

# CBSE EXAMINATION PAPER 2009

Delhi : Set-I

Max. Marks - 100

Time - 3 hrs

1. *Why is "Management called a group activity"?* [1]  
Ans. Management is called a group activity because it always gets things done through a group of persons.
2. *"Management increases efficiency". How?* [1]  
Ans. Management increases efficiency through the optimum utilisation of all the resources.
3. *Why are Principles of Management called flexible?* [1]  
Ans. Principles of management are called flexible because they can be modified to a particular situation.
4. *What does the principle of Initiative' indicate?* [1]  
Ans. The principle of initiative indicates that employees should be allowed to think and apply new ideas.
5. *State first two steps in the process of planning.* [1]  
Ans. Two steps in the process of planning are :  
(a) Deciding the objective  
(b) Determining the planning premises.
6. *Give one difference between Policy and Procedure.* [1]  
Ans. Policy is a guide to decision making where as procedure is a guide to action.
7. *What is meant by directing?* [1]  
Ans. Directing means putting plans into actions.
8. *Why it is said that "The supervisor is a link between management and the operative employees"?* [1]  
Ans. The supervisor conveys the plans and orders of management to employees on the one hand and the problems and suggestion of employees to managements.
- Q.9. *What is meant by "Right to be heard" to a consumer?* [1]  
Ans. Right to be heard means that the interest of consumer will receive due consideration at appropriate consumer forums
10. *What is the purpose of enacting the Consumer Protection Act, 1986?* [1]  
Ans. The purpose of the Consumer Protections Act 1986 is to protect and promote the interest of consumers.
11. *"Controlling is looking back". Explain.* [3]  
Ans. Controlling checks after the work is completed whether the performance is according to the standards or not.
12. *Explain the objective of Financial Planning.* [3]  
Ans. The objective of financial planning is to ensure that the funds are available whenever required.

13. *State the objectives of financial Management.* [3]  
 Ans. The objective of financial management is to maximise the wealth of share holders.
14. *Define Capital Market. State the two parts of capital market.* [3]  
 Ans. Capital market means the institutional arrangements and facilities through which long term funds are raised. Two parts of capital market are :
- (a) Primary Market where in new securities are issued for the first time.
  - (b) Secondary market or stock exchange where in already issued securities are bought and sold.
15. *What is meant by 'Direct Channels of Distribution'? List any four methods of Direct Channels of Distribution.* [3]  
 Ans. Direct channels of distribution means the manufacturer sells directly to customers without any middlemen or intermediary.  
 Four methods of direct channels of distribution are as follows:
- (a) Manufacturer owned retail outlets such as Bata.
  - (b) Mail order selling
  - (c) Door-to-door selling
  - (d) Selling through internet.
16. *Aman, Avneesh and Amrish have decided to start a business of manufacturing toys. They identified the following main activities which they have to perform :* [4]
- (i) Purchase of raw materials
  - (ii) Purchase of machinery
  - (iii) Production of toys
  - (iv) Arrangement of finance
  - (v) Sale of toys
  - (vi) Identifying the areas where they can sell their toys
  - (vii) Selection of employees
- In order to facilitate the work they thought that four managers should be appointed to look after*
- (a) Production (b) Finance (c) Marketing (d) Personnel.
  - (A) Identify the function of management involved in the above mentioned para.
  - (B) Quote the lines from the above para which help you in identifying this function.
  - (C) State the steps followed in the process of this function of management.
- Ans. (A) The function of management involved in the para is ORGANISING.  
 (B) They identified the following main activities which they have to perform.  
 (C) The steps involved in the process of organising are as follows :
- (i) Identifying the activities to be performed to achieve the objectives
  - (ii) Grouping similar activities into departments or divisions
  - (iii) Assigning duties to people according to their capabilities
  - (iv) Establishing authority, responsibility, relationship of people
17. *"Some learning opportunities are designed and delivered to improve skills and abilities of employees whereas some others are designed to help in the growth of the individual in all respects."* [4]  
*Identify and explain the two concepts explained above.*

Ans. Two concepts are Training and Development

**TRAINING** : Training is the process of providing knowledge and skills required to perform a specific job.

**DEVELOPMENT** : Development means overall growth of employees and to prepare them for higher responsibilities in future.

