

ગુજરાત રાજ્યના શિક્ષણવિભાગના પત્ર-ક્રમાંક  
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# SELF-LEARNING BOOK ORGANISATION OF COMMERCE AND MANAGEMENT

## Standard 12



### PLEDGE

India is my country.

All Indians are my brothers and sisters.

I love my country and I am proud of its rich and varied heritage.

I shall always strive to be worthy of it.

I shall respect my parents, teachers and all my elders and treat everyone with courtesy.

I pledge my devotion to my country and its people.

My happiness lies in their well-being and prosperity.

રાજ્ય સરકારની વિનામૂલ્યે યોજના હેઠળનું પુસ્તક



Gujarat State Board of School Textbooks  
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### PREFACE

In accordance with the new national syllabi of the N.C.E.R.T., New Delhi, Gujarat Secondary and Higher Secondary Education Board, Gandhinagar has prepared the syllabi for different subjects for the students of Gujarat studying in standards 9 to 12, which are approved by the Government of Gujarat. The textbooks based on the new syllabi are prepared by Gujarat State Board of School Textbooks. Accordingly, the new textbooks, for standards 9 and 11 from June 2016, for standards 10 and 12 from June 2017 and published and implemented in all the secondary and higher secondary schools of the state.

In order to help the students reinforce the content of the syllabi through self-learning and comprehend it thoroughly, the Secondary and Higher Secondary Education Board, Gandhinagar, suggested to publish self-learning books for six major subjects of standard 11 and 12. (i) Elements of Accounts (ii) Statistics (iii) Organisation of Commerce and Management (iv) Economics (v) Gujarati (First Language) (vi) English (Second Language). In the light of this resolution Gujarat State Board of School Textbooks, Gandhinagar, prepared the manuscripts of the self-learning books for the said six subjects; inviting eminent experts, textbook writers, method masters from B.Ed. Colleges and Secondary and Higher Secondary Teachers teaching the concerned subjects. It is a matter of great pleasure for the Board to publish these self-learning books for the students of standard 12. Exercises of the self-learning books are prepared considering the objectives of knowledge, comprehension, use and skills.

The question-paper format of each of the said subjects prepared by Secondary and Higher Secondary Education Board, Gandhinagar, had also been kept in mind while preparing the manuscripts of the self-learning books. Hence the exercises given in these books will be very useful to the students in the preparation for the public examination.

Each self-learning book is prepared keeping in view the syllabus and textbook of the subject concerned. If the students study the textbooks thoroughly and do the exercises given in the textbooks under their teachers' guidance and thereafter do the exercises given in the self-learning books on their own, they will gain confidence that they have mastered the main subjects and are thoroughly prepared for the public examination. The students may take help of their subject teacher whenever necessary and the teachers are expected to guide them individually as well as collectively.

The Board is thankful to all the experts who have extended their services in the preparation of the self-learning books.

The Board has taken enough care to make these self-learning books interesting, useful and error-free. However, suggestion from academicians, parents, teacher and students are welcome.

**P. Bharati (IAS)**

Director

Date :30-12-2020

Executive President

Gandhinagar

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## **FUNDAMENTAL DUTIES**

It shall be the duty of every citizen of India :

- (a) to abide by the Constitution and respect its ideals and institutions, the National Flag and the National Anthem;
  - (b) to cherish and follow the noble ideals which inspired our national struggle for freedom;
  - (c) to uphold and protect the sovereignty, unity and integrity of India;
  - (d) to defend the country and render national service when called upon to do so;
  - (e) to promote harmony and the spirit of common brotherhood amongst all the people of India transcending religious, linguistic and regional or sectional diversities; to renounce practices derogatory to the dignity of women;
  - (f) to value and preserve the rich heritage of our composite culture;
  - (g) to protect and improve the natural environment including forests, lakes, rivers and wild life, and to have compassion for living creatures;
  - (h) to develop the scientific temper, humanism and the spirit of inquiry and reform;
  - (i) to safeguard public property and to abjure violence;
  - (j) to strive towards excellence in all spheres of individual and collective activity so that the nation constantly rises to higher levels of endeavour and achievement;
  - (k) who is a parent or guardian to provide opportunities for education to his child or, as the case may be, ward between the age of six and fourteen years.
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## About Self-Learning Book...

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It is novel experiment to study through Exercise Book. This new approach by the Gujarat State Board of School Textbook will prove to be advantageous to the students. Eklavya is the best example of self-study which must have been known to everyone. He adopted the mode of self-study to learn archery. Eklavya proved to be more talented than Arjuna, the son of Pandava. History is witness to the fact that students can achieve the highest degree of excellence through Self-Study.

A student can attain excellence under the guidance of a teacher and in the accompaniment of Exercises for Self-Learning. Having read the whole lesson with concentration the student starts writing all the questions of the Exercises for Self-Learning. It is beginning of the self-study. The Exercises for Self-Learning leads to development of mental and intellectual ability of the student. He develops the insight to attempt even a complicated question. There is an increase in his courage, faith and self-confidence and is never afraid of a question paper. He develops a habit of preparing for the ensuing examination.

There is an end to all difficulties as the student practises attempting the questions of the Exercises for Self-Learning in the presence of the teacher in the class-room. The reason is that the student gets constant guidance from the teacher. The self-confidence to study is doubled. Alongwith that all the skills related to study like grasping, analysis, co-ordination etc. improve to a great extent. In the developed Nation the experiment of self-learning through assignment book has proved to be most profitable. For the geographical school environment this ambitious experiment would be very congenial where a genius, brilliant, medicore, ordinary student will have an opportunity to make progress at a proper a pace.

The questions, in the Assignment Book have been framed keeping four objectives in mind i.e. Knowledge, understanding, usage and skill. If a student of XII standard undertake practice of this Exercises for Self-Learning with love and intense desire to obtain knowledge and at the

same time to reveal the dormant qualities than all his difficulties in learning will not come in his way. If one attempt these assignments with self-confidence, than he/she can attain decent knowledge of the subject.

Dear Students, the content of this subject can be understood through assignments. Many of the aspects of this subject are being studied at 12<sup>th</sup> standard. Hence the acquired knowledge will be strengthened with the use of Exercises for Self-Learning. Moreover, the terminology selected to this subject principles, examples, figures and graphs as well as images will be more clear and the pleasure for assignment will be increased beyond doubt.

With self-efforts and independent attempts, one shall climb higher staircase of the success. All have deep faith in your latent talents and skill.

We welcome yours suggestions regarding the Exercises for Self-Learning.

**– Authors**

## INTRODUCTION

### MANAGEMENT:

**Meaning :** “Management is the art of getting things done through others.”- **Koontz and O’Donnell**

“Management is such a process which plans and controls men, machinery, material, method, money and market. It provides leadership, co-ordination and direction to human efforts which help to achieve business objectives.” - **Dr. George R. Terry**

**Nature of Management:** (1) Universal process (2) Goal oriented activity (3) Group activity (4) Continuous Process (5) Human Process (6) Decision process (7) Science, art and profession.

**Importance:** (1) Necessary in every field (2) Optimum Utilisation of resources (3) Accomplishment of objectives (4) Useful for the success of business (5) Increase in job opportunities (6) Increase in profit (7) Social benefit (8) National motive

### Management as science, an art and a profession:

**Management as a science :** “Science means systematic and specialised knowledge. Science is a subject from which rules and principles can be concluded and cause and effect relationship can be established.”

Management too has the characteristics of Science, such as having a systematised body of knowledge, universality, cause and effect relationship based on collection of facts, analysis and experiments, verifiability of the principles etc. Thus, management is a science.

**Management is an art:** Art means personal skill and expertise. But to implement such skill, one should also have theoretical knowledge.

During practical application of management rules and principles, personal skill and insight play an important role. Therefore **management is an art.**

**Management is a profession :** When specialised knowledge in a specific field is acquired and used for the welfare of the entire society and fees is charged from the society for it, it is known as profession.

**Characteristics :** (1) Requirement of Specialised knowledge (2) Increase in knowledge and research (3) Professional association (4) Implementation of code of conduct (5) Moral responsibility

### Levels of Management :

**(A) Top level Management :** The top level Management has the supreme authority for the management of an enterprise.

**Functions :** (1) Defining objectives (2) Act as a trustee of business (3) To select Chief Executive officer and Higher officers and to assign them authority and responsibility (4) Sanctions various departmental budgets (5) Abide by labour law. Take care of interest of different stakeholders (6) To take strategic decisions (7) To solve complex problems of the business (8) Implementation and supervision of different activities (9) Distribution of profit, dividend, reserve - fund, re-investment of profit etc. functions are to be performed (10) To analyse reports of different activities and give instructions accordingly.

**(B) Middle level management :** Middle level management is a mediator between top level and bottom level of management. This level includes departmental officers, divisional officers and experts.

**Functions :** (1) To implement the orders and instructions given by top level of management. (2) To prepare departmental budgets. (3) To formulate policies, rules and structure for the accomplishment of business objectives. (4) To take necessary steps to increase the efficiency and effectiveness of departmental activities. (5) To boost the enthusiasm of the employees. (6) To remain in touch with other departmental officers. (7) To take care of the activities of subdivisions. (8) To supervise the working of the departments, to get the information, analyse it and to direct. (9) To help the top level management in taking policy decisions.

**(C) Bottom level management :** Implementation of decisions and policy decided by top level management is done by this level. Supervisors, Jobbers and foremen are included at this level.

**Functions :** (1) To Supervise activities of the workers. (2) To put efforts to ensure discipline and zeal. (3) To plan for routine work. (4) To perform work related activities. (5) To get orders, instructions and programmes from departmental officers. (6) To perform functions like machinery layout, repairing, maintenance etc. (7) To provide equipments and raw material to the workers. (8) To solve the problems of workers. (9) To implement decisions and policies decided by top level management. (10) To forward reports, instructions and complaints of workers to the top level management.

**Difference among top level, middle level and bottom level of management :**

**Points of difference :** (1) Management and administration (2) People included (3) Authority and Responsibility (4) Number of members (5) Competency (6) Formation of objectives and policies (7) Accountability (8) Decisions.

**Functions of Management :**

**(1) Planning :** Planning means selection of facts for the expected result and to establish inter relationship between them, as well as observation of necessary activities and to do forecasting for their skill.

**(2) Organising :** Organising is a structure for the assignment of authority and responsibilities among individuals working for the achievement of common objectives.

**(3) Staffing :** The purpose of staffing is to get, maintain and develop satisfactory manpower.

**(4) Directing :** Direction means to guide and supervise the employees for the accomplishment of objectives.

**(5) Controlling :** Control is the function of maintaining balance among efforts, result, resources and objectives.

**Co-ordination :**

**Meaning :** To bring co-ordination and harmony among the different functions carried out by different departments in the business unit is called co-ordination.

**Characteristics :** (1) Management process is not possible without co-ordination. (2) Required at every level of management. (3) Communication system must be efficient for success. (4) Co-ordination is not possible without co-operation. (5) Due to co-ordination, maximum utilisation of resources becomes possible.

**Importance :** (1) Co-ordination makes other managerial functions effective. (2) All business activities are done in an easy manner. (3) No work remains incomplete or duplicated. (4) Maintains harmony among various departments. (5) Maintains balance between order and time of business activities. (6) Pre-determined business objectives can be accomplished.



## **Functional Areas of Management :**

### **(A) Marketing Management :**

**Meaning :** In a broad sense, marketing management is the activity of providing goods or services from producers to customers.

**Functions :** (i) Product (ii) Price (iii) Distribution (iv) Promotion

### **Human Resource Management :**

Human resource management is the process, which takes into consideration, proficiency, knowledge, intelligence, likes - dislikes, personal development, necessity etc of employees, integrates it with business objectives and channelises the business towards success and profitability.

**Characteristics :** (1) It includes recruitment, training, promotion, direction etc. of employees. (2) It integrates individual objectives with the accomplishment of business objectives. (3) Employees are considered invaluable assets of the business. (4) Proper training is given to employees for their development. (5) Evaluates performance of employees and places them at the right position. (6) To maintain the employees in business by reducing their labour turn over rate. (7) To provide conducive environment to boost their zest and efficiency for the accomplishment of business objectives.

**Importance :** (1) Increase in efficiency (2) Increase in profitability (3) Maintains reputation (4) Maintains quality of goods or services (5) Develops feeling of oneness (6) Maximum Utilisation of resources (7) Reduction in labour turn over rates (8) Job satisfaction (9) Environment of industrial peace

### **Financial Management :**

**Meaning :** Financial management deals with the finance function of management. Financial function means function of acquisition and utilisation of capital along with function of allocation of capital.

**Functions :** (1) Estimation of need of finance. (2) To plan for finance (3) To prepare budget (4) Distribution of income. (5) To decide capital structure and to select sources of acquisition (6) To do the procedure for acquiring finance (7) Efforts are made to utilise and control the finance properly (8) To decide financial policy (9) To plan for taxes (10) To make arrangement of assets

### **Production Management**

**Meaning :** Production management is the process which includes production planning, deciding programmes, maintaining co-ordination, providing direction and keeping control.

**Function :** (1) To decide production plan (2) Production research (3) To select the product development and product mix (4) To select technology as well as machinery (5) To decide location and layout for business (6) To estimate the need and material and other necessary things (7) Production control (8) Quality control (9) Control over expense or cost (10) Introduce variation and simplification in production.

