

CBSE EXAMINATION PAPER 2010
Delhi Set-1 (Solved)

Time : 3 Hours

Maximum Marks : 100

General Instructions :- Same as in CBSE Sample Paper

1. List any two organisational objectives of management. [1]
Ans. 2 organisational objectives of management are
1. Survival 2. Growth 3. Profit (any two)
2. Give any one reason why principles of management do not provide readymade solution to all managerial problems. [1]
Ans. Management principles only provide guidelines to solve the problem. Management principles are not static or absolute statement and based on human behaviour.
3. Volvo Ltd.'s target is to produce 10,000 shirts per month at a cost of Rs. 100/- per shirt. The Production Manager achieved this target at a cost of Rs. 90/- per shirt. Do you think the 'Production Manager' is effective? Give one reason in support of your answer. [1]
Ans. 'Production Manager' is effective because he achieved predetermined (Minimum cost) target at a cost of Rs.90
4. State an objective of 'Method Study'. [1]
Ans. An objective of Method study:
To make maximum use of resources and to keep production cost minimum.
5. Give any one limitation of internal sources of recruitment. [1]
Ans. Limitations of internal sources of recruitment.
1. No fresh or new ideas will come in the organisation. (or any one)
2. There will be limited choice.
6. Name the method of training in which trainees learn on the equipments they will be using. [1]
Ans. On-The-Job Training.
7. Name the financial decision which will help a business man in opening a new branch of its business. [1]
Ans. Financing decision of Long term and Short term Debts according to size and composition of fixed assets and amount and composition of current assets.
8. "Cost of debt" is lower than the cost of "Equity share capital". Give reason why even then a company can't work only with the debt. [1]
Ans. A company cannot work only with the debt because it must have equity share capital.
9. Which Act of Consumer Protection provides for the formation of 'Consumer Protection Councils' in every district and the State of the country? [1]
Ans. The Consumer Protection Act 1986.
10. Why consumer protection is important for consumers? Give any one reason. [1]
Ans. Consumer Protection is important for consumer because it protects the interest of consumer and avoids exploitation of consumer.

11. *What is meant by 'Planning'? List any two features of planning.* [3]

Ans. *Planning* ⇒ It can be defined as "thinking in advance what is to be done, when it is to be done, how it is to be done and by whom it should be done.

Planning is primary function of management ⇒ Planning is the primary or first function to be performed by every manager. No other functions can be executed by the manager without performing planning function because objectives are set up in planning and other functions depend upon the objectives only.

12. *Explain by giving any three reasons why delegation is important in an organisation.* [3]

Ans. **3 reasons why delegation is important in an organisation.**

1. *Effective Management* ⇒ In the delegation process managers pass routine work to the subordinates so they are free to concentrate on other important matter. By delegating the authorities and responsibilities managers can get the work done effectively and efficiently from the subordinates.

2. *Motivation of employees* ⇒ In delegation the manager is sharing his responsibilities and authority with the subordinates. It motivates the subordinates and they develop the feeling of belongingness and trust.

3. *Facilitates organisational growth* ⇒ In the process of delegation when the managers are passing their responsibility and authority to the subordinates they keep in mind the qualification and capability of the subordinates. This leads to division of work and specialisation which is very important for organisational growth.

13. *Explain when and why the need is felt for having a framework, within which managerial and operating tasks are performed to accomplish desired goals. Name this 'framework' also.* [3]

Ans. *Organisational structure* ⇒ Is that framework within which managerial and operating tasks are performed to accomplish desired goals.

Need to be felt for having a framework.

1. *Job design* ⇒ In the organising process the total work is divided into various jobs and the manager has to get the job done from his employees. So, it must be specified very clearly what activities have to be performed.

2. *Departmentation* ⇒ After division of work into jobs, the jobs are grouped together to form departments, while grouping the activities the managers must keep in mind that only the related or similar jobs are grouped under one department so that there can be specialisation.

14. *Explain the following money market instruments:* [3]

(a) *Treasury Bill*

(b) *Commercial Paper*

Ans. **Money market instruments:**

(a) *Treasury Bill* ⇒ Treasury bills are issued by the Reserve Bank of India on behalf of the Government of India. These bills are negotiable instruments and are freely transferable. The maturity period of Treasury Bills varies from 14 to 364 days.