18. "All managers are leaders but all leaders are not managers". In the light of this statement differentiate between leadership and management. [4]

Ans. **DISTINCTION BETWEEN LEADERSHIP AND MANAGEMENT**

- |                                |   |   |
|--------------------------------|---|---|
| (1) Formal rights              | A leader has no formal rights.  | A manager has certain formal rights.                                |
| (2) Followers/<br>subordinates | A leader has followers.   | A manager has subordinates.   |
| (3) Functions                  | A leader is to guide and motivate his followers.                          | A manager is to plan, organise Staff, direct, motivate and control. |
| (4) Necessity                  | Leadership is not a necessity for an organisation.                        | Management is a necessity for an organisation.                      |
| (5) Scope                      | Leadership is a part of managerial functions. Thus, its scope is limited. | Management is a wide term and includes leadership.                  |
| (6) Mutual relationship        | All leaders are not managers. All managers are leaders.                   |   |

19. Explain how controlling helps in 'achieving better co-ordination' and 'better planning'?. [4]

Ans. **Helps in achieving better coordination** : Controlling facilitates coordination. This is possible by keeping all activities and efforts directed towards the achievement of goals in conformity with plans and programmes. Every department and unit of activity as well as individuals are governed by standards of performance and goals laid down in the plans. This results in work being performed efficiently and in proper order. Over lapping and duplication of work, if any, are avoided.

**Helps in better planning** : Planning and controlling are important managerial functions. The two are closely interrelated. Planning provides purpose and direction to enterprise activities. Controlling, on the other hand, is the process of checking current performance against predetermined standards contained in the plans, with a view to ensuring satisfactory performances.

20. Explain any four functions of consumer Organisations and Non-Government Organisations (NGO's) for protecting and promoting the interest of consumers. [4]

Ans. **Consumer organisation**

Consumer organisations or consumer associations are voluntary associations of consumers. Voice, common, cause, Upbhokta Sewa Samiti, Grahak Panchayat are some examples of consumer organisations. Government of India provides financial assistance to consumer organisation.

**NGOs**

Non Government Organisations (NGOs) are voluntary organisations established to protect and promote the interests of under privileged sections of society. Child Relief and You (CRY) for example is a NGO for protection and welfare of children. Consumer organisations and NGOs can take the following steps for consumer protection :

1. to inform and educate consumers about their rights and responsibilities
2. to act as spokesmen/ representatives of consumers
3. to advise and assist government agencies in matters relating to consumer education
4. to undertake research and publish journals for the welfare of consumers.

21. "Coordination is the orderly arrangement of group efforts to provide unity of action in the pursuit of a common purpose." In the light of this statement explain the nature of coordination. [5]

Ans. **Nature of coordination** : Coordination is needed wherever a group of persons work together to achieve common objectives. It arranges group efforts in an orderly manner. The basic purpose of coordination is to create in the actions of members of the group. Coordination is required at all levels of management and in all departments of the organisation. At every level of management a group of persons performs work. Coordination ensures that the interests of the group work as a team to complete the work successfully. However, different levels of management together constitute a group. Therefore, they also require coordination among themselves. Thus, coordination is mainly concerned with group efforts.

22. Explain 'Differential Piece Rate' and 'Functional Foremanship as techniques of scientific management. [5]

Ans. Under differential piece rate system, standard output is determined with the help of time and motion studies. Two piece rates are decided, one higher rate for efficient workers who produce the standard or more; and the other lower rate for workers who produce less than the standard.

<i>Plan of Differential Piece Rates to be introduced for the workers, engaged in sewing shirts:</i>	
Standard output	36 shirts per hour
Working hours in a day	8 hours
Hourly rate for less than the standard output	Rs 10 per shirt
Hourly rate for standard and more than standard output	Rs 15 per shirt

#### FUNCTIONAL FOREMANSHIP

Under functional foremanship, two functions—planning and doing—are separated. Planning department is the nerve-centre of the organisation as instructions flow out of it to the workshop. In this system, the following eight persons are involved in directing the activities of workers :

