



ONE TO ONE CLASSES PRESENTS

ALL PYQs BUSINESS STUDIES CLASS 12th





ONE TO ONE CLASSES

PRESENTS

ALL PYQs BUSINESS STUDIES CLASS 12th CHAPTER 1



CHAPTER 1

Nature and Significance of Management

1.1 Management-Concept, Objectives and Importance

MCQ

1. Statement I: Management is multi-dimensional.

Statement II: The activities involved in managing an enterprise are common to all organisations whether economic, social or political.

Choose the correct option from the options given below:

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

(2023)

2. 'Alfanzo Ltd.' is achieving all its objectives in an effective and efficient manner. It is earning enough revenue to cover costs and the risks of the business. Now the company wants to increase the sales volume, the capital investment, the number of employees and the number of products also.

By doing this, the management wants to achieve its following objective:

- (a) Survival
- (b) Profit
- (c) Personal
- (d) Growth

(2023)

3. The process of designing and maintaining an environment in which individuals work together in groups, efficiently accomplishing selected aims, is known as

- (a) Planning
- (b) Organising
- (c) Management
- (d) Efficiency.

(Term-I, 2021-22)

4. At times, a business may concentrate on producing goods with fewer resources but cannot achieve the targeted production. In such a case, the business is said to be :

- (a) Effective but not efficient

- (b) Efficient but not effective
- (c) Both effective and efficient
- (d) Neither effective nor efficient

(Term-I, 2021-22)

5. 'The management gives a common direction to the individual effort in achieving the overall goal of the organisation.' Which point of importance of management is highlighted in this statement?

- (a) Helps in achieving personal objectives
- (b) Helps in achieving group goals
- (c) Helps to increase efficiency
- (d) Helps to create a dynamic organisation

(Term-I, 2021-22)

6. 'SORT-IT Ltd.' is a leading software development company. The company is satisfying the diverse needs of its employees. Its employees are given competitive salaries and perks. They have been given chance for their personal growth and development. Identify the objective of management being met by 'SORT-IT Ltd.'

- (a) Social
- (b) Personnel
- (c) Organisational
- (d) Both Social and Personnel

(Term-I, 2021-22)

7. JS Printing Solution Ltd. is a company manufacturing printers and scanners. The management of this company is known for speedy and prompt delivery of orders. As a result, the market share of this company is growing. The company grabbed a new project to supply 1,500 printers to Uprise Bank Ltd. for its various branches, within two weeks. The Production Manager, Ashok, made one of his efficient subordinates, Deepak the incharge of the project and also gave him the right to command workers in order to meet the target. Now, Ashok could use his time on high priority areas. He felt that this will also give an opportunity to Deepak to gain experience and develop himself for higher positions. On getting the charge, Deepak was very happy, his confidence level increased and he was encouraged to do his best to fulfill the responsibility. Considering his responsibility, Ashok kept a track of the completion of work with Deepak and he is providing him the needed guidance to reach the target on time.

The application of the concept used above allows Ashok to use his time on high priority areas. This will lead to the organisation towards:

- (a) Adaptation to change

- (b) Effective Management
- (c) Economies of Scale
- (d) Reduction in conflicts among different divisions

(Term-I, 2021-22)

8. 'The main objective of any organisation should be to utilise human and material resources to the maximum possible advantage.' The above lines highlight which of the following objectives of management?

- (a) Organisational objectives
- (b) Social objectives
- (c) Personal objectives
- (d) Both (b) and (c)

(2021C)

9. 'In order to be successful, an organisation must change itself and its goals according to the needs of the environment. Which characteristic of management is being highlighted here?

- (a) Management is all pervasive
- (b) Management is multi-dimensional
- (c) Management is a group activity
- (d) Management is a dynamic function

(2021 C)

10. The objective of management which consistently creates economic value for various constituents of society is :

- (a) Organisational objective
- (b) Social objective
- (c) Personal objective
- (d) Both Social and Personal objective.

(2020 C)

11. Arnav has recently started a business to sell computers. He hired a shop in Nehru Place in New Delhi, where he assembles various components to make computers and supplies them as per order. He performs a series of composite but separate functions simultaneously and ensures that computers are

delivered in time as per orders. These functions are performed by all managers at all times. The feature of management highlighted above is :

- (a) Management is a continuous process.
- (b) Management is pervasive.
- (c) Management is dynamic.
- (d) Management is a group activity.

(2020 C)

VSA (1 mark)

12. Various input resources are required by management to complete a task effectively and efficiently. Name any two.
(AI 2019)
13. Management is the process of getting things done.' State the meaning of the term 'Process' used in this statement.
(Delhi 2016)
14. What is meant by 'Efficiency' in management?
(Foreign 2016, Delhi 2015) R
15. What is meant by 'effectiveness' in management?
(Delhi 2015)
16. Explain, how management helps in the development of society.
(Delhi 2015)
17. How does management help in achieving personal objectives? State.
(Delhi 2015)
18. What is meant by 'Management' of People?
(Delhi 2014)
19. What is meant by 'Management of Work'?'
(AI 2014)
20. Identify the basic characteristic of management involved in the statement- 'The activities involved in managing an organisation are common to all organisations, whether economic, social or political'.
(Delhi 2014 C)

SA I (3 marks)

21. Identify the characteristic of management which states that the activities involved in managing an enterprise are common to all organisations whether economic, social or political. Also state two other characteristics of management.

(2021 C)

22. Mita has a successful ice cream business at Bikaner, namely 'Smart navours' ice creams are utterly delicious. She makes ice creams from fresh milk and the same are available in a wide range of flavours and packs. She sets viable business objectives and works with the same in mind in order to ensure that the customers will come back for purchasing.

Having the first mover advantage, her business was doing well. To earn higher profits, she started cutting costs. This would sometimes lead to delay in delivery and the ice cream was not reaching the market in time. Over a period of time, the demand for her ice cream declined and because of it, the competitors entered the market. She lost some of her market share to competitors.

At the beginning of summer season, she got back to back order for supply of 4,000 ice cream packs of different flavours for special occasions. To ensure that the task was completed and orders delivered in time she hired additional workers. She was, thus able to produce and deliver the ice cream packs but at a high production cost. While completing activities and finishing the given task for achieving goals, Mita realised that she was ignoring one of the important aspects of management.

Identify the aspect of management that has been ignored by Mita. Also explain the same with the help of an example.

(Delhi 2019)

SA II (4 marks)

23. Define 'Management'. Explain how management is a multidimensional activity.

(AI 2019)

24. Explain any four points of importance of management.

(Delhi 2016, 2014 C)

25. Mega Ltd. was manufacturing water-heaters. In the first year of its operations, the revenue earned by the company was just sufficient to meet its costs. To increase the revenue, the company analysed the reasons of less revenues. After analysis, the company decided

(i) To reduce the labour cost by shifting the manufacturing unit to a backward area where labour was available at a very low rate.

(ii) To start manufacturing solar water-heaters and reduce the production of electric water-heater slowly.

This will not only help in covering the risks, but also help in meeting other objectives too.

- (a) Identify and explain the objectives of management discussed above.
 - (b) State any two values which the company wanted to communicate to the society.
- (AI 2014)

LA (5 marks)

26. Management seeks to achieve various objectives. Explain these objectives.
(Foreign 2019)

1.2 Management as Science, Art and Profession

MCQ

27. 'Management has its own vocabulary of terms and concepts. Managers need to communicate with one another with the help of a common vocabulary for the better understanding of their work situation'.
Which characteristic of 'Management as a Science' is highlighted in the above statement?

- (a) Principles based on experimentation
- (b) Systematised body of knowledge
- (c) Universal validity
- (d) Personalised application

(2023)

28. Which of the following features of science is fully satisfied by management?

- (a) Systematised body of knowledge
- (b) Principles based on experimentation
- (c) Universal validity
- (d) Based on practice and creativity

(Term-I, 2021-22)

29. Ram Murty, a Professor of Management conducted a class on 'Management principles' and explained to his students the significance of Management Principles. In the next class, the Professor asked his students to play roles of different managers. He gave them various situations and asked them to think like managers and provide solutions to the problems given in these situations. Each student applied the principles of management to the given situation in his own personalised manner, depending upon his creativity.

The nature of management highlighted in the above case is:

- (a) Management as a Science
- (b) Management as an Art
- (c) Management both as an Art and as a Science
- (d) Management as a Profession

(Term-I, 2021-22)

30. Rani is working as a Chief Executive Officer (CEO) in 'Alpha Ltd.' Vipul is working as a Production Manager in the same organisation though he does not possess any specific degree for this post. Pratap is also working in this organisation and constantly interacts with the workers and explains to them the plans drawn by middle level management and spends a lot of time correcting the work of Divesh, who is a new worker, and motivating him.

In spite of not possessing any specific degree, Vipul is working as a Production Manager in 'Alpha Ltd.' This reflects that management does not strictly meet one of the following criteria of a profession.

Identify the criterion/feature:

- (a) Well-defined body of knowledge
- (b) Restricted entry
- (c) Service motive
- (d) Ethical code of conduct

(Term-I, 2021-22)

31. Which of the following features of a profession is fully satisfied by Management?

- (a) Service motive
- (b) Well defined body of knowledge
- (c) Restricted entry
- (d) Ethical code of conduct

(Term-I, 2021-22)

SA I (3 marks)

32. 'Science is a systematised body of knowledge that explains certain general truths or the operation of general laws.' In the light of this statement, describe management as science.

(Delhi 2019)

33. Management is a complex activity that has three main dimensions. Explain these dimensions.

(Delhi 2019)

SA II (4 marks)

34. Is management a profession? Explain.

(2020 C)

35. What is meant by 'Management'? Explain its any three features that establish it as an Art.

(NCERT, AI 2019)

36. Explain the features of management that do not establish it as a profession.

(AI 2016)

Explanatory Type (ET) (6 marks)

37. Aman, Ahmad and Ally are partners in a firm engaged in the distribution of dairy products in Maharashtra state. Aman is a holder of Senior Secondary School Certificate from Central Board of Secondary Education with Business Studies as one of his elective subjects. Ahmad had done his post graduation in History and Ally in dairy farming. One day, there was a serious discussion between Ahmad and Ally regarding the nature of management, Ahmad argued that management was a profession. Where as Ally argued against it saying that the legal and medical profession are the only professions because they fulfill all the conditions of profession.

Aman on the basis of his knowledge of business studies explained the nature of management as a profession to Ahmad and Ally.

Explain, how Aman would have satisfied both Ahmad and Ally?

(Delhi 2015)

1.3 Levels of Management

MCQ

38. Which level of management is responsible for coordinating the activities of different departments according to overall objectives of the organisation?
- (a) Top level
 - (b) Middle level
 - (c) Supervisory level

(d) Both middle and supervisory levels

(Term-I, 2021-22)

Direction for Q. (39 to 43) : Rani is working as a Chief Executive Officer (CEO) in 'Alpha Ltd.' Vipul is working as a Production Manager in the same organisation though he does not possess any specific degree for this post. Pratap is also working in this organisation and constantly interacts with the workers and explains to them the plans drawn by middle level management and spends a lot of time correcting the work of Divesh, who is a new worker, and motivating him.

(Term-I, 2021-22)

39. Identify the function that Rani would not have to perform as a Chief Executive Officer:

- (a) Integrating diverse elements and coordinating activities of different departments to achieve overall objectives.
- (b) Ensuring that wastage is minimised and safety standards are maintained.
- (c) Analysing business environment and its implication for survival of organisation.
- (d) Formulating overall organisational goals and strategies for their achievement.

40. Identify the level of management at which Vipul is working:

- (a) Top level
- (b) Operational level
- (c) Middle level
- (d) Supervisory level.

41. At which level of management is Pratap working?

- (a) Top level
- (b) Middle level
- (c) Supervisory level
- (d) At both top and middle level

42. As a Production Manager, identify the function that Vipul would not perform:

- (a) Ensure that his department has the necessary number of personnel.
- (b) Interpret the policies framed by the Chief Executive Officer, Rani.
- (c) Motivate the employees of his department to achieve the desired objectives.
- (d) Interacting with the actual workforce.

43. Identify the function that Pratap would have to perform in addition to those mentioned in the above case.

- (a) Maintaining quality of output and safety standards
- (b) Implementing the plans and strategies developed by Rani
- (c) Cooperate with other departments for smooth functioning of the organisation
- (d) Ensuring that his department has the necessary number of personnel

VSA (1 mark)

44. Which level managers are responsible for coordination? State.

(AI 2015 C)

SA II (4 marks)

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

- (a) Identify the level of management at which Ashutosh Goenka was working.
- (b) State three other functions being performed by Ashutosh Goenka. (Delhi 2017) Ev

1.5 Coordination-Concept and Importance

MCQ

46. 'Coordination integrates the efforts of different departments and at different levels'. Identify the characteristic of coordination highlighted in the above statement.

- (a) Coordination ensures unity of action
- (b) Coordination is an all pervasive function
- (c) Coordination is a deliberate function
- (d) Coordination is the responsibility of all managers

(2023)

47. 'It acts as the binding force between departments and ensures that all actions are aimed at achieving the goals of the organisation.' The statement highlights the following characteristic of coordination:

- (a) Coordination is an all pervasive function.

(b) Coordination is the responsibility of all managers.

(c) Coordination is a continuous process.

(d) Coordination ensures unity of action.

(Term-I, 2021-22)

48. 'Bubbly Bee' Enterprises recently launched its new range of balloons with inbuilt lights on the occasion of Diwali and set a target of 10% return on investment. The Managing Director, Sudhakar integrated the efforts of all the three departments i.e. Purchase,

Production and Sales departments at different levels for achieving the target harmoniously. The product was an instant hit and 'Bubbly Bee' Enterprises was able to achieve its target.

The characteristic of coordination discussed in the above case is:

(a) Coordination is a continuous process

(b) Coordination is multi-dimensional

(c) Coordination requires ethical code of conduct

(d) Coordination is an all pervasive function

(Term-I, 2021-22)

49. The process of management which synchronises the activities of different departments in an orderly manner is:

(a) Planning

(c) Controlling

(b) Staffing

(d) Coordination.

(2021C)

VSA (1 mark)

50. What is meant by 'coordination' in management?

(Delhi 2015, AI 2015)

51. How does coordination integrates group efforts? State.

(Delhi 2015 C)

SA I (3 marks)

52. 'Coordination is needed at all levels of management and is the responsibility of all managers.'
Explain.

(Delhi 2019)

53. Explain any three reasons, which clarify that management is gaining importance day by day.

(Delhi 2019)

LA (5 marks)

54. Explain any five characteristics of coordination.

(2020 C)

OR

What is meant by coordination? State its any four features.

(2018)

55. 'Co-ordination is the orderly arrangement of group efforts to provide unity of action in the pursuit of common purpose.' In the light of this statement, explain any five points of importance of coordination.

(Foreign 2019)

ONE TO ONE
CLASSES

CHAPTER 1

ANSWERS

1. (d) : Both the statements are true.
2. (d) : Growth
3. (c): "Management is the process of designing and maintaining an environment in which individuals, working together in groups, efficiently accomplish selected aims.

Definition given by Harold Koontz and Heinz Weihrich.

4. (b) : Effectiveness means completing a given work in the required time with a focus on the end results, whereas efficiency means completing a task with the minimum possible cost and resources. As the business was able to produce goods with fewer resources but could not achieve the target on time, so it was efficient but not effective.
5. (b) : The importance of management that is being discussed in the question is that management helps in achieving the group goals of the organisation. This is because management gives a common direction to all the efforts made by different individuals and helps in combining them to achieve the group goals.
6. (b) : The objective of management being met by 'SORT-IT Ltd'. is personnel related.
7. (b) : Delegation is a pre-requisite for efficient working of an organisation. Since, Ashok will be able to concentrate on high priority areas, it will lead to effective management.
8. (a) : Organisational objectives
9. (d) : Management is a dynamic function
10. (b) : Social objective
11. (a): Management is a continuous process.
12. Money and persons are two input resources that are required by management to complete a task effectively and efficiently.
13. The term 'process' here refers to the sequence of managerial activities such as planning, organising, staffing, directing and controlling.
14. Efficiency is concerned with optimal use of resources and producing results at reasonable cost and in stipulated time.
15. Effectiveness in management means selecting the right task, completing activities and achieving goals, which is useful to the organisation.

16. Management helps in the development of society by providing good quality products and services, rendering employment opportunities, providing fair remuneration etc., that brings prosperity to the society.
17. Management helps employees in achieving personal objectives by motivating and leading in such a way that the individual members are able to achieve personal goals while contributing to the overall organisational objectives.
18. Management of people means dealing with employees as individuals with diverse needs and behaviour as well as dealing with individuals as an important member of a team which works for the organisation.
19. Management of work refers to translating work in terms of goals to be achieved and providing the resources and motivation to achieve them.
20. The characteristics of management highlighted in the given statement is - 'Management is all pervasive'. It indicates that all kinds of organisation benefit from good management practices.
21. Management is all pervasive.

Other characteristics of management:

- (i) It is a goal-oriented process as it strives to achieve organisational goals.
 - (ii) It is multidimensional as it involves management of work, people and operations.
 - (iii) It is a continuous process as it involves an ongoing series of functions.
 - (iv) It is a group activity as it unites individual effort in a common direction.
 - (v) It is a dynamic function as it adapts itself to the changing environment.
 - (vi) It is an intangible force as it cannot be seen but its presence can be felt in the way the organisation functions.
22. The aspect of management that is being ignored by Mita is 'efficiency'. This is because efficiency involves completing the task with the minimum possible cost and resources. Here, as she was required to hire more workers to complete the task on time, she ignored the aspect of efficiency and only focused on effectiveness.
- For example, if more workers are hired \Rightarrow task gets completed on time, then this is effective, but if more workers are hired then the cost increases in the form of increased salary, then it is not efficient. Similarly, if a task is carried out with the same number of workers \Rightarrow Less cost, then it is efficient, but if the task is carried out with the same number of workers and there is a delay in completion of work then it is not effective.
23. Management is a process of designing and maintaining an environment in which individual working together in groups efficiently to accomplish selected aim. Management is a broad concept. Also management includes dimensions such as management of work, management of people and management of operation. Manager of any organisation needs to manage people working in the

organisation, work or task being performed in organisation and also he / she needs to manage the operation of the organisation so, management considered as multidimensional activity.

24. Importance of management:

- (a) Helps in achieving group goals: Management helps in achieving group goals by providing a common direction to the individual efforts.
- (b) Increased efficiency : Better utilisation of human and non-human resources leads to improve productivity and less wastage. Better planning and its implementation with effective coordination and control leads to excellence in performances.
- (c) Helps in achieving personal objectives : Management helps individuals to achieve their personal objectives, while contributing to the overall organisational objectives.
- (d) Creates a dynamic organisation : Management establish a sound and dynamic organisation, which adapts to the changing environment. It encourages the spirit of cooperation, fellow-feeling and mutual understanding among the workers.

25. (a) The objectives of the management referred here are:

- (i) Organisational objectives : This refers to reducing manpower cost by the top management by shifting the manufacturing to a backward area where cost of labour is very low. This would help to make the company profitable.
- (ii) Social objectives : The management is able to meet its social objectives in two ways-
 - (I) It is able to provide employment in a backward area which will improve the economic and social condition of the local population.
 - (II) The company's decision to phase out electric water heater with solar water heater is very environment friendly as it would save a lot of electricity.
- (b) Values: The company has communicated with its actions are inclusiveness and partnership. With the shifting of manufacturing to backward area, there shall be 'inclusive' economic and social growth in the area. Thus the company is forging a partnership with the society and sharing economic benefits.

26. The objectives of management are as follows:

- (i) Organisational/Economic : Organisational activities involve optimal utilisation of the material and human resources available. The following are the objectives involved:
 - (a) Survival : The overall revenue must be adequate to cover the costs.
 - (b) Profit : Profits must be earned such that the risks and costs are covered.
 - (c) Growth: To continue in the long run, an organisation should focus on growth in terms of sales, production, number of employees, etc.

(ii) Social objectives : Social obligations such as adoption of environment-friendly production methods, contribution to social causes such as imparting education to children and providing employment to the unemployed, etc., should be considered.

(iii) Personal objectives : The personal objectives of the individuals (financial objectives as well as social objectives) must be accommodated.

27. (b) : Systematised body of knowledge.

28. (a) : The systematised body of knowledge is the feature of science which is fully satisfied by the management.

29. (b) : The nature of management that is being highlighted in the given case is "Management is an Art",

30. (b) : Management as a profession does not fulfill restricted entry criteria.

31. (b) : The feature of profession that is fully satisfied by management is the existence of well defined body of knowledge.

