

QUESTION BANK

CLASS – XII

SUBJECT: BUSINESS STUDIES

Session: 2020-21

(SUBJECTIVE)

Case Studies – (Chapter -1) **Nature and Significance of Management**

Q. 1. Dheerj is working as ‘Operations Manager’ in Tifco Ltd. Name the managerial level at which he is working. State any four functions he will perform as ‘Operations Manager’ in this company. (5 marks)

Q. 2. Volvo Ltd’s target is to produce 10000 shirts per month at a cost of Rs. 100/- per shirt. The Production Manager achieved this target at a cost of Rs. 90/- per shirt. Do you think the ‘Production Manager’ is effective? Give one reason in support of your answer. (1 mark)

Q. 3. Yash Ltd. is facing a lot of problems these days. It manufactures electronic goods like washing machines, microwave ovens, refrigeration and air-conditioners. The company’s margins are under pressure and the profits and market marketing department blames production department for producing goods, which are not of good quality to meet customers’ expectations. The finance department blames both production and marketing departments for declining return on investment and bad marketing.

- 1. What quality of management do you think the company is lacking? Justify your answer.**
- 2. State the importance of the concept identified in (a). (5 marks)**

Q. 4. Aman, Ahmad and Ally are partners in a firm engaged in the distribution of dairy products in Maharashtra state. Aman is a holder of Senior Secondary School Certificate from Central Board of Secondary Education with Business Studies as one of his elective subjects. Ahmad had done his post graduation in History and Ally in dairy farming. One day there was a serious discussion between Ahmad and Ally regarding the nature of management. Ahmad argued that management was a profession whereas Ally argued against it saying that the legal and medical professions are the only professions because they fulfill all the conditions of profession.

Aman on the basis of his knowledge of business studies explained the nature of management as a profession to Ahmad and Ally. Explain, how Aman would have satisfied both Ahmad and Ally. (6 marks)

Q. 5. To meet the objectives of the firm, the management of Bhavya Ltd. offers employment to physically challenged persons. Identify the organizational objective it is trying to achieve. Give reason in support of your answer. (1 mark)

Q. 6. B Ltd. wants to modify its existing product, CD players in the market due to decreasing sales. What decisions/steps should each level of management take to give effort to this decisions? (6 marks)

Q. 7. Sonali is the manager of a large company manufacturing garments for kids. She plans her winter collection in the month of August itself. Then, she ensures that there is adequate workforce. She continuously monitors whether production is proceeding according to plans. She asks the marketing department to prepare their promotional and advertising campaigns also.

- 1. Identify and explain the concept of management explained in the above para.**
- 2. What characteristic feature does the above para highlight? State. (5 marks)**

Q. 8. H. Tech Ltd. is a company producing IT services. The company's profits are enough for the survival and growth. The management of the company believes that a satisfied employee creates a satisfied customer, who in turn creates profits that lead to satisfied shareholders. So, it pays competitive salaries and perks to its all employees. All the employees are happy working in the organization because of personal growth and development.

The company has a strong sense of social responsibility. It has set up an engineering college in which one-third of the students are girls to whom the company gives 50% scholarship.

Is the management of H. Tech Ltd. fulfilling its objectives? Justify your answer by giving reasons. (6 marks)

Q. 9. Govinda Ltd. is a highly reputed company. Different functions are performed by different individuals in this company, who are bound together in a hierarchy of relationships. Every individual in the hierarchy is responsible for successful completion of a particular task. Mr. Gauranga is responsible for the welfare and survival of the organization. He formulates overall organizational goals and strategies for their achievement. MR. Nityanand ensures that quality of output is maintained, wastage of materials is minimized and safety standards are maintained. Mr. Sanatan assigns necessary duties and responsibilities to the personnel and motivates them to achieve desired objectives

At what levels of management are MR. Gauranga, Mr. Nityanand and Mr. Sanatan working in Govinda Ltd.? justify your answer. (3 marks)

Q. 10. The management of Vrinda Ltd. strongly believes that the members of an organization should work towards fulfilling the common organizational goals. This requires team work and integration of efforts of all individuals, departments and specialists. This is because all the individuals and departments depend on each other for information and resources to perform their respective activities. Managers need to reconcile differences in approach, timing, effort or interest. At the same time it should enable all its members to grow and develop. Thus, there is a need to harmonize individual goals and organizational goals.

- 1. Identify the concept of management discussed above.**
- 2. State any three features of the concept identified in (a).**
- 3. Identify and explain the characteristic of management which is reflected from the above para. (6 marks)**

Q. 11. Sanjana is the branch manager of ABC Handicrafts Pvt. The company's objective is to promote the sales of Indian handloom and handicraft products. Its sells fabrics, furnishings, ready-mades and household items are made out of traditional Indian fabrics. Sanjana decides quantities, variety, colour and texture of all the above items and then allocates resources for their purchase from different suppliers. She appoints a team of designers and crafts people in the company, who developed some prints for bed covers in bright

colour on silk. Although they looked very impressive, they were more expensive than they had planned to sell. Average customer could not afford to buy it. Praising their effort, Sanjaja suggested that they should keep the silk bed covers for special occasions like Diwali and Christmas and offer the cotton bed covers on a regular basis to keep costs under control.

Identify the functions of management which Sanjaja performs by quoting the lines the above para. (5 marks)

Q. 12. XYZ Power Ltd. set up a factory for manufacturing solar lanterns in a remote village as there was no reliable supply of electricity in rural areas. The revenue earned by the company was sufficient to cover the costs and the risks. The demand of lanterns was increasing day by day, so the company decided to increase production to generate higher sales. For this they decided to employ people from the nearby villages as very few job opportunities were available in that area. The company also decided to open schools and crèches for the children of its employees.

1. Identify and explain the objectives of management discussed above.
2. The company is fulfilling the organizational and social objectives of management. (4 marks)

Q. 13. Nishtha is the marketing manager of a company selling laptops. She plans the target sale of 2000 laptops per month. She allocates necessary resources to carry out the plan. She has six salesmen working under her. She works with them, guiding and motivating them to achieve the target sales. At the end of the month, after comparison of actual sales with the target sales she found that actual sales exceeded the target sales. She rewards the efficient employees to motivate them.

1. How does Nishtha prove the importance of management? Explain.
2. Also state any two values which she wants to communicate to the society by her behavior. (5 marks)

Q. 14. Sooraj works as a salesman in a company selling pet accessories and food. He has been given a target of selling 1200 units of the food packets in a month by offering a maximum of 10% discount to his customers. In order to meet his monthly sales target, on the last two days of the months, he offers 15% discount to his customers.

In the context of the above case:

Is Sooraj effective in his work? Explain by giving a suitable reason in support of your answer.

Q. 15. Sujata works as a designer in an export house. As per the terms of an order received by the export house, she has to get 100 units of denim jackets made in 15 days @ Rs. 2000 per jacket. She is able to complete her target production in 20 days because in order to complete the order in 15 days she would have made the workers work over time. As a result, the cost of production per jacket may have increased by Rs. 100.

In the context of the above case:

Is Sujata efficient in her work? Explain by giving a suitable reason in support of your answer.

Q. 16. Anju and Manju are good friends. Considering the fact that the activities involved in managing an enterprise are common to all organizations, after completing their masters in business management, both of them take up a job at managerial level in different organizations as per their individual areas of interest. Anju takes up a marketing job in a retail company and strives to increase sales whereas Manju joins an NGO and works diligently to realize its objective related to providing employment to specially abled persons. Both of them have to perform a series of continuous, composite, but separate functions. On some

days, Anju may spend more time in planning a future display layout and on another day, she may spend time in sorting out an employee's problem. Both Anju and Manju make conscious efforts to build a feeling of team spirit and coordination among diverse individuals with different needs who work under them. The effect of their management is noticeable in their respective departments as the targets are met according to plans, employees are happy and satisfied, and there is orderliness in its functioning rather than chaos.

In context of the above case:

Identify the various features of management highlighted in the above paragraph by quoting lines from it.

Q. 17. Real Alliance Ltd. is a well-known cement company in India. It is able to earn adequate revenues to cover costs. Its capital base, number of employees and production turnover has increased manifold over the years. The rate of profitability of the business is also creditable. The employees of the company are happy and satisfied with their remuneration, working conditions, promotion policy etc. as a part of its moral obligation, the company has taken many initiatives for providing employment to specially abled persons and promoting literacy in the villages adopted by it.

In the context of the above case:

1. **Identify and explain the various types of objectives of management being fulfilled by Real Alliance Ltd by quoting lines from the paragraph.**
2. **List any two values that Real Alliance Ltd. wants to communicate to the society.**

Q. 18. Esha works as the cost and risk management head of a company in power sector. As a result of her excellent managerial competence, the company is able to reduce costs and increase productivity. The company belongs to infrastructure sector, where regular amendments are made in the government regulations and policies. She holds regular meetings to ensure that people in her department are not only aware of the related changes but are also able to adapt to these changes effectively. This helps the company to maintain its competitive edge. She motivates and leads her team in such a manner that individual members are able to achieve personal goals while contributing to the overall organizational objective. In the process of fulfilling her duties for the growth of the organization, she helps in providing competitive services, adopting new technology, creating more employment opportunities etc. for the greater good of the people at large.

In context of the above case:

Identify the various reasons that have made management so important by quoting lines from the paragraph.

Q. 19. Ramarajuna joins an IT firm as a system analyst after completing his masters in Computer Science. As the nature of his work demands he has to work in very close coordination with all the departmental heads in the firm, very soon Ramarajuna realizes that each departmental head has his own individual style of working. They differ greatly in their day-to-day approach to work. They tend to deal with a given situation, an issue or a problem through a combination of their own experience, creativity, imagination, initiative and innovation.

In the context of the above case:

Identify and explain the nature of management highlighted in the above case.

Q. 20. Dharam is a well-known businessman in the field of publishing. He owes the success of his business to his own education in business management and his team of certified management consultants. Therefore, he decides to send both his children Danush and Damini abroad to acquire a degree in business management in

their individual area of expertise. He feels that all over the world there is marked growth in management as a discipline, but still it is not considered to be a full-fledged profession for certain reasons.

In the context of the above case:

1. Explain the reasons because of which Dharam considers management as a discipline.
2. Critically examine the various reasons because of which management is not considered to be a full-fledged profession.

Q. 21. Kartik joins a garment factory as a plant supervisor in Lucknow. He observes that the output of some workers is very low as compared to the standards set for their performance. On analyzing the reasons for the same, he finds out that a lot of time of the workers is wasted in getting the requisite materials issued from the store. Whereas on asking, the store keeper complains that there is no harmony in the working of the production department as a whole. Every day the workers approach him at the least minute to procure different kinds of threads, laces, mirrors, buttons etc. if it is not available in the store then he has to place an order with the purchase officer. As a result, a lot of time of the workers is wasted. So, in order to integrate the various production activities, henceforth, Kartik ensures that the store keeper is informed well three days in advance about the requisite materials. Consequently, the store keeper is able to keep the materials ready for the workers every morning in accordance with their requirements.

In context of the above case:

1. Identify and explain the quality of management that Kartik has introduced in the working of the production department as a corrective measure to control the output of the workers.
2. State briefly and two points highlighting the importance of quality of management identified in part (a).

Q. 22. Sridhar's father is working as a section in-charge in a government office. Identify the level of management at which he is working? State any five functions that he has to perform at this level.

Q. 23. Geetika is working in a private sector bank. One of her key function relates to the formulation of the overall organizational goals and strategies of the bank. Identify the level of management at which she is working? State any three other functions that she has to perform at this level.

Q. 24. Arundhati has been promoted to the post of Marketing Division Head of a soft drink company. Identify the level of management at which she will be working henceforth. State any four functions that she will have to perform at this level.

Q. 25. Bhuvan argues that management is required in all kinds of organizations whereas Piyush feels that management is not required in non-business organizations such as school, club, hospitals, etc. who is correct?

Q. 26. Mohan has retired from the post of a foreman in a factory. At what level of management is he working?

Q. 27. 'Sonu Nigam' the famous playback singer always spends time for practice and adds his creativity in his singing.

Like Sonu Nigam, Mr. Rajiv, manager of Headlines Ltd. uses his creativity and practice management principles under different situations to manage the business. The employees are happy and satisfied as he every day reward employees for their punctuality and efficiency.

1. **Identify the nature of management highlighted above.**
2. Name other two aspects of nature of management.
3. **Identify the values followed by Mr. Rajiv.**

Q. 28. Bhuvan Ltd., a garment manufacturing Company set the target production of 100 garments per month at the estimated cost of Rs. 200 per garment. Mohan, a worker worked double shift and manufactured around 150 garments but at the estimated cost of Rs. 230 per garment. On the other hand, Ravi another worker focus on cost and handled resources very carefully so the manufactured 90 garments but at the estimated cost of Rs. 190 per garment. Third worker maintained the balance and achieved target of 100 garment at the estimated cost of Rs. 200 per garment.

1. **Identify the quality possessed by Ravi, Mohan and what they are lacking.**
2. **What quality is possessed by third worker?**
3. **Which worker is preferred by management?**

Q. 29. Management of Alpha Ltd. has installed a special recycling plant to recycle the waste instead of dumping the waste in ground. It is also providing employment opportunities to local residents. Company started a school nearby for the children of their employees.

1. **Identify the objectives company is fulfilling.**
2. **(ii) Quote the lines from above para which indicate those objective.**

Q. 30. Directors of Bhuvan Ltd. assigned the task of implementing the plans and policies framed by the board to all the departmental heads. Departmental head appointed supervisors, superintendent, executives, etc. so that work can be assigned to workers as per the plan supervisors kept a check on workers as per the plan.

1. **Identify the feature of management highlighted in above para.**
2. **Explain that feature.**

Q. 31. Alpha Ltd. is a Company that manufacturers mobile phones and accessories. Its profits are declining nowadays. The sales department blames production department for low quality, the production department blames purchase department for not supplying good quality parts.

1. **What quality of management is lacking in the above case?**
2. **Explain the nature of the concept.**

Q. 32. A group of people believes that management is a systematic body of knowledge that explain certain general truth and is based on logical observation.

- **Identify and explain the nature of management discussed in above case.**

Q. 33. Unique enterprises is able to achieve the target production of 5,000 units within the prescribed time; however to achieve this target they hired extra workers on adhoc and spent around is 40,000 extra to pay the adhoc workers sot that target production can be achieved on time.

1. **Do you think unique enterprise is effective or efficient?**

2. Was their decision to hire adhoc workers to achieve the target was correct?
3. Explain the concept of management highlighted above.

Q. 34. In an organization sales department wants to increase the sale by 20% so sales department planned to offer extra discounts to customers. Finance department raised objection on it as they sat it will result in loss of revenue and company may face liquidity problem.

1. Name the importance of coordination referred here.
2. State other two importance of coordination.

Q. 35. Mr. Rajiv and Arun are responsible for welfare of the whole organization. Their job is very complex they have to develop long term objectives, policies and review the work of different heads at different level. Mr. John and Mr. Singh are responsible for the working of department they are heading, they formulate short term departmental objectives in accordance with organizational objectives.

Mr. Philip, Mrs. Archana, Mrs. Kamlesh and Mrs. Kavita are in direct contact with the workforce consisting of various employees and workers. They are responsible for quality of work and providing good working conditions to workers.

1. State the three level of management.
2. Name the persons who are involved in different level from the above para.

Q. 36. The manager of Alpha Ltd. is very efficient and effective and makes sure all the employees and workers in his team perform the task on time with minimum cost. His main focus is on cost cutting so he never listens to the demand of workers for increasing wages. He even gives no opportunity to worker for promotion. As a result workers started becoming frustrated and disheartened all the time.

1. Which objective of management could not be achieved by the manager.
2. State other two objectives of management.
3. State any one value ignored by the manager.

Q. 37. The management of Amaira Ltd. strongly believes that the members of the organization should work toward fulfilled the common organizational goals. This requires team work and integration of efforts of all individuals departments and specialists. This is because all the individuals and departments depend on each other for information and resources to perform their respective activities. Manager needs to reconcile differences in approach, timing, efforts and interest. At the same time it should enable all its members to grow and develop. Thus, there is a need to harmonize individual goals and organizational goals.

1. Stat the concept of management discussed above.
2. State any three features of the concept identified in above para.
3. State value referred in above para.

Q. 38. Mega Ltd. manufactured water-heaters. In the first year of its operations, the revenue earned by the company was just sufficient to meet its cost. To increase the revenue, the company analysed the reasons behind the less revenues. After analysis, the company decided:

- To reduce the labour cost by shifting the manufacturing unit to a backward area where labour was available at a very low rate.
- To start manufacturing solar water-heaters and reduce the production of electric water-heaters slowly.

This will not only help in covering the risks but also help in meeting other objectives.

1. Identify and explain the objectives of management discussed above.
2. State any two values which the company wanted to communicate to society.

Q. 39. Ritu is the manager of the northern division of a large corporate house. At what level does she work in the organization? What are her basic functions?

Q. 40. Mr. Nitin Singhania's father has a good business of iron and steel. He wants to go to the USA for his MBA but his father thinks that he should join the business. On the basis of emerging trends, do you think that Mr. Singhania should send his son to the USA? Give any three reasons in support of your answer.

41. Jayant is working as Head Relationship Manager in the wealth management division of a private sector bank. He has created an internal environment which is conducive to an effective and efficient performance of his team of ten relationship management executives. A typical day at work in Jayant's life consists of a series of interrelated and continuous functions. He decides the targets for his department which are in line with the objectives of the organization as a whole. The future course of action for his team members is laid out well in advance. The various resources required by the relationship managers like an iPad with GPS system, account opening forms, brochures, details of account holders etc. are made readily available to them. The executives are given sufficient authority to carry out the work assigned to them. Jayant works in close coordination with the human Resource Manager in order to ensure that he is able to create and maintain a satisfactory and satisfied work force in his department. Through constant guidance and motivation, Jayant inspires them to realize their full potential. He offers them various types of incentives from time to time keeping in view their diverse individual needs. Moreover, he keeps a close watch on their individual performances in order to ensure that they are in accordance with the standards set and takes corrective actions whenever needed.

In context of the above case:

1. Identify the concept being referred to in the following line, "He created an internal environment which is conducive to an effective and efficient performance of his team of ten relationship management executives."
2. Identify and describe the various functions of the concept as identified in part (a) of the question by quoting lines from the paragraph.

Q. 42. Ajay and Sanjay are childhood friends. Sanjay had lost his right hand in an accident in childhood. They meet after a long time in a restaurant. On being asked, Sanjay tells Ajay that he feels very discouraged in managing his family business after the death of his father as it doesn't match with his areas of interest. Ajay knows that Sanjay possesses extraordinary skills in management although he hasn't acquired any professional degree in management. Therefore, he asks Sanjay to wind up his business in India and join him in his hotel business in Dubai as an Assistant Manager in Sales and Marketing Division.

In context of the above case:

1. Can Sanjay be deployed at the post of Assistant Manager in Sales and Marketing Division though he hasn't acquired any professional degree in management? Explain by giving suitable justifications in support of your answer.
2. List any two values that are reflected in this act of Ajay.

ANSWERS

Ans 1 . Dheeraj is working at middle level management.

Functions: The main task of Dheeraj is to carry out the plans formulated by the top managers. For this he need to:

1. Interest the policies framed by top management,
2. Ensure that his department has the necessary personnel, assign necessary duties and responsibilities to them.
3. Motivate them for higher productivity to achieve desired objectives, and
4. Cooperate with other departments for smooth functioning of the organization.

Ans 2 . Yes, the Production Manager is effective because he has completed the task and achieved the goal of producing 10000 shirts. He is efficient also as he has achieved the target at a lower cost.

Ans 3 .

1. Coordination: because production, marketing and finance departmental efforts are not coordinated for achieving organizational objectives harmoniously. As a result, the company's profits and market share are declining.

2. Importance of Coordination

- Growth in size:
- Functional differentiation:
- Specialization:

Ans 4 . Aman would have satisfied both Ahmad and Ally by giving the following explanation:

Management is a profession. However, it is not a full-fledged profession like legal, accounting or medical professions because it does not meet the exact criteria of a profession.

The application of the features of a profession to management is examined below:

1. **Well-defined body of knowledge:**
2. **Restricted Entry:**
3. **Professional Association:**
4. **Ethical code of conduct:**
5. **Service motive:**

Ans 5 . Growth, since number of employees is increasing, it leads to increase in production and hence growth of the company.

Ans 6 . The company wants to modify its existing product, CD players in the market because of today's dynamic business environment. For this, each level of management must divide its task.

Functions of top management:

1. They must plan the technique of modification/modernization of the product. They may plan to manufacture DVD players or Blue ray players, etc. to modernize the product.
2. They must organize and assemble necessary resources and coordinate the efforts of all the departments towards modernization.

Functions of middle management:

1. They must implement the plans laid down by top management in their respective departments or divisions.
2. They must interpret the plan and policies to their subordinates.

Functions of operational/supervisory management:

1. They must assign the tasks to workforce and supervise that the task is carried on in the right direction.
2. They must maintain the quality of work and reduce the wastage by improving the motivation and loyalty of workers.

Ans 7.

1. Coordination

It is the force that binds all the functions of management. It is the common thread that runs through all activities such as purchase, production, sales, finance, etc. to ensure continuity in the working of the organization.

Coordination is not a separate function of management. It is the essence of management. It is implicit and inherent in all functions of management.

- Top management plans for the entire organization.
- According to these plans, the organizational structure is developed and staffed.
- In order to ensure that these plans are executed according to plans, directing is required.
- Any deviation between the actual and the standard performance is corrected at the stage of controlling.