1. **Route clerk**: To lay down the sequence of operations and instruct the workers concerned about it.
2. **Instruction clerk**: To prepare detailed instructions regarding different aspects of work such as machines and tools used, techniques, etc.
3. **Time and cost clerk**: To send all information relating to their pay to the workers and to secure proper returns of work from them.
4. **Disciplinarian** : To deal with cases of breach of discipline and absenteeism.
5. **Gang boss**: To assemble and set up tools and machines and to teach the workers to make all their personal motions in the best way.
6. **Repair boss**: To ensure that each worker keeps his machine in good order.
7. **Speed boss**: To ensure that machines are running at their best speeds and proper tools are used by the worker.
8. **Inspector**: To show the worker how to do the work of right quality and of right standard.

23. Explain any five limitations of planning.

[5]

Ans. Five limitations of planning are as follows :

1. **Inaccuracy:** Planning is based on forecasts which may not always prove correct. Nobody can be sure about future events and plans are probabilistic. When forecasts prove wrong planning may become misleading.
2. **Time-consuming process:** Planning is a time-consuming process. Planning requires collection of information, its analysis and interpretation. These activities may take considerable time. Thus, planning is not practicable where quick decisions are to be made. In case of crisis or emergency, existing plans may have to be abandoned and a different set of actions initiated. Planning may result in delay in decisions and actions.
3. **Costly process:** Planning is an expensive process in terms of money. Management has to spend a great deal of money on preparing estimates, collecting necessary information and facts and analysing and evaluating the various courses of action so as to select the best and the most economical course of action for the enterprise and for each worker and department.
4. **Rigidity:** The existence of a plan puts managerial activities in a rigid framework. Programmes are carried out according to the plans and deviations are considered to be highly undesirable. Managers become more concerned with observing the rules and procedures as laid down in the plan rather than achieving the goals. Thus, planning reduces creativity.
5. **False sense of security:** Elaborate planning may create a false sense of security in the organisation to the effect that everything is well taken care of by the plans. Managers assume that as long as work goes on as per plans, it is satisfactory. As a result they fail to take timely decisions in case situations change suddenly and make the existing plan less effective. Planning does not guarantee success.

24. Why was Securities and Exchange Board of India (SEBI) set up? Explain any four objectives of SEBI.

[5]

Ans. Securities and Exchange Board of India (SEBI) was set up to control malpractices and unfair trading practices in the securities markets.

Four objectives of SEBI are as follows :

- (i) **Protection of investors :** The first and foremost objective of SEBI is to protect the interests of investors so that they feel safe while dealing in securities.
  - (ii) **Regulation of stock exchanges :** It is necessary to regulate the working of stock exchanges. SEBI regulates stock exchanges so that all the parties operating on them get efficient and fair services.
  - (iii) **Checking insider trading :** Buying and selling of securities by persons (promoters, directors, etc.) having secret informations about the company is known as insider trading. SEBI checks insider trading which is injurious to the interests of common investors.
  - (iv) **Control over brokers :** SEBI exercises control over the activities of brokers to ensure that these activities are in the interests of both the investors and the capital and marketing.
25. 'Bending the customer according to the product' and 'Developing the product according to customer needs' are the two important concepts of marketing management. Identify the concepts and differentiate between the two.

[5]

Ans. The two concepts are selling and marketing.

### DISTINCTION BETWEEN SELLING AND MARKETING

SELLING	MARKETING
<ol style="list-style-type: none"> <li>1. Selling begins after production of the product.</li> <li>2. The focus of selling is on selling the existing product.</li> <li>3. The main task involved in selling is persuading the customer to buy the product.</li> <li>4. The goal of selling is profit maximisation through high sales volume.</li> <li>5. Selling is a pictorial process.</li> </ol>	<ol style="list-style-type: none"> <li>1. Marketing begins before production of the product.</li> <li>2. The focus of marketing is in customer satisfaction.</li> <li>3. The main task involved in marketing is to identify and understand the needs of customer.</li> <li>4. The goal of marketing is profitability through customer satisfaction.</li> <li>5. Marketing is on integrated process</li> </ol>

26. What is meant by 'Functional Structure' of an organisation? Explain two advantages and two limitations of it.

Or

*Explain the elements of delegation of authority.*

[6]

Aus. The functional structure involves grouping of activities and people with similar characteristics into a single department. All the activities of the organisation are grouped into a few functional departments. For example, an organisation may have separate departments for production, finance, marketing, and personnel functions. Each functional department may further be divided into various sub departments.