32. 'Science is a systematised body of knowledge that explains certain general truths or the operations of general laws.' The features which describe management as science are:

(i) Systematic body of knowledge : Management has its own body of theories and principles that were developed over the years. In addition, it has its own vocabulary.

(ii) Theories based on experimentation : The principles of management have developed over the years based on repeated observations and experiments. However, as management deals with human behavior, no exact cause-and-effect relationship can be established.

(iii) Universal validity : Theories and principles of management are valid universally to a great extent. They can be used to impart basic knowledge and managerial skills to budding managers.

33. Management is a complex activity that has three main dimensions. The following are the three main dimensions of management:

(i) Managing the work: With management, the work of an organisation is interpreted in terms of the objectives and goals achieved owing to the work. Management also specifies the guidelines regarding how these objectives can be achieved.

(ii) Managing the people: Managing the people implies dealing with the employees both as individuals and as a group such that their strengths are utilised and their weaknesses are identified.

(iii) Managing the operations : The production process where the inputs are transformed into a product or a service requires continuous management in order to ensure the utilisation of the resources efficiently and effectively.

34. Any body of knowledge that qualifies to become a profession must fulfill the following characteristics:

(i) Well defined body of knowledge

- (ii) Restricted entry
- (iii) Professional association
- (iv) Ethical code of conduct
- (v) Service motive

35. Management is a process that converts resources into results. It is a set of practices that makes organisational goals a reality, effectively and efficiently.

The important features of management that establishes it as an art are:

- (a) Existence of theoretical knowledge - Like art, faculty of management has adequate theoretical knowledge. This is taught in business schools and practiced by managers. This theoretical knowledge though based on observation and experience needs constant updation.
- (b) Individual Application - A manager applies the theoretical knowledge according to the given situation. He/ she utilises creativity and initiative which makes the project a success.
- (c) The Managerial skills - They improve with practice. Like the practitioners of different arts, managers improve their skills with experience and develop their own style of management. They apply their insight to adapt to the dynamic business environment.

On comparing the features of art with management we find all the features of art are present in management, so we can call management as an art of getting the things done by others.

36. The important features that do not establish management as a profession are :

- (a) Though management has a body of knowledge based on observation of human behaviour, this knowledge is not universal and can only be applied with fair amount of modification.
- (b) Most profession have restricted entry such as doctors have to study medicine and lawyers have to study law. However any one can become a manager irrespective of his/her education. Though, these days people study in business schools and get a degree of MBA or a diploma, these are desirable but not essential to becoming a manager.
- (c) Professional Association : Most professions are affiliated to professional association which regulate entry and issue certificate of practice. Even though there are various management associations, it is not mandatory for managers to join them. Also there is no code of conduct that is binding on the practicing managers.

37. Aman would have explained the following features of management as profession :

- (i) Well defined body of knowledge : Each professional as a lawyer or a doctor is required to gain specialised knowledge of the profession. Similarly, practice of management also requires specialised knowledge, which can be gained by reading books or attending courses in various institutes.

(ii) Professional Association : All profession are affiliated to a professional association which regulates entry, enforces a code of conduct. There are several associations of practising managers in India (like All India Management Association) and many managers are it's members.

(iii) Service Motive : The basic motive of a profession is to serve the client's interests. Management helps the organisation in achieving it's goals, but the products and services of an organisation are for the customers benefit. Thus, management can be called a proper profession.

38. (a) : Top level management is responsible for coordinating the activities of different departments according to overall objectives of the organisation.
39. (b) : Rani doesn't have to do this function as she is in Top level management.
40. (c) : Vipul is working in the middle level management.
41. (c) : Pratap is working at lower level management.
42. (d) : Vipul as a production manager will not interact with the actual workforce as it's the job of the supervisory level.
43. (a) : Pratap as a lower level manager will ensure that quality is maximised and safety standards are maintained.
44. Top level management consists of CEO, Directors, *MD*, etc. who undertake overall decisions of the organisation are responsible for coordination.
45. (a) He has been working at the top level in the management hierarchy.
- (b) The basic task of the top management is to:
- (i) Integrate diverse elements and coordinate the activities of different departments according to the overall objectives of the organisation.
- (ii) They are responsible for the welfare and survival of the organisation.
- (iii) They formulate overall organisational goals and strategies for their achievement.
- (iv) They are responsible for all the activities of the business and for it's impact on the society.
46. (b) : Coordination is an all pervasive.
47. (d) : Coordination enables Unity of Action in the organisation.
48. (d) : The characteristic of Coordination discussed above is 'Coordination is all pervasive'.
49. (d) : Coordination
50. Coordination is the process by which a manager synchronises the activities of different departments towards the achievement of organisational goals.

51. Coordination integrates group efforts by giving a common focus to group objectives. This ensures that the performance is as per plans of the organisation.

52. Yes, Coordination is indeed the essence of management. By Coordination, we mean a path through which the group functions are linked up.

It binds the people of the organisation and their activities to ensure a smooth functioning of the work. It is that force which unites the working and efforts of the people of the organisation towards the common objective of the organisation. Coordination links the interrelated management functions. It is found at every level of management. It begins right from the stage of planning where goals and objectives are set for the organisation. Coordination is then required between the stage of planning and staffing so that right kind of people are hired for the execution of the plan. Next, the functions of directing and controlling must also be coordinated with each other so as to realise the achievement of desired goals. Hence, we see that coordination is intrinsic and imperative for management. It is the 'essence' of management.

53. The points which clarify that management is gaining importance day by day are explained as follows:

(i) Achievement of goals: Management helps in the achievement of goals such that the efforts of all the individuals are organised and directed towards the common goals of the organisation.

(ii) Increases efficiency : An increase in efficiency implies minimising the costs and increasing the productivity through the optimum utilisation of resources. As management helps in optimum utilisation of resources, it helps in increasing efficiency.

(iii) Creates dynamic organisation : Management helps an organisation to adapt the changes in external factors such as political, social, environmental and economical changes.

54. Co-ordination is the force that binds all the other functions of management. It is the common thread that runs through all activities such as purchase, production, sales and finance to ensure continuity in the working of the organisation. Features of coordination are:

(i) Coordination integrates group efforts: It unifies unrelated interests in to purposeful work activity.

(ii) Coordination ensures unity of action: The purpose of coordination is to secure unity of action in the realisation of a common purpose.

(iii) Coordination is a continuous dynamic process: It is not a one time function but a continuous process. It begins at planning stage and continues till controlling.

(iv) Coordination is an all pervasive function: Coordination is required at all levels of management due to the interdependent nature of activities of various departments.

55. 'Co-ordination is the orderly arrangement of group efforts to provide unity of action in the pursuit of common purpose'. Its importance are :

(i) Harmonised goals: Coordination synchronises the personal goals of the individuals and the overall goals of the organisation.

(ii) Allotted work: Coordination integrates the opinions and thoughts of various specialists and departments of an organisation so as to avoid diversion and conflict among them.

(iii) Interdependence of divisions : As an organisation has various independent departments such as production, sales and finance, coordination is needed to synchronise their activities for the achievement of the common goals.

(iv) Specialisation : Division of main activities into various sub-activities and allotment of tasks based upon the area of expertise to different individuals. Every person performs the task to the best of his/her potential, without considering total work to be done. Coordination ensures the accomplishment of the overall goal and taking benefits of specialisation.

(v) Size of Organisation: Coordination ensures a proper environment is available for all so as each one can fully contribute to his/her maximum towards the achievement of organisational goals.

ONE TO ONE
CLASSES



ONE TO ONE CLASSES

PRESENTS

ALL PYQs BUSINESS STUDIES CLASS 12th CHAPTER 2



CHAPTER 2

Principles of Management

2.1. Principles of Management: Concept and Significance

MCQ

1. The principles of management are guidelines to action but do not provide readymade straitjacket solutions to managerial problems.

The feature of principles of management discussed above is :

- (a) Universal applicability
- (b) General guidelines
- (c) Flexible
- (d) Mainly behavioural.

(Term-I, 2021-22)

2. The application of principles of management is dependent upon the prevailing situation at a particular point of time.

The characteristic of principles of management reflected in the above statement is:

- (a) Universal applicability
- (b) Cause and effect relationship
- (c) Flexible
- (d) Contingent.

(Term-I, 2021-22)

3. 'Management principles help in thoughtful decision making. They emphasise logic rather than blind faith'. This statement describes the following point of significance of Principles of Management:

- (a) Fulfilling social responsibility
- (b) Scientific decisions
- (c) Meeting changing environment requirements
- (d) Optimum utilisation of resources and effective administration.

(Term-I, 2021-22)



4. The principles of management are said to be flexible as:
- (a) they aim at influencing behaviour of human beings
 - (b) they are general guidelines to action, but do not provide ready made solutions to management problems.
 - (c) they can be modified by the manager when the situation so demands.
 - (d) their application is dependent upon the prevailing situation at a particular point of time.
- (2020 C)

VSA (1 mark)

5. Principles of management equip the managers to foresee the cause and effect relationships of their decisions and actions so that the wastages associated with a trial and error approach can be overcome. Identify the point of significance of principles of management highlighted here. (Foreign 2019) U

SA II (4 marks)

6. Explain any four points of importance of principles of management.
(Delhi 2016)
7. An environmentally conscious multinational company "AXN Ltd." follows certain well defined business principles that result to minimise the employee turnover. Following are some of the important environmental factors followed by 'AXN Ltd.'
- I. Honour the law of every country in which it operates.
 - II. Respect the culture and customs of all nations.
 - III. Provides clean and safe products to enhance the quality of life throughout the world.
 - IV. Develop a culture in the company that enhances individual creativity and teamwork while honouring mutual trust and respect between management and labour.

From the above,

- (i) identify and state any one general principle of management and any one dimension of business environment.
- (ii) also identify any two values which the above guiding principles and environmental factors are conveying to the society.

(Delhi 2015 C)



8. XYZ Power Ltd. set up a factory for manufacturing solar lanterns in a remote village as there was no reliable supply of electricity in rural areas. The revenue earned by the company was sufficient to cover the costs and the risks. The demand of lanterns was increasing day by day, so the company decided to increase production to generate higher sales. For this, they decided to employ people from the nearby villages as very few job opportunities were available in that area. The company also decided to open schools and creches for the children of its employees.

(i) Identify and explain the objectives of management discussed above.

(ii) State any two values which the company wanted to communicate to the society. (Delhi 2014) Ev

LA (5 marks)

9. Explain any five points of significance of Principles of Management.

(NCERT, Delhi 2019)

10. Explain how principles of management help the managers:

(i) in taking scientific decisions and

(ii) in providing the managers with useful insights into real world situations.

(Delhi 2019)

ET (6 marks)

11. Explain 'Cause and effect of relationship' as a feature of principles of management,

(i) Meeting changing environment requirements; and

(ii) Management training, education and research as significance of principles of management. (2023)

12. Explain any four characteristics of principles of management.

(Delhi 2016)

2.2 Fayol's Principles of Management

MCQ

13. Sangeeta visited 'Smile Dental Clinic' for treatment of toothache. She observed that the receptionist was seated at the reception desk, the place fixed for her. Dental instruments were laid neatly in dental instrument trays and the used instruments were placed in the sterilisation area. There was a fixed place for everything and it was present there. There was no hindrance in the work of the dentist and she was working with her maximum efficiency.

The principle of management followed at the 'Smile Dental Clinic' was

(a) Equity

(b) Discipline



- (c) Order
- (d) Initiative.

(2023)

14. Each participant in a formal organisation should receive orders from one and only one boss and be responsible to only one superior.

The principle of management discussed above is :

- (a) Authority and Responsibility
- (b) Unity of command
- (c) Esprit de corps
- (d) Unity of direction

(Term-I, 2021-22)

15. 'Good Health Care' ensures that no doctor provides less favourable treatment to patients on account of gender, religion, occupation, language, caste, belief or nationality. They do their utmost to ensure that all patients are treated as fairly as possible.

Identify the principle of management being followed by 'Good Health Care'.

- (a) Stability of personnel
- (b) Initiative
- (c) Order
- (d) Equity

(Term-I, 2021-22)

16. Identify the principle of management given by Fayol according to which 'The intent of this principle is to produce more and better work with the same effort.'

- (a) Division of work
- (b) Unity of direction
- (c) Scalar chain
- (d) Equity

(Term-I, 2021-22)

17. 'This principle will give rise to a spirit of mutual trust and belonging ness among team members.'

Which principle of management stated by Fayol is highlighted by this statement? (a) Initiative

- (b) Esprit de Corps

- (c) Equity



(d) Remuneration of Employees

(Term-I, 2021-22)

18. Pioneer Ltd. is dealing in fruit Juices and hair oils. To ensure unity of action and coordination, it has made two separate divisions for each product. Each division has its own incharge, plans and execution resources. Thus, both the divisions are moving towards the same objectives through focused efforts.

Identify the Principle of management followed by Pioneer Ltd. in the above case.

- (a) Esprit de corps
- (b) Equity
- (c) Unity of Direction
- (d) Authority and Responsibility

(Term-I, 2021-22)

19. The Fayol's principle of _____ emphasises on kindness and justice in the behaviour of managers towards workers.

- (a) Equity
- (b) Discipline
- (c) Esprit de Corps
- (d) Scalar Chain

(Term-I, 2021-22)

VSA (1 mark)

20. Appliances India Ltd. is engaged in manufacturing and distribution of home appliances since 1987. It has a good name in the market as the company is producing good quality appliances. It has separate departments for manufacturing, finance, sales, maintenance services and technical services to achieve specialisation.

Since the areas of operations of the company have increased and customers have become more demanding, the company decided to modify the existing principle of management to meet the changing requirements of the environment.

State the general principle of management which the company wants to modify to meet the changing requirements.

(Delhi 2019)

SA I (3 marks)



21. 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 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.

(2023)

22. Vaibhav Sharma was working as the Production Manager in Crescent Pharmaceuticals Pvt. Ltd. To get his son admitted in school he wanted to take leave from the office but on the same day, an important meeting with the Chief Executive Officer (CEO) of the company was scheduled to discuss about some new medicines to be manufactured. Considering the significance of the meeting, he did not take leave. The CEO appreciated his exemplary behaviour as he gave priority to the organisational interest over his personal interest.

Name and explain the principle of management being followed by Vaibhav Sharma in the above case.

(2020 C)

23. Explain 'order' and 'initiative' as principles of general management.

(Delhi 2017)

24. Voltech India Ltd. is manufacturing LED bulbs to save electricity and is running under heavy losses. To revive from the losses, the management thought of shifting the unit to a backward area where labour is available at a low cost. The management also asked the workers to work overtime without any additional payment and promised to increase the wages of the workers after achieving its mission. Within a short period the company started earning profits, because both the management and the workers honoured their commitments.

(a) State the principle of management described in the above para.

(b) Identify any two values that the company wants to communicate to the society. (Delhi 2014 C)

25. ABC Ltd. is engaged in producing electricity from domestic garbage. The management even takes workers into confidence before taking important decisions. All the workers are satisfied as the behaviour of the management is very good.

(a) State the principle of management described in the above para.

(b) Identify any two values which the company wants to communicate to the society.

(Delhi 2014 C, Delhi 2014)

26. Telco Ltd. is manufacturing files and folders from the old clothes to discourage use of plastic files and folders. For this, they employ people from nearby villages where very less job opportunities are available. An employee, Harish, designed a plan for the cost reduction but it was not welcomed by

the production manager. Another employee gave some suggestion for improvement in design, but it was also not appreciated by the production manager.

(a) State the principle of management described in the above para.

(b) Identify any two values that the company wants to communicate to the society.

(AI 2014 C)

SA II (4 marks)

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

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

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

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

(Delhi 2015)

ET (6 marks)

28. Explain the following principles of management:

(i) Equity

(ii) Authority and Responsibility

(iii) Stability of Personnel

(2023)

29. Explain the following principles of management:

(a) Subordination of individual interest to general interest.

(b) Development of each and every person to his or her greatest efficiency.

(AI 2015)



2.3 Taylor's Scientific Management: Principles and Techniques

MCQ

30. Which principle of scientific management called for complete mental revolution on the part of management and workers?
- (a) Science, not rule of thumb
 - (b) Harmony, not discord
 - (c) Cooperation not individualism
 - (d) Development of each and every person to his/ her greatest efficiency and prosperity
- (Term-I, 2021-22)
31. 'Heyday Productions' is a big factory having 3000 workers. Management of this factory wants that workers should not go on strikes for their unreasonable demands. There should be almost equal division of work and responsibility between workers and management and both of them have to realise that they need each other. To replace the competition by cooperation, management must give importance to those constructive suggestions made by employees which should result in reduction of cost. Identify the Taylor's principle of management applied by 'Heyday Productions':
- (a) Initiative
 - (b) Cooperation, not individualism
 - (c) Development of each and every person to his/ her greatest efficiency and prosperity
 - (d) Subordination of individual interest to general interest
- (Term-I, 2021-22)
32. In the technique of Functional Foremanship advocated by Taylor, the four personnel who work under Planning incharge are:
- (a) Disciplinarian, Instruction Card Clerk, Time and Cost Clerk, Route Clerk
 - (b) Speed Boss, Gang Boss, Repair Boss, Inspector
 - (c) Route Clerk, Time and Cost Clerk, Inspector, Instruction Card Clerk
 - (d) Speed Boss, Gang Boss, Repair Boss, Disciplinarian
- (Term-I, 2021-22)
33. Reema is working as a Production Manager' in a company manufacturing different types of products of milk. Now she is planning to launch packaged Kheer in packs of 250 grams for which she requires to reduce a few line of products which are not profitable. She knows that it will result in savings of cost of labour and machines.

Identify the technique of management applied by Reema in the above situation:

- (a) Motion study
- (b) Time study
- (c) Method study
- (d) Standardisation and simplification of work

(Term-I, 2021-22)

34. The objective of which of the following techniques of scientific management is to determine the number of workers to be employed in an organisation?

- (a) Method study
- (b) Motion study
- (c) Time study
- (d) Differential piece wage system

(Term-I, 2021-22)

35. 'Flavours of South' is a famous chain of South Indian restaurants. It believes in complete cooperation between the labour and management. It's management encourages the employees for their constructive suggestions. They take their employees into confidence for all important decisions.

Which principle of scientific management has been followed by 'Flavours of South'?

- (a) Science, not rule of Thumb
- (b) Harmony, not Discord
- (c) Co-operation, not individualism
- (d) Development of each and every person to his or her greatest efficiency and prosperity

(Term-I, 2021-22)

36. The technique proposed by Taylor aims at eliminating unnecessary diversity of products.

- (a) Motion study
- (b) Standardisation and simplification of work
- (c) Differential piece wage system
- (d) Functional Foremanship

(Term-I, 2021-22)

37. Somesh works as a foreman in 'Lakshmi Automotives Ltd.,' a company manufacturing cars. He is subordinate to Ramesh, who is the Production incharge in the factory. Somesh is incharge of timely and accurate completion of job by workers working in the Production Department. There are three



other foremen who work under the Production Incharge, while four other foremen work under Naresh, the Planning Incharge in the factory.

Each of the eight foremen is a specialist in his area and gives orders to the workers relating to it.

The technique of scientific management highlighted in the above case is :

- (a) Method study
- (b) Differential Piece Wage System
- (c) Functional Foremanship
- (d) Standardisation and simplification of work

(Term-I, 2021-22)

38. Vidhya Public School is a renowned school in Nagpur. The management recently appointed a new Business Studies teacher, Shweta, to teach classes XI and XII and gave her a monthly salary of ₹50,000. Shweta is not satisfied with it and said, 'The salary is not just and equitable as per the amount of work required to be done by a Business studies teacher. Other schools in the city are paying ₹ 70,000 to their teachers teaching classes XI and XII.'

Name the principle of management that has been violated by Vidhya Public School in the above case :

- (a) Discipline
- (b) Remuneration of Employees
- (c) Equity
- (d) Esprit de corps

(Term-I, 2021-22)

VSA (1 mark)

39. State the role of 'gang boss' in functional foremanship.

(Delhi 2016, AI 2016)

40. State the role of 'speed boss' in functional foremanship.

(Delhi 2016)

41. State the role of 'inspector' in 'functional foremanship'.

(Delhi 2016)

42. State the role of 'route clerk' in functional foremanship.

(AI 2016)

43. What is the use of 'Method Study' as a technique of scientific management?

(Delhi 2014)

44. What is determined by 'Time Study'?

(AI 2014)

SA I (3 marks)

45. Pawan is working as a 'Production Manager' in CFL Ltd. engaged in manufacturing of CFL bulbs. There is no class-conflict between the management and workers. The working conditions are very good. The company is earning huge profits. As a policy matter, management is sharing the gains with the workers because they believe that prosperity of the company cannot exist for a long time without the prosperity of the employees.

