

**Second Year Higher Secondary Examination, March 2021**

**Subject-BUSINESS STUDIES -SY-248 -Unofficial**

No.	Answer key/Value Points	Score	Total						
<b>Questions from 1 to 9 carries 1 Score Each</b>									
1.	(b) Informal Organisation	1	9						
2.	(b) Span of Management	1							
3.	(d) All of these	1							
4.	(c) Manager	1							
5.	(b) Trade Test	1							
6.	(b) Motivation (As per NCERT Text) <i>Note: Supervision can also be considered in the context of the question. Supervision is direction, guidance and control of working force with a view to see that they are working according to plan and are keeping time schedule.</i> <i>Q. The process of making subordinates to act in a desired manner is.....</i>	1							
7.	(c) Vertical	1							
8.	(a) Newspaper	1							
9.	<b>Any 2 :</b> 1. Right to safety 2. Right to be informed 3. Right to Choose: 4. Right to be Heard: 5. Right to seek Redressal:	1							
<b>Questions from 10 to 17 carries 2 Scores Each</b>									
10	<b>Fatigue Study</b> Fatigue study intends to find out the number and frequency of rest intervals that must be provided to a worker in completing a job efficiently. The rest period enables one to regain the stamina and to work again with same capacity. This will result in increased productivity. It is part of work-study.	2	16						
11.	<b>Difference between Capital Market and Money Market</b>	2							
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13.	<p><b>Process of Organising</b></p> <ol style="list-style-type: none"> <li>1. Identification and division of work</li> <li>2. Departmentalisation</li> <li>3. Assignment of duties</li> <li>4. Establishing reporting relationships</li> </ol>	2					
14.	<p><b>Reason for organizational barriers: (Any Two)</b></p> <p><b>(i) Organisational policy</b></p> <p>If the organisational policy is not supportive to free flow of communication, it may hamper effectiveness of communications.</p> <p><b>(ii) Rules and regulations</b></p> <p>Rigid rules and huge procedures may be a hurdle to communication.</p> <p><b>(iii) Status</b></p> <p>Status of superior may create psychological distance between him and his subordinates.</p> <p><b>(iv) Complexity in organisation structure</b></p> <p>In an organisation where there are number of managerial levels, communication gets delayed and distorted as number of filtering points are more.</p>	2					
15.	<p><b>Performance appraisal</b></p> <p>Performance Appraisal means evaluating an employee's current/past performance as against certain pre-determined standards. An employee's wages, promotion and training depend on performance appraisal</p>	2					
16.	<p><b>Management by Exception:</b></p> <p>It is one of the important principles of control. This principle implies that only major exceptions (deviations) from the established standard should be reported to the top management. This idea is based on the concept "an attempt to control everything results controlling nothing".</p>	2					
17	<p><b>Q. Which capital is mentioned in the following statements?</b></p> <table border="1" data-bbox="212 1547 1270 1760"> <tr> <td data-bbox="212 1547 743 1653">Investment in long-term securities</td> <td data-bbox="743 1547 1270 1653"><b>Fixed Capital</b></td> </tr> <tr> <td data-bbox="212 1653 743 1760">Investment in short-term securities</td> <td data-bbox="743 1653 1270 1760"><b>Working capital</b></td> </tr> </table>	Investment in long-term securities	<b>Fixed Capital</b>	Investment in short-term securities	<b>Working capital</b>	2	
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**Questions from 18 to 23 carries 3 Scores each**

18	Selling	Marketing	3	18
	Selling starts after production and ends with the sale of product	Marketing starts much before production and continuous even after sale		
	Maximize profit through sales volume	Maximize profit through customer satisfaction		
	In selling process producer is the king	In marketing process consumer is the king		
	Scope of selling is limited; it is only a part of marketing.	Scope of marketing is wider; it consists of number of activities. It includes sales also.		
19	<p>In India under the Consumer Protection Act, consumer grievances are redressed by the three-tire machinery at the district level, state level and national level.</p> <p><b>I. District Forum-</b> A complaint can to be made to the appropriate District Forum when the value of the goods or services in question, along with the compensation claimed, does not exceed Rs. 20 lakhs.</p> <p><b>II. State commission-</b> A complaint can to be made to the appropriate State Commission when the value of the goods or services in question, along with the compensation claimed, exceeds Rs. 20 lakhs but does not exceed Rs. 1 crore.</p> <p><b>III. National Commission-</b> A complaint can to be made to the National Commission when the value of the goods or services in question, along with the compensation claimed, exceeds Rs. 1 crore.</p>		3	
20	<p><b>Features of leadership (Any 3)</b></p> <ol style="list-style-type: none"> <li>1. Leadership tries to bring change in behaviour.</li> <li>2. Leadership indicates the ability of an individual to influence others.</li> <li>3. Leadership indicates interpersonal relations between leaders and followers.</li> <li>4. Leadership is exercised to achieve common goals of the organisation.</li> <li>5. Leadership is a continuous process.</li> </ol>		3	