(b) *Commercial Paper* ⇒ The commercial paper was introduced in India for the first time in 1990. It is an unsecured promissory note, issued by public or private sector companies with a fixed maturity period which varies from 3 to 12 months.

15. *What is meant by 'Production Concept' of Marketing?* [3]

Ans. *'Production Concept' of Marketing* ⇒ Some companies believe that it is easy to sell the products when products are inexpensive and are easily available.

So the firms following production concept focus on lowering the cost of production by means of mass production and distribution but the drawback of this concept is that customers don't always buy products which are inexpensive and available.

16. Explain "Policy" and "Procedure" as types of plans. [4]

Ans. **Types of plan.**

Policy ⇒ Policy can be defined as an organisation's general response to a particular problem or situation. Policies are made at every level because the managers at every level need to decide or predetermine the way of handling a situation and policy acts as a guide to take decisions in unexpected situation.

Procedure ⇒ Procedures are required steps, established in advance, to handle future conditions. The sequence of steps to be followed by employees in different situations must be predetermined so that everyone follows same steps. The procedure can be defined as the exact manner in which an activity has to be accomplished.

17. Ayasha Ltd. assured their employees that inspite of recession no worker will be retrenched from the job. [4]

- (i) Name and explain the type of incentive offered to the employees.
- (ii) Explain one more incentive of the same category.

Ans. (i) *Monetary or Financial Incentives* ⇒ It can be calculated in terms of money is known as monetary incentive. These incentives are offered to employees who have more physiological, social and security needs

(ii) *Pay and Allowances* ⇒ Regular increments in salary every year and grant of allowance act as good motivators. To get increment and allowance employees perform to their best ability. The organisations also offer share in the profit to the employees for working efficiently.

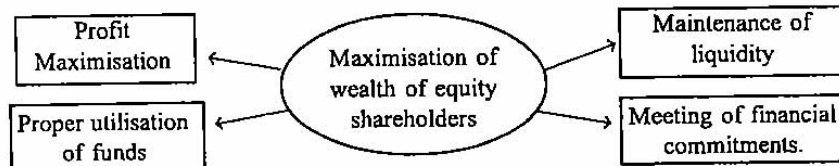
18. Explain the meaning and the objective of Financial Management. [4]

Ans. *Financial Management* ⇒ Financial Management is concerned with the flow of funds and involves decisions related to procurement of funds, investment of funds in long term and short term assets and distribution of earnings to owners.

Objective of Financial Management.

To maximise the wealth of equity shareholders, following objectives automatically get achieved.

- (i) Profit maximisation
- (ii) Maintenance of liquidity
- (iii) Proper utilisation of funds
- (iv) Meeting financial commitments with creditors



19. State any four advantages of a formal organisation. [4]

Ans. Four advantage of formal organisation.

1. *Systematic working* ⇒ Formal organisation structure results in systematic and smooth functioning of an organisation.
2. *Achievement of organisational objectives* ⇒ Formal organisational structure is established to achieve organisational objectives.
3. *No overlapping of work* ⇒ In formal organisation structure work is systematically divided among various departments and employees. So there is no chance of duplication or overlapping of work.
4. *Coordination* ⇒ Formal organisational structure results in coordinating the activities of various departments.

20. Explain the following 'Rights' of Consumers: [4]

- (i) *Right to Safety*
- (ii) *Right to Choose*

Ans. 'Rights' of consumer:

- (i) *Right to Safety* ⇒ It is the right to safety against such goods and services as are hazardous to health, life and property of the consumer. For example, spurious and sub-standard drugs; and low quality food products like bread, milk, butter etc. Consumer have the right to safety against loss caused by such products.
- (ii) *Right to choose* ⇒ Consumer has the full right to buy any goods and services of his choice from the different goods and services available in the market. In other words no seller can influence his choice in an unfair manner. If any seller does so, it will be deemed as interference in his right to choice.

21. Is 'management' a full-fledged 'profession'? Give any three reasons in support of your answer. [5]

Ans. No, 'Management' is not a full-fledged 'profession'. 3 Reasons.