(a) State the principle of management described in the above para.

(b) Identify any two values which the company wants to communicate to the society. (AI 2014 C)

SA II (4 marks)

46. Sanchit, after completing his entrepreneurship course from Sweden returned to India and started a coffee shop 'Aroma Coffee Can' in a famous mall in New Delhi. The speciality of the coffee shop was the special aroma of coffee and a wide variety of flavours to choose from. Somehow, the business was neither profitable nor popular. Sanchit was keen to find out the reason. He appointed Sandhya, an MBA from a reputed college, as a Manager to find out the causes for the same.

Sandhya took feedback from the clients and found out that though they loved the special unique aroma of coffee but were not happy with the long waiting time being taken to process the order. She analysed and found out that there were many unnecessary obstructions in between which could be eliminated. She fixed a standard time for processing the order.

She also realised that there were some flavours whose demand was not enough. So, she also decided to stop the sale of such flavours. As a result, within a short period Sandhya was able to attract the customers.

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

(Delhi 2017)

LA (5 marks)



47. Explain the following techniques of Scientific Management:

- (a) Fatigue Study and
- (b) Differential Piece Wage System

(Delhi 2019)

48. Explain the following principles of scientific management:

- (a) Harmony, not discord and
- (b) Development of each and every person to his or her greatest efficiency and prosperity.

(Delhi 2019)

49. Explain the following techniques of scientific management:

- (a) Motion study and
- (b) Time Study.

(Delhi 2019)

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

(Delhi 2015)

51. Principles of Taylor and Fayol are mutually complementary. One believed that management should not close its ears to constructive suggestions made by the employees, while the other suggested that a good company should have an employee suggestion system, whereby suggestions which result in substantial time or cost reduction should be rewarded. Identify and explain the principles of Taylor and Fayol referred in the above para.

(Delhi 2014)

52. Principles of Taylor and Fayol are mutually complementary. One believed that management should share the gains with the workers, while the other suggested that employees compensation should depend on the earning capacity of the company and should give them a reasonable standard of living. Identify and explain the principles of Fayol and Taylor referred to in the above para.

(AI 2014)

ET (6 marks)

53. Explain the following principles of Scientific Management:

- (i) Harmony, not Discord
- (ii) Science, not Rule of Thumb

(2023)

54. Explain the following techniques of scientific management:

- (a) Method study
- (b) Motion study
- (c) Time study

(2021 C)

55. 'Scientific Management means knowing exactly what you want men to do and seeing that they do it in the best and the cheapest way.' Taylor developed various techniques for application of Scientific Management principles and was able to achieve a threefold increase in productivity in Bethlehem Steel Company, where he worked. One of the techniques helps to determine the number of workers to be employed; frame suitable incentive schemes and determine labour costs. Another technique recognises those workers who are able to accomplish/ exceed the fair day's work and is based on the premise that efficiency is the result of the joint efforts of the managers and the workers.

Quoting the lines from the above paragraph, identify and explain the two techniques of Scientific Management.

(AI 2019)

56. Karan Nath took over 'D'north Motor Company' from his ailing father three months ago. In the past, the company was not performing well. Karan was determined to improve the company's performance. He observed that the methods of production as well as selection of employees in the company were not scientific.

He believed that there was only one best method to maximise efficiency. He also felt that once the method is developed, the workers of the company should be trained to learn that 'best method'.

He asked the Production Manager to develop the best method and carry out the necessary training. The Production Manager developed this method using several parameters right from deciding the sequence of operations, place for men, machines and raw materials till the delivery of the product to the customers. This method was implemented throughout the organisation. It helped in increasing the output, improving the quality and reducing the cost and wastage.

Identify and explain the principles and the technique of scientific management followed by the production manager in the above case.

(AI 2018)

57. Explain the following techniques of scientific management:

- (i) Differential piece wage system and
- (ii) Motion Study.

(Delhi 2015)

58. Explain the following techniques of scientific management:



- (i) Times study and
- (ii) Simplification of work.

(Delhi 2015)

59. Explain the following principles of management

- (a) Science, not rule of thumb
- (b) Discipline

(AI 2015)

60. Explain the following principles of management:

- (a) Scalar chain
- (b) Harmony, not discord.

(NCERT, AI 2015)

CLASSES



ONE TO ONE CLASSES

PRESENTS

ALL PYQs BUSINESS STUDIES CLASS 12th CHAPTER 3



Business Environment

3.1 Business Environment-Concept and Importance

MCQ

1. '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:

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

(2023)

2. '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', 'Bookshelf 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:

- (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.



(2023)

3. Match the various characteristics of Business environment given in Column I with their respective explanations in Column II.

Column I		Column II	
A.	Dynamic nature	(i)	Environment is a phenomenon that is relatively easier to understand in parts but difficult to grasp in its totality.
B.	Complexity	(ii)	Business environment differs from country to country and even region to region.
C.	Relativity	(iii)	Business environment keeps on changing, whether in terms of technological improvement or shifts in consumer preferences.

- (a) A-(iii), B-(ii), C-(i)
(b) A-(ii), B-(iii), C-(i)
(c) A-(iii), B-(i), C-(ii)
(d) A-(i), B-(ii), C-(iii)

(2023)

4. Indian ethnic wear like sarees are in great demand in India but Italy does not have such a high demand for the same.

Which feature of business environment is reflected from this statement?

- (a) Inter-relatedness
(b) Uncertainty
(c) Complexity
(d) Relativity

(Term-I, 2021-22)

5. Sarvodaya Palace is a 40-year-old established hotel in Udaipur. However, recently the travellers started looking for free Wifi, early check in and pet care facilities. The manager sensing the shifts in consumers preferences upgraded the hotel and its policies to accommodate all of these.

Which feature of business environment is highlighted in the above case?

- (a) Complexity
- (b) Dynamic nature
- (c) Uncertainty
- (d) Relativity

(Term-I, 2021-22)

6. Business environment is said to be uncertain as :

- (a) Different element or parts of business environment are closely inter related.
- (b) It differs from country to country.
- (c) It is difficult to predict future happenings especially when environment changes are taking place too frequently.
- (d) It consists of numerous interrelated forces which arise from different sources.

(Term-I, 2021-22)

7. 'Business environment consists of numerous interrelated and dynamic conditions or forces which arise from different sources.' Identify the characteristic of business environment being highlighted here.

- (a) Inter-relatedness
- (b) Dynamic nature
- (c) Complexity
- (d) Relativity

8. Which of the following headings does not highlight the importance of business environment?

- (a) Tapping useful resources
- (b) Coping with rapid changes
- (c) Improving performance
- (d) Promoting innovative ideas

(2021 C)

VSA (1 mark)



9. What is meant by 'Business Environment'?
(Delhi 2015)
10. Why is it said that Business Environment is uncertain?
(AI 2015 C)
11. Why is business environment called dynamic?
(Delhi 2014 C)

SA I (3 marks)

12. What is meant by business environment? State any three points of its importance.
(Delhi 2015)
13. Explain how does the understanding of business environment help the management in the following:
(a) Tapping useful resources; and
(b) Coping with rapid changes.
(Delhi 2015 C)

SA II (4 marks)

14. In an environment of rising petroleum prices and a large middle class population in India, KV Motors Ltd. recognised the need for small cars in India. It created a product far superior than their competitors not only in terms of quality but also in terms of overall driving experience. It soon became the leader in the small car market. As the Indian government was encouraging foreign investment, MNCs having a big name in car manufacturing entered the Indian market.
- KV Motors further expanded its service network and quality creating an entry barrier for the competitors. It depicted its strengths through various brandbuilding activities. As a result, the market share of KV Motors is refusing to go down in spite of all major automakers as its competitors.
- (a) Identify the economic reforms highlighted in the above case.
- (b) Quoting the lines, explain any two points of importance of Business Environment being highlighted in the above case (Foreign 2019)
15. How does the understanding of Business Environment help the management in the following:
(a) Identification of threats and early warning signals
(b) Improving performance.
(AI 2015 C)

16. Why is the understanding of Business Environment important for managers? Explain with the help of any four points.

(Delhi 2014)

17. Explain the concept of 'Business Environment' and any three features of it.

(AI 2014)

LA (5 marks)

18. 'Konark Ltd.' is an electronic goods manufacturing enterprise situated in shivpuri, Madhya Pradesh. It is earning a very low revenue in comparison to a competing electronic goods manufacturing enterprise, 'Nova Ltd.' situated in Mumbai. Both Konark's and Nova's operations are affected directly by the investors, customers, competitors and suppliers, which are unique to their respective locations. In addition to this, individual firms of this field are affected indirectly by the factors like the money supply in the economy, composition of the families, the technological changes, etc.

(a) Identify and state the feature of the concept discussed in the above paragraph.

(b) Also, state any four points of importance of this concept.

(AI 2018)

3.2 Dimensions of Business

Environment-Economic, Social, Technological, Political and Legal, and Concept of Demonetisation

MCQ

19. Which of the following are the examples of Legal Environment?

(i) Advertisement of alcoholic beverages is prohibited

(ii) Decrease in interest rate on loans

(ii) Increase in demand for organic foods

(iv) Digilockers for storing documents

(v) In 1993, the Supreme Court passed an order to close the iron foundries around 'Taj Mahal' at Agra

(a) (i) and (iv) only

(b) (i) and (ii) only

(c) (ii) and (ii) only

(d) (i) and (v) only

(2023)

20. '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.

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

(2023)

21. A leading vacuum cleaner company recently introduced a robotic vacuum cleaner that sweeps, mops and disinfects surfaces within no time. Due to this there is a shift in demand from ordinary vacuum cleaners to robotic vacuum cleaners.

The dimension of business environment discussed is :

- (a) Technological
- (b) Political
- (c) Economic
- (d) Legal

(Term-I, 2021-22)

22. The Indian sweet industry has been through many changes over the years. Identifying the growing trend towards healthier options, Ajay Verma started 'Guiltfree Sweets', offering variety of sugar-free sweets to the customers.

The dimension of business environment highlighted above is:

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

(Term-I, 2021-22)

23. A leading pizza chain recently introduced 'Momo Mia pizza' - a combination of pan pizza with momos in its crust. Their market research had revealed that momos are the second most loved street food of India right after golgappas. They wanted to be the first company to take advantage of this opportunity rather than losing out to competitors.

The point of importance of understanding of business environment discussed above is:

- (a) Tapping useful resources
- (b) Identifying opportunities and getting the first mover advantage

(c) Improvement in performance

(d) Coping with rapid changes

(Term-I, 2021-22)

24. Several initiative have been undertaken by the Government of India to encourage domestic manufacturing and export the defence equipments. 'Make in India' in Defence, was one such scheme launched by the Government to encourage companies across the world to manufacture defence products in India.

To which dimension of business environment does the above case relates to?

(a) Economic Environment

(b) Legal Environment

(c) Political Environment

(d) Social Environment

(Term-I, 2021-22)

25. _____ An 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.

(a) Social

(b) Political

(c) Technological

(d) Economic

(2021 C)

26. Reserve Bank of India has reduced the REPO rate for providing cheaper loans to the industries during COVID-19 pandemic. Which dimension of business environment is being discussed here?

(a) Political

(b) Economic

(c) Technological

(d) Social

(2021 C)

27. Which of the following is a component of economic environment?

(a) Concern with quality of life

(b) Rates of saving and investment

(c) Extent of government intervention in business

(d) Birth and death rates



(2020 C)

VSA (1 mark)

28. What is included in 'Political Environment' of business?

(AI 2014)

29. What is included in 'Legal Environment' of Business?

(AI 2014)

SA II (4 marks)

30. The Government of India, in an effort to eliminate plastic waste, imposed a nationwide ban on single use plastic. The ban would most likely target plastic cutlery, straws, cups and glasses. As a result of this ban, the businesses have been forced to change their practices. 'Viman Airlines' decided to stop giving small water bottles on its flights. Various firms have come up in the country that are making biodegradable plastic out of starch, wheat hay or petrochemicals. Thus, competition in this upcoming industry is immense. Businesses are also focusing on developing techniques to produce alternatives for plastic bags. 'Carlos Technologies Ltd.', a leading engineering company, has planned to design and deliver hi-tech machines that can scale up production of bags made from newspaper to replace plastic bags. Many companies are placing orders for such machines. This has added challenges before smaller firms making paper bags. In various enterprises, employees are being trained to operate such hi-tech machines. This will provide human resource with higher competence. Customers have also become more demanding due to increased awareness and are forcing sellers to adopt bags which are not made of plastic.

Identify and explain the impact of the above Government policy on Business and Industry.

(2020 C)

31. Mahinder Agro Ltd. started a new venture for distribution of harmful and chemical fertilizers free vegetables. They conducted a survey to find out consumer preferences for such vegetables.

They found that most of the consumers were concerned about the harmful chemicals being used in growing the vegetables.

They found that 90% of the households were searching for its alternatives. The company contacted a group of agriculture experts to lay down the procedure for growing the vegetables by the farmers. They decided to train the farmers in new technology to grow chemical free vegetables according to new innovative methods. The experts also suggested soil management techniques through which farmers would be able to create an abundant and lasting harvest.

Identify and explain the two dimensions of business environment highlighted in the above para.

(Delhi 2019)

32. With change in the consumption habits of people, Neelesh, who was running a sweets shop shifted to chocolate business. On the evening of Diwali he offered chocolates in attractive packages at reasonable prices. He anticipated huge demand and created a website chocolove.com for taking orders online. He got lot of orders online and earned huge profit by selling chocolates.

Identify and explain the dimensions of Business environment discussed [in the above](#) case. (AI 2016)

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

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

(a) State the dimension of business environment being discussed above.

(b) State the principle of management being followed by 'Fortio'.

(c) Identify any two values being communicated by the company to the society in the above case.

(AI 2015)

LA (5 marks)

34. Metlapp Networks and Technologies Ltd. is a leader in technology innovation in the United States, creating products and solutions for connecting the world. It has a large research and development team which invented the first smart watch, named as W-7. The watch besides showing the time also monitors few health parameters like heart beat, blood pressure etc.

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

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

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

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





ONE TO ONE CLASSES

PRESENTS

ALL PYQs BUSINESS STUDIES CLASS 12th CHAPTER 4



4.1 Planning: Concept, Importance and Limitations**MCQ**

1. "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?
 - (a) Planning focuses on achieving objectives
 - (b) Planning involves decision-making
 - (c) Planning is the primary function of management
 - (d) Planning is futuristic(2023)
2. _____ provides the standards against which actual performance is measured.
 - (a) Controlling
 - (b) Planning
 - (c) Directing
 - (d) Staffing(Term-I, 2021-22)
3. Planning ensures that the goals are clearly stated, so that they act as a guide for deciding what action should be taken and in which direction. If goals are well-defined, employees are aware of what the organisation has to do to achieve those goals.

The above para highlights the following point of importance of planning:

- (a) Planning promotes innovating ideas.
 - (b) Planning establishes standards for controlling.
 - (c) Planning provides direction.
 - (d) Planning is pervasive.
- (Term-I, 2021-22)
4. The owner of 'Sweet Moments' wedding hall spent a great deal of time, money and effort in renovation expecting a bumper wedding season in 2020 but due to the pandemic, weddings became intimate home affairs and not many bookings happened.

The limitation of planning highlighted in the above case is :

- (a) It reduces creativity
- (b) It may not work in a dynamic environment
- (c) It leads to rigidity
- (d) It is time consuming.

(Term-I, 2021-22)

5. Prem Lal, the Managing Director of Awasthi Ltd., retired after 33 years of service. The responsibility was given to Raj. Raj realised that there was lot of rivalry, confusion and misunderstanding among the departmental heads. He detected inefficiencies, took corrective measures and developed a master plan for the organisation to follow. This served as a basis for coordinating the activities of all the departments, led to clarity of thought and action and work got off to a smooth start.

- (a) Planning reduces overlapping and wasteful activities.
- (b) Planning establishes standards for controlling.
- (c) Planning reduces the risks of uncertainty.
- (d) Planning promotes innovative ideas.

(Term-I, 2021-22)

6. 'Esysa Cars' was founded by engineers who wanted to prove that people don't need to compromise to drive electric vehicles. They took it as a challenge and new ideas took the shape of concrete plans. In July, 2021, they launched their first set of all electric cars, proving to the world that electric vehicles can be better, quicker and more fun to drive than gasoline cars. The point of importance of planning discussed in the above case is :

- (a) Planning reduces the risk of uncertainty
- (b) Planning reduces overlapping and wasteful activities
- (c) Planning promotes innovative ideas
- (d) Planning establishes standards for controlling

(Term-I, 2021-22)

7. 'Surya Fashion Ltd.', hired Suresh Malhotra, an ace fashion designer to develop a new product line. He charged 50 lakh for consultation. The company spent another 15 crores in formulating the marketing campaign for launching their new product line. Their products were not liked by the consumers and the company could generate a revenue of 15 lakh only from this product line. Thus, the cost incurred is not justifying the benefits derived from the plans.

Which limitation of planning; is reflected in the above para?



- (a) Planning is time consuming
- (b) Planning involves huge costs
- (c) Planning leads to rigidity
- (d) Planning reduces creativity (Term-I, 2021-22)

8. Which of the following statements correctly explains the limitation of planning 'Planning does not guarantee success'?

- (a) Planning is required at all levels of management and in all the departments of the organization.
- (b) Planning involves through examination and evaluation of available alternatives.
- (c) Relying on a previously tried and tested successful plan just because it had worked before and will work again.
- (d) By deciding in advance the tasks to be performed, planning shows the way to deal with changes and uncertain events.

(Term-I, 2021-22)

9. 'Planning is an intellectual activity of thinking rather than doing'. Which feature of planning is highlighted in this statement?

- (a) Planning focuses on achieving objectives.
- (b) Planning is futuristic.
- (c) Planning involves decision making.
- (d) Planning is a mental exercise. (Term-I, 2021-22)

10. 'Uttam Ayurvedic Ltd.' is an established Indian company manufacturing organic consumer goods like toothpastes and shampoos. It has planned to increase its market share from 30% to 40% in the current financial year.

With the expanding market of organic products, other companies in the consumer goods industry have also launched these products with organic components. The competition in the market has increased and it was found that the sales of Uttam Ayurvedic Ltd. came down and its market share was reduced to 23%.

Identify the limitation of planning highlighted in the above case :

- (a) Planning may not work in dynamic environment
- (b) Planning is time consuming
- (c) Planning involves huge costs

(d) Planning reduces overlapping and wasteful activities.

(Term-I, 2021-22)

VSA (1 mark)

11. Varsha Jain after completing her fashion designing course from Indian Institute of Fashion Technology planned to enter into designer clothing venture. She had to address issues like her target customers, channel of distribution to be used, pricing policy etc. Identify the type of plan that Varsha Jain needs to develop to provide direction and scope to her organisation in the long run.

(Delhi 2019)

12. All business firms would like to increase their sales and earn profits to be successful. All managers dream of these. To turn their dreams into reality, managers need to work hard in thinking about the future, in making business predictions and achieving targets.

The above lines describe one of the functions of management. Identify and define this function.

(AI 2019)

13. Define 'Planning premises'.

(Delhi 2015) R

14. Define 'Planning'.

(Delhi 2015, AI 2015 C)

15. 'Dreams can be turned into reality only when a manager thinks in advance, what to do and how to do it'? Name the function of management indicated by the statement.

(Delhi 2014 C)

16. State the type of plan that does not allow any flexibility.

(Delhi 2014 C)

17. 'Deciding in advance what to do and how to do is one of the basic management functions'. Give the meaning of this function.

(AI 2014 C)

SA I (3 marks)

18. Explain any three points of importance of 'Planning'.

(AI 2019)

19. Does planning guarantee success? Explain.

(Foreign 2019)



SA II (4 marks)

20. Mega Ltd. holds an Annual Management Programme every year in the month of March in which the top managerial personnel formulate plans for the next year by analysing and predicting the future to meet future events effectively.

As they are responsible for providing direction to the organisation, facts are thoroughly checked using scientific calculations.

Detailed plans are prepared after discussion with professional experts. Preliminary investigations are also undertaken to find out the viability of the plan. Since it is an intellectual activity requiring intelligent imagination and sound judgement so it is mainly done by the top management. Usually rest of the members just implement the plans. Middle level managers are neither allowed to deviate from the plans nor are they permitted to act on their own. The top management ensures that the expenses incurred in formulating the plans justify the benefits derived from them.

State any two limitations and any two features of planning discussed above.