#### ADVANTAGES

Functional organisation structure provides the following merits:

1. **Specialisation:** It ensures a greater division of labour and enables the concern to take advantage of specialisation.
2. **Efficiency:** Efficiency of workers is increased as the workers have to perform a limited number of operations. Supervision is facilitated.

#### DISADVANTAGES

1. **Confusion:** It contains too many cross relationships between different personnel. This creates confusion. Due to narrow functional outlook, organisational objectives may suffer.
2. **Lack of coordination:** Under this, the work is divided into parts and sub-parts. It poses difficulties in coordinating the functioning of different parts.

Or

#### ELEMENTS OF DELEGATION OF AUTHORITY

The process of authority consists of three interrelated elements which are as follows:

1. **Assignment of tasks and duties:** In the process of delegation, every superior has to define the jobs to be performed by his subordinates. He must also define the results expected. He has further to decide on the allocation of duties to the subordinates.
2. **Grant of authority:** Grant of authority implies giving the subordinates the right to decide and act, to use necessary resources and represent the duties assigned to him.

3. **Creation of responsibility and accountability:** Along with the tasks to be performed and grant of authority, the subordinates are given the responsibility or obligation to carry out the duties assigned. They are also to give an account of the results achieved in terms of the standards of performance laid down.

An example may make the above elements and their relationships clear. Suppose the marketing manager of a company authorises his subordinate sales officers to make sales on credit as per his directions. They are also accountable to the marketing manager as regards the level of credit sales achieved, and bad debts; if any.

27. 'Staffing is an important function of management in all organisation'. Why?  
Explain any four reasons.

Or

What is meant by Recruitment ? Explain any four external sources of recruitment. [6]

Ans. Staffing is an important function of management in all organisations due to the following reasons :

1. **Basis of other managerial functions:** Staffing is an important primary function of management. All other functions of management depend on it because it provides the right personnel for the jobs of the enterprise. Staffing is the key to other managerial functions. Once the right person is procured and developed for every job, it becomes easy to plan, organise, direct and control the activities of the enterprise.
2. **Execution of plans:** All the plans, policies and programmes of an enterprise are executed and implemented by its employees and the employees are provided by staffing. It provides suitable persons for running the organisation.
3. **Building an efficient organisation structure:** Staffing helps in the recruitment, selection, and development of efficient employees to meet the requirements of an enterprise. Thus, it helps in building an efficient organisation structure. It also helps employees to get job satisfaction.
4. **Development of human resources as assets:** Human resources are more important than physical resources. The success of an enterprise depends more on its human resources and staffing helps in the development of human resources as a valuable asset of an enterprise. The organisation can keep pace with new developments by training its personnel.

Or

#### MEANING OF RECRUITMENT :

Recruitment is the process of searching for prospective employees and encouraging them to apply for job vacancies in the organisation. In this process efforts are made to ensure that all suitable persons submit job applications so that a wide choice becomes possible. Four external sources of recruitment are as follows:

1. **Friends and relatives of present employees :** Many employers recruit people on the recommendation of existing employees in order to establish good relations with the employees. Present employees can be held responsible for the behaviour and character of new candidate. This sources is used mainly for recruiting lower level employees.
2. **Advertising the vacancies :** Advertising is popular method of recruiting employees. Organisations advertise job vacancies generally for filling higher level and middle level

posts. Advertisements are done through means of print and electronic media, i.e., newspapers, magazines, television, etc. Detailed information about number of vacancies, nature of job, pay, package, is given in the advertisement.

3. **Campus recruitment** : In this source on organisation visits educational institutions like colleges, universities, management institutes and technical institutions to recruit candidates. Preliminary interviews are generally held in the educational institutions. The shortlisted candidates are finally interviewed in the office of the employer. The placement cell of educational institutions assist the students and the recruiters.
4. **Placement agencies** : Under this systems, the employer engages a recruiting agency. The agency advertises the job vacancies, invites applications, holds interviews and submits list of short listed candidates. This source is used mainly for recruiting candidates for higher level jobs. It is an expensive method.