21.	<p><b>Importance/Advantages of Planning (Any 3 with explanation)</b></p> <p>1. <b>Planning provides directions</b> Planning involves setting up of objectives and developing appropriate courses of action to achieve these objectives. By stating in advance how work is to be done planning provides direction for action.</p> <p>2. <b>Planning reduces the risks of uncertainty</b> Business organizations have to face many uncertainties and unexpected situations every day. Planning enables these enterprises to predict future events and prepare to face unexpected events.</p> <p>3. <b>Planning reduces overlapping and wasteful activities</b> Planning serves as the basis of coordinating the activities and efforts of different divisions, departments and individuals. It helps in avoiding confusion and misunderstanding.</p> <p>4. <b>Planning promotes innovative ideas</b></p> <p>5. <b>Planning facilitates decision making</b></p> <p>6. <b>Planning establishes standards for controlling</b></p> <p>7. <b>Planning improves efficiency</b></p>	3									
22.	<p>(a) Yes</p> <p>(b) <b>Features of Coordination (Any two)</b></p> <p>1. <b>Coordination Integrate Group Efforts:</b> Coordination gives a common focus to group effort thereby unifying their diverse activities.</p> <p>2. <b>Coordination ensures unity of action:</b> Coordination always focus on unifying the efforts of different individuals working in various departments because conflicting efforts may cause damage to organization.</p> <p>3. <b>Coordination is a continuous process:</b> Coordination is not a onetime function; it is a continuous process. It begins with planning and continues to controlling.</p> <p>4. <b>Coordination is a pervasive function:</b></p> <p>5. <b>Coordination is a deliberate function:</b></p>	3									
23.	<p><b>Match the Following</b></p> <table border="1" data-bbox="212 1440 1268 1720"> <thead> <tr> <th data-bbox="212 1440 742 1489">A</th> <th data-bbox="742 1440 1268 1489">B</th> </tr> </thead> <tbody> <tr> <td data-bbox="212 1489 742 1579">Top Level Management</td> <td data-bbox="742 1489 1268 1579"><b>Responsible for growth and survival of the organization.</b></td> </tr> <tr> <td data-bbox="212 1579 742 1668">Middle Level Management</td> <td data-bbox="742 1579 1268 1668"><b>Responsible for implementation of plans and strategies</b></td> </tr> <tr> <td data-bbox="212 1668 742 1720">Lower-level Management</td> <td data-bbox="742 1668 1268 1720"><b>Interact with actual workforce</b></td> </tr> </tbody> </table>	A	B	Top Level Management	<b>Responsible for growth and survival of the organization.</b>	Middle Level Management	<b>Responsible for implementation of plans and strategies</b>	Lower-level Management	<b>Interact with actual workforce</b>	3	
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<b>Questions from 24 to 31 carries 4 Score Each</b>											
24.	<p><b>Importance/ Significance of Management</b></p> <p>1. <b>Management helps in achieving group goals</b> Management insists on efficiency and effectiveness in the work through planning ,organizing,staffing,directing and controlling.</p> <p>2. <b>Management creates a dynamic environment</b> All organizations working in an environment which is changing frequently. The employees in the organization are generally resists to adapt changes.</p>	4	32								

