Job Offer
 - (b) Medical Examination
 - (c) Selection Tests
 - (d) Contract of Employment

Ans. Option (C) is correct

Explanation: Selection test is a device that uncovers the information about the candidate which is not known through application blank and interview. In this way, selection test is an adjunct to a selection method.

2. The purpose of planning is to meet future events effectively to the best advantage of an organisation. This statement highlights which of the following features of planning? 1
 - (a) Planning focuses on achieving objectives.
 - (b) Planning involves decision-making.
 - (c) Planning is the primary function of management.
 - (d) Planning is futuristic.

Ans. Option (D) is correct

Explanation: In the process of planning we take a sneak peek of future. It encompasses looking into future, to analyse and predict it, so that

the organisation can face the future challenges effectively.

3. Identify the External Source of Recruitment illustrated by the picture given below: 1
 - (a) Direct Recruitment
 - (b) Casual Callars
 - (c) Advertisement
 - (d) Labour Contractor

Ans. Option (C) is correct

Explanation: External advertising is the medium by which businesses make their target audiences aware of their products and services. In some cases it is used to promote a company's brand and its values rather than singling out a specific item.

4. "Cartoony Planet" is a well-known indoor playground for organising parties for children in Noida. It has many play-stations and it organises various activities for the kids to enjoy. Looking at the increasing number of children visiting 'Cartoony Planet', a new indoor playground in the name of 'Tiny Tots House' came up with advanced swings, play stations and entertainment activities near 'Cartoony Planet'.

To compete with the newly opened indoor playground, 'Cartoony Planet' also added some advanced swings and entertainment activities to attract more children.



The above information highlights one of the features of Business Environment'. Identify the feature from the following: 1

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

Ans. Option (b) is correct

Explanation: Business environment is highly flexible and keep changing. It is not static or rigid that is why it is essential to monitor and scan the business environment continuously.

5. The obligation of a subordinate to properly perform the assigned duty is called: 1

- (A) Authority (B) Responsibility
(C) Accountability (D) Decentralization

Ans. Option (b) is correct

Explanation: Responsibility is the commitment of a subordinate to perform the appointed duty appropriately. It emerges from a superior-subordinate relationship on the grounds that the subordinate will undoubtedly perform the duty doled out to him by his boss. Responsibility streams upward.

6. Dolma' and 'Una' were gardeners with decades of hands-on experience They were the first ones to recognise the need of indoor gardens specially for plant-lovers living in apartments. They took advantage of this opportunity and decided to offer beautiful designing ideas for indoor gardening through their innovative venture 'My Space'.

'My Space' offered creative ideas like 'Garden wall', 'Hanging Garden', 'Window Garden', 'Book-shelf garden' and many more. Since there were no competitors they soon became the market leaders in the field.

From the following points, identify the importance of Business- Environment highlighted above: 1

- (a) Business Environment helps the firm to identify threats and early warning signals.

- (b) Business Environment helps in tapping useful resources.
(c) Business Environment enables the firm to identify opportunities and getting the first mover advantage.
(d) Business Environment helps in assisting in planning and policy formulation.

Ans. Option (c) is correct

Explanation: The study of business environment enables us to know about the opportunities available. A company which is more conscious about the changes taking place in the business environment is the first mover. It takes advantage of it by becoming the first supplier.

7. 'Digilocker' is a flagship initiative of 'Ministry of Electronics and IT,' Government of India. It aims at digital empowerment of the citizens by providing access to authentic digital documents such as academic certificates issued by different Examination Boards, Driving Licenses, Vehicle registrations etc. in a digital format.

The above para discusses a few dimensions of Business Environment. Identify the correct dimensions from the following: 1

- (a) Economic Environment and Technological Environment
(b) Social Environment and Economic Environment
(c) Social Environment and Political Environment
(d) Political Environment and Technological Environment

Ans. Option (d) is correct

Explanation: Political environment comprises those elements that are related to government affairs in the type of government in power. The technological environment refers to external factors in technology that impact business operations. Changes in technology affect how a company will do business. A business may have to dramatically change their operating strategy as a result of changes in the technological environment.

8. Different organisations have different goals. 'Zeepo' is an upcoming retail chain for providing consumer goods door-to-door, the objective of this organisation is to increase sales. 'Allie' is an educational organisation working with an objective of providing education to under privileged children of the society. Management of each of these organisations unite the efforts of their employees towards achieving organisational goals.

The characteristic of management discussed above is: 1

- (a) Management is goal-oriented.
- (b) Management is a continuous process.
- (c) Management is a dynamic function.
- (d) Management is an intangible force.

Ans. Option (a) is correct

Explanation: Management is the process of reaching organizational goals by working with and through people and other organizational resources.

9. 'Whether the decisions have been translated into desired actions or not' can be confirmed by performing which of the following function of management? 1

- (a) Planning
- (b) Organizing
- (c) Directing
- (d) Controlling

Ans. Option (d) is correct

Explanation: Controlling, on the other hand, checks whether decisions have been translated into desired action. Planning is thus, prescriptive whereas, controlling is evaluative. It is often said that planning is looking ahead while controlling is looking back.

10. Himanshu is working as a 'Marketing Manager' in 'Suvidit-Air- Conditioners, a well known brand in the field of air-conditioners. Till last month the company was able to achieve its sales targets. But this month Himanshu observed that targets were not being met and the number of air-conditioners sold was decreasing. He analysed the situation and found that the new salesman appointed last month was not good and for this he took necessary action.

Which of the following function of management helped Himanshu to identify the decrease in sale? 1

- (a) Planning
- (b) Organizing
- (c) Directing
- (d) Controlling

Ans. Option (d) is correct

13. Match the factors affecting fixed capital requirements given in the Column-I with their explanations given in Column-II: 1

	Column-I		Column-II
(a)	Nature of Business	(i)	A trading organization needs lower investments in fixed assets as compared to a manufacturing organization.
(b)	Technology Up gradation	(ii)	A textile manufacturing company is installing a cement manufacturing plant and thus its investments in fixed assets is increasing.
(c)	Diversification	(iii)	A capital-intensive organization requires higher investments in fixed assets as compared to labour intensive organization.
(d)	Choice of Technique	(iv)	Mobile phones became obsolete faster and are replaced much sooner than furniture or many other assets. Hence these type of businesses require more fixed capital.

Options:

- | | | | | |
|-----|-----|-----|-----|-----|
| | a | b | c | d |
| (A) | i | iv | ii | iii |
| (B) | ii | iii | iv | i |
| (C) | iii | ii | i | iv |
| (D) | iv | i | iii | ii |

Ans. Option (A) is correct

Explanation: Controlling, on the other hand, checks whether decisions have been translated into desired action. Planning is thus, prescriptive whereas, controlling is evaluative. It is often said that planning is looking ahead while controlling is looking back.

11. The activities whose outcome not only improves the job performance but also help individuals in the progress towards maturity and actualisation of their potential capacities is known as 1

- (a) training.
- (b) education.
- (c) development.
- (d) performance appraisal.

Ans. Option (a) is correct

Explanation: Training means the process of increasing the knowledge and skills of an employee for doing a particular job. It seeks to improve the job performance and work behavior of those trained.

12. Statement-I: The concept of product relates to not only the physical product but also the benefits offered by it from customer's point of View

Statement-II: The concept of product does not include the extended product by way of after sale services, availability of spare parts, handling complaints etc.

Choose the correct option from the following: 1

- (a) Both Statement-I and Statement-II are correct.
- (b) Both Statement-I and Statement-II are incorrect.
- (c) Statement-I is correct and Statement-II is incorrect
- (d) Statement-I is incorrect and Statement-II is correct.

Ans. Option (a) is correct

14. _____ refers to the increase in profit earned by the equity shareholders due to the presence of fixed financial charges like interest. 1

- (a) Capital structure
- (b) Earning per share
- (c) Trading on equity
- (d) Return on investment

Ans. Option (c) is correct

Explanation : Earnings per share (EPS) is calculated as a company's profit divided by the outstanding shares of its common stock. The resulting number serves as an indicator of a company's profitability.

15. **The most commonly used tool of promotion which is a paid form of communication and in which the sponsor bears the cost of communicating with the prospects is** 1
- (a) advertising. (b) personal selling.
(a) sales promotion. (d) public relations.

Ans. Option (a) is correct

Explanation : Advertising is a form of communication used to persuade an audience to take some action, usually with respect to a commercial offering, such as an item for sale or a service. Examples of advertising include television and print advertisements, product placements, and infomercials.

16. **Which of the following statements is incorrect?**
- (a) Capital Market refers to facilities and institutional arrangements through which long-term funds, both debt and equity are raised and invested.
(b) Secondary market is the market where securities are sold by the company to the investor directly or through an intermediary.
(c) Primary Market is the Market where only buying of securities takes place. Securities can not be sold there.
(d) Money Market is a market for short term funds which deals in monetary assets whose period of maturity is upto one year.

Ans. Option (b) is correct

Explanation: Secondary Market refers to a market where securities are traded after being initially offered to the public in the primary market and/or listed on the Stock Exchange.

17. **A name, term, sign, symbol, design or some combination of them used to identify the products - goods or services of one seller or group of sellers and to differentiate them from those of the competitors is known as** 1
- (a) brand. (b) brand mark.
(c) brand name. (d) trade mark.

Ans. Option (a) is correct

Explanation : A brand is a product, service or concept that is publicly distinguished from other products, services or concepts so that it can be easily communicated and usually marketed. Branding is the process of creating and disseminating the brand name, its qualities and personality.

18. **From the following, identify the channel of distribution in which goods pass from the manufacturer to the retailers who, in turn, sell them to the final users.** 1
- (a) One level channel (b) Two level channel
(c) Three level channel (d) Zero level channel

Ans. Option (a) is correct

Explanation: A marketing channel in which there is only one intermediary (for example, a retailer) between manufacturer and end-user.

19. **Which of the following statements is incorrect about Personal Selling?** 1
- (a) It is a direct face to face dialogue that involves an interactive relationship between the seller and buyer.
(b) It refers to short-term incentives designed to encourage the buyers to make immediate purchase of a product or service.
(c) It allows a sales-person to develop personal relationship with the prospective customers.
(d) In this it is possible to take a direct feedback from the customer and to adopt the presentation according to the needs of the prospects.

Ans. Option (c) is correct

Explanation: Personal selling is an important part of any promotional mix because it allows businesses to establish a rapport with potential customers and create long-term relationships. It is also an effective way to generate leads and close sales.

20. **Which of the following is NOT a factor affecting capital structure of a company?** 1
- (a) Cost of Debt
(b) Growth Opportunities
(c) Cash Flow Position
(d) Interest Coverage Ratio

Ans. Option (b) is correct

Explanation: The growth opportunity definition can be described as the chance to grow significantly. Whether that growth be in your career, personal life, or hobbies. Opportunities to grow are key to overall satisfaction and success.

21. **Monika, Rashmi and Garima are childhood friends. After completing their education, Monika joined a school as a teacher. Rashmi joined a firm as a Chartered Accountant and Garima as a General Manager in a Multi- National Company. After a long time in a re-union function of the school, they met each other. Rashmi said that they were all professionals now. Garima told Rashmi that she can say this about Monika and herself, but not about her since Manager is not considered a full fledged professional.**

Why did Garima say that she was not a professional? State any three points in support of your answer. 3

Ans. Garima said that she was not a professional because a manager is not considered a full-fledged professional due to the following reasons:

- (i) **Lack of specialized knowledge:** Unlike professions such as medicine, engineering, and law, management does not require specialized knowledge obtained through a formal education. While a degree in management can be helpful, it is not mandatory to become a manager.

- (ii) **Wide range of responsibilities:** Managers have to deal with a wide range of responsibilities that require different skills and knowledge. This makes it difficult to define a specific set of skills and knowledge that all managers should possess.
- (iii) **Subjectivity in evaluation:** The success of a manager is often subjective and depends on the performance of the team or organization they are managing. It is difficult to evaluate the effectiveness of a manager using objective measures, which is a characteristic of a profession.

