

CBSE Class 12 Business Studies
Sample Paper 07 (2019-20)

Maximum Marks: 80

Time Allowed: 3 hours

General Instructions:

- i. This question-paper contains five Sections - A, B, C, D and E.
 - ii. Section - A contains questions 1 to 20 carrying one mark each. Answers to these questions may be given in one word or a sentence.
 - iii. Section - B contains questions 21 to 25 carrying three marks each, answers to these questions may be in 50 to 75 words.
 - iv. Section - C contains questions 26 to 28 carrying four marks each. Answers to these questions may be in about 120 words.
 - v. Section - D contains questions 29 to 31 carrying five marks each. Answers to these questions may be in about 150 words.
 - vi. Section - E contains questions 32 to 34 carrying six marks each. Answers to these questions may be in about 200 words.
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Section A

1. A good manager synchronises all the activities of different departments through:
 - a. Supervision
 - b. Planning
 - c. Coordination
 - d. Staffing
2. Isha Machines was a renowned name for quality sewing machines since 1960. Mr Suresh, the owner of Isha Machines, was worried as the production had declined during the last three months. He directed the Production Manager to find out the

reason. The Production Manager ordered all supervisors to prepare a performance report of the workers working under them.

Identify the step taken by the production manager in the controlling function of management.

3. Which is not an organisational/economic objective of management out of the following?
 - a. Earning Profits
 - b. Growth of the organisation
 - c. Survival of the organisation
 - d. Providing employment
4. What will be the affect of increase in tax by the government?
 - a. Creates fear in the minds of investors
 - b. Increase in cost of production
 - c. None of these
 - d. Increase in profit margin
5. 'Planning is doing the work for achievement of goals'. Do you agree? Give reasons in support of your answer.
6. Grouping of activities on the basis of product lines is a part of
 - a. Functional organisation
 - b. Delegated organisation
 - c. Divisional organisation
 - d. Autonomous organization
7. Which among the following is the purpose of recruitment?

- a. Help the firm create more culturally diverse work-force.
 - b. Help increase the success rate of the selection process by reducing the number of visibly underqualified or cover qualified job applicants.
 - c. None of these
 - d. Make sure that there is match between cost and benefit.
8. Which of the following is not the essential characteristic of financial planning?
- a. Concentration on long-term funds only
 - b. Flexibility
 - c. Simplicity
 - d. Liquidity
9. Budgetary control requires the preparation of
- a. Responsibility centres
 - b. Budgets
 - c. Network diagram
 - d. Training schedule
10. Principles of management are not:
- a. Universal
 - b. Flexible
 - c. Behavioural
 - d. Absolute
11. Staffing function of management is concerned with _____
- a. Organising

- b. Planning
- c. None of these
- d. Right Man on Right Job

12. Planning is a _____

- a. Useless Function
- b. Obsolete Concept
- c. Mental Exercise
- d. One time process

13. What is the main function of financial management?

- a. Allocation of Net Profits
- b. Procurement of Funds
- c. Financial Planning
- d. All of these

14. Which of the following is not a feature of commercial paper?

- a. It is issued by RBI and banks
- b. It is negotiable
- c. It is unsecured
- d. It is sold at a discount and redeemed at par

15. Securities Exchange Board of India (SEBI) was established in ____.

- a. 2001
- b. 1984

c. 1988

d. 1956

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

a. Retained Earnings

b. Trading on equity

c. Interest

d. Dividend

17. Which consumer right suggests that a consumer be made aware of his rights and the remedies available?

a. Right to consumer education

b. Right to safety

c. Right to seek redressal

d. Right to be informed

18. Favourable financial leverage is a situation where _____

a. ROI is Equal to the Rate of interest on debt

b. ROI is lower than the rate of interest on debt

c. ROI is higher than the cost of debt

d. None of these

19. State true or false:

ISI is the quality certification mark used in case of food products.