	<p>Efficient management motivates employees to adopt changes by convincing them about the benefits of it.</p> <p><b>3. Management helps in the development of the society</b> An effective management honours its commitment to all interested parties like owners, employees, investors, government and general public.</p> <p><b>4. Management helps in achieving personal objectives</b> An efficient management is one who brings maximum prosperity for business man as well as workers.</p>																
25.	<p><b>1. Policy</b> Policies are the general guidelines for conducting an action. It ensures uniformity in decision making for achievement of predetermined objectives. Policies define boundaries within which decisions can be made.</p> <p><b>2. Procedure</b> Procedure is a series of steps, taken together, to achieve a desired result. They are specified in a chronological order. It describes the exact manner in which the work is to be performed.</p> <p><b>3. Rule</b> Rules are specific statements that inform what is to be done and what is not to be done. They do not allow any deviations/ flexibility. Rules are made for the purpose of creating discipline in the organization.</p> <p><b>4. Programmes</b> Programmes are detailed statements about a project. Programme may be taken as a combination of policies, procedures, rules, tasks, human and physical resources required, budgets etc. Example: Programmes for construction of shopping mall, programmes for opening a new department in our business.</p>	4															
26.	<p><b>(Any 4)</b></p> <table border="1"> <thead> <tr> <th><b>Formal Organisation</b></th> <th><b>Informal Organisation</b></th> </tr> </thead> <tbody> <tr> <td>Deliberately planned and created by top management</td> <td>It arises as a result of social interaction among employees</td> </tr> <tr> <td>Formed to achieve predetermined goals of the organisation</td> <td>Formed to satisfy social and cultural needs and fulfil common interest.</td> </tr> <tr> <td>It has a well-defined structure of jobs and relationships</td> <td>Does not have a clear-cut structure</td> </tr> <tr> <td>Communication takes place through the 'Scalar chain'</td> <td>Communication does not take place through a planned route, it can take place in any direction</td> </tr> <tr> <td>Managers are leaders</td> <td>Leaders may or may not be managers. They are chosen by group.</td> </tr> <tr> <td>Standards of behaviour are laid down by rules</td> <td>There is no set of behaviour pattern</td> </tr> </tbody> </table>	<b>Formal Organisation</b>	<b>Informal Organisation</b>	Deliberately planned and created by top management	It arises as a result of social interaction among employees	Formed to achieve predetermined goals of the organisation	Formed to satisfy social and cultural needs and fulfil common interest.	It has a well-defined structure of jobs and relationships	Does not have a clear-cut structure	Communication takes place through the 'Scalar chain'	Communication does not take place through a planned route, it can take place in any direction	Managers are leaders	Leaders may or may not be managers. They are chosen by group.	Standards of behaviour are laid down by rules	There is no set of behaviour pattern	4	
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27.	<p><b>Importance of Understanding of Business Environment (Any 4)</b></p> <p>In the present day of competitive market, it is essential for a business to remain alert and aware of its environment, because of the following points:</p> <p>1) <b>It helps the firm to identify opportunities and get the first mover advantage:</b> Early identification of opportunities helps an enterprise to exploit them, otherwise it will be exploited by our rivals/competitors</p> <p>2) <b>It helps a firm to identify threats and early warning signals</b> Environmental awareness can help managers to identify various threats on time and serve as an early warning signal.</p> <p>3) <b>It helps in assisting in planning and policy formulation</b> Since business environment provides both opportunities and threats for the firm, its understanding and analysis can be the basis for planning and policy formulation.</p> <p>4) <b>Coping with changes</b> The business must be aware of the ongoing changes in the business environment; it may be changes in the customer requirements, emerging trends, new government policies, technological changes etc. If the business is aware of these changes then it can take possible measures to exploit the situation or it can take remedial measures to survive.</p> <p>5) <b>It helps in improving performance</b></p> <p>6) <b>Helpful in tapping and assembling resources</b></p>	4	
28.	<p><b>(a) Yes.</b></p> <p><b>Importance of Staffing ( Any 3)</b></p> <p>1. <b>Helps in obtaining competent personnel</b> Efficient staffing discovers the talented, experienced and qualified staffs which prove to be an asset for the enterprise.</p> <p>2. <b>Ensure Maximum Productivity</b> Staffing ensures higher productivity by placing right person on the right job by proper recruitment and selection.</p> <p>3. <b>Optimum utilisation of manpower</b> : It ensures optimum utilisation of human resources by avoiding over staffing or shortage of staff.</p> <p>4. <b>Improve the job satisfaction and morale of employees</b> Staffing function does not end only with appointment of employees. It includes training, promotion, compensation etc. All these activities help in motivating the employees and boost up the morale of the employees.</p> <p>5. <b>Key to effectiveness of other functions</b> Among the various factors of production, manpower is the only factor which has the capacity to “think”. All functions in the organisation are performed by human beings and through proper selection and training of manpower, staffing process ensures organisation objectives.</p>	4	