1. *Restricted Entry* ⇒ The entry to a profession is restricted through an examination or degree. For example, a person can practice as Doctor only when he is having MBBS degree. Entry to management is not restricted.
2. *Service Motive* ⇒ The basic motive of every profession is to serve the clients with dedication whereas basic purpose of management is achievement of management goal. For example, for a business organisation the goal can be profit maximisation.
3. *Existence of ethical codes* ⇒ For every profession there are set of ethical codes fixed by professional organisations and are binding on all the professionals of the profession. But legally it is not compulsory for all the managers to get registered with AIMA and abide by the ethical codes.

So, these features of profession are not present in management.

22. (i) Name and explain the principle of management which requires judicious application of penalties by the management.

(ii) Name and explain the technique of scientific management which helps in establishing interchangeability of manufactured parts and products. [2½ + 2½ = 5]

Ans. (i) *Principle of discipline of management* ⇒ Discipline refers to general rules and regulations for systematic working in the organisation. Which requires judicious application of penalties by the management.

- (ii) *Standardisation and simplification of work* ⇒ It is the technique of scientific management which helps in establishing interchangeability of manufactured parts and products.

Standardisation does not mean only quality standard but it refers to setting up standards for size, type, weights, measures and quality of product.

Simplification emphasises on unnecessary diversity of products, size and types.

23. *Explain any five impacts of Government policy changes on business and industry in India.* [5]

Ans. **Five impacts of government policy changes on business and industry in India.**

1. *Destabilisation of Protected Environment* ⇒ When the government de-licensed the companies and abolished the registration scheme for the industries, then more and more people entered in the business of industrial production.
2. *Threat from MNCs (Multinational Companies)* ⇒ These companies are having large amount of resources, world class technology and operate on large scale. These companies became the biggest threat to Indian companies.
3. *All Round Competition* ⇒ After new policy, Indian companies had to face all round competition which means competition from the internal market and the competition from the MNCs. So they adopt latest technology to face the competition.
4. *Export a Matter of Survival* ⇒ The Indian businessman was facing global competition and the new trade policy made the external trade very liberal. As a result, to earn more foreign exchange many Indian companies joined the export business and got a lot of success in that.
5. *Market Orientation* ⇒ Earlier firms were following selling concept i.e., produce first and then go to market but now companies follow marketing concept, i.e., planning production on the basis of market research, need and want of customer.

24. *State any five functions of 'Stock Exchange'.* [5]

Ans. **Five Functions of 'Stock Exchange':**

1. *Economic Barometer* ⇒ A Stock Exchange is a reliable barometer to measure the economic condition of a country. The rise or fall in the share prices indicate the boom or recession cycle of the economy.
2. *Pricing of Securities* ⇒ The stock market helps to value the securities on the basis of demand and supply factors. The securities of profitable and growth oriented companies are valued higher as there is more demand for such securities.
3. *Safety of Transactions* ⇒ In the stock market only the listed securities are traded and stock exchange authorities include the companies names in trade list only after verifying the soundness of company. The companies which are listed also have to operate within the strict rules and regulations.
4. *Contribution to Economic Growth* ⇒ In stock exchange securities of various companies are bought and sold. The process of disinvestment and reinvestment helps to invest in most productive investment proposal and this leads to capital formation and economic growth.
5. *Spreading of Equity Cult* ⇒ Stock exchange encourages people to invest in ownership securities by regulating new issues, better trading practices and by educating public about investment.

25. 'An important task in the marketing of goods relates to designing the label as it provides useful and detailed information about the product.' [5]
 In the light of the above statement draw a label for a 'liquid soap' and highlight the important information to be provided on it.
 Ans. "Label of Liquid Soap"



26. Explain the process of staffing. [6]

OR

Explain the process of selection of employees.

Ans. **Process of Staffing:**

- (1) *Estimating manpower requirement* ⇒ Staffing process begins with the estimation of man power requirement which means finding out number and type of employees needed by the organisation in near future. Type means what should be the qualification and educational background of the people whom we need to appoint.
- (2) *Recruitment* ⇒ It refers to the process of inducing the people to apply for the job in the organisation. After assessing the number and type of employees required, the manager tries that more and more people should apply for the job. So that organisation can get more choice and select better candidates.
- (3) *Selection* ⇒ It refers to choosing the most suitable candidate to fill the vacant job position. The selection is done through a process, which involves test, interviews etc.
- (4) *Placement and orientation* ⇒ Placement refers to occupying of post by the candidates for which he is selected.
 Orientation refers to introduction of new employees to the existing employees. Large organisations organise orientation programmes to familiarise the new employees with the existing employees.
- (5) *Training and development* ⇒ To improve the competence of employees and to motivate them it is necessary to provide training and development opportunities for employees so that they can reach the top and keep improving their skills.