**Section - A**

**Select the correct alternative and write answer to the following questions :**

- (1) From what era did management begin ?   
(A) Stone age      (B) Maurya age      (C) Middle age      (D) Modern age
- (2) Who is at the center of the management process ?   
(A) share holders      (B) customers  
(C) factors of production      (D) human beings
- (3) What is management ?   
(A) Art of getting work done      (B) Activity of learning  
(C) Activity of purchasing      (D) Activity of collecting money
- (4) What is the barometer for success of a business ?   
(A) Profit      (B) Economical      (C) Administration      (D) Transparency
- (5) As per Dr. Terry, what does science teach a man ?   
(A) To argue      (B) To experiment      (C) To research      (D) To know
- (6) Which decisions are taken by top level of management ?   
(A) Short term      (B) Medium term      (C) Policy related      (D) Buying - selling
- (7) Which level of management has supreme authority for the management of an enterprise ?   
(A) Top level      (B) Middle level      (C) Functional level      (D) Bottom level
- (8) What is the other name of middle level of management ?   
(A) Supervisor's level      (B) Jobber's level      (C) Officer's level      (D) Manager's level
- (9) What is the other name of bottom level of management ?   
(A) Employee's level      (B) Supervisor's level      (C) Jobber's level      (D) Officer's level
- (10) At which level of management is foreman included ?   
(A) Top level      (B) Middle level      (C) Bottom level      (D) All three levels
- (11) At which level of management is routine work of business planned ?   
(A) Top level      (B) Middle level      (C) Bottom level      (D) All three levels
- (12) What is the order of controlling in management process ?   
(A) First Function      (B) Second Function      (C) Third Function      (D) Last Function

- (13) Which quality is required at middle level of management ?
- (A) Specialised knowledge (B) All round development  
(C) Departmental knowledge (D) Policy related knowledge
- (14) How many are the functional areas of management are there ?
- (A) Two (B) Three (C) Four (D) Five
- (15) Decisions related to sales promotion are part of which of the following ?
- (A) Product - mix (B) Price (C) Distribution (D) Promotion
- (16) What type of assets are the employees of a business organisation ?
- (A) Permanent (B) Active (C) Live and valuable asset (D) Invisible
- (17) Which functional areas of management includes quality control and production planning ?
- (A) Human Resource Management (B) Production Management  
(C) Financial Management (D) Marketing Management

**Section - B**

**Answer the following questions in one sentence :**

- (1) Who is at the center of the management process ?

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- (2) What is an art ?

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- (3) What is a profession ?

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- (4) Which Indian Institute of Management is working at national and international level ?

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- (5) Write the names of different levels of management ?

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(6) Who are included in middle level of management ?

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(7) What is the other name of bottom level of management ?

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(8) What is machinery layout ?

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(9) Which level of management performs more administrative functions ?

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(10) State the functions of management as per Luther Gulick.

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(11) State the functions of management as per Peter Drucker.

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(12) What are the functional areas of management ?

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(13) What is Marketing Management ?

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(14) Give the full form of HRM.

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**Section - C**

**Answer the following questions in short :**

(1) What is Management as per George Terry ?

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(2) "Management is a universal process." Explain it.

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(3) " Management is a group activity." Explain it.

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(4) What are the characteristics of management as a science ?

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(5) Draw a diagram showing the different levels of management.

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(6) "The middle level of management is an important link between top level and middle level of management" Explain it.

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(7) State two functions of middle level of management.

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(8) What is Human Resource Management ?

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**Section - D**

**Answer the following questions in brief :**

(1) What is Management ? Explain its characteristics.

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## Principles of Management :

**Meaning :** In simple words, some rules and principles that are required to decide human behaviour to achieve the objective of the business unit are known as Principles of Management.

**Concept :** Management principles have direct relation with human behavior. Hence, there is space for addition of new principles with the changes from time to time. Management principles are detailed and particular guide for decision making and its implementation.

**Nature :** (1) Universal acceptance (2) Flexible (3) General guidelines (4) Based on Human behavior (5) Contingency.

**Importance :** (1) Increase in managerial efficiency (2) Maximum usage and effective administration of resources (3) Helpful for scientific and logical decisions (4) To cope up with changing business environment (5) To fulfill Social responsibility (6) Useful for Research, Training and Development.

**Management Thoughts :** Management thought is the presentation of unique thought presented from time to time. Many Management Gurus have provided different principles by expressing different views in these thoughts, which is called management thought.

**Thoughts of Classical Theory :** Thoughts presented till the end of 19th century are called classical thoughts. Frederick Taylor and Henry Fayol contributed to these thoughts through scientific management principles and management principles respectively.

**Thoughts of Neo Classical Theory :** In the beginning of 20th century, Australian Industrial Psychologist Elton Mayo Hawthorne created this thought. Neo Classical thought emphasized on behavior oriented approach and group behavior for management.

**Behavior Related Thoughts :** Behavior related thought emphasizes on job satisfaction and increases the efficiency of employees through psychological findings. Behavior related thought includes inter human relations, inducement, leadership, disposal of industrial disputes, information, communication etc.

**Modern Thought :** A unique professional class arose with management not confined to only business unit, where advocacy was made for psychology, social studies, statistics, mathematics and computer information technology.

## Frederick Taylor's Principle of Scientific Management :

**Meaning :** Scientific Management is a mental revolution on the part of a particular unit of employees in a factory. It is a total mental revolution towards their tasks, duties, colleagues and owners.

**Definition :** As said by Frederick Taylor, "Knowing exactly what you want your men to do and see to it they do it in the best and the cheapest way." To see that workers do it certainly and with least expense is Scientific Management.

**Principles of Scientific Management :** (1) Scientific Method (2) Planning and Implementation (3) Job analysis (4) Standardisation (5) Scientific selection and training (6) Financial motivation (7) Economical (8) Mental Revolution.

**Techniques of principles scientific management :**

**Time Study :** Time study means scientific study done for the time required for the completion of a certain part of the task.

**Motion Study :** Motion Study means the method of removing wastage of resources due to unnecessary and unproductive movement of men and material and waste generated from unproductive movements.

**Differential Wage Rate Study :** Differential wage rate study means the method of encouraging relative wages on the basis of time of workers' work.

**Management principles of Henry Fayol are as under :**

(1) Division of Work (2) Authority and Responsibility (3) Discipline (4) Unity of Command (5) Unity of Direction (6) Subordination of Individual Interest to the General Interest (7) Remuneration of personnel (8) Centralization (9) Scalar chain (10) Order (11) Equality (12) Stability of Personnel Tenure (13) Initiative (14) Esprit de Corps (Feeling of Oneness.)

**Peter F. Drucker's Contribution in the Field of Management :**

He has mainly contributed to Human Resource Management, Marketing Management and Stress Management. Hence, Peter F. Drucker is called father of modern management.

**Section - A**

**Select the correct alternative and write answer to the following questions :**

- (1) Whose ideology of management has been hailed as 'Jungle' ?   
(A) George Terry (B) Henry Fayol (C) Harold Koontz (D) Peter Drucker
- (2) On what does the success of principles of management depend ?   
(A) Human behaviour (B) Machinery (C) Discipline (D) Safety
- (3) What is meant by management thoughts ?   
(A) Functions of Management (B) Thoughts of Management  
(C) Approach of management (D) Efficiency of management
- (4) The thoughts of management presented till 19th century is known as.....   
(A) Neo-classical (B) Pre- classical (C) Classical (D) Modern
- (5) Who has an important contribution in Classical Theory ?   
(A) Frederick Taylor (B) Elton Mayo (C) George Terry (D) Herzberg
- (6) Which of the following management guru has contributed to modern thought of management ?  
(A) C.K. Prahlad (B) Elton Mayo (C) Max Weber (D) Henry Gantt

- (7) Who has the status of “father of scientific management” ?
- (A) Henry Fayol (B) Dr. Terry (C) Frederick Taylor (D) Luther Gulick
- (8) Who challenged traditional method of management ?
- (A) Luther Gulick (B) Henry Fayol (C) George R. Terry (D) Frederick Taylor
- (9) 'Workers were asked to do work as per order and instruction' - what does it mean?
- (A) Rule of Order (B) Rule of Law  
(C) Rule of Tongue (D) Rule of Thumb
- (10) Which approach of Frederick Taylor was a revolutionary step ?
- (A) Modern management (B) Scientific Management  
(C) Analysis (D) Observation
- (11) How many scientific principles of management are given by Frederick Taylor ?
- (A) Five (B) Six (C) Seven (D) Eight
- (12) What is meant by method of removing wastage of resources due to unnecessary movement?
- (A) Time study (B) Motion Study  
(C) Differential wage rate study (D) Employee study
- (13) When did Henry Fayol present his principles of management ?
- (A) 1915 (B) 1916 (C) 1917 (D) 1918
- (14) How many principles of management are given by Henry Fayol ?
- (A) Four (B) Six (C) Eight (D) Fourteen
- (15) Which Principle of Henry Fayol develops leadership quality in employees ?
- (A) Principle of Order (B) Principle of Equality  
(C) Principle of Initiative (D) Principle of centralisation
- (16) Who is known as “father of modern management” ?
- (A) Peter Drucker (B) Frederick Taylor (C) George Terry (D) Luther Gulick
- (17) Who has presented principle of 'Self Regulation' ?
- (A) Henry Fayol (B) Peter F. Drucker (C) Gilbreath (D) George R. Terry

**Section - B**

**Answer the following questions in one sentence :**

(1) What is meant by “Thoughts of Management” ?

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(2) What is classical theory of management ?

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(3) What are the main limitations of classical theory ?

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(4) What is neo-classical theory ?

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(5) Who are the main contributors of neo-classical theory of management ?

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(6) Which concepts are included in behaviour related thoughts of management ?

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(7) Which management gurus have contributed to modern thoughts of management ?

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(8) What is motion study ?

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(9) What is motivational wage method ?

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**Section - C**

**Answer the following questions in short :**

(1) " Principles of management are universally accepted. " Explain it.

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(2) "Principles of management are flexible." Explain.

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(3) State the contribution of Frederick Taylor to the classical theory of management.

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(4) What is Scientific Management ?

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(5) Which three matters are considered by Frederick Taylor in scientific management ?

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(6) What is meant by scientific selection of employees ?

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(7) What is Mental Revolution as per Frederick Taylor ?

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(8) Explain the differential wage rate study given by F.W. Taylor.

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(9) What does the Principle of Authority and Responsibility given by Henry Fayol suggest ?

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**Concept of Planning:** Planning is to collect informations for the activities to be undertaken in business, consider them in advance and plan out how to do these activities.

**Definition :** According to Bill Goetz, "Task of planning is choosing."

**Characteristics :** 1) Universal process (2) Primary function (3) Conscious and mental process (4) Flexibility (5) Precise (6) Forecasting is essential (7) List of alternatives (8) Concerned with future (9) Continuous process (10) Objective oriented activity (11) Requires decision process

**Importance :** (1) Activities in systematic manner (2) Avoids wastage (3) Reduces uncertainties (4) Leads to precision (5) Useful for achievement of objectives (6) Smoothness in other managerial functions (7) Employees' co-operation (8) Effective control (9) Co-ordinates various activities.

**Limitations :** (1) Uncertain future (2) Expensive process (3) Time consuming (4) Planning is irrelevant (5) Tends towards rigidity (6) Uncertainty of external factors (7) Incomplete information (8) Restriction on employees' creativity (9) Use of faulty methods

**Process of Planning :** (1) Determination of objectives (2) Clarifying planning premises (3) Collection and analysis of information (4) Preparation of alternative plan (5) Evaluation of alternatives (6) Selection of the best alternative (7) Formulation and evaluation of subsidiary plan (8) Evaluation of plan

**Types of Plan :** (1) Standing plan (2) Strategic plan (3) Tactical plan (4) Operational plan (5) Single use plan (6) Contingency plan

**Component/ Elements of Planning :** (1) Objectives (2) Strategy (3) Policy (4) Method/ Procedure (5) Rules (6) Budget (7) Programme

### Section - A

**Select the correct alternative and write answer to the following questions:**

(1) In business when decisions are taken well in advance like who will do, which work, when, how it is known as what ..... ?

(A) Policy                      (B) Planning                      (C) Method                      (D) Working Area

(2) As per whom, "Task of planning is choosing" ?

(A) Dr. Georg R. Terry                      (B) Henry Fayol  
(C) Dr. Bill Goetz                      (D) Frederick Taylor

(3) Which of the following is the limitation of planning ?

(A) Forecasting is essential

- (B) Planning is related with future
- (C) Planning is a continuous and perennial process
- (D) Uncertainty of external factors in planning

- (4) What does collection and analysis of information mean ?
- (A) Process of planning                      (B) Limitation of planning
- (C) Element of planning                      (D) Type of planning
- (5) Which type of planning is made for the plans related with routine work ?
- (A) Standing plan    (B) Strategic plan    (C) Tactical plan    (D) Operational plan
- (6) Which plan is to be prepared by middle level of management for short term ?
- (A) Strategic plan    (B) Tactical plan    (C) Single use plan    (D) Standing plan
- (7) Which plan is to be prepared for achievement of specific objectives ?
- (A) Strategic plan    (B) Standing plan    (C) Operational plan    (D) Single use plan
- (8) What is it known as the contrivance used for the accomplishment of predecided objectives of planning ?
- (A) Objectives    (B) Policy                      (C) Strategy                      (D) Method

**Section - B**

**Answer the following questions in one sentence :**

(1) What is planning as per Bill Goetz ?

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(2) What is the precondition for planning ?

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(3) Which factors are considered while forecasting in planning ?

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(4) Which factor hinders the success of planning ?

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(5) Which is the method and information used for assumption and forecasting in planning ?

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(6) What is the time period of tactical plan ?

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(7) How should be the objective of a business unit ?

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**Section - C**

**Answer the following questions in short :**

(1) What is planning as per George R. Terry ?

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(2) Why are forecasting and planning considered as first function of management ?

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(3) "Planning is related with future". Explain.

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(4) State the factors affecting planning.

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(5) Why is it necessary to evaluate plans in the planning process ?

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(6) When is Contingency plan formulated ?

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(7) Why are 'rules' necessary in a business unit ?

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**Section - D**

**Answer the following questions in brief :**

(1) "Planning is an expensive and lengthy process". Explain.