(Delhi 2019)

21. In 2015, Naveen left his luxurious life in Mumbai, where he worked as a manager for Blue Birds Ltd. He shifted to Begampur, Chhattisgarh to fulfil his grandmother's dream of converting their 25-acre ancestral land into a fertile farm. For this he set out specific goals along with the activities to be performed to achieve the goals.

Every activity was a challenge since he was clueless about farming. He learnt every activity from filling the land to sowing the seeds. To aid farmers he launched his own company 'Innovative Agriculture Solutions Pvt. Ltd.'

It was difficult initially as no one trusted an urban youth telling farmers about farming. But when everything was discussed in detail the farmers started taking interest. He wanted to ensure that the future events meet effectively the best interests of the company. Through sales forecasting, he prepared an annual plan for production and sales.

He also found that the farmers grew only paddy, which was an activity of 3 – 4 months and the land remained idle for the rest 8 - 9 months of the year. He not only identified but evaluated various alternatives through which the farms could be utilised for the remaining months of the year. Through correct foresight and logical and systematic thinking based on analysis of all facts, all alternatives were examined and evaluated. He presented a plan to the farmers, where after harvesting paddy, vegetables could be grown.

The above case highlights the features of one of the functions of management. By quoting lines from the above, identify and explain these features.

(AI 2018)

22. It is deciding in advance what to do and how to do. It is one of the basic managerial functions. It requires that before doing something, the manager must formulate an idea of how to work on a particular task. This function is closely connected with creativity and innovation. It seeks to bridge

the gap between where we are and where we want to go and is performed at all levels of management.

In spite of this, the function of management referred above has a number of limitations. Explain any two such limitations.

(Delhi 2015 C)

LA (5 marks)

23. State any five features of 'Planning'.

(Delhi 2015)

24. Explain any five limitations of planning.

(NCERT, Delhi 2015)

ET (6 marks)

25. 'It involves setting objectives and developing appropriate course of action from amongst the different alternative courses of action to achieve these objectives.'

(a) Identify the function of management referred above.

(b) State any five features of the function of management identified in (a) above.

(2023)

26. Explain the following limitations of planning:

(i) Planning reduces creativity

(ii) Planning involves huge costs.

(2023)

27. Planning 'provides direction', 'reduces the risk of uncertainty' and 'promotes innovative ideas'. Explain.

(2021C)

4.2 Planning Process

MCQ

28. In one of the steps in the process of planning, the manager is required to make certain assumptions about the future which are the base material upon which plans are to be drawn. Identify the step:

(a) Setting objectives



(b) Developing premises (c) Identifying alternative courses of action

(d) Selecting an alternative

(Term-I, 2021-22)

29. Amulya wants to start her own cafe. Her long-term goal is to get 40% of the market share. For this she gathered information and made forecasts about the potential demand, purchasing power of the consumers as well as preferences of the consumers and government policy towards this business, etc. By doing this, Amulya had completed some steps in the process of planning.

Choose the step in the planning process that Amulya has to follow next:

(a) Setting objectives

(b) Developing premises

(c) Identifying alternative courses of action

(d) Evaluating alternative courses

(Term-I, 2021-22)

30. Which step in the process of 'Planning' function of management involves weighing pros and cons of each alternative?

(a) Developing Premises

(b) Identifying alternative courses of action

(c) Evaluation alternative courses

(d) Selecting an alternative

(Term-I, 2021-22)

31. The step in the process of 'planning' which is concerned with putting the plan into action i.e. doing what is required is called:

(a) Implementing the plan

(b) Follow-up action

(c) Developing premises

(d) Selecting an alternative.

(Term-I, 2021-22)

32. Ritu Kapoor has set up a bakery, 'Bakes and Cakes' in Pune. She receives online orders for cakes from within the city and supplies them on the same day. She set a target that she would earn a

revenue of ₹ 5,00,000 in the first year. She informed her employees about the target and asked them to contribute ideas to achieve the same:

Ritu Kapoor has performed the first step in the process of one of the functions of management. The next step to be performed is:

- (a) Identifying alternative courses of action.
- (b) Setting objective
- (c) Developing premises
- (d) Follow-up action

(Term-I, 2021-22)

33. Which of the following is not a step in the process of planning?

- (a) Making assumptions about the future
- (b) Evaluating different proposals in light of the objectives to be achieved
- (c) Allocation of jobs to members of each department
- (d) Seeing whether activities are performed as per schedule or not

(2020 C)

VSA (1 mark)

34. Saurabh decided to start a chocolate manufacturing business. He set the target of earning 10% profit on sale in the first year. As a good businessman, he was concerned about the future of the business, which was uncertain. He gathered information that the demand for chocolates is increasing day-by-day. He used this information as the base for future planning and shared it with his team. On the basis of the gathered information, he scheduled a meeting in the following week to find innovative ways to achieve the objectives.

List the first two steps, which have been followed by Saurabh that are related to the process of one of the functions of management.

(2018)

SA I (3 marks)

35. Define 'Planning'. Explain the first two steps in the process of planning.

(AI 2016)

SA II (4 marks)



36. After the following logical steps in the process of planning, explain the steps required to complete the following process:

- (a) Setting objectives
- (b) Developing premises; and
- (c) Identifying alternative courses of action.

(Delhi 2014 C)

37. How does planning 'Lead to rigidity' and 'Reduce creativity'? Explain.

(AI 2014 C)

38. 'Process of planning involves certain logical steps.' Explain the first four steps of this process.

(NCERT, AI 2014 C)

LA (5 marks)

39. 'All the available alternatives are evaluated in the light of their feasibility and consequences'. This is one of the steps in the process of 'planning'. Explain the steps followed by this.

(2021C)

4.3 Single Use and Standing Plans. Objectives, Strategy, Policy, Procedure, Method, Rule, Budget and Programme

VSA (1 mark)

40. State, giving reason, whether the following statement is true or false:

"A rule is the prescribed way or manner in which a task has to be performed considering the objective."

(2020 C)

41. How are 'Policies' and 'Procedures' interlinked?

OR

What is meant by 'Developing Premises' in the process of planning?

(Foreign 2019)

42. Give the meaning of 'Method' as a type of plan.

(AI 2019, Delhi 2015, 2018)

43. Give the meaning of 'Objectives' as a type of plan.

(AI 2015)

44. Give the meaning of 'Policy' as a type of plan.

(AI 2015, Delhi 2014)

45. Give the meaning of 'Programme' as a type of plan.

(AI 2015)

46. Name the type of plan which is in the form of general statement, that guides thinking towards a particular direction and helps in solving routine problems.

(AI 2014 C)

SA I (3 marks)

47. Explain the following as limitations of planning:

(a) Planning leads to rigidity

(b) Planning involves huge costs

(c) Planning does not guarantee success.

(2020 C)

SA II (4 marks)

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

(Delhi 2017)

LA (5 marks)

49. Matta Auto Ltd. is manufacturing different types of commercial vehicles. Their sales were rupees two hundred crore in the previous year. The company decided to increase sales by 20% during the current year. It conducted internal as well as external audits for the same. Through internal audit, they analysed the strengths and weaknesses of the business across all departments. External audit focused on the opportunities and the threats in the constantly changing business environment. Thus, a comprehensive plan was prepared taking into consideration the business environment and the necessary resources were allocated to achieve the target. The company directed its offices throughout the country to follow the plan. The company's commitment to develop effective plans to achieve a consistent increase in sales has ensured its continual growth over the past one decade.

Identify and explain the two types of plans discussed above.

(AI 2019)

50. Two years ago Madhu completed her degree in food technology. She worked for sometime in a company manufacturing chutneys, pickles, murabbas. She was not happy in the company and decided



to have her own organic food processing unit. She set the objectives and the targets and formulated action plan to achieve the same.

One of her objectives was to earn 10% profit on the amount invested in the first year. It was decided that raw materials like fruits, vegetables, spices etc., will be purchased on three months credit from farmers cultivating organic crops only. She also decided to follow the steps required for marketing of the products through her own outlets. She appointed Mohan as a production manager who decided the exact manner in which the production activities are to be carried out. Mohan also prepared a statement showing the number of workers that will be required in the factory throughout the year. Madhu informed Mohan about her sales target for different products, area wise for the forthcoming quarter. While working on the production table a penalty of ₹ 100 per day for not wearing the caps, gloves and apron was announced.

Quoting lines from the above para identify and explain the different types of plans discussed.

(Delhi 2016)

ET (6 marks)

51. Explain 'Policy' and 'Method' as type of plans.

(2023)

C L A S S E S



ONE TO ONE CLASSES

PRESENTS

ALL PYQs BUSINESS STUDIES CLASS 12th CHAPTER 5



CHAPTER 5 Organising

5.1 Concept and Importance

MCQ

1. The process of defining and grouping the activities of the enterprise and establishing authority relationship among them is :
(a) Directing
(b) Staffing
(c) Management
(d) Organising
(2023)
2. 'Rainbow World School' planned its annual alumni meet to get in touch with old students. Task groups like invitation committee, decoration committee and food committee were formed and placed under the overall supervision of the official in-charge of the event. Reporting relationships were established among various groups to enable smooth interaction and clarity about each group's contribution towards the event.
(a) Planning
(b) Directing
(c) Organising
(d) Staffing
(Term-I, 2021-22)
3. The process that initiates implementation of plans by clarifying jobs, working relationships and effectively deploying resources for attainment of identified and desired results is called:
(a) Coordination
(b) Management
(c) Organising
(d) Delegation.
(Term-I, 2021-22)

VSA (1 mark)

4. Define 'Organising'.
(NCERT, AI 2019)

OR

Define 'organising' as a function of management.

(Delhi 2014 C, AI 2014)

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

(Delhi 2017)

6. Alliance Ltd. is engaged in manufacturing plastic buckets. The objective of the company is to manufacture 100 buckets a day. To achieve this, the efforts of all departments are co-ordinated and interlinked and authority-responsibility relationship is established among various job positions. There is clarity on who is to report to whom.

Name the function of management discussed above.

(Delhi 2015)

7. To make the sports day of the school successful, the Headmaster of the school divided all the activities into task group, each dealing with a specific area like holding of events, arrangement of medals, refreshments etc. Each group was placed under the overall supervision of a senior teacher. The physical education teacher was made responsible for holding different events, the home science teacher for refreshment and the maths teacher for medals.

Identify the function of management performed by the Headmaster in doing so.

(AI 2015 C)

SA II (4 marks)

8. Explain any four points of importance of 'Organising'.

(Delhi 2019)

5.2 Organising Process

MCQ

9. Which one of the following is not a step in the process of 'organising'?

- (a) Identification and division of work
- (b) Departmentalisation
- (c) Span of management
- (d) Assignment of duties

(Delhi, Term-I, 2021-22)

10. 'While performing the organising function, jobs are allocated to the members of each department in accordance with their skills and competencies. Identify the step in the organising function being discussed above:

- (a) Identification and division of work.
- (b) Departmentalisation.
- (c) Assignment of duties.
- (d) Establishment of reporting relationship.

(Term I, 2021-22)

11. The step of 'organising' process in which each individual comes to know from whom he has to take orders and to whom he is accountable is called:

- (a) Identification and division of work
- (b) Departmentalisation
- (c) Assignment of duties
- (d) Establishing reporting relationships.

(2021 C)

VSA (1 mark)

12. Give the meaning of 'organising as a process'.

(AI 2016)

SA II (4 marks)

13. Organising involves a series of steps that need to be taken in order to achieve the desired goal. Explain these steps.

(Delhi 2019)

5.3 Structure of Organisation
Functional and Divisional Concept. Formal and Informal Organisation- Concept

MCQ

14. Which type of organisation structure has a likely disadvantage of pursuing departmental interests at the cost of organisational interests leading to creation of functional empires wherein importance of a particular function may be over-emphasised?

- (a) Formal organisational structure



- (b) Functional organisational structure
- (c) Divisional organisational structure
- (d) Informal organisational structure

(Term-I, 2021-22)

15. The framework within which managerial and operating tasks are performed, which specifies the relationship between people, work and resources and allows coordination among different resources to accomplish desired goals is known as

- (a) Organisation chart
- (b) Levels of management
- (c) Span of management
- (d) Organisation structure

(Term-I, 2021-22)

16. The type of organisational structure in which jobs of similar nature are grouped together on the basis of functions to form departments is called:

- (a) Functional structure
- (b) Divisional structure
- (c) Informal structure
- (d) Grouped structure

(Term-I, 2021-22)

17. Which organisational structure is suitable for business having a large variety of products?

- (a) Functional
- (b) Divisional
- (c) Informal
- (d) Vertical

(Term-I, 2021-22)

18. Sunshine Industries which started off as a single product company has over the years diversified into varied product categories and the need for a more evolved structural design was felt to cope with emerging complexity. Suggest the organisation structure that would be suitable for Sunshine Industries now:

- (a) Functional structure
- (b) Divisional structure

- (c) Operational structure
- (d) Occupational structure

(Term-I, 2021-22)

19. Agile Pvt. Ltd.' manufactures athletic footwear. Owing to its popularity among sports teams across the country, it recently decided to enter into manufacturing of sports clothing and accessories. The type of organisational structure which is suitable for the company is :

- (a) Functional structure
- (b) Divisional structure
- (c) Horizontal structure
- (d) Informal structure

(Term-I, 2021-22)

20. Which statement is not correct, with respect to 'Organisation Structure'?

- (a) Ensures coordination among human and physical resources
- (b) Ensures smooth flow of communication
- (c) Specifies relationship between people, work and resources
- (d) Establishes standards for controlling

(2020 C)

VSA (1 mark)

21. Ravi Jain was the Chief Executive Officer of Nath Traders. He was worried about the heavy expenditure on advertising. He asked his Finance Manager, Mohit Verma to know the views of the Sales Manager and his team regarding this expenditure. Mohit Verma was thinking of calling a meeting of the Sales Manager and his team after tea-break. But by chance at the time of teabreak, Mohit Verma met with the Sales Manager and his team in the canteen. They all discussed about this expenditure and finalised to give suggestion to reduce this expenditure.

Identify the type of organisation which helped the Finance Manager Mohit Verma, the Sales Manager and his team in finalising the suggestion.

(Foreign 2019)

22. Name the type of organisational structure' which promotes efficiency in utilisation of manpower.

(Delhi 2016)



23. Name the type of organisational structure which promotes flexibility and initiative.

(AI 2016)

24. What is meant by 'functional structure' of an organisation? State its any two advantages. (AI 2015)

25. Define 'Formal organisation'.

(Delhi 2015)

26. State any one advantage of 'Formal Organisation'.

(Delhi 2014)

27. State the suitability of functional structure of organising.

(Delhi 2014 C)

SA I (3 marks)

28. State any three limitations of 'divisional structure' of an organisation.

(Delhi 2015)

29. State any three advantages of informal organisation.

(AI 2015 C, Delhi 2015 C)

30. State any three limitations of informal organisation.

(Delhi 2015, AI 2015 C)

31. State any three advantages of formal organisation.

(AI 2015 C)

SA II (4 marks)

32. Give the meaning of 'Informal Organisation'. State its any three advantages.

(Delhi 2019)

33. Give the meaning of 'Formal Organisation'. State its any three advantages.

(Delhi 2019)

34. Aradhana and Gandharv are heads of two different departments in 'Yumco Ltd.' They are efficient managers and are able to motivate the employees of their respective departments to improve performance. However, their drive to excel in their own sphere of activity instead of giving emphasis on objectives of the enterprise has hindered the interaction between the departments that Aradhana and Gandharv are heading. Often there are interdepartmental conflicts and they have become incompatible. This has proved to be harmful in the fulfilment of the organisational objectives. The

situation has deteriorated to such an extent that the CEO of 'Yumco Ltd.' has hired a consultant, Rashmi, to resolve the problem. After studying the situation closely, Rashmi found that the problem has arisen due to inflexibility and a narrow perspective on the part of both Aradhana and Gandharv. She is of the view that this situation is a result of the type of organisational structure 'Yumco Ltd.' has adopted.

From the above information, identify the organisational structure adopted by 'Yumco Ltd.' and state any three advantages of the structure so identified.

(AI 2018)

35. 'Steele Ltd.' decided to set-up its steel manufacturing factory in the backward area of Orissa where very less job opportunities were available. People of that area welcomed this effort of 'Steele Ltd.' To attract people to work in its factory it also decided to provide many other facilities like school, hospital, market etc., in the factory premises.

'Steele Ltd.' started earning huge profits. Another competing company asked its production manager 'Aslam' to investigate the reasons of earning huge profits by 'Steele Ltd'.

Aslam found that in both the companies there was systematic co-ordination among the various activities to achieve organisational goals. Every employee knew who was responsible and accountable to whom. The only difference was that in his organisation communication took place only through the scalar chain whereas 'Steele Ltd.' was allowing flow of communication in all the direction as per the requirement which led to faster spread of information as well as quick feedback.

(a) Identify the type of organisation which permits 'Steele Ltd.' the flow of communication in all the directions.

(b) State another advantage of the type of organisation identified in (a) above.

(c) State any two values which 'Steele Ltd.' wants to communicate to the society.

(Delhi 2016, AI 2016)

LA (5 marks)

36. Voltage fluctuations have been common and quite high in India. They harm our electrical appliances like televisions, refrigerators and air conditioners, often leaving them in a permanently damaged condition. N-Guard Company decided to manufacture stabilisers for North India where the voltage fluctuation ranges from 220 V to 230 V. Once the demand for North India was taken care of, they decided to launch stabilisers of varying voltages from 90 V – 260 V for meeting the requirements of voltage fluctuations in other regions of India also. Three engineers were appointed for South, West and East regions of India, as the voltage was different in all the three regions. Though all the engineers were appointed to manufacture stabilisers but the product differed from region to region.

(a) Identify the organisational structure of N-Guard Company.

(b) State any two advantages and two limitations of the structure identified in the above para.

(Delhi 2019)



37. Give the meaning of 'divisional structure' of organising. State its any four advantages. (NCERT, AI 2015)
38. A company has been registered under the Companies Act with an authorized share capital of ₹ 20,000 crores. Its registered office is situated in Delhi and manufacturing unit in a backward district of Rajasthan. Its marketing department is situated in Bhopal. The company is manufacturing Fast Moving Consumer Goods (FMCG).
- (i) Suggest with the help of a diagram a suitable organisation structure for the company.
- (ii) State any three advantages of this organisation structure.
- (Delhi 2015 C)
39. A company has been registered under the Companies Act with an authorised share capital of ₹ 400 crore. Its registered office is situated in Mumbai and manufacturing unit in a backward district of Karnataka. Its marketing department is situated in Hyderabad. The Company is manufacturing consumer goods.
- (i) With the help of a diagram suggest a suitable organisation structure for the company.
- (ii) State any three limitations of this organisation structure.
- (AI 2015 C)

ET (6 marks)

40. 'Sweets and More' is one of the India's most popular brands for snacks and sweets. It offers a wide range of sweets, namkeens, cookies and frozen foods.
- Its organisational structure comprises of separate business units in each of the above categories. Each of these units have a manager responsible for performance, having authority over the unit. Moreover, each of these units is multi-functional as within each unit, different functions like production, marketing, finance, etc. are performed. Though this kind of organisational structure leads to increased cost because of duplication of activities across products, but it provides a proper basis for performance measurement as revenues and costs related to each of these business units can be easily identified.
- (a) Identify the organisational structure of 'Sweets and More'.
- (b) State three advantages and two disadvantages of the organisational structure identified in (a) above which are not discussed in the above case.
- (2023)
41. InfoMed Ltd. is a growing IT firm with rapidly increasing market share. It has recently been awarded 'The Best Organisation to Work in India 2019 ' and is the most sought after by job-seekers. In this company, rules and procedures to be followed by employees have been clearly laid down by the top management. There is no ambiguity in the role that each member has to play, as the duties are specified. During lunch time, all employees of the organisation get together in the canteen. This time

is much awaited by every employee as it allows them to share their feelings with others. This leads to the success of the organisation.

(a) Identify and explain the types of organisation being discussed in the above case.

(b) State two advantages of each type of the organisation identified in (a) above which have not been discussed in the above para.

(2020 C)

42. Differentiate between formal and informal organisation on the basis of the following :

(i) Meaning

(ii) Origin

(iii) Authority

(iv) Behaviour

(v) Flow of communication

(vi) Nature.

(AI 2014)

5.4 Delegation: Concept, Elements and Importance

MCQ

43. _____ refers to the downward transfer of authority from a superior to a subordinate.

(a) Organising

(b) Decentralisation

(c) Accountability

(d) Delegation

(2023)

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

(a) Authority

(b) Responsibility

(c) Accountability

(d) Decentralisation.