22. **Vibhu joined as a Chief Executive Officer (CEO) of Mega Marut Ltd., a firm manufacturing cars. On the first day he addressed his subordinates saying that organisations should have a chain of authority and communication that runs from top to bottom and should be followed by managers and the subordinates. He also added that for routine matters a worker can not directly contact the CEO but in an emergency he/she may contact directly. Vibhu discussed an important principle of management. Identify and explain the principle with the help of an example.** 3

Ans. The principle of management discussed by Vibhu is the Principle of Scalar Chain. According to this principle, an organization should have a clear chain of authority and communication that runs from the highest level of management to the lowest level of management. It means that every employee in the organization should know who their immediate superior is, and they should communicate with their immediate superior for any official matter.

For example, in a manufacturing company, if an operator in the production department has a problem with a machine, he should report the problem to his supervisor. The supervisor, in turn, will report the issue to the production manager, who will communicate the problem to the Chief Executive Officer. If the operator directly reports the problem to the CEO, it will disrupt the chain of command and create confusion in the organization. However, the principle of scalar chain also allows for direct communication between employees in emergencies. For instance, if there is a fire in the building, an employee can directly contact the CEO to inform him of the emergency.

23. (a) **Explain : (i) Accomplishing organizational goals and (ii) Judging accuracy of standards as importance of controlling function of management.** 3

OR

- (b) **Explain the following as steps in the process of controlling:**
- (i) **Setting performance Standards**
- (ii) **Measurement of actual performance** 3

Ans. (a) (i) Accomplishing organizational goals: It measures the accomplishment of work against the standards and corrects deviations. This helps in ensuring that organization is moving on right track to achieve the organizational goals.

(ii) **Judging accuracy of standards:** A sound controlling system helps the management to verify whether the standards set are accurate and objective. It keeps a careful check on the changes, which are taking place in the organization and in the environment, thereby helping to review and raise the standards in the light of such changes.

OR

(b) (i) **Setting performance standard :** It should be objective, measurable, realistic, and stated clearly in writing (or otherwise recorded). The standards should be written in terms of specific measurers that will be used to appraise performance.

(ii) **Measurement of actual performance:** If performance is not measured, it cannot be ascertained whether standards have been met.

24. (a) **State any three Development functions of Securities and Exchange Board of India.** 3

OR

(b) **State any three factors that affect the working capital requirements of a company.** 3

Ans. (a) The three development functions of SEBI are:

- (i) Training of intermediaries of the securities market.
- (ii) Conducting research and publishing information useful to all market participants.
- (iii) Undertaking measures to develop the capital markets by adapting a flexible approach.

OR

(b) **Factors affecting working capital requirement:**

(i) **Length of Operating Cycle:** The amount of working capital directly depends upon the length of operating cycle. Operating cycle refers to the time period involved in production. It starts right from acquisition of raw material and ends till payment is received after sale. The working capital is very important for the smooth flow of operating cycle. If operating cycle is long then more working capital is required whereas for companies having short operating cycle, the working capital requirement is less.

(ii) **Nature of Business:** The type of business, firm is involved in, is the next consideration while deciding the working capital. In case of trading concern or retail shop the requirement

of working capital is less because length of operating cycle is small. The wholesalers as compared to retail shop require more working capital as they have to maintain large stock and generally sell goods on credit which increases the length of operating cycle. The manufacturing company requires huge amount of working capital because they have to convert raw material into finished goods, sell on credit, maintain the inventory of raw material as well as finished goods.

- (iii) **Scale of Operation:** The firms operating at large scale need to maintain more inventory, debtors, etc. So they generally require large working capital whereas firms operating at small scale require less working capital.
- (iv) **Business Cycle Fluctuation:** During boom period the market is flourishing so more demand, more production, more stock, and more debtors which mean more amount of working capital is required. Whereas during depression period low demand less inventories to be maintained, less debtors, so less working capital will be required.

25. (a) **Filling vacancies for various job positions from within the organizations has many benefits. State any four such benefits.** 4

OR

- (b) **Staffing not only helps in discovering and obtaining competent personnel for various jobs but also ensures some more benefits to the organization. State any four such benefits.** 4

Ans. (a) Filling vacancies for various job positions from within the organization has the following benefits:

- (i) **Cost-effective:** Hiring from within the organization is cost-effective as it reduces the recruitment and training costs that are associated with hiring new employees.
- (ii) **Employee motivation and retention:** Promoting employees from within the organization motivates them to perform better as they see growth opportunities within the company. It also helps in retaining employees as they feel valued and recognized for their contributions
- (iii) **Shorter learning curve:** Internal candidates are already familiar with the company culture, policies, and procedures. Hence, they require a shorter learning curve and can be productive quickly.
- (iv) **Better cultural fit:** Internal candidates are already a part of the company culture and understand its values and vision. Hence, they are likely to be a better cultural fit for the organization.

OR

- (b) Here are four benefits of staffing to an organization:

- (i) **Higher productivity:** Staffing ensures that the right people are hired for the right jobs. When employees are competent and skilled, they are more likely to be productive, which can lead to increased efficiency and output.
- (ii) **Better employee retention:** When employees are placed in roles that are well-suited to their skills and experience, they are more likely to feel satisfied and motivated in their work. This can lead to higher levels of employee retention, reducing the costs associated with recruiting and training new staff.
- (iii) **Improved organizational culture:** Staffing can help to build a positive organizational culture. When employees feel valued and supported, they are more likely to contribute to a positive workplace environment, which can have a ripple effect across the organization.
- (iv) **Effective succession planning:** Staffing can also play a key role in succession planning. By identifying and developing employees with the potential to take on leadership roles, organizations can ensure that they have a strong pipeline of talent ready to step up when needed.

26. (a) **State any four elements involved in the communication process.** 4

OR

- (b) **State any four semantic barriers of communication.** 4

Ans. (a) The four elements involved in the communication process are:

- (i) **Sender:** The person or entity who initiates the communication by encoding the message and transmitting it through a channel.
- (ii) **Message:** The information or content being communicated, which may be verbal or nonverbal.
- (iii) **Channel:** The medium or mode of communication through which the message is transmitted, such as face-to-face, telephone, e-mail, or social media.
- (iv) **Receiver:** The person or entity who receives and decodes the message, giving it meaning and interpreting it in their own way.

OR

- (b) Various semantic barriers of communication are as follows:

- (i) **Symbols with different meaning:** A word can have different meaning in different contexts. Wrong perception leads to communication problems.

- (ii) **Badly expressed message:** It may happen on account of omission of needed words inadequate vocabulary usage of wrong words etc.
 - (iii) **Technical Jargon:** Sometimes people may not understand the actual meaning of technical jargon used by specialists.
 - (iv) **Body language and gesture decoding:** Communication may be wrongly perceived if there is no match between what is said and what is expressed in body movements.
27. **Mahamana Enterprises is not only giving salary to its employees but it also offers bonus to them over and above the salary. To further encourage the employees, it announced that it will provide a share in the profits of the company to them. These incentives are helpful in increasing the purchasing power of the employees.**

State four other incentives of the type of incentive discussed in the above para. 4

Ans. The type of incentive discussed in the above scenario is profit-sharing. Four other incentives that can be provided by companies to their employees are:

- (i) **Employee Stock Ownership Plans (ESOPs):** ESOPs allow employees to own shares in the company they work for. This gives them a stake in the success of the company and encourages them to work harder.
 - (ii) **Performance-based bonuses:** These bonuses are given to employees who meet or exceed their performance targets. This helps to motivate employees to work harder and achieve better results.
 - (iii) **Health and wellness programs:** Companies can provide their employees with health and wellness programs such as gym memberships, health screenings, and nutritional counseling. This helps to improve the overall health and well-being of employees, which can lead to increased productivity.
 - (iv) **Education and training programs:** Companies can offer their employees education and training programs to help them develop new skills and advance in their careers. This shows that the company is invested in the growth and development of its employees, which can lead to increased loyalty and job satisfaction.
28. **State any four factors affecting the decision that determines the overall cost of capital and the financial risk of the enterprise.** 4

Ans. The following are four factors affecting the decision that determines the overall cost of capital and the financial risk of the enterprise:

- (i) **Interest Rates:** Interest rates are the cost of borrowing money and play a significant role in

determining the cost of capital. Higher interest rates result in a higher cost of capital.

- (ii) **Market Conditions:** Market conditions such as the availability of funds, investor preferences, and economic conditions can also affect the cost of capital.
 - (iii) **Financial Policies:** The financial policies of the company such as the dividend payout ratio, the use of debt, and the level of retained earnings can also affect the cost of capital.
 - (iv) **Business Risk:** The business risk of the company can also impact the cost of capital. Higher business risk is generally associated with a higher cost of capital. Factors that can increase business risk include market competition, technological changes, and regulatory changes.
29. **Harish is working as a finance manager in 'Kozee Softwares Ltd.' He has been awarded 'Best employee of the year Award' because of his foresightedness. He always aims at smooth operations of all the financial activities by focusing on fund requirements and their availability in the light of financial decisions. He takes into consideration the growth, performance, investments and requirement of funds for a given period so that financial resources are not left idle and don't unnecessarily add to the cost. By doing all this Harish strives to achieve the two main objectives of an important concept of financial management. Identify the concept and explain its two objectives.** 4

Ans. The concept of financial management referred to in the given scenario is 'working capital management.' The two main objectives of working capital management are:

- (i) **Ensuring the availability of adequate funds:** One of the primary objectives of working capital management is to ensure that an organization has enough funds to meet its short-term obligations and run its operations smoothly. This involves maintaining an optimum level of working capital that can finance the day-to-day operations of the business, such as paying salaries, purchasing raw materials, and maintaining inventory.
- (ii) **Optimizing the utilization of funds:** The second objective of working capital management is to ensure that the available funds are used efficiently to generate the maximum possible return on investment. This involves managing the various components of working capital, such as receivables, payables, and inventory, in a way that minimizes the cost of funds and maximizes the returns.

An efficient working capital management system can help an organization to improve its profitability, reduce its operating costs, and improve its cash flow.

30. Sameeksha is a Class XII student having Business Studies as one of her subjects. After studying Consumer Protection' as one of the chapters in Business Studies, she tried to apply the acquired knowledge while purchasing and using the goods. She is very fond of cooking and always tries new recipes. This time she wants to purchase a 'Bread Maker' to prepare homemade bread. She checked online about the various brands of Bread Maker' available in the market and compared their price, so that an intelligent and wise choice can be made. Then she went to a near by market to buy it. Being an informed consumer she looked for the Standardization Mark, negotiated the price printed on the label, checked the date of manufacturing and asked for guarantee or warranty of the product. After satisfying with all the concerned information she purchased the 'Bread Maker' and as a responsible consumer asked for the cash-memo. After coming back home she opened the packaging of the 'Bread Maker' and found an instruction booklet inside. She carefully read all the instructions and operated the Bread Maker step-by-step and succeeded in making nice 'Atta Bread' for her family.

Sameeksha has fulfilled many responsibilities of a consumer while purchasing and using the 'Bread Maker'.

State any four responsibilities fulfilled by Sameeksha besides asking for a cash-memo. 4

Ans. Sameeksha has fulfilled the following responsibilities of a consumer:

- (i) **Information:** Sameeksha checked online about the various brands of bread makers available in the market and compared their price before purchasing. She also checked for the Standardization Mark, negotiated the price printed on the label, checked for guarantee or warranty of the product, and asked about the date of manufacturing. This shows that she was concerned about the quality and authenticity of the product she was buying.
- (ii) **Safety:** Sameeksha asked for a guarantee or warranty of the product, which ensures that she can get the product replaced or repaired if it is defective or malfunctions. This shows that she was concerned about the safety of the product and the potential risks associated with using it.
- (iii) **Environmental responsibility:** Sameeksha checked for the Standardization Mark, which ensures that the product meets the necessary quality standards and is safe for use. This shows that she was concerned about the

environmental impact of the product and wanted to ensure that it was safe for use.