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(2) Explain about formulation and evaluation of Subsidiary plan during planning process.

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(3) Write a note on Strategic plan.

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(4) Explain the elements of planning : Policy, Rules and Budget.

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**Section - E**

**Answer the following questions in detail :**

(1) Explain the characteristics of Planning.

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(2) Explain the limitations of planning.

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(3) Explain the types of planning :

(i) Standing plan (ii) Operational plan

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**Introduction :**

**Meaning of organising:** In general words... the structure formed in order to enable delegation of authority and responsibility towards the people actively engaged for a common goal is organizing.

**Definition :** As per Chester I. Bernard... The activity conducted by the cooperation of two or more people and their co-ordination is called Organizing.

As per Louis Allen, "Organizing is the process of identifying and classifying the work to be performed, defining and delegating responsibility and authority, and establishing relationships for the purpose of enabling people to work most effectively together in accomplishing objectives."

**Concept :** Where two or more people work together, the structure for the work accomplishment in an effective manner is called Organizing. In this delegation of authority and responsibility is distributed to attain the common goal.

**Characteristics :** (1) Goal Oriented Activity (2) Planning based (3) The delegation of authority and responsibility (4) Importance of human element (5) Flexibility (6) Establishment of inter relationships (7) Monitoring and Control (8) Group activities (9) Controlled administrative structure.

**Steps for the Process of Organizing :** (1) Clarification of objectives (2) List of functions (3) Departmentation of functions (4) To determine departmental position and abilities (5) The delegation of power and responsibility (6) Establishment of inter relationships (7) To prepare organizational chart.

**Structure of an organisation :** (1) Linear organisation (2) Functional organisation (3) Formal organisation (4) Informal organisation (5) Matrix organisation

**Linear organisation**

**Meaning :** The distribution of power and responsibilities is done in a straight line from top to bottom levels. As the distribution of power is in a straight line from upper to lower level, it is called Linear organisation.

**Formation :** In this structure whole organisation is divided into various segments. A Divisional officer is appointed for each segment. These divisional officers are responsible to higher officers for their functions. The Divisional officer is assigned all powers for his segment. In this form, formation of organisation is done according to division not as per function. So it is known as linear organisation.

**Functional Organisation :**

**Meaning :** A structure is formed in which, the special knowledge based experts are given special responsibilities in the particular unit, which is called Functional organisation.

**Formation :** Functional organisation specially stresses on work distribution and specialization. In this structure, the distribution of work is not done according to the unit but according to the nature of work. For each kind of work different experts are appointed. Such experts are not only advisors, they are also administrative heads who are fully responsible for the task assigned to them. For example, the Purchase Officer is fully responsible for all types of purchase related work.



**Formal Organisation :**

**Meaning :** In order to achieve the predefined goals, a formal structure of relations among persons and work is established which is known as Formal organisation.

**Characteristics :** (1) Formal Structure (2) Lacking flexibility (3) Delegation of power from upper to lower level (4) Large size (5) Particular relations (6) Communication.

**Informal Organisation :**

**Meaning :** Informal organisation is that formation of internal relations automatically formed on its own, in order to provide contribution to some result achievements, formed without any conscious objective. The relations are inevitably developed among the people working together. Such relations are not formally formed. Hence no formal or proper chart can be prepared for the same. It can be considered as a shadow of formal structure of organisation.

**Characteristics :** (1) Informal structure (2) Based on human relations (3) Ever changing (4) Universal (5) Informal communication (6) Small size (7) Lack of control (8) Complement to formal structure.

**Matrix organisation :**

**Meaning :** Matrix organisation is a modern kind of organisation, which has two different type of structures. One is the simple kind of structure, which is a part of decision making process and the other is a structure solving technical problems and is called Project structure. The combination results in Matrix organisation.

**Design :** In Matrix organisation we find a combination of function based and project based departmentalisation. In this type of organisation, each project manager is given different type of work responsibilities. Project managers are appointed as per the number of projects. The responsibility of the project manager is to successfully complete the project assigned to him on time. Thus, experts from different staff members are selected for different functions for project work and development. They are divided into different groups. For example, Computer experts and development research experts, product design experts, technical experts etc.

**Decentralisation :**

**Concept :** The thought of decentralization is very important from the view point of authority and responsibility. The administrators have to decide themselves to have centralized or decentralized power in the organisation. The idea formed in advance, the benefits can be obtained. Small sized organisation can have centralized powers and the large sized organisation can have decentralized forms.

**Meaning :** The delegation of power from top to bottom level in orderly manner is known as decentralization of power.

**Definition :** According to Henry Fayol, "To assign powers to the subordinates, to enable distribution of work, and to include them in decision making process is called decentralization".

**Importance :** (1) Quick decisions (2) Less work load on top level (3) Increase in motivation (4) Increase in managerial abilities (5) Effective control (6) Harmony is created.

**Delegation of Authority :**

**Meaning :** According to legal view, authority means to take legal action. But in business units, authority is to give orders and also to see to it that the orders are followed.

**Definition :** According to Louis Allen, “Delegation of authority is such a process in which the manager gives his authority to his subordinates along with duties, and the subordinates with the help of others, for the purpose of work performance, accept such authority consciously.”

**Importance :** (1) Efficient Management (2) Development of Employees (3) Motivation (4) Benefit of Specialization (5) Coordination (6) Scope for Expansion

**Elements of Delegation :**

Entrustment of Responsibility is the duty assigned by the top level officer to the subordinates for a specific work. The responsibility is given to accomplish a particular task. The person in authority and the person or people who follow is pre-determined, as the followers have to follow all the orders of the authority. Hence the flow of responsibility is from upper to lower level.

**Conferment of Authority :** The administrators should provide enough power to the helpers or subordinates so that they can allot the work to the lower levels and get the work done. Hence Delegation of Authority is an important step towards allotment of power. This flows from upper to lower level.

**Creation of Accountability :** The delegated authority holder has to provide proper explanation and follow reporting process to the top level management. This is known as Accountability. This accountability cannot be passed on. This accountability flows from lower to upper level.

**Section - A**

Select the correct alternative and write answer to the following question .

- (1) What is organisation to business unit ?   
(A) Brain                      (B) Life                      (C) Body                      (D) Eye
- (2) What is the other name of organisation ?   
(A) Planning                      (B) Arrangement                      (C) Co-ordination                      (D) Direction
- (3) What is necessary before formation of organisation ?   
(A) Planning                      (B) Directing                      (C) Co-ordination                      (D) Controlling
- (4) Who is at the center of organisation process ?   
(A) Physical resource (B) Human being                      (C) Director                      (D) Office
- (5) Which is the oldest form of organisation ?   
(A) Linear organisation                      (B) Functional Organisation  
(C) Global Organisation                      (D) Matrix Organisation

- (6) Which organisation is known as army organisation ?
- (A) Matrix (B) Linear (C) Functional (D) Formal
- (7) Who takes policy decisions in Linear Organisation ?
- (A) General Manager (B) Board of Directors (C) Departmental officers (D) Owner
- (8) In which direction does the authority flow in linear organisation ?
- (A) Top level to bottom level (B) Bottom level to top level  
(C) Middle level to top level (D) Bottom level to middle level
- (9) Which organisation has come into existence due to limitation of linear organisation ?
- (A) Formal (B) Informal (C) Matrix (D) Functional
- (10) What is at the center of functional organisation ?
- (A) Division of work (B) Specialisation  
(C) Officer (D) Division of work and specialisation
- (11) What is the size of formal organisation ?
- (A) Small (B) Large (C) Medium (D) Unequal
- (12) Which organisation is considered as shadow of formal organisation ?
- (A) Informal (B) Linear (C) Matrix (D) Function
- (13) In which organisation structure, multiple order system is used ?
- (A) Linear (B) Function (C) Informal (D) Matrix
- (14) What is delegation of power from upper to lower level in orderly manner called as ?
- (A) Decentralisation (B) Centralisation (C) Changes (D) Capitalisation
- (15) How is responsibility in delegation of authority ?
- (A) Complementary (B) Opposite (C) Continuous (D) General
- (16) What is delegation of authority to organisation ?
- (A) Lock (B) Key (C) Responsibility (D) Chain
- (17) How many elements of delegation of authority are there ?
- (A) One (B) Two (C) Three (D) Four
- (18) What establishes relationship between the superior and the subordinate ?
- (A) Authority (B) Responsibility (C) Accountability (D) Management

**Section - B**

**Answer the following questions in one sentence :**

(1) What is organisation as per Chester I. Bernard ?

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(2) Which is the best example of organisation ?

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(3) When the necessary changes can be made in organisation ?

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(4) Why is linear organisation known as army organisation ?

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(5) What is functional organisation ?

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(6) What is formal organisation ?

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(7) What is informal organisation ?

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(8) On what is informal organisation based ?

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(9) Matrix organisation is combination of what ?

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(10) What is the responsibility of project manager ?

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(11) What is centralisation ?

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(12) What is decentralisation ?

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(13) On what does success of management depend ?

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(14) What is delegation of authority ?

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(15) What is responsibility ?

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(16) What is accountability ?

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**Section - C**

**Answer the following questions in short :**

(1) Give the definition of organisation.

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(2) On what basis authority and responsibility are delegated to employees in an organizational structure ?

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(3) Into which sections the functions of organisation are divided ?

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(4) State the types of organisation.

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(5) Write the meaning of linear organisation ?

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(6) Who has supreme power in the linear organisation ?

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(7) Due to which limitation of linear organisation, function organisation come into existence?

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(8) Write the meaning of functional organisation.

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(9) Which organizational structures are included in formal organisation ?

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(10) Matrix organisation consists of which two different types of structure ?

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(11) Quick decisions can be taken in decentralisation. why ?

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(12) How does decentralisation create harmony ?

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(13) Delegation of authority motivates employees. How ?

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**Section - D**

**Answer the following question in brief :**

(1) Explain the concept of organisation with its meaning .

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(2) Explain the steps for the process of organisation.

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(3) Write difference between formal and informal organisation .

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(4) "Informal organisation is complement to formal organisation." Explain it.

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(5) Write the meaning of matrix organisation and explain its formation.

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(6) Explain elements of delegation of authority.

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**Section - E**

**Answer the following questions in detail :**

(1) Write the meaning of organisation and explain its characteristics.

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(2) Give the meaning of formal organisation and explain its characteristics.

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(3) Write the meaning of informal organisation and explain its characteristics.

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(4) Explain steps for the process of Organisation.

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(5) Give the meaning of decentralisation and explain its importance.

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(6) Give the definition of delegation of authority and explain its importance.

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**INTRODUCTION****Staffing :**

**Concept :** In a wider sense, staffing includes recruitment, selection, training, promotion, transfer and post retirement functions.

**Characteristics :** (1) Important function of management (2) Perennial\continuous process (3) Concerned with human relations (4) Dynamic process (5) Related with other managerial functions (6) Wide scope (7) Capital Expenditure.

**Importance :** (1) Driving force (2) Dynamic activity (3) Important for other function of management (4) Limbs of the business (5) Job satisfaction among staff (6) Harmony in relations (7) Increases the prestige of the organisation (8) Continuous process.

**Staffing as a part of Human Resource Management :** Function of human resource management (1) Concerned with man-power planning (2) Concerned with compensation and development.

**Process of staffing :**

**Meaning of recruitment :** In broader sense, "Recruitment is the process of acquiring at the right time, in the right number, in the right place, persons with the right qualifications."

**Sources of Recruitment :**

**Internal Sources** (1) Promotion (2) Transfer (3) References of friends and relatives of employees (4) Recalling retrenched employees (5) Promotion with transfer (6) Waiting list.

**External Sources :** (1) Through advertisements (2) Through employment exchanges (3) Through educational institutions (4) Through trade unions (5) Through contractors (6) At the gate (7) By modern methods.

**(B) Selection :** It means checking the applications received and appointing the suitable candidate.

**Selection Process :** (1) Preliminary meeting to welcome (2) Receiving and screening of applications (3) To take necessary tests like IQ test, aptitude test, trade test and psychological tests (4) Personal Interview (5) Checking past references (6) Preliminary Selection (7) Physical examination (8) Appointment letter (9) Induction into the organisation and allotment of duties.

**Training and Development :**

**Training :** Concept : It is the process of imparting theoretical and practical knowledge with the objective of acquiring proficiency in work.

**Importance :** (1) Modern information (2) Safety (3) Increase in satisfaction (4) Reduction in rate of labour turnover (5) Increase in profit (6) Reduction in expenses (7) Growth and development of employees (8) Other benefits.

**Development :** Concept Development is imparting theoretical and practical knowledge to top level officers and departmental heads.

**Importance :** (1) Increase in technical knowledge (2) Research and new ideology (3) Development of the organisation (4) Optimum use of resources (5) Solution to problems (6) Effective supervision (7) Reduce stress (8) Development process .

**Difference between Training and Development :**

**Main Points :** (1) Meaning (2) Objective (3) Center point (4) Time and expense (5) Who imparts ? (6) To whom ?

**Section - A**

**Select the correct alternative and write answer to the following question :**

- (1) Which organ of the human body is compared with staffing in managements ?   
(A) Limbs (B) Brain (C) Heart (D) Skeleton
- (2) What is concerned with managing the training of employees in human resource management ?   
(A) Planning (B) Leadership  
(C) Compensation and Development (D) Controlling
- (3) Which process is concerned with assigning work to each employees in the right place according to their qualifications ?   
(A) Guidance (B) Man-power Planning (C) Coordination (D) Control
- (4) Which is the internal source of recruitment ?   
(A) Trade union (B) Contractor (C) Advertising (D) Transfer
- (5) How is the procedure of selection of top managerial position ?   
(A) Long and special (B) Short and simple  
(C) Lengthy and expensive (D) Special nature and well planned
- (6) Which method is more suitable for daily-wages earners ?   
(A) Contractor (B) Recruitment at the gate  
(C) Through trade union (D) Employment exchange
- (7) Through which test a candidate's nature, self-confidence, attitude and habits can be known ?   
(A) Intelligence test (B) Aptitude test (C) Psychological test (D) Trade test
- (8) Which is the last stage of the selection procedure ?   
(A) Induction into the organisation and allotment of work (B) Preliminary selection  
(C) Physical ( medical ) examination (D) Appointment letter
- (9) What is called, imparting theoretical and practical knowledge to employees in context of their work ?   
(A) Development (B) Directing (C) Training (D) Promotion
- (10) What is the theoretical and practical knowledge given to top level management and departmental officers ?   
(A) Training (B) Directing (C) Promotion (D) Development

**Section - B**

**Answer the following questions in one sentence :**

- (1) Explain the concept of staffing.