2. Coordination is a continuous process. It begins at the planning stage and continues till controlling.

Ans 8 . Yes, the management of H. Tech Ltd. is fulfilling all the objectives – organizational objectives, social objectives and personal objectives.

1. Organizational objectives
2. Social objectives
3. Personal objectives

Ans 9 .

1. Mr. Gauranga is working at the top level management.

He is responsible for the welfare and survival of the organization. He formulates overall organizational goals and strategies for their achievement.

1. Mr. Nityanand is working at the lower level management.

He ensures that quality of output is maintained, wastage of materials is minimized and safety standards are maintained.

Mr. Sanatan is working at the middle level management.

He assigns necessary duties and responsibilities to the personnel and motivates them to achieve desired Objectives.

Ans 10 .

1. Coordination
2. Features of coordination:
 - Coordination integrates group efforts by unifying diverse interest.
 - Coordination ensures unity of action by acting as a binding force between departments.
 - Coordination is a continuous process as it begins at planning stage and continues till controlling.
3. Management is a group activity.

An organization is a group of different individuals who work together with team spirit and coordination to achieve the goals of the organization.

Ans 11 .

1. Planning: 'Sanjana decides quantities, variety, colour and texture of all the above items...'
2. Organizing: '...allocates resources for their purchase from different suppliers.'
3. Staffing: 'She appoints a team of designers and crafts people in the company...'
4. Directing: 'Praising their effort, Sanjana suggested that they should keep the silk bed covers for special occasions like Diwali and Christmas...'
5. Controlling: '...offer the cotton bed covers on a regular basis to keep costs under control.'

'...they were more expensive than they had planned to sell.'

Ans 12 .

1. The company is fulfilling the organizational and social objectives of management.

Organizational objectives include survival, profit and growth.

- In order to survive, XYZ Power Ltd. earns enough revenues.
- Company's profits are sufficient to cover the costs and the risks.
- Since demand for lanterns was increasing day by day and so the company decided to increase production to generate higher sales, it implies that the company exploits fully its growth potential.

Social objectives involve the creation of benefits for the society.

The company decided to employ people from the nearby villages as very few job opportunities were available in that area. It also decided to open schools and crèches for the children of its employees.'

1. Values:

- Providing employment opportunities in rural areas
- Concern for the environment
- Socially responsible behaviour
- Community development by opening schools and crèches for children (any two)

Ans 13 .

1. The marketing manager, Nishtha helps in:

1. Achieving the group goals by giving a common direction to the individual effort of her subordinates in achieving the target sale of 2000 laptops in a month.
2. Increasing efficiency of employees by rewarding them.

- She performs all the functions of management.
- She plans the target sale of 2000 laptops per month – Planning
- She allocates necessary resources to carry out the plan – Organizing
- She works with them, guiding and motivating them to achieve the target sales – Directing
- At the end of the month, after comparison of actual sales with the target sales she found that actual sales exceeded the target sales – Controlling

1. Values:

- Sense of achievement
- Loyalty
- Belongingness (any two)

Ans 14 . Yes, Sooraj is effective in his work as he has been able to meet his monthly sales target of selling 1200 units of the food packets.

Ans 15 . Yes, Sujata is efficient in her work as she has been able to get 1000 units of denim jackets made @ Rs. 2000 per jacket.

Ans 16 . The various features of management highlighted in the above paragraph are stated below:

1. Management is all pervasive:
2. Management is a goal-oriented process:
3. Management is a continuous process:
4. Management is a group activity:
5. Management is an intangible force:

Ans 17 . The various objectives of management being fulfilled by Real Alliance Ltd are stated below:

1. Organizational objectives:

- Survival:
 - Growth:
 - Profit:
2. Personal objectives:
 3. Social objectives:
 4. The two value that Real Alliance Ltd. wants to communicate to the society are:
 5. Social welfare
 6. Respect for their employees

Ans 18 . The various reasons mentioned in the above paragraph that have made management so important are stated below:

1. Management increases efficiency as it leads to reduction in costs due to optimum utilization of resources.

“As a result of her excellent managerial competence the company is able to reduce costs and increase productivity.”

1. Management creates a dynamic organization so that it is able to incorporate the corresponding changes in its working with any change in its business environment.

“The company belongs to infrastructure sector, wherein regular amendments are made in the government regulations and policies. She holds regular meetings to ensure that people in her department are not only aware of the related changes but are also able to adapt to these changes effectively. This helps the company to maintain its competitive edge.”

1. Management helps in achieving personal objectives of the employees in the organization.

“She motivates and leads her team in such a manner that individual members are able to achieve personal goals while contributing to the overall organizational objective.”

1. Management helps in the development of society by contributing effectively towards it in multiple ways.

“In the process of fulfilling her duties for the growth of the organization, she helps in providing competitive services, adopting new technology, creating more employment opportunities etc. for the greater good of the people at large.

Ans 19 . In the above case, management is being considered as an art.

Art is the skillful and personal application of existing knowledge to achieve desired results. The evaluation of management as an art is given below:

1. Existence of theoretical knowledge:
2. Personalized applications:
3. Based on practice and creativity:

Ans 20 .

1. Dharam considers management as a discipline because there exist a number of theories and principles on management which have been formulated by various management experts. It is taught in various schools and colleges, all over the world, as a separate subject of study.
2. Management is not considered to be a full-fledged profession because of the following reasons:
 - Restricted entry:
 - Professional association:

Ans 21 .

1. Coordination is the quality of management that Kartik has introduced in the working of the production department as a corrective measure to control the output of the workers.

Coordination is the process which helps to integrate the efforts of different individuals with diverse needs to secure a unity of action in the pursuit of common goals.

1. The two points highlighting the importance of coordination are stated below:
 - Growth in the size:
 - Functional differentiation:

Ans 22. Sridhar's father is working as a section in-charge in a government office. He is working at the lower level of management.

He has to perform the following functions at this level of management:

1. He has to directly oversee the efforts of the workforce.
2. He has to serve as a link between the workers and middle level managers.
3. He has to ensure sufficient availability of resources and good quality of output.
4. He has to provide guidance and training to workers.
5. He has to ensure that good working conditions are provided to the workers.

Ans 23 . Geetika is working at the top level of management in the private sector bank. The three other functions that she has to perform at this level are outlined below:

1. She is responsible for the success and failure of the organization.
2. She is responsible for all the business activities and its impact on society.
3. She has to coordinate the activities of different departments in pursuit of common goals.

Ans 24. Henceforth, Arundhati will be working at middle level of management.

The four functions that she will have to perform at this level are stated below:

1. She had to ensure that her department has the necessary staff.
2. She has to assign duties and responsibilities to the people in her department.
3. She has to motivate the people in her department to achieve the desired objectives.
4. She has to co-operate with the other departments for ensuring smooth functioning of the organization.

Ans 25. Bhuvan, because management is pervasive.

Ans 26. Supervisory or operational level.

Ans 27.

1. Nature of management highlighted above is “Management as an Art”
2. The other two aspects of nature of management are:
 - Management as Science.
 - Management as Profession.
3. **Values:**
4. Motivating employees for discipline and punctuality.
5. Good and responsible behavior by rewarding employees.

Ans 28.

1. Mohan is effective but he lacks efficiency.

Ravi is efficient but he lacks effectiveness.

1. Third worker is effective as well as efficient.
2. Management prefer third worker as management always insist on achievement of goal effectively as well as efficiently.

Ans 29.

1. Social and personal objectives

“Installed a recycle plant”:Social objective.

1. “Started a school for children of their employees”. Personal objectives.

Ans. 30. The feature highlighted in above para is “management is a group activity.”

Ans. 31 (a) Coordination.

Ans 32. Management as a Science.

Ans 33.

1. Unique enterprise is effective but not efficient.
2. No, the decision to hire adhoc workers and spending extra is not correct, this will reduce the efficiency of enterprise.
3. The concept referred in this case is “Balance between effectiveness and efficiency.”

Ans 34.

1. “Functional differentiation”
2. Other two importance:

1. Size (b) Specialization.

Ans 35.

1. Top level, middle level, supervisory level.

2. Top level – Mr. Rajiv and Arun

Middle level – Mr. John and Singh

Supervisory level – Mr. Philip, Mrs. Archana, Kamlesh and Kavita.

Ans 36.

1. Personal/Human or individual objective.
2. (i) Economic (ii) Social
3. Value of humanity, Care.

Ans 37.

1. Coordination.
2. Give features of coordination.
3. Value of Harmony between employees and management.

Ans 38.

1. The objectives of management discussed above are:
 - *Organizational objectives:*
 - *Social Objectives:*
2. The two values that the company wanted to communicate to the society are:
3. Rural development
4. Environment sustainability

Ans 39. Ritu / grandfather / Deepak's father / Deeraj / Rajat, all of them are working at the middle level of management.

Ans 40. Yes, according to me, Mr. Singhanian should send his son to USA for his MBA because management is being recognized as a profession to a great extent because of the following reasons:

1. *Well defined body of knowledge:*
2. *Ethical code of conduct:*
3. *Service motive:*

Ans 41.

1. The concept of management is being referred to in the following line, "He has created an internal environment which is conducive to an effective and efficient performance of his team of ten relationship management executives."
2. The various functions of the management concept mentioned in the above paragraph are listed below:
 - *Planning:*
 - *Organizing:*
 - *Staffing:*
 - *Directing:*
 - *Controlling:*

Ans 42.

1. Yes, Sanjay can be deployed at the post of Assistant Manager in Sales and Marketing Division although he hasn't acquired any professional degree in management as management is not considered to be a full-fledged profession because of the following reasons:
 - *Restricted entry:*
 - *Professional association:*
2. The two values that are reflected in this act of Ajay are:
3. Compassion
4. Responsibility

Case Studies -(Chapter -2)

Principles of Management

Q. 1. In your school, you observe that books are kept in office, chalks in the library and office records in the staff room.

- 1. Which principle of management is violated here and why?**
- 2. How will that affect the achievement of school objectives?**
- 3. As a manager, what steps will you take to rectify the shortcomings? (3 marks)**

Q. 2. The production manager of an automobile company asked the foreman to achieve a target production of 200 scooters per day. But he did not give him the authority of requisition tools and materials from the stores department. Can the production manger blame the foreman if he is not able to achieve the desired target? Explain briefly the principle relating to the situation. (3 marks)

Q. 3. Soniya Ltd. was engaged in the business of manufacturing auto components. Lately, its business was expanding due to increased demand for cars. The competition was also increasing. In order to keep its market share intact, the company directed its workforce to work overtime. But this resulted in many problems.

Due to increased pressure of work the efficiency of workers declined. Sometimes, the subordinates had to work for more than one superiors. The workers were becoming indisciplined. The spirit of teamwork, which had characterized the company previously, had begun to wane.

Identify any three principles of management (as given by Henry Fayol) which were begin violated, quoting the lines from the above case. (3 marks)

Q. 4. The production manager of Harsh Ltd. instructs a salesman to go slow in selling the product, where the marketing manager is insisting on fast selling to achieve the target. Which principle of management is being violated in this case? (1 mark)

Q. 5. Kanika and Priyanka are typists in a company having same educational qualifications. Kanika is getting Rs. 16000 per month and Priyanka Rs. 10000 per month as salary for the same working hours. Which principle of management is violated in this case. (1 mark)

Q. 6. Rishabh, a manager, very often speaks to people at all levels, passing on instructions regarding his department and also the other departments. Which principle of management is being overlooked? (1 mark)

Q. 7. The management and workers have entered into an agreement that workers will do overtime to cover up looses of the company. In return, the manager will increase the

wages. But management later refused to increase the wages. Name the principle violated in this situation. (1 mark)

Q. 8. In Simran Ltd., an employee has the objective of maximizing his salary, but the organizational objective is to maximize output at competitive cost. There was some dispute on this for a while. Eventually, the organization's interest was given priority over employees' interest. Name the principle related to this situation. (1 marks)

Q. 9. Radhika opens a jewelry showroom in Jaipur after completing a course in jewelry designing. She has employed eleven persons in her showroom. For greater productivity, she divides the work into small tasks and each employee is trained to perform his/her specialized job. The sales persons are allowed to close a deal with a buyer by giving a maximum of 10% discount, whereas the decision to give any further discount rests with Radhika as the final authority. In the earlier days of starting of the business, five of her employees were asked to put in extra hours of work. In return she had promised to give them a special incentive within a year. Therefore, after six months when the business was doing well, she awarded a cash bonus to each of these employees to honour her commitment. However, when it comes to settling the conflicts among her employees, she tends to be more biased towards her female employees.

In context of the above case:

1. Identify and explain the various principles of management that are being applied by Radhika by quoting lines from the paragraph.
2. Identify and explain the principle of management which is being violated by Radhika by quoting lines from the paragraph.
3. State any one effect of the violation of the principle of management by Radhika as identified in part (b) of the question.

Q. 10. Neeraj is selected for the post of software developer in an IT Company. On the first day of his joining Mehul, his project manager tells Neeraj that during the course of his work he will come across many such opportunities which may tempt him to misuse his powers for individual or family's benefit at the cost of larger general interest of the company. In such situations, he should rather exhibit exemplary behavior as it will raise his stature in the eyes of the company. Also, for interacting with anyone in the company on official matters, he should adopt the formal chain of authority and communication.

In context of the above case:

1. Identify and explain the various principles of management that Mehul is advising Neeraj to follow while doing his job.
2. List any two values that Mehul wants to communicate to Neeraj.

Q. 11. Davinder is a class twelfth commerce student in a reputed school in Punjab. Satinder is his elder brother who is doing his Masters in Hospital administration from Delhi after completing his B. Sc course. During vacations when Satinder comes home, Davinder shows him

the business studies project that he is preparing on the topic 'Principles of Management'. Satinder tells him that these principles are also a part of MBA course curriculum at the beginner's level as they form the core of management in practice. But he finds these principle different from those of pure science.

In context of the above case:

1. Outline the concept of principles of management.
2. Why does Satinder find the principle of management different from those of pure science?
3. Why do the principles of management form the core of management in practice?

Explain by giving any two points highlighting the importance of principles of management.

Q. 12. Nutan Tiffin Box service was started in Mumbai by Mumbai dabbawalas. The Dabbawalas who are the soul of entire Mumbai aim to provide prompt and efficient services by providing tasty homemade tiffin to all office goers at right time and place. The service is uninterrupted even on the days of bad weather, political unrest and social disturbances. Recently they have started online booking system through their website 'mydabbawals.com'. owing to their tremendous popularity amongst the happy and satisfied customers and members, the dabbawalas were invited as guest lecturers by top business schools. The Dabbawals operate in a group of 25-30 people along with a group pleader. Each group teams up with other groups in order to deliver the tiffin on time. They are not transferred on frequent basis as they have to remember the addresses of their customers. They follow certain rules while doing trade-No alcohol during working hours; No leave without permission; Wearing of white cap & carrying ID cards during business hours. Recently on the suggestion of a few self motivated fellow men, the dabbawalas thought out and executed a plan of providing food left in tiffins by customers to slum children. They have instructed their customers to place red sticker if food is left in the tiffin, to be fed to poor children later.

1. State any one principle of management given by Fayol & one characteristic of management mentioned in the above case.
2. Given any two values which the Dabbawalas want to communicate to the society.

(4 marks)

Q. 13. 'Aapka vidyalaya' believes in holistic development of students and encourages team building through a mix of curricular, co-curricular and sports activities. On its founders day a stage performance had to be put up. A committee of ten prefects was constituted to plan different aspect of the function. They all decided to use recycled paper for decoration. There was a spirit of unit and harmony and all members supported each other. With mutual trust and belongingness the programme was systematically planned and executed. Kartik, one of the prefects realized that unknowingly the group had applied one of the principles of management while planning and executing the programme. He was so inspired by the success of the function that he asked his father to apply to same principle in his business. His father replied that he was already using this principle.

1. Identify the principle of management applied for the success of the programme.
2. State any two features of management highlighted in the above para.
3. Identify any two values which 'Aapka Vidyalaya' communicated to the society.

(4 marks)

Q. 14. Nikita and Salman completed the MBA and started working in a multinational company at the same level. Both are working hard and are happy with their employer. Salman had the habit of backbiting and wrong reporting about his colleagues to impress his boss. All the employees in the organization knew about it. At the time of performance appraisal the performance of Nikita was judged better than Salman. Even then their boss, Mohammed Sharif decided to promote Salman stating that being a female Nikita will not be able to handle the complications of a higher post.

1. Identify and explain the principle of management which was not followed by this multinational company.
2. Identify the values which are being ignored quoting the lines in the above para. (5 marks)

Q. 15. Sigma Ltd. is a large company manufacturing electric motors. The company has several departments – Production, Marketing, Finance and HR. Mr. Shashank, CEO of the company set the target sale of 10 crore in a month. To increase the sales, the marketing manager, Mr. Ishaan insists on offering 10% discount to customers. But the finance manager, Mr. Mohak does not approve such discount as it would mean loss of revenue. Because of dual subordination, the sales manager, Mr. Anshik could not achieve the sales target.

1. Which concept of management Sigma Ltd. is lacking? State it.
2. Which principle of management has been overlooked by this company? State it.
3. Which principle of management has been overlooked by this company? State it. (6 marks)

Q. 16. ABC Ltd. is engaged in producing electricity from domestic garbage. There is almost equal division of work and responsibility between workers and management. The management even takes workers into confidence before taking important decisions. All the workers are satisfied as the behavior of the management is very good.

1. State the principle of management described in the above para.
2. Identify any two values which the company wants to communicate to the society. (3 marks)

Q. 17. Voltech India Ltd. is manufacturing LED bulbs to save electricity and running under heavy losses.

To revive from the losses, the management thought of shifting the unit to a backward area where labour is available at a low cost. The management also asked the workers to work overtime without any additional payment and promised to increase wages of the workers after achieving its mission. Within a short period the company started earning profits because both the management and the workers honoured their commitments.

1. State the principle of management described in the above para.
2. Identify any two values that the company wants to communicate to the society. (3 marks)

Q. 18. Kushal Ltd. is a leading automobile company in which the various departments are setting up their own objectives without paying any interest to the organizational objectives.

1. Which aspect of management the company is lacking? What will be its impact on the organization?
2. Identify the principle of management which has been overlooked by this organization.
3. State any two values neglected by the people of this organization. (5 marks)

Q. 19. Telco Ltd. is manufacturing files and folders from old clothes to discourage use of plastic fields and folders. For this, they employ people from nearby villages where very less job opportunities are available. An employee, Harish, designed a plan for cost reduction but it was not welcomed by the production manager. Another employee gave some suggestion for improvement in design, but it was also not appreciated by the production manager.

1. State the principle of management described in the above para.
2. Identify any two values that the company wants to communicate to the society. (3 marks)

Q. 20. Khandelwal Ltd., a tyre manufacturing concern has been established for more than ten years. Having made good profits in the past, company wanted to expand further and hence did not declare bonus for the previous year. The workers got agitated and trade union declared strike and demanded bonus and other facilities. The management decided not to give into their demands.

1. Which principle of scientific management is overlooked in the given case?
2. State any two values overlooked/ignored by the management in the above case.

(3 marks)

Q. 21. Hritik is desirous of setting up a small factory to manufacture different kinds of eco-friendly packaging materials. He proposes to adopt to logical approach to his business rather than hit and trial method as he knows that this can result in tremendous saving of human energy as well as wastage of time and materials. He plans to adopt paternalistic style of management in practice in order to avoid any kind of class-conflict that may emerge between him and the workers. Moreover, he plans to seek the opinion of his workers before taking any important decisions and also offers incentives to them for providing valuable suggestions for the business.

In context of the above case:

1. Identify and explain the various principle of scientific management that Hritik plans to apply in his business.

2. List any two values that he wants to communicate to the society by offering eco-friendly packaging material.

Q. 22. Gaurika has been appointed as the chief organizer of a weeklong cultural event. Being a staunch follower of scientific management, she decides to execute her work by putting into practice the various techniques of scientific management. On the basis of several observations, she is able to determine that the standard time taken by the security officer at the gate to check the credentials of each visitor is 30 seconds. So she decides to employ two persons on this job for every function along with the other necessary support staff. She considers the fact that every day, the functions will take place in three shifts of four hours each, therefore it is important to give breaks to the support staff even in a single shift to take her/his lunch etc. moreover, on introspection, she determines that the best way to distribute refreshment boxes to the visitors will be to hand it over to them at the exit gate as it would help to save time and eliminate any kind of confusion.

In the context of the above case:

1. Identify and explain the various techniques of work study which have been put into practice by Gaurika.
2. List any two values that Gaurika wants to communicate to the society.

Q. 23. 'Study Buddy Pvt.' Is company dealing in stationery items. In order to establish standards of excellence and quality in materials and in the performance of men and machines, the company adheres to benchmarks during production. Moreover, its products are available in limited varieties, sizes and dimensions thereby eliminating superfluous diversity of products.

Identify the technique of scientific management which has been adopted by 'Study Buddy Pvt. Ltd.'

Q. 24. Tina and Anshu completed their MBA and started working in a multinational company at the same level. Both are working hard. Anshu has the habit of backbiting and wrong reporting about his colleagues to impress the boss. All the employees in the organization know about it. At the time of performance appraisal also Tina's performance was rated better than Anshu. Even then their boss decided to promote Anshu stating that being a female, Tina will not be able to handle the complications of higher post.

1. Identify and explain the principle of management that was not followed by this company.
2. Identify the values being ignored.