28. "Directing is the heart of management process". Do you agree? Give four reasons in support of any answer.

*Or*

"Effectiveness of a manager depends on his ability to communicate effectively". Explain how. [6]

Ans. Directing is the heart of marketing due to the following reasons :

- (i) **Initiates action** : Direction initiates action and without direction, other managerial functions like planning, organising and staffing become ineffective. All organisational activities are initiated through direction. Managers have to stimulate action by issuing instructions to the subordinates and by supervising them. The primary objective of direction is to activate employees to work to achieve organisational goals.
- (ii) **Integrates employees' efforts** : At all levels of organisation there are subordinates under managers. The work assigned to these individuals is interrelated. Therefore, individual efforts need to be integrated. Directing function integrates the activities of the subordinates by guidance, supervision and counselling. It establishes coordination between plans, resources and human efforts.
- (iii) **Means of motivation** : Objectives of an organisation cannot be achieved unless people working in it are motivated to work willingly and perform to the best of their abilities. Directing helps in motivating employees to contribute their maximum efforts towards the achievement of organisational goals. It helps people in utilising the resources of the organisation in the most effective manner.
- (iv) **Provides stability and balance** : Direction involves inter-personal communication, effective leadership and motivation which help to maintain stability of the organisation. Leadership and communication also help to maintain a balance between individual goals and organisational goals. The capabilities of employees are utilised fully to serve the interests of the organisation as well as the well being of employees.

*Or*

Management functions cannot be carried out without an efficient system of communication. Managers spend a significant part of their daily time on communication. Effectiveness of a manager depends on his ability to communicate efficiently due to the following reasons :

- (i) **Helps in smooth working of the organisation** : Communication facilitates smooth working of an organisation by creating mutual understanding and trust among all the



members of an organisation. It serves as the lubricant that keeps the organisational machine moving.

- (ii) **Acts as the basis of decision making** : Right decisions at the right time can not be taken without accurate and up-to-date information. Relevant information is made available to all managers for decisions making through the process of communication.
- (iii) **Increases efficiency** : Managers explain the objectives and policies of the organisation to all employees through communication. Orders and instructions are also issued to subordinates through communication. Employees use communications to convey their progress of work, compliments, problems and suggestions through the communication process.
- (iv) **Serves as the basis of coordination** : Unity and team spirit among the members of an organisation are essential for success in the achievement of objective. Communication helps to create and maintain mutual understanding and unity among members of an organisation.

29. Explain the factors affecting working capital requirements of business.

*Or*

Explain the factors that determine the structure capital of a company? [6]

Ans. Working capital is the capital invested in the current assets. Four factors affecting working capital requirement of a company are as follows :

1. **Nature of business** : A manufacturing enterprise and a public utility concern require a large amount of fixed capital as compared to a trading or commercial concern.
2. **Scale of operations** : A large-scale enterprise generally requires greater fixed capital than a small-scale enterprise. For instance, a large-scale steel enterprise like the Tata Iron and Steel Company requires huge investment in fixed assets in comparison with a mini steel plant.
3. **Type of manufacturing process** : Processing (analytical and synthetic) industries generally require a larger amount of fixed capital than assembly and service industries. Similarly, firms operating in heavy industries like ship-building, require more fixed capital than firms operating in light industries, e.g., a sugar plant.
4. **Degree of mechanisation** : The technique of production also affects the amount of fixed capital. A firm using automatic machinery requires greater fixed capital than another firm of the same size using hand tools. Shifts in technology lead to changes in the amount of fixed capital.

*Or*

“Capital structure refers to the composition or make-up of the amount of long-term financing. In the words of Gerstenberg, “the type of securities to be issued and the proportionate amount that make-up the capitalisation is known as capital structure.” Thus, capital structure is concerned with : (i) the type of securities to be issued (equity shares, preference shares and debentures), and (ii) the relative proportion of each type of security.

The following factors should be considered while determining the capital structure of a company:

1. **Trading on equity** : Trading on equity means the use of fixed cost sources of finance (preference shares, debentures and long term loans) in the capital structure so as to raise the return to equity shareholders. This is also known as financial leverage or capital

gearing. It is advisable to use trading on equity when the rate of earnings is greater than the rate of dividend payable on preference shares and the rate of interest payable on debentures and loan.