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(2) Which are the activities involved in Human Resource Management ?

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(3) What is Recruitment in ordinary sense ?

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(4) What are the candidate's qualities that can be known by a psychological test ?

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(5) What is the main objective of the candidate's primary meeting in the selection process?

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(6) What is Training?

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(7) Who provides training and to whom in the business unit ?

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**Section - C**

**Answer the following questions in short :**

(1) Explain briefly: 'Staffing is concerned with human relation.'

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(2) What is meant by promotion with transfer ?

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(3) Explain briefly recruitment through employment exchange.

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(4) Which details are mentioned in the appointment letter given to the candidate after the final selection ?

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(5) How can training reduce labour turnover rate ?

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**Section - D**

**Answer the following questions in brief :**

(1) What is Recruitment in a wider sense ? Give a brief explanation of Internal Sources of recruitment.

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(2) Give only the list of the internal and external sources of recruitment.

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(3) Explain the various tests of candidates conducted by the business unit.

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(4) Write the difference between Training and Development.

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**Section - E**

**Answer the following questions in detail :**

(1) Explain the importance of staffing.

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(2) Into which two parts can Human Resource Management process be divided ? Explain.

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**INTRODUCTION****Direction :**

**Meaning :** Direction means to guide the workers, make them aware of the work, supervise them and to maintain their enthusiasm for the work.

**Characteristics :** (1) Goal oriented activity (2) Functions at every level of management (3) Continuous process (4) Observation of function (5) Wider scope (6) Communication (7) Motivation (8) Flow of direction (9) Managerial function

**Importance :** (1) Increase in efficiency (2) Assessment of efficiency (3) Motivation to employees (4) Effective planning (5) Effective organisation (6) Co-ordination and Co-operation (7) Function of control (8) Increase in enthusiasm (9) Finding out deviation.

**Elements of Direction :****Supervision :**

**Meaning :** "Supervision is the function of ensuring that the work is being done in accordance with the plan and instructions." - R.C. Davis

**Functions :** (1) To plan the functions and remove the hurdles (2) To complete the work on time and provide guidance and direction (3) To supervise the employees constantly (4) Integrates employees interest with business interest (5) Provides motivation and guidance (6) Maintains the feeling of oneness/harmony (7) Communication must be faster (8) To give guidance regarding new technology (9) Maintains discipline (10) Does not provide control but provide training (11) Like a friend, philosopher and guide.

**Motivation :**

**Meaning :** Motivation means the process of stimulating people to perform actions and to make it possible to have maximum work satisfaction.

**Characteristics :** (1) Internal feeling (2) Psychological concept (3) Increase efficiency of employees (4) Continuous process (5) Reduction in labour turn over rate (6) Achievement of goals (7) Wider scope (8) Adapting changes in organisation (9) Tool to get co-operation (10) Positive attitude (11) One of the functions of management.

**Maslow's Hierarchy of needs :** (1) Physical or primary needs (2) Safety needs (3) Social needs (4) Esteem and status needs (5) Self esteem and self actualisation needs.

**Financial and Non-financial Incentives :**

**Incentives :** Business inspires its workers to maintain their work aptitude and increase their efficiency continuously, such inspiration is called incentives.

**Financial Incentives :** (1) Share in profit (2) Co-partnership (3) Promotion (4) Bonus (5) Commission (6) Prizes (7) Suggestions and advice.

**Non-financial incentives :** (1) Security of employment (2) Appreciation of work and reward (3) Assignment of responsibility (4) Advice (5) Welfare activities and amenities (6) Other incentives.

**Leadership :**

**Meaning :** Leadership is the quality which influences the people to do efforts willingly in achieving goals.

“ Leadership is the art and skill of creating the desire in others for achieving the goals.”

**Characteristics:** (1) Existence of followers (2) Continuous process (3) Acceptance of leadership (4) Creates formal and effective relationship (5) Ideal personality (6) Motivation (7) Harmony of interest (8) Effect of situations.

**Qualities of a good leader :** (1) Physical qualities (2) Intellectual qualities (3) Psychological qualities.

**Communication :**

**Meaning :** One person passes clear information to another person so that, the latter understands the objective of the communicator and acts on it.

“Communication is the process of exchange of words, letters, instructions and opinions.”

**Characteristics :** (1) Goal oriented activity (2) Words and language should be clear (3) Two way process (4) Continuous process (5) Many equipments (6) Many types and methods (7) Motivation (8) Related with administration (9) Human process.

**Formal Communication :**

**Meaning :** Any communication that depends on the structure of an organisation and its rules and regulations and is implemented for the accomplishment of business objectives is Formal communication.

**Characteristics :** (1) Superior and subordinate are formally related (2) Objective is control and co-ordination (3) Generally in written form (4) It is accepted as policy of organisation (5) Based on organisation structure (6) Formal for the accomplishment of the business objectives (7) Easy and clear to understand.

**Informal organisation :**

**Meaning :** Communication which depends on human relations and friendship among employees of an organisation is known as Informal communication.

**Characteristics :** (1) Depends on human relations (2) No need of control or order (3) Use of oral or symbolic language (4) Depend on human or friendly relation (5) Flexible and easy (6) No importance of method or procedure (7) Gives more co-ordination and credibility (8) It is complementary to formal communication.

**Difference Between Formal and Informal Communication :** (1) Meaning (2) Purpose (3) Base (4) Control and supervision (5) Flexibility (6) Time (7) Information in advance.

**Barriers To Effective Communication :** (1) Lack of planning (2) Faulty translation (3) Unclear messages (4) Unclear assumptions (5) Shortage of time (6) Overburden of communication (7) Ignorance of messages (8) Selection of improper medium (9) Distrust and fear.

**Measures to overcome the barrier of communication :** (1) It should be arranged as per organisation structure. (2) Message should be clear to understand. (3) Proper selection of medium of communication. (4) As it is two-way process messages should flow in both the direction easily. (5) Feeling of mutual trust and co-ordination is must between two parties. (6) Communication channel should be continuous and not be delayed. (7) Communication should be fast. (8) It should be goal oriented. (9) Proper broad casting of information. (10) Time to time evaluation of communication should be done . (11) During the process of communication, sender should not have any personal interest in it.

### Section - A

**Select the correct alternative and write answer to the following question :**

- (1) What is meant by giving guidance to the workers for the accomplishment of objective ?   
(A) Planning            (B) Organisation            (C) Direction            (D) Staffing
- (2) What kind of activity is direction ?   
(A) Upward            (B) Downward            (C) wider            (D) Predecessor
- (3) How many elements of direction are there ?   
(A) One            (B) Two            (C) Three            (D) Four
- (4) At what level is the supervision function more required ?   
(A) Bottom            (B) Middle            (C) Top            (D) Middle And Top
- (5) How is the concept of motivation ?   
(A) Scientific            (B) Psychological            (C) Materialistic            (D) Immaterialistic
- (6) In which year was Abraham Maslow's principle of hierarchy of needs implemented ?   
(A) 1940            (B) 1943            (C) 1953            (D) 2003
- (7) Which are the primary needs ?   
(A) Need for air            (B) Need for food            (C) Need for safety            (D) Need for protection



(3) Who is a supervisor ?

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(4) What is included in motivation ?

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(5) Under what title was the principle of hierarchy of needs presented ?

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(6) What do safety needs include ?

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(7) What is the need for self-actualisation ?

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(8) What is co-partnership ?

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(9) What are non-financial incentives ?

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(10) Which psychological qualities should a good leader possess ?

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(11) What are the matters included in communication ?

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(12) State the various methods of oral communication.

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(13) Mention two examples of informal communication.

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**Section - C**

**Answer the following questions in short :**

(1) How is directing a goal oriented activity ?

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(2) Which are the elements of directing?

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(3) Directing is a continuous process. Explain.

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(4) What is supervision ?

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(5) What is included in financial incentives ?

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(6) Which skills are found in intellectual qualities ?

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(7) State the audio equipments of formal communication.

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(8) Give two examples of formal communication.

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**Section - D**

**Answer the following questions in brief :**

(1) Explain the characteristics of directing.

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(2) Explain in brief the elements of directing.

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(3) Explain non-financial incentives.

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(4) What is leadership? Clarify its characteristics.

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(5) What is communication ? Explain its characteristics.

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(6) Write the differences between formal and informal communication.

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(7) Explain the measures to overcome barriers of communication.

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(3) What is motivation ? Explain its characteristics.

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(4) Explain Maslow's hierarchy of needs through the diagram.

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**Introduction :**

**Meaning of control :** In general control means to find out which functions are carried out and evaluate them and if required to take necessary corrective measures so that work can be done according to the plan.

According to Peter F. Drucker “Controlling is to maintain a balance between efforts and results and between resources and objectives.”

**Characteristics :** (1) Related to planning (2) Functions at every level of management (3) Continuous process (4) End activity of management (5) Related to future (6) Constructive activity (7) Internal process (8) Dynamic process (9) Person-oriented (10) Can be formal or informal.

**Importance :** (1) Helpful in achievement of objectives (2) Control on activities (3) Makes planning effective (4) Co-ordination between various activities (5) Evaluation of activities (6) Removes deviations (7) Necessary for delegation of authority (8) Finds out errors (9) Long term planning (10) Helpful in directing (11) Barometer of efficiency.

**Relations Between Planning and Controlling :**

(1) Planning and controlling are two sides of the same coin (2) Protection against changes (3) Planning is the pre-condition for control. (4) Planning is the father of controlling.

**Stages of Controlling Mechanism** (1) Setting Standards (2) Gathering of information (3) Measuring performance (4) Comparing work done with set standards (5) Correcting Measures :

(A) No change in condition (B) Change the condition to remove deviation (C) Change the condition and establish new standards.

**Section - A**

**Select the correct alternative and write answer to the following questions :**

- (1) What is it formed to implement planning ?
- (A) Organisation (B) Staffing (C) Management (D) Controlling
- (2) Which is the last function of management ?
- (A) Planning (B) Organizing (C) Controlling (D) Co-ordination
- (3) Which function makes planning more effective ?
- (A) Organizing (B) Directing (C) Co-ordination (D) Controlling
- (4) An Organisation without which function is like chariot without a charioteer ?
- (A) Controlling (B) Planning (C) Directing (D) Management
- (5) What kind of deviations are acceptable ?
- (A) Low (B) High (C) Normal (D) Unrealistic
- (6) What is known as the barometer of measuring efficiency of management ?
- (A) Planning (B) Controlling (C) Management (D) Co-ordination



- (7) Which is the last stage of controlling process ? □
- (A) Establishment of standards                      (B) Gathering of information  
 (C) Corrective measures                                (D) Measuring performance
- (8) What type of activity is controlling ? □
- (A) Negative                      (B) Constructive                      (C) Quantitative                      (D) Qualitative

**Section - B**

**Answer the following questions in one sentence each :**

(1) Why is a business enterprise established ?

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(2) Which function makes objectives of planning more effective ?

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(3) Which function monitors whether the activities are performed according to the plan ?

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(4) What is the process of checking the performance of employees and removing the deviation for the effective implementation of the plan ?

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(5) On which activities can control be exercised ?

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(6) Which functions begin after arranging the staff and giving them direction ?

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(7) On what does the extent of control depend ?

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(8) How is activity evaluated through control ?

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(9) How is the performance measured ?

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(10) When are corrective actions not taken ?

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(11) When are higher standards established by improving standards ?

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**Section - C**

**Answer the following questions in short :**

(1) Explain the meaning of controlling.

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(2) Is controlling concept related to improvements in future ? How ?

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(3) 'Controlling is a subjective activity'. - Explain.

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(4) Explain - 'Without control an organisation is like a chariot without a charioteer.'

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(5) Why is controlling called constructive and positive activity ?

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(6) 'Planning and controlling are two sides of same coin.' - Explain.

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(7) "Planning is a pre-condition for controlling." - Explain.

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**Section - D**

**Answer the following questions in brief :**

(1) Explain the importance of Controlling.

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(2) Explain the relationship between Planning and Controlling.

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(3) Planning is the father of controlling. - Explain.

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(4) Controlling is a measure of efficiency and a corrective tool. - Explain.

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**Section - E**

**Answer the following question in details :**

(1) Give the meaning of Controlling and explain its characteristics.

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(2) Explain the stages of the controlling process.

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## Introduction :

### Concept and definition of financial management :

Management of finance function means to take decisions related to financial matter, execute it, acquire acquisition funds and make its optimum utilisation.

**Characteristics :** (1) Branch of management (2) wide scope (3) Base of managerial decisions (4) Relation with financial decisions (5) Goal of maximisation of owner's economic welfare (6) Key position (7) Relation with other areas of management (8) Division into two parts.

### Objectives of Financial Management :

**Objective of Profit Maximisation :** According to this approach company should earn maximum profit out of its available resources. Company can increase earning per share through the objective of maximisation of profit.

**Objective of Wealth Maximisation :** The objective of wealth Maximisation is also known as 'Net Present Value'. Decisions resulting in net present value should be accepted by the company. Prof. Solomon has also favoured this approach.