Q. 25. In one of his principles, Taylor suggested that job performance should be based on scientific enquiry and not on will/wish or personal intuition of manager?

1. Name that principle.
2. What values can be followed by using this principle?

Q. 26. The production department of Alpha Ltd. was not performing well on detailed analysis, it was observed that the workers of that department were overburdened. They were forced to work for longer hours without any break. So the management planned to replace the production manager. They appointed Mr. Hari as the new Production Manager. He observed the average worker and note down their times. He noted down the time they worked and the time they required to be fresh to join back the work. Based on this observation, he set the break intervals for workers. He gave small breaks to workers to recharge their energy.

- 1. Name and explain the technique of scientific management used by Mr. Hari.**
- 2. State the value which Mr. Hari wants to communicate to the society by allowing rest intervals to workers.**

Q. 27. In the staff meeting the principal of the school raised objection that teachers start the teacher after 5 to 10 minutes in third floor classes. He warned them as students are complaining about this. The teachers explained the principal that when we climb steps from ground to third floor. We get some tiredness and need 5 to 10 minutes rest before starting the lecture. The principal planned to install a lift in school so that teachers do not waste their energy on wasteful activity of climbing steps.

- 1. State the techniques of scientific management used by principal.**
- 2. State any other technique of scientific management.**

Q. 28. In a factory the toolbox was kept under the table of every worker, whenever worker needs tools he had to bend tape out tool from tool box and keep it back after use. The newly appointed supervisor observed it and suggested to keep a stool near every worker's chain where toolbox can be placed so that workers do not waste their energy in bending again and again.

- 1. Which technique of scientific management is used by New Supervisor.**
- 2. State the objective of motion study.**

Q. 29. Mr. Mukesh used to manufacture shoes by employing labour who were easily available. When his son after completing his MBA joined the business, he analysed that if we use capital intensive method by using a machine it will reduce the cost and the quality of shoes will also improve.

- 1. Which technique of Scientific management is used by his son.**
- 2. What is the objective of that technique.**

Q. 30. Mr. Kapoor, Finance manager of ABC Ltd. applied for leave to attend a family function in Amritsar. The director of the company requested him to cancel his leave as there is an

important meeting schedule on that date. Mr. Kapoor immediately agreed and cancelled his trip as he thought attending meeting is more important for company's benefit.

1. Which principle of Fayol is applied by Mr. Kapoor?
2. Explain that principle.

Q. 31. The manager of ABC Ltd. asked his workers to work overtime to increase the production and earn more but he did not paid extra wages to workers for extra time worked. The workers started feeling dissatisfied and stop contributing maximum.

1. Which principle of Fayol is violated in the above case.
2. Explain that principles.

Q. 32. Mr. Rajiv is the owner of 'Laxmi Dairy.' He is producing various milk products. He always tests various ways of producing different products and chooses the best and most economical way of production. He is also very particular about fixing a place for everything and he makes sure that all the employees are given a fixed place so that there is no wastage of time and delay in production.

1. Which technique of scientific management is applied by Mr. Rajiv?
2. Which principle of Henry Fayol is followed by him?

Q. 33. Mr. Rajiv the senior manager of Unique enterprise considered himself very wise and used to take all the decisions himself without consulting the employees, he never used to help any one nor he used to take help of anyone. The employees of unique enterprise were not working efficiently and company's profit margin started declining to tackle the problem, the company appointed a new manager from IIM Bangalore. The new manager after joining made a policy that all the decisions will be taken after consulting employees in the meeting. All employees must give some suggestions and best suggestions will be rewarded with financial and nonfinancial incentives. This policy had a very positive effects on company.

1. State the principle of Hencry Fayol used by new manager.
2. State the technique of scientific management related to above case.

Q. 34. In a school principal makes sure that every instruction, order or information given by him must be passed to vice-principal then Head of the department and then to teachers and students must be informed by respective teachers only. He never allows teachers to directly communicate with him.

1. Stat the Principle of Henry Fayol followed by the school principal.
2. In case of emergency which concept of Scalar Chain can be used by teacher to pass urgent message directly to principal.

Q. 35. Pawan is working as a Production Manager in CFL Ltd. which manufactures CFL bulbs. There is no class-conflict between the management and workers. The working conditions are very good. The company is earning huge profits. As a policy, the management shares the profits earned with the workers because they believe in the prosperity of the employees.

- 1. State the principle of management described in the above paragraph.**
- 2. Identify any two values which the company wants to communicate to society.**

Q. 36. The principles of Taylor and Fayol are mutually complementary. One believed that management should share the gains with the workers while the other suggested that employees' compensation should depend on the earning capacity of the company and should give them a reasonable standard of living.

Identify and explain the principles of Fayol and Taylor referred to in the above paragraph.

Q. 37. The principles of Taylor and Fayol are mutually complementary. One believed that management should not close its ears to constructive suggestions made by the employees while the other suggested that a good company should have an employee suggestion system whereby suggestions which result in substantial time or cost reduction should be rewarded.

Identify and explain the principles of Taylor and Fayol referred to in the above paragraph.

Q. 38. Hina and Harish are typists in a company having the same educational qualifications. Hina gets Rs. 3,000 per month and Harish gets Rs. 4,000 per month as salaries for the same working hours. Which principle of management is being violated in this case? Name and explain the principle.

Q. 39. Rajveer works as a plant superintendent in a carpet making factory. In order to complete the export orders on time, the production manager asks him to make the workers work over time whereas the finance manager is strictly against this practice because it will increase the cost of production. Moreover, Rajveer feels that since the company is manufacturing handmade carpets as well as machine made carpets there is a lot of overlapping of activities. Therefore, there should be two separate divisions for both of them wherein each division should have its own in charge, plans and execution resources.

In context of the above case:

- 1. Identify and explain the principle of management which is being violated.**
- 2. Also identify the principle of management that Rajveer feels should be implemented in the factory.**
- 3. Give any two differences between the principle of management as identified in part (a) and part (b) respectively.**

Q. 40. Gurpreet is running a retail mart in Varanasi to provide various types of products of daily use under one roof to the buyers. The employee turnover in his business is very high and he is perpetually on a look out for new staff. The fact of the matter is that he lacks managerial skills and assigns work to his employees on adhoc basis without letting them settle down in a specific work. This approach of his creates a sense of insecurity among the employees and

they tend to leave the job very quickly. However, he is a very god fearing person and offers fair wages to his employees so they can afford a reasonable standard of living.

In context of the above case:

1. Identify and explain the principle of management which Gurpreet is unable to apply and is perpetually on a look out for new staff.
2. "He is a very god fearing person and offers fair wages to his employees so they can afford a reasonable standard of living." Name and explain the relevant principle of management which will have been brought into effect by Gurpreet.

Q. 41. After finishing her BBA degree course, Tanya gets a job of Assistant Manager in a retail company through the reference of her cousin Taruna who works in the same company as a Senior Manager. Taruna decides to guide Tanya through her experience by making her aware of the important facts about management in practice. She tells her that neither the principles of management provide any readymade, straitjacket solutions to all managerial problems nor they are not rigid prescriptions, which have to be followed absolutely.

In context of the above case:

1. Identify the two features of principles of management mentioned in the above paragraph by quoting lines from the paragraph.
2. Why do the principles of management not provide readymade, straitjacket solutions to all managerial problems?

Q. 42. Raj and Simran are both qualified eye surgeons and good friends. After obtaining a certificate of practice, they decide to pursue a career of their own choice. Raj starts an eye care centre in the city whereas Simran joins a government hospital in a small village. They meet after a long time in a party. Raj invites Simran to visit his eye care centre and she accepts his invitation. She observes at his clinic that there is a fixed place for everything and everyone and it is present there so that there is no hindrance in the activities of the clinic. Also, Raj always tends to replace 'I' with 'We' in all his conversations with the staff members. Later on Raj shares with her that he always deals with lazy staff sternly to send the message that everyone is equal in his eyes.

In context of the above case:

1. Identify and explain the various principles of management that Raj is applying for the successful management of his eye care centre.
2. List any two values that Simran wants to communicate to the society by taking up a job in a village.

Q. 43. Anshul owns a small scale factory where utility items are prepared from waste material like paper mache items, paper and cloth bags, decorative material etc. Over the past few weeks, he was observing that the productivity of one of his very efficient worker, Ramdas, is going down. So he decides to probe into the matter and confronts Ramdas one day. On being asked, Ramdas shares with Anshul that he has deliberately slowed down in his work as many of the less efficient workers often pull his leg saying that there is no need for him to be more efficient when everybody is being paid at the same rate. Taking a lesson from this insight,

Anshul decides to implement an incentive bonus plan so as differentiate between efficient and inefficient workers.

In context of the above case:

1. Name and explain the incentive bonus plan that Anshul may implement so as differentiate between efficient and inefficient workers.
2. State any two values that Anshul wants to communicate to the society by setting up a special type of business.

Q. 44. Swaraj is running an office furniture showroom. Most of his clients are businessmen and they prefer to buy goods on credit. Keeping this in mind, he has given the power to the sales manager, Mr. Bhardwaj, to offer a credit period of only 20 days, while negotiating a deal with a buyer. On a specific day, Mr. Bhardwaj finds that if he can offer a credit period of 30 days as an exception to a prospective buyer, he is likely to finalize a highly profitable deal for the business. So Mr. Bhardwaj requests Swaraj to grant him additional authority for offering a credit period of 30 days in the interest of the business. But swaraj refuses to extend his authority and as a result, the deal is not finalized.

In context of the above case:

1. Can Mr. Bhardwaj be held responsible for loss of the deal? Why or why not? Give a suitable reason in support of your answer.
2. Also, explain the related principle.

ANSWERS

Ans 1.

1. The principle of 'Order'
2. In the absence of orderliness, school objectives will not be achieved efficiently and effectively.
3. Things should be placed at appropriate places to achieve maximum efficiency with given time framework.

Ans 2. No, the production manager cannot blame the foreman because he did not give him the authority to requisition tools and materials from the stores department. Since he has no authority, he could not fulfill his responsibility.

In this case the principle of 'Authority and Responsibility' is violated. Fayol suggested that there must be a balance between authority and responsibility. Authority and responsibility must go hand in hand. Responsibility without adequate authority will make the subordinate ineffective, i.e., he will not be able to perform his duties properly. At the same time giving authority without fixing responsibility may lead to misuse of authority.

Ans 3.

1. Unity of command

"Sometimes, the subordinates had to work for more than one superiors."

1. Discipline

'The workers were becoming indisciplined.'

1. Spirit de corps

'The spirit of teamwork, which had characterized the company previously, had begun to wane.'

Ans 4. Unity of command

Ans 5. Principle of equity

Ans 6. Principle of Scalar Chain.

Ans 7. Principle of discipline

Ans 8. Principle of subordination of individual interest to general interest.

Ans 9.

- The various principles of management that are being applied by Radhika are listed below:
- Principle of Division of work:

"For greater productivity, she divides the work into small tasks and each employee is trained to perform his/her specialized job."

- Principle of Centralization and Decentralization:

“The sales persons are allowed to close a deal with a buyer by giving a maximum of 10% discount, whereas the decision to give any further discount rests with Radhika as the final authority.”

- Principle of Discipline:

“Therefore, after six months when the business was doing well, she awarded a each bonus to each of these employees to honour her commitment.”

- The principle of management which is being violated by Radhika is Equity.

“However, when it comes to settling the conflicts among her employees, she tends to be more biased towards her female employees.”

- One effect of the violation of the Principle of Equity is that it may lead to job dissatisfaction among the male workers.

Ans 10.

1. The various principles of management that Mehul is advising Neeraj to follow while doing his job are as follows:
 - Subordination of Individual Interest to General Interest:
 - Scalar Chain:
2. The two values that Mehul wants to communicate to Neeraj are:
 - Honesty
 - Self restraint

Ans 11.

1. The principles of management serve as a broad and general guideline for the managerial decision making and action.
2. Satinder finds the principles of management different from those of pure science because the management principles are not as rigid as principles of pure science. This is due to the fact that they deal with the human behavior and thus, need to be applied creatively in the light of given situation.
3. The importance of principles of management is described below:
 1. Providing managers with useful insights into reality:
 2. Optimum utilization of resources and effective administration:

Ans 12.

1. Principles of management (any one)
 1. Stability of Personnel

2. Initiative
3. Discipline
4. Esprit de corps

Characteristic of management (any one)

1. Goal oriented
2. Group activity

1. Values that have been communicated by the Dabbawalas: (any two)

1. Fulfilling social responsibility;
2. Empathy towards disadvantaged children;
3. Team work (or any other suitable value)

Ans 13.

1. Esprit de corps
- 2.

1. Management is pervasive--' ...he asked his father to apply the same principle in his business.'

Management is pervasive as it can be applied to all types/levels of organizations.

2. Management is a group activity --'There was a spirit of unity and harmony and all members supported each other.'

Management is a group activity because it requires team work and/or coordination of individual efforts.

3. Values being communicated to the society: (Any two)

1. Concern for the environment.
2. Holistic development of children.
3. Teamwork

Ans 14.

1. The principle violated is EQUITY.

It advocates that there should be no discrimination against anyone on account of sex, religion, language, caste, belief, nationality etc.

It emphasizes kindness and justice in the behavior of managers towards the workers to ensure loyalty and devotion.

1. The valuation which are being ignored are:

1. *Good human behavior* because 'Salman had the habit of backing and wrong reporting about his colleagues to impress his boss.'
2. *Gender Equality* because 'Their boss decided to promote Salman stating that being a female Nikita will not be able to handle the complications of a higher post.'

Ans 15.

1. The company is lacking 'Coordination'.

It is the process by which the activities of different departments are synchronized to ensure unity of action.

1. Unity of command

There should be one and only one boss for every individual employee. If an employee gets orders from two superiors at the same time, the principle of unity of command is violated. Consequences of violation: Authority is undermined, discipline is in jeopardy, order is disturbed and stability is threatened.

1. Spirit de Corps

Management should promote a team spirit of unity and harmony among employees. It is necessary for coordination.

Ans 16.

1. The principle of Taylor described in the above para is Cooperation, Not Individualism.

It states that there should be complete cooperation between the labour and the management. Competition should be replaced by cooperation.

1. Values which the company wants to communicate to the society are:

1. Good behavior in human interaction.
2. Concern for the environment.

Ans 17.

1. The principle of management described in the above para is Discipline.

Discipline is the obedience to organizational rules and employment agreement which are necessary for the working of the organization.

1. Values that the company wants to communicate to the society are:

1. Concern for the environment
2. Development of backward regions

Ans 18.

1. The company is lacking 'Coordination'.

Its different departments like production, marketing, etc. do not coordinate their work. In the absence of coordination, there will be overlapping and chaos instead of harmony and integration of activities. The company will fail to achieve its objectives.

1. Subordination of individual interest to general interest.
2. Values:
 1. Mutual cooperation
 2. Unity of action
 3. Optimum utilization of resources

Ans 19.

1. Initiative. It means eagerness to initiate action without being asked to do so.
2. Values which the company wants to communicate to the society are:
 1. Sensitivity towards the environment
 2. Creation of job opportunities
 3. Development of backward regions.

Ans 20.

1. Harmony, not Discord
2. Values overlooked are:
 1. Mutual understanding
 2. Empathy
 3. Peace and stability
 4. Law and Order
 5. Sense of belongingness (any two)

Ans 21.

1. The various principle of scientific management that Hritik plans to apply in his business are described below:
 1. *Science, not Rule of Thumb:*
 2. *Harmony, Not Discord:*
 3. *Cooperation, Not Individualism:*

1. The two values that Harit wants to communicate to the society by offering eco-friendly packaging material are:

1. Concern for environment
2. Sense of responsibility

Ans 22.

1. The various techniques of work study which have been put into practice by Gaurika are outlined below:

1. *Time Study:*
2. *Fatigue Study:*
3. *Method Study:*

1. The two values that Gaurika wants to communicate to the society are:

1. Optimum utilization of resources
2. Concern for employees

Ans 23. Standardization and Simplification of Work is the technique of scientific management which has been adopted by 'Study Buddy Pvt. Ltd.'

Ans 24.

1. Company is violating the "Principle of Equity."
2. The values ignored are
 1. Gender equality
 2. Reward for performance
 3. Good human behavior.

Ans 25.

1. Principle of "Science not rule of thumb."
2. If manager is using this technique he can follow the value of objectivity it as when decisions are taken scientifically he cannot be biased.

Ans 26.

1. Fatigue study.
2. Value of humanity/sympathy/respect towards employees.

Ans 27.

1. "Technique of motion study."
2. Other two techniques:

1. Functional foremanship
2. Time study.

Ans 28.

1. Motion study.
2. The objective of motion study is to eliminate unproductive movements of workers.

Ans 29.

1. Method Study
2. Finding the best way of doing thing.

Ans 30.

1. Principle of subordination of individual interest to general interest.
2. According to this principle, the interest of organization must supersede the interest of individuals or employees. In the organization all the employees are working with some objective and there is always an objective of organization.

Ans 31.

1. Principle of Remuneration.
2. According to this principle, the interest of organization must supersede the interest of individuals or employees.

Ans 32.

1. Method Study
2. Principle of order

Ans 33.

1. Principle of initiative.
2. "Cooperation not individualism."

Ans 34.

1. Scalar Chain.
2. Gang-plank.

Ans 35.

1. The principle of management described in the above paragraph is 'Harmony, not discord'.
2. The two values that the company wants to communicate to the society are:

1. Prosperity
2. Sharing

Ans 36.

The principles of Fayol and Taylor referred to in the above paragraph are 'Remuneration of employees' and 'Harmony, Not Discord'.

1. *Remuneration of Employees:*
2. *Harmony, not Discord:*

Ans 37. The principles of Fayol and Taylor referred to in the above paragraph respectively are 'Initiative' and 'Cooperation and Not Individualism'.

1. *Initiative:*
2. *Cooperation and Not Individualism:*

Ans 38. The principle of Equity has been violated in this case. It emphasizes kindness and justice in the behavior of managers towards workers. No discrimination should be made by them on the basis of caste, creed, gender or otherwise.

Ans 39.

The principle of management which is being violated is stated below:

1. *Unity of command:*
2. *Unity of direction:*
3. The difference between the principle of Unity of Command and Unity of Direction is given below:

Ans 40.

1. *Stability of Personnel;*
2. *Remuneration of Employees:*

Ans 41.

1. The two features of principles of management mentioned in the above paragraph are as follows:
 1. *General guidelines:*
 2. *Flexible:*
1. As the real business situations are very complex and dynamic and are a result of many factors, the principles of management not provide readymade, straitjacket solutions to all managerial problems.

Ans 42.

1. The various principles of management that Raj is applying for the successful management of his eye care centre are described below:
 - *Order:*
 - *Spirit de Corps:*
 - *Equity:*
2. The two values that Simran wants communicate to the society by taking up a job in a village are:
 - Humanity
 - Concern for poor

Ans 43.

Differential Piece wage System is the incentive bonus plan that Ashul may implement so as differentiate between efficient and inefficient workers.

Ans 44.

1. No, Mr. Bhardwaj cannot be held responsible for loss of the deal in the above case as he was not given the necessary authority to carry out his responsibility. There is an imbalance in authority and responsibility.
2. The name of the related principle is **Authority and Responsibility**.

Case Studies - (Chapter- 3) Business Environment

Q. 1. Mr. Ajay after completing MBA from USA comes to India to start a new business under the banner Ecom Creations Ltd. He launches a new product in a e-learning for senior Secondary School students in Commerce stream, which already has n established market in UK and USA but not in India. His business starts flourishing in India. Now more Indian companies entered into the market with other subjects also.

Identify and quote the lines from above para which highlight the significance of understanding business environment. (4 marks)

Q. 2. Just after declaration of Lok Sabha Elections 2014 results, the Bombay stock exchange's price index (Sensex) rose by 1000 points in a day. Identify the environmental factor which led to this rise giving reason. Also explain any two other dimensions of business environment. (5 marks)

Q. 3. The court passed an order that all schools must have water purifier for the school children as

1. Society in general is more concerned about quality of life.
2. Innovative techniques are being developed to manufacture water purifier at competitive rates.
3. Incomes are rising and children at home are also drinking purified water.

The government is also showing positive attitude towards the water purifier business.

Identify the different dimensions of business environment by quoting from the above details. (5 marks)

Q. 4. 'It is common now to see CD-ROM's, computerized information kiosks, and Internet/Word Wide Web multimedia pages highlighting the virtues of products.' Name the dimension of the business environment highlighted by this stateme. (1 mark)

Q. 5. Which component of business environment requires that advertisements of baby food must necessarily inform the potential buyers that mother's milk is the best? (1 mark)

Q. 6. It is the process by which government control over the industry is being loosened. Give the term to which this statement is trying to indicate. (1 mark)

Q. 7. Due to entry of foreign firms, competition for Indian firms has increased, especially in service industries. Name such service industries. (1 mark)

Q. 8. The Court passed an order to ban polythene bags as

1. The bags are creating many environmental problems which affect the life of people in general.
2. Society in general is more concerned about quality of life.

The Government decided to give subsidy to jute industry to promote this business.

Innovative techniques are being developed to manufacture jute bags at low rates.

Incomes are rising and people can afford to buy these bags.

Identify the different dimensions of Business Environment by quoting the lines from the above particulars. (5 marks)

Q. 9. The government of India is seriously thinking of allowing the oil-marketing public sector undertaking to fix their own prices for petrol and diesel. Which economic reform is the reason for this change in the government's policy?