- (iv) **Ethical responsibility:** Sameeksha asked for the cash memo, which is a proof of purchase and helps in case of any disputes or legal issues. This shows that she was concerned about the ethical responsibility of buying a product and wanted to ensure that she was doing it legally and ethically.

31. (a) Explain: (i) Science not Rule of Thumb' as a principle of management and (ii) Method Study' and Time Study' as techniques of Scientific Management. 6

OR

- (b) Explain: (i) General Guidelines' as a feature of principles of management, (ii) Providing managers with useful insights into reality and fulfilling social responsibilities as significance of principles of management. 6

Ans. (a) (i) **Science, not the Rule of Thumb:** This rule focuses on increasing the efficiency of an organization through scientific analysis of work and not with the 'Rule of Thumb' method. Taylor believed that even a small activity like loading paper sheets into boxcars can be planned scientifically. This will save time and also human energy. This decision should be based on scientific analysis and cause and effect relationships rather than 'Rule of Thumb' where the decision is taken according to the manager's personal judgement.

- (ii) **Time study:** It determines the standard time taken to perform a well-defined job. Time measuring devices were used to conduct this study. This type of study is helpful in deciding the time required to perform a job.

- (iii) **Method study:** This technique of scientific management is conducted to find out the 'one best method or way' of performing a particular task. The objective of this study is to minimise the cost of production and maximise the quality and satisfaction of the customer.

OR

- (b) (i) A guideline aims to streamline particular processes according to a set routine or sound practice. Guidelines may be issued by and used by any organization (governmental or private) to make the actions of its employees or divisions more predictable, and presumably of higher quality.
- (ii) The principles of management provide the managers with useful insights into real life situations. The principles add manager's knowledge, ability and understanding of managerial situations and circumstances which helps them to solve problems quickly and increase managerial efficiency.

32. (a) Explain 'Objectives' and 'Budget' as type of plans. 6

OR

- (b) Explain the following as limitations of planning:

- (i) Planning leads to rigidity.
(ii) Planning may not work in a dynamic environment. 6

Ans. (a) Objectives or the goals of the organization are the ends towards which every activity of the organization is aimed at. Therefore, goals or objectives are the results that the organization tries to achieve. Objectives are considered as a prerequisite for planning. The managers cannot make plans if they have not established the organizational goals first.

Budgets are the monetary or the quantitative expression of the plans and policies that have to be followed by the organization in future. Therefore the term budgeting is used in order to describe the activity of preparing budgets and other procedures related with planning, coordinating and controlling the business of the organization.

OR

- (b) (i) **Planning leads to rigidity:** Once plans are made to decide the future course of action the manager may not be in a position to change them. Following predefined plan when circumstances are changed may not bring positive results for organization. This kind of rigidity in plan may create difficulty.

- (ii) **Planning may not work in a dynamic environment.** The environment isn't constant, as it continues to change. The association needs to continually adjust to such changes. It becomes hard to get to the future trends in the environment.

33. Best Electronics started manufacturing washing machines under the brand name 'Amaze'. Once the washing machines were manufactured, packaged, branded, priced and promoted, they had to be made available to the customers at the right place, in the right quantity and at the right time.

'Best Electronics' provided for accurate and speedy processing of orders so that the washing machines reach the customers in time, in the right quantity and specifications. They also ensured that the washing machines are physically made available to the customers. Further, 'Best Electronics' arranged for facilities to store the washing machines at different locations near the market to minimize the charges on transportation. Explain any three components of physical distribution discussed in the above case. 6

Ans. (i) **Order Processing:** Order processing is the first point or in other words, the starting point of the distribution activity. The functions involved in order processing are receiving order, handling the received order, granting of credit for the item ordered, generating invoice, dispatching of order and collecting the bills.

Businesses should be making an effort to reduce the order cycle time which is the time between placing an order by the customer and delivery of the goods at the customer's place.

- (ii) **Storage and Warehousing:** Storage deals with the storing of goods in proper condition till the time it is ordered by the customer. Goods that cannot be generally made available throughout the year need to be stored.

Warehouses act as centres of storage and by providing the functionality it helps businesses meet the demands of customers. Apart from being a source of storage, a warehouse also acts as centres for assembling the goods.

- (iii) **Inventory Control:** Inventory control refers to the process of efficient control of goods that are stored in the warehouses. Businesses need to maintain adequate levels of inventory in order to ensure uninterrupted fulfillment of orders.

The level of inventory needs to be optimal, it should not be too less or too more, as less inventory results in out of stock goods, lost business and unhappy customers, while a high level of inventory requires huge investment.

34. Due to spread of COVID-19 pandemic, employees of almost all the companies were working online from their homes. In 2022 when most of the companies called them back to their office and started working offline, Taty Software Ltd. still asked their employees to work from home. Because of this, employees of Taty Software Ltd. were feeling bored. Hence for recreation they formed a cricket-club. They started meeting every Saturday and Sunday on a ground near their office building.

- (i) Identify and state the type of organizations formed by the employees of Taty Software Ltd.
(ii) Also, state any two advantages and two limitations of the type of organization identified in (1) above. 6

Ans. (i) **Functional Organization:** Functional organization structure is the type of organization where the task of managing and directing the employees is arranged as per the function they specialize. In a functional organization, there are three types of members, line members, staff members and functional members.

- (ii) **Advantages of Functional organization**

1. Manager has to perform a limited number of tasks which improves the accuracy of the work.
2. Improvement in product quality due to involvement of specialists.

- (iii) **Disadvantages of Functional organisation**

1. It is difficult to achieve coordination among workers as there is no one to manage them directly.
2. Conflicts may arise due to the members having equal positions.

Delhi Set-II

66/5/2

Note : Except these, all other questions are from Delhi set- I.

23. (a) Explain (i) Making Efficient use of resources and
(ii) Improving employee motivation as importance of controlling function of management. 3

OR

- (b) Explain the following as steps in the process of controlling:

- (i) Analyzing Deviations; and
(ii) Taking Corrective Action

Ans. (i) Making Efficient Use of Resources: Controlling checks the working of employees at each and every stage of operations. Hence, it ensures effective and efficient use of all resources in an organisation with minimum wastage or spoilage.

- (ii) **Improving Employee Motivation:** Employees know the standards against which their performance will be judged.

Systematic evaluation of performance and consequent rewards in the form of increment, bonus, promotion etc. motivate the employees to put in their best efforts.

OR

- (b) (i) **Deviation analysis:** It is a method of control through which the causes of deviations and the factors that have affected can be identified - controllable and uncontrollable. Deviation analysis and control are elements of cost management and the overall management system of the enterprise

- (ii) **Taking corrective action:** Employees need to be clearly advised of the problem or concern that needs to be corrected and be given a reasonable opportunity to improve before any further action is taken. Before action is taken, an employee must be given notice and an opportunity to respond.

24. (a) State any three regulatory functions of Securities and Exchange Board of India. 3

OR

- (b) State any three functions of stock exchange.

Ans. (a) (i) Registration of Brokers and Agents: It registers brokers, sub-brokers, transfer agents, merchant banks, etc.

- (ii) **Notifications of Rules and Regulations:** It notifies rules and regulations for the smooth functioning of all intermediaries in the securities' market.

- (iii) **Levy of Fees:** It levies fees, penalties and other charges for contravening its directions and orders.

- (iv) **Regulator of Investment Schemes:** It registers and regulates collective investment schemes and mutual funds.

- (v) **Prohibits Unfair Trade Practices:** SEBI prohibits fraudulent and unfair trade practices.

OR

- (b) (i) **Continuous and ready market for securities:** Stock exchange provides a ready and continuous market for purchase and sale of securities. It provides ready outlet for buying and selling of securities. Stock exchange also acts as an outlet/counter for the sale of listed securities.

- (ii) **Facilitates evaluation of securities:** Stock exchange is useful for the evaluation of industrial securities. This enables investors to know the true worth of their holdings at any time. Comparison of companies in the same industry is possible through stock exchange quotations (i.e price list).

- (iii) **Encourages capital formation:** Stock exchange accelerates the process of capital formation. It creates the habit of saving, investing and risk taking among the investing class and converts their savings into profitable investment. It acts as an instrument of capital formation. In addition, it also acts as a channel for right (safe and profitable) investment.

25. (b) **Training not only improves the current or future performance of employees but also benefits the organization in many ways'. State any four such benefits. 4**

Ans. (b) The benefits of training for the organization are as follows:

- (i) Increased productivity and performance of employees.
(ii) Improved organizational structure
(iii) Reduced supervision required
(iv) Uniformity in the work processes
(v) Improved knowledge of organizational goals and objectives

26. (a) **State the assumptions of 'Maslow's Need hierarchy Theory of motivation.'**

Ans. (a) (i) He believed that human behaviour is based on their needs. Satisfaction of such needs influences their behaviour. When one need is satisfied, they will move to strive for other needs.

- (ii) A satisfied need can no longer motivate a person to work, only next higher level need can motivate him.

- (iii) A person moves to the next higher level of the hierarchy only when the lower need is satisfied.

28. State any four factors that affect the decision related to how much profit is to be distributed and how much profits is to be retained in the business.

Ans. (i) **Amount of Earning:** Dividends are paid out of current and past earnings. Thus earnings are a major determinant of dividend decision.

(ii) **Stability in Earnings:** A company having higher and stable earnings can declare higher dividends than a company with lower and unstable earnings.

(iii) **Stability of Dividends:** Generally, companies try to stabilise dividends per share. A steady dividend is given each year. A change is only made if the company's earning potential has gone up and not just the earnings of the current year.

(iv) **Growth Opportunities:** Companies having good growth opportunities retain more money out of their earnings so as to finance the required investment. Therefore, the dividend declared in growth companies is smaller than that in the non-growth companies.

31. (a) Explain 'Harmony, Not Discord' as a principle and 'Motion-Study' as a technique of scientific management. 6

OR

(b) Explain 'Universal Applicability' as a feature of principles of management and:

(i) **Optimum Utilisation of resources and effective administration and**

(ii) **Scientific decisions, as significance of principles of management.** 6

Ans. (a) **Harmony, not discord:** According to this principle, there should be complete harmony between management and workers and there should be a transformation in the thinking of both parties, called mental revolution.

For example, if a worker is having a problem with the working hours, he should talk to the manager about it, instead of letting it affect production (by going on a strike). Similarly, managers should listen to the worker's suggestions and demands rather than ignoring them.

Motion study refers to the study of movements like lifting, putting objects, sitting and changing positions, etc., which are undertaken while doing a typical job. Unnecessary movements are sought to be eliminated so that it takes less time to complete the job efficiently.

OR

(b) (i) In every organisation physical (material, machines, money, etc.) and human (manpower) resources are used. The function of management is nothing but to put them to optimum use or avoid wastage of resources. And it is possible only when a manager makes use of the principles of management. According to the principle of 'unity of command' there should only be one boss for an employee at a time. In case there is more than one boss, the employee will not be in a position to work properly. Consequently, human resource will be wasted.

(ii) A scientific decision means a balanced decision. The principles of management provide the necessary training to the managers so that they can take scientific/balanced decisions. In the absence of these principles the managers have to adopt the method of trial and error.

32. (a) Explain 'Strategy' and 'Programme' as type of plans. 6

OR

(b) Explain the following as importance of planning function of management:

(i) **Planning reduces overlapping and wasteful activities; and**

(ii) **Planning reduces the risk of uncertainty.** 6

Ans. (a) **Strategy :** This obviously is the next type of plan, the next step that follows objectives. A strategy is a complete and all-inclusive plan for achieving said objectives. A strategy is a plan that has three specific dimensions

(i) Establishing long-term objectives

(ii) Selecting a specific course of action

(iii) Allocating the necessary resources needed for the plan

Forming strategy is generally reserved for the top level of management. It actually defines all future decisions and the company's long-term scope and general direction

Program: Programmes are an in-depth statement that outlines a company's policies, rules, objectives, procedures etc. These programmes are important in the implementation of all types of plan. They create a link between the company's objectives, procedures and rules.