20. For a complaint relating to deficiency of telephone service, the relief sought by an

aggrieved consumer will include the following:

- a. Restoration of the service
- b. Compensation for loss
- c. Refund of fees paid
- d. All of these

21. Mr. Vikas Goel is an H.R. Manager of **Sanduja Furniture Pvt. Ltd.** At the beginning of the new year, he anticipated that the company will need new 30 additional persons to fill up different vacancies. He gave an advertisement in the newspaper inviting applications for filling up different posts. As many as 120 applications were received. The same was scrutinized. Out of these, conditions of 15 applicants were not acceptable to the company. Letters of regret, giving reasons, were sent to them. The remaining candidates were called for a preliminary interview. The candidates called for were asked to fill up the blank application form. Thereafter, they were given four tests.

The objective of the first test was to find out how much interest the applicant does take in his work.

The objective of the second test was to find out the **specialisation** of the applicant in any particular area.

The third test aimed at making sure whether the applicant was capable of learning through training or not.

The purpose of the fourth test was to find out how much capability a person has to a mix-up with other persons, and whether he can influence other persons and get influenced by them.

Answer the following questions on the basis of the above information:

- a. Quoting the lines, identify the first two steps of staffing.
- b. Identify different tests given to the applicants by Mr. Goel.

OR

Mohindra RiceLand Limited is known as the king of the rice trade. The company has a large market share. The company's internal environment is exceedingly pleasant.

Chief Executive Officer of the company has delegated most of the decision-making authorities to departmental managers. For instance, all departmental managers have the authority to appoint any employee getting a salary up to ₹ 50,000 per month. They need not obtain prior permission from the CEO for this purpose. It is the practice of the company to entrust to one person the responsibility of performing identical activities. It increases the efficiency of the organisation.

Since everything is positive in the company, all persons are keen to seek employment there. Some of the employees are conversing with one another as to how they got an appointment in the company.

Deepak Miglani told that he applied for the job after reading an advertisement in the newspaper. He was called for an interview. He was selected on this basis. Deepak Sharma told that he was introduced by the existing finance manager. Deepak Pathak told that he had neither seen an advertisement in the newspaper nor was he introduced to the company by any person, rather he was directly appointed on the basis of interview conducted in the University where he was about to finish his M.A. Economics (Hons.) course.

Answer the following questions on the basis of the above paragraphs.

- a. Which factor of the organising function of the management has been referred to here?
- b. Which principle of management has been highlighted here? Clarify the same.
- c. Which factor of the staffing function of the management has been referred to here?
- d. Describe the above mentioned three methods concerning the sources of recruitment as identified wide point (c).

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

As a result, the subordinates were not acting in a desired manner to achieve the organisational goals. The CEO of the company 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 in future, all the members including the leader would travel together and usefully utilise the travelling time in discussion about the 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 element of the function of management used by the CEO.

23. Gurpreet is running a retail mart in Varanasi to provide various types of products of daily use under one roof to the buyers. The employee turnover in his business is very high and he is perpetually on a lookout for new staff. The fact of the matter is that he lacks managerial skills and assigns work to his employees on ad-hoc basis without letting them settle down in a specific work. This approach of his creates a sense of insecurity among the employees and they tend to leave the job very quickly. However, he is a very god fearing person and offers fair wages to his employees so they can afford a reasonable standard of living.

In context of the above case:

- a. Identify and explain the principle of management which Gurpreet is unable to apply and is perpetually on a lookout for new staff.
 - b. "He is a very god fearing person and offers fair wages to his employees so they can afford a reasonable standard of living." Name and explain the relevant principle of management which has been brought into effect by Gurpreet.
24. Bye-Bye Motors recently informed the media about its aim to train up to 4000 people in the next 3 years in the skills associated with automobile industry as part of its program to provide technical and vocational education for unemployed youth. The firm has already started the program in collaboration with Automobile Skill Development Council. This news in the media has helped the firm in promoting its image in the eyes of the public and consumer activist groups.
- a. Why is it important for the company to satisfy the public and the consumer activist groups. Give reasons.
 - b. Which departments in the firm can be given the responsibility to disseminate information and build goodwill of the firm?
25. Geetika booked two coach seats online through the website of a transportation