29	<p><b>Principles of Directing (Any 4)</b></p> <p><b>1. Maximum individual contribution:</b> Directing technique should be made in such a way that they must help every individual to contribute his maximum potential for the achievement of the organizational objectives.</p> <p><b>2. Harmony of objectives:</b> According to this principle, directing should provide harmony between the organizational objectives and the individual objectives of the employees.</p> <p><b>3. Unity of command:</b> This principle insists that an employee in the organization should receive orders and instructions only from one superior at a time.</p> <p><b>4. Managerial communication:</b> Effective managerial communication across all levels in the organization makes direction effective.</p> <p><b>6. Strategic use of informal organization:</b> In every organization, there exists informal groups or organizations within every formal organization. The manager should be aware of it and make use of such organizations for effective directing.</p>	4	
30	<p><b>(a) Yes.</b></p> <p><b>(b) Factors Affecting Capital Structure (Any 3)</b></p> <p><b>1. Cash Flow Position</b> Cash flow position of a company is a very important factor that determines the capital structure of a business. A company uses more debt if it can generate enough cash inflows to interest on debts.</p> <p><b>2. Cost of capital</b> Generally, debt is a cheaper source of finance as compared to shares because interest is a deductible expense. Also lender's risk is lower than the equity shareholder's risk. More debt can be used if rate of interest is low.</p> <p><b>3. Control</b> The power of existing management in the company will not be diminished by the accumulation of capital by way of debt. Further issue of equity share may dilute the control of existing equity share holders.</p> <p><b>4. Floatation Cost</b> Floatation cost is an important factor that determines the capital structure. Floatation cost is the cost incurred by the company to issue different securities. These costs include the cost of advertisement, underwriting commission, statutory fees, broker's commission etc. Cost of the Public issue is more than the floatation cost of taking a loan.</p>	4	

	<p><b>5. Flexibility</b> Issuing debenture and preference shares introduce flexibility. A good financial structure is flexible and sound enough to have scope for expansion or contraction of capitalization whenever the need arises.</p> <p><b>6. Stock Market Conditions</b> Conditions of the stock market also influence design of the capital structure. During the depression, people do not like to take a risk and do not take interest in the equity shares. During the boom, investors are ready to take a risk and invest in equity shares.</p>		
31.	<p><b><u>Money Market Instruments</u></b></p> <p>A. Call Money B. Treasury Bills (T- Bills):- C. Commercial Paper D. Certificate of Deposit (CD) E. Commercial bill/Trade bill/Bill of Exchange</p>	4	
<b>Questions from 32 to 40 carries 5 Scores Each</b>			
32.	<p><b>1. Economic Environment</b></p> <p>It consists of economic factors that influence the business of a country. It includes factors such as inflation, tax and interest rates, unemployment, competition, fiscal and monetary policies etc.</p> <p><b>Examples for changes of economic environment:</b></p> <p>a.Introduction of competitors b.Changes in demand and fashion c. Changes in price of raw material/labour costs d. Inflation rate</p> <p><b>2. Legal environment</b></p> <p>Legal environment consists of the legal frame work within which the business has to function. It consists of legislation passed by the government, administration orders, court judgment etc.</p> <p><b>Examples of legal environmental changes: -</b></p> <p>Government of India passed various Act Like</p> <p>a. Consumer Protection Act-1986 b. Competition Act 2002</p>	5	45