**ONE TO ONE
CLASSES**

(2023)

45. Grouping activities of similar nature together to facilitate specialisation is called

- (a) Delegation
- (b) Departmentalisation
- (c) Decentralisation
- (d) Division of work

(Term-I, 2021-22)

46. Which of the following concepts of organising provides more control by superiors leading to less freedom to subordinates to take their own decisions. It is a compulsory act.

- (a) Departmentalisation
- (b) Decentralisation
- (c) Delegation
- (d) Accountability

(Term-I, 2021-22)

47. _____ is the right to command and _____ is the obligation of a subordinate to properly perform the assigned duty.

- (a) Authority, responsibility
- (b) Accountability, authority
- (c) Authority, accountability
- (d) Responsibility, accountability

(Term-I, 2021-22)

48. The element of delegation which relates to the obligation of a subordinate to properly perform the assigned duty is known as :

- (a) Authority
- (b) Responsibility
- (c) Accountability
- (d) Centralisation

(Term-I, 2021-22)

49. The purpose of 'Departmentalisation' in the process of 'organising' is :

- (a) to adapt changes in the business environment.

(b) to facilitate specialisation.

(c) to facilitate expansion and growth of the organisation without pages interrupting the existing operations.

(d) to help in increasing managerial efficiency.

(Term-I, 2021-22)

Read the following test and answer the no. 50 to 55 on the basis of the same : JS Printing Solution Ltd. is a company manufacturing printers and scanners. The management of this company is known for speedy and prompt delivery of orders. As a result, the market share of this company is growing. The company grabbed a new project to supply 1,500 printers to Uprise Bank Ltd. for its various branches, within two weeks. The Production Manager, Ashok, made one of his efficient subordinates, Deepak the incharge of the project and also gave him the right to command workers in order to meet the target. Now Ashok could use his time on high priority areas. He felt that this will also give an opportunity to Deepak to gain experience and develop himself for higher positions. On getting the charge, Deepak was very happy, his confidence level increased and he was encouraged to do his best to fulfill the responsibility. Considering his responsibility, Ashok kept a track of the completion of work with Deepak and he is providing him the needed guidance to reach the target on time.

(Term-I, 2021-22)

50. Identify the concept of management used by Ashok to ensure accomplishment of the new project.

- (a) Functional structure
- (b) Divisional structure
- (c) Delegation
- (d) Decentralisation

51. The application of the concept used above allows Ashok to use his time on high priority areas. This will lead to the organisation towards:

- (a) Adaptation to change
- (b) Effective Management
- (c) Economics of Scale
- (d) Reduction in conflicts among different divisions

52. 'On getting the charge, Deepak was very happy his confidence level increased and he was encouraged to do his best to fulfill the responsibility given to him.'

The concept discussed above helps in:

- (a) Departmentalisation.
- (b) Reduction in conflicts among different divisions.



(c) Motivating the employees.

(d) Promoting control and co-ordination within a department.

53. The concept discussed above provides benefits to:

(a) Superior only

(b) Subordinate only

(c) Both superior and subordinate

(d) Neither superior nor subordinate

54. The concept discussed above helps in facilitation of growth of an organisation as:

(a) the subordinate gets freedom from routine work.

(b) duplication of effort is avoided.

(c) the subordinate gains experience and he is in a position to take up leading positions in new ventures.

(d) It makes training of employees easier.

55. Which of the following statement is not true about the concept discussed above?

(a) It is a process followed to share tasks.

(b) It is necessary in all organisations.

(c) It helps to lessen the burden of a manager.

(d) It is a philosophy that implies selective disposal of authority.

56. 'Delegation' is the process of sharing the 'authority' and 'responsibility':

(a) At two levels

(b) At three levels

(c) At multiple levels

(d) Authority and responsibility cannot be shared.

(2021 C)

VSA (1 mark)

57. For delegation to be effective, it is necessary that authority granted must be commensurate with assigned _____.

(2020 C)

58. What is meant by 'Delegation'?

(AI 2019)

59. Give the meaning of authority as an element of delegation.

(Delhi 2016, 2014)

60. Give the meaning of 'responsibility' as an element of delegation.

(Delhi 2016, AI 2014)

61. Give the meaning of accountability as an element of delegation.

(Delhi 2016, AI 2016)

SAI (3 marks)

62. Explain the following points as importance of delegation of authority:

(a) Motivation of employees

(b) Employee development

(c) Basis of management hierarchy

(2020 C)

SA II (4 marks)

63. It helps a manager to extend his area of operations as without it, his activities would be restricted to only what he himself can do.

Identify the activity referred to, in the above statement and state its elements.

(AI 2015 C)

LA (5 marks)

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

(Delhi 2015)

ET (6 marks)



65. Kartik opens a bakery shop in the local market. With the increasing demand of his bakery products, he feels it will be impossible for him to handle all the work himself. So, he appoints Bhavana to perform tasks on his behalf, thereby reducing his workload. It enables Kartik to use his time on high priority activities.

(a) Identify and explain the concept of 'organising' discussed in the above case.

(b) Explain the two essential elements of the concept identified in (a) above.

(2021 C)

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

He was delighted when he was offered a big project by the Ministry of Defence. While working on the project, he found that the volume of work made it impractical for him to handle all the work by himself. He decided to expand the team. The company maintained a close liaison with a local engineering college. During a campus placement, Ishan and Vrinda were appointed to work for the new project.

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

(i) Identify and briefly explain the concept used by Aman Chadha in the above case which helped him in focusing on objectives.

(ii) Also, state any four points of importance of the concept identified in (i) above. (Delhi 2017) Ev

5.5 Decentralisation: Concept and Importance

MCQ

67. Vijay was founder of a leading chain of Automobile shops dealing in high end cars. He believed in retaining all decision making authority with him. He wanted tight control over the entire business. Getting overburdened with work, he decided to focus only on crucial decision. He asked the vice president of his company to help him with routine matters. This case study reflects a shift from one concept of organisation to another which is :

(a) Delegation to decentralisation

(b) Centralisation to decentralisation

(c) Decentralisation to delegation

(d) Centralisation to delegation

(Term-I, 2021-22)

68. An organisation can never be completely centralised or decentralised. As it grows in size and complexity there is a tendency to move towards _____ decision making.

- (a) centralised
- (b) concentric
- (c) decentralised
- (d) innovative

(Term-I, 2021-22)

69. Name the concept which explains the manner in which decision making responsibilities are divided among hierarchical levels :

- (a) Organisational structure
- (b) Span of management
- (c) Delegation
- (d) Decentralisation

(Term-I, 2021-22)

70. In 'Delight Ice Creams Ltd.' decision making authority is concentrated at the top level and no authority has been delegated among the subordinates.

On the other hand in 'Tasty Ice Creams Ltd.'. a big organisation as compared to 'Delight Ice Creams Ltd.', decision making authority is always delegated among more than one person.

Identify the principle of management discussed above.

- (a) stability of Personnel
- (b) Centralisation and Decentralisation
- (c) Authority and Responsibility
- (d) Scalar Chain

(Term-I, 2021-22)

VSA (1 mark)

71. Define 'Decentralisation'.

OR

Give the meaning of 'Decentralisation'.



(Foreign 2016, 2015)

SA II (4 marks)

72. What is meant by 'Decentralisation'? State any three points that highlight the importance of decentralisation in an organisation.

(Delhi 2019)

73. One of the questions that needs to be answered in the organising function is 'At what level are decisions made'? Decision making authority in an organisation can be pushed down to the lower levels or it may lie with the top management. However, it is not an 'either or' concept.

When an organisation grows in size or complexity, there is a tendency towards sharing decision making authority with the lower levels. This is because in large organisations, employees who are closely involved with certain operations tend to have more knowledge about them than the top management.

An important concept of organising function is discussed above. Identify the concept and state any three points of its importance.

(AI 2019)



ONE TO ONE CLASSES

PRESENTS

ALL PYQs BUSINESS STUDIES CLASS 12th CHAPTER 6



CHAPTER 6 Staffing

6.1 Staffing: Concept and Importance VSA (1 mark)

1. How is staffing a continuous process?

(Delhi 2014 C)

LA (5 marks)

2. Asha is living in a small village of Rajasthan. Her mother has good culinary skills. Inspired from her mother she joined a course of 'Food and Beverages Production' in Jaipur. After completing her course she asked her mother to open a sweets shop in Jaipur, to which her mother agreed. The business was doing well and had started growing. To expand her business she felt the need of additional personnel. Instead of selecting personnel from any other source, she thought of helping her relatives and appointed five of them. But after doing all efforts she found that none of her relatives were providing satisfactory service leading to lower productivity. Also, the quality of the products started deteriorating.

This made Asha to realise that the ability of an organisation to achieve its goals depends upon the quality of its human resources. This was ignored by her at the time of selecting the personnel for her expansion programme.

(a) Identify and state the function of management which could have helped Asha at the time of fulfilling her need of additional personnel in the organisation.

(b) State any three benefits of the function identified in (a) above.

(Term-II, 2021-22)

6.2 Staffing as a Part of Human Resource Management Concept

VSA (1 mark)

3. How are employees motivated to improve their performance when the organisation uses internal sources of recruitment?

(AI 2014)

4. 'Providing for social security and welfare of employees' is one of the specialised activities performed by Human Resource Management. Mention any two other specialised activities of Human Resource Management.

(AI 2014)

5. How does staffing improve job satisfaction and morale of employees?

(AI 2014 C)



SA II (4 marks)

6. Mr. Naresh recently completed his M.B.A. from one of the Indian Institutes of Management in Human Resource Management. He has been appointed as Human Resource Manager in a Truck manufacturing Company. The company has 1,500 employees and has an expansion plan in hand that may require additional 500 persons for various types of jobs. Mr. Naresh has been given the complete charge of the company's Human Resource Department.

List out the specialised activities that Mr. Naresh is supposed to perform as the Human Resource Manager of the company.

(Delhi 2015 C)

6.3 Staffing Process

VSA (1/2 mark)

7. 'Estimating manpower requirements is not merely knowing how many persons we need.' What else is needed while estimating manpower requirements? State any two points.

(Term-II, 2021-22)

8. Define 'Workforce Analysis'.

(Delhi 2019)

9. Alpha Enterprises is a company manufacturing water geysers. The company has a functional structure for four main functions - Production, Marketing, Finance and Human Resource. As the demand for the product grew, the company decided to hire more employees.

Identify the concept which will help the Human Resource Manager in deciding the actual number of persons required in each department.

(Delhi 2017)

SA I (3 marks)

10. Explain the following steps in the process of staffing:

- (a) Performance Appraisal
- (b) Promotion and Career Planning
- (c) Compensation.

(2020 C)

11. Ashish, the marketing head, Raman, the assistant manager and Jyoti, the human resource manager of 'Senor Enterprises Ltd'. decided to leave the company. The Chief Executive Officer of the company

called Jyoti the Human resource manager and requested her to fill up the vacancies before leaving the organisation. Informing that, her subordinate Miss Alka Pandit was very competent and trust worthy Jyoti suggested that if she could be moved up in the hierarchy, she would do the needful. The Chief Executive Officer agreed for the same. Miss Alka Pandit contacted 'Keith Recruiters' who advertised for the post of marketing head for 'Senor Enterprises Ltd'. They were able to recruit a suitable candidate for the company.

Raman's vacancy was filled up by screening the database of unsolicited application lying in the office.

(a) Name the internal/external sources of recruitment used by 'Senor Enterprises Ltd'. to fill up the above stated vacancies.

(b) Also state any one merit of each of the above identified sources of recruitment.

(Delhi 2016, AI 2016)

SA II (4 marks)

12. State the first four steps in the process of 'staffing'.

(2021 C)

LA (5 marks)

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

(a) Identify the functions of management discussed above.

(b) State the two steps in the process of each function discussed in the above para.

(c) List any two values which the company wants to communicate to the society.

(Delhi 2015, AI 2015)

ET (6 marks)

14. 'Moga Industries Ltd.' approached a well established university in the city of Madurai to recruit qualified personnel for various technical and professional jobs. They selected Tanya, Ritu, Garima and Chetan for various vacancies in the organisation.



After the selection and placement, 'Moga Industries Ltd.' felt the need to increase the skills and abilities, and the development of positive attitude of the employees to perform their specific jobs better. The company also realised that learning new skills would improve the job performance of the employees. Hence, the company decided to take action for the same.

(a) Name the step of the staffing process regarding which the company decided to take action. (b) State the benefits of the action to 'Moga Industries Ltd.'

(AI 2018)

6.4 Recruitment Process

MCQ

15. Identify the External Source of Recruitment illustrated by the picture given below:



(a) Direct Recruitment

(b) Casual Callers

(c) Advertisement

(d) Labourer Contractor

(2023)

16. Using external sources for filling vacant positions:

(i) Gives a wider choice.

(ii) Simplifies the process of selection.

(iii) Instils a competitive spirit among the existing employees.

(iv) Does not infuse fresh talent in the organisation.

Choose the correct option from the following.

- (a) (i) and (ii) only
- (c) (i), (iii) and (iv) only
- (b) (i) and (iii) only
- (d) (ii) and (iv) only

(2020 C)

VSA (1/2 mark)

17. Identify and state the step in the process of staffing which creates a pool of prospective job seekers for vacancies in the organisation.

(Term-II, 2021-22)

18. 'External sources of recruitment may lead to dissatisfaction and frustration among existing employees. They may feel that their chances of promotion are reduced.' Give two situations when external sources may be used without dissatisfying the existing employees.

(Term-II, 2021-22)

19. Frequent transfer of employees often reduces the productivity of the organisation, still it is being used as a good source of filling the vacancies internally. Why? State any two reasons.

(Term-II, 2021-22 C)

20. Biru Nandan, Chairman of Lalit group of companies founded 'Biru University' for undergraduate and postgraduate courses in diverse disciplines. The Information Technology department of the 'Lalit Power Ltd., had few vacancies related to Cyber Security.

The Human Resource Department of the Company decided to recruit fresh engineering graduates from 'Biru University' for the same. Identify the type of source of recruitment.

(Delhi 2019)

21. Why employees become lethargic when the organisation uses internal sources of recruitment?

(Delhi 2014)

SA I (3 marks)

22. Explain any three advantages of external sources of recruitment.

(2023)

OR

State any four advantages of external sources of recruitment.

(AI 2014)



23. Name and define the process that helps in finding possible candidates for a job or a function.

(Delhi 2015 C) R

SA II (4 marks)

24. "Tapping external sources for various job positions has many benefits'. State any four such benefits.

(U)

(2023)

25. The Human Resource Manager of Alfa Ltd., a leading air conditioner manufacturer requires employees for various posts. He wanted to opt for a source of recruitment where background of potential candidates is sufficiently known. He knew that applicants introduced by present employees or their friends and relatives may prove to be a good source of recruitment.

(i) Identify the external source of recruitment discussed in the above paragraph.

(ii) State any four advantages of external sources of recruitment.

(Term-II, 2021-22)

26. Explain briefly transfer and promotions as important sources of internal recruitment.

(Delhi 2017)

LA (5 marks)

27. State the merits of internal sources of recruitment.

(Delhi 2015 C, AI 2015)

28. State the limitations of internal sources of recruitment.

(Delhi 2014 C)

29. State any three merits and two limitations of external sources of recruitment.

(Delhi 2014 C)

6.5 Selection Process

MCQ

30. The next step in the 'Selection Process' after 'Selection Decision' is (a) Job offer

(b) Medical Examination

(c) Selection Tests

(d) Contract of Employment

(2023)

31. Which of the following is not a step in the selection process?

(a) Reference and background checks

(b) Selection decision

(c) Job Offer

(d) Performance appraisal

(2021 C)

32. _____ test is a measure of an individual's potential for learning new skills.

(a) Personality

(b) Aptitude

(c) Intelligence

(d) Interest

(2020 C)

VSA (1/2 mark)

33. Identify and state the type of test in the selection process that measures the potential of an employee for learning new skills.

(Term-II, 2021-22 C)

34. Define Selection.

(Delhi 2019)

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

(Delhi 2017)

SA I (3 marks)

36. Hemant is working as a Human Resource Manager in AO chain of hospitals in Mumbai. He had to appoint nurses for the hospitals. For this, he has conducted various tests and interviews and verified the information of the applicants. The final decision has been made in consultation with the heads of the nursing department. Hemant still has to take some more steps to complete the process of appointment of nurses. Name and explain these steps.

(Term-II, 2021-22 C)

37. State the steps in the selection procedure, after the employment interview and before the job offer.



(AI 2018)

38. Name and define the process in which candidates are eliminated at every stage and a few move on the next stage till the right type of candidate is found.

(Delhi 2015 C)

OR

Name and define the process that helps in choosing the best person out of a number of prospective candidates for a job.

(AI 2015 C)

SA II (4 marks)

39. Identify and give the meaning of the concepts highlighted in the following statements.

- (a) The process of finding possible candidates for a job.
- (b) An assessment of the number and types of human resources necessary for the performance of various jobs.
- (c) Introducing the selected employees to other employees and familiarising them with the rules and policies of the organisation.
- (d) It ensures that the organisation gets the best employees amongst the employees available.

(2023)

39. Vandana Public School had a vacancy of a Maths teacher. They were looking for a smart and creative teacher having a drive for excellence. An advertisement was given in all leading dailies. Since the response was huge, the school examined all the application forms and rejected the candidates who did not have the necessary qualifications. Thereafter, a test was conducted to measure the existing skills of the candidates. After that, it was followed by a formal in-depth conversation with the Principal of the school and a panel of Maths experts.

(a) Explain the steps that have been performed by Vandana Public School in the process of identifying and choosing the best candidate.

(b) Give the name and also the meaning of the test which was conducted by the school.

(Foreign 2019)

6.6 Training and Development: Concept and Importance, Methods of Training-On-the Job and Off-the-Job, Vestibule Training, Apprenticeship Training and Internship Training

SA I (3 marks)

41. "The attitudes, skills and abilities of employees to perform specific jobs are increased by adopting a specific process". This process benefits the organisation in many ways.

State any three benefits of this process to the organisation.

42. Explain the following methods of training:

(i) Vestibule training

(ii) Internship training

(2023)

43. The Human Resource Department of 'Oberoi's Airlines Private Ltd. has recently selected 11 pilots. The new pilots have to handle sophisticated equipment. For this, the Human Resource Manager wants to design an off-the-job training programme which will help them to improve their performance on their jobs. Identify and explain the method of training that can be used by company in the given situation.

(Term-II, 2021-22)

44. State any three benefits of training to employees.

(Term-II, 2021-22)

45. Name and give the meaning of the concepts that are highlighted in the following statements:

(a) It improves the performance of employees on the current job or prepares them for any intended job.

(b) It not only improves the job performance of the employees but also brings about growth of the personality.

(Term-II, 2021-22)

SA II (4 marks)

46. 'Due to rapid technological changes, jobs have become more complex and importance of training has increased for employees.' State any four such benefits.

(2023)

47. Explain the following methods of training:

(a) Vestibule training

(b) Apprenticeship training

(2021 C)



48. The workers of 'Vyam Ltd.' are unable to work on new and hi-tech machines imported by the company to fulfill the increased demand. Therefore, the workers are seeking extra guidance from the supervisor.

The supervisor is overburdened with the frequent calls of workers.

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

(Delhi 2015)

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

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

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

(AI 2015)

50. A company manufactures very sophisticated switchgears used in automatic cars. For this, the company uses hi-tech machines. Most of the, times the workers of the factory remain idle because of lack of knowledge regarding the use of these hi-tech machines. The frequent visits by the engineers and constant supervision of the foreman results into high overhead charges. Explain the way by which this problem can be overcome. Also state how this help the employees.

(AI 2015 C)

LA (5 marks)

51. How is training of employees beneficial for the organisation? State by giving any four reasons.

(Delhi 2014)

OR

State the benefits of training to the organisation.

(NCERT, AI 2014 C)



ONE TO ONE CLASSES

PRESENTS

ALL PYQs BUSINESS STUDIES CLASS 12th CHAPTER 7



CHAPTER 7 Directing

7.1 Directing: Characteristics and Importance

VSA (1 mark)

1. How does directing initiate action?

(AI 2014 C)

SA I (3 marks)

2. State any three points of importance of 'Directing' function of management.

(Term-II, 2021-22)

OR

How directing helps in efficient and effective functions of the organisation? Explain by giving any three points.

(Delhi 2014)

LA (5 marks)

3. Riya was working as a manager in a hotel. During COVID-19 she lost her job. Now she has started her own restaurant which was providing immunity boosting food. Her restaurant was a success and she was earning a good profit. To benefit the people of other areas with her immunity-boosting food, she thought of starting three restaurants in three different cities. For this, she appointed three managers. She told all the managers that to be successful it is necessary that they should guide the people working in their respective teams about the work to be done by them, when they should do it and how they should do it. She also added that mere transfer of views or information is not sufficient, it is necessary that their instructions are implemented in the proper perspective, so that the organisation may achieve its objectives. To improve the performance level of employees, she suggested that they develop insights into causes of behaviour of people. They have to make subordinates act in a desired manner to achieve organisational goals.