company from Delhi to Nainital. As per schedule, its departure time was 9.30 am. The description on the website stated that the coach would have full on-board services hosted by a steward with individual LCD screen preloaded with movies. One day before the trip, she was informed the departure time would be delayed by two hours as the bus had broken down. When Geetika finally boarded the coach, she was told that it was free seating despite having booked the seats online. She eventually had to sit in a seat that was dirty. She later realised that the LCD monitor screen at her seat was not working. Furthermore, there were no Wi-fi services as promised on board. After the trip, Geetika provided her feedback to the company and requested a refund for the unsatisfactory services rendered. Since the company refused to offer any relief, she has decided to file a case as it is an unfair practice for a business to make misleading or false claims in relation to a consumer transaction.

In the context of the above case:

- a. Identify the responsibility of a consumer being fulfilled by Geetika.
- b. According to you at which level of redressal machinery should Geetika file a case?
- c. Suggest any two reliefs that the court may provide to Geetika in case it is convinced about the genuineness of the complaint.

26. Lately, many companies have planned for significant investment in organised retailing in India. Several factors have prompted their decisions in this regard. Customer income is rising. People have developed a taste for better quality products even though they may have to pay more. The aspiration levels have increased. The government has also liberalised its economic policies in this regard and permitted even cent per cent foreign direct investment in some sectors of retailing.

- i. Identify changes in business environment under different heads — economic, social, technological, political and legal that have facilitated the companies' decisions to plan significant investments in organised retailing.
- ii. What has been the impact of these changes with regard to globalisation and privatisation?

27. Shagun owns an export-oriented unit in Faridabad. She in a typical inspection picks up one or more pieces per garment item and gets them measured at random, and all its dimensions are recorded in a measurement table. This table shows each

measurement for all sizes and will indicate whether or not particular dimensions are within tolerance. For example, one such dimension might include "shoulder width from edge to edge" wherein a small discrepancy of up to 1/8" is allowed. Whereas a deviation up to 1/4" is allowed for "neck width from edge to edge" measurement. She also asks the worker to put a garment on a model or dummy to check that it fits correctly. Also for the aspects which are critical to the garment i.e. fasteners like buttons and zippers a fatigue test is carried out by testing each of them 50 times to ensure that there is no loss of function after use.

In the context of the above case:

- a. Identify the technique for measurement of performance being described in the paragraph above quoting lines from the paragraph.
- b. Identify the concepts related to the analysing deviation being used during the inspection by quoting lines from the paragraph.

28. State any one function of Stock Exchange.

OR

Harish is engaged in the warehousing business and his warehouses are generally used by businessmen to store fruits. Identify the working capital requirements of Harish giving reasons in support of your answer. Further, Harish wants to expand and diversify his warehousing business. Explain any two factors that will affect his fixed capital requirements.

29. Principles of Taylor and Fayol are mutually complementary. One believed that the management should scientifically select the person and the work assigned should suit his/her physical and intellectual capabilities, while the other suggested that the work can be performed more efficiently if divided into specialised tasks Identify and explain the principles of Fayol and Taylor referred to in the above para.

OR

Explain the following principles of Fayol with the help of one example of each.

- i. Division of work
- ii. Unity of direction

30. Explain, in brief, any five types of plans.
31. Explain any four points that highlight the importance of financial planning.
32. Aman Chadha started 'Bulls Eye' a company for providing cybersecurity 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 cybersecurity. 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.
33. Give the meaning of **motivation** and state any four features of motivation.

OR

Discuss Maslow's Need Hierarchy theory of motivation.

34. Nischay, after completing his masters in computer engineering decided to start his own business. He visited his uncle Mr. Jaiprakash who has been running a successful business in web designing. He shared with Nischay that the main reason for his success in the business lies in his approach to building a lifetime relationship with his clients. Therefore, his business is not only restricted to designing web sites according

to the specifications of the clients but also providing continuous online assistance to them and handling their grievances effectively and doing all this at a profit. He provides these services at competitive prices. Anybody interested in getting web solutions can contact him through his website. Moreover, whenever the market is sluggish he tries to create demand by offering short-term incentives to the buyers. In the context of the above case:

- a. Define the term 'Marketing Management'.
- b. Briefly explain the various elements of the marketing mix being pursued by Mr. Jaiprakash by quoting lines from the para.