	<p>c. Trade Union Act 1926</p> <p>d. Factories Act-1948</p> <p>e. Companies Act 2013</p>		
33.	<p><b>Features of Planning (Any 5)</b></p> <p>1. <b>Planning focus on achieving objectives</b> Every organization has to fulfil certain objectives. Planning involves setting up of objectives and developing appropriate courses of action to achieve these objectives.</p> <p>2. <b>Planning is a primary function of management</b> Planning is the primary or basic function of management. All other managerial functions are performed within the frame work of plans drawn.</p> <p>3. <b>Planning is pervasive</b> Planning is required at all levels of management</p> <p>4. <b>Planning is continuous</b> Planning is a never ending or continuous process</p> <p>5. <b>Planning is futuristic (Forward-looking)</b> Planning essentially involves looking ahead and preparing for the future.</p> <p>6. <b>Planning is a mental exercise</b> Planning is a mental exercise involving creative thinking and imagination. Planning is not guesswork but involves logical and systematic thinking.</p> <p>7. <b>Planning involves decision making</b> Planning essentially involves choice from among various alternatives. The need for planning arises only when alternatives are available. In actual practice, planning presupposes the existence of alternatives and choosing the most appropriate one.</p>	5	
34.	<p>1. <b>Sender</b></p> <p>2. <b>Message</b></p> <p>3. <b>Encoding</b></p> <p>4. <b>Media</b></p> <p>5. <b>Decoding</b></p> <p>6. <b>Receiver</b></p> <p>7. <b>Feedback</b></p>	5	
35.	<p><b>Relationship between Planning and Controlling</b> Planning and controlling are inseparable twins of management. A system of control presupposes the existence of certain standards. These standards of performance which serve as the basis of controlling are provided by planning. Once a plan becomes operational, controlling is necessary to monitor the progress, measure it, discover deviations and initiate corrective actions. Thus, planning without controlling is meaningless.</p>	5	

Similarly, controlling is blind without planning. If the standards are not set-in advance, managers have nothing to control. The relation between planning and controlling will be clear from the following points.

- When there is no plan, there is no basis of controlling.
- Future plans are made perfect by correcting the deviations, which are identified through controlling.
- Planning is clearly a prerequisite for controlling.
- Planning means deciding in advance what is to be done, how it is to be done, who should do it etc. Controlling ensures that things are done as per plan.
- It is utterly foolish to think that controlling could be accomplished without planning.
  
- Planning is basically an intellectual process involving thinking and analysis to discover an appropriate course of action for achieving objectives. Controlling, on the other hand, checks whether decisions have been translated into desired action.

The relationship between planning and controlling is that one helps the other.

1. Planning based on facts makes controlling easier and effective
2. Controlling improves future planning by providing information derived from past experience.

36.

**(a)**

Internal Sources	External Sources
Transfers Promotions	Campus Recruitment Direct Recruitments

**(b) Advantages of internal sources of recruitment (Any 3)**

- 1. It is an economical source**-It is an economical source of recruitment as no time and money has to be spent on advertising vacancies or on conducting tests and interviews.
- 2. It motivates employees**-It motivates employees to improve their performance as promotion at a higher level may lead to a chain of promotions at lower levels in the organisation. Employees work with commitment and loyalty and remain satisfied with their jobs.
- 3. It simplifies the process of selection and placement**-**Selection** is very easy as candidates are already known to the organisation.
- 4. Better performance of employees**-To get promotion employees show better performance.
- 5. Adjustment of surplus staff**-Transfer has the benefit of shifting work force from the surplus departments to those where there is shortage of staff.

5\*1=  
5

	<p><b>6. No need for induction training</b>-In case of internal source of recruitment, there is no need for induction training , as the employees are already familiar with the organisation.</p> <p><b>7. Automatic training</b>-Through transfer employees get training also in the form of job rotation</p>		
37.	<p>The management group is classified into three levels on the basis of their responsibilities and powers.</p> <p><b>1. Top Level</b> Top level management consists of the highest-level officials of an organization. Top level management include Board of directors,Chairman,CEO etc. Important decisions are made at this level. <b>Functions of Top-Level Management</b></p> <ol style="list-style-type: none"> <li>Determining the objectives of business</li> <li>Design the plans and policies to achieve the set objectives.</li> </ol> <p><b>2. Middle Level Management</b> Middle level management consists of departmental heads like production manager, purchase manager, sales manager etc. They act as a link between top management and lower level management. <b>Functions of Middle Level Management</b></p> <ol style="list-style-type: none"> <li>Planning and organizing the activities of their concerned department.</li> <li>Motivating employees based on their performance.</li> </ol> <p><b>3. Lower level / Supervisory level / first line Management</b> This level consists of supervisors, foreman, inspectors; clerk etc. They pass on the instructions to workers and they attend and solve the problems of workers. They act as a link between middle level managers and workers. <b>Functions of Lower-level management</b></p> <ol style="list-style-type: none"> <li>Planning of day-to-day work</li> <li>Assigning duties to individual workers.</li> </ol>	5	
38.	<p><b>Principles of Scientific Management (Any 2)</b></p> <p><b>1. Science, not rule of thumb</b></p> <p>According to this principle, Taylor insists that each job performed in the organization should be based on scientific enquiry and not on the basis of rule of thumb. In rule of thumb decisions are taken on the basis of practical knowledge and not on the basis of scientific calculations. Taylor advocated the following studies to be made regarding jobs:-</p> <ol style="list-style-type: none"> <li>Method study</li> <li>Time study</li> <li>Motion Study-</li> <li>Fatigue study-</li> </ol>	5	