(a) Identify and state the function of management discussed in the above para.

(b) State any three points of importance of the function identified in (a) above.

(Term-II, 2021-22 C)

4. Explain any five points of importance of directing function of management.

(AI 2019, Delhi 2015 C)

7.2 Elements of Directing



VSA (1 mark)

5. Give the meaning of 'motivation' as an element of directing.
(Delhi 2017)

SA I (3 marks)

6. Shiv has recently joined an industrial unit manufacturing low cost LED bulbs. He has five workers working under him. He gives them instructions to ensure optimum utilisation of resources and achievement of work targets. He provides good on-the-job training to the workers to build an efficient team. He also analyses the work performed by them and gives feedback. The work performed by Shiv may be described as an important element of directing. Name the element and state two other functions which may be performed by Shiv in addition to those highlighted above.
(AI 2019)
7. Explain briefly any three functions performed by a supervisor.
(Delhi 2017)

SA II (4 marks)

8. Identify and explain the elements of 'directing' in the following cases:
- (i) Mohan guides the efforts of his subordinates to accomplish the desired objectives and gives instructions to ensure optimum utilisation of resources and achievement of work targets.
 - (ii) S.S. Tripathi, Managing Director, explains the plan in writing to the departmental managers and receives their feedback
- (2021 C)

ET (6 marks)

9. 'The functions and performance of the supervisor are vital to an organisation because he is directly related with the workers whereas other managers have no direct touch with bottom level workers. In the light of this statement, explain any four functions of a supervisor.
(AI 2014 C)

7.3 Motivation - Concept, Maslow's Hierarchy of Needs, Financial and Non-Financial Incentives

MCQ

10. Which of the following is a financial incentive?
- (a) Perquisites
 - (b) Status

- (c) Job-enrichment
 - (d) Job-security
- (2021C)

VSA (1 mark)

11. Give an example of 'Employee Recognition Programmes' as a non-financial incentive. (Delhi 2014)
12. Give any two characteristics of 'Organisational Climate' that influence the behaviour of individuals and act as a non-financial incentive.
(AI 2014)
13. Why is it said that 'Motivation is a complex process'?
(Delhi 2014 C)
14. List any two non-financial incentives.
(Delhi 2014 C)

SA I (3 marks)

15. Agrima, Arunima and Avika are pursuing MBA from a reputed institution. Now it is the time of their placement. Agrima wants to work in a company which would provide her more authority for fulfilling her duties and will give recognition, rewards, perquisites and prestige of job.
Arunima wants to work in an organisation in which behaviour of individuals is influenced by its characteristics like autonomy, reward orientation, consideration to employees, risk taking etc.
Avika wants to join the organisation which has appropriate skill development programmes and sound promotion policy that encourages employees to exhibit improved performance.
Identify and state the incentives about which Agrima, Arunima and Avika are talking about.
(Term-II, 2021-22)
16. State 'Job Enrichment' and 'Employee Participation' as non-financial incentives. How do they motivate employees?
(Delhi 2019)
17. Huma is working in a company on a permanent basis. As per the job agreement, she had to work for 8 hours a day and was free to work overtime. Huma worked overtime, due to which she fell ill and had to take leave from her work. No one showed concern or enquired about her health. She realised that she was fulfilling only some of her needs while some other needs still remained to be fulfilled.
(i) By quoting the lines from the above para, identify the needs of Huma which she is able to fulfill.



(ii) Also explain two other needs of Huma followed by the above needs, which still remained to be satisfied.

(AI 2014)

18. Rahim was working in an enterprise on daily wages basis. It was difficult for him to fulfill the basic needs of his family. His daughter fell ill. He had no money for his daughter's treatment. To meet the expenses of her treatment, he participated in a cycle race and won the prize money. The cycle company offered him a permanent pensionable job which he happily accepted.

(i) By quoting the lines from the above para identify the needs of Rahim that are satisfied by the offer of cycle company.

(ii) Also, explain two other needs of Rahim followed by above that are still to be satisfied.

(Delhi 2014)

SA II (4 marks)

19. 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.

(2023)

20. 'Zeto Ltd.' offers its employees shares at a price which is less than the market price.

(a) Identify the incentive offered by the company and state the type of incentive discussed above.

(b) State two other incentives of the type of incentive identified in (a) above.

(2023)

21. Identify the need from the 'Maslow's Need Hierarchy' in the following statements and also state the four assumptions on which Maslow's theory is based.

(i) These needs refer to affection, sense of belongingness, acceptance and friendship.

(ii) It refers to the drive to become what one is capable of becoming.

(iii) These needs include factors such as self-respect, autonomy status, recognition and attention.

(iv) These needs provide security and protection from physical and emotional harm.

(2021 C)

22. Ram Murthy, the CEO of 'Goodcare Hospitals', a leading chain of hospitals, decided to reward the good work of the doctors of his organisation. For this, he instituted two running trophies. A

'Healthcare Achievers Trophy' to acknowledge and appreciate the tireless efforts of the doctors who rendered selfless services to the patients and another 'Beti Bachao Trophy' to recognise the outstanding work done by the doctors in saving the girl child.

The CEO also wanted to improve the health services in rural areas all over the country. He decided that all doctors must work in rural area for at least six months. He also decided that the paramedical staff should be employed locally.

- (a) Identify the incentive provided by 'Goodcare Hospitals' to its doctors through running trophies.
- (b) Which need of the doctors will be satisfied through the incentive identified in part (a)? State.
- (c) State any values that the CEO of 'Goodcare Hospital' is trying to communicate to the society.

(2018)

23. Alfa Ltd. was dealing in renewable energy. To get the business, the team leader and his team used to travel to different states to give presentation to their clients. As per the policy of the company, the leader used to travel by air, whereas his team travelled by road/train. It was not only time consuming but also at times forced female members to travel alone.

As a result, the subordinates were not acting in a desired manner to achieve organisational goals. The CEO came to know about it. He called the team leader, discussed the matter with him and decided to change the travel policy of the company. It was decided that all the members including the leader would travel together in future and would usefully utilise the travelling time in discussion with the subordinates about presentation to be given to the clients. This made a positive impact and every member of the team started acting in a manner, as desired by the team leader.

State the features of the elements of the function of management used by the CEO.

(Delhi 2016)

LA (5 marks)

24. Explain any five non-financial incentives.

(AI 2019)

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

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



(i) Identify the function of management being performed by Rita.

(ii) Name the element of the above function of management which helped Rita to improve Smita's behaviour.

(iii) State any three features of the element identified in (ii) above.

(Delhi 2015)

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

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

(a) Identify the function of management being performed by Monika.

(b) Name the element of the above function of management which helped Monika to improve Anjali's behaviour.

(c) State any three features of the element identified in (b) above.

(AI 2015)

7.4 Leadership- Concept, Styles-

Authoritative, Democratic and Laissez Faire

VSA (1/2 mark)

27. Give the meaning of 'Autocratic style of leadership'.

(Term-II, 2021-22)

28. Differentiate between 'Democratic' and 'LaissezFaire' style of leadership.

(AI 2019)

SA I (3 marks)

29. 'Leadership indicates the ability of an individual to maintain good interpersonal relations with followers and motivate them to contribute towards achieving organisational objectives.' In the light of this statement, explain any two styles of leadership.

(2021 C)

30. Describe 'Autocratic Style' of leadership.

(Foreign 2019)

31. Sandhya is a successful manager at Manisons Enterprises. She has a team of twelve people working under her. She encourages them to set their own objectives and take decisions. She respects their opinions and supports them, so that they can perform their duties and accomplish organisational objectives. To manage and exercise effective control she uses forces within the group.

As an intelligent manager, at times, she also makes use of positive aspects of informal communication. This way, she is able to unify diverse interests and ensure that targets are met.

(a) There are many theories and styles of influencing people's behaviour. Identify the style used by Sandhya which is based on the use of authority.

(b) State two positive aspects of the communication discussed above, which Sandhya is using as an intelligent manager.

(2018)

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

Identify and describe the leadership style being adopted by Pramod.

(Delhi 2015)

SA II (4 marks)

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

Not only this, Umang visited Ms. Kanta and advised her to take sufficient rest.

(a) Identify the leadership style of Umang Gupta and draw a diagram depicting the style.

(b) State any two values highlighted by the behaviour of Umang Gupta.



(Delhi 2017)

LA (5 marks)

34. Explain concept of leadership and its various styles.

(AI 2015 C)

7.5 Communication-Concept,

Formal and Informal Communication; Barriers to Effective Communication, How to Overcome the Barriers?

VSA (1 mark)

35. What is meant by 'Encoding' as an element of communication?

(Delhi 2014)

36. What is meant by 'Decoding' as an element of communication?

(AI 2014)

SA I (3 marks)

37. Give the meaning of formal and informal communication.

(Term-II, 2021-22 C, 2021 C)

38. Describe any three personal barriers to effective communication.

(Foreign 2019)

39. Explain briefly any three measures to overcome the communication barriers.

(Delhi 2017)

40. Mr. Shudhendu Bose is the owner of 'Bikmac Enterprises' carrying on the business of manufacturing various kinds of biscuits. There was a lot of discontentment in the organisation and the targets were not being met. He asked his son, Naval, who had recently completed his MBA to find out the reason.

Naval found that all decision-making of the enterprises were in the hands of his father. His father didn't believe in his employees. As a result, both the employer and the employees were not able to understand each other's messages in the same sense. Thus, the employees were not happy and target's were not met.

(a) Identify any two communication barriers because of which Bikmac Enterprises was not able to achieve its targets.

(b) State one more barrier each of the type identified in (a) above.

(Delhi 2016, AI 2016)

41. Neeraj, a sales representative of 'Omida Ltd.' has changed seven jobs in the last one year. He is a hard working person but is not able to finalise deals with the customers due to his inadequate vocabulary and omission of needed words. Sometimes, he uses wrong words because of which intended meaning is not conveyed. All this creates a mis-understanding between him and his clients.

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

(Delhi 2015)

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

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

(AI 2015)

43. Nitya is a student of class XII of a well-known school. She has a preconceived notion that her teacher always finds fault in her work. One day while checking the project work of class XII, her teacher wanted to appreciate Nitya for her hard work and good performance, but before she could complete her sentence, Nitya left the room without listening to her teacher.

- (a) Identify the 'barrier to communication' and also the type/category of barrier to which it is related.
- (b) Explain two other communication barriers of the type/category identified in (a) above. (2023)

44. Give the meaning of 'Formal Communication' and 'Informal Communication'.

(2023)

45. State any four organisational barriers of communication.

(2023)

46. Alka is working in the Accounts Department of 'Modern Locks Ltd'. Her mother is not well and to attend to her she wanted to take leave for one week. For this, she went to the Senior Accountant, Manoj and discussed her problem. At that time Manoj was simultaneously checking the Balance Sheet of the company. Since his mind was preoccupied in some work, he did not listen to Alka



attentively and could not understand her problem. Alka was quite disappointed with the behaviour of Manoj.

(a) Identify the type of communication barrier discussed above.

(b) Also explain any three barriers of the same type.

(2021C)

47. Arun is working in a multinational company in Gurgaon. He was running temperature for the last many days. When his blood was tested he was found positive for dengue with a very low platelet count. Therefore, he was admitted in the hospital and a blood transfusion was advised by the doctors. One of his colleagues sent a text message about it to his immediate superior 'Mr. Narain' in turn sent a text message to the employees of the organisation requesting them to donate blood for Arun. When the General Manager came to know about it, he ordered for fumigation in the company premise and cleanliness of the surroundings.

(a) From the above para quote lines that indicate formal and informal communication.

(b) State any two features of informal communication.

(c) Identify any two values that are being communicated to the society in the above case.

(Delhi 2016)

48. "The organisation which are keen on developing effective communication, should adopt suitable measures to overcome the barriers to communication and improve communication effectiveness. Suggest and explain any such five measures.

(Delhi 2015 C)

49. Explain any five semantic barriers to communication.

(AI 2015 C)

ET (6 marks)

50. Describe psychological barriers to effective communication.

(Delhi 2014 C)

51. Describe personal barriers to effective communication.

(AI 2014 C)



ONE TO ONE CLASSES

PRESENTS

ALL PYQs BUSINESS STUDIES CLASS 12th CHAPTER 8



CHAPTER 8 Controlling

8.1 Concept and Importance

MCQ

1. Umang was working as a 'Production Manager' at 'LG Papers Ltd'. The company had launched new ecofriendly paper straws in the market. He was given a target of producing 5,000 straws a day, by the General Manager. In spite of making the employees work overtime, Umang could not meet the target.

On investigation, it was found that the employees had not received the right training to manufacture these eco-friendly paper straws. So the employees were sent for special training.

The function of management which helped Umang in identifying that he could not meet the target is

- (a) Planning
- (c) Directing
- (b) Organising
- (d) Controlling.

(2023)

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

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

(2023)

3. 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?

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

(2023)

4. Which of the following headings does not highlight the importance of 'controlling' function of management?



- (a) Ensuring order and discipline
- (b) Initialising action by people in the organisation
- (c) Making efficient use of resources
- (d) Improving employees' motivation

(2021C)

VSA (1/2 mark)

5. One of the functions of management completes one cycle of management process and improves planning in the next cycle in the light of the problems that were identified in the existing plans. Identify and state the function of management discussed above.
(Term-II, 2021-22)
6. Identify and give the meaning of the function of management that helps in verifying whether the standards set are accurate and objective or not.
(Term-II, 2021-22 C)
7. Why is it said that Controlling is a continuous activity?
(Foreign 2019)
8. Why is Controlling called a forward looking function?
(Foreign 2019)
9. Hina Sweets is a renowned name for quality sweets since 1935. Harsh, the owner of Hina Sweets, was worried as the sales had declined during the last three months. When he enquired from the Sales Manager, the Sales Manager reported that there were some complaints about the quality of sweets. Therefore, Harsh ordered for sample checking of sweets.
Identify the step taken by Harsh that is related to one of the functions of management. (Delhi 2017)

SAI (3 marks)

10. Explain (i) Ensuring order and discipline, and (ii) facilitating co-ordination in action, as importance of controlling function of management.
(2023)
11. Explain how controlling helps in "making efficient use of resources" and "improving employee's motivation".
(Term-II, 2021-22)
12. A.S Ltd. is a large company engaged in assembly of air conditioners. Recently the company had conducted the 'Time' and 'Motion' study and concluded that on an average a worker can assemble ten

air conditioners in a day. The target volume of the company in a day is assembling of 1,000 units of air-conditioners. The company is providing attractive allowances to reduce labour turnover and absenteeism. All the workers are happy. Even then the assembly of air conditioners per day is 800 units only. To find out the reason the company compared actual performance of each worker and observed through C.C.T.V. that some of the workers were busy in gossiping.

(a) Identify the function of management discussed above.

(b) State the steps in the process of the function identified which are discussed in the above paragraph.

(AI 2015)

LA (5 marks)

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

(NCERT, Delhi 2017)

8.2 Relationship Between Planning and Controlling

LA (5 marks)

14. State the relationship between planning and controlling functions of management.

(NCERT, AI 2016, Delhi 2014)

8.3 Steps in the Process of Controlling

MCQ

15. Which of the following is not a step in the process of 'Controlling' function of management?

(a) Setting performance standards

(b) Assignment of duties

(c) Taking corrective action

(d) Comparing actual performance with standards

(2023)

VSA (1/2 mark)

16. The final step in the controlling process is taking corrective action, but when deviations are within acceptable limits no corrective action is required.' When and why corrective action is required? State.

(Term-II, 2021-22)



17. 'Analysing deviations' is an important step in the process of controlling. It is therefore important to focus on key result areas which are critical to the success of an organisation. Identify and give the meaning of the concept discussed above.
(Term-II, 2021-22)
18. Mahima Jain is the Senior Manager in the Advisory Services Department of Kodes Ltd. She regularly prepares performance reports of her subordinates as a part of the appraisal. Identify the step of the controlling process performed by her.
(Foreign 2019)
19. Give the meaning of 'Critical Point Control'
(Delhi 2014 C)
20. What is meant by 'Management by Exception' in the process of controlling?
(AI 2014 C)

SA I (3 marks)

21. Explain : (i) Critical point control and (ii) Management by exception, as an important part of 'Analysing Deviations' a step in the process of controlling.
(2023)
22. Explain the first two steps in the process of controlling.
(Term-II, 2021-22 C)
23. Actual performance of employees is measured in the second step of 'controlling' process. Explain the next three steps in the process.
(2021 C)

SA II (4 marks)

24. Vinber Ltd. set up a manufacturing unit at Bhiwadi in Himachal Pradesh to manufacture electric geysers and supply them to dealers all over the country. Their production target was 500 geysers per week. It was decided by the management that variation in production upto 10 units would be acceptable.
- At the end of the first week, the production was 450 geysers. The next week, production increased to 470 geysers. A week later, production was 460 geysers. On investigation, it was found that fluctuation in production was due to irregular supply of electricity.
- (a) The above para discusses some of the steps in the process of one of the functions of management. Explain these steps.
- (b) Also, state the step(s) that have not been discussed in the above para.

(Delhi 2019)

25. Explain the steps in the controlling process.

(NCERT, Delhi 2016)





ONE TO ONE CLASSES

PRESENTS

ALL PYQs BUSINESS STUDIES CLASS 12th CHAPTER 9



CHAPTER 9 Financial Management

9.1 Financial Management: Concept, Role and Objective

VSA (1 mark)

1. State the objective of 'Financial Management'.
(2020 C, AI 2014)
2. What is meant by 'financial management'?
(Delhi 2017)
3. Is Management concerned only with doing the right task, completing activities and achieving goals without taking into consideration the cost benefit? Give reason in support of your answer.
(AI 2016)

SA I (3 marks)

4. Give the meaning of Financial Management. State its main objective.
(NCERT, Delhi 2019)
5. Somnath Ltd. is engaged in the business of export of garments. In the past, the performance of the company had been upto the expectations. In line with the latest technology, the company decided to upgrade its machinery. For this, the Finance Manager, Dalmia estimated the amount of funds required and the timings. This will help the company in linking the investment and the financing decisions on a continuous basis. Dalmia therefore, began with the preparation of a sales forecast for the next four years. He also collected the relevant data about the profit estimates in the coming years. By doing this, he wanted to be sure about the availability of funds from the internal sources of the business. For the remaining funds, he is trying to find out alternative sources from outside.

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

(Delhi 2017)

9.2 Financial Decisions: Investment, Financing and Dividend- Meaning and Factors Affecting

MCQ

6. 'Temptations' is a food joint in Imperial Mall in Bengaluru. It is becoming popular among students and working people due to healthy, on-the-go dishes on its menu like 'Paneer Wrap', 'Chickpeas Salad', 'Grilled Sandwiches', etc. It has now decided to open two new branches in other parts of Bengaluru.

Which financial decision has been discussed in the above case? (a) Long-term investment decision
(b) Short-term investment decision
(c) Dividend decision
(d) Financing decision
(2020 C)

VSA (1 mark)

7. Koby Ltd. is an 87-year-old reputed consumer goods company. It is known for offering good quality electronic products at reasonable prices. It has branches all over India. It has a large shareholder base. The shareholders desire that some dividend is paid every year on their investments. Company's management understands that it is important to keep the shareholders happy and satisfied. As a matter of policy, they declare a certain amount of dividend every year out of profits rather than reinvesting the whole as retained earnings.

Identify the factor affecting dividend decision being highlighted in the above situation.

(Foreign 2019)

8. The size of assets, the profitability and competitiveness are affected by one of the financial decisions. Name and state the decision.

(Delhi 2016) U

9. Besides the investment decision the finance function is concerned with two other broad decision. Name these decisions.

(Delhi 2015 C)

10. Besides financing decision the finance, function is concerned with two other broad decisions. Name these decisions.

(Delhi 2015 C)

11. Besides the dividend decision, the finance function is concerned with two other broad decisions. Name these decisions.

(AI 2015 C)

12. What is meant by 'Financial Risk'?

(AI 2014)

SA I (3 marks)

13. State any three factors affecting the dividend decision.

(2023, Term-II, 2021-22)



14. Give the meaning of 'Investment' and 'Financing' decisions of financial management.

(AI 2014)

15. Give the meaning of 'Investment decision' and 'Dividend decision'.

(AI 2014 C)

16. Explain the factors that affect capital budgeting decision.

(Delhi 2014 C)

SA II (4 marks)

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

(2023)

18. Explain any two factors that affect the dividend decision of a company.

(2021 C, 2020 C)

19. Explain any two factors that affect the Financing decision of a company.

(2021 C)

LA (5 marks)

20. NB Ltd. is India's largest manufacturer of cement. Its operations are spread throughout the country with 17 modern cement factories. It has a workforce of 9,000 persons.