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Solution

Section A

1. (c) Coordination

Explanation: Because it binds all the functions of management in a systematic way.

2. The step taken by the production manager is 'measurement of actual performance' in the controlling function of management, through this the manager would get the exact figures of actual performance and can take decision for the same.

3. (d) Providing employment

Explanation: There are three organisational/economic objectives of management :

1. Survival 2. Profits 3. Growth

Providing employment to the **disadvantaged sections of society** is a part of **social objective of management**.

4. (b) Increase in cost of production

Explanation: Increase in the tax rate means increase in tax on a specific commodity. Such a tax may raise the price of the commodity to the consumer and reduce the net price received by the producer. Thus being an expense it will raise the cost of production.

5. Yes, planning is achievement of goals and focusing on objectives because planning is purposeful. Planning has a predetermined and a preconceived layout which ensures a goal-directed behavior.

6. (c) Divisional organisation

Explanation: When the size of organisation is large and it deals in more than one type of product. Thus the structure is formed on the basis of product is called divisional structure.

7. (b) Help increase the success rate of the selection process by reducing the number of

visibly underqualified or cover qualified job applicants.

Explanation: Help increase the success rate of the selection process by reducing the number of visibly underqualified or cover qualified job applicants.

8. (a) Concentration on long-term funds only

Explanation: Concentration on long-term funds only

9. (b) Budgets

Explanation: To audit means comparing the performance with the standards set, thus it is important to set budget - that is set standards in terms of achievables, eg. in sales budget - no. of units to be sold by the salesman is to be budgeted, so that it facilitates measuring the variance of performance.

10. (d) Absolute

Explanation: The application of management principles is dependent on the prevailing conditions in an organisation at a particular point of time, so they should be applied according to the need of the organisation. That's why management principles are relative and not absolute.

11. (d) Right Man on Right Job

Explanation: Staffing ensures higher performance by placing right person on the right job by proper recruitment and selection.

12. (c) Mental Exercise

Explanation: Under planning, various alternatives are listed and after evaluation of these alternatives the best alternative is selected. All this process involves mental exercise.

13. (d) All of these

Explanation: Financial management is concerned with management decisions relating to optimal procurement of funds, investment of funds in long term and short term assets of the firm. It is wider in scope as it includes financial planning also.

14. (a) It is issued by RBI and banks

Explanation: It is issued by RBI and banks

15. (c) 1988

Explanation: The Securities and Exchange Board of India is the regulator for the securities market in India. It was established in the year 1988 and given statutory powers on 30 January 1992 through the SEBI Act, 1992.

16. (b) Trading on equity

Explanation: Companies employ more of cheaper debt to enhance the EPS. It is called trading on equity. It also refers to the increase in profit earned by the equity shareholders due to the presence of fixed financial charges like interest.

17. (a) Right to consumer education

Explanation: Right to consumer education

18. (c) ROI is higher than the cost of debt

Explanation: Financial leverage refers to proportion of debt in overall capital. As debt is a cheaper source of finance but very risky. More debt will increase earning only if the ROI is higher than the cost of debt.

19. False

20. (d) All of these

Explanation: All of these

21. a. i. "At the beginning of the new year different vacancies". (Estimating Manpower Requirement)
ii. "He gave an advertisement120 applications were received."
(Recruitment)
- b. Mr. Goel gave tests in the following order:
i. Interest Test
ii. Special Trade Efficiency Test
iii. Aptitude Test
iv. Personality Test

OR

- a. Decentralisation
- b. Principle of Unity of Direction. According to this principle, all activities having similar objective should be completed under the supervision of one person and there should be one plan of action for such type of activities.
- c. Recruitment
- d. Deepak Miglani: Advertising Media
Deepak Sharma: Recommendation
Deepak Pathak: Campus Recruitment

22. CEO of Alfa Ltd. has used Motivation, which is an element of directing function of management in order to deal with the situation effectively.