Q. 10. Kapil Sharma is working as the Country Head of a company which owns a chain of malls under the name of 'Virtuoso' in the various parts of India. Through an analysis report of the business environment, it has been brought to his notice that in the coming years, shopping at a mall will not be a necessity for the buyers as purchases can be made online from anywhere and at any time with ease and at the consumer's convenience. Hence, malls will have to provide much more than shopping to be able to attract customers. So, he recommends that 'Virtuoso' malls should to be restructured into recreation centres, offering more spaces to socialize, host events and concerts, and provide ample Food and Beverages options.

Consequently the share of entertainment segment and Beverages segment in the overall mall space is increased by 20%. As a result, the company gains enormously by getting the first mover advantage.

In context of the above case:

1. Define the term 'Business Environment'.
2. Explain the terms 'Threats' and 'Opportunities' by quoting lines from the paragraph.

Q. 11. "Zero Defect Zero Effect" (ZED) is a slogan coined by the Prime Minister of India, Narendra Modi with reference to the Make in India initiative launched by the government. The slogan reflects the efficiency of production processes, i.e. the products have no defects and the process through which the product is made has zero adverse environmental and ecological effects. The Zed model aims to make India the manufacturing hub of the world and prevent the products developed in India from being rejected by the global market. Moreover, before the initiative was launched, the limits of foreign direct investment in various sectors had been relaxed. The application for licences was made available online and the validity of licences was increased to three years. Various other norms and procedures were also relaxed by the government.

In the light of the above paragraph, identify and explain the major component of New Economic Policy of 1991 that are being referred to by quoting lines from the paragraph.

Q. 12. Over the years, e-business in our country has witnessed tremendous growth due to several reasons. There is significant improvement in the Information Technology infrastructure over the last decade as the Government has taken important steps in high-speed Internet connectivity. As a result, the broadband networks have not only become better but also more affordable. Additionally, Government is trying to make rural India connected through broadband – a great possibility for e-business to expand the retail market by reaching out to the most remote rural customer. Another catalyst strengthening the e-business segment is the country's favourable demography. It has more than 50% of its population below the age of 25 and more than 65% below the age of 35. It is expected that, in the year 2020, the average age of an Indian will be 29 years, compared to 37 for China and 48 for Japan, this promises for phenomenal increase in e-business. Moreover, the penetration of the smartphone in a large section of the population has aptly addressed the problem of computer illiteracy. Notwithstanding the fact that consumers also prefer e-business due to multiple factors like convenience, time etc.

Identify and explain the various dimensions of business environment being referred to in the above case.

Q. 13. Beni, after completing her MBA, took up a job at a multinational company named 'Fortio'. The company was paying good salary and perks to its employees. The wages were within the paying capacity of the company that provided the employees a reasonable standard of living. The company also had a good work-culture and the behaviour of superiors was very good towards their subordinates. Beni was very happy in this organization, but due to long working hours she did not have time to cook her meals. She had to depend on outside food, which was deteriorating her health.

She observed that this problem was faced by many of her colleagues, not only in her company but also in many other companies. This was because of increase in the number of working women and non-availability of hygienic home-cooked food. She identified this as a great opportunity and decided to give up her job to supply packaged home-cooked food to office goers at a reasonable price. At the end of the day she also distributes the left-over food in the nearby night-shelters.

1. State the dimension of business environment being discussed above.
 2. State the principle of management being followed by 'Fortio'.
 3. Identify any two values being communicated by the company to the society in the above case.
- (4 marks)

Q. 14. Nakul, a manager of Zyco Ltd. always takes into account the changes taking place in business environment while determining plans. He accepts changes readily and gives useful suggestions to his superior, which results in reduction of costs. As a result, company's profits increase. Nakul enjoys

cordial relations with his co-workers and makes plans in consultation with his team to achieve organizational goals.

1. Which characteristic of management is highlighted in the above lines?
2. Identify and state any two principles of management followed by Zyco Ltd.
3. Give any two benefits which Zyco Ltd. get by taking into account the changes taking place in business environment, quoting the lines from the above para.
4. State any one value which Nakul wants to communicate to the society. (6 marks)

Q. 15. It is interesting to know that the menu items of the multinational food chains are customized to suit the general palates of the local people in the region. When McDonald's started its business in India in the year 1996, the company went through a complete localization strategy. McDonald's changed its product menu to accommodate the vegetable burger given the large vegetarian population. It also altered its store design and even reduced the product price by close to fifteen per cent. Also, the "McAloo Tikki burger" is not available anywhere but in the Indian outlets of McDonalds.

Identify the relevant feature of business environment being discussed above.

Q. 16. Eco-friendly products are gaining power as the consumers' awareness about environmental issues has increased over the years and they are conscious about choosing products that do not have adverse effects on the environment. They are now more conscious about the carbon emission and climate change effects, and want themselves to be 'seen' as a green advocate among their peers. In such a scenario, it has become a challenge for the companies as they have to not only meet the needs of the consumers but also ensure that their products are safe and environment friendly. At a result, there is growing need for better and advanced technologies to work as a catalyst in this regard.

1. Identify the relevant feature of business environment being discussed above.
2. Describe briefly any three points which highlight the importance of business environment and its understanding by managers.

Q. 17. Ultra Paint Co. which is manufacturing paints has been enjoying a prominent market position as it manufactured best quality paints, made timely payment of taxes to government. It assembled various inputs like finance, machines, raw materials, etc. from its environment. But since last year it has been dumping its untreated poisonous waste on the river bank which has created many health problems for the people. As a result, the court passed an order to seal the manufacturing unit of the company.

1. State the importance of business environment highlighted quoting the line from the above case.
2. Identify any two dimensions of business environment mentioned in the above case by quoting lines from it.
3. State any two values which have been overlooked by the company? (5 marks)

Q. 18. Philips, a company manufacturing light bulbs incurred heavy expenditure on scientific Research and Development and discovered a technology that made it possible to produce an energy efficient light bulb that lasts at least twenty times as long as a standard bulb. It resulted in growth and profitability of the company.

1. **Identify and state the dimension of business environment mentioned above.**
2. **State the importance of business environment mentioned above by quoting the lines.**
3. **State any one value which the company wants to communicate to the society. (4 marks)**

Q. 19. Disco Ltd. manufactures fashionable and designer clothes. Recently it finds that the demand for its products has been declining. After market research it was discovered that fashion and tastes of the consumers is changing at a fast pace. Customers' demand is increasing. New competitors have entered the market with new designs. It is very difficult for the company to predict future happenings. Also, it is difficult to know the extent of the relative impact of the social, economic, political, technological or legal factors on decrease in demand of its products in the market.

A meeting was held in which managers from different functional levels heading Production, Marketing, Finance, etc., for example, Chief Operating Officer, Chief Finance Officer, Vice President (Marketing) were present to discuss how to deal with the situation. After a long discussion, it was decided that they would study and analyze the market first to identify customer tastes and fashion and then manufacture garments accordingly. It was also decided to increase expenditure on advertising, after-sales services, etc.

1. **Identify any two features of business environment by quoting the lines from the above case.**
2. **At which level of management the meeting of managers of Disco Ltd. was held?**
3. **Identify any two impact of government policy changes on business, quoting lines from the above case.**
4. **State the importance of understanding of environment by business managers in the light of the above para. (6 Marks)**

Q. 20. The organic food market in India is grow at 25-30 per cent which reflects a clear shift in consumer tastes and preferences. The current growth in the organic food market is driven by multiplicity of factors like rising health consciousness, changing lifestyles, increase in disposable income and growing availability of organic food products in shopping malls, retail outlets and online.

In context of the above case:

1. **Identify and explain the features of business environment being referred to here.**
2. **By quoting phrases from the paragraph identify the various components of general forces which have led to a growth in the organic food market.**

Q. 21. Anurag, aspires to work with a socially and environmentally committed company as he does not want to work just for monetary benefits but also the brand value of the company he works for in the society matters a lot to him. Therefore, he has joined Cerebra Integrated Technologies a Bengaluru-based Infotech company. The company has built India's largest e-waste recycling plant. The company strives to be one of the leading players in this business which has huge potential not only in terms of generating huge revenues and profits but also wants to contribute to the environment issues that have become crucial worldwide. The company sees big business in the mountains of e-waste in Bengaluru which produces 2,00,000 tonnes of e-waste a year. The company plans to make its millions by extracting metals such as gold and platinum from the e-waste piling up in the city. As a mobile phone, for example, is made up of a combination of rare earth and precious metals: it contains 250 mg of silver, 24 mg of gold and nine mg of palladium while a laptop has 1,000 mg of silver, 220 mg of gold and 500 grams of copper.

To start the business, the company has obtained a licence from KSPCB (Karnataka State Pollution Control Board).

In context of the above case:

1. Identify the various dimensions of business environment being referred to by quoting lines from the paragraph.
2. List any two values which the company wants to convey to the society.

Q. 22. After completing his education, Arun joins his father in their family business of manufacturing cookware. As a businessman, his father is rigid in his approach and has fixed ideas about various issues. He tends to maintain a distance from the factory workers.

However, Arun is more receptive to the needs of the workers and doesn't seem to believe in any class-differences. He believes that the prosperity of their business greatly depends upon the prosperity of their workers and vice versa. At the same time, he has a good understanding of the business environment. Therefore, he introduces a new range of green pans that provide a healthy cooking surface, as they are manufactured with all ceramic or silicon coating and are considered safer than the traditional petroleum based nonstick surfaces which may contain toxic substances. Although, the new cookware range is highly priced, he expects a ready market for it as both the purchasing power of people and their preference for better quality products has increased over the years.

In context of the above case:

1. Identify the nature of management which is being reflected in the different styles of management in practice adopted by Arun and his father.
2. Name and explain the related principle of scientific management.
3. State the related dimensions of business environment.

Q. 23. Continuous and comprehensive evaluation is a process of assessment, mandated by the right to Education Act, of India. This approach to assessment has been introduced by state governments in India, as well as by the Central Board of Secondary Education in India. With the introduction of (CCE) system in education there is greater focus on project based learning. As a result, besides time and effort the students are willing to invest money to enhance the visual appeal of their project files so as to score higher marks. In order to cash on the opportunity Rishabh has started a small business unit to manufacture different kinds of decorative materials for the project files. He has employed a team of four creative designers for developing the innovative material with the help of latest technology. However, he has a prejudice against women and therefore pays less salary to them as compared to the male staff for equal work.

In the context of the above case:

1. Name any two functions of management that Rishabh will have to perform in order to manage his business successfully.
2. Name and explain the principle of management which is being violated by Rishabh.
3. Identify the related dimensions of the business environment.

Q. 24. Government of India is seriously thinking to allow oil marketing public sector, undertaking to fix their own price for petrol and diesel.

1. Name the economic reform related to this decision of government.
2. Name other two reforms recommended in new economic policy.

Q. 25. Recently many companies have planned for significant investment in organizes retailing in India. Various factors which have encouraged companies to take these decisions are customer income is increasing, rise in standard of living of people. People are ready to pay high price for quality goods, government policy of liberalization regarding MNC entry and FDI, etc.

1. Explain briefly changes in business environment under different heads that have facilitated the companies' decision to plan significant investment in retailing.
2. What has been the impact of these changes with regards to globalization and privatization?

Q. 26. Two big banner movies were scheduled to be released on the same date. On the last movement release of one of the movies has to be postponed due to opposition of a group of people due to some unethical contents related to their religion was shown in the that movie. The other movie released on time and made huge profit as there was no competition and movie which was postponed suffered loss.

1. Which feature of business environment is highlighted here.
2. Identify the dimension of business environment, which delayed the release of movie.

Q. 27. After winning the election, Prime Minister Mr. Narendra Modi launched a Campaign of 'Swachh Bharat' and invited various celebrities to be a part of this Abhiyaan. This spread awareness among the people in society and in general, people started becoming more careful and aware about the cleanliness around their area. To continue its impact, a new service tax for Swachh Bharat was also started. The government is planning to import new and better technology to adopt new methods of treating the garbage and waste.

State the various dimension of business environment mentioned in the above para quoting the lines from the above para.

Q. 28. Even after opening up of Indian Economy, foreign companies found it extremely difficult to cut through the bureaucratic and red tapism in government offices. This discourages them from investing in India.

Identify the dimension of environment mention in above para.

Q. 29. Just after the declaration of Lok Sabha Elections in 2014, the Bombay Stock Exchange Index rose by 1000 points.

Identify the dimension of business environment.

Q. 30. 'Mamta Rice Food Ltd' is a well know rice producing company. The sales have been falling down from the beginning of the year. The managing director MR. Bhuvan is worried about this situation. With a view to find out the solution of this problem he made a team to find but the reasons for downfall of sales. The team conducted the survey and gave following four reasons for the downfall of company's sale.

1. On account of increase in export duty made by the government, the foreign demand has gone down.
2. Due to availability of other eatable substitute the taste of people is diverted from rice.
3. The competitor's imported new technology machine and are producing better quality rice.
4. Due to strain with neighbouring country's government and our country's government export is effected.

Identify the dimension of Business Environment discussed in the above case.

Q. 31. With changes in the consumption habits of people, Neelesh, who was running a sweet shop, shifted to the chocolate business. On the eve of Diwali, he offered chocolates in attractive packages at reasonable prices. He anticipated huge demand and created a website chocolove.com for taking orders online. He got a lot of orders online and earned huge profits by selling the chocolate.

Identify and explain the dimensions of business environment discussed in the above case.

Q. 32. A recent rate cut in the interest on loans announced by the banks encouraged Amit, a science student of Progressive School, to take a loan from State Bank of India to experiment and develop cars to be powered by fuel produced from garbage. He developed such a car and exhibited it in the Science Fair organized by the Directorate of Education. He was awarded the first prize for his invention.

Identify and explain the dimensions of business environment discussed in the above case.

Q. 33. 'Accent electronics Ltd.' was operating its business in Malaysia. The company started exporting its products to India when the Prime Minister announced relaxation in import duties on electronic items. The company appointed retailers in India who had direct online links with the suppliers to replenish stocks when needed.

Identify and explain the dimensions of business environment discussed in the above case.

Q. 34. As per the directions issued by the Supreme Court, the government passed an order to ban the sale of tobacco products within the area of 200 meters of all educational institutions as:

1. Its consumptions injurious to health.
2. People are becoming more conscious about health and fitness. This indicates the government's attitude towards this business.

Identify the business environment under three different dimensions by quoting from above paragraph.

Q. 35. Make in India is an initiative launched by the Government of India to encourage national and multinational companies to manufacture their products in India. It focuses on job creation and skill enhancement and is in twenty five sectors of the economy. Under the initiative, brochures on these sectors and a web portal were released. The initiative aims at high quality standards and minimizing the impact on the environment. It also seeks to attract foreign capital investment in India.

In context of the above case:

1. Identify the various dimensions of business environment being referred to by quoting lines from the paragraph.
2. List any two values which the Government of India wants to convey through this initiative.

Q. 36. India's retail sector has been undergoing structural changes for the last two decades. On one hand, the 'mall culture' has gradually become a way of life, especially in the metros and mini-metros. On the other hand, there is accelerated growth in e-business as customers also prefer to buy products and services via the Internet, telephone and television. However, operating in either of the segments is marked by the presence of strong competitors.

Identify the components of specific forces and general forces being discussed in the above paragraph.

Q. 37. To mark the celebrations of International Family Day on 16th may 2016, Kurkure flagged off India's first family food train – Kurkure Family Express at New Delhi. The train took forty families on a fun culinary experience of a lifetime through an eight-day journey across fourteen states in India. A whole lot of fun activities were hosted on the train by the travel and food anchors Rocky and mayar. The families were selected through an online campaign, 'Chatpata family photos'. The contest attracted approximately 1,000 entries, of which 40 entries that gelled with the brand's image were selected.

The core idea of the campaign was to bring families from across India together over a journey like this. As in today's time, everyone is busy with their life the family members may feel disconnected with each other.

Identify and explain the various dimensions of business environment being referred to the in the above case by quoting lines from the paragraph.

Q. 38. In the year 2016, the State Government of Kerala had made it mandatory for anganwadis hostels and canteens in educational institutions to secure the Food Safety and standards Authority of India (FSSAI) licence to ensure food safety. As the educational institutions also get categorized as food business operators in the event of the annual turnover of the hostels, they run exceeding Rs. 12 lakh per annum.

In context of the above case:

1. Identify and explain the various dimensions of business environment being referred to here.
2. List any two values which the State Government of Kerala wants to convey through this initiative.

Q. 39. Postage stamps have been unveiled to commemorate 140 years of existence of the country's first stock exchange the Bombay Stock Exchange (BSE). The setting up of BSE is considered to be the greatest revolution that took place in the financial markets in India as it acts as a key driver for economic growth of a country. This is due to the fact that there exists a strong correlation between economic growth and capital accumulation.

In the context of the above case:

1. Identify the dimension of business environment of India being referred here.
2. State any three factors which broadly affected the dimension of business environment of India as identified in part (a) of the question.

Q. 40. In May 2016, the government had launched a web-based application which will provide an opportunity to all the industries dealing in hazardous waste to apply online and get online permissions for import and export of certain categories of waste, which is for reuse, recycling or recovery while it will also help authorities in web-based processing, generation and grant of various types of permissions to the entrepreneurs and industries. It is also aimed at implementing the

concept of paperless and green office and provide information regarding number authorizations or consent order granted by the State Pollution control Boards (SPCBs).

Identify the various dimensions of business environment being referred in the above case.

Q. 41. Bharat is running an ice cream parlour in a local market. Keeping in mind the changing perceptions about health among the people, one of his employee Abhiraj suggests to him that they should introduce a range a flavoured yogurt. Bharat accepts his suggestion as a result both the image and the profitability of his business increases.

In the context of the above case:

1. **Identify the feature of management which is being highlighted.**
2. **State the related dimension of the business environment.**
3. **Name and explain the related principle of general management.**

ANSWERS

Ans 1.

- “Comes to India to start a new business ... launches a new product in e-learning for Senior secondary school students in Commerce stream.”

1. It helps in assisting in planning and policy formulation.
2. It helps the firm to identify opportunities and get the first mover advantage.

- “His business starts flourishing in India.”

1. It helps in improving performance.

- “Now more Indian companies entered into the market with different subjects also.”

1. It helps the firm to identify threats and early warning signals.

Ans 2. Rise in stock market index (Sensex) is economic environment. But Political environment (declaration of Lok Sabha Elections 2014 results)) led to this rise.

Two other dimensions of business environment:

1. Legal Environment:
2. Technological environment:

Ans 3.

1. Legal environment:
2. Social environment:
3. Technological environment:
4. Economic environment:
5. Political environment:

Ans 4. Technological environment

Ans 5. Legal environment.

Ans 6. Liberalization

Ans 7. Telecommunications, airlines, banking, insurance, etc.

Ans 8.

1. Legal environment:
2. Social environment:
3. Political environment:
4. Technological environment:
5. Economic environment:

Ans 9. Privatisation as a reform is the reason for this change in the government policy.

Ans 10.

1. The term 'Business Environment' means the sum total of all individuals, institutions and other forces that are outside the control of a business enterprise but that may affect its performance.
2. The term 'threats' refers to the external environment, trends and changes that will hinder a firm's performance.

"Trough an analysis report of the business environment, it has been brought to his notice that in the coming years, shopping at a mall will not be a necessity for the buyers as purchases can be made online from anywhere and at any time with ease and at the consumer's convenience. Hence, malls will have to provide much more than shopping to be able to attract customers."

The term 'opportunities' refers to the positive external or changes that will help a firm to improve its performance.

"As a result, the company gains enormously by getting the first mover advantage."

Ans 11. The major components of New Economic Policy of 1991 that are being referred to are as follows:

- **Liberalization:** The economic reforms signaled the end of the licence-permit-quota raj and were aimed at liberalizing the Indian business and industry from all unnecessary controls and restrictions.

"Moreover, before the initiative was launched, the limits of foreign direct investment in various sectors has been relaxed. The application for licences was made available online and the validity of licences was increased to three years. Various other norms and procedures were also relaxed by the government."

- **Globalization:** Globalization means the integration of the various economies of the world leading towards the emergence of a cohesive global economy.

"The ZED model aims to make India the manufacturing hub of the world and prevent the products developed in India from being rejected by the global market."

Ans 12. The various dimensions of business environment being referred to in the above case are as follows:

1. Political Environment:
2. Technological Environment:
3. Social Environment:

Ans 13.

1. Social environment which includes social forces like customs and traditions, values trends etc.

'this was because of increase in the number of working women and non-availability of hygienic home-cooked food.'

1. Remuneration of employees, which states that the overall pay and compensation should be fair to both employees and the organization.

'The company was paying good salary and perks to its employees. The wages were within the paying capacity...standard of living.'

1. Values being communicated by the company to the society are: (Any two)

1. Good work culture
2. Good behavior in human interaction
3. Concern for the employees
4. Respect for law

Ans 14.

1. Management is a dynamic function.
- 2.

1. Initiative

This principle indicates that the subordinates should be encouraged to give suggestions and make and execute plans within the prescribed limits of authority.

1. Spirit de corps

This principle suggests that management should promote a team spirit of unity and harmony among the employees.

1. Benefits of business environment:

1. It helps in assisting in planning and policy formulation.

'... takes into account the changes taking place in business environment while determining plans.'

1. It helps in improving performance.

'He accepts changes readily and gives useful suggestions to his superior, which results in reduction of costs. As a result, company's profits increase.'

1. Value:

- Team work
- Adaptability

Ans 15. Relativity is the relevant feature of business environment which is being discussed above.

Ans 16.