2. **Stability of sales** : An established business which has a growing market and high sales turnover can easily pay interest on debentures and longterm loans. When sales are on the rise, interest obligations can be met and the company can employ more debt in its capital structure. On the other hand, if sales are fluctuating and uncertain the company will not be able to pay interest charges as and when they become due. Therefore, it may employ a low amount of debt in its capital structure.
3. **Cost of capital** : Cost of capital refers to the payment made by the company to obtain capital. Dividend paid is the cost of equity and preference capital. Interest is the cost of debentures and loan capital. Rate of dividend on preference shares is fixed and is generally lower than the dividend on equity capital. Cost of debentures and loans is low because the interest paid is tax deductible. In order to minimise the cost of capital a company may prefer debt subject to its earning capacity which enables the company to meet its interest obligation. Prevailing rate of interest, rate of return expected by the prospective investors and administrative expenses are the main factors that determine the cost of capital.
4. **Exercise of control** : The control of a company is entrusted by its shareholders to the board of directors. When the shareholders and the board of directors of a company want to retain control over the company in their hands, they may not issue further equity shares to the public. In such a case they will raise funds by issuing preference shares and debentures.

30. Discuss the characteristics of a good brand name.

*Or*

Explain the following sales promotions activities :

(i) Discount (ii) Product combination (iii) Financing (iv) Lucky draw. [6]

Ans. The characteristics of a good brand name are as follows :

1. **Short and simple** : A good brand name should be short and simple so that it can be understood and used easily. For example, BATA, LUX, COLGATE, etc are short and simple
2. **Easily pronounceable** : A good brand name can be spelt and pronounced easily, e.g, TATA, UJJALA, etc.
3. **Suggestive** : A good brand suggests the inherent qualities of the product. For example, HAJMOLA indicates digestive quality of the product. Similarly, UJJALA suggests whiteness and brightness.
4. **Distinctive** : A good brand name is so distinctive that it highlights unique nature of the product. For example, TIDE, PEPSI, PERK are distinctive.

*Or*

- (i) **Discount** : In this technique of sales promotions customers are offered the product at less than the listed price. For example, KOUTONS offers a discount of 50% + 40% on garments.
- (ii) **Product combination** : Under this method along with the main product, some other products are offered to customers as a gift. some examples of product combination are given below.

MAIN PRODUCT  
 Shakti Bhog Atta  
 Surf washing powder  
 Maggi Noodles  
 Television

GIFT  
 A packet of rice  
 A spoon  
 A toy car  
 Transistor Radio

- (iii) **Financing** : Under this technique of sales promotion, the product is sold and payment is received in instalments at zero rate of interest.
- (iv) **Lucky draw** : All the buyers of the product are eligible for a draw. The winner in the draw of lots is given a free gift. Customers participate in the lucky draw through coupons which are given on the franchise of the product. For example, buyers of a maruti car may participate in a lucky draw and the winner get a free holiday.

### Delhi Set-II

*General Instructions : Question which are not covered in Set - I are given here only.*

10. Why is it said that "Management is a goal oriented process" ?

Ans. Management is said to be a goal oriented process because it seeks to achieve certain common objectives.

13. "Controlling is a pervasive function". Explain. [3]

Ans. Controlling is a pervasive function because it is required in all types of organisations (commercial or uncommercial). It is also needed at all levels of management. (top, middle and supervisory levels) co-ordination is also required in all departments of an organisation.

14. What is meant by financial management ? State any two financial decisions taken by a financial manager. [3]

Ans. **Meaning** : Financial management means management of the financial activities of an organisation. It involves planning, raising, utilising and controlling funds.

**Financial Decisions** : Two financial decisions taken by a financial manager are as follows :

1. **Financing decision** : First of all a financial manager has to decide the amount of funds to be raised and the sources from which the necessary funds are to be raised.
2. **Investment decision** : After deciding the amount and sources of funds a financial manager decides where and how the funds are to be invested so that a fair returns can be earned on the capital employed.