The features of motivation are explained below:

- a. Interaction between the individual and the situation
 - b. Goal-directed behaviour
 - c. Systems-oriented
 - d. Positive or negative
 - e. Dynamic and complex in nature
23. i. The following is the Principle which Gurpreet is unable to apply and is perpetually on a lookout for new staff: Stability of Tenure of Personnel - Stability of tenure of personnel is a principle stating that in order for an organization to run smoothly, personnel (especially managerial personnel) must not frequently enter and exit the organization.
- ii. The relevant principle of management which has been brought into effect by Gurpreet is: Fair Remuneration -This management principle of the 14 principles of management argues that the remuneration should be sufficient to keep employees motivated and productive. There are two types of remuneration namely non-monetary (a compliment, more responsibilities, credits) and monetary (compensation, bonus or other financial compensation). Ultimately, it is about rewarding the efforts that have been made.
24. a. The company must make sincere efforts to create, build and maintain a positive public opinion and the company's relation with the public. As the image of a company in the eyes of the general public plays a vital role in its success. The Consumer Activist groups work consistently towards the betterment of consumers at large and exercise great influence on their buying behavior. Therefore, it is important for the company to satisfy them in order to create and maintain a positive image about itself and its products. This will help to promote their business in the right perspective.
- b. The following departments in the firm can be given the task to disseminate information and build goodwill:
- i. The marketing department(plays a vital role in promoting the business and mission of an organization. It serves as the face of your company, coordinating and producing all materials representing the business)

- ii. A separate public relations department may be created (that establishes and maintains mutually beneficial relationships between an organization and the public on whom its success or failure depends)
25. a. The responsibility of a consumer being fulfilled by Geetika is to file a complaint in an appropriate consumer forum in case of a shortcoming in the quality of goods purchased or services availed. Do not fail to take an action even when the amount involved is small.
- b. Geetika should file a case in District Forum. As the amount of the claim is less than Rs. 5,00,000 therefore, the case regarding her complaint be filed in District Forum also known as District Consumer Disputes Redressal Forum (DCDRF) as per the Consumer Protection Act, 1986.
- c. The two reliefs that the court may provide to Geetika in case it is convinced about the genuineness of the complaint are as follows:
- i. To refund the charges paid for the service.
 - ii. To pay punitive damages in appropriate circumstances.
26. **Identification of changes:** The changes in business environment under different heads are:
- i. Economic change: Economic Availability of more money because of employment opportunities increasing.
 - ii. Social change: Social Tastes of customers are changing. As he is getting more exposure to the outside world his tastes are changing.
 - iii. Technological change: Technological advancements have led to advanced ways of counting, checking, coding, billing, discounts which are convenient for the customer and also retailer.
 - iv. Political change: Political Government policies are encouraging developers to go for mass construction on real estate. As MNCs are coming to India, they have to be provided an internationally based infrastructure to operate from.
 - v. Legal change: Legal as the government is providing more rights to the consumers, an organised retailing outlet would be more particular in taking care as compared to a small retailer.

Impact of above change in context of Globalisation and Privatisation

Globalization: Globalization means the integration of one economy with the world economy and entire world is treated as one market. In simple words, when economy of a country is linked with the economies of other countries for the purpose of trade and free mobility of capital and labour etc. it is known as globalization.

Privatization: Privatization is concerned with bringing most of the enterprises of the country under the control, management and ownership of the private sector. In new economic policy, it was decided by the government to hand over the control of sick industrial units to private sector.

27. a. The technique for measurement of performance used above is **Sample checking**. It is evident from the line "She in a typical inspection, picks up one or more pieces per garment item and gets them measured at random, and all its dimensions are recorded in a measurement table."
- b. The concepts related to the analysing deviation being used during an inspection are stated below:
- i. **Management by exception:** It is evident from the line: "This table shows each measurement for all sizes and will indicate whether or not particular dimensions are within tolerance. For example, one such dimension might include shoulder width from edge to edge wherein a small discrepancy of up to 1/8 is allowed. Whereas a deviation up to 1/4 is allowed for neck width from edge to edge measurement."
 - ii. **Critical point control:** It is evident from the line "Also for the aspects which are critical to the garment i.e. fasteners like buttons and zippers a fatigue test is carried out by testing each of them 50 times to ensure that there is no loss of function after use."