Since its inception, the company has been a trendsetter for the cement industry. The company is planning to grow in long-run and wants to double its capacity in next 3 years.

For this, Finance Manager has to decide about the quantum of finance to be raised from various long term sources. For this, he needs to identify various available sources of funds and the proportion of funds from each source.

(i) Identify the financial decision to be taken by the Financial Manager.

(ii) State any four factors which would affect the decision identified in (i) above.

(Term-II, 2021-22)

21. Anant Ltd. is a company dealing in ready-made garments from last many years. Recently, the profit of the company have started increasing. The finance manager decided to retain the profit instead of distributing it among shareholders.

(i) Identify and state the financial decision taken by finance manager in the above case.

(ii) state any three factors affecting the decision identified in (i) above.



(Term-II, 2021-22)

22. Ravi has joined as a finance manager in MTA Ltd. He had to arrange funds of rupees one crore for the company. The Chief Executive Officer of the company wants to arrange the funds by a public issue whereas the finance manager wants to have a mix of debt and equity as this will determine the overall cost of capital and the financial risk of the enterprise.

(i) Identify and give the meaning of the financial decision suggested by the finance manager in the above case.

(ii) State any three factors affecting the decision identified in (i) above.

(Term-II, 2021-22)

23. 'A.M. Motors Ltd.' is a leading company in car manufacturing. Due to the changing environment and initiatives taken by the Government of India, the company wants to enter into manufacturing of e-cars also. For this project the company requires ₹ 2,000 crore. But before purchasing the machines and other assets, the finance manager has to assess the degree of risk involved in the project as this type of decision affects the earning capacity of the business over the long run. Besides this, there are various other factors which may affect this decision of the finance manager.

(i) Identify and state the financial decision discussed in the above para.

(ii) State any two factors that may affect the decision of the finance manager identified in (i) above.

(Term-II, 2021-22 C)

24. Sun Industries Ltd. is a leading company in India which manufactures steel. Its plants are located in Jamshedpur and Bokaro. Currently it produces about three million tonnes of saleable steel. As the demand for steel is growing, it is planning to expand the capacity of the existing steel plants. It is estimated that it will require < 1,800 crore of fixed capital and < 200 crore of working capital. To raise the funds, the company is considering whether it should issue equity shares or 7% debentures of < 2,000 crore. Presently the capital structure is comprising of equity only. The Finance Manager of the company suggested that since the stock markets are undergoing a bearish phase, it should issue debentures.

(a) Is it justified to raise funds by issuing debentures? Give reason in support of your answer.

(b) Explain the impact of issue of debentures on the risk faced by the company.

(c) Explain the impact of 'cost of debt' and 'cost of equity' on the capital structure of the company.

(2020 C)

ET (6 marks)

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



believes in quality, equal employment opportunities and good remuneration practices. It has many shareholders who prefer to receive a regular income from their investments.

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

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

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

(Delhi 2015)

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

It has taken a loan of ₹50 lakhs from ICICI Bank and is bound by certain restrictions on the payment of dividend according to the terms of the loan agreement. The above discussion about the company leads to various factors which decide how much of the profits should be retained and how much has to be distributed by the company.

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

(AI 2015)

27. Explain the following as factors affecting dividend decision:

- (i) Stability of earnings.
- (ii) Growth opportunities;
- (iii) Cash flow position and
- (iv) Taxation policy.

(Delhi 2014)

9.3 Financial Planning-Concept and Importance

MCQ

28. Which of the following statements does not highlight the importance of financial planning?

- (a) Detailed plans of action prepared under financial planning increase waste, duplication of efforts and gaps in planning.
- (b) It helps in forecasting what may happen in future under different business situations.



(c) It provides a link between investment and financing decisions on a continuous basis.

(d) It helps in avoiding business shocks and surprises and helps the company in preparing for the future.

(2023)

VSA (1 mark)

29. 'XY Ltd' is registered with an authorised capital of 10 crore. The paid-up capital of the company is '6 crore. The company was facing shortage of funds. The management of the company decided to raise funds by issue of 1,00,000 equity shares of '100 each. The issue was fully subscribed. After this it was realised that the funds raised were in excess of the actual requirement.

Identify and define the concept which was not considered by the company before deciding the amount of funds to be raised.

(Foreign 2019)

30. Name and state the aspect of financial management that enables to foresee the fund requirements both in terms of the quantum and the timings.

(AI 2016)

SA II (4 marks)

31. 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.

(2023)

9.4 Capital Structure- Concept & Factors Determining Capital Structure

MCQ

32. Which of the following is not a factor affecting capital structure of a company?

(a) Cost of Debt

(b) Growth Opportunities

(c) Cash Flow Position



(d) Interest Coverage Ratio

(2023)

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

(a) Capital structure

(b) Earning per share

(c) Trading on equity

(d) Return on investment

(2023)

VSA (1 mark)

34. How does 'Cost of Debt' affect the capital structure of an enterprise?

(Delhi 2019)

35. Rizul Bhattacharya after leaving his job wanted to start a Private Limited Company with his son. His son was keen that the company should start manufacturing of mobile phones with some unique features. Rizul Bhattacharya felt that the mobile phones are prone to quick obsolescence and a heavy fixed capital investment would be required regularly in this business. Therefore, he convinced his son to start a furniture business.

Identify the factor affecting fixed capital requirement which made Rizul Bhattacharya to choose furniture business over mobile phones.

(AI 2016)

36. A textile company is diversifying and starting a steel manufacturing plant. State with reason the effect of diversification on the fixed capital requirements of the company.

(Delhi 2015 C)

37. How does 'Cost of Equity' affect the capital structure of an enterprise?

(AI 2015)

SA I (3 marks)

38. What is meant by 'Capital Structure'? Explain any two factors that affect the capital structure of a company.

(Delhi 2019)

39. The Return on Investment (ROI) of a company ranges between 10 – 12% for the past three years. To finance its future fixed capital needs, it has the following options for borrowing debt :

Option 'A' : Rate of interest 9%

Option 'B' : Rate of interest 13%

Which source of debt, 'Option A' or 'Option B', is better? Give reason in support of your answer. Also state the concept being used in taking the decision.

(AI 2018)

SA II (4 marks)

40. 'X Ltd.' issued 14% Debentures of ₹ 4,00,000 and 10,000 Equity shares of ₹ 60 each. This investment resulted in a net profit of ₹ 2,00,000 before interest and tax. The tax rate was 50%.

(a) Calculate the 'Return on Investment' and 'Earning per Share' of 'X Ltd'.

(b) State with reason whether the above example is that of favourable or unfavourable financial leverage.

(2023)

LA (5 marks)

41. 'Determining the relative proportion of various types of funds depends upon various factors. Explain any five such factors.

(Delhi 2014)

ET (6 marks)

42. 'Viyo Ltd., is a company, manufacturing textiles. It has a share capital of ₹60 lakh. The earning per share in the previous year was ₹0.50. For diversification, the company requires additional capital of ₹ 40 lakh. The company raised funds by issuing 10% debentures for the same. During the current year, the company earned profit of ₹8 lakh on capital employed. It paid tax @ 40%.

(a) State whether the shareholder gained or lost, in respect of earning per share on diversification. Show your calculations clearly.

(b) Also, state any three factors that favour the issues of debentures by the company as part of its capital structure.

(Delhi 2016)

43. Explain the following as factors affecting the choice of capital structure:

(i) Cash flow position



- (ii) Cost of equity
- (iii) Floatation costs
- (iv) Stock market conditions
- (AI 2014) R

9.5 Fixed and Working Capital: Concept and Factors Affecting their Requirements

MCQ

44. During the Covid-19 pandemic, the restaurant industry faced many challenges. The slowdown led to huge decrease in demand. From April 2022, the effect of Covid started reducing. The economy started picking up and a boom was noticed in the restaurant industry. As a result, larger amount of working capital was required with increased production and sales.

The factor affecting the working capital requirement discussed above is:

- (a) Seasonal factor
- (b) Production cycle
- (c) Operating efficiency
- (d) Business cycle.

(2023)

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

Column I		Column II	
A.	Nature of business	(i)	A trading organisation needs lower investments in fixed assets as compared to a manufacturing organisation.
B.	Technology upgradation	(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 organisation requires higher investments in fixed assets as compared to labour- intensive organisation.

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

(2023)

VSA (1 mark)

46. Organisations which choose to diversify their operations require _____ fixed capital. (more/less)
(2020 C)

47. In the paint industry, various raw materials are mixed in different proportions with petroleum for manufacturing different kinds of paints. One specific raw material is not readily and regularly available to the paint manufacturing companies. Bonler Paints Company is also facing this problem and because of this there is a time lag between placing the order and the actual receipt of the material. But, once it receives the raw materials, it takes less time in converting it into finished goods.

Identify the factor affecting the working capital requirements of this industry.

(AI 2018)

48. Radhika and Vani who are young fashion designers who left their job with famous fashion designer chain to set-up a company 'Fashionate Pvt. Ltd'. They decided to run a boutique during the day and coaching classes for entrance examination of National Institute of Fashion Designing in the evening. For the coaching centre, they hired the first floor of nearby building. Their major expense was money spent on photocopying of notes for their students. They thought of buying a photocopier knowing fully that their scale of operations was not sufficient to make full use of the photocopier.

In the basement of the building of 'Fashionate Pvt. Ltd.' Praveen and Ramesh were carrying on a printing and stationery business in the name of 'Neo Prints Pvt.' Ltd. Radhika approached Praveen with the proposal to buy a photocopier jointly which could used by both of them without making separate investment, Praveen agreed to this.

Identify the factor affecting fixed capital requirements of 'Fashionate Pvt. Ltd.'



(Delhi 2016)

49. 'Indian Logistics' has its own warehousing arrangements at key locations across the country. Its warehousing services helps business firms to reduce their overheads, increase efficiency and cut down distribution time.

State with reason, whether the working capital requirements of Indian Logistics will be high or low.

(Delhi 2015)

OR

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

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

(AI 2015)

SA I (3 marks)

50. Explain any three factors that affect the working capital requirements of a company.

(NCERT, Delhi 2019)

51. Indian equity markets are going through a phase of boom. There is a huge growth potential for innovative technologies. This has resulted in lots of new ventures lying for a market share and old enterprises trying to keep up with the pace with which changes are taking place in the economy. This technological innovation has helped even smaller businesses to compete on a global scale.

Identify and explain the three factors highlighted above which affect the working capital requirements of such enterprises.

(Delhi 2019)

SA II (4 marks)

52. Explain the following factors affecting the working capital requirements of an enterprise:

(i) Nature of business

(ii) Availability of raw material

(2023)

53. Rajesh wants to start a small factory for producing Hand Sanitizers. For establishing the plant and acquiring other fixed assets he needs ₹ 80 lakh. Explain any two factors which affect the requirement of fixed capital of this company.

(2021 C)

54. 'R.K. Fertilizers Ltd.' has planned to set up a plant for manufacturing urea fertiliser which has very high market potential as there is excess demand as compared to supply. The company is planning to operate at a higher scale which will require a bigger plant, more space, etc. The company has also planned to replace its plant and machinery as the same are prone to obsolescence with the change in technology. To meet the growing demand of fertilisers that may result in increase in profits, the company is also planning to diversify its operations. It wants to enter in the area of cement manufacturing. Thus, it is a capital-intensive project involving an investment of ₹3,000 crore.

Identify and state any five factors affecting the fixed capital requirements of 'R.K. Fertilisers Ltd.' discussed in the above para.

(Term-II, 2021-22 C)

55. From last many years, in the month of November due to sudden rise in the pollution levels in Delhi and other parts of northern India, there has been an increase in the demand for air purifiers. Inderprastha Technologies Ltd., a manufacturer of air purifiers wants to encash this opportunity and wants to raise its investment in stock. It is expected that this decision would increase the rate of profitability of the business. Due to this many competitors have recently entered in this industry. In order to increase the sales, the company has started selling air purifiers on liberal credit terms. It is not affecting the profits of the company since the production cycle of the product is short. Identify and state any two factors that 'Inderprastha Technologies Ltd.' will keep in mind before deciding its working capital requirements. Also state three other factors which should be kept in mind while deciding the working capital requirements of a company.

(2020 C)

ET (6 marks)

56. Explain the following as factors affecting the requirements of working capital : (i) Nature of business
(ii) Scale of operations
(iii) Seasonal factors
(iv) Production cycle

(AI 2014)

57. Explain how the following factors affecting the working capital requirements of a business :
(i) Inflation,
(ii) Business cycle,
(iii) Level of competition and
(iv) Nature of business.





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CHAPTER 10 Financial Markets

10.1 Financial Markets: Concept

LA (5 marks)

1. What is meant by 'Financial Market'? State any four functions of financial market.
(Term-II, 2021-22)

10.2 Money Market: Concept

SAI (3 marks)

2. Currently, the banking sector in the Indian economy is facing lots of problems. The rates of interest that banks are paying on deposits have sharply decreased; as a result banks are able to collect lesser amounts of deposits. Due to the policies of the Reserve Bank of India, lending rates have also decreased. The automobile industry is also facing a lot of problems and thus they have also reduced the prices of cars. This has encouraged people to take car loans from banks as the interest rates on loans, along with prices of cars in the automobile sector are declining. Due to this position of tight liquidity, 'The Oberoi Bank Ltd.' decided to raise funds by issuing an unsecured, short-term instrument which could be purchased by corporations, companies and individuals.
(a) Identify and explain the money market instrument used by 'The Oberoi Bank Ltd.' to raise funds.
(b) Also explain the money market instrument used by the banks to maintain Cash Reserve Ratio.
(2020 C)

LA (5 marks)

3. Explain 'Treasury Bill' and 'Call Money' as instruments of 'Money Market'
(Term-II, 2021-22 C)

10.3 Capital Market and Its Types (Primary and Secondary)

MCQ

4. Adapting to a change in consumer preference towards online shopping, 'Fast-Service' started a grocery delivery app. It is a platform that ensures 10-minute deliveries of groceries. Because of this service, 'Fast-Service' earned huge profit within a year. It planned to expand its operations and decided to raise funds by directly issuing its securities to investors.

The market through which 'Fast-Service' has decided to raise funds for its expansion is

- (a) Money market

- (b) Primary market
- (c) Secondary market
- (d) Both Primary and Secondary markets

(2023)

5. Capital Market instruments are riskier both with respect to returns and principal repayment as compared to Money Market instruments.

This highlights the following point of difference between 'Capital Market' and Money Market':

- (a) Instruments
- (b) Duration
- (c) Safety
- (d) Liquidity.

(2023)

Read the following paragraph and answer question nos. 6-9 on the basis of the same:

Mayank Ltd. is a real estate company. Since its establishment, the company acquired a good market share. With the boom in the Indian economy, the real estate sector is also witnessing a boom due to lower interest rates on housing loans and accompanying income-tax concessions.

For meeting this increasing demand, the finance manager of the company suggested to raise ₹ 1,250 crore by issuing shares and ₹750 crore by way of loan from the bank. He was of the opinion that this will increase per share earnings of the shareholders. The directors of the company wanted to raise capital more quickly and suggested that it would be better to allot the securities to some selected individuals. They also suggested that instead of taking loan from the bank the privilege can be given to existing shareholders to subscribe to a new issue of shares for ₹ 750 crore.

(2021 C)

6. The method of raising ₹1,250 crore suggested by the finance manager is:
- (a) Offer for sale
 - (b) Offer through prospectus
 - (c) Private placement
 - (d) e-IPOs.
7. 'The directors of the company wanted to raise capital more quickly and suggested that it would be better to allot the securities to some selected individuals.'

In the above lines the method of floatation of new issues suggested by the directors is:



- (a) Offer for sale
- (b) Offer through prospectus
- (c) Private placement
- (d) e-IPOs

8. 'They also suggested that instead of taking loan from the bank the privilege can be given to existing shareholders to subscribe to a new issue of shares for ₹750 crore. 0

The method of floatation of new issues discussed in the above lines is:

- (a) Offer for sale
- (b) Offer through prospectus
- (c) Private placement
- (d) Rights issue.

9. The market through which the financial manager and the directors wanted to collect funds is:

- (a) Money Market
- (b) Capital Market
- (c) Both (a) and (b)
- (d) Neither (a) nor (b).

VSA (2 marks)

10. 'Gujarat Textiles Ltd.' needs to raise a fund of ₹ 80 crore. It cannot afford the cost of public issue, so it was decided to allot its equity shares to institutional investors like LIC and some selected investors. Identify and explain the method of floating new issues used by Gujarat Textiles Ltd.

(Term-II, 2021-22)

SA I (3 marks)

11. Explain 'Offer for Sale' and 'Rights Issue' as methods of floatation of new issues in the primary market.

(Term-II, 2021-22 C)

12. 'Financial markets are classified on the basis of the maturity of financial instruments traded in them'. Name the market in which the instruments with more than one year maturity are traded. Also state any two features of this market.

(Delhi 2019)

LA (5 marks)

13. Differentiate between 'Capital market' and 'Money market' on the following basis :

- (i) Participants;
- (ii) Instruments;
- (iii) Investment outlay;
- (iv) Duration and
- (v) Liquidity.

(Delhi 2014, Delhi 2014 C)

OR

Differentiate between 'capital market' and 'money market' on the basis of :

- (i) Safety;
- (ii) Expected return;
- (iii) Meaning;
- (iv) Instruments and
- (v) Duration

(Delhi 2014)

ET (6 marks)

14. Distinguish between Primary market and secondary market.

(AI 2015 C)

10.4 Stock Exchange: Functions and Trading Procedure

SA I (3 marks)

15. (i) Name the process of holding securities in an electronic form.

(ii) Name any two participants of Money Market. (iii) Name the depositories that hold securities in electronic form.

(2023)

16. The stock Exchange performs many vital function in today's commercial world? Explain any three such functions.

(AI 2015)

SA II (4 marks)

17. Stock exchange acts as a regulator of the securities market. It creates a continuous market where the securities are bought and sold. It gives investors the chance to disinvest and reinvest. Through this process of disinvestment and reinvestment, savings get channelised into their most productive investment avenues. To ensure that the investing public gets a safe and fair deal in the market, the membership of the stock exchange is well regulated and its dealings are well defined according to the



existing legal framework. It also ensures wider share of ownership by regulating new issues, better trading practices and taking effective steps in educating the public about investments.

Various functions performed by the Stock Exchange are discussed in the above para. By quoting lines from above para, state any four functions of stock exchange.

(AI 2019 C)

OR

State any four functions of 'Stock Exchange'.

(Delhi 2016, AI 2016)

10.5 Securities and Exchange Board of India (SEBI)- Objectives and Functions

VSA (2 marks)

18. 'Training of intermediaries of the securities market' is a development function performed by Securities and Exchange Board of India.' State two other development function

(Term-II, 2021-22 C)

SA I (3 marks)

19. State any three protective functions of Securities and Exchange Board of India.

(2023)

20. State any three objectives of Securities and Exchange Board of India.

(2021 C)

21. Mr. Sanjay Nehra was the Chairman of 'Taran Bank.' The bank was earning good profits. Shareholders were happy as the bank was paying regular dividends. The market price of their share was also steadily rising. The bank was about to announce taking over of 'Vena Bank'. Mr. Sanjay Nehra knew that the share price of 'Taran Bank' would rise on this announcement. Being a part of the bank, he was not allowed to buy shares of the bank. He called one of his rich friends Sudhir and asked him to invest ₹5 crores in shares of his bank promising him the capital gains.

As expected, the share prices went up by 40% and the market price of Sudhir's shares was now ₹7 crores. He earned a profit of ₹2 crores. He gave ₹1 crore to Mr. Sanjay Nehra and kept ₹1 crore with himself. On regular inspection and by conducting enquiries of the brokers involved, Securities and Exchange Board of India (SEBI) was able to detect this irregularity. The SEBI imposed a heavy penalty on Mr. Sanjay Nehra.

By quoting the lines from the above para identify and state any two functions that were performed by SEBI in the above case.

(Delhi 2016, AI 2016)



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SA II (4 marks)

22. Keeping in mind the emerging nature of the securities market in India, Securities and Exchange Board of India was entrusted with the twin task of both regulation and development of the securities market.

State any two regulatory and two development functions of it.