15. Differentiate between 'Primary Market' and 'Secondary Market'. [3]

Ans. **DISTINCTION BETWEEN PRIMARY MARKET AND SECONDARY MARKET**

Basis of distinction	Primary Market	Secondary Market
1. Issue of securities	Securities are issued for the first time	There is no issue of new securities but trading of already issued securities
2. Buying and selling	investors can only buy securities	investors can both buy and sell securities

3. Price determination	prices of securities are determined by the company	Prices of securities are determined by demand and supply
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21. "Coordination is not a separate function of management, it is the essence of management." Explain with the help of a suitable example. [5]

Ans. Coordination is the essence of management because it is required in all management function.

(i) **Coordination in Planning** : In planning coordination is required

- (a) between overall plan of the organisation and the departmental plans;
- (b) between objectives and available physical and human resources;

(ii) **Co-ordination in Organising** : In organising, co-ordination is required:

- (a) between resources of an enterprise and activities to be performed; and
- (b) between authority, responsibility and accountability.

(iii) **Co-ordination in Staffing** : In staffing, co-ordination is needed"

- (a) between the skills of the workers and the jobs assigned to them;
- (b) between the efficiency of the workers and the compensation;
- (c) between performance and awards; and
- (d) between training and technique of production.

(iv) **Co-ordination in Directing** : In directing, co-ordination is required

- (a) among orders, instructions, guidelines and suggestions;
- (b) between superiors and subordinates;
- (c) between leadership styles and given situations; and
- (d) between the communication media and the given situation.

(v) **Co-ordination in Controlling** : In controlling, co-ordination is required

- (a) between the standard fixed and the actual performance;
- (b) between correction of deviation and achievement of objectives.

Thus, co-ordination is indispensable in all managerial functions.

22. Explain by giving any five reasons why proper understanding of management principles is necessary? [5]

Ans. A proper understanding of management principles is necessary because these principles :

- (i) provide managers with useful insights into reality
- (ii) help in optimum utilisation of resources.
- (iii) are helpful in taking scientific decisions
- (iv) assist in meeting the requirements of changing environment
- (v) serve as the basis for management education and research.

23. Explain any five points of importance of planning for a large business enterprise. [5]

Ans. **Importance of Planning** : Planning is the first and the most important function of management.

It is needed at every level of management. Without planning all the activities of a business organisation will be meaningless rendering the attainment of objectives merely a dream.

1. **Planning focuses attention on objectives** : Planning process focuses attention on the common goals of the organisation. It makes objectives clear and specific and directs attention of all activities towards the accomplishment of objectives.
  2. **Planning makes activities meaningful** : Planning provides a sense of direction to efforts. It makes workers and management understand how their activities relate to organisational goals. Everyone becomes conscious of what he has to do and his contribution towards the achievement of common objectives.
  3. **Planning reduces the risks of uncertainty** : Planning helps to identify potential dangers and overcome their adverse effects to a large extent. It provides a better understanding of what is likely to happen in future and how to face the likely situation.
  4. **Planning facilitates decision making** : Planned targets provide the criteria against which alternative course of action are evaluated. Without planning decisions may become adhoc choices. Planning helps to avoid hasty and random decisions by providing a uniform framework.
  5. **Planning helps coordination** : Planning makes it possible to achieve coordination at various levels. Planned programmes serves as the basis for harmonising the efforts of different people, departments and divisions in the organisation. Coordination of departmental operations is facilitated by planning through the establishment of common goals as guideposts.
- 2-4. Explain any five regulatory functions of Securities and Exchange Board of India. [5]  
Ans. Five regulatory functions of Securities and Exchange Board of India are as follows :
- (i) to prohibit fraudulent and unfair trade practices in the securities market
  - (ii) to prohibit insider trading on stock exchanges
  - (iii) to educate investor about securities market
  - (iv) to promote fair practices and code of conduct on the part of operators in securities market
  - (v) to register brokers and sub brokers in stock exchanges.

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### Delhi Set-III

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**General Instructions :** Question which are not covered in Set - I are given here only.