28. Safety of Transactions:

In stock market only the listed securities are traded and stock exchange authorities include the companies names in the trade list only after verifying the soundness of company. The companies which are listed they also have to operate within the strict rules and regulations. This ensures safety of dealing through stock exchange.

OR

- a. Working capital, also known as networking capital (NWC), is the difference between a company's current assets, such as cash, accounts receivable (customers' unpaid bills) and inventories of raw materials and finished goods, and its current liabilities, such as accounts payable. The working capital requirements of Harish will be relatively less as he is engaged in providing warehousing services wherein there is no need to maintain inventory.
- b. The factors affecting the fixed capital needs of his business are as follows:
 - i. **Diversification:** If a business enterprise plans to diversify into new product lines, its requirement of fixed capital will increase.
 - ii. **The scale of Operations:** The amount of fixed capital required by a business enterprise is directly proportionate to its scale of operations. Therefore, if Harish plans to do business on a large scale his fixed capital requirements will be more or vice versa.

29. **Division of work:** Every employee should be assigned only a specific type of work. It means that total work is divided into small tasks/jobs and a named specialist performs each job. The objective of the division of labor is to derive the benefits from the principle of specialization which can be applied to all work. It simply tries to overcome an old proverb, 'Jack of all trades, Master of none'.

For example, publishing of a book involves several operations like computer typing of text material, proofreading, printing, binding, etc. All the operations are performed by different people who are experts in their respective field. It provides more quality and effectiveness to the job.

The principle of Taylor referred to in the above para is the development of each and every person to his or her greatest efficiency and prosperity.

Development of each and every person to his/her greatest efficiency and prosperity: Industrial efficiency depends upon the efficiency of workers and worker's efficacy depends upon proper training and their proper selection. Taylor suggested that due care should be taken while selecting the employees and after selection, they must be given Job according to their physical, mental and intellectual capabilities. Each individual is a unique prospect and not everyone can do any work, moreover, it does not do justice with the caliber of that individual. Hence, an efficient manager discovers the real aptitude of the worker and tries to develop it for better

results.

Employees must be sent for training from time to time to update their knowledge and hone their skills. This will ensure the greatest efficiency and prosperity for both workers and management. It also makes the employee competitive in the industry.

OR

- i. **Division of work:** Every employee should be assigned only one type of work. It means that total work is divided into small tasks/jobs and a trained specialist performs each Job. The objective of the division of labor derive the benefits from the principle of specialization which can be applied to all work. Division of work minimises the efforts and the burden of the tasks to be performed. It enables an individual to not to become 'jack of all trades and master of none'. for example, publishing of a book involves several operations like computer typing of text material. proofreading, printing, binding, etc. All the operations are performed by different people who are experts in their respective field.
- ii. **Unity of direction:** One unit and one plan for the group of activities having the same objective This principle implies that there should be one head and one plan for a group of activities having the same objective. It means that the efforts of members of the organization should be directed towards the achievement of a common goal, For example, the mission of a company is to provide quality products at an affordable price to the customers. This should serve as a direction for all the departments, namely, purchasing. financing, quality control, and marketing. This develops a sense of oneness among the employees and all of them realize they 'sail in the same boat', therefore, the onus of any success or failure is on all of them and not on any specific individual.

30. Following are the types of plans:

- i. **Objectives:** Objectives are those end-points for the attainment of which all the activities are undertaken. It is a special target to be achieved by an organization, e.g., it can be the objective of a school to impart education in the subject of commerce to 100 students during a year.
- ii. **Strategy:** It refers to a plan which takes into account the environmental

opportunities and threats and the organizational strengths and weaknesses and provides an optimal match between the organization and the environment.