(2023)

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11.1 Marketing-Concept, Functions and Philosophies

MCQ

1. 'Roma Ltd.' identified the needs of the customers for the successful marketing of their products. This was important for making an analysis of the available opportunities, threats, weaknesses and strengths of the organisation and help in deciding what opportunities can best be pursued by it. By doing so, which of the following functions of marketing is being performed by 'Roma Ltd.?'

(a) Standardisation and grading
(b) Product designing and development
(c) Marketing planning
(d) Gathering and analysing market information

(2023)
2. Rajeev, a leading rice seller, always ensures that rice conforms to the predetermined standards of quality, price and packaging which reduces the need for inspection and testing. He also classified the rice into regular choice basmati, mogra basmati, dabar basmati and super basmati according to the quality of rice and has fixed the prices accordingly. Which function of marketing is being discussed here?

(a) Gathering and analysing market information
(b) Product designing and development
(c) Market planning
(d) Standardisation and Grading

(Term-I, 2021-22)
3. The marketing philosophy which advocates that business should not be short-sighted to serve only consumer needs but should also consider the larger issues of social problems like environmental pollution, deforestation, adulteration as well, is known as:

(a) Product concept
(b) Marketing concept



(c) Production concept

(d) Societal marketing concept.

(Term-I, 2021-22)

4. The marketing management philosophy which aims at earning profit by making continuous product improvements is:

(a) Marketing concept

(b) Selling concept

(c) Production concept

(d) Product concept.

(Term-I, 2021-22)

5. 'Marketing Planning' as a function of marketing means to develop a plan for:

(a) Identifying the needs of the customers

(b) Analysing the available opportunities and threats in the organisation (c) Increasing the level of production, promotion of product etc., and specifying the action programmes

(d) Developing repeat purchases by the customers.

(2021 C)

VSA (1 mark)

6. What is meant by 'Marketing Management'?

(Delhi 2019)

7. Why is the understanding of 'Marketing Management Philosophies' important?

(2018)

8. Name the market function which is concerned with informing the customers about the firm's products.

(Delhi 2016)

9. Beauty Product Ltd.' is a natural and ethical beauty brand famous for offering organic beauty products for men and women. The company uses plant based materials for its products and is the No. 1 beauty brand in the country. It not only satisfies its customers but also believes in overall protection of the planet Identify the marketing management philosophy being followed by 'Beauty Products Ltd.'

(Delhi 2015)

SAI (3 marks)



10. JTM Ltd. launched 'Buddyline', an exercise book and comprehensive stationery brand name comprising of ball pens, gel pens and geometry boxes after identifying the target market and understanding the needs and wants of the consumers of that market. All their products were of good quality and eco-friendly but expensive. They wanted to distinguish their products from that of their competitors. They spent lot of efforts, time and money in creating the brand name, as they knew that without a brand name, they can only create awareness for the generic products and can never be sure of the sale of their products. The effort paid off and the demand for the products started growing. The customers liked the brand and became habitual to it. They did not mind paying a higher price. Over a period of time, it became a status symbol to buy 'Buddyline' brand because of its quality. The consumers felt pride in using them.

(i) Identify the marketing management philosophy followed by JTM Ltd.

(ii) Explain the advantages of branding to the marketers highlighted in the above case.

(Delhi 2019)

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

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

Tanish told that they were under pressure to satisfy the consumers, but stated that the consumers would not buy or not buy enough unless they were adequately convinced and motivated for the same.

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

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

(Delhi 2017)

12. Identify and explain the marketing management philosophy which implies that products and services are bought not merely because of their quality or brand name, but because they satisfy a specific need of a customer.

(Delhi 2014 C)

LA (5 marks)



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

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

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

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

He examined the quality and features of the products of the competitors and the anticipated reactions of the consumers. Considering the same, he decided to add some unique features to the packaging and also decided to provide free home delivery of the products. The above case relates to a concept which is considered to be an effective competitive marketing weapon. In conditions of perfect competition, most of the firms compete with each other on this concept in the marketing of goods and services.

(a) Identify the concept.

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

(AI 2018)

ET (6 marks)

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

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

(AI 2015)

15. Explain the following functions of marketing:

- (i) Gathering and analysing market information
- (ii) Market Planning;
- (iii) Product designing and development;
- (iv) Customer Support Services.

(Delhi 2014)

16. Explain the following functions of Marketing:

- (i) Product designing and development
- (ii) Standardisation and Grading
- (iii) Customer support Services
- (iv) Pricing of products

(AI 2014)

11.2 Marketing Mix-Concept and Elements

MCQ

17. as an element of marketing mix includes the activities that make the firm's products available to the target customers.

- (a) Promotion
- (b) Place
- (c) Product
- (d) Price

(2023)

18. 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:

- (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.

(2023)

19. "Price fixation process is affected by distribution system, quality of salesmen employed, quality and amount of advertising, type of packaging, credit facility provided, etc.," The factor affecting price determination is:

- (a) Utility and Demand
- (b) Extent of competition in the market
- (c) Pricing objectives
- (d) Marketing methods used.

(Term I, 2021-22)

20. When COVID vaccination started, the Central Government capped the prices of the vaccines for private hospitals with Health Ministry notifying that appropriate action would be taken for overcharging. State Governments were told to ensure that prices charged by various private hospitals do not exceed the ceiling.

The factor affecting price determination discussed above is:

- (a) Product cost
- (b) Utility and demand
- (c) Government and legal regulations
- (d) Extent of competition in the market.

(Term-I, 2021-22)

21. Which of the following statements is not a part of the process of marketing management?

- (a) Choosing a target market
- (b) Getting, keeping as well as growing customers
- (c) Achieving the objectives through creating, developing and communicating superior customer values of management
- (d) Becoming essentially a member of marketing association

(Term-I, 2021-22)

22. The element of marketing mix which communicates availability of the product, its features, merits, etc. to the target customers and persuades them to buy the product is called

- (a) Product
- (b) Price



- (c) Place
 - (d) Promotion.
- (Term-I, 2021-22)

VSA

(1 mark)

23. Give the meaning of 'Physical Distribution' as an element of Marketing Mix.
(Delhi 2019)
24. 'Maruti Vega Ltd. entered into the market with coloured television and have now introduced products like audio systems, air-conditioners washing machines, etc. The company is not only offering the products but also handling complaints and offering after-sales services. Identify the element of marketing mix discussed here.
(AI 2015)
25. A consumer product manufacturing company is offering a numbers of consumer products like toiletries, detergent powder, food products etc. Identify the element of marketing mix referred here.
(AI 2015 C)

ET (6 marks)

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

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

(Delhi 2015)

OR

Explain the four important elements of marketing mix.

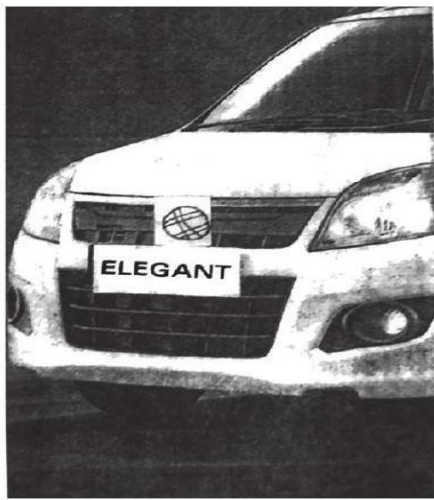
(Delhi 2014 C)

11.3 Product-Branding, Labelling and Packaging-Concept

MCQ

27.





The symbol which appears on all the 'Elegant' cars and which is not utterable is known as its

- (a) Brand
- (b) Brand name
- (c) Brand mark
- (d) Trade mark.

(2023)

28. 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

- (a) brand
- (b) brand mark
- (c) brand name
- (d) trade mark.

(2023)

29. Packaged food items in India must have a colour code. As per Food Safety and Standards Authority of India (FSSAI) a green dot on its label indicates vegetarian food, whereas a red dot indicates non-vegetarian food.

Which function of labelling is discussed above?

- (a) Describes the product and specifies its contents
- (b) Identification of the product or brand
- (c) Helps in promotion of the product
- (d) Providing information required by law

(Term-I, 2021-22)

30. Matchsticks come in matchboxes which are thrown by the consumer after the matchsticks are utilised. Matchbox represents which level of packaging?

- (a) Primary package
- (b) Secondary packaging
- (c) Transportation packaging
- (d) Speciality packaging

(Term-I, 2021-22)

31. 'Kent' started off as a RO water purifier company. Over the years, it diversified its product portfolio and now offers a wide range of healthcare products like air purifier, vegetable cleaners, water softeners and a range of modern kitchen appliances all under the same brand name.

Which characteristic of brand name is reflected in the above para?

- (a) Suggestive
- (b) Versatile
- (c) Staying power
- (d) Capable of legal protection

(Term-I, 2021-22)

32. In Column I of the following table the important components of product are given and in Column II their respective meanings are given:

	Column I		Column II
A.	Branding	i.	Act of designing and producing the container or wrapper of a product.
B.	Packaging	ii.	Putting identification marks on the package.
C.	Labelling	iii.	Process of giving a name or a sign or a symbol to the product.

Which of the following matches is correct?

	A	B	C
(a)	i	ii	iii
(b)	iii	ii	i
(c)	iii	i	ii
(d)	ii	iii	i

(2021 C)

33. The process of classification of products into different groups on the basis of their important characteristics refers to which of the following marketing functions?

- (a) Grading
- (b) Standardisation
- (c) Product designing
- (d) Marketing planning

(2020 C)

VSA (1 mark)

34. 'Buy one get one free' is printed on the label of the package of a mosquito repellent.

State the labelling function being performed by this statement.

(AI 2018)

SAI (3 marks)

35. There are some characteristics that should be kept in mind while choosing a brand name. Explain any two such characteristics that a good brand name should have.

(Delhi 2015)

36. There can be three different levels of packaging. Explain any two of them.

(AI 2015 C)

37. Crackers Ltd. a fire cracker manufacturing company launched some new products on the eve of Diwali which attracted many buyers. To meet the increased demand, the company employed children from nearby villages. Although the product was in great demand, appropriate safety warnings for use were not mentioned on the packets that led to many accidents.

(i) Identify and explain the important product related decision that was not taken into consideration by the company.



(ii) Also, identify any two values which were violated by the company.

(Delhi 2014)

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

(a) Identify and explain the product-related decision because of which consumers preferred the products of ABC Crackers Ltd.

(b) Also identify any two values which ABC Crackers Ltd. want to communicate to the society.

(AI 2014)

SA II (4 marks)

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

(Delhi 2015 C)

40. Your company has setup a coconut hair-oil factory in coastal Kerala, with a production capacity of 10,000 bottles of 100 millilitre per day. The company plans to market the hair-oil with the brand name 'Kale Kesh'. Design a label for the hair oil bottles.

(AI 2015 C)

LA (5 marks)

41. State any five characteristics of a good brand name.

(Delhi 2014 C)

ET (6 marks)

42. Ashima purchased a bottle of tomato-sauce from the local grocery shop. The information provided on the bottle was not clear. She fell sick on consuming it. She filed a case in the District forum under Consumer Protection Act and got the relief.

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

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

(Delhi 2016)

11.4 Price-Concept, Factors Determining Price

VSA (1 mark)

43. While the product sets the lower limit of the price, the utility provided by the product sets the upper limit of price, which a buyer would be prepared to pay.
(2020 C)

ET (6 marks)

44. There are number of factors which affect the fixation of the price of a product. Explain any four such factors.
(NCERT, Delhi 2015 C)

11.5 Physical Distribution- Concept and Components and Channels of Distribution

MCQ

45. 'A good physical distribution system should provide for an accurate and speedy processing of orders in the absence of which goods will reach the customers late or in wrong quantity.'
The component of physical distribution highlighted above is:
(a) Warehousing
(b) Order Processing
(c) Transportation
(d) Inventory Control.
(2023)
46. 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.
(a) One level channel
(b) Two level channel
(c) Three level channel
(d) Zero level channel
(2023)
47. The element of marketing mix through which the goods and services are made available at right place, at right time and to right people without change, is known as:
(a) Promotion
(b) Warehousing
(c) Transportation
(d) Physical distribution
(Term-I, 2021-22)



Read the following paragraph and answer question nos. 48-51 on the basis of the same:

Kshitij just completed his MBA from IIM Ahmedabad. He was not interested in doing a job. So he decided to start his own start-up. He along with his friend Naitik decided to start a dairy business for providing fresh and pure milk to people. For this, they gathered and analysed market information. They found that people were interested in buying cow's pure milk. So for meeting the demand for pure cow milk, they purchased 50 cows. They installed a plant for pasteurisation of the milk. Fresh milk was pasteurised and packed in glass bottles. On the bottles, all information related to milk such as Date of Manufacturing, Nutrition value, Quantity, MRP, etc. was given. They gave the name 'Fresh Delight' to the milk which was also printed on the bottles. For distribution of milk, they hired delivery boys who supply this milk door to door. They got the name 'Fresh Delight' registered so that no other firm can use such name in the country.

(2021 C)

48. Which function of marketing was performed by Kshitij and Naitik before purchasing the cows?
- (a) Marketing Planning
 - (b) Packaging and Labelling
 - (c) Gathering and Analysing Market Information
 - (d) Branding
49. 'They gave the name 'Fresh Delight' to the milk.' The process of giving this name is known as:
- (a) Branding
 - (b) Brand Name
 - (c) Trade Mark
 - (d) Packaging
50. 'On the bottles all information related to milk was given.' This important product related decision is:
- (a) Packaging
 - (b) Labelling
 - (c) Branding
 - (d) Both (a) and (c)
51. 'For distribution of milk, they hired delivery boys who supply this milk door to door.' The element of marketing mix highlighted here is:
- (a) Product
 - (b) Price
 - (c) Place/Physical distribution
 - (d) Both (A) and (B)

VSA (1 mark)

52. Name the function of marketing which is concerned with the cost and location of target market.
(AI 2016)

SA I (3 marks)

53. Explain how the 'product related factors' affect the choice of channels of distribution?
(Delhi 2015)
54. How do the 'Company-related factors' affect the choice of channels of distribution? Explain. (AI 2015)

SA II (4 marks)

55. Mudit Gupta set up 'Healthy Biscuits': a company manufacturing various kinds of biscuits like oat biscuits, soya biscuits, ragi biscuits and whole wheat biscuits. He knew that a customer would only pick up a small quantity of the product, so he did not want to invest in starting his own retail outlets. He planned to market the product at the 'In and out' stores at various petrol pumps in the city though the other biscuit manufacturers were using other channels of distribution.

(a) Give the meaning of 'Channels of Distribution'.

(b) Name the factors that affected the determination of choice of channels and state how they will affect the choice of channel of distribution in the above case. (Delhi 2019) Ev

ET (6 marks)

56. Mediquip Ltd. is a company dealing in distribution of medical equipments. The company recently imported 15000 units of sugar testing machines to test the sugar levels without taking blood samples. For deciding the marketing strategy, the Chief Executive Officer of the company called a meeting of the marketing heads of different zones.

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

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

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

- (a) Identify the factors influencing the choice of channels of distribution which were discussed in the



(b) Also, explain briefly the other consideration to be taken care of in each factor identified in part (a).

(Delhi 2017)

57. The choice of an appropriate channel of distribution depends upon a number of factor. Explain any four such factors.

(NCERT, Delhi 2015, Delhi 2014 C)

11.6 Promotion - Concept and Elements, Advertising, Personal Selling, Sales Promotion and Public Relations

MCQ

58. involves a variety of programmes designed to promote or protect a company's image and its individual products in the eyes of the public.

- (a) Personal selling
- (b) Public relations
- (c) Sales promotion
- (d) Advertising

(2023)

59. Which of the following statements is incorrect about Personal Selling?

- (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.

(2023)

60. 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

- (a) advertising
- (b) personal selling
- (c) sales promotion
- (d) public relations.

(2023)

Which of the following product-related decisions helps in providing basis for distinguishing the

promoting its sales?

- (a) Advertising
- (b) Pricing
- (c) Branding
- (d) Promotion

(Term-I, 2021-22)

62. Hariom Jewellers introduced a series of short-term incentives like 40% discount on diamond jewellery, 0% making charges and a contest to win a luxury car to encourage the buyers to make immediate purchase of their products during the festive season. Identify the promotional tool used by them:

- (a) Advertising
- (b) Personal selling
- (c) Sales Promotion
- (d) Publicity

(Term-I, 2021-22)

63. Maintenance services, after sales services and handling customer complaints are very effective. In bringing repeat sales from customers and developing brand loyalty for a product by maximising customer satisfaction. The function of marketing discussed above is:

- (a) Pricing of product
- (b) Warehousing
- (c) Customer support services
- (d) Branding

(Term-I, 2021-22)

VSA (1 mark)

64. 'Nayan Medicare Equipment Ltd.' manufactures equipment for surgeons having a unique laser technique. The equipment can be used by the surgeons only after proper training. Even their maintenance requires guidance of specialised engineers. Because of this, the equipment is used in a limited number of hospitals. The company wants to increase the sale of the equipment.

Suggest the promotion tool to be used by the company giving reason in support of your answer.

(Term-I, 2021-22)

65. Beena has been using 'Klean', a famous detergent available in the market on watching numerous advertisements in the television, she decided to try a new brand of detergent. When she went to the nearby store to purchase the same, she saw detergents of other producers making similar claims of whiteness and stain removing abilities. Hence, she could not make up her mind as which detergent to purchase.



**ONE TO ONE
CLASSES**

Name the objection of advertising being discussed in this case.

(Term-I, 2021-22)

66. State, giving reason, whether the following statement is true or false :

"Advertising refers to short term incentives which are designed to encourage the buyers to make immediate purchase of a product."

(2020 C)

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

Identify the technique of sales promotion used by the company in the above situation.

(Delhi 2017)

68. Name the marketing function which is concerned with informing the customers about the firm's products.

(Delhi 2016)

69. A TV manufacturing company is spending substantial amount of money to persuade the target customers to buy its T.V. sets through advertisements, personal selling and sales promotion techniques. Identify the element of marketing mix referred here.

(Delhi 2015 C)

SAI (3 marks)

70. 'Stay Fit', a probiotic drink was launched in the market by Dabur India Ltd. and is available in various cities across the country. Doctors are recommending it as it is very useful for the stomach. The company is also using various tools to inform and persuade customers about its product.

It has recently started free distribution of its samples to encourage the customers to know about its benefits to buy this probiotic drink in future.

The company has also appointed a large number of salespersons, who contact the prospective buyers and communicate with them to make sales. This way, the company is able to develop personal rapport with its customers.

In order to create awareness and to increase its popularity among school children, it also organises workshops for students and teachers. It also arranged visits of students and teachers to the factory to create awareness about the standards of hygiene adopted in processing and packaging, etc. This helps the company to build a positive image of its product in the society. This way the company is using a combination of communication tools to inform and persuade customers about their firm's product.

Identify and explain these tools.



(2020 C)

71. Sometimes advertising confuses the buyers. 'Do you agree with this'? Give reasons in support of your answer. Also state the arguments of supporters of advertisement regarding the above statement.

(Delhi 2015 C)

72. 'You don't close a sale, you open a relationship, if you want to build a long-term successful enterprise.' Identify the communication tool used by the marketer. State any two features of this communication tool.

(AI 2014 C)

ET (6 marks)

73. 'X Ltd.' is engaged in the manufacturing of cars. The company surveyed the market and found that customers need a car which runs on eco-friendly fuel instead of petrol or diesel. Keeping the needs of customers as well as social, ethical and ecological aspects of marketing in mind, the company launched a new model of car that runs on bio-diesel. The launch event was covered by the top news channels and newspapers. This was done to disseminate information about the car and build goodwill of the business. 'X Ltd.' understands that it is imperative to manage public opinion and company's relations with the public on a regular basis.

(a) Identify and explain the marketing philosophy involved in the above case.

(b) Identify and explain the communication tool that was used by the company.

(c) Explain any two other promotional tools that can be used by 'X Ltd.' to achieve its objectives.

(2023)

74. A Company was marketing 'water purifiers' which were very popular due to their quality and after sales services provided to the customers. The Company was a leading company in the market and earning huge profits. Because of huge profit, the company ignored the after sales services. As a result, its relations with the customers got spoiled and the image of the company was damaged in the public. Top management became concerned when the profits for the current quarter fell steeply.

On analysis it was revealed that ignoring the after sales services was its reason. Therefore, the company took all possible measures to protect and promote its favourable image in the eyes of the public. As a result the goodwill of the company improved in the society.

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

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

(Delhi 2016)

OR

Describe the role of public relations in sales promotion.

(Delhi 2015 C)

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

(Delhi 2014, AI 2014)

ONE TO ONE
CLASSES



ONE TO ONE
CLASSES