OR

"Process of selection of employees":

- (1) *Preliminary screening* ⇒ The candidates whose applications are shortlisted are called for

preliminary interviews. It is the first round of interview which is conducted by any of the personnel managers.

- (2) *Selection test* ⇒ The organisations prefer to conduct written test to find out the practical knowledge of the candidates. The type of test to be conducted depends on the requirement of the Organisation Proficiency Test, Psychological Test etc.
 - (3) *Employment interview* ⇒ Having successfully cleared all tests related to employment by the candidate he is called for final interview. Its objectives are to see the looks of the candidates, his way of talking, his conduct and temperament, his interest and maturity.
 - (4) *Checking the references and background* ⇒ In the application form the candidate is asked to give the names of two references. If the candidate qualifies the interview then the organisation prefers to check with the references about the personal character of the candidate.
 - (5) *Selection decision* ⇒ The candidates who pass the test, interview and references check are included in selection list and the managers select most suitable candidate from the list.
 - (6) *Medical examination* ⇒ Before giving appointment letter the candidates selected are sent for medical fitness test. Some organisation appoint their own doctors to do the test and some sign contract with hospitals to do the test.
 - (7) *Job offer* ⇒ The applicants who clear the medical test are given job offer through letter of appointment. In the letter the date of joining, terms and conditions of job etc. are mentioned.
 - (8) *Contract of employment* ⇒ When candidate accepts the job offer it refers to signing of contract of employment.
27. 'Motivation plays an important role in the success of management.' Explain any four points of importance of motivation in the light of the statement. [6]

OR

"Managerial functions cannot be carried out without an efficient system of communication." Do you agree with this statement? Give any four reasons in support of your answer.

Ans. "Motivation plays the important role in the success of management."

Four Points of Importance of Motivation

- (1) *Motivation helps to change negative attitude to positive attitude* ⇒ Without motivation the employees try to perform minimum activities in the organisation. But the motivation fills in the desire to perform upto their maximum level.
- (2) *Motivation improves performance level of employees* ⇒ The motivation improves the efficiency level of employees which means the employees start performing the job to the best of their ability with minimum wastage of time and resources.
- (3) *Helps in achieving the organisational goal* ⇒ The motivated employees always try to achieve the organisational goal and contribute their best efforts for the realisation of organisational goal as they know that with the achievement of organisational goal only they can achieve their personal goal.
- (4) *Motivation creates supportive work environment* ⇒ In motivation the relations between superior and subordinate are always improved. When the employees get their need satisfied or get the recognition and respect in the organisation then they always offer a supportive hand to superiors.

OR

“Managerial functions cannot be carried out without an efficient system of communication.”

Yes, we agree with this statement.

Four Reasons:

- (1) *Acts as Basis of Coordination* ⇒ To get the work done successfully coordination among various activities is needed. For the purpose of coordination it is essential that the people should have mutual understanding regarding the goals of the organisation and they should know the means with the help of which these goals can be accomplished. They should also have the knowledge about the relationship of their activities.
- (2) *Helps in Smooth Working of an Enterprise* ⇒ Communication begins with the thoughts of establishing an enterprise and continues till the closure of it. All the decisions taken in the organisation and all the activities being carried on therein depend on communication.
- (3) *Acts as Basis of Decision Making* ⇒ For taking any major decision or solving any problem in the organisation there is a need to get the most accurate information and information moves in organisation through communication only. The accurate information regarding the positive and negative aspects comes only through communication.
- (4) *Increase Managerial Efficiency* ⇒ It is through communication that the managers pass on the information about the objectives laid down, issue directions, divide work and control the activities of the subordinate employees. Therefore, in the absence of communication a manager remains an inactive part of the organisation while the presence of communication increases his efficiency.

28. Explain the process of controlling.

[6]

OR

Explain any four points highlighting the importance of controlling.

Ans. “Process of Controlling”.