**Importance of Financial Management :** (1) Estimation of financial needs (2) Acquiring finance (3) Planning and controlling (4) Distribution of finance (5) Maintaining liquidity (6) Distribution of income (7) Management of current assets (8) Financial decision (9) Raising credit of business.

## Financial Decisions :

**Decision Related to Investment :** Investment decision is called capital budgeting. To take the decision regarding the selection of those assets in which capital is to be invested in future. Various methods of capital budgeting are being used in investment decisions.

**(2) Decision Related to Financing :** Financial decisions are connected with the capital structure. Financial manager has to take the decision regarding the portion to be maintained between equity capital and debt. Optimum capital structure is less risky and ensures maximum return.

### Factors Affecting Financing Decisions :

(1) Internal Factors (2) External Factors (3) Decisions related to Dividend : Dividend is a part of profit of the company. Dividend is a return to shareholders on their investment. Financial manager has to decide what part of profit should be distributed as dividend among the shareholders and what part of profit should be retained in business : Payment of dividend affects the market value of share.

## Capital Structure :

**Concept and Definition :** Company procures capital by issuing various type of securities. Decisions regarding type of securities are reflected in the capital structure of the company. In what proportion will be the various type of securities to be issued is determined by financial manager.

**Definitions :** Capital structure means the combination of different sources of capital. Characteristics of Ideal Capital Structure.

(1) Simplicity (2) Profitability (3) Adequate finance (4) Flexibility (5) Economy (6) Balancing (7) Liquidity (8) Attractiveness (9) Solvency.



### **Types of Capital Structure :**

(A) Capital structure of only equity shares (B) Capital structure of preference shares with equity shares (C) Capital structure of debenture with equity shares (D) Capital structure of preference shares and debentures with equity shares.

### **Factors Affecting Capital Structure :**

**Internal Factors** (1) Type of business (2) Size of business (3) Estimation of business income (4) Nature and requirement of assets (5) Attitude of directors (6) Financial requirements (7) Duration of capital requirement

**External Factors :** (1) Condition of boom or depression in capital market (2) Present rate of interest in capital market (3) Capital cost expenses of securities issue (4) Legal restrictions (5) Taxation policy (6) Institutional investors (7) Foreign institutional investors.

### **Working Capital :**

**Meaning And Definition :** Working capital is used to pay day to day expenses. It constantly circulates in business.

### **Concept of Working Capital :**

**Definition :** Working capital means the excess of current assets over current liabilities.

**(1) Gross Working Capital :** Sum of total investment in current assets of business means working capital. **(2) Net Working Capital :** Net working capital means current assets minus current liabilities.

### **Difference Between Gross Working Capital And Net Working Capital :**

(1) Meaning (2) Liquidity Position (3) Financial Position and measurement (4) Increase in current liabilities.

**Characteristics of Working Capital :** (1) Short term capital (2) Investment in current assets (3) Liquidity (4) Less risk (5) Changing form (6) To pay day to day expenses (7) No depreciation (8) Requirement according to type and form of business.

**Factors affecting Working Capital :** (1) Type and nature of business (2) Size of business (3) Production cycle (4) Production policy and type of demand (5) Stock pile of raw material (6) Credit policy (7) Conversion of current assets into cash (8) Stock turn over ratio (9) Operating efficiency (10) Distribution of profit

### **Fixed Capital :**

**Meaning and Concept :** Fixed capital means a long term capital which is generally invested for 5 years or above in business.

**Characteristics :** (1) Long Term (2) Different ratio in different type of business (3) Components (4) Less liquidity (5) Risk (6) Depreciation (7) Sources

### **Factors Affecting the Need of Fixed Capital:**

(1) Type and nature of business (2) Size of the unit (3) Use of ownership/lease (4) Research expenses (5) Modern technology (6) Government assistance and taxation policy (7) Establishment expenses.

**Difference Between Fixed Capital and Working Capital :** (1) Meaning (2) Period (3) Liquidity (4) Risk (5) Requirement (6) Sources (7) Depreciation.

**Section - A**

**Select the correct alternative and write. :**

- (1) What is management of finance in simple sense ?   
(A) Marketing management (B) Financial management  
(C) Staffing (D) Production management
- (2) With what is finance compared in business ?   
(A) Blood (B) Heart (C) Foot (D) Hand
- (3) What is finance for each business ?   
(A) Foundation stone (B) Foundation challenge  
(C) Foundation brick (D) Foundation need
- (4) What is financial management of management ?   
(A) Prestige (B) Trunk (C) Key (D) Branch
- (5) How many financial management goals does the owner have for maximization of economic welfare ?   
(A) One (B) Two (C) Three (D) Four
- (6) What kind of project should company accept for profit maximisation ?   
(A) Loss making (B) Profitable (C) Tempting (D) Qualitative
- (7) What is net present value of asset to the shareholder's assets ?   
(A) Creation (B) Dissolution (C) Expansion (D) Reduction/ Shortfall
- (8) Who favours the objective of wealth maximisation ?   
(A) Prof. Fayol (B) Terry (C) Gulick (D) Prof. Soloman
- (9) What is maintained by preparing cash-flow statement and cash budget ?   
(A) Liquidity (B) Stability (C) Efficiency (D) Management
- (10) What is an investment decision ?   
(A) Capital expenditure (B) Capital budgeting  
(C) Capital structure (D) Capital investment
- (11) With what are the financing decisions connected ?   
(A) Capital (B) Assets (C) Capital Structure (D) Assets structure
- (12) On which share capital is the dividend paid ?   
(A) Issued (B) Accepted (C) Paidup (D) Outstanding Payment
- (13) How many important aspects of a financial plan are there ?   
(A) One (B) Two (C) Three (D) Four
- (14) How should be the capital structure of a company ?   
(A) Flexible (B) Stable (C) Inert (D) Inflexible

- (15) How many type of factors are affecting Capital Structure ?
- (A) Two                      (B) Three                      (C) Four                      (D) Five
- (16) What is the need for working capital in business organisation ?
- (A) To pay daily expenses                      (B) To make daily investment  
(C) To earn daily income                      (D) To manage day to day
- (17) What is gross working capital ?
- (A) Total assets              (B) Total fixed assets              (C) Total current assets (D) Total investments
- (18) What is net working capital ?
- (A) Current liabilities less current assets              (B) Fixed liabilities less fixed assets  
(C) Fixed assets less fixed liabilities              (D) Current assets less current liabilities
- (19) What is the term of working capital ?
- (A) Long                      (B) Short                      (C) Medium                      (D) Very short
- (20) Of which capital is liquidity a basic feature ?
- (A) Working                      (B) Stable                      (C) Permanent                      (D) Instable
- (21) What should be the size of business if the working capital requirement is low ?
- (A) Small                      (B) Large                      (C) Medium                      (D) Changing

**Section - B**

**Answer the following question in one sentence each :**

- (1) Define financial management ?

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- (2) What is included in the wide scope of financial management ?

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- (3) Which decisions depend on financial management ?

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(4) State the approaches of financial management.

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(5) What is profit maximisation ?

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(6) By which other name the objective of wealth maximization known ?

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(7) Which are the important decisions taken by financial management ?

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(8) State the methods of capital budgeting.

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(9) Which capital structure is called as Optimum capital structure ?

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(10) State an important aspect of financial plan.

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(11) Which company has to issue equity share compulsorily ?

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(12) Why working capital is called life blood of business ?

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(13) Why is the risk factor low in working capital ?

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(14) Why is depreciation not calculated on working capital ?

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(15) Why is there a higher risk ratio in fixed capital ?

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**Section - C**

**Answer the following questions in short :**

(1) What do you mean by “objective of profit maximization” ?

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(2) Why is objective of wealth maximization considered superior to that of profit maximization ?

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(3) How does financial management contribute to raising business credit ?

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(4) What is optimum capital structure ?

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(5) What is a dividend ?

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(6) How does the nature and requirement of assets affect the capital structure ?

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(7) What are the costs of capital incurred by a company to issue securities ?

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(8) Who are called institutional investors ?

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(9) How does the form of working capital change ?

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(10) Where is fixed capital invested ?

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(11) Which assets can be deducted from fixed capital investment if leased ?

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(12) What are the expenses a company has to bear for an establishment and which capital does it require ?

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(13) What are the sources of working capital ?

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**Section - D**

**Answer the following questions in brief :**

- (1) Describe the objectives of financial management.

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- (2) Specify the importance of financial management

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- (3) Explain financial decisions.

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(4) Give the meaning of capital structure and describe its characteristics.

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(5) Explain the difference between gross working capital and net working capital.

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(6) Describe the characteristics of fixed capital by giving its meaning.

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(7) Explain the difference between fixed capital and working capital.

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**Section - E**

**Answer the following questions in details :**

(1) Explain the characteristics of financial management by giving its meaning.

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(2) Explain the importance of financial management by giving its meaning.

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(6) Explain factors affecting working capital.

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**Introduction :**

**Concept of Financial Market :** Financial market is an important component of financial structure. Financial market includes mainly Capital market and Money market.

**Money Market :** Money market is market of borrowing money and lending money for a short term. It is a market for securities having a maturity period of one year or less than it.

**Characteristics :** (1) Two parts (2) maturity period (3) credit worthiness (4) physical location (5) convertible into cash (6) sub-branches (7) debt instruments (8) base of success.

**Money Market :**

Divided into two part : (1) Organised money market and (2) Unorganised money market

**(1) Organised Money Market :** Regulated by Reserve Bank of India. Includes financial instruments like treasury bills, certificate of deposits, call money.

**(2) Unorganised Money Market :** No regulation of centralised institution as it is informal, consists of landlord, shroffs.

**Instruments of Money Market :**

**(1) Treasury Bills :** It is short term government security. Issued at discount, possesses cash liquidity.

**(2) Commercial Paper :** It is short term document like promisory note. Issued by corporate bodies. Issued at discount.

**(3) Certificate of Deposits :** This is unsecured, negotiable and short term financial instrument.

**(4) Commercial Bill :** It arises out of business transactions. It is drawn by seller of goods on the purchaser. Bank provides credit to its customer discounting the bill.

**(5) Call money and Notice Money :** Call money is a transaction for one day. Call money means loan of one day. When money is borrowed or lent for 2 to 14 days, it is called Notice money.

**Capital market :** It includes two markets : (1) Primary market and (2) Secondary market.

**Meaning of Capital Market :** It is a source of long term capital fund for industrial enterprises. Capital market becomes helpful in the economic growth through mobilizing the savings of community.

**Characteristics of capital market :** (1) Long term market (2) Instruments are securities (3) Investment in securities (4) Regulation of SEBI (5) Transfer of ownership of securities (6) Provides liquidity (7) Two parts

**Primary Capital Market :** Primary market is called market of new securities. It is market for selling new securities in order to raise capital fund.

**Characteristics :** (1) Market for newly issued securities (2) Purchasing by investors and direct selling of securities. (3) Intermediaries (4) Issues through prospectus.

**Secondary Market (Stock Exchange) :** Oldest and first stock exchange of India is Bombay Stock Exchange. It is a market for trading of listed securities.



**Characteristics :** (1) Registered corporate body (2) Approval of government (3) Organised market (4) Membership (5) Market of securities (6) Listing of securities (7) Management (8) Strict control over the members (9) Organisational structure (10) Regulation of stock exchange.

**Functions :** (1) Liquidity (2) Valuation of securities (3) Conversion of saving into capital (4) Intermediary in creation of capital (5) Safety in transactions (6) Growth of capital market (7) Facilities to perform activities (8) Necessary facility for speculation (9) Information provider (10) Listing of securities (11) Guidance to investors

**Concept of Demat Account :** Dematerialisation means conversion of physical securities into electronic data through computer.

**Depository :** It is a company registered under companies act. It has to obtain certificate of registration from SEBI.

**Two Depositories in India :** (1) NSDL and (2) CDSL.

**National Securities Depository Limited - NSDL :** Public company formed under the Companies Act. It was registered with SEBI in 1996. NSDL performs its function through the depository participant appointed by it. All services are provided by depositories through NSDL.

**Central Depositories Services (India) Limited -CDSL :** Incorporated in 1999. It publishes from time to time on its website the list of participants registered with it. The centralised system of CDSL and NSDL keeps an eye on every transaction. Provides all the services as provided by depository.

**Depository Services :** (1) Dematerialisation and rematerialisation (2) Easy transfer of securities at less expense (3) Prompt settlement of transaction (4) Record in customer's account (5) Facility to mortgage (6) Facility to freeze or close account (7) Record and storage of information (8) Link between investor and clearing house (9) Services through internet.

**Trading Procedure of Securities :** End of old traditional system of transaction on the floor by outcry. Online trading system in all the stock exchanges. Investors can buy and sell their securities because of online trading.

**Procedure of Purchase and Sale :** (1) To open demat account (2) Order to buy and sell (3) Execution of order (4) Contract note (5) Settlement of transaction (6) Payment of amount and delivery of security (7) Inform to customer of settlement of transaction

**Objectives of SEBI :** (1) To protect the interest of investors (2) To encourage the development of securities market (3) To regulate the securities market.

**Functions :** (1) To regulate the business in stock exchange. (2) Protection of the interest of the investors. (3) Registration and regulation of intermediaries. (4) Registration and regulation of mutual funds. (5) To prevent fraudulent trade. (6) To cancel registration of brokers. (7) To regulate the merger and take over of the companies. (8) Guidelines with reference to public issues. (9) Self regulation. (10) Maintaining stock exchanges as an efficient market. (11) Inspection of books. (12) Monitoring and inspection of stock exchange. (13) Guidelines. (14) To obtain annual and periodical reports. (15) Research work.