- iii. **Policies:** Policies are those general statements that are decided for the guidance of the employees while taking a decision like Personnel Policy. Under this policy, it can be decided that the basis for the promotion of employees will be their age. Once this is decided, no departmental manager will need the permission of the General Manager regarding the promotion of the employees.
- iv. **Procedures:** Procedures are those plans which determine the sequence of any work performed. For example, the recovery of money from the debtors can be done in the following order:
 - a. Writing letters
 - b. Contacting on telephone
 - c. Meeting personally
 - d. Taking legal action.
- v. **Methods:** Method is that plan which determines how different activities of the procedure are completed. A method is not related to all steps but only to one step of the procedure. It is more detailed than the procedure. There may be many methods to do a particular work. After extensive study, a method has to be selected from which a worker feels minimum fatigue, an increase in productivity and there is a reduction in costs.

31. Financial planning helps in determining the objectives, policies, procedures, programmes and budgets to deal with the financial activities of an enterprise. Various importance of financial planning:

- i. **Helps to face the eventualities** It forecasts the future business situations which helps in preparing alternative financial plans to face the eventual situations.
- ii. **Helps in avoiding business shocks and surprises** Proper provision regarding shortage or surplus of funds is made by anticipating future receipts and payments. Hence, it helps in avoiding business shocks and surprises.
- iii. **Helps in coordination** It helps in coordinating various business activities, such as sales, purchase, production, finance, etc.
- iv. **Helps in avoiding wastage of finance** In the absence of financial planning, wastage of financial resources may take place. This arises due to the complex

nature of business operations such as, excessively over or under estimation of finance for a particular business operation. Such type of wastages can be avoided through financial planning.

32. i. Delegation of authority is the concept used by Aman Chadha in the above case which helped him in focusing on objectives. The delegation of authority is the process of granting of authority to the subordinates to operate within prescribed limits.
- ii. The four points of importance of delegation of authority are described below:
- a. **Effective management:** It helps the managers to function more efficiently as they get more time to concentrate on important matters. Freedom from doing routine work provides them with opportunities to excel in new areas.
 - b. **Employee development:** By empowering the employees, they are given more opportunities to utilize their talent and this may help them to become better leaders and decision-makers in the future.
 - c. **Motivation of employees:** Delegation also has psychological benefits as helps in building the self-esteem of an employee and improves his confidence and work performance. When a superior entrusts a subordinate with a task, it is not merely the sharing of work but involves trust in the superior's part and commitment on the part of the subordinate. Thus, delegation may give rise to latent abilities in the subordinates.
 - d. **Facilitation of growth:** With the increase in the competence of the employees, an organisation tends to gain in many ways. The growth and expansion of the firm become easy as the capable workforce is ready to take greater responsibilities.

33. **Meaning of motivation** Motivation means incitement or inducement to act or move. In the context of an organisation, it means the process of making subordinates to act in a desired manner to achieve certain organisational goals. It is the act of inspiring employees to work hard to achieve the desired goals of the organisation. Motivation means a process of stimulating people to action to accomplish desired goals. The salient features of motivation are

- i. **Motivation is a psychological phenomenon:** Motivation is an internal feeling which means it cannot be forced on employees. The internal feelings such as need,

desire, aspirations etc. influence human behavior to behave in a particular manner. For example, the desire to have a new house, respect and recognition etc.

- ii. **Motivation produces goal-directed behavior:** Motivation induces people to behave in such a manner so that they can achieve their goal. A motivated person needs no supervision or direction. He will always work in the desired manner. For example of a person has a motive to get a promotion so he will work efficiently to get the promotion.
- iii. **Motivators can be positive as well as negative:** To motivate employees managers to use various motivators. Some motivators are positive and some are negative few examples of positive motivators are promotion, increment, bonus, respect, recognition etc. if employee does not improve his performance with positive motivators then-manager uses negative motivators such as warning, issue o memo, demotion, stopping increments etc. sometimes fear of negative motivators also induces person to behave in a desired manner.
- iv. **Motivation is a complex process:** Motivation is a complex and difficult task. In order to motivate people, a manager must understand various types of human need. Human needs are mental feelings which can be measured accurately. If manager measures them accurately then also every person uses different approaches to satisfy his need. Some get satisfied with monetary incentives, some with non-monetary, some with positive and some with negative motivators. So it is not possible to make generalization in motivation.