1. Inter-relatedness is the relevant feature of business environment which is being discussed above.
2. The three points which highlighted the importance of business environment and its understanding by managers are described below:

1. *It enables the firm to identify opportunities and getting the first mover advantage:* The dynamic business environment provides numerous opportunities for a business to evolve as per the changing needs. Therefore, early identification of the forthcoming opportunities helps an enterprise to be the first to exploit them instead of losing them to the competitors.
2. *It helps the firm to identify threats and early warning signals:* sometimes the changes in the external environment may pose as a threat and hinder a firm's performance. An awareness about the business environment helps the managers to identify such threats on time and take necessary decisions and action.
3. It helps in tapping useful resources as the enterprise designs policies that allow it to get the resources that it needs so that it can convert those resources into outputs that the environment desires.

Ans 17. (a) Business environment helps in tapping useful resources.

'It assembled various inputs like finance, machines, raw materials, etc. from its environment.'

(b) (i) Social environment

'...it has been dumping its untreated poisonous waste on the river bank which has created many health problems for the people.'

(ii) Legal environment

'...the court passed an order to seal the manufacturing unit of the company.'

1. Value overlooked.

- Environment protection
- Concern for human life
- Respect for law and order
- Social responsibility

Ans 18.

1. Technological environment
It includes forces relating to scientific improvements and innovations which provide new ways of producing goods and services, and new methods and techniques of operating a business.
2. Business environment helps a firm to improve its performance. 'It resulted in growth and profitability of the company.'
3. Value conservation of energy

Ans 19.

1. Features of business environment:

1. *Dynamic nature:* 'fashion and taste of the consumers is changing at a fast pace.'
2. *Uncertainty:* 'It is very difficult for the company to predict future happening.'
3. *Complexity:* 'It is difficult to know the extent of the relative impact of the social, economic, political, technological or legal factors on decrease in demand of its products in the market.'

1. Top level management
2. Impact of government policy changes on business:

1. *Increasing competition:* 'New competitors have entered the market with new designs.'
2. *More demanding customers:* 'Customers' demand is increasing.'

3. *Market orientation*: 'it was decided that they would study and analyze the market first to identify customer tastes and fashion and then manufacture garments accordingly. It was also decided to increase expenditure on advertising, after-sales services, etc.'
1. Business environment helps the manager in coping with rapid changes.

Ans 20.

1. The features of business environment being referred to in the above case are as follows:
 - *Dynamic nature*: It is dynamic in nature and keeps on changing due to technological up gradations, shifts in consumer preferences or increase in competition in the market.
 - *Inter-relatedness*: All the elements of business environment are closely interrelated. Therefore, any change in one element may necessitate corresponding changes in the other elements as well.
2. The various components of general forces which have led to a growth in the organic food market are as follows:
 1. *Social*: "rising health consciousness, changing lifestyles"
 2. *Economic*: "increase in disposable income"
 3. *Technological*: "growing availability of organic food products in shopping malls, retail outlets and on line."

Ans 21.

1. The various dimensions of business environment being referred to in the above case are as follows:
 - *Technological environment*: Technological environment includes forces relating to scientific improvements and innovations which provide new ways of producing goods and services and new methods and techniques of operating a business.
 - *Legal environment*: Legal environment includes various legislations passed by the Government administrative orders issued by government authorities, court judgments as well as the decisions rendered by various commissions and agencies at every level of the government – centre, state or local.
 - *Social Environment*: Social environment includes the social forces like customs and traditions, values, social trends, society's expectations from business, etc.
1. The two values which the Cerebra Integrated Technologies wants to convey through this initiative are:
 1. Sustainable development
 2. Concern for environment.

Ans 22.

1. The different styles of management in practice adopted by Arun and his father reflect that management is an art.
2. 'Harmony, Not Discord' is the related principle of scientific management.
3. The related dimensions of the business environment are:
 - *Economic Environment*:
 - *Social Environment*:
 - *Technological Environment*:

Ans 23.

1. The two functions of management that Rishabh will have to perform in order to manage his business successfully are **Planning** and **Organising**.
2. The principle of management which is being violated by Rishabh is **Equity**.
3. The related dimensions of the business environment are:
 1. Legal Environment
 2. Political Environment
 3. Economic Environment
 4. Social Environment
 5. Technological Environment

Ans 24.

1. Liberalization
2. **Other two reforms:** Privatization and Globalization.

Ans 25.

1. Explain recent changes in various environment heads, i.e., economic, social, political, legal and technological.
2. Explain the topic, impact of change in government policy/economic policy.

Ans 26.

1. Feature highlighted in 'relativity'.
2. The dimension is 'social environment'.

Ans 27.

1. "After winning election campaign of Swachh Bharat."

Political Environment

1. "People in society around their area."
2. Social Environment
3. "A new service tax started."

Economic Environment

1. "Import new technology Garbage."

Technological Environment

Ans 28. Political Environment.

Ans 29. Political Environment.

Ans 30.

1. Economic Environment
2. Social Environment
3. Technological Environment
4. Political Environment.

Ans 31. The various dimensions of business environment being referred to in the above case are as follows:

1. *Social environment:*
2. *Technological environment:*

Ans 32. The various dimensions of business environment being referred to in the above case are as follows:

1. *Economic Environment:*
2. *Technological Environment:*

Ans 33. The various dimensions of business environment being referred to in the above case are as follows:

1. *Political Environment:*
2. *Technological Environment:*

Ans 34. The various dimensions of business environment being referred to in the above case are as follows:

1. *Legal Environment:* "As per the directions issued by the Supreme Court."
2. *Political Environment:* "The government passed an order to ban the sale of tobacco products within the area of 200 meters of all educational institutions."
3. *Social Environment:* "Its consumption is injurious to health and people are becoming more conscious about health and fitness."

Ans 35.

1. The various dimensions of business environment being referred to in the above case are as follows:

1. *Political Environment:*
2. *Technological Environment:*
3. *Economic Environment:*

1. The two values which the Government of India wants to convey through this initiative are:

1. High quality standards
2. Concern for environment

Ans 36. The components of specific forces discussed in the above paragraph are the customers and competitors.

The components of general forces discussed in the above paragraph is the social and technological conditions.

Ans 37. The various dimensions of business environment being referred to in the above case are as follows:

1. *Technological environment:*
2. *Social environment:*

Ans 38.

1. The various dimensions of business environment being referred to in the above case are as follows:

1. *Political Environment:*
2. *Legal environment:*

1. The two values which the State Government of Kerala wants to convey through this initiative are:

1. High quality standards
2. Good health

Ans 39.

1. Economic environment is the dimension of business environment of India being referred here.
2. The three factors which broadly affect the economic environment of India are stated below;
 1. Stage of economic development of the country.
 2. The economic structure in the form of mixed economy which recognizes the role of both public and private sectors.
 3. Economic planning, including five year plans, annual budgets, and so on

Ans 40.

1. The various dimensions of business environment being referred to the in the above case are as follows:
 1. *Political Environment:*
 2. *Technological Environment:*
 3. *Legal Environment:*
 4. *Social Environment:*
 5. *Economic.*

Ans 41.

1. The feature of management which is being highlighted is **Dynamic**.
2. The related dimension of the business environment is **Social**.
3. The related principle of general management is **Initiative**.

Initiative means taking the first step with self-motivation. The workers should be encouraged to develop and carry out their plans for improvement. Suggestion system should be adopted in the organization.

Case Studies - (Chapter - 4) Planning

Q. 1. Laxmi Chemicals Ltd., a soap manufacturing company wanted to increase its market share from 30% to 55% in the long run. A recent report submitted by the Research & Development Department of the company had predicted a growing trend of herbal and organic products. On the basis of this report the company decided to diversify into new variety of soaps with natural ingredients having benefits and fragrances of Jasmine, Rose, Lavendear, Mogra, Lemon Grass, Greed Apple, Strawberry etc. The Unique Selling Proposition (USP) was to promote eco-friendly living the contemporary life style. The company decided to allocate Rs. 30 crores to achieve the objective.

Identify the type of one of the functions of management mentioned above which will help the company to acquire dominant position in the market. (1 mark)

Q. 2. Suhasini a home science graduate from a reputed college has recently done a cookery course. She wished to start her own venture with a goal to provide 'health food' at reasonable price. She discussed her idea with her teacher (|mentor) who encouraged her. After analyzing various options for starting her business venture, they shortlisted the option to sell ready made and 'ready to make' vegetable shakes and sattu milk shakes. Then they both weighed the pros and coris of both the shortlisted optins.

1. Name the function of management being discussed above and give any one of its characteristics.
2. Also briefly discuss any three limitations the function discussed in the case. (5 marks)

Q. 3. A company is manufacturing garments. The manager wants to increase profits by purchasing new high speed machines or increasing the sale price or using waste material in manufacturing stuffed toys.

He decided that 'using waste material' to increase the profit is the best solution for him.

1. Identify the concept of management involved.
2. Mention the steps involved in the above process by quoting the line from the question.
3. To complete the process of the concept identified in (a), what two next steps does the manager have to take? Explain. (6 marks)

Q. 4. Two year ago, Madhu completed her degree in food technology. She worked for sometime in a company that manufactured chutneys, pickles and murabbas. She was not happy in the company and decided to have her own organic food processing unit for the same. She set the objectives and the targets and formulated an action plan to achieve the same.

One of her objectives was to earn 10% profit on the amount invested in the first year. It was decided that raw materials like fruits, vegetables, spices, etc. will be purchased on three months credit from farmers cultivating only organic crops. She also decided to follow the steps required for marketing of the products through her own outlets. She appointed Mohan

as the Production Manager who decided that exact manner in which the production activities were to be carried out. Mohan also prepared a statement showing the number of workers that will be required in the factory throughout the year. Madhu informed Mohan about her area wise sales target for different products for the forthcoming quarter. While working on the production table, a penalty of Rs. 100 per day for not wearing caps, gloves and apron was announced.

Quoting lines from the above paragraph, identify and explain the different types of plans discussed.

Q. 5. During partition, Kundan Lal came to Mumbai from Lahore with a lot of wealth. Keeping in view his innate ability to visualize and create things, he decided to work as a junior assistant in a film studio. Over a period of time, as he gained experience and his work was well acclaimed, he decided to set up his own film studio. Initially he was himself looking into every aspect of the business, but as his work increased manifolds and his own productivity reduced with age, he hired Jummy as manager. Jimmy being immature in his work started giving bookings for the studio haphazardly. He would never decide anything in advance or do any kind of forecasting of events. This led to lot of confusions and conflicts. As a result, the goodwill earned by Kundan Lal over the years began to decline.

In context of the above case:

1. Identify and explain the function of management which Jimmy failed to perform by quoting lines from the paragraph.
2. Describe briefly any two features of the function of management as identified in part (a).

Q. 6. After completing a diploma in Bakery and Patisserie, Payal sets up a small outlet at Goa Airport to provide a healthy food option to the travellers. To begin with, she has decided to sell five types of patties, three type of pizzas and low sugar muffins in four flavours. Thus, by deciding in advance what to do and how to do, she is able to reduce the risk of uncertainty and avoid overlapping and wasteful activities. But sometimes her planning does not work due to some unavoidable circumstances like cancellation of flights due to bad weather conditions, government alert etc. which adversely affects her clientele.

In context of the above case:

1. Identify and explain the points highlighting the importance of planning mentioned in the above paragraph.
2. Describe briefly the limitation of planning which adversely affects Payal's business.

Q. 7. Rahul, a worker, is given a target of assembling two computers per day. Due to his habit of doing things differently, an idea struck him which would not only reduce the assembling time of computers but would also reduce the cost of production of the computers. Rahul's

supervisor instead of appreciating him, ordered him to complete the work as per the methods and techniques decided earlier as nothing could be changed at that stage.

The above para describes one of the limitation of planning function of management. Name that limitation. (1 mark)

Q. 8. ABC Ltd. has a plan of increasing profits by 20%. It has devoted a lot of time and money to this plan. But the competition starts increasing, so it could not change its plan to beat its competitors because huge amount of money had already been devoted to the pre-decided plan. It caused losses to the company.

Explain any two limitations of planning highlighted in the above case. Also, quote the lines from it. (4 marks)

Q. 9. In 'Chak De India' movie, Shahrukh Khan becomes the coach of the girls' hockey team. He knows that he has to prepare the girls for the international hockey matches and bring the world cup after winning. For this he prepares a long-term plan and thinks the ways how to beat the competitors. He coaches the girls to play in different ways like defensive, offensive, etc. at the outset of a match he explains who will open the match, and how the ball will be passed by one player to another step by step.

Identify four types of plan that are highlighted in the above case, quoting the lines from it. (4 marks)

Q. 10. Flipkart is an e-commerce company founded in the year 2007 by Sachin Bansal and Binny Bansal. The company is registered in Singapore, but has its headquarters in Bangalore, India. The company seeks to increase traffic (more clicks on their products) and boost sales and revenue through integration of Mobile Apps, Display, Pay Per Click and search Engine Optimization. In order to dispel the fear of people related to shopping online, Flipkart was the first company to implement the popular 'Cash on Delivery' facility. All the products sold by the company under a particular category may have different return/replacement period. Flipkart allows multiple payment options such as cash on delivery, credit or debit card transactions, net banking, e-gift voucher and card swipe on delivery. The company operates both ways when an order is received. The products for which it holds inventory are dispatched by it directly. For the products they do not store in inventory, they just send the order received by them to the supplier who ships it. The company plans to spend about Rs. 75 crores on e-Commerce advertising in the year 2016. Flipkart reserves the right to terminate your membership and/or refuse to provide you with access to the website if it is brought to Flipkart's notice or if it is discovered that you are under the age of 18 years. This is because as per the Indian Contract Act, 1872, the minors, un-discharged insolvents, etc. are not eligible to use the website.

In context of the above case, identify and explain the different types of plans being used by Flipkart by quoting lines from the paragraph.

Q. 11. An electronic company is facing a problem of declining market share due to increased competition from other new and existing players in the market. Its competitors are introducing lower price models for mass consumers who are price sensitive. For quality conscious consumers, company is introducing new model LED TV and DVD players with added features and new technological advancements. For this, the company raises extra funds Rs. 5 crore from banks.

Name the type of plan the company is preparing. State the steps which the company follows to implement this plan quoting the line from the above para. (4 marks)

Q. 12. Arush joins as a sales manager of a company dealing in naturotherapy produces. Being proficient in his work, he knew that without good planning he will not be able to organise, direct, control or perform any of the other managerial functions efficiently and effectively. Only on the basis of sales forecasting, he would assist in the preparation of the annual plans for its production and sales. Besides, he will have to prepare sales plans regularly on weekly, monthly, quarterly and half yearly basis. While preparing the sales forecasts, he undertakes intellectual thinking involving foresight, visualization and issued judgement rather than wishful thinking or guess work. Most importantly, all these planning activities will be meaningful only if they will coincide with the purpose for which the business is being carried out.

In context of the above case, identify the various features of planning highlighted in the above paragraph by quoting lines from it.

Q. 13. Zysha Ltd. is a company which manufactures leather bags. The CEO of the company wants to increase their sales and earn more profits. The consulted with a management consultant who suggested the top management of the company to work hard in thinking about the future in making business prediction and achieve the targets since the business environment keeps on changing whether in terms of technological improvement, shifts in consumer preferences or entry of new competitors in the market.

- 1. Identify and state the concept of management discussed in the para.**
- 2. State the characteristic feature of business environment highlighted in the above para. (3 marks)**

Q. 14. Lira Ltd. is a company manufacturing designer socks. While making its plan, the company takes into consideration the business environment. It constantly adapt itself to changes in environment by making changes in its plan. However, it becomes difficult for the managers of the company to accurately foresee future trends in the environment. Competition in the market upsets its financial plans; then sales targets have to

be revised and, accordingly cash budgets also need to be modified since they are based on sales figures.

1. What characteristic features of business environment are highlighted in the above lines? State any two.
2. State and explain the limitation of planning highlighted in the above lines.
3. Identify any two types of plan mentioned in the above para by quoting the lines from it. (6 marks)

Q. 15. Pan Masala and Sons is a manufacturer of tobacco products. It decided to increase profits by at least 20% in the next quarter. It has many options:

1. To increase the working hours of labourers without additional payment.
2. To employ children from the local community.
3. To sell its products outside the schools and colleges.

It opted the (ii) and (iii) options to achieve the target.

1. Identify the function of management described in the above para.
2. State the steps of the process involved in the function of management identified in (a) quoting the lines from the above para.
3. State any two values neglected by the organisation (6 marks)

Q. 16. A reputed car manufacturing company in NCR is facing the problem of decline in its market share due to its internal mismanagement. Therefore it has planned to increase its production capacity at its Gurgaon plant by manufacturing low price eco-friendly cars for price sensitive consumers and introducing new models with added features for quality conscious consumers. For this the company issues shares to the public and raises Rs. 150 crore.

The company purchases more machinery required to increase production.

1. Identify the type of plan the company is preparing.
2. State the steps involved in this plan quoting the lines from the above case.
3. State any one value which the company wants to communicate to the society.(5 marks)

Q. 17. 'Agile Ltd.' is a well-known automobile manufacturing company in India. The company plans to increase the sale of its sedan cars by 20% in the next quarter. In order to achieve the desired target, the marketing team of the company considers the impact of policy of the government towards diesel vehicles and the level of competition in this segment of cars. They explore the various available option like offering more discount to dealers and customers, providing more customer friendly finance options, lucky draws on test drives, increasing advertising, offering more of free accessories on the purchase of the car, etc. a thorough analysis of the various available options is done keeping in view the relative viability of each option. The company decides to pursue the option of offering more discount to dealers and customers in order to boost the sale of sedan cars. In order to implement the plan,, they determine the various discount packages and communicate the same to their product dealers. To make the prospective consumers aware about the new available benefits, advertisements are made through various sources of print and electronic media. The market

analysts of the company keep a close watch on the revenue from the sedan cars to study the effect of new initiatives by the company to promote its sales.

In context of the above case:

1. Name the function of management described in the above paragraph.
2. Identify and explain the various steps involved in process the function of management as identified in part (a) by quoting lines from the paragraph.

Q. 18. Palvinder, is working as a supervisor in Alpha Ltd. To achieve the target he wants to try a new method and different way of allocating the work. His superior did not permit him and forced him to do the work strictly as per the plan.

(i) Name the limitation of planning indicated in above case.

(ii) Name the value overlook by Palvinder's superior.

Q. 19. The management of ABC Ltd. set up the target of selling 10,000 units per week and made all their plans based on this target. But due to change in technology adapted by competitors which reduced their cost, the ABC Ltd. could not achieve their target.

(i) Identify the limitation of planning discussed in the above para.

(ii) State any other two limitations.

Q. 20. Alpha Ltd. spent a lot of money to hire specialized people for framing their plans and collecting important facts from environment. The company cut down their cost by cancelling the employee's trip for recreation.

(i) Name the limitation of planning mentioned in above para.

(ii) Name the value overlook by management.

Q. 21. ABC Ltd. announced a plan nobody would smoke in the organization premises and they further added that certain penalty will be imposed on employees, overlooking this.

(i) Name the type of plan related to above para.

(ii) Name the feature of that plan.

(iii) Name the values emphasized by the company.

Q. 22. Alpha Ltd. has a plan of increasing profit by 20%. The company spent lot of time and money to frame and implement this plan. The competition start increasing, so it could not change its plan to beat its competitors because huge amount of money is already spent. State any two limitations of planning.

Q. 23. 'Natural disaster like floods in Gujarat has been responsible for failure of production and sales plans of Jindal Textile Industry.' Which limitations of planning is highlighted in the given statement? State any three such limitations.

ANSWERS

Ans 1. Strategy

Ans 2.

1. Planning.

Characteristic of planning

Planning focuses on achieving objectives

1. **Limitation of planning**

1. Planning leads to rigidity:
2. Planning reduces creativity:
3. Planning is a time-consuming process:

Ans 3.

1. The concept of management involved is PLANNING.
2. Steps involved are:
 - Setting objectives: increasing profits
 - Developing planning premises: making certain assumptions about future.
 - Identifying alternative courses of action:
 - Purchasing new high speed machines, or
 - Increasing the sale price, or
 - Using waste material in manufacturing stuffed toys
 - Evaluating alternatives and selecting an alternative:
1. Further steps to complete the process of planning:
 - Formulating derivate plans:
 - Implementing the plan and follow-up-action:

Ans 4.

The different types of plan discussed above are listed below:

- Objectives:

“One of her objectives was to earn 10% profit on the amount invested in the first year.”
- Policy:

“It was decided that the raw materials like fruits, vegetables, spices, etc. will be purchased on three months credit from farmers cultivating only organic crops.”
- Method:

“The exact manner in which the production activities are to be carried out.”

- Procedure:

“She also decided to follow the steps required for marketing of the products through her own outlets.”

- Rule:

“While working on the production Table, a penalty of Rs. 100 per day for not wearing caps, gloves and aprons was announced.”

Ans 5.

1. Planning is the function of management which Jimmy failed to perform.

Planning is deciding in advance what to do, how to do, when to do and who has to do it. It is one of the basic managerial functions. Thus, it involves setting objectives and developing an appropriate course of action to achieve those objectives.

1. The two features of the planning function of management are as follows:

- Planning is pervasive:
- Planning involves decision-making:

Ans 6.

1. The points highlighting the importance of planning mentioned in the above paragraph are described below:
 - Reduces the risk of uncertainty:
 - Avoiding overlapping and wasteful activities:
2. The limitation of planning which adversely affects Payal's business is:
3. Planning may not work in a dynamic environment:

Ans 7. Planning reduces creativity.

Ans 8.