**Section - A**

**Select the correct alternative and write answer to the following questions :**

- (1) Mainly in how many part financial management of India is divided ?   
(A) Two (B) Three (C) Four (D) Five
- (2) Which is an important component of the organised financial Structure ?   
(A) Capital Market (B) Primary Capital Market  
(C) Secondary Market (D) Financial Market
- (3) Which is called market of newly issued securities ?   
(A) Unorganised Money Market (B) Secondary Market  
(C) Primary Market (D) Speculative Market
- (4) What do you call securities market having maturity period of one year or less than it ?   
(A) Primary Market (B) Stock Exchange (C) Money Market (D) Speculative Market
- (5) By whom is organised money market regulated in India ?   
(A) State Bank of India (B) Central Bank of India  
(C) Bank of India (D) Reserve Bank of India
- (6) Which of the following is not the instrument of money market ?   
(A) Treasury Bills (B) Commercial paper (C) Share (D) Certificate of deposits
- (7) Which of the instrument is zero coupon bond of the money market ?   
(A) Treasury Bills (B) Commercial paper (C) Certificate of deposits (D) Commercial bills
- (8) Which instrument of money market is known as finance paper ?   
(A) Commerical paper (B) Certificate of deposits  
(C) Treasury bills (D) Commercial bills
- (9) When one bank borrows money for one day from the other bank it is called   
(A) Call money (B) Notice money (C) Time money (D) Market money
- (10) Who are mainly the participants in the call money market ?   
(A) Financial Institutions (B) Stock Exchange  
(C) Mutual Funds (D) Banks
- (11) Which of the following is not the member of primary capital market ?   
(A) Reserve Bank of India (B) Book running lead manager  
(C) Registrar of issues (D) Share broker
- (12) When was Bombay stock exchange established ?   
(A) January 1875 (B) March 1875 (C) June 1875 (D) July 1875

- (13) Whose approval is to be obtained by stock exchanges for the trading of securities ?
- (A) Reserve Bank of India (B) Central government  
(C) Court (D) Registrar of companies
- (14) With whom is the demat account to be opened by the investor to obtain depository service ?
- (A) Depository (B) Depository participant  
(C) Reserve Bank of India (D) SEBI
- (15) How many depositories are there in India at present ?
- (A) Two (B) Three (C) Four (D) Five
- (16) Who performs the settlement of transaction in the National Stock Exchange ?
- (A) NSDL (B) CDSL (C) NSCCL (D) BOLT
- (17) Where is the head office of SEBI situated ?
- (A) Kolkata (B) Mumbai (C) Delhi (D) Chennai

**Section - B**

**Answer the following questions in one sentence each :**

(1) Which are the main components of the organised financial structure ?

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(2) Which two markets are included in financial market ?

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(3) In which two parts capital market is divided ?

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(4) Which are the two parties in money market ?

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(5) On what does the success and operation of money market depend ?

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(6) Which instruments are included in organised money market ?

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(7) What does unorganized money market consist of ?

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(8) Which are the main instruments of money market ?

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(9) Who issued commercial paper first of all and when ?

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(10) Which are the types of commercial bills ?

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(11) When does a trade bill become commercial bill ?

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(12) What is included in call money market ?

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(13) What is notice money ?

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(14) Who can deal in the transactions of securities in stock exchange ?

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(15) By whom is all the stock exchanges regulated in India ?

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(16) Who preserves physical securities in the electronic form ?

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(17) When has SEBI come into existence as a statutory body ?

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**Section - C**

**Write the answer of following question in short :**

(1) Who are included as the participants in financial market ?

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(2) What is money market ?

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(3) Who are included as money lenders and money borrowers in money market ?

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(4) Who issues treasury bills and why ?

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(5) State the characteristics of primary capital market.

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(6) How does stock exchange provide safety in transactions to investors ?

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(7) "Development of capital market is possible because of stock exchange." How ?

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(8) What are the objectives of SEBI ?

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(9) Give the full form of the following :

- (i) SEBI (ii) NSDL (iii) CDSL (iv) NEAT (v) BOLT (vi) NSCCL

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**Section - D**

**Write the answer of the following questions pointwise :**

(1) Explain the instruments of money market.

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(2) Giving the meaning of capital market. State the characteristics of capital market.

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(3) Write a short note on demat account.

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(4) Explain :

(A) National Securities Depository Limited (NSDL)

(B) Central Depository Services (India) Limited (CDSL)

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**Section - E**

**Write the answer of the following questions in detail :**

- (1) Explain the meaning and concept of money market and discuss its characteristics.

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(4) Explain the trading procedure of purchase - sales of securities in the stock exchange.

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**Introduction :**

**Marketing Process :** Marketing is a process through which the goods or services are moved from producers to the customers.

**Functions of marketing process :**

(1) Marketing Research (2) Collection of Goods (3) Transformation of raw material into consumable goods (4) Standardisation and gradation (5) Labelling on the goods. (6) Pricing (7) Packing (8) Storage of goods (9) Transportation (10) Insurance (11) Financial Arrangement (12) Advertisement (13) Arrangement of Sales and Distribution (14) Sales (15) After sales services.

**Difference between marketing and selling :** (1) Meaning (2) Scope (3) Objectives (4) Parties (5) Beginning and end (6) Capital requirements (7) Direction of efforts

**Concepts-ideologies of marketing management :** Different concepts to understand and implement the marketing management.

**(1) Production Concept :** It focuses on offering the product to consumer at the lowest price.

**(2) Product concept :** Producing better quality product and selling it at a high price, assuming that customer is quality conscious.

**(3) Selling Concept :** It focuses on an aggressive selling and promotion technique adopted to convert the stock into cash to raise stock turnover rate.

**(4) Marketing Concept :** The customer is in the centre and product is made from the view point of customer satisfaction.

**(5) Social Concept :** The concept of social responsibility - There should be protection of the social interest, which means maintaining a balance between the satisfaction of customer and the interest of the society.

**Marketing Mix :** There are four components of marketing management that can achieve goal of the business unit by achieving customer satisfaction. They are product, price, place and promotion. They are also known as 4 Ps.

**(A) Product :** That can satisfy the customer's need.

**Branding :** Branding means any type of sign, symbol, design which is intended to differentiate the product from competitor's product.

**Characteristics :** (1) Quality (2) Use of colors in symbols (3) Sign/ symbol on packing (4) Name of brand, emphasizing the basic features or benefits or usages of the product (5) Identification of the product (6) Sale at high price (7) Easy for the salesman.

**Labeling :** Display of information such as product size or weight, price, date of manufacturing, ingredients, Expiry date, Method to use the product etc.

**Function :** (1) Easy identification of the product (2) Sufficient information about type and quality of the product (3) Information about product (4) Method of usage (5) Create attraction (6) Satisfy legal and ethical needs.

**Packaging :** Covering a product to protect, it is known as packaging.

**(B) Price :** Value paid by a customer for a product or service for his physical, economical, social or psychological satisfaction.

**Factors Affecting Price :** (1) Cost of product (2) Demand of product (3) Competition in the market (4) Government and legal restrictions (5) Objective oriented pricing (6) Economic conditions (7) Buying behavior

**(C) Distribution :** It refers to an arrangement of making the final product available at place where it is required, when it is required and in whatever quantity it is required.

**Types of Distribution :** (1) Direct sales (2) Sales through middlemen

**(1) Direct sales or selling to the customer :** The manufacturer or seller directly sells to the customers.

**(2) Indirect Sales/sales Through Middlemen :** Using indirect means with intermediaries.

**(A) One Level :** Only one mediator between a buyer and a seller.

**(B) Two Level :** Wholesaler and retailer, two mediator between a buyer and a seller.

**(C) Three Level :** Agent, wholesaler and retailer, three mediator between a buyer and seller.

**(D) Promotion :** It is an important marketing mix that creates attraction toward the product among the customers and converts potential customers into actual customers. In Promotion advertisement, sales promotion, publicity and personal selling are included.

**Advertisement :** Producers use different mediums to advertise goods or services and they pay for that.

**Functions (Role) :** (1) Creates demand (2) Advantages of large scale production (3) Information about product (4) Help in job creation (5) Raises living standard (6) Maintains quantum of sales.

**Objections Against Advertisement :** (1) Unnecessary purchasing- a social evil (2) Inferiority to poor (3) Expensive Activity (4) To beat the competitors (5) Inferior quality product (6) Unimpressive presentation / obscenity (7) information regarding unwanted goods (8) Forces others to advertise (9) Exaggeration.

**Personal Selling :** The job of presenting the product before the potential customers, solve their doubts and converting them into actual buyers by a salesman .

**Characteristics of a Good Salesman :** (1) Smart, efficient, physically fit (2) Efficient in communication (3) Style of presentation of new product (4) Technical information (5) Honesty (6) Politeness (7) Enthusiasm

**Sales Promotion :** Short-term benefits offered to the customers that inspire the customers to buy the product.

**Sales Promotion Techniques :** (1) Sale (2) Discount (3) Advertisement coupon (4) Gift (5) Additional Gift (6) Lucky draw (7) Interest free loan (8) Distribution of samples (9) Organising competitions.

**Publicity :** Impersonal communication about the product of the company with the help of mass media without paying any charges for it.

**Role :** (1) Most reliable (2) Free of cost (3) Includes public relations (4) Effective use of mass communication (5) Helps the salesman and middleman.

**Public relations :** Maintaining good relationship with all the parties involved with the company and creating good image of the company among them.

**Role :** (1) Good relationships with newspaper editors (2) Information about new product (3) Achievements of the company and its employees (4) Speech of chairman (5) Organizing social and cultural programmes (6) Public interest activities.

**Section - A**

**Select the correct alternative and write answer to the following questions :**

- (1) Who has become the king of market in modern age ?   
(A) Producer      (B) Trader      (C) Customer      (D) Agent
- (2) According to what, is the price of the product decided ?   
(A) Need of customer      (B) Purchasing power of customer  
(C) Nature of customer      (D) Competition in the market
- (3) How many are the parties in the marketing process ?   
(A) Two      (B) Three      (C) Four      (D) Five
- (4) The information about what is to be obtained in the marketing research process?   
(A) About sales      (B) About customer      (C) About competition      (D) About market
- (5) With what does the product packing resemble ?   
(A) Decoration      (B) Garment      (C) Armour      (D) Makeup
- (6) Which is an important matter in storage of product ?   
(A) Proper arrangement of product      (B) Tight packing  
(C) Arrangement of lighting      (D) Quality
- (7) On what basis, the advertisement strategy is framed ?   
(A) On the basis of estimation of supply      (B) On the basis of expected demand  
(C) On the basis of estimation of competition      (D) On the basis of type of product
- (8) Which is the most effective method in sales ?   
(A) Sales through salesmen      (B) Personal selling  
(C) Sales through retailer      (D) Sales through wholesaler
- (9) How many are the concept of marketing management ?   
(A) Two      (B) Three      (C) Four      (D) Five
- (10) What is the core of marketing process ?   
(A) Advertisement      (B) Product      (C) Packing      (D) Collection of product
- (11) When a Producer gives a name to his product, what is it called ?   
(A) Product      (B) Branding      (C) Commodity      (D) Output

- (12) On which matters does the product's income or profit of a business depend ?
- (A) Advertisement (B) Price (C) Quality (D) Prestige
- (13) To whom does a producer supply the product under the double level distribution system ?
- (A) Retailer (B) Customer (C) Wholesaler (D) Agent
- (14) When does a business unit arrange the public relation programmes as a part of public awareness ?
- (A) When new machine is purchased (B) when new product is produced  
(C) At the inauguration of a building (D) When new researches are done

**Section - B**

**Answer the following questions in one sentence :**

- (1) What is collection of product ?

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- (2) How is the process of standardisation of product ?

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- (3) Who conducts the gradation of agricultural product in India ?

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- (4) Who conducts the gradation of industrial products ?

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- (5) What is emphasized in the concept of production ?

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(6) Which matters are included in Marketing Mix?

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(7) What is labelling ?

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(8) Which factors play a role in consumer behavior ?

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(9) What is distribution arrangement ?

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(10) By which another name the direct selling method is known ?

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(11) What is public relation ?

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**Section - C**

**Answer the following question in short :**

(1) State two benefits of branding a product.

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(2) Which expenses are included while determining the price of a product ?

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(3) Explain in brief production concept.

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(4) Which methods are included in product mix ?

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(5) What is called double level distribution system ?

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(6) Explain the three level distribution system.

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(7) State the concept of sales promotion.

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(8) Which matters are included in publicity ?

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(9) State any two activities of public relations.

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**Section - D**

**Write the answer of following questions pointwise.**

(1) Explain 4Ps included in marketing mix.

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**Introduction**

**Meaning of Consumer Protection :** Providing a shield to consumer from the unethical, exploitative and unlawful practices of seller or manufacturers.

**The Exploitation of Consumers can be categorised under three heads :** (1) Physical and Mental Exploitation (2) Economic Exploitation (3) Against Public Interest.

**Meaning of Consumer :** According to the Consumer Protection Act a consumer is a person who receives goods or services against an exchange. He pays or agrees to compensate partly or fully, promises to compensate on a future date or has participated in some future payment plan. Any user of the product or services, who uses it on the basis of the permission of the purchaser is a consumer. But the one who purchases on a resale basis or for further production is not included under the definition of a consumer.”

**Importance of Consumer Protection :**

**Importance of Consumer Protection From the view point of business :** (1) Use of Public Resource and Wealth (2) Social Responsibility (3) Part of the Society (4) Impression on the Society (5) Consumers’ Protection is good for business (6) Principle of the trusteeship and consumer protection.

**Consumer Protection from the view point of Consumer :** (1) Extensive Exploitation of consumers (2) Ignorance of consumers (3) Lack of unity among Consumers.

**Consumers Protection Act - 1986**

**Rights of the Consumers :** (1) Safety (2) Information (3) Choice (4) Representation (5) Redressal (6) Consumer Education.