10. Who can file a complaint under the Consumer Protection Act, 1986?

Ans. Under Consumer Protection Act, 1986, a complaint can be filed by the following people :

- (i) A consumer
- (ii) A registered association of consumers
- (iii) One or more consumers
- (iv) State Government
- (v) Central Government

13. 'Controlling is forward looking'. Explain. [3]  
 Ans. Controlling is forward looking because under it corrective action is taken to avoid deviations from established standards in future.

14. What is meant by Indirect Channels of Distribution? Explain any two Indirect Channels of Distribution. [3]

Ans. **Meaning** : Indirect Channels of distribution means distribution of a product through middlemen or intermediary.

**Types** : Two indirect channels of distribution are given below :

1. **One level channel** : In this method a manufacturer sells goods to retailers who in turn sell them to customers. Consumer durables like TV, fridge, car are usually sold through this channel.
2. **Two level channel** : In this channel, the manufacturer sells to whole sellers who in turn sell to retailers. The retailers ultimately sell to consumers fast moving consumer goods like tooth paste, detergents are usually sold through this channel.

15. Differentiate between 'Capital Market' and 'Money Market'. [3]  
 Ans. **DISTINCTION BETWEEN CAPITAL MARKET AND MONEY MARKET**

Basis of distinction	Capital Market	Money Market
1. Duration	Medium and long term funds	Short term funds
2. Liquidity	Low liquidity	High liquidity
3. Expected return	Generally high	Generally low

21. "Coordination is needed at all levels of management and it is the responsibility of all managers." Explain how.

Ans. Coordination is needed wherever the efforts of several persons are required to achieve a common objective. There are three different levels of management top level, middle level and supervisory level. Coordination is not concerned only with one level. It is equally necessary at all levels of management. At every level of management a group of persons perform the work and their efforts need to be coordinated. Therefore, it can be said that coordination is required at all levels of management. Moreover, coordination is needed in every department of an organization. Each and every manager has to coordinate the efforts of his subordinates. Therefore, coordination is the responsibility of all managers.

22. Explain any five principles of scientific Management. [5]

Ans. Five principles of scientific management are given below :

1. **Science, not Rule of Thumb** : According to this principle we should not get stuck in a set and continue with the old techniques of doing work,. We should be constantly experimenting to develop new techniques to make the work much simpler.
2. **Harmony, not Discord** : According to this principle, an atmosphere should be created in the organisation in which the labour (the major factor of production) and management consider each other indispensable. Taylor has referred to such a situation as a '**Mental Revolution**'. Taylor firmly believed that the occurrence of a mental revolution would end all conflicts between the two parties and would be beneficial to both of them.
3. **Cooperation, not Individualism** : According to this principle, all the activities done by different people must be done with a spirit of mutual cooperation. Taylor has suggested

that the manager and the workers should jointly establish standards. This increases involvement and thus, in turn, increases responsibility,

4. **Development of each and every person to his/her greatest efficiency and prosperity :** According to this principle, the efficiency of each and every person should be taken care of right from his selection. A proper arrangement of each individual's training should be made.
5. **Maximum prosperity for employers and employees :** Both employer and employees should seek to maximise output so that both can gain.

23. Explain five characteristics of planning. [5]

Ans. Five characteristics of planning are as follows :

1. **Planning is goal oriented :** All plans are formulated to achieve certain objectives. Planning has no meaning unless it contributes in some positive manner towards the achievement of predetermined goals of the organisation.
2. **Planning is primary :** Planning lays down the basis for other functions of management. All other managerial functions are performed to implement the plans.
3. **Planning is pervasive :** Planning is required at all levels of management as well as in all department of the organisation.
4. **Planning is forward looking :** Planning essentially involves looking ahead and preparing for the future. In planning managers anticipate the future through forecasting and draw plans on the basis of predicted events.
5. **Planning is a mental exercise :** Planning is an intellectual exercise involving foresight, imagination, intelligence and sound judgement. It involves thinking before doing.

24. Explain the objectives of National Stock Exchange of India. [5]

Ans. Objectives of National Stock Exchange of India are as follows :

1. To provide nationwide trading facilities in all types of securities.
2. To ensure easy and equal access to investors through an appropriate communication network.
3. To impart fairness, efficiency and transparency to securities market.
4. To enable short settlement cycles and book entry settlement.
5. To meet standards and benchmarks or international securities market.s

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