Primary programmes are made at the top level of management. To support the primary program all managers will make other programs at the middle and lower levels of management

OR

(b) (i) • Through planning, the efforts of various individuals and departments are coordinated properly to eliminate overlapping and wasteful activities.

• It ensures clarity in thoughts and actions, work is carried on smoothly without any confusion and misunderstanding.

• Useless and wasteful activities are reduced or eliminated.

• It is easier to detect inefficiencies and take corrective measures to deal with them.

(ii) • Planning is done for the future and the future is full of uncertainties.

• Planning enables a manager to look forward and take appropriate steps to deal with future uncertainties and changes.

• Mis-happening and uncertain events cannot be eliminated completely but their effect on the organisation can be minimised if we plan how to overcome such situations.

• **Example:** An organization might ensure its inventory yet an accident can take place and damage its assets. So, the future is uncertain yet we can minimise the risks by proper planning.

Delhi Set-III

66/5/3

Note : Except these, all other questions are from Delhi set- I & II.

23. (a) **Explain (i) Ensuring order and discipline; and (ii) Facilitating co-ordination in action, as importance of controlling function of management.** 3
- OR
- (b) **'Explain: (i) Critical point control; and (ii) Management by exception, as an important part of 'Analysing Deviations' a step in the process of controlling.** 3
23. (a) (i) **Ensuring Order and Discipline:** Controlling ensures a close check on the activities of the employees. Hence, it helps in reducing the dishonest behaviour of the employees and in creating order and discipline in an organization.
- (ii) **Facilitating coordination in action:** According to this, controlling facilitates coordination by keeping all activities and efforts directed towards the achievement of goals in conformity with plans. Controlling provides direction to all activities and effort, so that organisational goals could be achieved.
- (b) Management by exception, which is after referred to as control by exception is an important principle of management control based on the belief that an attempt to control everything results in controlling nothing. Thus, only significant deviations.
25. (a) **'Tapping external sources for various job positions has many benefits'. State any four such benefits.** 4
- OR
- (b) **'Due to rapid technological changes jobs have become more complex and importance of training has increased for employees.' State any four such benefits.**
25. (a)(i) **Infusion of new talent:** When vacancies are filled through external sources of recruitment, there is infusion of new blood in the organisation. This improves the scope for increasing the organisational efficiency.
- (ii) **Wide range of choice:** External sources have a benefit over internal sources as they provide a
26. (a)

S.No	Direct communication	Indirect communication
1.	Formal communication is defined as the communication which takes place through formal/ official routes and channels.	On the other hand, informal communication is defined as the communication which takes place unofficially between two or more people.
2	There are rigid rules and regulations in formal communication.	There are no rigid rules and regulations in informal communication.
3	The other name of formal communication is 'official communication.'	The other name of informal communication is 'grapevine communication.'
4	There is more reliability of the information in formal communication.	There is less reliability of the information

OR

- (b) (i) **Language barriers:** Language barriers involve miscommunications related to vernacular differences or translation difficulties. Even

wide range of choices for selection. In internal sources, this choice gets restricted to a very few people. When external sources, such as advertising or placement agencies, are used for recruiting, a wide variety of applicants apply for the job vacancies and hence the organisation gets various option to select from.

- (iii) **New enterprise:** In case a firm is newly established, it cannot use internal sources for recruitment. Hence, it has to opt for external sources such as employment exchanges or advertising for attracting new applicants.
- (iv) **Specialised personnel:** If external sources are used, then an organisation has the advantages of hiring specialised and trained candidates for particular jobs. As technology keeps changing, the existing employees may not be able to handle new technologies and hiring new talent becomes a necessity.
- OR
- (b) (i) **Access to a Global Learning Community:** Technology has changed the way people learn and communicate with each other. With the use of technology, people can now access a global learning community where they can share ideas and connect with people from all over the world.
- (ii) **More Engaging and Interactive Lessons:** In the last decade, technology has drastically changed the way people learn. The traditional learning model, where employees are given information by a boss and then tested on that information, is no longer as effective as it used to be.
- (iii) **Easier to Personalize Learning:** In the early days of formal training, if you wanted to learn something that wasn't in the course material, you were out of luck.
- (iv) **Greater Opportunities for Differentiated Learning:** Many employees are great opportunities towards their work.
26. (a) **Give the meaning of 'Formal Communication' and 'Informal Communication'.** 4
- OR
- (b) **State any four organisational barriers of communication.**

when speaking the same language, dialects, accents, and unique communication quirks can all result in misunderstandings and other unintended consequences. People in the same

organization may struggle with differences in vocabulary. If you've ever been asked if you have the bandwidth to think outside the box, can step up to the plate and swing for the fences, synergies efforts to pick the low-hanging fruit, or disrupt the conversation, you may be familiar with this frustration.

- (ii) **Cultural barriers:** Cultural barriers to communication stem from differences in social norms and values. It's important to be aware of ethnocentricity, or the assumption that all cultures share your values, beliefs, and lifestyle. Addressing ethnocentrism and emphasizing inclusion in your company culture will help team members feel valued and included, regardless of their background. Externally, you can educate your team on how to avoid business etiquette missteps in other cultures
- (iii) **Physical barriers:** Distance is the most common physical barrier. As remote work becomes increasingly common, team members may find themselves sitting hundreds or even thousands of miles away from their colleagues. Without strong systems in place to keep them connected, they will struggle to communicate effectively.
- (iv) **Psychological barriers:** Psychological barriers are caused by individual mind sets or mental health concerns.

Although disagreements are inevitable in most workplaces, sometimes these conflicts can cause serious problems. When employees with contrasting viewpoints and priorities also have clashing communication styles, their conflicts can negatively impact the whole team. A lack of trust is a common psychological barrier that can make communication extremely difficult.

28. **What is meant by 'Investment Decision'? State how 'Long term Investment Decision' and 'Short term Investment Decision' affect the business. 6**

Ans. Investment decision refers to selecting and acquiring the long-term and short-term assets in which funds will be invested by the business. Long-term investment decision is referred to as the capital budgeting decision. It relates to the investment in fixed assets e.g. buying a new machine. Before taking the final decision the finance manager makes a comparative study of various alternatives available in the market on the basis of their cost and profitability.

Short term investment decisions are also called working capital decisions. These are concerned with the decisions about the inventories, debtors, bills receivable and level of cash etc. It affects the day to day working of the business.

31. (a) **Explain 'Co-operation, Not Individualism' as a principle and 'Fatigue Study' as a technique of scientific management. 6**

- (a) **Cooperation, Not Individualism:** This principle is an extension of principle of 'Harmony, not discord' and lays stress on mutual cooperation between workers and the management. Cooperation, mutual confidence, sense of goodwill should prevail among both, managers as well as workers.

Fatigue study refers to the long working hours with sufficient breaks which results in stress, which is also known as fatigue. This has an adverse effect on the health of the employees. Through study of fatigue, one can reduce the level of stress and maintain an optimum operational efficiency.

32. (a) **Explain 'Policy' and 'Method' as type of Plans. 6**

OR

- (b) **Explain the following limitations of planning:**

(i) **Planning reduces creativity**

(ii) **Planning involves huge costs 6**

- 32.(a) (i) **Policy:** These are the general guidelines which facilitate uniformity in decision-making for the attainment of objectives of the organisation. It can be defined as organisation's general response to a particular problem or situation.
- (ii) **Method:** Method gives prescribed ways or manner in which the task has to be performed considering the objectives of the business plan. Method plan is the pathway or the 'how to' in any business plan. Methods used to perform a business plan is relative to the objectives set by the organization and activities to be enacted to achieve the objective of the business plan.

OR

- (b) (i) **Planning reduces creativity** Planning is done by top management. Middle level management merely follow the plans and are not permitted to act on their own. Thus, initiative and creativity gets lost in the process.
- (ii) **Planning involves huge cost,** when plans are drawn up huge costs are involved in their formulation. These are in terms of time, money, effort etc. Detailed plans require scientific calculations to ascertain facts and figures. The costs incurred sometimes may not justify the benefits derived from the plans. There are a number of incidental costs as well (which are indirect) like expenditures on organizing a meeting, consultation fees given to professional experts, market survey etc. But despite the high cost no firm can work without proper planning if used properly.

Outside Delhi Set-I

66/2/1

1. Akash works as a production manager in 'Elite Enterprises' manufacturing LED lights. Due to festive season, there is lot of demand for their lights. Akash was given the task of producing 100 units of LED lights @ ₹ 200 per unit within 5 days for an urgent order. Akash was able to achieve the target of 100 units of LED lights within 5 days @ ₹ 220 per unit.

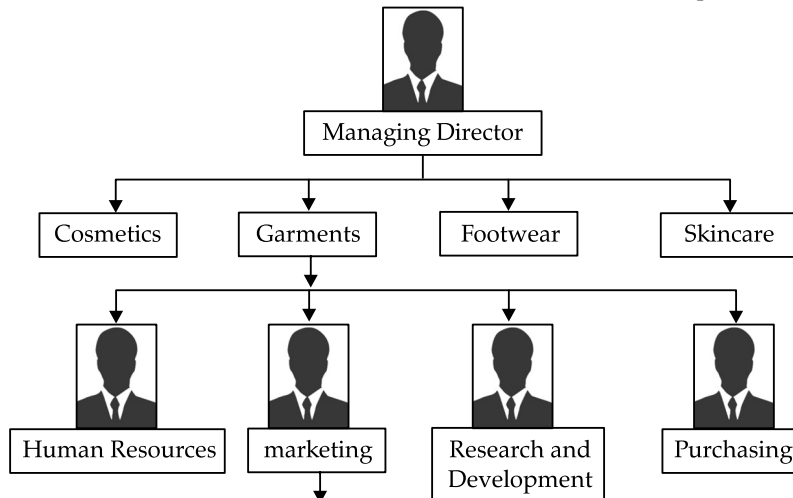
Identify from the following whether Akash is: 1

- Efficient only
- Effective only
- Both efficient and effective
- Neither efficient nor effective

Ans.Option (B) is correct.

Explanation: As Akash even though completed the task within the required time frame but was not within the cost limit, so he is only effective and not efficient.

3.



Identify the type of organization structure depicted in the above diagram: 1

- Divisional structure
- Functional structure
- Informal structure
- Both Informal and Functional structure

Ans.Option (A) is correct.

Explanation: Divisional structure refers to an organizational design which consists of separate business units or divisions. All the divisions have to report to a Divisional Head. Manpower is generally grouped on the basis of different products manufactured.

4. With a revolution taking place in the manufacturing of mobile phones with super class cameras, the business of cameras in the consumer market has taken a hit. Studies show that mobile phone photography has devastated the camera industry.

2. Which of the following items is a component of economic environment? 1

- Expansion of transportation and communication services in Delhi.
- Facility of booking train tickets, through mobile apps.
- Restriction on 15-years-old petrol vehicles plying on roads in Delhi.
- The Haryana Government's announcement of free bus rides for females on the occasion of Raksha bandhan.

Ans.Option (A) is correct.

Explanation: Facility to book train tickets through mobile apps is technological environment component. So, option B is incorrect.

Option C is incorrect, as Restriction on 15-year-old petrol vehicle is an ecological environment component.

Option D is incorrect, as the Haryana Government's announcement is a political environment component.

The dimension of business environment highlighted in the above case is: 1

- Economic Environment
- Technological Environment
- Social Environment
- Political Environment

Ans.Option (B) is correct.

Explanation: Technological Environment of business includes forces relating to scientific improvements and innovations which provide new ways of producing goods and services and new methods and techniques of operating a business.

5. Which of the following features of Management as an Art' highlights that every manager applies his knowledge of principles in his own way to deal with a given situation? 1

- Ethical code of conduct
- Existence of theoretical knowledge

- (c) Personalized application
- (d) Universal Validity

Ans.Option (C) is correct.

Explanation: Management is an art as in it, one has to use his personal skills and knowledge in solving many complicated problems to achieve the objectives of the enterprise. It is an art of dealing with people to accomplish desired results. It is personalized like most arts in the sense that every manager has his own method of doing the things. Hence, there are differences in the performance of different managers in spite of their possessing equal technical qualifications.