- (1) *Setting Performance Standards* ⇒ The first step of controlling is to set performance standards. Standards are those criterion on the basis of which the actual performance is measured. A manager evaluates the actual performance on the basis of these standards and find out the deviations.
- (2) *Measuring of Performance* ⇒ The second step in the controlling process is the measurement of actual performance. The measurement of actual performance is done on the basis of predetermined standards. The measurement of actual performance tells the manager whether the work has been done according to plan or not.
- (3) *Comparison of Actual Performance with Standards* ⇒ At this step, actual performance is compared with the standards and deviations are found out.
- (4) *Analysis Deviations* ⇒ At this step, deviations are analysed. All deviations need not be brought to the notice of top management. A range of deviations should be established and only cases beyond this range should be brought to the knowledge of top level management.
- (5) *Taking Corrective Action* ⇒ The last and most important step in the controlling process is taking corrective action. By now the deviations and their causes become known. Now is the turn of removing the hurdles in the actual work progress. The purpose of corrective action is to bring the actual work progress to the level of expected progress.

OR

Four points highlighting the importance of controlling.

- (1) *Judging Accuracy of Standards* ⇒ While performing the function of controlling, a manager compares the actual work performance with the standards. He tries to find out whether the laid down standards are not more or less than the general standards. In case of need, they are redefined.
- (2) *Making Efficient Use of Resources* ⇒ Controlling makes it possible to use human and physical resources efficiently. Under controlling it is ensured that no employee deliberately delays his work performance. In the same way, wastage in all the physical resources is checked.
- (3) *Improving Employee Motivation* ⇒ An effective control system also guides employees to come out from their problems. This free communication and care motivate the employees to give better performance. Through the medium of controlling, an effort is made to motivate the employees.
- (4) *Ensures Order and Discipline* ⇒ Controlling ensures order and discipline. Effective controlling system keeps the subordinates under check and makes sure that they perform their function efficiently. Sharp control can have a check over dishonesty and fraud by employees. As a result of this, discipline is established in the organisation.

29. *What is meant by dividend decision? State any four factors affecting the dividend decision.* [6]

OR

What is meant by financing decision? State any four factors affecting the financing decision.

Ans. *Dividend decision* ⇒ This relates to distribution of profit earned. The major alternatives are to retain the earnings or to distribute to the shareholders.

Four Factors Affecting Dividend Decision.

- (1) *Earning* ⇒ Dividends are paid out of current and previous year's earnings. If there are more earnings, then company declares a higher rate of dividend whereas during low earning period the rate of dividend is also low.
- (2) *Stability of Earnings* ⇒ Companies having stable or smooth earnings prefer to give high rate of dividend whereas companies with unstable earnings prefer to give low rate of earnings.
- (3) *Cash Flow Position* ⇒ Paying dividend means outflow of cash, companies declare high rate of dividend only when they have surplus cash. In situation of shortage of cash, companies declare no or very low dividend.
- (4) *Preference of Shareholders* ⇒ Another important factor affecting dividend policy is expectation and preference of shareholders as their expectations cannot be ignored by the company two types of shareholders from the investment point of view.
 - (a) those who invest with the purpose of getting some regular income.
 - (b) those who invest in the company to gain capital profit.

OR

Financing Decision ⇒ This relates to composition of various securities in the capital structure of the company.

Four Factors Affecting the Financing Decision.

- (1) *Cost* ⇒ The cost of raising finance from various sources is different and finance managers always prefer the source with minimum cost.
 - (2) *Risk* ⇒ More risk is associated with borrowed fund as compared to owner's fund securities. Finance manager compares the risk with the cost involved and prefer securities with moderate risk factors.
 - (3) *Cash Flow Position* ⇒ The cash flow position of the company also helps in selecting the securities with smooth and steady cash flow. Companies can easily afford borrowed fund securities but when companies have shortage of cash flow, then they must go for owner's fund securities only.
 - (4) *Control Considerations* ⇒ If existing shareholders want to retain the complete control of business then they prefer borrowed fund securities to raise further fund. If they do not mind to loose the control, then they may go for owner's fund securities.
30. Name that element of marketing-mix which affects the revenue and profits of a firm. Explain any five factors which help in determining this element. [6]

OR

"Generally consumers prefer to buy goods directly from the producers but it is not always possible." Give reasons why it is so by explaining four different factors responsible for this.