1. 'ABC Ltd. has devoted a lot of time and money to its plan.'

Planning is a time consuming process. It also involves huge costs.

1. 'The competition starts increasing, so it could not change its plan to beat its competitors because huge amount of money had already been devoted to the pre-decided plan.'

Planning leads to rigidity. Following a pre-decided plan, when circumstances change, may not turn out to be in the organization's interest.

Ans 9.

1. Objective '...bring the world cup after winning.'
2. Strategy 'For this he prepares long-term plan and thinks the ways how to beat the competitors.'
3. Method 'He coaches the girls to play in different ways like defensive, offensive, etc.'
4. Procedure 'At the outset of a match he explains who will open the match, and how the ball will be passed by one player to another step by step.'

Ans 10. The different types of plans being used by Flipkart are listed below:

- Objectives:

"The company seeks to increase traffic (more clicks on their products) and boost sales and revenue through integration of Mobiles Apps, Display, Pay Per Click and Search engine Optimization."

- Strategy:

"In order to dispel to fear of people related to shopping online, Flipkart was the first company to implement the popular 'Cash On Delivery' facility."

- Policy:

"All the products sold by the company under a particular category may have different return/replacement period."

- Method:

"Flipkart allows multiple payment options such as cash on delivery, credit or debit card transactions, net banking, e-gift voucher and card swipe on delivery."

- Procedure:

"The company operates both ways when an order is received. The products for which it holds inventory are dispatched by it directly. For the products they do not store in inventory, they just send the order received by them to the supplier who ships it."

- Budget:

"The company plans to spend about Rs. 75 crores on e-Commerce advertising in the year 2016."

- Rule:

Flipkart reserves the right to terminate your membership and/or refuse to provide you with access to the Website if it is brought to Flipkart's notice or if it is discovered that you are under the age of 18 years. This is because as per the Indian Contract Act, 1872, the minors, undischarged insolvents etc. are not eligible to use the Website."

Ans 11. The type of plan needed to be prepared under this situation is 'Strategy'.

Steps involved in preparing this plan are:

(i) Determining long-term objectives:

(ii) Adopting a particular course of action:

(iii) Allocating resources necessary to achieve the objectives:

Ans 12. The features of planning highlighted in the above paragraph are explained below:

1. Planning is a primary function: "... without good planning he will not be able to organise, direct, control or perform any of the other managerial functions efficiently and effectively."
2. Planning is futuristic: "Only on the basis of sales forecasting, he would assist in the preparation of the annual plans for its production and sales."
3. Planning is continuous: "Besides, he will have to prepare sales plans regularly on weekly, monthly, quarterly and half yearly basis."
4. Planning is a mental exercise: "While preparing the sales forecasts he undertakes intellectual thinking involving foresight, visualization and issued judgment rather than wishful thinking or guess work."
5. Planning focuses on achieving objectives: "Most importantly, all these planning activities will be meaningful only if they will coincide with the purpose for which the business is being carried out."

Ans 13.

1. Planning

It involves setting objectives and developing appropriate course of action to achieve these objectives. Dreams (e.g. increase sales, earn more profits, etc.) can be turned into reality only if business managers think in advance on what to do and how to do it.

1. Business environment is dynamic as it keeps on changing.

Ans 14.

1. (i) Business environment is dynamic as it keeps on changing.

(ii) Business environment is uncertain as it is difficult for the managers to accurately foresee future trends in the environment.

2. Planning may not work in a dynamic environment.

The organisation has to constantly adapt itself to changes in environment by making changes in its plans. However, since planning cannot foresee everything, there may be obstacles to effective planning.

3. (i) Strategy – 'while making its plan, the company takes into consideration the business environment.'

(ii) Budget – 'Competition in the market upsets its financial plans; then sales targets have to be revised and accordingly cash budgets also need to be modified since they are based on sales figures.'

Ans 15.

1. Planning
2. Steps involved in planning process:

- (i) Setting organizational objectives:
- (ii) Identifying and evaluating alternative courses of action:
- (iii) Selecting the best possible alternatives(s):

1. Values neglected:

- Child labour is banned.
- Bad effect on students' health
- Moral values.

Ans 16.

1. Strategy
2. Steps involved in preparing a strategy are:

- (i) **Determining long-term objectives:**
- (ii) **Adopting a particular course of action:**
- (iii) **Allocating resources necessary to achieve the objectives:**

1. Value:

- Sensitivity towards environment
- Socially responsible behavior

Ans 17.

1. Planning is the function of management which is being described in the above paragraph.
2. The various steps involved in the planning process are explained below:

1. Setting objectives: "The company plans to increase the sale of its sedan cars by 20% in next quarter."
2. Developing Premises: "In order to achieve the desired target the marketing team of the company considers the impact of policy of the government towards diesel vehicles and level of competition in this segment of cars."
3. Identifying alternative courses of action: "They explore the various available options like offering more discount to dealers and customers, providing more customer friendly finance options, lucky draws on test drives, increasing advertising, offering more of free accessories on the purchase of the case, etc."
4. Evaluating alternative courses: "A thorough analysis of the various available options is done keeping in view the relative viability of each option."
5. Selecting an alternative: "The company decides to pursue the option of offering more discount to dealers and customers in order to boost the sale of sedan car."
6. Implement the plan: "In order to implement the plan, they determine the various discount packages and communicate the same to their product dealers. To make the prospective consumers aware about the new available benefits, advertisements are made through various sources of print and electronic media."
7. Follow up action: "The market analysts of the company keep a close watch on the revenue from the sedan cars to study the effect of new initiatives by the company to promote its sales."

Ans 18.

1. 'Planning reduces creativity.'
2. Value of motivating and encouraging employee to increase initiative level.

Ans 19.

- (i) Planning may not work in dynamic environment.
- (ii) Any two limitations: 1. Planning reduces creativity 2. Planning involve huge cost.

Ans 20.

1. **Limitation:** 'Planning involves huge cost.'
2. **Value overlook:** Psychological need of employees.

Ans 21.

- (i) 'Rule' is the type of plan.
- (ii) Rules are very Rigid.
- (iii) Values: (a) Respect towards environment
(b) Follow discipline and order.

Ans 22.

- (i) Planning involve huge cost.
- (ii) Planning is time consuming.
- (iii) Planning may not work in dynamic environment.

Ans 23. External limitations of planning

1. Change in government policies (e.g. tax rates, bank rate, etc.) may lead to failure of planning.
2. Changes in the strategies of competitors also lead to failure of planning many tiems.
3. Rapid technological changes may affect planning.

Case Studies - (Chapter 5) Organizing

Q. 1. Ishita works as a corporate event coordinator in an event management company. She has been made an overall official in charge for organizing a painting exhibition for one of the clients of the company. For ensuring that the exhibition takes place successfully, she identifies the various activities involved and divides the whole work into various task groups like marketing committee, decoration committee and reception committee. In order to facilitate coordination within and among committees, she appoints a supervisor of each group. Each member in the group is asked to report to their respective supervisor of each group. Each member in the group is asked to report to their respective supervisors and all the supervisors are expected to work as per Ishita's orders.

In context of the above case:

- 1. Identify the function of management being performed by Ishita.**
- 2. Describe briefly the various steps involved in the performance of the function of management as identified in part (a) of the question.**

Q. 2. As the head boy and head girl of 'Prakashay Public School', Deepak Chugh and Deepika Chawla have been given the responsibility of hosting the teacher's Day programme in the school. In order to conduct the programme in a systematic way, Deepak and Deepika first called a meeting of the student council. In the meeting they decided about the content of the programme after taking into consideration the different available alternatives and choosing the best alternative among them. Then the various tasks required to be performed were identified and divided in accordance with predetermined schedule made by them. After that they grouped the similar activities into main groups as skit group, choir group, instrumental music group and contemporary dance group. Then each group was placed under the charge of a council member in accordance with his/her skills and competencies. These council members were in turn informed that they have to take orders and will be accountable only to Deepak and Deepika so as to facilitate coordination amongst various groups.

In context of the above case:

- 1. Identify of the above case:**
- 2. Describe briefly any two points highlighting the importance of each of the functions of management as identified in part (a) of the question.**
- 3. State any two values that 'Prakashay Public School' wants to communicate to society.**

Q. 3. Rishu, Ashu and Ravi have decided to start a business of manufacturing toys. They identified the following main activities which they have to perform;

- 1. Purchase of raw materials,**
- 2. Purchase of machinery,**
- 3. Production of toys,**
- 4. Arrangement of finance,**
- 5. Sale of toys,**
- 6. Identifying the areas where they can sell their toys**
- 7. Selection of employees**

In order to facilitate the work they thought that four managers should be appointed to look after

- 1. Production,**
- 2. Finance,**
- 3. Marketing'**
- 4. Personnel.**

- 1. Identify the function of management involved in the above-mentioned para.**
- 2. Quote the lines from the above para which help you in identifying this function.**
- 3. State the steps followed in the process of this function of management. (6 marks)**

Q. 4. Tanushree runs a factory wherein she manufacturers shoes. The business has been doing well and she intends to expand by diversifying into leather bags as well as western formal wear, thereby making her company a complete provider of corporate wear. This will enable her to market her business unit as the one shop for working women. Which type of structure would you recommend for the expanded organization and why? State any four advantages of this organization structure. (6 marks)

Q. 5. The directors of Gunjan Ltd. an organization manufacturing colour televisions, have asked their production manager to achieve a target production of 150 televisions per day. They production manager has asked his foreman to achieve this target, but he did not give him the authority for the requisition of tools and materials from the stores department. The foreman could not achieve the desired target. Can the directors blame the production manager, and can the production manager blame his foreman for and achieving the target? Explain in brief the relevant principles relating to this situation in support of your answer. (4 marks)

Q. 6. Home Creations Ltd.’ is a well known chain of large department store offering various types of products under one roof. The company owns fifty stores in various parts of the country. Each store is placed under the charge of a manager who is allowed to run their stores autonomously by deciding about the products which may be promoted, appointment of staff, ways to handle customer complaints etc. As these managers have a deeper knowledge of the local situations, it enables them to take these decisions effectively keeping in view the local circumstances and consumers’ needs. This approach helps to improve customer service and at the same time serves to boost morale and increase the job satisfaction of the store managers as it empowers them to innovate and use their initiatives.

In the context of above case:

- 1. Identify and explain the policy followed by ‘Home Creations Ltd.’ to run their stores successfully.**
- 2. Also, give any three points highlighting the importance of the approach followed as identified in part (a) of the question.**
- 3. List any two values that ‘Home Creations Ltd.’ wants to communicate to its employees.**

Q, 7, Sudhir is working as a purchase manager in a power sector company. All his subordinates hold him in high regard for his exceptional managerial skills. On one hand, as a manager, he is a tough task master and expects strict compliance to the organizational rules and procedures from his subordinates. On the other hand, he makes conscious efforts to develop rapport with his subordinates by interacting freely with them during the lunch breaks I the cafeteria. Many a times these chit chats helps him to get an insight into the views and opinions of his team members about the policies of the organization.

In the context of the case:

- 1. Identify and explain the two types of organizations have been discussed.**
- 2. State any three differences between the types of organizations as identified in part (a) of the question.**

Q. 8. Rajeev, the owner of Pathway constructions decided to start a campaign to create awareness among people for developing clean surroundings in their area. He formed a team of 10 members to list the different ways for cleaning the surroundings. One suggested to take the help of local residents, another suggested that they may involve school going children in their venture. One more suggestion was to take the help of unemployed youth. On evaluation of different ways, it was decided to take the help of local residents. To achieve the desired goal various activities were identified like

- 1. Purchase of necessary items like dustbins, garbage bags, brooms, etc.;**

2. **Collection of garbage;**
3. **Disposal of garbage, etc.**

After identification of different activities the work was allocated to different members.

1. **Identify the concepts of management involved in the situation and quote the lines which help in their identification.**
2. **Also identify the values which the company wants to communicate to the society. (4 marks)**

Q. 9. A company manufacturing sewing machines set up in 1946 follows formal organization structure. It is facing a lot of problems such as delay in decision-making. As a result, it is not able to adapt to the changing business environment. The workforce is also not motivated, there is problem of red tapism and employees' turnover is very high.

1. Advise the company with regard to change it should bring about in its organization structure to overcome the problems faced by it.
2. Give reasons in terms of benefits it will derive from the changes suggested by you.
3. In which sector can the company diversify keeping in mind the declining market for the product the company is manufacturing? (6 marks)

Q. 10. A company manufacturing consumer goods has grown in size. It was a market leader but with changes in economic environment and with the entry of MNCs its market share is declining. The company was following a centralized business model as even the minor decisions were in the hands of top level. Before 1991 this model was suitable for company but now the company is under pressure to reform.

What changes should the company bring about in order to retain its market share? Give its three points of importance. (5 marks)

Q. 11. National Vritech Ltd. has grown in size. It was a market leader but with changes in business environment and with the entry of MNCs its market share is declining. To cope up with the situation CEO starts delegating some of his authority to the General Manager, who also felt himself overburdened and with the approval of CEO disperses some of his authority to various levels throughout the organization. Identify the concept of management discussed above. (1 mark)

Q. 12. A Steel Manufacturing Company has the following main jobs:

1. Manufacturing, (ii) Finance, (iii) Marketing, (iv) Personal and, (v) Research and development.
1. Which type of organizational structure will you choose for this type of a company and why?
2. State any six advantages that this structure offers to an organization. (4 marks)

Q. 13. Identify and state the type of organization structure that should be followed by the company in each case:

- 1. Vrinda Ltd. grows, so it needs to add more employees, create new departments and introduce new levels of management.**
- 2. Shreya Ltd. is a large organization having diversified activities and operations requires a high degree of specialization: (3 marks)**

Q.14. Kiran Industries is a company manufacturing office furniture. The company chose to diversify its operations to improve its growth potential and increase market share. As the project was important many alternatives were generated for the purpose and were thoroughly discussed amongst the members of the organization. After evaluating the various alternatives Sukhvinder,, the Managing Director of the company decided that they should add 'Home Interiors and Furnishings' as a new line of business activity.

- 1. Name the framework, which the diversified organization should adopt, to enable it to cope with the emerging complexity? Give one reason in support of your answer.**
- 2. State any two limitations of this framework. (4 marks)**

Q. 15. Samir Gupta started a telecommunication company, 'Donira Ltd.' to manufacture economical mobile phones for the Indian rural market with 15 employees. The company did very well in its initial years. As the product was good and marketed well, the demand of its products went up. To increase production the company decided to recruit additional employees. Samir Gupta, who was earlier taking all the decisions for the company had to selectively disperse the authority. He believed that subordinates are competent, capable and resourceful and can assume responsibility for effective implementation of their decisions. This paid off and the company was not only able to increase its production but also expanded its product range.

- 1. Identify the concept used by Samir Gupta through which he was able to steer his company to greater heights.**
- 2. Also explain any three points of importance of this concept. (4 marks)**

Q. 16. 'Himalaya Ltd.', is engaged in manufacturing of washing machines. The target of the organization is to manufacture 500 washing machines in a day. There is an occupational specialization in the organization which promotes efficiency of employees. There is no duplication of efforts in such type of organization structure.

Identify the type of organization structure described above. (1 mark)

Q. 17. Steelo Ltd. decided to set-up its steel manufacturing factory in the backward area of Orissa where very less job opportunities were available. People of that area welcomed this effort of Steelo Ltd. To attract people to work in its factory, it also decided to provide many other facilities like a school, hospital, market, etc. in the factory premises.

Steele Ltd. started earning huge profits. Another competing company asked its production manager Aslam to investigate the reasons of earning huge profits by Steele Ltd.

Aslam found that in both the companies, there was systematic coordination among the various activities to achieve the organizational goals. Every employee knew who was responsible and accountable to whom. The only difference was that in his organization, communication took place only through the scalar chain whereas Steele Ltd. was allowing the flow of communication in all the directions as per the requirement which led to faster spread of information as well as quick feedback.

- 1. Identify the type of organization which permits Steele Ltd. the flow of communication in all the directions.**
- 2. State another advantage of the type of organization identified in part (a) above.**
- 3. State any two values which Steele Ltd. wanted to communicate to society.**

Q. 18. A company is manufacturing washing machines. There is a well-defined system of jobs with a clear and definite authority, responsibility and accountability in the company. But people are not allowed to interact beyond their officially defined roles. As a result,, the company is not able to adapt to the changing business environment. The workforce is also not motivated due to lack of social interaction. The company is facing problems of procedural delays and inadequate recognition of creative talents.

- 1. Suggest how the organization can overcome the problems faced by it.**
- 2. Give any two benefits it will derive from your suggestions.**

Q. 19. After completing a course in travel and tourism, Karan started his own travel agency. In order to ensure smooth functioning of his business, he decided to create fourteen job positions divided into four departments on the basis of functions namely, front office department including online queries, reservations department for airways, railways and roadways, accommodation booking department, and securing payments department. In order to avoid any interdepartmental conflicts he decides to specify clearly the lines of authority and areas of responsibility for each job position.

In the context of the above case:

1. Which function of management is being described in the above lines?
2. Identify the framework created by Karan within which all managerial and operating tasks are to be performed in his organization.
3. Name the type of the framework as identified in part (a) of the question. Also, give any two of its advantages.

Q. 20. Atul joins as a Regional Sales Head in the export division of a FMCG (fast moving consumer goods) company. In a departmental meeting, he asks one of his subordinates, Manik, to take charge of the company's new office in Dubai. He allocates the work to him and grants the necessary authority. However, within a month by seeking regular feedback on the extent of work accomplished for Manik, Atul realizes that Manik is not doing the work as per his expectations. So he takes away the authority delegated to him and re-delegates the work to Prakrit. Due to the time wasted in this switch over, the work at the Dubai office suffers tremendously and the company is not able to meet its desired goals.

In context of the above case:

1. Why is Manik supposed to give regular feedback about work to Atul?
2. Can the authority granted to a subordinate be taken back and re-delegated to another person?
3. Can Manik be held responsible for not meeting the work related expectations of Atul? Give a suitable reason in support of your answer.
4. Differentiate between authority, responsibility and accountability on the basis of origin and flow.

Q. 21. Rakesh joins as a Head Librarian of a newly constructed medical college in Pune. A team of four librarians is placed under him for the smooth functioning of the library. Besides, he has been assigned eight people as support service staff. On the second day of his joining, he is told to get a shipment of new books unloaded, stock the bookshelves, and then get all waste (packaging, paper etc.) disposed off within a week's time. In order to ensure orderliness and speed in the process of setting up of the library, he makes each of the four librarians in charge of five different subjects. Keeping in mind their competence and experience he decides to give them more authority so that they can make autonomous plans and assume the responsibility for the effective implementation of their decisions.

In context of the above case:

1. Identify and explain the concept used by Rakesh keeping in mind the competence and experience of the other librarians.
2. Describe briefly and three advantages of using the concept as identified in part (a) of the question.

Q. 22. A truck manufacturing company has its registered office in Delhi, manufacturing unit at Gurgaon and marketing department is located at Faridabad. The company manufactures different types of trucks. Which type of organizational structure should it adopt to achieve its

target? Give reasons. State any four any advantages of this organization structure. (6)

Q. 23. A company is manufacturing washing machines. There is a well defined system of jobs with a clear and definite authority, responsibility and accountability in the company. But people are not allowed to interact beyond their officially defined roles. As a result the company is not able to adapt to the changing business environment. The workforce is also not motivated due to lack of social interaction. The company is facing problems of procedural delays and inadequate recognition of creative talents.

1. Suggestion how the organization can overcome the problems faced by it.
2. Give any two benefits it will derive from your suggestion. (5)

Q. 24. The Employees of Manik Ltd., a software company, have formed a dramatic group for their recreation. Name the type of organization so formed and state its four features. (4)

Q. 25. Ravi runs a locks manufacturing factory. He manufactures locks used in houses. He wants to expand his business. For this, he wants to enter into the manufacturing of locks for cars and motorcycles.

Which type of organizational structure will he choose for his factory and why? (1 mark)

Q. 26. Neeta Ltd. is engaged in the production of marble articles. The members of the organization have friendly relationships among them. What type of organization is Neeta Ltd.? (1 mark)

Q. 27. Sherya Ltd. has been awarded recently with the 'Best Employer of the Year Award'. The company has believed in the ideas and suggestions of its employees. There is systematic dispersal of decision making at all levels. There is no delay in delivery of orders to customers due to prompt decisions taken by employees.

1. Identify and state the concept of management followed by the company.
2. State any two values responsible for the success of the organization. (4 marks)

Q. 28. An electronic company manufacturing TV and Refrigerators wants to bring two new Washing machines and ACs in the market. For each product separate division is to be set up. In charge of washing machine division and ACs division will be females and disabled person respectively.

1. **What type of organizational structure is suitable for this company? Give reason.**
2. **State any one value which has been considered by the company. (3 marks)**

Q. 29. A manager has kept all right of decision making with himself. Each and every employee has to come to him for orders again and again.

1. **Identify and state the concept of management not followed by the manager.**
2. **Which values are being violated here? (4 marks)**

Q. 30. At Alpha Ltd. all expenses bills of employees are processed by general manager himself. He feels quite overburdened. He decided to delegate this work to deputy general manager. But after sometime the deputy general manager, disperses this authority to various levels throughout the organization. Now all bills for travelling are processed through respective department supervisor;

Name the concept of management highlighted in above case before and after delegating the authority.

ANSWERS

Ans 1.

1. The Organizing function of management is being performed by Ishita.
2. The steps involved in the process of organizing are as follows:
 1. Identification and Division of Work:
 2. Departmentalization:
 3. Assignment of Duties:
 4. Establishing Reporting Relationship:

Ans 2.