6. 'Mrs. J.K. Computers' is a small organisation engaged in assembling of computers. In this organisation, decision making rests with top management while the middle level is involved in only the implementation of plans. On the other hand, Progressive Computers Ltd.' is a large company where a number of people from each level are involved in the decision-making process. The application of the principle of 'Centralisation and Decentralization' is different in the two organisations as the situation in each enterprise is not same.

From the following identify the nature of principles of management: 1

- (a) Mainly Behavioral
- (b) Contingent
- (c) Flexible
- (d) Universal

Ans.Option (B) is correct.

Explanation: Management principles are contingent or dependent upon the situations prevailing in organization. Their application and affect depends upon the nature of organization. The application of principles has to be changed according to the nature, size and type of organization.

7. The management of a bag manufacturing company has recently changed. Due to this, an improvement can be felt in the way company functions.

Now, targets are met according to plans, whereas, earlier deadlines were never given importance. Now there is orderliness, instead of chaos in the organisation and the employees are happy and satisfied.

From the following identify the characteristic of management which is highlighted in the above case: 1

- (a) Management is dynamic.
- (b) Management is a continuous process.
- (c) Management is a group activity.
- (d) Management is an intangible force.

Ans.Option (A) is correct.

Explanation: Management is a dynamic function and has to adapt itself to the changing environment. An organization interacts with its external environment which consists of various social, economic, political and legal factors. In order

to be successful, an organization must change itself and its goals according to the needs of the environment.

8. In an organisation, coordination is the function of every manager. Top level managers need to coordinate with their subordinates to ensure that the overall plans of the organisation are duly carried out. Middle level managers coordinate with both the top level and the supervisory level managers. Supervisory level managers coordinate the activities of workers to ensure that work proceeds according to plans.

The characteristic of coordination discussed in the above para is: 1

- (a) Coordination is a continuous process.
- (b) Coordination is a deliberate function.
- (c) Coordination is the responsibility of all Managers.
- (d) Coordination integrates group efforts.

Ans.Option (C) is correct.

Explanation: Coordination is required at all levels of management due to the interdependent nature of activities of various departments. It integrates the efforts of different departments and different levels.

9. Gitanjali Makan is a successful business leader. She believes that if jobs are made interesting by including greater variety of work content and providing a meaningful work experience, the jobs themselves become a source of motivation to individuals,

The non-financial incentive that has been discussed in the above case is : 1

- (a) Employee participation
- (b) Job Enrichment
- (c) Career Advancement Opportunity
- (d) Job Security

Ans.Option (B) is correct.

Explanation: Job enrichment involves designing a job in such a way that it provides the worker greater autonomy for planning and controlling his own performance.

Job enrichment makes the job more meaningful, enjoyable and satisfying. It also gives the workers more responsibility. Job enrichment gives the workers opportunities for achievement, recognition, advancement and growth. So, the workers are motivated to work harder.

10. 'RP Infotech Ltd.' decided to approach 'Patel Engineering College' to recruit qualified personnel for various technical jobs in its newly opened branch in Surat.

Which source of recruitment from the following has been used by 'RP Infotech Ltd.' in the above case: 1

- (a) Direct Recruitment
- (b) Placement Agencies and Management Consultants

- (c) Campus Recruitment
- (d) Recommendation of employees

Ans.Option (C) is correct.

Explanation: Campus Recruitment, an external source of recruitment, means a programme conducted within educational institute or in a common place to provide jobs to students pursuing education and are nearing completion of the programme. As in this case RP Info tech Ltd is recruiting from Patel Engineering College.

11. 'An organization structure is deliberately designed by the top management to facilitate smooth functioning of the organisation'.

Which of the following is not a feature of such a structure? 1

- (a) It clarifies who has to report to whom.
- (b) There is systematic coordination among the various activities to achieve organizational goals.
- (c) The standards of behavior evolve from group norms rather than officially laid down rules and regulations.
- (d) It places more emphasis on work to be performed than interpersonal relationships among the employees.

13. Match the various items of Column - I with the respective statements in Column - II: 1

	Column-I		Column-II
a	Advertising	(i)	Creates a positive image about the company and its products.
b	Personal selling	(ii)	Paid form of impersonal communication.
c	Public relations	(iii)	Develop Personal relationship with the prospective buyer.

Options:

- | | | | |
|-----|-------|-------|-------|
| | a | b | c |
| (a) | (ii) | (iii) | (i) |
| (b) | (i) | (iii) | (ii) |
| (c) | (iii) | (ii) | (i) |
| (d) | (ii) | (i) | (iii) |

Ans.Option (A) is correct.

14. When the proportion of debt and equity is such that it results in an increase in the value of equity share the _____ is/are said to be optimal. 1

- (a) working capital
- (b) fixed capital
- (c) capital structure
- (d) Both (a) and (b)

Ans. Option (C) is correct.

15. The _____ function of marketing ensures the buyers that goods conform to predetermined standards of quality and reduces the need for inspection.

It also ensures that goods belong to a particular quality and helps in realising higher prices for high quality output. 1

- (a) Product Designing and Development
- (b) Standardization and Grading
- (c) Marketing Planning
- (d) Branding

Ans. Option (B) is correct.

Ans.Option (C) is correct.

Explanation: Standards of behavior evolves from the group norms in case of informal organization. Others are the features of formal organizational structure.

12. Statement I: Capital market instruments are considered riskier both with respect to returns and principal repayment.

Statement II: Capital market investment generally yields a higher return for investors.

Choose the correct option from the options given below: 1

- (a) Statement - I is true and II is false.
- (b) Statement-II is true and I is false.
- (c) Both the statements are true.
- (d) Both the statements are false.

Ans.Option (C) is correct.

Explanation: Capital market securities are riskier as compared with money market instruments. The investment in capital market yields higher return due to longer duration and is therefore more stable

Explanation: Standardization is the function involving setting standards to which all products of a similar type should conform. It brings about uniformity in size, color, ingredients etc. of the products. Grading means sorting out the products on the basis of their quality. It helps in the fixation of prices and also on the targeted customers on the basis of quality.

16. Which of the following statements is Not true for primary market? 1

- (a) There is no fixed Geographical location.
- (b) Only buying of securities takes place, securities cannot be sold there.
- (c) Prices are determined by demand and supply of the security.
- (d) It directly promotes capital formation.

Ans. Option (C) is correct.

Explanation: Prices are determined and decided by the management of the company after giving consideration to a lot of factors.

17. In which of the following situations, a company will fix high price for its product? 1

- (a) When firm's objective is to obtain larger share of the market.
- (b) When the firm is facing difficulties in surviving in the market because of intense competition.

- (c) When the firm wants to cover high cost of Research and Development to attain product quality leadership.
- (d) When the firm wants to maximise its total profit in the long run.

Ans. Option (C) is correct.

Explanation: To attain product quality leadership, the firm charges higher prices for providing high quality products because it incurs heavy expenditure on research and development.

18. Which of the following will not be considered as consumers as per Consumer Protection Act, 2019? 1

- (a) A person, who avails any service for a consideration which has been partly paid.
- (b) Any user of goods if such use is made with the approval of the buyer.
- (c) A person who purchases goods through online means.
- (d) A person who obtains goods for resale purposes.

Ans. Option (D) is correct.

Explanation: The person who buys good for resale purposes is considered as seller itself.

19. As per Consumer Protection Act, 2019, the consumer has a right to get relief in case the product or service falls short of his expectations. Which consumer right is discussed in the above statement? 1

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

Ans. Option (C) is correct.

Explanation: Right to seek Redressal: The consumer has a right to get relief in case the product or service falls short of his expectations. The Consumer Protection Act provides a number of reliefs to the consumers including replacement of the product, removal of defect in the product, compensation paid for any loss or injury suffered by the consumer, etc.

20. Which of the following is not a function of Securities and Exchange Board of India (SEBI)? 1

- (a) Training of intermediaries of the securities market
- (b) Controlling insider trading
- (c) Registration of brokers and sub-brokers and other players in the market
- (d) Pricing of securities

Ans. Option (D) is correct.

21. The students of Class XII of 'NK Senior Secondary School' visited the factory of 'Jaipur Exports Private Limited', a company manufacturing ready made garments. They observed that different workers were allocated different tasks like cutting the fabric as per specification, stitching dresses, putting buttons, ironing the finished

dresses, packing them and putting labels. The Chief Executive Officer told the students that this results in efficient and effective output. They also observed orderliness in the factory as there was a fixed place for everything and it was present there.

The students later discussed with their Business Studies teacher and understood that principles of management given by Fayol were being followed in the factory.

Identify and explain the two principles of management that have been discussed in the above case. 3

Ans. The two principles of management that have been discussed here are:

- (i) **Division of Work:** According to this principle the whole work must be divided into small units and instead of assigning the whole work to one person, one unit of work should be assigned to one person according to the capability, qualification and experience of the person.
- (ii) **Order:** There must be material and social order in an enterprise. Material order implies "a proper place for everything and everything in its right place." Similarly, social order means "a place for everyone and everyone in his appointed place". The right man in the right job is very important for the successful functioning of an organisation.

22. Keshav Bannerjee is the Chief Executive Officer (CEO) of 'Das Networking Lad, a leading IT company in Bengaluru. He believes that if needs of employees are taken care of, the employees take good care of the customers. In this company various benefits are provided to the employees to help them meet their medical and housing needs etc., while in job. It is also providing benefits like gratuity at the time of their retirement. The employees are provided various opportunities to attend skill development. Programmes to improve their skills and be promoted to the higher level jobs.

Identify and state the three incentives offered by the company in the above para to improve the performance of its employees. 3

Ans. The three incentives offered by the company in the above para are:

- (i) **Perquisites:** In many companies perquisites and fringe benefits are offered such as car allowance, housing, medical aid, and education to the children etc., over and above the salary. These measures help to provide motivation to the employees/ managers. In this case the benefits are provided medical and housing needs.
- (ii) **Retirement Benefit:** Several retirement benefits such as provident fund, pension, and gratuity provide financial security to employees after

their retirement. This acts as an incentive when they are in service in the organization.

- (iii) **Career Advancement Opportunity:** When employees are provided promotional opportunities they improve their skills and efficiency with the hope that they will be promoted to the higher level. Appropriate skill development programmes and sound promotion policy help achieve promotions. Promotion works as a tonic or a big stimulator which induces people to exhibit their best performance.

23. (a) Explain Vestibule Training' as a method of training. 3

OR

- (b) Explain any three benefits of training to the employees.

Ans. (a) In Vestibule Training method, a training centre called vestibule is set up and actual job conditions are reproduced in it. Employees learn their jobs on the equipment they will be using, but the training is conducted away from the actual work floor. This is usually done when employees are required to handle sophisticated machinery and equipment.

OR

- (b) The benefits of training the employees are:

- (i) **Higher productivity:** Training is very important for employees because well-trained employees are more efficient and can help in higher production.
- (ii) **Reduced supervision:** Well-trained employees are self-reliant. They do not require continuous and intensive supervision.
- (iii) **Higher morale:** Training improves job attitudes and self-confidence of the employees, it makes higher Morales, which helps to reduce labour turnover.
- (iv) **Helpful to adopt change:** Training helps the employees to adopt changes and make them capable to handle different technical problems.
- (v) **Economy:** Trained employees make better and economical use of the materials and machinery. Trained employees can solve operational problems. (Any 3)

24. (a) State any three points of importance of Financial Planning. 3

OR

- (b) State any three factors that determine the requirement of fixed capital of a company.

Ans. (a) The importance of Financial Planning are:

- (i) **It facilitates collection of optimum funds :** The financial planning estimates the precise requirement of funds which helps to avoid wastage and overcapitalization situation.

- (ii) **Preparation for future challenges :** Financial planning helps the firm in preparation of plans for meeting challenges in future. It makes the firm better prepared to face uncertain events in future.

- (iii) **Helps in operational activities:** The success or failure of production and distribution function of business depends upon the financial decisions as right decision ensures smooth operation of production and distribution.