Ans. Price Mix affects the revenue and profits of a firm.

Five factors which help in determining this element.

- (1) *Pricing Objectives* ⇒ What is the objective of firm is a very important factor which helps in deciding the price. For example, if the objective of a company is profit maximisation then generally high price is fixed whereas the companies having the objective of sales maximisation prefer low price to increase the sale and capture a big share in the market.
- (2) *Product Cost* ⇒ The second important factor which is kept in mind while fixing the price is the cost of product or service. The price of the product must be able to cover the total cost of product.
- (3) *Extent of Competition in the Market* ⇒ It is necessary to take into consideration the prices of the products of the competing firms prior to fixing the price. In case of cut-throat competition, it is desirable to keep prices low.
- (4) *Demand of Product* ⇒ Intensive study of demand for product and services in the market be undertaken before price fixation. If demand is relatively more than supply, a higher price can be fixed.
- (5) *Government Regulation* ⇒ If the price of the commodity and services are to be fixed as per the regulation of the government, it should also be borne in mind.

OR

"Generally consumer prefer to buy goods directly from the producer but it is not always possible."

Reason ⇒ Goods are produced at one place and customers are scattered all over the country so it is very difficult for the producers to distribute goods to the place of consumption. For example, tea is produced in Darjeeling and Assam but it is consumed all over the country. It is very difficult for a producer to distribute tea all over the country; so he takes the help of middlemen so that it can be supplied to all the customers.

Different factors responsible are as under:—

- (1) Goods are produced at that place where raw material is easily available while customers are far from that place.
- (2) Producers are not aware about the goods demanded by the consumers, but it is well known by the retailers.
- (3) Middlemen maintain large stocks of goods, they transport goods from one place to another. So till the time so goods are with them in stock or when these are transported from one place to another, the middlemen bear the risk of damage or spoilage of goods while a consumer does bear risk of damage or spoilage of goods.
- (4) Consumer can negotiate with the middlemen but he can't negotiate with the producer directly.
- (5) Consumer demands variety in the market which he can get from middlemen while he has limited choice of varieties with producers.

Delhi Set-2 (Solved)

Questions which are not covered in Set-I are given here only.

1. *List any two social objectives of management.* [1]

Ans. Two social objectives:—

- (1) Supply of quality product at reasonable prices.
- (2) Generation of economic wealth.

4. *Give any one reason why principles of management are called "contingent".* [1]

Ans. Principles of management are called "contingent" because they are not permanent. They are affected by situations. Therefore, the decision to implement them or not is taken according to the situations.

6. *Which Act of Consumer Protection provides for the formation of 'Consumer Protection Councils' in every district and the State of the country?* [1]

Ans. The Consumer Protection Act 1986.

7. *State the objective of 'Time-Study'.* [1]

Ans. The objective of "Time-Study" is that the standard time is required to perform a job and setting up the standard target for workers.

8. *Give any one advantage of internal sources of recruitment.* [1]

Ans. One Advantage of internal sources of recruitment:

The employees are already familiar with rules and regulations of organisation.

9. *Name the method of training in which the trainee works directly with a senior manager and the manager takes full responsibility of the trainee.* [1]

Ans. On-the-Job training.

10. *Why should a consumer look for ISI mark on electrical goods?* [1]

Ans. A consumer should look for ISI mark on electric goods because it indicates the quality and safety of the product.

14. Explain by giving any three reasons why decentralisation is important in an organisation. [3]

Ans. **Three reasons why decentralisation is important in an organisation.**

- (1) *Develops initiative among subordinate* ⇒ Passing of authority at middle and lower level shows the trust and faith of top level in their subordinates. This trust and faith motivate the employees working at different level.
- (2) *Relief to top level management* ⇒ In the process of decentralisation top level managers are not overburdened with the responsibility and authority as they systematically pass the authority and responsibilities at different level.
- (3) *Quick decision-making* ⇒ In the decentralisation process decision-making is not restricted in few hands only but decision-making power is entrusted to all the managers who are taking actions or performing the activities. This leads to faster decision.

15. What is meant by 'Product Concept' of marketing? [3]

Ans. *Product Concept* ⇒ The product concept proposes that the way to realise business goal is by making products that are of high quality.