OR

Maslow's hierarchy of needs is a motivational theory in psychology comprising a five-tier model of human needs, often depicted as hierarchical levels within a pyramid proposed by Abraham Maslow in his 1943 paper "A Theory of Human Motivation". His theory was based on human needs. He felt that within every human being, there exists a hierarchy of five needs.

- i. **Basic Physiological needs:** Physiological needs are biological requirements for human survival, e.g. air, food, drink, shelter, clothing, warmth, sex, sleep. If these needs are not satisfied the human body cannot function optimally. Maslow considered physiological needs the most important as all the other needs become secondary until these needs are met.

- ii. **Safety/Security needs:** These are the needs connected with the psychological fear of loss of job, property, natural calamities or hazards, etc. An employee wants protection from such types of fear. He prefers adequate safety or security in this regard i.e. protection from physical danger, security of job, pension for old age, insurance cover for life, etc. The safety needs come after meeting the physiological needs.
- iii. **Affiliation/belonging needs:** After physiological and safety needs are fulfilled, the third level of human needs is interpersonal and involves feelings of belongingness. These needs are concerned with; Affection, Sense of belongingness, Acceptance, and Friendship.
- iv. **Esteem needs:** All humans have a need to feel respected; this includes the need to have self-esteem and self-respect. In social needs, the need for belongingness and acceptance plays a dominant role in motivating human behavior. It includes; Self-respect, Autonomy status, Recognition, and Attention.
- v. **Self Actualization needs:** Maslow describes this level as the desire to accomplish everything that one can, to become the most that one can be. It is the highest level of need in the hierarchy. It includes; Growth, Self-fulfilment, and achievement of goals.

Maslow's theory is based on the following assumptions

- i. Behaviour of people is based on their needs. Satisfaction of such needs influences their behaviour.
 - ii. People's needs arise in hierarchal order, commencing from basic needs and ending at higher-level needs.
 - iii. People can be motivated only by the unfulfilled needs and once a particular need is satisfied, it ceases to be a motivating factor.
 - iv. After satisfying the lower-level need people move towards the next hierarchal order.
34. a. Marketing management is the art and science of choosing target markets and getting, keeping, and growing customers through creating, delivering, and communicating superior customer value.
- b. The various elements of the marketing mix being pursued by Mr. Jaiprakash are as follows:

- i. **Product:** "his business is not only restricted to designing web sites according to the specifications of the clients but also providing continuous online assistance to them and handling their grievances' effectively."

A product is anything of value i.e. a product or service offered to a market to satisfy needs or wants. A product includes physical product, after-sale service, handling grievances etc. Every marketer needs to constantly review and revise his products in order to enhance customer's satisfaction and have a competitive edge.

- ii. **Price:** "doing all this at a profit. He provides these services at competitive prices."

Price is the monetary value paid in consideration for the purchase of a product or service by a buyer to its seller. It is a very crucial decision for the marketers as consumers are very sensitive to the pricing. The factors affecting price determination are the cost of the product, the utility and demand, the extent of competition in the market, government and legal regulations, pricing objectives and marketing methods used.

- iii. **Place:** "Anybody interested in getting web solutions can contact him through his website. "

It is considered an important element of the marketing mix because it includes all those activities that help in making the goods and services available to the prospective buyers in the right quantity, at the right time and in the right condition. Two main decisions involved in physical distribution are physical movement of goods from producers to consumers and choice of channels of distribution.

- iv. **Promotion:** "Moreover, whenever the market is sluggish he tries to create demand by offering short-term incentives to the buyers."

Promotion refers to the set of activities undertaken by a marketer to inform the prospective buyers about the product and persuading them to make a purchase. The various components of the promotion mix are advertising, sales promotion, personal selling and public relation.