- (iv) **It helps in fixing the capital structure:** Financial planning is necessary for tapping appropriate financial sources at right time. It helps the management in fixing the appropriate capital structure.

- (v) **Helps in coordination:** It helps in achieving coordination between various functions by providing clear financial policies and procedures.

- (vi) **Linking present and future:** Financial planning links present financial resources and future financial requirements. It attempts to achieve a balance between the inflow and outflow of funds.

- (vii) **Financial control:** Financial planning serves as the basis of financial control. The management attempts to ensure utilization of funds in tune with the financial plans. (Any 3)

OR

- (b) The factors that determine the requirement of fixed capital of a Company are:

- (i) **Nature of the business:** Fixed capital requirement varies according to the nature of the business. Manufacturing companies require heavy investment in fixed capital such as land, building and plant and machinery while trading enterprises require less fixed capital.

- (ii) **Size of the business:** A large scale enterprise generally requires more fixed capital than a small scale enterprise because of the increased scale of operations. For example : Public utility concern like railways and electric supply companies require huge investment in fixed assets.

- (iii) **Types of technique:** Type of technique affects the fixed capital requirement. A capital intensive company requires more investment in fixed capital as large investment is required in plants and machinery. However, the firms using labour intensive technique requires less fixed capital.

- (iv) **Growth Prospects:** Where a company wants to take growth opportunities, it would require more investment in plant and machinery to increase the productive capacity of the firm which increases the fixed capital requirement.

(v) **Diversification:** Diversification involves increasing the product line of the business. If a company diversifies its operations, it requires a higher amount of fixed capital.

(vi) **Level of Collaboration:** If the companies are preferring collaborations or joint ventures, then, companies will need less fixed capital as they can share plant and machinery with their add full stop after collaborators. But if company prefers to operate independently then there is more requirement of fixed capital. (Any 3)

25. (a) **State the first four steps involved in the process of choosing the best candidate out of a number of prospective candidates for a job. 4**

OR

(b) **State any four benefits of using internal sources of recruitment.**

Ans.(a) The first four steps are:

(i) **Preliminary Screening:** Preliminary screening helps the Manager eliminate unqualified or unfit job seekers based on the information supplied in the application forms. Preliminary interviews help reject misfits for reasons, which did not appear in the application forms.

(ii) **Selection Tests:** An employment test is a mechanism that attempts to measure certain characteristics of individuals. These characteristics range from aptitudes, such as manual dexterity, to intelligence to personality. Important tests used for Selection of Employees:

(a) Intelligence Tests

(b) Aptitude Tests

(c) Personality Tests

(iii) **Employment Interview:** Interview is a formal, in-depth conversation conducted to evaluate the applicant's suitability for the job. The role of the interviewer is to seek information and that of the interviewee is to provide the same. Though, in present times, the interviewee also seeks information from interviewer.

(iv) **Reference and Background Checks:** Many employers request names, addresses, and telephone numbers of references for the purpose of verifying information and, gaining additional information about an applicant. Previous employers, known persons, teachers and university professors can act as references.

OR

(b) **The benefits of Internal Recruitment are:**

(i) Internal recruitment helps to motivate and improve the morale of the employees as it fills vacancies for higher jobs by promoting employees from within the organization.

(ii) Internal recruitment builds up loyalty amongst the staff, thereby reducing labour turnover and absenteeism.

(iii) It is an economical source of recruitment as money is not wasted on advertisements, tests, interview, checking references, etc. Full information about the candidate is already available.

(iv) It does not require any induction training for employees. They are already familiar with the rules and regulations and the working environment of the organization.

(v) It is a time saving process of recruitment. Time is not spent on advertising of vacancies.

(Any 4)

26. (a) **Explain any two points highlighting the importance of 'controlling' function of management. 4**

OR

(b) **Explain any two points describing the relationship between 'planning' and 'controlling'.**

Ans. (a) The importance of controlling as a function of management are:

(i) **Achievement of organizational goals:** It is through controlling that managers ensure the execution of plans and the accomplishment of goals. Control keeps constant watch over performance so that mistakes are detected and corrected promptly. This helps in making the performance of the employees improve and achieve the organizational goals.

(ii) **Optimum utilization of resources:** Controlling is essential for securing the best possible use of human, physical and financial resources. A good system of control helps to prevent misuse and wastage of resources. This helps in using the resources in the best possible way and achieve optimal results from the available resources.

OR

(b) Relationship between planning and controlling can be understood with the help of the following points:

(i) Planning and controlling are inseparable twins of management. A system of control presupposes the existence of certain standards. These standards of performance which serve as the basis of controlling are provided by planning. Once a plan becomes operational, controlling is necessary to monitor the progress, measure it, discover deviations and initiate corrective measures to ensure that events conform to plans. Thus, planning without controlling is meaningless. Similarly, controlling is blind without planning. If the standards are not set in advance, managers have nothing to control. When there is no plan, there is no basis of controlling.

- (ii) Planning is clearly a prerequisite for controlling. It is utterly foolish to think that controlling could be accomplished without planning. Without planning there is no predetermined understanding of the desired performance. Planning seeks consistent, integrated and articulated programmes while controlling seeks to compel events to conform to plans.
- (iii) Planning is basically an intellectual process involving thinking, articulation and analysis to discover and prescribe an appropriate course of action for achieving objectives. Controlling, on the other hand, checks whether decisions have been translated into desired action. Planning is thus, prescriptive whereas, controlling is evaluative.
- (iv) It is often said that planning is looking ahead while controlling is looking back. However, the statement is only partially correct. Plans are prepared for future and are based on forecasts about future conditions. Therefore, planning involves looking ahead and is called a forward-looking function. On the contrary, controlling is like a post mortem of past activities to find out deviations from the standards. In that sense, controlling is a backward looking function.

Thus, planning and controlling are interrelated and, in fact, reinforce each other in the sense that Planning based on facts makes controlling easier and effective; and controlling improves future planning by providing information derived from past experience. (Any 2)

27. **Balvinder is the Production Manager of 'Pramod Tea Company' in Guwahati. He gives orders to his subordinates and expects that they obey those orders. He does not consult them nor encourage them to participate in decision making.** 4

- (i) Identify and state the leadership style adopted by Balvinder.
- (ii) When can this style be effectively used by a manager? State.

Ans. (i) Balvinder uses the Authoritative Style of Leadership.

- (ii) This type of leadership can be used in the following situations:
- (a) When the clarity needs to be brought in the organization as the authoritative leader has the ability to inspire, motivate and influence the employees. As everyone in the organization know about the goal of the firm, it becomes easy to achieve them.
- (b) When the vision and direction are needed to be provided the authoritative leadership style is effective as the authoritative leader approaches the project with confidence.

They give constructive feedback to the employees and help them attain the organization goals with their vision.

28. **Identify the financial decision that is concerned with deciding how much of the profit earned by a company is to be distributed to shareholders and how much should be retained in the business. Also state any three factors affecting the identified decision.**

Ans. Dividend decision is concerned with deciding how much of the profit earned by a company is to be distributed to shareholders and how much should be retained in the business.

The factors affecting the decision are:

- (i) **Earnings** : Earnings are a major determinant of dividend decision as dividends are paid out of current and past earnings. If the earning of the company is high it means that the higher dividends could be declared by the company to its shareholders along with maintaining a good amount of retained profit for future contingencies.
- (ii) **Growth Opportunities** : If a company has good growth opportunities, it pays out less dividend. This is because, the extra profit will be used to help the company in the growth and expansion. This in any way is beneficial for the shareholders in the long run as due to growth prospects the earnings of the company will increase in the near future and in the long run the dividend will increase.
- (iii) **Shareholder's preference** : It is kept in mind by the management before declaring dividends. If the shareholders want to have more dividend the management will declare higher dividend in order to attract more investment in the form of new share capital to be issued.

29. **'Zenith Mall' is a famous shopping mall in Mumbai, owned by 'Pinnacle Group'. It is very popular for its international and national brands of fashionable clothes, restaurants, cinema halls and food courts.** 4

The management of Pinnacle Group has decided to open a new branch of the mall in Pune. This decision was very crucial for the management as it involves huge amounts.

- (i) Identify and state the financial decision involved in the above case.
- (ii) State any two factors affecting the decision identified in (i) above.

Ans. (i) Investment Decision is stated in the above case. It relates to how the firm's funds are invested in different assets in the long-term and the short-term.

- A long-term investment decision in fixed assets is called as Capital Budgeting Decision.
- A short-term investment decision in cash, inventory and debtors is called as working capital decisions.

- (ii) The factors affecting investment decision are:
- Cash Flow of the Project:** The cash flow in the form of cash receipts and cash payments from each investment proposal should be carefully analyzed before considering capital budgeting decision.
 - Rate of Return:** The expected rate of return over the investment proposal and the risk involved should be analyzed and that proposal should be accepted which contains least risk and cost but maximum ROI.
 - Investment Criteria Involved:** The amount of investment, cash flow, interest rate, tax benefits, rate of return, cost of financing should be kept in mind as the criteria for selecting best decision after their evaluation on these points. (Any 2)

30. Rajneesh purchased a 500 ml bottle of fruit juice for ₹ 60 in Ahmedabad from a local store. While consuming it, he found an insect floating in it. He sent a legal notice to the company immediately and decided to approach a Consumer Dispute Redressal Agency for a relief of ₹ 2 lakh.

- Which Consumer Dispute Redressal Agency did Rajneesh approach, out of the three-tier machinery set up under Consumer Protection Act, 2019 for redressal ?
- If Rajneesh is not satisfied by the order of the above Agency, where can he appeal against such order and within how many days?
- State any two reliefs that can be granted to Rajneesh in the above case. 4

- Ans. (i) Rajneesh did approach the District Forum.
- (ii) If he is not satisfied by the order, he can appeal to the State Commission within 30 days.
- (iii) The relief that can be granted to Rajneesh in the above case are:
- Compensation for loss or injury suffered.
 - Refund of prices and punitive damages

31. (a) Explain any three points that highlight the importance of 'Management'.

OR

- (b) Explain the following techniques of scientific management: 4
- Differential Piece wage system
 - Time Study
 - Method Study

- Ans. (a) The importance of management are:
- Management helps in achieving group goals:** Management is required not for itself but for achieving the goals of the organization. The task of a manager is to give a common direction to the individual effort in achieving the overall goal of the organization.

(ii) **Optimum Utilisation of Resources:** Management brings together human and material resources in the right proportion. Human resources may prove to be ineffective without sound management.

(iii) **Management increases efficiency:** The aim of a manager is to reduce costs and increase productivity through better planning, organizing, directing, staffing and controlling the activities of the organization.

(iv) **Management creates a dynamic organization:** All organizations have to function in an environment which is constantly changing. It is generally seen that individuals in an organization resist change as it often means moving from a familiar, secure environment into a newer and more challenging one. Management helps people adapt to these changes so that the organization is able to maintain its competitive edge.

(v) **Management helps in achieving personal objectives:** A manager motivates and leads his team in such a manner that individual members are able to achieve personal goals while contributing to the overall organizational objective. Through motivation and leadership the management helps individuals to develop team spirit, cooperation and commitment to group success.

(vi) **Survival and Growth:** Modern business operates in a rapidly changing environment. An enterprise has to adapt itself to the changing demands of the market and society. With sound management an enterprise can meet the threats and take advantage of the opportunities. Management ensures the continuity and growth of business.

(vii) **Management helps in the development of society:** An organization has multiple objectives to serve the purpose of the different groups that constitute it. In the process of fulfilling all these, management helps in the development of the organization and through that it helps in the development of society. It helps to provide good quality products and services, creates employment opportunities, adopts new technology for the greater good of the people and leads the path towards growth and development. (Any two)

OR

(b) (i) **Differential Piece Wage System:** It is a technique which differentiates between efficient and less efficient workers. It rewards the efficient workers and motivates the less efficient ones to improve their efficiency.

- In this plan, there are two piece rates – one for those workers who produce the standard output or more, and the other for those who produce less than the standard output.
- This acts as an incentive for a less efficient worker to be motivated to perform better.