The firm manufactures the products of superior quality but they must keep in mind that customers will buy a high quality product only when they need or want it; only quality is not enough force.

For example ⇒ The firm is dealing with a very high quality hair-dye but customers will demand it only when they have grey hair.

19. State any two advantages and any two limitations of informal organisation. [4]

Ans. **Two Advantages of Informal Organisation:**

- (1) *Fast Communication* ⇒ Informal structure does not follow scalar chain, so there can be faster spread of communication.
- (2) *Fulfills Social Needs* ⇒ Informal organisation gives due importance to psychological and social need of employees which motivate them.

Two Limitations of Informal Organisation:

- (1) *No Systematic Working* ⇒ Informal structure does not form a structure for smooth working of an organisation.
- (2) *May Bring Negative Results* ⇒ If informal organisation opposes the policies and changes of management, then it becomes very difficult to implement them in organisation.

20. Explain 'Method' and 'Rule' as types of plan. [4]

Ans. Types of plan:

- (1) *Methods* ⇒ Method may be defined as formalised or systematic way of doing routine or respective jobs. The managers decide in advance the common way of doing a job. So, that.
 - (a) There is not doubt in the minds of employees.
 - (b) There can be uniformity in actions of the employees.
- (2) *Rules* ⇒ Rules spell out special actions or non-actions of the employees. There is no discretion allowed in rules, i.e., they must be followed then strict actions can be taken against employees who are disobeying the rules. Rules are spelt out to create the environment of discipline in the organisation.

24. Is management a 'science'? Give any three reasons in support of your answer. [5]

Ans. Yes, management is a 'science'.

Three Reasons:

- (1) *Systematic Body of Knowledge* ⇒ It is necessary for science to have a systematic body of knowledge. Management is also a systematic body of knowledge because it has its own theory and principles.
- (2) *Based on Collection of Facts, Analysis and Experiments* ⇒ After applying the characteristic of Science to management, we find that development of management took years for the collection of facts, their analysis and experiments.
- (3) *Universal Application* ⇒ Scientific principles are based on truth and they can be applied at every time and in every situation. Thus, its universal application is possible. In the field of management too managerial knowledge and principles of management are considered to be based on truth and they too, can be applied anywhere and in every situations.

25. Explain by giving any five reasons why understanding of Business Environment is important for managers? [5]

Ans. Five reasons for why understanding of business environment is important for a manager :

- (1) *First Mover Advantage* ⇒ The businessmen who are able to understand and scan the opportunities of business environment at an early stage get maximum benefit or they can capture a big share of the market. They can go much ahead of their competitors.
- (2) *Warning Signal* ⇒ The businessmen who are able to scan and understand the business environment in time get a warning signal to deal with the constraints or the negative policies of business environment. Timely scanning of business environment and the qualitative information which businessmen get is taken as warning signal and changes in the companies are made.
- (3) *Helpful in Tapping and Assembling Resources* ⇒ Businessmen have to supply the goods to the market according to the demand in market. They use the scanning report as input to make changes in the output which suits the present day customer.
- (4) *Image Building* ⇒ The companies which are able to scan and respond to environmental factors quickly are able to build a good image for themselves. So, the companies showing their interest for environmental scanning can definitely make good image for themselves.
- (5) *Improvement in Performance* ⇒ With continuous scan of Business environment companies can easily improve their performance. By making changes in the internal environment matching to external environment organisations can prosper and improve their market share.

Delhi Set-3 (Solved)

Questions which are not covered in Set-I and Set-II are given here only.

1. List any two personal objectives of management. [1]

Ans. Two personal objectives of management:

- (i) Competitive salary
- (ii) Personal growth and development.

2. Give any one reason why principles of management are not rigid prescriptions. [1]

Ans. Management principles are very flexible, not rigid prescriptions. Because they are based on human behaviour.