	<p><b>2. Harmony, Not Discord (Conflict)</b></p> <p>According to Taylor in an organization there should be complete harmony between the management and workers. Both should realize that each one is important. To achieve this, Taylor advocated a complete 'Mental Revolution' on the part of both management and workers. Management should share the gains of the company with workers and at the same time workers must contribute their level best for the organization.</p> <p><b>3. Co-operation, not individualism</b></p> <p>According to this principle, there should be complete cooperation between employees and the management instead of individualism. Competition should be replaced by cooperation. Management needs to trust workers and involve them when making important decisions. At the same time, workers, should not go for strike and should not make unreasonable demands on the management. It is a situation where employer take care the needs of the employees.</p> <p><b>4. Scientific selection, Training and Development of workers</b></p> <p>Industrial efficiency depends upon the efficiency of workers. Workers efficiency depends upon proper selection, training and assigning duties according to their qualification. To increase efficiency, they should be given the required training. This will ensure the greatest efficiency and prosperity for both company and workers.</p> <p><b>5. Maximum, not restricted output</b></p> <p>Both the management and workers should try to achieve maximum output in place of restricted output. This will be benefited to both the parties. Maximum output will result in higher wages for the workers and greater profit for the management. Increased production leads to decrease in cost of production per unit and consumers will get quality products at reasonable prices.</p>		
39	<p><b>Delegation of authority</b></p> <p>In every organisation, managers are assigned lot of work and manager alone cannot perform all the work. So, he must share his duties with subordinate managers. Delegation refers to the downward transfer of authority from a superior to a subordinate. It is a pre-requisite to the efficient functioning of an organisation because it enables a manager to use his time on high priority activities. Delegation is the result of human limitation to the span of management.</p> <p>There are three elements of delegation: 1. Authority 2. Responsibility 3. Accountability</p>	5	

	<p><b>1. Authority</b> Authority means power to take decision.</p> <p><b>2. Responsibility</b> Responsibility is the obligation of a subordinate to properly perform the assigned duty</p> <p><b>3. Accountability</b> Accountability implies being answerable for the final outcome/result. The subordinate is held accountable to superiors. Accountability arises from responsibility.</p>		
40.	<p><b>Liberalisation</b> It means liberating economy from unnecessary controls and regulations and making the economy more competitive.</p> <p><b>The 1991 policy introduced the following measures of liberalization:</b></p> <p>a) Abolishing licensing requirements in most of the industries except a short list.</p> <p>b) Freedom in deciding the scale of business activities.</p> <p>c) Removal of restriction on the movement of goods and services.</p> <p>d) Freedom in fixing the prices of goods and services</p> <p>e) Reduction in tax rate and lifting of unnecessary control over the economy.</p> <p>f) Simplifying the procedure for import and export.</p> <p>g) Making it easier to attract foreign capital and technology to India.</p>	5	
41.	<p><b>Henry Fayols 14 Principles of Management (General Management)</b></p> <p><b>(Any 4)</b></p> <p><b>1. Principle of Division of Work</b></p> <p>According to this principle the whole work in an organization must be divided into small tasks and one task or units of work should be assigned to one person according to his ability and qualification. When a person does a job regularly, he/she will become an expert in that job. Thus, division of work leads to “specialization”.</p> <p>Example: The manager of a furniture manufacturing company can divide the total work to be done in that company into smaller works. The manager can then delegate each of the smaller tasks, for example, the task of cutting, assembling, polishing etc. Division of work leads to specialization. It will improve his efficiency.</p>	8	40