**Additional Rights of Consumers through United Nation Organization Directive :**

(1) Basic Needs (2) Hygenic Environment

**Responsibilities of Consumers :** (1) Conscious use of rights (2) Beware of misleading advertisements (3) Care during purchase (4) Solicit for a bill (5) Solicit a high quality (6) Registering of genuine complaints (7) Spread of consumerism (8) Environmental protection (9) No involvement in unethical activities.

**Dispute Settlement Institutions According to Consumer Protection Act :**

**(1) District Level Forum :** When the price and compensation demanded for the disputed product or service equals to or is less than ₹ 20 lakhs, it will be dealt by District Level Forum for its listening and settlement. In District Level Forum atleast 3 members are appointed by state government, out of whom one is the president and one should be a woman member. If either of the parties is not satisfied with the judgement of the District Level Forum, then within 30 days it can appeal to the State Level Commission for reconsideration.

**(2) State Level Commission :** If the price and compensation demanded for the disputed product or services is more than ₹ 20 lakh, but equals to or less than ₹ 1 crore, the State Level Commission listens to the dispute and settles it. If party is dissatisfied with the judgement of the District Level Forum and if it is brought to the state level commission, it will be heard by them. The State Government appoints atleast 3 members out of which one will be the President and one should be a woman member. If any party is not satisfied with the judgement of State Level Commission, then within 30 days it can appeal to the National Level Commission for reconsideration.

**(3) National Level Commission :** If the price and compensation amount demanded for the disputed product or services exceeds ₹ 1 Crore, the National Level Commission listens to the dispute and settles it. If it is not satisfied with the judgement of the State Level Commission it will be handled by the National Level Commission. At least five members are appointed by the Central Government out of which one is the President and one should be a woman member. Any party can appeal to the Supreme Court in reasonable time if they are not satisfied with the judgement of National Level Commission.

**Available Remedies / Reliefs for Consumer :** If the consumer court accepts the complaint, it can allow one or more reliefs out of the following in the favour of the consumer :

(1) It can direct to remove the defects existing in the product or the service. (2) It can direct to refund the money for the defects in the product or the service. (3) It can be ordered to exchange defective product with the new (fresh) product. (4) If due to the negligence on part of the seller there the consumer has to suffer any loss or injury, he can be compensated for the same. (5) If the case so demands, penalty also can be imposed on the seller. (6) Unfair and prohibitive business practices can be stopped and can order not to repeat the same in future. (7) Production and sales of harmful products can be stopped. (8) Harmful product can be stopped from being sold. (9) If defective product or deficiency in services is found, at least 5% of amount of total sales should be ordered to be deposited in Consumer Protection Fund or to any institution or person working with the objective of utilizing the amount for a specific purpose. (10) It can direct to remove misleading advertisements and introduce improvised advertisement. (11) It can order to make reasonable payment to the affected party ( consumer ) by way of compensation.

**Consumer Awareness :** (1) Lok Adalat (2) Public Interest Litigation (3) Eco- friendly Product

**Consumers' Unions and the role of Non-government Organization :** Non-profit earning consumers' union and non-government organizations work for maintaining and protecting the interest of the consumers. Their work includes (1) Educating about the rights of consumer through seminars, conference and workshops. (2) Publishing periodicals, notices, booklets etc. To spread awareness regarding consumers, problems legal awareness, eligibility of compensation and other favourable information. (3) Consumers are informed about the comparison of various products and services available in the market, quality analysis by the authorised laboratories and their reports. (4) Support to provide the consumer legal information and aid for the legal formality. (5) Essential support is provided to the consumers to oppose unethical, exploitative and unfair sales practices of the seller. (6) Complaints are registered in the consumer court to protect interest of the consumer. (7) All required assistance is provided to a consumer who wants, to complain in the consumer court. (8) Consumers' satisfaction and their related informations are compiled and published. (9) Films and information are released to educate consumers. (10) Consumer education programmes are organized in school and colleges. And students are educated for consumer protection. (11) Awareness is created against food adulteration. (12) To provide support to Government Institutions which work towards spreading consumer awareness.

**Institutions Working in the Field of Spreading Consumer Awareness :**

(1) Consumer Educations and Research Center ( CERC ), Ahmedabad (2) Consumer Protection Council -( CPC ), Ahmedabad (3) Voluntary Organization in the interest of Consumer Education - ( VOICE ), Delhi (4) Consumer Guidance Society of India -( CGSI ), Mumbai (5) Consumer Unity and Trust Society - (CUTS), Jaipur etc. Consumer Co-ordination Council (CCC ), Delhi; compiles and co-ordinates the activities of all other institutions working on consumer protection.

**Section - A**

**Select the correct alternative and write the answer to the following questions.**

- (1) What type of exploitation takes place when the price charged for goods and service is more than the printed price?   
(A) Physical Exploitation (B) Financial Exploitation  
(C) Mental Exploitation (D) Social Exploitation
- (2) Who receives goods or services in return for payment ?   
(A) Trader (B) Consumers (C) Producer (D) Director /Manager
- (3) How many rights have been given to consumers by the consumer protection act ?   
(A) 5 (B) 6 (C) 4 (D) 7
- (4) Upto what amount of the compensation demanded for the disputed goods or services is placed at the district level forum ?   
(A) 20 Lakhs (B) More than 20 Lakhs  
(C) 50 Lakhs (D) More than 50 Lakhs
- (5) Who establishes the District Level Forum for the redressal of consumer disputes ?   
(A) Gram panchayat (B) District panchayat  
(C) State Government (D) Central Government
- (6) If any party is dissatisfied with the judgement of the state level commission, whom can they appeal to for re- examination ?   
(A) District level forum (B) National level commission  
(C) High court (D) Supreme court
- (7) Minimum how many people are appointed for national level commission ?   
(A) Three (B) Four (C) Five (D) Six
- (8) Which date is celebrated as consumer rights day at international level every year?   
(A) 15 January (B) 15 March (C) 15 August (D) 26 January
- (9) Which mark has been given by the government of India for the protection of the environment ?   
(A) Agmark (B) Hallmark (C) Ecomark (D) Trademark
- (10) In India, various voluntary agencies which work towards consumer protection are members of which organization ?   
(A) CCC (B) CUTS (C) CPC (D) CERC

**Section - B**

**Answer the following questions in one sentence each :**

- (1) Give the meaning of consumer protection.

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- (2) What do you mean by physical and mental exploitation ?

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(3) Among the reasons for consumer exploitation which is the most important ?

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(4) The one who purchases for resale or for future production is not considered as what ?

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(5) Which is the basic condition for a competitive market ?

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(6) What does the consumer protection act protect the consumer from ?

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(7) What do you mean by right to information of a consumer ?

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(8) What do you mean by right of choice of a consumer ?

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(9) What do you mean by hygienic environment ?

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(10) Give two examples of misleading advertisement.

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(11) What do you mean by consumerism ?

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(12) Give the full form of PIL.

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(13) What is meant by Eco mark ?

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**Section - C**

**Answer the following questions in short.**

(1) Explain : Consumers are not aware about their rights.

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(2) Write a note on Consumer Education.

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(3) How many layer mechanism has been set-up for grievances redressal of consumer according to the consumer protection act ?

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(4) Who sets up State Level Commission. Which and how many people are appointed in that ?

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(5) Give the meaning of Lok Adalat.

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(6) Which unit of public enterprises organizes Lok Adalat ?

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(7) What is the meaning of PIL ? Where can it be made ?

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(8) Which popular agencies are working for Consumer Protection ?

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(9) In what ways does the consumer department of the government of India try to create consumer awareness ?

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**Section - D**

**Answer the following questions in brief.**

- (1) Explain the importance of consumer protection from the view of the consumer .

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- (2) Explain the responsibilities of the consumer.

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- (3) Give the meaning of Consumer Protection and explain the Consumer Protection Act in short.

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**Introduction**

**Meaning :** Business Environment includes economic, social, cultural, technological, political, legal factors. Apart from these, various groups like consumers, employees, competitors, suppliers of raw materials etc. are also included in this business environment.

**Importance :** (1) Advantage of early entry (2) Sensitivity of management (3) Grab opportunities (4) Identifying dangers (5) Helpful in policy decisions (6) Continuous study

**Factors affecting business environment :** (1) Internal factors (2) External factors.

**Internal Factors :** (1) Business objectives (2) Employees (3) Managerial system etc.

**External Factors :** (1) Economic factors (a) Economic System (b) Degree of Economic Development (c) Regional Development and international integration (d) National income and per capita income (e) Distribution of National Income (f) Monetary policy (g) Fiscal Policy (h) Other Factors. (2) Social Factors (3) Cultural factors (4) Technological factors (5) Political Factors (6) Legal Factors

**Liberalisation :** An effort to quit the path of control and try to achieve progress through the path of liberation is known as liberalization.

**Effects of Liberalization :** (1) Acceptance of foreign capital investment in Indian industry and business (2) Transparency in the purchase and sale delivery, payment system in the share market (3) Simple tax structure (4) New sign of Indian Currency '₹' and subject to certain conditions, Indian rupee is free against the foreign currency (5) Elimination of license raj (6) Integrated effort to increase exports (7) Widespread changes in the laws relating to foreign exchange (8) Changes in the Monopolies and Restrictive Trade Practices Act (9) Conditional freedom to banks for fixing rate of interest (10) Ease to import goods and services.

**Privatization :** Transferring of ownership and management from the control of public sector to private companies or private industrial units is known as privatisation.

**Positive Effect of Privatization :** (1) Rise in productive efficiency (2) Absence of political interference (3) Quality goods and services (4) Systematic marketing (5) Use of modern technology (6) Hierarchical set up for accountability (7) Creation of Competitive environment (8) Advantage of research and development (9) Advantage of modernization and innovation (10) Maximum utilization factors of production (11) Availability of infrastructural facilities.

**Negative Effects of Privatization :** (1) Exploitation of employees (2) Misuse of power by top management (3) Unequal distribution of income and wealth (4) Absence of job security (5) Priority of profit (6) Consumer exploitation etc.

**Globalization :** When any country allows foreign companies to do business in their domestic economy and allows domestic companies to do business globally, it is known as globalization.

**Positive Effects of Globalization :** (1) Large scale production (2) Increased competition leads to greater consumer protection (3) Consumer gets improvised, technically upgraded product at an economical price (4) Opportunities of employment generation (5) Consumer will be able to use quality products and service at a low price (6) Speedier generation of infrastructural facilities in the country (7) Increased importance of education has led to increase in spread of education (8) Easier to set up new industries (9) The whole world is becoming a global village (10) Freedom from political bureaucracy and red tapism.

**Negative Effect of Globalization :** (1) Arrangement for market set up becomes difficult and costly (2) Rise in the production of luxurious goods and services at the cost of necessities (3) New problem arises because of the change in human mentality (4) Rise in inequalities of income and wealth distribution (5) Spread of economic situation of one country or continent to other countries quickly (6) Competition is at the cost of destruction of ethical values (7) Larger units get more profit and small scale units experience difficulty to survive (8) When the spread of education is relatively lesser than the spread of development, the competitive ability of employees become weak (9) Multinational companies show more loyalty to their home country rather than to the host country (10) Internationally renowned companies influence the monetary policy of the country which is suitable to them by collaborating with the political parties.

**Section -A**

**Select the correct alternative and write the answer to the following questions.**

- (1) As a part of changes in the economic policy, when did private sector accept the existence of insurance companies ?
- (A) After 1991      (B) After 1969      (C) After 1951      (D) After 1955
- (2) In which economic system does the producer have all the rights to take major decisions related to economic activities ?
- (A) Capitalistic      (B) Communist      (C) Socialistic      (D) Mixed Economy
- (3) Out of the following in which economic system can we see free trade ?
- (A) Socialistic      (B) Capitalistic      (C) Mixed Economy      (D) Communist
- (4) In which type of country, the national income and per capita income shows rising trend ?
- (A) Developing Country      (B) Developed Country  
(C) Socialistic Country      (D) Under - Developed Country
- (5) When does per capita income increase ?
- (A) National income and population increase proportionately.  
(B) Population does not increase in proportion to national income.  
(C) Both national income and population increase.  
(D) National income decreases and population do not increases.
- (6) In Indian economy when was the policy of liberalization, privatization and globalization initiated ?
- (A) After June 1991      (B) After July 1991  
(C) After June 1969      (D) After July 1969

- (7) Recently which act was put into practice by the government of India to make the goods and services tax structure transparent ?
- (A) FEMA            (B) GST            (C) FERA            (D) MRTP
- (8) In India which bank has been given conditional freedom to decide rate of interest on deposits and loans ?
- (A) SBI            (B) RBI            (C) BOI            (D) BOB
- (9) What is the process of transfer of ownership and management from public sector enterprises to private sector known as ?
- (A) Renovation    (B) Liberalization    (C) Globalization    (D) Privatization
- (10) When a public enterprise invites general public to purchase a part of its capital what is it called ?
- (A) Merger            (B) Capitalisation    (C) Combination    (D) Disinvestment
- (11) Which organization was formed for the development of industries and business of the world at International level ?
- (A) FEMA            (B) FERA            (C) WTO            (D) GATT

**Section - B**

**Answer the following questions in one sentence each.**

(1) What do you mean by business environment ?

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(2) Which internal factors are included in business environment ?

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(3) What does business environment create ?

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(4) Give full form of FDI.

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(5) What do you mean by a developed country ?

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(6) Which sectors play a key role in the development of a country ?

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(7) Which factors are included in cultural factors ?

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(8) Why do industries make use of robots ?

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(9) Give the full form of MRTP.

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(10) What is Privatization ?

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(11) Give the meaning of Globalization.

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(12) Give the full form of GATT.

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**Section - C**

**Answer the following questions in short :**

(1) “No business can operate itself being aloof from the society”. Explain.

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(2) Which are the three types of units with reference to business environment ?

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(3) List the various obstacles to business environment.

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(4) “Continuously changing business environment has number of dangers.” Explain.

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(5) “An understanding of the business environment helps a businessman to redesign his policy decisions.” Explain.