3. *State the objective of 'Motion-Study'.* [1]
Ans. The objective of motion study is to determine the movements of workers when they are performing the job.
8. *Give any one advantage of external sources of recruitment.* [1]
Ans. One Advantage of external sources of recruitment.
 (1) Fresh Talent ⇒ With external recruitment fresh and new talent come to the organisation.
9. *Name the method of training in which the trainee learns under the guidance of a master worker.* [1]
Ans. ON-The-Job training.
10. *Why consumer protection is important for a businessman? Give any one reason.* [1]
Ans. Consumer protection is important for a businessman because businessmen cannot survive for a long time by ignoring the interest of consumer.
14. *Explain by giving any three reasons why 'organising' is considered as an important function of management.* [3]
Ans. Three reasons why 'organising' is considered as an important function of management:
 (1) *Benefits of Specialisation* ⇒ In organising every individual division of work into smaller units and assignment of units according to the qualification leads to specialisation. Specialisation automatically comes when an individual is performing one job repeatedly.
 (2) *Role Clarity* ⇒ In the organising function the employees are assigned different jobs and the manager clearly define the jobs.
 (3) *Clarity in Working Relationship* ⇒ In the organising function it is clearly defined that what all and how much power and authority is enjoyed by different individuals or managers. The superior-subordinate relation is clearly defined in organisation.
15. *What is meant by 'selling concept' of marketing?* [3]
Ans. "Selling Concept" of Marketing ⇒ This concept insists on selling what is produced. Those companies who believe in the concept think that leaving alone the customers will not help instead there is a need to attract the customers towards them. They think that goods are not bought but they have to be sold. The basis of this thinking is that the customer can be attracted. Keeping in view this concept these companies concentrate their marketing effort towards educating and attracting the customers. In order to achieve it, they resort to advertising, personal selling, sales promotion etc. in such a case their main thinking is "Selling what you have."
19. *State any two advantages and any two limitations of a formal organisation.* [4]
Ans. Two advantages of formal organisation:
 (1) *Systematic working* ⇒ A formal organisation structure results in systematic and smooth functioning of an organisation.
 (2) *No overlapping of work* ⇒ In a formal organisation structure work is systematically divided among various departments and employees. So there is no chance of duplication or overlapping of work.
 Two Limitations of Formal Organisations:
 (1) *Delay in Action* ⇒ While following scalar chain and chain of command actions get delayed in formal structure.

- (2) *Ignores Social Needs of Employees* ⇒ Formal organisation structure does not give importance to psychological and social need of employees which may lead to demotivation of employees.

20. Explain 'objective' and 'strategy' as types of plan. [4]

Ans. Types of plan:

- (1) *Objective* ⇒ Objective are the ends towards which the activities are directed. They are the end result of every activity. An objective should be:
- (a) Related to a single activity.
 - (b) Related to result and not to activity to be performed.
 - (c) It must have a time limit for achievement of objective.
- (2) *Strategy* ⇒ A strategy is a comprehensive plan to achieve the organisational objectives :
- (i) Determining long term objectives.
 - (ii) Allocating resources for achieving the objectives.

Strategy formulation is the task of top level people and it is must to able to scan and understand clearly the business environment before framing the strategy.

24. Is management an 'Art'? Give any three reasons in support of your answer. [5]

Ans. Yes, management is an 'Art'.

Three Reasons:

- (1) *Systematic body of Knowledge* ⇒ In every art there is systematic and organised study material available to acquire theoretical knowledge of the Art. In management also there is systematic and organised body of knowledge available which can help in acquiring managerial studies.
- (2) *Personalised application* ⇒ In the field of Art only theoretical knowledge is not enough. Every artist must have personal skill and creativity to apply that knowledge. In management also all managers learn same management theories and principles.
- (3) *Based on practice and creativity* ⇒ The artist requires regular practice of art to be become more fine and perfect without practice artists lose their perfection. Same way with experience managers also improve their managerial skills and efficiency.

25. State any five regulatory functions of Securities and Exchange Board of India. [3]

Ans. **Five regulatory functions of Securities and Exchange Board of India:**

- (1) SEBI has framed rules and regulations and a code of conduct to regulate the intermediaries such as merchant bankers, brokers, underwriters etc.
- (2) These intermediaries have been brought under the regulatory purview and private placement has been made more restrictive.
- (3) SEBI registers and regulates the working of stock brokers, sub-brokers, share transfer agents, trustees, merchant bankers and all those who are associated with stock exchange in any manner.
- (4) SEBI registers and regulates the working of mutual funds etc.
- (5) SEBI regulates takeover of the companies.