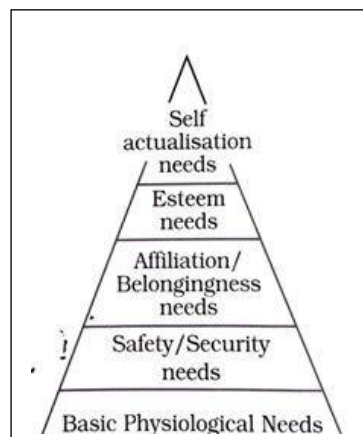
	<p><b>2. Principle of Authority and Responsibility</b></p> <p>Authority means the power to take decision. Responsibility means the obligation to complete the job assigned on time. According to this principle there must be balance (parity) between the authority and responsibility. Excess of authority without matching responsibility may bring negative results and excess of responsibility without matching authority will not allow the worker to complete his job on time. There should be a balance between authority and responsibility.</p> <p>Example: If a person is given the responsibility to produce 100 units of bag in a week but he is not given the authority to purchase the raw materials. In this case, he would never be able to achieve the target, if he does not have adequate raw materials.</p> <p><b>3. Principle of Discipline</b></p> <p>Discipline means obedience, respect of authority and observance of established rules. According to Fayol discipline is necessary for the efficient working of an organization. Discipline applies not only to workers but also to managers at all levels. To ensure discipline supervisors should be appointed at all levels, make clear and fair agreements and careful application of penalties.</p> <p><b>4. Principle of Unity of Command</b></p> <p>According to Fayol there should be one and only one boss for every individual employee. This principle states that each participant in a formal organization should receive orders from and be responsible to only one superior. If there is more than one superior, there can be contradictory orders. The employee is likely to have confusion as to whose order to obey. Besides, in the absence of unity of command, responsibility cannot be fixed, overlapping orders, duplication of work etc. may happen.</p> <p>Example: Suppose a sales person is asked to settle a deal with a buyer and is allowed to give 10% discount by the marketing manager. But the finance manager tells the salesman not to offer more than 5%. Now there is no unity of command.</p>		
42.	<p><b>Planning process/ Steps</b></p> <p>Planning means deciding in advance what is to be done, when it is to be done, how it is to be done etc. It involves certain logical steps. They are as follows.</p>	8	

	<p><b>1. Setting Objectives</b></p> <p>The first and foremost step is setting objectives. Objectives are the end-results which manager's wish to achieve. Objective must be specific and clear.</p> <p><b>2. Developing premises</b></p> <p>Planning is concerned with the future which is uncertain and every planner is using assumptions about future. These assumptions are called premises. Premises are the base on which plans are made.</p> <p><b>3. Identifying various alternative courses of action</b></p> <p>Once objectives are set and assumptions are made, then the next step is to act upon them. There are alternative ways to achieve the stated objectives. All the alternative courses of action should be identified.</p> <p><b>4. Evaluating alternative courses of action</b></p> <p>In this stage, management will evaluate the merits and demerits of various alternatives in the light of various objectives of the business and planning premises. Alternatives are evaluated in the light of its risk, return, feasibility etc.</p> <p><b>5. Selecting an alternative</b></p> <p>After analyzing the merits and demerits, the most appropriate alternative is selected. This is the real point of decision making.</p> <p><b>6. Implementing the plan</b></p> <p>Implementing is the stage at which the best selected alternative is put into action</p> <p><b>7. Follow-up</b></p> <p>Planning is a continuous process so manager's job does not get over simply putting the plan into action. To see whether plans are being implemented and activities are performed according to schedule is also part of the planning process. During follow up many adjustments are made in the plan. Monitoring the plans is equally important to ensure that objectives are achieved.</p>		
43.	<p><b>On the job training</b></p> <p>In this method a worker learns by doing the work under the guidance of a supervisor. 'Learning while doing' is the principle followed by this system.</p>	8	

**Different methods of on-the-job training are:**

- 1. Apprenticeship programmes**-Here trainees are placed under the guidance of a senior worker in the organisation. This type of training is designed to acquire higher level of skill.
- 2. Coaching**-In this method, the senior manager guides and instructs the trainee as a coach. The coach sets mutually agreed goals and suggests how to achieve these goals. The coach periodically reviews the progress made by the trainees and suggests changes required, if any. Here, teaching about the job is emphasized rather than doing the job.
- 3. Internship training**-Internship is an agreement between the professional institutions and the corporate sector where professional institutions send their students to various companies so that they can practice the theoretical knowledge acquired by them through professional institutions. E.g,CA students gain practical knowledge from a Chartered Accountant, Medical students gain practical knowledge from medical college.
- 4. Job Rotation:** -This kind of training involves shifting the trainee from one department to another or from one job to another. This enables the trainee to gain a broader understanding of all jobs of the business.