1. The planning and organizing functions of management are being discussed. Planning is deciding in advance what to do, how to do, when to do and who has to do it. It is one of the basic managerial functions. Thus, it involves setting objectives and developing an appropriate course of action to achieve these objectives.

Organizing is the process of defining and grouping the activities of the enterprise and establishing authority relationships among them.

1. The importance of the planning function of management is described below:
 1. Planning provides directions:
 2. Planning reduces the risk of uncertainty:

The importance of the organizing function of management is described below:

1. Benefits of specialization:
 2. Clarity in working relationships:
-
1. The two values that 'Prakashay Public School' wants to communicate to society are:
 1. Trust
 2. Participation

Ans 3.

1. Organizing
2. 'they identified the following main activities which they have to perform.'

'In order to facilitate the work they thought that four managers should be appointed to look after

1. Production,
2. Finance,

3. Marketing,
4. Personnel.'

1. Steps in Organizing Process:

1. Identify and dividing the work into manageable activities.
2. Departmentalization / Departmentation where activities of a similar nature are grouped together.
3. Assignment of duties to job positions.
4. Establishing reporting relationships so that each individual knows from whom he has to take orders and to whom he is accountable.

Ans 4. 'Divisional structure' is suitable for the expanded business since it will produce multiple products – shoes, leather bags and western formal wear. That means, the organization will grow; and will need to add more employees; create more divisions; and introduce new levels of management.

By adopting divisional structure, the company will get the following advantages:

1. It will facilitate growth and expansion. Now the business of Tanushree will have multiple divisions shoes, bags and formal wear. Within division, functions like production, marketing finance, purchase, etc. will be performed to achieve the objectives of the business.
2. Greater accountability will be possible because the divisional managers can be held separately accountable for their respective division's profits, costs, etc.
3. Product specialization: A divisional head gains experience in all functions related to a particular product.
4. Flexibility and initiative: It promotes flexibility and initiative because each division functions as an autonomous unit which leads to faster decision-making.

Ans 5. Yes, the directors can blame the production manager, although he had delegated the task to his foreman because accountability cannot be delegated by a manager. The production manager shall still be accountable for the performance of the assigned tasks. (Principle of absoluteness of accountability)

However, the production manager cannot blame his foreman for not achieving the target because he did not give him the authority for the requisition of tools and materials from the stores department. Responsibility with authority will make the subordinate ineffective, i.e., he will not be able to perform his duties well. (Principle of authority and responsibility)

Ans 6.

1. The approach followed by 'Home Creations Ltd.' to run their stores successfully is Decentralization. Decentralization refers to systematic effort to delegate to the lowest level all authority except that which can be exercised at central points.
2. The importance of decentralization is highlighted through the following points:
 1. Develops initiative among subordinates:
 2. Develops managerial talent for the future:

3. Quick decision making:

1. The two values that 'Home Creations Ltd.' wants to communicate to its employees are:

1. Initiative
2. Trust

Ans 7.

1. Formal organization and Informal organization are the two types of organizations which have been discussed.

Formal organization is the structure of authority relationships created deliberately by the management to achieve its objectives.

Informal organization is a network of social relationships arising out of the interaction among employees within an organization.

1. The difference between Formal organization and Informal organization.

Ans 8.

1. Concepts involved – Planning and Organizing

Lines for planning:

'one suggested Unemployed youth'

'on evaluation Local residents'

'campaign to create awareness Surroundings'

Lines for organizing:

'To achieve Disposal of garbage etc.'

'after identification of different activities ... different members'

1. Values:

- Respect for environment
- Team work
- Fulfilling social responsibility

Ans 9.

1. The company should give due importance to informal organizational structure along with the formal structure. It enhances their job satisfaction. This will overcome the problem of lack of motivation. Informal groups can also provide useful communication channels, which may help to transmit useful information quickly.

2. Benefits of informal organizational structure;

1. Faster spread of information:
2. Fulfillment of social needs:
3. Fills inadequacies of formal structure:

1. The company can diversify its activities by introducing embroidery machines. It can also design special machines keeping in mind the requirement of ready – made garment manufacturers, etc. by diversifying in the same field, it can get maximum utilization of existing resources.

Ans 10. The top management of the company must share decision-making authority with middle level and supervisory level also. It should introduce the concept of 'Decentralization' instead of following complete centralization. In the current scenario of business environment, there is need for fast action and quick decision-making which is possible only with decentralization.

Importance of decentralization:

1. Relief to top management:
2. Develops initiative amongst subordinates:
3. Quick decision-making:

Ans 11. Decentralization

Ans 12.

1. Functional structure; because the company has diversified activities and operations require a high degree of specialization.
2. Advantages of functional structure:
 1. Functional structure leads to occupational specialization.
 2. It promotes control and coordination within the department.
 3. It helps in increasing managerial and operational efficiency and this results in an increase in profits.
 4. It leads to minimum duplication of effort.
 5. It makes training of employees easier.
 6. It ensures that different functions get due attention.

Ans 13.

1. Divisional structure

It is an organization structure comprising of separate business units or divisions, created on a certain basis, e.g. product lines.

1. Functional structure

It is an organization structure formed by grouping of jobs of similar nature under functions and organizing these functions as separate departments like production, finance, marketing, etc.

Ans 14.

1. Divisional Structure

Reason in support of the answer (any one)

1. Product Specialization helps in the development of varied skills in a divisional head and this prepares him for higher positions.
2. Divisional heads are accountable for profits, as revenues and costs related to different departments can be easily identified and assigned to them.
3. It promotes flexibility and initiative because each division functions as an autonomous unit which leads to faster decision making.
4. It facilitates expansion and growth as new divisions can be added without interrupting existing operations by merely adding another divisional head and staff for the new product line.

1. Limitations of the Divisional Structure: (Any two)

1. Conflict may arise among different divisions with reference to allocation of funds.
2. It may lead to increase in costs since there may be a duplication of activities across products.
3. Divisional interests may supersede organizational interests.

Ans 15.

1. Decentralization

2. **Importance of Decentralization**

1. Relief to top management:
2. Develops initiative amongst subordinates:
3. Develops managerial talent for the future:

Ans 16. Functional structure.

Ans 17.

1. An informal organization permits the flow of communication in all the directions in My Car Ltd.
2. Another advantage of informal organization is that it helps to fulfill the social needs of the members by giving them a sense of belongingness in the organization and enhances their job satisfaction.
3. The two values that My Car Ltd. wants to communicate to the society are:
 1. Trust
 2. Social Responsibility

Ans 18.

1. The organization can overcome the problem faced by it by adopting informal organization. Informal organization emerges from within the formal organization when people interact beyond their officially defined roles.
2. The two benefits of informal organization are as follows:

1. It helps to fulfill the social needs of the members by giving them a sense of belongingness in the organization and enhances their job satisfaction.
2. It contributes towards the fulfillment of organizational objectives by compensating for inadequacies in the formal organization.

Ans 19.

1. The Organizational function of management is being described in the above lines.
2. Organizational structure is the framework created by Karan within which all managerial and operating task are to be performed in his organization.
3. Karan has created a functional structure as job positions are divided into four departments on the basis of functions namely, front office department including online queries, reservation department for airways, railways and roadways, accommodation booking department, and securing payments department.

The two advantages of functional structure

Ans 20.

1. Manik is supposed to give regular feedback about work to Atul as he has been granted authority and entrusted responsibility, so he remains answerable for the outcome.
2. Yes, the authority granted to a subordinate can be taken back and re-delegated to another person.
3. Yes, Manik can be held responsible for not meeting the work related expectations of Atul as it is the obligation of subordinate to perform the assigned duty to the best of his ability and skill.

Ans 21.

1. Rakesh has used the concept of decentralization keeping in mind the competence and experience of the other librarians.
2. The three advantages of using decentralization are as follows:
 1. Decentralization helps to promote self-reliance and confidence amongst the subordinates:
 2. Relief to top management:
 3. Quick decision making:

Ans 22. The company should adopt 'Functional Structure' since it manufactures trucks only (a single product). The company has separate departments like manufacturing unit (Gurgaon), marketing and sales department (Faridabad), etc. That means, the size of the organization is large, it has diversified activities and operations require a high degree of specialization. So, it should adopt functional structure.

By adopting functional structure, the company gets the following advantages:

1. Each functional area of business (production, marketing, finance and personnel) will be controlled by an expert / specialist. It will lead to specialization.
2. It will lead to minimum duplication of efforts. This results in lower costs.
3. It helps in increasing managerial and operational efficiency and this results in increased profit.
4. It ensures that different functions (production, marketing, finance, etc.) get due attention.

Ans 23.

1. Introduction of informal organization
2. Two benefits the firm will derive are:

1. Faster spread of communication and quick feedback.
2. It helps to fulfill the social needs of the members and enhances their job satisfaction.

Ans 24. The type of organization formed by employees of Manik Ltd. is informal organization
Features of Informal Organization:

1. An informal organization originates from within the formal organization as a result of personal interaction among employees.
2. The standards of behavior evolve from group norms rather than officially laid down rules.
3. Independent channels of communication without specified direction of flow of information are developed by group members.
4. It emerges spontaneously and is not deliberately created by the management.

Ans 25. Functional structure; because the company produces a single product (locks used in houses) or a small number of related products (locks for cars and motorcycles).

Ans 26. Informal organization

Ans 27.

1. Decentralization

It refers to systematic delegation of authority through all the levels of management and in all the departments except that which can be exercised only at central points.

1. Values:

- Confidence / faith in the abilities of the subordinates
 - Initiative by subordinates
 - Respect towards others' opinion
 - Acceptance
- (any two)

Ans 28.

1. Divisional structure; because it is a large company having multiple products with distinctive characteristics.
2. Values:
 - Women Empowerment
 - Promotion of equality

(any one)

Ans 29.

1. Delegation of authority

It means transfer of authority from a superior to a subordinate to operate within the prescribed limits. It has three elements – authority, responsibility and accountability.

1. Values:

- Wastage of time and resources
- Lack of employee development without delegation of authority
- Frustration in employees (any two)

Ans 30. Before delegation of authority-centralization.

After delegating of authority-decentralization.

Case Studies - (Chapter 6) Staffing

Q. 1. “Our assets walk out of the door each evening, we have to make sure that they come back the next morning.” This statement relates to which function of management. Explain the importance of this function.

Q. 2. In a company all recruiting, screening and training process for data entry, etc. are done by one officer only. Their competitor was attracting most qualified employees. As a result this company had to choose from candidates who have soft skills and less qualifications. On the basis of above case answer the following questions:

(i) What problem do you see company is facing?

(ii) How can this problem be solved?

Q. 3. Zenith Ltd. is a highly reputed company and many people wanted to join this company. The employees of this organization are very happy and they discussed how they came in contact with this organization.

Aman said that he was introduced by the present Sales manager, Mr. John.

Benu said that he had applied through the newspaper and was appointed as H.R. John.

Vaibhav said that he was neither related to any of the employee of the organization nor there was any advertisement in the newspaper even then he was directly called from HM Ahmedabad from where he was about to complete his MBA.

1. The above discussion is indicating an important function of management. Name the function of management.
2. The management function identified in part (a) follows a particular process. Explain the step of this process which is being discussed in the above para.

Q. 4. Blue Heavens Ltd. purchased a new hi-tech machine from Germany for manufacturing high quality auto components in a cost effective manner. But during the production process, the manager observed that the quality of production was not as per standard. On investigation it was found that there was lack of knowledge amongst the employees of using these hi-tech machines. So, frequent visit of engineers was required from Germany. This resulted in high overhead charges.

Suggest what can be done to develop the skills and abilities of employees for producing high quality products by using these hi-tech machines. Also state how the employees or the organization will benefit from your suggestion.

Q. 5. Ms. Neeta recently completed her Post-Graduate Diploma in Human Resource Management. A few months from now a large steel manufacturing company appointed her as its Human Resource Manager. As of now, the company employs 800 persons and has an expansion plan in hand which may require another 200 persons for various types of additional requirements. Ms. Neeta has been given complete charge of the company's Human Resource Department.

(a) State any two functions she must be performing.

(b) What problems do you foresee in her job? What steps is she going to take to perform her job efficiently? (6 mark)

Q. 6. Name the methods of recruitment in the following cases:

- 1. A company gets applications on and off even without declaring any vacancy. However, as and when the vacancy arises, the company makes use of such applications.**
- 2. Casual vacancies of unskilled or semi-skilled jobs when there is a rush of order or when some permanent workers are absent.**
- 3. Recruitment by which most of the senior positions of the industry as well as commerce are filled. (3 marks)**

Q. 7. Anuroop runs a law firm in Hyderabad. His firm offers valuable financial and legal consultancy services to the clients. Whenever the firm hires any new employees, on the first day of their joining, they are welcomed to the organization and are given details about hours of work, holiday requests, sickness procedure, dress code, lunch arrangements, introduced to the daily operations and key people in the workplace, etc. They are also familiarized with the organisation's policies and procedures, including complaints and dispute resolution, sexual harassment, emergency exits and evacuation procedure.

In the context of the above case:

- 1. Name the type of training which is being referred to in the above lines.**
- 2. Identify and explain the human needs of the new employees that the being fulfilled by Anuroop through this training.**

Q. 8. Srijia runs an NGO under the name 'Sarthak' in Delhi. The organization is engaged in offering waste paper recycling services to all kinds of institutions in the Delhi NCR region. It also manufactures custom made paper stationery out of recycled paper on order for the interested institutions at a very competitive price. The website of 'Sarthak' provides a link to a Careers site where in the people desirous of joining the NGO can use simple Job Search to find the right opportunity for themselves. The NGO also keeps a database of unsolicited applicants in its office so that job seekers may be notified of future opportunities when they arise.

In context of the above case:

1. Identify the two sources of external recruitment being used by the NGO 'Sarathak' by quoting lines from the paragraph.
2. List any two values that Srija wants to communicate to the Society.

Q. 9. Prateek has started an advertising agency in Gurgoan. One of the page on his company's website contains the following information, "Welcome to all the visitors of this page who are looking for an opportunity to make a career in the field of advertising. The openings are available in the company at various levels, so don't miss the chance." This page includes a link to provide further details about the vacancies available in terms of the desired qualifications, experience, personality characteristics and so on. Through a continuous assessment of the number and types of human resources necessary for the performance of various jobs and accomplishment of organizational objectives and in relation to the number and type available, he gets the information on this page updated.

In context of the above case:

1. Identify and explain the steps in the staffing process being carried out by Prateek by quoting lines from the paragraph.
2. Name the concept that relates to the details about the vacancies available in terms of the desired qualifications, experience, personality characteristics and so on.

Q. 10. Aakanksha, Nikita and Parishma are the owners of a handicraft unit in the urban area of Dibrugarh in Assam, which is involved in the manufacturing and marketing of Sital Pati, traditional mats and Jappi (the traditional headgear).

They decided to shift this manufacturing unit to a rural area with an objective of reducing the cost and providing job opportunities to the locals.

They followed the functional structure in this organization with a view to increasing managerial and operational efficiency.

They assessed and analysed the type and number of employees required, keeping in mind that they had to encourage the women, and the people with special needs belonging to the rural area.

State the next three steps that they will have to undertake, for obtaining a satisfied workforce for their handicraft unit.

(3 mark)

Q. 11. A company X Ltd. is setting up a new plant in India for manufacturing auto components. India has highly competitive and cost-effective production base in this sector. X Ltd. is planning to capture about 40% of the market share in India and also export to the tune

of at least \$5 million in about 2 years of its planned operations. To achieve these targets, it requires a highly trained and motivated workforce. You have been retained by the company to advise it in this matter.

(i) which sources of recruitment the company should rely upon?

(ii) Which methods of training should company initiate? (4 marks)

Q. 12. The quality of production is not as per standard. On investigation it was observed that most of the workers were not fully aware of proper operation of the machinery. What could be the way to improve the accuracy? (3 marks)

Q. 13. The employers of 'Food Darbar,' a restaurant, are trained through a structured programme that provides training in each area within the restaurant. The trainees learn the skills necessary for running each of the 12 workstations in the restaurant, from taking orders to the cooking area. This enables the employees to gain a broader understanding of all parts of the business and how the restaurant functions as a whole. The trainee gets fully involved in the department's operations and also gets a chance to test her won aptitude and ability. When employees are trained by this method, the organization finds it easier at the time of promotions, replacements or transfers.

In context of the above case:

1. Name the type of training which 'Food Darbar' provides to its employees.
2. Distinguish between training and development on the basis of meaning, purpose and scope.

Q. 14. Deeksha is the general manager of a firm offering Telemarketing services. Telemarketing is a method of direct marketing in which a representative of the company solicits prospective customers to buy products or services, either over the phone or through a subsequent face to face, or Web conferencing appointment scheduled during the call. Deeksha ensures that all the call centre representatives are well versed with the local languages to that they can interact effectively with the prospective buyers. Moreover, the employees are provided training to improve upon their troubleshooting skill so that they do not spend too much time with every customer. By acquiring these skills the callers are able to add value to their message and also shorten the call durations, leading to increased customer satisfaction and profitability of the business.

As a part of the firm's policy, Deeksha encourages women, persons from backward communities and persons with special abilities to assume responsible positions in the organization.

In context of the above case:

1. Identify the type of communication barriers that Deeksha is able to overcome by ensuring that all the call centre representatives are well versed with the local languages.
2. What are benefits of training employees to an organization?
3. List any two values that the firm wants to communicate to the society.

Q. 15. Bhuvan Ltd. is highly reputed company. The employees of this organization discussed how they came in contact with this organization. Reena said she was introduced by the Purchase manager (Mr. John. Neetu said she applied through newspaper and was appointed as Finance manager).

Indu said she was directly called by the company from her IIM institute after completing MBA.

1. Identify the different sources of recruitment.
2. Name the function of management discussed in above para.

Q. 16. Mr. Anil Garg is working as Managing Director of “CLS Packaging Limited”. He is not in favour of selling waste material in the market. Instead he is planning to make himself new products of this material. For this purpose, a new unit will have to be set up. Accordingly, he decided to establish this unit in an area where large number of persons are unemployed and so labour is available at cheap rate.

In order to attract workers to this new unit, a special Remuneration Scheme was introduced. As per this scheme, workers will get their remuneration on the basis of their work. There will be two rates of wages: higher wage rate and lower wage rate. A worker who will work up to a given standardized unit or beyond will be paid his/her remuneration at a higher rate. On the other hand, a worker who will work less than the given standardized units will be paid his/her remuneration at a lower rate.

In order to operate this new unit, Mr. Garg established a separate ‘Waste Material Division’. It consisted of four departments, such as, Purchase, sales, Production and Accounts. Company required four managers to run these departments, of these, two managers were appointed from the existing business, by way of promotion; while the other two were selected out of the waiting list maintained by the company.

1. Which form of organization structure is being adopted by the company?
 2. Identify and give the meaning of wage payment scheme adopted by the company to motivate the workers.
 3. What methods of recruitment have been adopted by the company?
 4. Identify these two values that Mr. Garg has been dedicating to the society by establishing this new unit.
- (1 + 2 + 1 + 1)

Q. 17. Sahil the director of garments company, is planning to manufacture bags for the utilization of waste material of one of his garments unit. He decided that his manufacturing unit will be set up in a rural area of Orissa where people have very less job opportunities and

labour is available at very low rate. He also thought of giving equal opportunities to men and women. For this he selected S. Chatterjee, Indrajeet Kaur, Aslam and Sarabjeet as heads of Sales, Accounts, Purchase and Production departments.

1. Identify and state the next two steps that Sahil has to follow in the staffing process after selecting the above heads.
2. Also identify two values which Sahil wants to communicate to the society by setting up this manufacturing unit. (5 marks)

Q. 18. The workers of 'Gargya Ltd.' are unable to work on new computerized machines imported by the company to fulfil the increased demand. Therefore, the workers are seeking extra guidance from the supervisor and the supervisor is overburdened with the frequent calls of workers.

Suggest how the supervisor, by increasing the skills and knowledge of workers, can make them handle their work independently.

Also state any three benefits that the workers will derive by the decision of the supervisor. (4 marks)

Q. 19. Anushka is doing a course in fashion designing from an institute of repute. As a part of the course, she has been asked to take on-the-job training in an export house for a fortnight in order to gain an insight about various practical aspects related to designing. Anushka, through the references from her senior, joins an export house owned by an upcoming designer, Nandita.

In context of the above case:

1. Name and explain the type of training which Anushka has been asked to undertake.
2. Explain briefly any one method for providing off-the-job training.

Q. 20. Which source of external recruitment is deal for a manufacturing organization? Why? (1 mark)

Q. 21. Name the methods of training:

1. The trainee learns under the guidance of a master worker.
2. Trainees learn on the equipments they will be using, but training is conducted away from the actual work floor.
3. Trainees work in some factory or office to acquire practical knowledge and skills along with regular studies. (3 marks)

Q. 22. A company is manufacturing paper plates and bowls. It produces 1,00,000 plates and bowls each day. Due to local festival it got an urgent order of extra 50,000 plates and bowls per day.