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(6) “Increase in national income is a positive factor for business”. Explain.

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(7) What is included in financial policy ?

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(8) State the main objectives of fiscal policy.

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(9) What do you mean by E-banking and M-banking ?

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(10) State the reasons for the inefficiency of the public sector.

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(11) Why does globalization of business and industries take place ?

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**Section - D**

**Answer the following questions briefly.**

- (1) Explain any four economic factors affecting business environment.

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- (2) “Agriculture, Industry and Service sector play a key role in the development of a country.”  
Explain.

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- (3) Which issues are taken into consideration while determining technological factors ?

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(4) Discuss the effects of Liberalization.

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(5) State the negative effects of Privatization.

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# Organisation of Commerce and Management (046)

STD- 12

Paper-1

Time : 3 Hours

Total Marks : 100

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## Instructions :

- (1) There are total 5 sections and 49 questions in this paper.
  - (2) All questions are compulsory. There is internal choice.
  - (3) The figure written at right side of the question indicates Marks.
  - (4) Write answer according to instructions for each question.
  - (5) Start new section from a fresh / new page.
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### Section- A

#### 1. Select the correct alternative and write answer to the following questions : (10)

- (1) What is the method that puts knowledge easily into practise called ?  
(A) Profession      (B) Science      (C) Art      (D) Direction
- (2) Who is the promoter of scientific management ?  
(A) Luther Gulick      (B) Frederick Taylor      (C) Henry Fayol      (D) Peter F. Drucker
- (3) Mention first function of management.  
(A) Planning      (B) Controlling      (C) Organising      (D) Directing
- (4) Which organisation is called army organisation ?  
(A) Matrix      (B) Functional      (C) Linear      (D) Informal
- (5) Which function of management is known as father of controlling ?  
(A) Organising      (B) Directing      (C) Staffing      (D) Planning
- (6) Which is the last function of management.  
(A) Planning      (B) Organisation      (C) Staffing      (D) Controlling
- (7) On which capital is dividend paid ?  
(A) Paid up capital      (B) Authorised capital      (C) Called up capital      (D) Working capital
- (8) Who regulates organised money market ?  
(A) SEBI      (B) SBI  
(C) RBI      (D) Financial Institution
- (9) Who is at the centre in marketing concept ?  
(A) Product      (B) Production      (C) Customer      (D) Profit

- (10) When was the consumer protection act passed ?  
(A) 1956                      (B) 1932                      (C) 1986                      (D) 2015

**Section - B**

**2. Answer the following questions in one sentence each : (10)**

- (11) Which are the elements of product - mix ?  
(12) Give full form of O.R.  
(13) What is accountability ?  
(14) What are the reasons for recruitment ?  
(15) What is Profit Sharing ?  
(16) What are the components of fixed capital ?  
(17) At what price is treasury bill issued ?  
(18) By whom are stock exchanges regulated in India ?  
(19) What is branding ?  
(20) Name the factors related to business environment ?

**Section - C**

**3. Answer the following questions in short : (30)**

- (21) Name the functional areas of Management.  
(22) What is 'principles of management?'  
(23) Formal and informal organization are complementary to each other. Explain.

OR

- (23) When is Decentralization possible ?  
(24) List the stages of selection procedure.  
(25) Explain waiting list.  
(26) List the elements of direction.  
(27) "A supervisor's work is similar to that of a teacher." - Explain the statement.  
(28) Planning is the father of controlling. Explain.

OR

- (28) "Controlling is not a negative function." Justify the statement.  
(29) What is meant by optimum capital structure ?  
(30) What are the instruments of money market ?

OR

- (30) Give meaning of call money and notice money.  
(31) State any two characteristics of good salesman.  
(32) What is the need of 'storage of goods' ?  
(33) What are the ways in which consumers can be exploited ?

- (34) Give the meaning of liberalization.  
(35) Why is continuous study of business environment required ?

**Section - D**

**4. Answer the following questions in brief : (30)**

- (36) State the importance of management.  
(37) State the importance of co-ordination.  
(38) Explain the principles of scientific management.  
(39) Explain the formation of functional organisation.  
(40) Explain about elements of delegation of authority.  
(41) Explain the importance of controlling.  
(42) Explain the objectives of financial management.

OR

- (42) Discuss any six factors affecting working capital.  
(43) Give meaning of capital markets and clarify its characteristics.  
(44) Explain the difference between marketing and selling.

OR

- (44) Explain the role of Public Relations.  
(45) Explain the meaning and importance of Business Environment.

OR

- (45) What is privatization ? Explain the favourable effects of privatization.

**Section- E**

**5. Answer the following questions in detail : (20)**

- (46) Give the definition of planning and explain its process.  
(47) What is recruitment ? Explain its internal sources.

OR

- (47) Explain the selection procedure.  
(48) Explain financial incentive.  
(49) Describe the responsibilities of consumers according to consumer protection act.

OR

- (49) Explain the rights of the consumer according to consumer protection act.

# Organisation of Commerce and Management (046)

## STD- 12

### Paper-2

**Time : 3 Hours**

**Total Marks : 100**

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**Instruction :**

- (1) There are in total 5 sections and 49 questions in this paper.
  - (2) All questions are compulsory. There is internal choice.
  - (3) The figure written at right side of the question indicates marks.
  - (4) Write answer according to instructions for each question.
  - (5) Start new section from a fresh / new page.
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**Section- A**

**1. Select the correct alternative and write answer to the following questions : (10)**

- (1) Who is at the center of the management process ?  
(A) Shareholder      (B) Consumer      (C) Factors of production      (D) Human being
- (2) Who compares management ideology with a jungle ?  
(A) George Terry      (B) Henry Fayol      (C) Harold Koontz      (D) Peter Drucker
- (3) According to whom, planning function is compared with the function of choice ?  
(A) Dr. George R. Terry      (B) Henry Fayol  
(C) Dr. Bill Goetz      (D) Frederick Taylor
- (4) In delegation of authority what is the extent of responsibility ?  
(A) Complementary      (B) Competitive      (C) Continuous      (D) Moderate
- (5) Which is the last function of the management process ?  
(A) Planning      (B) Organization      (C) Controlling      (D) Co-ordination
- (6) What type of activity is controlling ?  
(A) Negative      (B) Positive      (C) Quantitative      (D) Qualitative
- (7) How should the capital structure of a company be ?  
(A) Flexible      (B) Static      (C) Rigid      (D) Inflexible
- (8) Which instrument of the financial market is known as finance paper ?  
(A) Commercial paper      (B) Certificate of deposit  
(C) Treasury bill      (D) Commercial bill
- (9) Which matter is important in the storage of goods ?  
(A) Proper arrangement of goods      (B) Proper Packing  
(C) Proper ventilation      (D) Maintaining Quality

(10) Who sets up district level forum for consumer grievance redressal ?

(A) Gram Panchayat (B) District Panchayat (C) State Government (D) Central Government

**Section - B**

**2. Answer the following questions in one sentence each : (10)**

(11) State the functional work areas of management.

(12) What is the pre-condition of planning ?

(13) What is decentralisation ?

(14) The function of human resource management is divided into which two parts ?

(15) What do you mean by non-financial incentives ?

(16) Which decisions depend on financial management ?

(17) On what does the functioning and success of financial market depend ?

(18) What is notice money?

(19) What do you mean by labelling ?

(20) Give the full form of MRTP.

**Section - C**

**3. Answer the following questions in short : (30)**

(21) What do you mean by Human Resource Management ?

(22) Who all contributed to the thoughts of neo-classical theory ?

(23) Give the meaning of line organisation.

OR

(23) Delegation of authority motivates employees. How ?

(24) What do you mean by promotion with transfer ?

(25) How does training help to reduce labour turn over ratio ?

(26) What is supervision ?

(27) State the instruments of audio-communication.

(28) Explain the meaning of controlling.

OR

(28) A unit without controlling is like a chariot without a Charioteer.

(29) What is dividend ?

(30) Who issues 'Treasury bills' and why ?

OR

(30) What are the objectives of SEBI ?

(31) State two benefits of labelling goods.

- (32) Which are the matters included in product mix ?
- (33) Consumers are not aware of their rights. Explain.
- (34) Which are the three types of business units with reference to business environment ?
- (35) What is E-banking and M-banking ?

**Section - D**

**4. Answer the following questions briefly : (30)**

- (36) State the functions of top level management.
- (37) State the functions of production management.
- (38) Explain the importance of principles of management ?
- (39) State the steps of the process of organising.
- (40) Formal and informal organisation are complementary to each other. Explain.
- (41) Explain the importance of controlling.
- (42) Write a note on the decisions related to financing.

OR

- (42) Distinguish between fixed capital and working capital.
- (43) State the instruments of financial market.
- (44) State the benefits of labelling.

OR

- (44) For what reasons do people object against advertisements ?
- (45) State the negative effects of privatisation.

OR

- (45) State the positive effects of privatisation.

**Section - E**

**5. Answer the following in detail. (20)**

- (46) What do you mean by planning ? Explain its elements.
- (47) Into which two parts can functions of HRM be divided. Explain.

OR

- (47) Explain in short the procedure of the selection of a candidate.
- (48) What is motivation. Explain its characteristics.
- (49) Explain the three-layer mechanism of consumer grievance redressal according to Consumer Protection Act.

OR

- (49) Give the meaning of Consumer Protection and explain the rights of a consumer.

# Organisation of Commerce and Management (046)

## STD- 12

### Paper-3

Time : 3 Hours

Total Marks : 100

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#### Instruction :

- (1) There are in total 5 sections and 49 questions in this paper.
  - (2) All questions are compulsory. There is internal choice.
  - (3) The figure written at right side of the question indicates marks.
  - (4) Write answer according to instructions for each question.
  - (5) Start new section from a fresh / new page.
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#### Section - A

#### 1. Select the correct alternative and write answer to the following questions : (10)

- (1) What is the barometer for success of a business ?  
(A) Profit                      (B) Economical                      (C) Administration                      (D) Transparency
- (2) What are the ideologies that have been adopted by the end of 19<sup>th</sup> century?  
(A) Neo-classical                      (B) Pre-classical                      (C) Classical                      (D) Modern
- (3) What does collection and analysis of information mean ?  
(A) Process of planning                      (B) Limitations of planning  
(C) Elements of planning                      (D) Types of planning
- (4) Which organisation is known as army organisation ?  
(A) Matrix                      (B) Linear                      (C) Functional                      (D) Formal
- (5) What is formed to enable effective implementation of a plan ?  
(A) Organisation structure                      (B) Staffing  
(C) Management                      (D) Control
- (6) What kind of deviations are acceptable ?  
(A) Low                      (B) High                      (C) Normal                      (D) Unrealistics
- (7) How many approaches does financial Management adopt for maximisation of economic welfare ?  
(A) One                      (B) Two                      (C) Three                      (D) Four
- (8) Which securities market is having maturity period of one year or less ?  
(A) Primary market                      (B) Stock market                      (C) Money market                      (D) Speculative market



- (9) What is considered in order to make the goods consumable ?  
(A) The colour of goods (B) Weight of goods  
(C) Quality of goods (D) Customer needs
- (10) Who receives the goods or services in exchange of money ?  
(A) Businessman (B) Customer (C) Producer (D) Director

**Section - B**

**2. Answer the following questions in one sentence each : (10)**

- (11) Which level of management performs more administrative work ?  
(12) What is the time period of tactical plan ?  
(13) What is decentralisation ?  
(14) What is recruitment in ordinary sense ?  
(15) Under what title was the principle of hierarchy of needs presented ?  
(16) What is profit maximisation ?  
(17) Which are the two markets included in financial market ?  
(18) By whom are all stock exchanges regulated in India ?  
(19) What is collection of product ?  
(20) Give full form of FDI.

**Section - C**

**3. Answer the following questions in short : (30)**

- (21) What is management as per George Terry?  
(22) Which management gurus have contributed in modern thought of management ?  
(23) Write the definition of Organisation.

OR

- (23) Clarify importance of decentralisation.  
(24) 'Staffing is concerned with human relation'. Explain in short.  
(25) Who gives training to whom in a business unit ?  
(26) How is directing a goal oriented activity ?  
(27) Give two examples of formal communication.  
(28) 'Controlling is person oriented activity'. Explain.

OR

- (28) Why is controlling known as a constructive and positive activity ?  
(29) What is optimum capital structure ?  
(30) What is money market ?

OR

- (30) How does stock exchange provide safety to investors ?
- (31) Write a note on production concept.
- (32) State any two activities of public relation.
- (33) Which are the institutions working in the field of consumer Protection ?
- (34) "Continuously changing business environment has number of dangers." - Explain.
- (35) State the reasons for the inefficiency of public sector.

**Section - D**

**4. Answer the following questions briefly : (30)**

- (36) Management is a combination of art and science. Explain it.
- (37) What is co-ordination ? State its characteristics.
- (38) Explain techniques of principles of scientific management.
- (39) Explain the concept of organisation with its meaning.
- (40) Explain the elements of delegation of authority.
- (41) "Planning is the father of controlling." - Explain.
- (42) Explain objectives of financial management.

OR

- (42) Write the meaning of capital structure and explain its characteristics.
- (43) Write the meaning of capital market and state its characteristics.
- (44) Explain the characteristics of branding.

OR

- (44) Explain in short the components of promotion. - mix
- (45) Discuss the effects of liberalisation.

OR

- (45) State the negative effects of Globalisation.

**Section - E**

**5. Answer the following in detail : (20)**

- (46) Explain the characteristics of Planning.
- (47) Explain the importance of staffing.

OR

- (47) What is the meaning of recruitment in ordinary sense ? Explain external sources of recruitment.
- (48) Give the meaning of directing and explain its importance.
- (49) State the available remedies for a consumer according to Consumer Protection Act.

OR

- (49) Explain the importance of consumer protection from the view point of business.