(ii) **Time study:** It is a technique which is used to determine the standard time taken by a worker to perform a well-defined job. It determines how much work an employee should be able to do in a given period of time.

The objectives of time study are:

- (a) To determine the number of workers required to do a job.
- (b) To determine standard time required to perform a job.
- (c) To categorise the workers in efficient and inefficient categories.
- (d) To determine the cost of labour.

(iii) **Motion Study:** The objective method study is to find one best way of doing the work. To determine the best way, there are service parameters and every activity is part of method study. It help to minimize the cost of production, improve the quality and maximize satisfaction of the customer. It includes all activities from procurement grow materials till the final produce delivered to the customers.

32. (a) **Planning is important as it provides directions for action, reduces the risks of uncertainty and facilitates decision making.' Explain.** 6

OR

(b) **Delegation of authority 'Develops employees', 'Motivates them' and 'Facilitates growth'. Explain how.**

Ans. (a) (i) **Provides direction for Action:** Organisations are set up with a general purpose in view. Specific goals are set out in the plans along with the activities to be undertaken to achieve the goals. Thus, planning is purposeful. Planning has no meaning unless it contributes to the achievement of predetermined organisational goals.

(ii) **Reduces Risk of Uncertainty:** Planning enables an enterprise to prepare for future risks well in advance. Managers can develop strategies to overcome these risks effectively.

(iii) **Facilitates decision-making:** Decision-making involves searching for various alternative courses of action, evaluating them and selecting the best course of action. Planning essentially

involves choice from among various alternatives and activities. The need for planning arises only when alternatives are available. Planning, thus, involves thorough examination and evaluation of each alternative and choosing the most appropriate one.

OR

(b) (i) **Employee Development:** Delegation empowers the employees by providing them the chance to put in practice their skills, gain experience and develop themselves for higher position.

(ii) **Motivation of employees:** Responsibility for work builds the self-esteem of an employee and improves confidence. He feels encouraged and tries to improve his further performances.

(iii) **Facilitation of growth:** Trained and experienced employees are able to play significant roles in launching new projects by replicating the work ethos they absorbed from existing units, in the newly set unit.

33. **Maharana' is a famous take-away food outlet in Meerut. It is quite popular among local people and travellers on the national highway.**

It offers a wide variety of 'paranthas' and 'sandwiches' packed in special containers which are designed and developed by them to keep the food hot and fresh.

Considering the tough competition in the nearby area, the prices have been set reasonably low.

The owner Nirmal Singh spends huge sums of money to put large hoardings and kiosks in the vicinity, to inform the people about the outlet's location and the special items on its menu.

The firm is performing various marketing functions to achieve its marketing objectives.

On the basis of the information given in the above case identify and explain any three marketing functions. 6

Ans. The three marketing function as per the above extract are:

(i) **Packaging:** It is the process of designing and producing appropriate packages for product. It protects the goods from spoilage, breakage, leakage, etc. In this case, Maharana packs the paratha and sandwiches in special containers designed to keep the food hot and fresh.

(ii) **Pricing:** Pricing refers to the process of fixing the price in terms of money. It depends on many factors like degree of competition, market conditions, government regulations, etc. Success of business mainly depends on the sound pricing policy. In this case, due to competition the prices have been kept reasonably low.

(iii) **Promotion:** Promotion refers to all such activities of the manufacturer like advertising, personal selling, sales promotion and publicity, where are intended to influence buyers

behavior. In the German case promotion is done through advertisement via hoardings and kiosks.

34. **The Government of India in its budget for the financial year of 2021-22 reiterated its support for Electric Vehicle sector. The Government launched several schemes and incentives to boost their demand as well as to motivate manufacturers to invest in the same. Inspired by these incentives and concerned about the environmental impact of gas and diesel-powered engines, Nitin Kothari has set up an electric car manufacturing unit at Bhilwara. He set a target of earning Return On Investment of 10% in the first year itself and forecasted that the demand for electric cars will increase by 20 million in the next few years.**

The above case highlights the first two steps of the process of one of the important functions of management.

(a) Identify the function of management discussed above.

(b) State the remaining steps required to complete the above process. 6

Ans. (a) The function of Management discussed here is Planning.

(b) The remaining steps required to complete the above process are:

- (i) **Identifying alternative courses of action:** All the alternative courses of action should be identified. The course of action which may be taken could be either routine or innovative. An innovative course may be adopted by involving more people

and sharing their ideas. If the project is important, then more alternatives should be generated and thoroughly discussed amongst the members of the organization.

(ii) **Evaluating alternative courses:** The positive and negative aspects of each proposal need to be evaluated in the light of the objective to be achieved. The riskier the investment, the higher the returns it is likely to give. To evaluate such proposals detailed calculations of earnings, earnings per share, interest, taxes, dividends are made and decisions taken. Alternatives are evaluated in the light of their feasibility and consequences.

(iii) **Selecting an alternative:** The best plan has to be adopted and implemented. The ideal plan, of course, would be the most feasible, profitable and with least negative consequences. The manager will have to apply permutations and combinations and select the best possible course of action.

(iv) **Implement the plan:** The step is concerned with putting the plan into action i.e., doing what is required. If there is a plan to increase production then more labour, more machinery will be required. This step would also involve organizing for labour and purchase of machinery.

(v) **Follow-up action:** To see whether plans are being implemented and activities are performed according to schedule is also part of the planning process. Monitoring the plans is equally important to ensure that objectives are achieved.

Outside Delhi Set-II

66/2/2

Note : Except these, all other questions are from Outside Delhi set- I.

23. (a) Explain 'Apprenticeship Programme' as a method of training. 3

Ans. (a) In Apprenticeship Programme type of training, theoretical instructions and practical learning are provided in training institutes to trainees. Apprenticeship training puts the trainee under the guidance of a leader. These are designed to acquire a higher level of skills. People seeking to enter skilled trades, to become, for example, plumbers, electricians or iron workers, are often required to undergo apprenticeship training.

24. (a) Explain the twin objectives of financial planning. 3

OR

(b) State any three factors that determine the requirements of working Capital of a company.

Ans. (a) The objectives of Financial Planning are:

- (i) **To ensure availability of adequate funds at the right time:** This includes a proper estimation of fund required for different purposes such as for the purchase of long-term assets or to meet day-to-day expense of business. Apart from this, it is essential to estimate the time at which

the funds are to be made available. Based on these facts, funds could be raised from short-term and long-term sources.

- (ii) **To see that the firm does not raise resources unnecessarily:** Excess funding is almost as bad as inadequate funding. So, the financial manager must see to it that the company does not raise more capital than the requirement of the business. In case there is surplus cash or liquidity, the excess funds should be utilized judiciously.

OR

(b) The factors affecting the requirement of working capital are:

- (i) **Nature of business:** The working capital requirement is affected by the nature of business. A trading concern needs less working capital as sales are made quickly on receipt of material. Wholesalers and manufacturers require more working capital as they have to sell on credit and maintain a huge inventory. Services also have low working capital requirement as they sell on cash basis and do not need much inventory.

(ii) **Scale of operations:** The size of the concern has a direct relation with the working

capital requirements. Big enterprises need higher working capital for investment in current assets.

- (iii) **Business cycle fluctuation:** During boom period the market is flourishing and hence, more working capital is required to meet the increasing demand and sales.
- (iv) **Technique of production:** If a company is using labour intensive then company will have to maintain more working capital to make payments to the labour.
- (v) **Growth prospects:** Firms planning to expand their activities will require more amount of working capital as for expansion they need to increase scale of production.
- (vi) **Inflation :** If there is increase or rise in price then the price of raw materials and cost of labour will rise. It will result in an increase in working capital requirement.

(Any three)

25. (a) **State any four benefits of using external sources of recruitment.** 4

OR

- (b) **State any four types of tests that may be used for selection of employees.**

- Ans. (a) The benefits of using external sources of recruitment are:

- (i) The management can attract qualified and trained people to apply for vacant jobs in the organization.
- (ii) The management has a wider choice while selecting the right candidate.
- (iii) External sources bring fresh talent in the organization.
- (iv) External sources encourage competitive spirit among the existing staff. (Any three)

OR

- (b) The various types of selection tests are:

- (i) **Intelligence Tests:** This is one of the important psychological tests used to measure the level of intelligence quotient of an individual. It is an indicator of a person's learning ability or the ability to make decisions and judgments.
- (ii) **Aptitude Tests:** It is a measure of individual's potential for learning new skills. It indicates the person's capacity to develop. Such tests are good indices of a person's future success score.
- (iii) **Personality Tests:** Personality tests provide clues to a person's emotions, her reactions, maturity and value system, etc. These tests probe the overall personality. Hence, these are difficult to design and implement.
- (iv) **Interest Tests:** These tests are inventories of a candidates' likes and dislikes in relation to work. These are used to discover a person's areas of interest and to identify the kind of work that will satisfy him.

- (v) **Trade Test:** These tests measure the existing skills of the individual. They measure the level of knowledge and proficiency in the area of profession or technical training. The difference between aptitude test and trade test is that the former measures the potential to acquire skills and the latter, the actual skills possessed. (Any four)

26. (a) **Explain the first two steps in the process of controlling.** 4

OR

- (b) **Explain any two psychological barriers to communication.**

- Ans. (a) The first two steps in the process of controlling are:

1. **Establishment of Performance Standards:** The first step of the control process is to establish the standards with which actual performance can be compared. Different standards are used for measuring the performance of different individuals.
2. **Measurement of Actual Performance:** Once the standards of desired performance are fixed, the next step is to measure the actual performance. Performance should be measured in the same terms in which standards have been established.

OR

- (b) **The two psychological barriers to communication are:**

- (i) **Premature evaluation:** Sometimes people evaluate the meaning of message before the sender completes his message. Such premature evaluation may be due to pre-conceived notions or prejudices against the communication.
- (ii) **Lack of attention:** The pre-occupied mind of receiver and the resultant non-listening of message acts as a major psychological barrier. For instance, an employee explains about his problems to the boss who is pre-occupied with an important file before him. The boss does not grasp the message and the employee is disappointed.
- (iii) **Loss by transmission and poor retention:** When communication passes through various levels, successive transmissions of the message results in loss of, or transmission of inaccurate information. This occurs more frequently in case of oral communication.
- (iv) **Distrust:** Distrust between communicator and receiver acts as a barrier. If the parties do not believe each other, they cannot understand each other's message in its original sense. (Any two)

28. Distinguish between 'Capital Market' and 'Money Market' on the basis of following: 4
- (i) Participants
 - (ii) Safety
 - (iii) Investment Outlay
 - (iv) Expected Return

Ans. The difference between Capital Market and Money Market are:

Basis of Distinction		Capital Market	Money Market
(i)	Participants	Stock Brokers, Insurance Companies, Commercial Banks, Underwriters are among the various participants in the capital market..	Commercial Banks, Non-financial Institutions, Central Banks, Bill Brokers, Acceptance Houses, Chit Funds are among the various participants in the money market.
(ii)	Safety	The risk involved in investment is comparatively high.	The risk involved in investment is comparatively low.
(iii)	Investment Outlay	The investment outlay is comparatively lower.	The investment outlay is comparatively higher.
(iv)	Expected Return	The return on the investment is expected to be high.	The return on investment is expected to be low.

31. (a) Explain the following principles of management given by Taylor: 6
- (i) Science, not rule of Thumb
 - (ii) Harmony, not discord
 - (iii) Development of each and every person to his or her greatest efficiency and prosperity.

OR

- (b) Explain any three points that highlight the importance of 'Co-ordination'.