44.



**Maslow's Need Hierarchy Theory of Motivation**

Abraham Maslow, an eminent U. S psychologist developed a theory of motivation based on the hierarchy of needs. According to him, there are five kinds of needs. They are:

- 1. Basic physiological needs:** These needs are most basic in the hierarchy and are termed primary needs. Hunger, thirst, shelter, sleep and sex are some examples of these needs. In the organizational context, basic salary helps to satisfy these needs.
- 2. Safety/Security Needs:** These needs provide security and protection from physical and emotional harm. Examples: job security, stability of income, Pension plans etc.
- 3. Affiliation/Belonging Needs:** These needs refer to affection, sense of belongingness, acceptance and friendship.

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	<p><b>4. Esteem Needs:</b> These include factors such as self-respect, autonomy status, recognition and attention.</p> <p><b>5. Self Actualisation Needs:</b> It is the highest level of need in the hierarchy. It refers to the drive to become what one is capable of becoming. These needs include growth, self-fulfillment and achievement of goals.</p>		
45.	<p><b>Four Ps of marketing / Elements of Marketing Mix</b> The four main elements of marketing mix are:</p> <ul style="list-style-type: none"> <li>➤ <b>Product mix</b></li> <li>➤ <b>Price mix</b></li> <li>➤ <b>Place mix</b></li> <li>➤ <b>Promotion mix</b></li> </ul> <p><b>(Any 2)</b></p> <p><b><u>Product Mix:</u></b> Product means goods or services which is offered to the market for sale. Product mix is the total number of product lines that a company offers to its customers. Product mix consists of important decisions related to product such as quality of product, size, colour etc. The product mix has the following dimensions</p> <ol style="list-style-type: none"> <li>a. Product mix Width</li> <li>b. Product mix Depth</li> <li>c. Product mix Length</li> </ol> <p><b><u>Price Mix:</u></b> Price mix refers to important decisions related to fixing of price of a commodity These decisions can be relate to pricing strategies, fixing prices by considering competrition,fixing prices according to the demand exist in the market etc. Price is an important factor affecting the success or failure of a product in the market. Price is the crucial element of marketing mix because customer is very sensitive to this element. Little variation in the price may shift your customer to competitor’s product, for example if the price of ‘MIRINDA’ is changed from Rs. 30 to Rs.33 then the customer will start demanding ‘FANTA’ which is still available Rs.30.</p> <p><b><u>Place Mix:</u></b> Place mix constitutes taking decisions regarding how the product will be available for the customers for the actual sale. There are two important decisions relating to this aspect.</p> <p><b>a. Decision regarding channel of distribution-</b> It decides whether goods are to be marketed through wholesalers, retailers, own branches or any other way. It determines the place, where the product should be made available.      Types of channels –it may be direct or indirect.</p>	8	

**b. Decision regarding physical movement of goods-**

Physical movement involves handling the movement of goods from place of production to the place of consumption. It is also known as **logistic management**. It involves four major activities-order processing, transportation, and warehousing and inventory control. A good order processing involves timely receipt of order and timely delivery of goods.

**Promotion Mix:**

It involves all activities concerned with informing the consumers about a product and persuading them to buy the product. Such activities include **(1) Advertising (2) Personal selling (3) Sales promotion (4) Publicity.**

**Advertising**-Advertising is a paid form of impersonal communication. It is the most commonly used tool of promotion.

**Sales Promotion:** Sales promotion refers to short term use of incentives or other sales promotional activities that stimulate the customer to buy the product. Sales promotion activities include offering free samples, cash discounts, sales contests, free gifts etc.

**Personal Selling:** Personal selling means selling personally. This involves face to face interaction between seller and buyer for the purpose of sale.

**Publicity:** Publicity is a non-paid form of impersonal communication. It is just like advertisement except that advertisement is a paid form whereas publicity in non-paid form.