Ans. (a) The principles of management are:

- (i) **Science not Rule of Thumb:** Each and every job and method of doing it should be scientifically analyzed and decided instead of doing it under trial and error method. The task to be performed should be scientifically planned. The materials, equipment and working condition should be standardized. The amount of work to be done should be decided through objective study.
- (ii) **Harmony not Discord:** There should be healthy co-operation between employer and employees. Taylor advocated a complete mental revolution on the part of both management and workers. Management should have an enlightened attitude and share the gains of productivity with workers. Workers on their part should work with discipline and loyalty.
- (iii) **Development of each and every person to his or her greatest efficiency and prosperity:** Conflict of interest between management and workers arises mainly on division of surplus. Taylor suggested that the best way to resolve the conflict is to increase the size of surplus so that each side can have a larger share. Management

and workers have common interest to increase the productivity.

OR

- (b) The importance of coordination are:

- (i) **Growth in size:** As organizations grow in size, the number of people employed by the organization also increases. At times, it may become difficult to integrate their efforts and activities. All individuals differ in their habits of work, background, approaches to situations and relationships with others. It becomes necessary to ensure that all individuals work towards achieving the common goals of the organization. But employees may have their own individual goals also. Therefore, for organizational efficiency, it is important to harmonize individual goals and organizational goals through coordination.
- (ii) **Functional differentiation:** Functions of an organization are divided into departments, divisions and sections. In an organization there may be separate departments of finance, production, marketing or human resources. All these departments may have their own objectives, policies and their own style of working. For example, the marketing department's objective may be to increase sales by 10 percent by offering discounts.
- (iii) **Specialization:** Complexity of modern business requires various functions to be performed by specialists. Specialization, in turn, brings out the need for greater coordination because of the diversity of activities of different specialists.

Outside Delhi Set-III

66/2/3

Note : Except these, all other questions are from Outside Delhi set- I & II.

23. (a) Explain 'Internship' as a method of training. 3
- OR
- (b) Explain any three points highlighting the importance of Staffing. 3

Ans. (a) Internship training is a joint programme of training in which educational institutions and business firms cooperate. Selected or newly recruited candidates carry on regular studies for the prescribed period and are sent to vocational institutions for theoretical training. They also work in some factory or office to acquire practical knowledge and skills.

OR

- (b) The importance of staffing are:
- (i) **Obtaining competent personnel:** It helps in discovering and obtaining competent personnel for various job positions in an organization. Through the recruitment process, only the best suitable personnel can be selected.
 - (ii) **Higher performance:** Staffing ensures high performance by putting right person on the right job. This leads to increase in the performance of the employees and also motivate them to work more.
 - (iii) **Continuous survival and growth:** Proper staffing ensures continuous survival and growth of the enterprise through succession planning of managers.
 - (iv) **Optimum utilisation of human resources:** Proper staffing ensures optimum utilisation of human resources. It avoids overstaffing and disruption of work by indicating in advance the shortages of personnel.
 - (v) **Key to effectiveness of other function:** Staffing is key to effectiveness of other functions as no other function can be carried out without staffing, as if there is no employees, the managers cannot modulate other functions as per the requirements.

(Any 3)

24. (a) Explain any three functions of stock exchange.

OR

- (b) State any three factors determining the choice of an appropriate capital structure of a company.

Ans. (a) The functions of Stock Exchange are:

- (i) **Role of an Economic Barometer:** Stock exchange serves as an economic barometer that is indicative of the state of the economy. It records all the major and minor changes in the share prices. It is rightly said to be the pulse of the economy, which reflects the state of the economy.
- (ii) **Valuation of Securities:** Stock market helps in the valuation of securities based on the factors of supply and demand. The securities offered by companies that are profitable and growth-oriented tend to be valued higher. Valuation of securities helps creditors, investors and government in performing their respective functions.
- (iii) **Transactional Safety:** Transactional safety is ensured as the securities that are traded in the stock exchange are listed, and the listing of securities is done after verifying the company's position. All companies listed have to adhere to the rules and regulations as laid out by the governing body.
- (iv) **Contributor to Economic Growth:** Stock exchange offers a platform for trading of securities of the various companies. This process of trading involves continuous disinvestment and reinvestment, which offers opportunities for capital formation and subsequently, growth of the economy.

- (v) **Making the public aware of equity investment:** Stock exchange helps in providing information about investing in equity markets and by rolling out new issues to encourage people to invest in securities.
- (vi) **Offers scope for speculation:** By permitting healthy speculation of the traded securities, the stock exchange ensures demand and supply of securities and liquidity.
- (vii) **Facilitates liquidity:** The most important role of the stock exchange is in ensuring a ready platform for the sale and purchase of securities. This gives investors the confidence that the existing investments can be converted into cash, or in other words, stock exchange offers liquidity in terms of investment.
- (viii) **Better Capital Allocation:** Profit-making companies will have their shares traded actively, and so such companies are able to raise fresh capital from the equity market. Stock market helps in better allocation of capital for the investors so that maximum profit can be earned.
- (ix) **Encourages investment and savings:** Stock market serves as an important source of investment in various securities which offer greater returns. Investing in the stock market makes for a better investment option than gold and silver. **(Any three)**

OR

(b) Factors affecting the choice of capital structure are:

- (i) **Cash Flow Position:** Decision regarding capital structure depends upon the ability of business to generate enough cash flow. If company is sure of generating enough cash flow, it may have more of debt securities whereas if there is shortage of cash, it may go for equity.
- (ii) **Interest Coverage Ratio (ICR):** It shows how many times the earning before interest and tax is available to the payment of interest. Higher ICR means company has less of borrowed funds whereas, it is possible that in spite of better ICR the cash flow position of the company may be weak.
- (iii) **Debt Service Coverage Ratio (DSCR):** It is one step ahead of ICR. It takes care of return of interest as well as principal repayment. Higher DSCR means, company can have more of debt and lower DSCR means, company should go for equity capital.
- (iv) **Return on Investment:** If return on investment is more than rate of interest then company can prefer debt in its capital structure but if return on investment is less than rate of interest then, company should prefer equity as it will not be able to pay interest. **(Any three)**

25. (a) State any four limitations of using internal sources of recruitment. 4

OR

- (b) What is meant by 'directing' function of management? State any three points highlighting the importance of 'directing' function.

Ans. (a) The limitations of using internal source of recruitment are:

- (i) There may be inbreeding of ideas as new and fresh candidates are not appointed from outside. Internal employee may not be able to give new ideas when required for the business.
- (ii) Due to limited choice, unsuitable candidates may be promoted to higher positions.
- (iii) The employees may become lethargic if they are sure of time-bound promotions.
- (iv) Frequent transfers of employees may often reduce the productivity of the organization.
- (v) A new enterprise cannot use internal sources of recruitment. No organization can fill all its vacancies from internal sources.

(Any four)

OR

- (b) In the ordinary sense, directing means giving instructions and guiding people in doing work but in management, directing refers to the process of instructing guiding, motivating and leading people.

According to **Ernest Dale**, "Directing is telling people what to do and seeing that they do it to the best of their ability."

The importance of directing are:

- (i) Directing helps to initiate action by people in the organization towards attainment of desired objectives. For example, if a supervisor guides his/her subordinates and clarifies their doubts in performing a task, it will help them to achieve work targets given to them.
- (ii) Directing integrates employees' efforts in the organization in such a way that every individual effort contributes to the achievement of organizational goals. In an organization, performance of each individual affects the performance of others. So there is a need to integrate their efforts, otherwise they may work for cross-purposes. Directing ensures that the individuals work for organizational goals.
- (iii) Directing guides employees to fully realize their potential and capabilities by motivating and providing effective leadership. A good leader can always identify the potential of his employees and motivate them to extract work up to their full potential.
- (iv) **Directing helps to bring stability and balance in the organization:** Effective directing helps to bring stability in the organization since it fosters cooperation and commitment among the people by giving them suitable rewards and positive encouragement and praise for good performance.
- (v) **To Facilitate change:** Generally the employees hesitate in accepting the changes but through directing function the

changes can be implemented more easily. Superior tells the subordinate that the changes are better for them also.

(Any three)

26. (a) **How does controlling function of management 'ensures order and discipline' and 'helps in judging accuracy of standards'? Explain.** 4

OR

- (b) **Explain any two organisational barriers to communication.**

Ans. (a) The two importance that are highlighted are:

- (i) **Ensuring order and discipline:** Controlling creates an atmosphere of order and discipline in the organization. It helps to minimise dishonest behavior on the part of the employees by keeping a close check on their activities. Any inappropriate behavior is taken care of by the management and proper behavior is rewarded.
- (ii) **Judging accuracy of standards :** A good control system enables management to verify whether the standards set are accurate and objective. An efficient control system keeps a careful check on the changes taking place in the organization and in the environment and helps to review and revise the standards in light of such changes.

OR

- (b) **The organisational barriers to communication are:**

- (i) **Organizational policy:** If the organizational policy, explicit or implicit, is not supportive to the free flow of communication, it may hamper effectiveness of communication. For example, in an organization with highly centralised pattern, people may not be encouraged to have free communication.
- (ii) **Rules and regulations:** Rigid rules and cumbersome procedures may be a hurdle to communication. Similarly, communications through prescribed channel may result in delays.
- (iii) **Status:** Status of superior may create physiological distance between him and his subordinates. A status conscious manager also may not allow his subordinates to express their feelings freely.
- (iv) **Complexity in organization structure:** In an organization where there are number of managerial levels, communication gets delayed and distorted as number of filtering points are more.
- (v) **Organizational facilities:** If facilities for smooth, clear and timely communication is not provided then communication may be hampered. Facilities like frequent meetings, suggestion box, complaint box, social and cultural gathering, transparency in operations, etc., will encourage free flow of communication. Lack of these facilities may create communication problems.

(Any two)

28. Distinguish between 'Capital Market' and 'Money Market' on the basis of following: 4
- (i) Duration (ii) Safety
(iii) Liquidity
(iv) Investment Outlay

Ans. The difference between Capital Market and Money Market are:

	Basis of Distinction	Capital Market	Money Market
(i)	Duration	Maturity period is much longer.	Maturity takes place within the year.
(ii)	Liquidity	The liquidity is low in case of Capital Market.	The liquidity is high in case of Money Market.
(iii)	Safety	The risk involved in investment is comparatively high.	The risk involved in investment is comparatively low.
(iv)	Investment Outlay	The investment outlay is comparatively lower.	The investment outlay is comparatively higher.

31. (a) Explain the following principles of management given by Fayol: 6

- (i) Discipline
(ii) Remuneration to employees
(iii) Unity of Command

OR

- (b) Explain any three points that highlight the importance of 'Principles of Management.' 6

31. (a) The principles given by Fayol are:

- (i) **Discipline:** Discipline refers to general rules and regulations for systematic working in an organization. Discipline does not mean only rules and regulations but it also means developing commitment in the employees towards organization as well as towards each other. Fayol insists that discipline is required at superior as well as subordinate level.
- (ii) **Remuneration to employees:** According to this principle, employees in the organisation must be paid fairly or adequately to give them maximum satisfaction. The employees should be paid fair wages and salaries, which would give atleast a reasonable standard of living.
- (iii) **Unity of Command:** According to this principle, an employee should receive orders from one boss only because if he is receiving orders from more than one boss then he will get confused and will not be able to understand that whose orders must be executed first.

OR

- (b) The importance of Principles of Management are:

- (1) **Provides Useful Insights into Reality:**
The knowledge of management principles

makes it easy to analyses the manager's job and define the scope of his duties. The nature of management can be clearly highlighted by properly understanding the principles. It is through the application of management principles that a manager can deal with complex business problems.

- (2) **Optimum utilisation of resources:** The management principles insists on planned activities and systematic organization of men and materials in the organization. Principles are designed to get maximum benefits from the human efforts and other resources.
- (3) **Meeting Environmental Challenges:** Every business operates in a dynamic environment. Changes in economic, social, political, technological and legal environment creates challenges for the business. The managers can apply the management principles suitably to deal with different kinds of situations. They need to be flexible and careful in dealing with various environmental challenges.
- (4) **Fulfilling Social Responsibility:** Management itself is a part of society and it takes inputs from the society and supplies output to the society. If the management is efficient, the resources of the society will be better utilized. Better products at lower prices will be made available to the society. This will improve the quality of life of the people. Management principles have an important role in developing efficient managers who will work for social objectives. (Any 3)