- 1. Name the source of recruitment of labour the company needs to fulfill its order.**
- 2. Explain any two merits of this method. (3 marks)**

Q. 23. Your school has some vacancies of teachers. The eligible staff has been promoted to half of the posts. Suggest any three ways through which right type of people may be invited to fill up rest of the vacancies. (3 marks)

Q. 24. What kind of tests will primarily be used while selecting these people in an organization? Give reason.

- 1. An interior decorator**
- 2. A computer operator**
- 3. A public dealing officer**
- 4. A school teacher (4 marks)**

Q. 25. Ramesh is working under the guidance of Harsh, a carpenter for the last three years to learn the different skills of this job. Name the method of training Ramesh is undergoing. (1 mark)

Q. 26. The workers of a factory remain idle because of lack of knowledge of hi-tech machines. Frequent visit of engineer is made which causes high overhead charges. Suggest the method of training that should be given to the employees. Explain. (3 marks)

Q. 27. Identify and explain the following:

- 1. It is a managerial decision-making process as to predict which job applicants will be successful if hired.**
- 2. It is the process of differentiating between applicants in order to identify and hire those with a greater likelihood of success in job.**
- 3. It is the process of choosing from among the candidates from within the organization or from the outside, the most suitable person for the current position or for the future position. (3 marks)**

ANSWERS

Ans 1. Staffing. *[For importance refer notes.]*

Ans 2.

1. This company has failed to recognize the human resource approach. This approach considers human resources as most important factor. They are dependent on personnel office for all the activities whereas they have failed to recognize the importance of human resource management.
2. This problem can be solved by setting up a human resource management department which performs following function: *[Explain activities of human resource management]*

Ans 3. (a) Staffing.

(b) Recruitment – It is defined as the process of researching for prospective employees and stimulating them to apply for jobs in the organization.

Ans 4. Training of employees

Benefits to the organization or employees:

1. Avoid wastage of effort & money
2. Enhances employee productivity
3. Equips future managers
4. Increases employee morals & reduces absenteeism
5. Obtaining effective response to fact changing environment
6. Improved skills and knowledge of the individual
7. Increased performance by the individual

Ans 5.

1. Ms. Neeta is must be performing these functions as a HR manager:
 1. Analysing jobs and collecting information about jobs to prepare job descriptions.
 2. Developing compensation and incentive plans
1. Since the company has an expansion plan requiring 200 more persons for various types of additional requirements, Ms. Neeta will have to recruit and select those persons from outside the organization. For this she will have to invite candidates to apply for the jobs through external sources of recruitment such s advertisements, placement agencies, recommendations of employees, etc.

Then, Ms. Neeta will have to arrange for various types of training (e.g. apprenticeship training, vestibule training, etc.) of the employees to make them efficient.

She will have to handle workers' grievances and complaints and maintain labour relations.

She will have to provide for social security and welfare of employees.

Ans 6.

1. Casual callers
2. Direct recruitment
3. Advertisement

Ans 7.

1. Introduction training is being referred to in the above lines.
2. The various types of human needs of the new employees that are being fulfilled by Anuroop through induction training are stated below:
 1. *Basic Physiological Needs:*
 2. *Safety / Security Needs:*
 3. *Affiliation / Belonging Needs:*

Ans 8.

1. The two sources of external recruitment being used by the NGO 'Sarthak' are as follows:
 1. *Web Publishing:*
 2. *Casual Callers:*
1. The two values that Srija wants to communicate to the society are:
 1. Environment sustainability
 2. Responsibility.

Ans 9.

1. The two steps in the staffing process being carried out by Prateek are as follows:
 1. *Estimating the Manpower Requirements:*
 2. *Recruitment:*
1. Job descriptions the concept tht relates to the details about the vacancies available in terms of the desired qualifications, experience, personality characteristics and so on.

Ans 10. The next three steps in the process of staffing are stated below:

1. Recruitment is the process of searching for prospective employees and stimulating them to apply for jobs in the organization.
2. Selection is the process of choosing from among the pool of the prospective job candidatye4s developed at the stage of recruitment.
3. Placement and orientation refers to the employee occupying the position or post for which the person has been selected and introducing the selected employee to other employees and familiarizing him with the rules and policies of the organisation.

Ans 11.

1. The company should rely upon the following external sources of recruitment because it is setting up a new plant and requiring large number of employees with latest technology. So, it needs to recruit technical, professional and managerial personnel.

- Advertisement
- Management consultants
- Campus recruitment.

1. The company should initiate following methods of training

- Apprenticeship training
- Vestibule training
- Internship.

Ans 12. Workers are needed to be given appropriate training to make them learn use of machinery and most suitable method in this case is apprenticeship training. It is on-the-job method of training. The workers seeking to enter skilled traits, e.g., to become plumbers, electricians or iron workers are required to undergo apprenticeship training for a prescribed time period (which may vary from 2 to 5 years). Apprenticeship training puts the apprentices (trainees) under the guidance of a master worker or an experienced guide or trainer.

Ans 13.

1. Job rotation is the type of training which 'Food Darbar' provided to its employees. It is a method of on-the-job training.
2. The difference between Training and Development is given below:

Ans 14.

1. Deeksha is able to overcome the semantic barriers by ensuring that all the call centre representatives are well versed with the local languages.
2. The benefits of training to an organization are as follows:
3. The two values that the firm wants to communicate to the society are:
 1. Women empowerment
 2. Humanity.

- Ans 15.** (i) (a) Reena's source of recruitment recommendation from existing staff.
(b) Neetu's source: Media advertising
(c) Indu's source: Campus recruitment
(ii) Function discussed in above para is staffing.

Ans 16.

1. Divisional Organization Structure.
2. Differential Wage System
3. Promotion

- Casual callers

1. Development of backward area

- Rise in employment opportunities

Ans 17.

1. The next two steps that Sahil has to follow in the staffing process are:

1. Placement and Orientation
2. Training and development

1. Values which Sahil wants to communicate to the society are:

1. Development of backward areas
2. Providing job opportunities in rural areas
3. Equality
4. Optimum utilization of resources
5. Secularism.

Ans 18. Training of employees / Vestibule training / On the job training.

Ans 19.

1. Internship Training
2. Vestibule training.

Ans 20. Advertisement, because it has wide choice to recruit and select most of the senior position of industry and commerce. More information about the organization and job can be given in the advertisement.

Ans 21.

1. Apprenticeship training
2. Vestibule training
3. Internship training

Ans 22.

1. Direct recruitment of casual or 'Badli' workers (external source of recruitment).
2. Merits:
 1. *Wider choice*: A notice can be placed on the notice board of the enterprise specifying the details of the jobs available. A large number of job-seekers assemble outside the premises of the organization. Selection is done on the spot.
 2. *Competitive spirit*: The existing workers will have to compete with the outsiders.

Ans 23. The following external sources of recruitment will suit the purpose:

1. Advertisements
2. Employment Exchange
3. Recommendations of existing staff.

Ans 24. The type of tests primarily to be used for selection are the following:

1. Interest tests as these tests are used to know the pattern of interest or involvement of a person.
2. Trade tests as these tests measure the existing skills of the individuals.
3. Personality tests as these provide clues to a person's emotions, reactions, maturity and value system, etc.
4. Intelligence tests as these tests are indicators of a person's learning ability or ability to make decisions and judgements.

Ans 25. Apprenticeship training

Ans 26. Workers are needed to be given appropriate training to learn the use of hi-tech and sophisticated machines. The suitable method of training in the case is vestibule training. It is an off-the-job method of training in which employees learn their jobs on the equipment they will be using, but the training is conducted away from the actual work floor. Actual work environments are created in a classroom and employees use the same materials, files and equipment.

Ans 27. Selection is the process being referred to in all the three statements.

It is the process of identifying and choosing the best person out of a number of prospective candidates for the job. Selection process serves two important purposes:

1. It ensures that the organization gets the best among the available.

It enhances the self-esteem and prestige of those selected

Case Studies – (Chapter 7) Directing

Q. 1. Ayesha Ltd. Assured their employees that in spite of recession no worker will be retrenched from the job.

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

Q. 2. Blue Birds Ltd. Offers to its employees issue of shares at a price which is less than the market price.

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

Q. 3. ABC Ltd. Is not able to achieve its objective on analyzing, they found that employees were not given their best, so he decided to announce an incentive plan, which offers various incentives to employee workers at different level for achieving their target.

- (i) Which element of directing is used by manager?
- (ii) Suggest incentive suitable for:

1. Employees operating at lower level.
2. Employees operating at higher level.

Q. 4. Mr. John faced lot of problems regarding the policy on teaching. He directly consulted the principal about his problem ignoring the Headmistress who is immediate superior of Mr. John as he feels more free to communicate with principal.

- (i) Name the pattern of communication followed by Mr. John.
- (ii) State any other two patterns.

Q. 5. Is directing required at planning stage? Name the element of directing function under which:

- (i) the superiors oversee the activities of their subordinates.
- (ii) the superiors assure the subordinates that their needs will be taken care of.
- (iii) the superior attempts to influence the behavior of people at work towards the realization of specified goals.
- (iv) the superior share information with the subordinates in order to reach common understanding.

(3 Marks)

Q. 6. Amit and Mikki are working in the same organization but in different departments. One day at lunch time Mikki informed Amit that due to computerization some people are going to be retrenched from the organization.

Name which type of communication is this. State any two limitations of this type of communication. (3 Marks)

Q. 7. You are working at the middle level of management. Your superior, a top management personnel, sent a message for you which you received and well understood. Is the communication process complete? Give reason. (3 Marks)

Q. 8. Rakesh is working under his superior Neeraj. He always communicates useful ideas and suggestions to his superior regarding reduction of cost, improvement in the product, etc. Neeraj implements his suggestions and has always found favourable results, but he never appreciates Rakesh for his suggestions. Now Rakesh decided not to communicate any suggestion or idea to Neeraj. Identify the factor which acts as a communication barrier. (1 Marks)

Q.9. Ankur is working as a production manager in an organization. His subordinate Saurabh discussed with him a method of production which will reduce the cost of production. But due to some domestic problems and Ankur's mind being pre-occupied he is not in a position to understand the message. Saurabh got disappointed by this. Identify the factor which acts as a communication barrier. (1 Marks)

Q.10. Rajat a Sales Manager, achieved his sales target one month in advance. This achievement was displayed on the notice board and the CEO of the Company awarded a certificate for the best performance to him. Name the incentive provided to Rajat. (1 Marks)

Q. 11. A behavior study was done on total of 100 employees of an organization. Group A (of 50 employees) were appreciated by the manager for their work and initiative for new idea. All these employees were given option of flexible working hours and were paid wages at a higher piece rate. On the other hand, Group B (of remaining 50 employees) was criticized for their poor performance. Their increments were stopped and they were paid wages at a lower piece rate.

(a) Identify and explain the feature of motivation highlighted in the above case.

(b) What type of leadership is followed by the manager? Justify your answer. (4 Marks)

Q. 12. In a company, Mr. Kshitij always explains management policies to workers and brings workers' problems to the notice of management. At what post does Mr. Kshitij work in this company? (1 Marks)

Q. 13. Prachi is working in an MNC. She has been given an option to buy the shares of the company at an amount less than the market price because of her performance as an incentive. Identify which incentive is being given to her. (1 Marks)

Q. 14. Ms. Snigdha, Production Manager and Mr. Sarthak, Marketing manager of an electronics company are not on talking terms with each other. Because of that they do not transfer complete information to each other.

(a) Identify the element of directing which becomes ineffective due to the behavior of the managers.

(b) Also, explain the factor which led to their such behavior. (3 Marks)

Q. 15. Huma is working in a company on a permanent basis. As per job agreement she had to work for 8 hours a day and was free to work overtime. Huma worked overtime, due to which she fell ill and had to take leave from her work. No one showed concern and enquired about her health. She realized that she was fulfilling only some of her needs while some other needs still remained to be fulfilled.

(i) By quoting the lines from the above para, identify the needs of Huma which she is able to fulfil.

(ii) Also explain two other needs of Huma followed by the above needs, which still remained to be satisfied.

Q. 16. Mr. Nath, a recently appointed production manager of Suntech Ltd. Has decided to produce jute bags instead of plastic bags as these are banned by the government. He set a target of producing 1000 jute bags a day. It was reported that the employees were not able to achieve the target. After analysis he found that employees were demotivated and not putting in their best for achieving the target. Mr. Nath's behaviour is good towards the employees. His attitude is always positive. So he announced various incentive schemes for the employees like;

- **Installing award or certificate for best performance.**
- **Rewarding an employee for giving valuable suggestion.**
- **Congratulating the employees for good performance.**

1. Identify the functions of management highlighted in the above paragraph.
2. State the 'incentive' under which the employees are motivated.
3. State any two values which the production manager wants to communicate to the society by his work and behavior.

Q. 17.

NOTICE

A meeting of all supervisors is scheduled on 20th August, 2016

This notice was placed on the notice board in the reception area of XYZ Ltd. But it did not mention clear specification regarding the time of meeting. Which barrier of communication is referred to here? Explain any two other forms of barriers to effective communication under the same category. (5 Marks)

Q. 18. Mr. Sandeep is the marketing manager of a company manufacturing designer clothes. One day, in the morning while leaving home he had a quarrel with a person in his neighbourhood on some issue. That person is a criminal who could abuse his family members. Mr. Sandeep, on that day, is very worried and angry too on the behavior of the neighborhood person. On that day, a meeting was held by a team of marketing and design experts to ensure that whatever is produced is according to market demand and tastes and fashion of the customers. But Mr. Sandeep could not pay attention to the discussion between them.

(a) Identify the type of barriers to communication mentioned in the above para. Justify your answer.

(b) Explain any two such barriers to communication.

Q. 19. Mrs. Rajlaxmi is working as the Human Resource Consultant in a firm manufacturing cosmetic, which is facing a problem of high employee turnover. The CEO of the company has invited suggestions from her for retaining the talented employees & reducing the employee turnover. Mrs. Rajlaxmi recommends that the good employees be rewarded in a way that it creates a feeling of ownership among the employees and at the same time makes them contribute towards the growth of the organization.

(a) Identify the incentive and explain its type, which has been suggested by Mrs. Rajlaxmi to the CEO of the company.

(b) Also explain any two other incentives of the same type.

Q. 20. Mr. Bhuvan is the marketing manager of the company manufacturing designer clothes. One day in the morning while leaving home, he had a quarrel with the person in the neighbourhood. That person abused his family and threaten to harm the family. Mr. Bhuvan got very upset and worried. On the same day a meeting was organized in the office to finalise

the design according to market demand and taste the fashion of the customers. Mr. Bhuvan could not pay attention to the discussion as he was thinking about the quarrel only.

(a) Identify the type of barrier to communication mention in the above para.

(b) State any other two barriers of same category.

Q. 21. Rajiv is working as Personal Manager in a company. The specialty of the company is that financial position of all the employees is good. The employees working here are honest punctual and hardworking. The CEO of the company asked him to suggest a method of motivation. The CEO asked him to suggest a method which is happily accepted by all the employees.

Rajiv spoke to many employees in this connection. Some employees suggested give more importance to individual autonomy, another suggested good performance should be appreciated another group suggested to award, certificate, trophies to recognize the good performance. Mr. Rajiv mixed all and suggested a method of motivation to CEO. The CEO happily accepted that and it was immediately implemented. With in few days the company's growth rate appeared to have become fast.

1. Identify the functions of management indicate in the above paragraph.
2. Which motivation methods were suggested by different group of employees.
3. Which motivation method combine all the above stated and was suggested by personal manager.

Q. 22. Pramod was a supervisor at a 'Annapurna Aata' factory. The factory was producing 200 quintals of Aata every day. His job was to make sure that the work goes on smoothly and there was no interruption in production. He was a good leader who would give orders only after consulting his subordinates and work out the policies with the acceptance of the group. Identify and describe the leadership style being adopted by Pramod.

Q. 23. Neeraj, a sales representative of 'Omida Ltd' has changed seven jobs in the last one year. He is a hard working person but is not able to finalise deals with the customer due to his inadequate vocabulary and omission of needed words. Sometimes he uses wrong words because of which intended meaning is not conveyed. All this created a mis-understanding between him and his cliens.

(a) Identify the communication barrier discussed above.

(b) State the category of this communication barrier.

(c) Explain any other communication barrier of the same category.

Q. 24. Smita had been working as an assistant manager with 'Johnson Enterprises' for the last ten years. She was very popular amongst her colleagues because of her commitment and dedication towards the work. When the manager senior to her retired, all her colleagues thought that now Smita would be promoted. But to everyone's surprise the vacant post was filled by an outsider, Mrs. Rita. Smita felt demoralized and her performance started declining. She would abstain herself often and could not meet her targets.

Mrs. Rita was a good leader, who would not only instruct her subordinates but would also guide and inspire them. She noticed Smita's behaviour and felt that her performance could be improved. She started involving Smita in decision making-issues related to the organization and made her a part of high level joint-management committed. Smita was now punctual in office and her performance started improving.

1. **Identify the function of management being performed by Rita.**
2. **Name the element of the above function of management which helped Rita to improve Smita;s behavior.**
3. **State any three features of the element identified in (ii) above.**

Q. 25. Rahim was working in an enterprise on daily wages basis. It was difficult for him to fulfill the basic needs of his family. His daughter fell ill. He had no money for his daughter's treatment. To meet the expenses of her treatment, he participated in a cycle race and won the prize money. The cycle company offered him a permanent pensionable job which he happily accepted.

(i) By quoting the lines from the above para identify the needs of Rahim that are satisfied by the offer of cycle company.

(ii) Also, explain two other needs of Rahim followed by above that are still to be satisfied.

Q. 26. Y Ltd. Is a bank functioning in India. It is planning to diversify into insurance business. Lately, the government of India has allowed the private sector to gain entry in the insurance business. Previously, it was the prerogative of LIC and GIC to do insurance business. But now with liberalization of the economy and to make the field competitive other companies have been given licences to start insurance business under the regulation of 'Insurance regulatory and development Authority'.

Y Ltd. Plans to recruit high quality employees and agents and exercise effective direction to capture a substantial part of life and non-life insurance business.

1. **Identify how the company can supervise its employees and agents effectively.**
2. **What financial and non-financial incentives can the company use for employees and agents separately to motivate them?**
3. **How can the company ensure that higher order needs i.e., esteem and self actualization as specified by Maslow are met?**

4. How can the company follow formal communication system?
5. How can informal communication help to supplement formal communication?

Q. 27. Prateek is working in a multinational company in Noida. He was running a temperature for the last many days. When his blood was tested, he was found to be positive for malaria. He was admitted in a hospital and a blood transfusion was advised by the doctors as his condition was very serious. One of his colleagues sent a text message to his superior, Mr. B. Chatterjee. Mr. B. Chatterjee immediately sent a text message to the employees of the organization requesting them to donate blood for Prateek. When the General Manager came to know about it, he ordered for fumigation in the company premises and cleaning the surroundings.

1. From the above paragraph, quote lines that indicate formal and informal communication.
2. State any two features of informal communication.
3. Identify any two values that are being communicated to society in the above case.

Q. 28. Roshan is the chief of 'Khidmat' restaurant located in the city of Bangaluru. The place is known for its exquisite Mughlai cuisine especially mutton briyani and kababs. All the food is prepared under Roshan's purview. The various activities in the kitchen are initiated in accordance to his instructions. He is very clear and specific in issuing instructions to his subordinates in order to ensure smooth working of the department. He personally oversees the method followed by the chefs for preparation of each dish. He misses no opportunity to praise his subordinates for their good work. All his team members feel very happy and satisfied under his direction. He provides constant guidance to them in order to improve upon its taste and presentation and also encourages them to innovate and be more creative in their work.

In the above context:

1. Identify the various elements of directing mentioned in the above paragraph by quoting lines from the paragraph.
2. Describe briefly any two points to highlight the importance of directing as a function of management.

Q. 29. Neeraj has been working as a sewing machine operator in an export house for the past ten years. His basic work is to seam the parts of a garment together, and attach buttons, hooks, zippers, and accessories to produce clothing. Considering the fact that Neeraj is an experienced operator, he is well versed with the fundamentals of industrial production and possesses good communication skills. The plant superintendent in the factory recommends Neeraj's name to the production manager for the post of supervisor which will fall vacant after a month on the retirement of the present supervisor. Consequently, Neeraj is assigned the

post of supervisor and his salary is increased accordingly. Moreover, as per the policy of the export house, he is offered free medical aid and education to his two children.

In the context of the above case:

1. Identify the type of source of recruitment used by the export house to fill up the post of supervisor. Give any two advantages of using this source.
2. Identify the types of financial incentives offered to Neeraj by quoting lines from the paragraph.

Q. 30. Sunidhi has started a designer studio in the basement of her residence after completing her masters in fashion designing. She has appointed ten employees to take care of the various aspects of the work. She interacts regularly with each employee to tell exactly what is expected of him/.her and what he/she needs to do to be regarded as a good performer. At the same time she allows a free work environment wherein the employees openly chit chat with each other in order to fulfil their social and emotional needs. Sometimes, these interactions also lead to spreading rumours which are not authentic.

In the context of the above case:

1. Name and explain the two types of communication being referred to in the above paragraph.
2. How does effective communication increases managerial efficiency?

Q. 31. Gagan has joined as a Managing Director of True Help Ltd., a company engaged in the business of providing road side assistance to the vehicle owners. He was previously working in an automobile company. As a part of the joining incentive, the company has allotted him 400 shares of the company.

In context of the above case:

1. Identify the type of source of recruitment used by True Help Ltd. to fill up the post of Managing Director.
2. Identify the type of financial incentive offered to Gagan. Also, state any one other method that can be used to offer financial incentives to the employees.

Q. 32. Mr. Naresh is working as a Production Manager in Vohra Ltd. His subordinates are mostly engineers and qualified technicians.

As a manager, he is very strict, does not listen to any suggestions or feedbacks given by his subordinates. He expects them to following his instructions without any questions and does not allow them to give suggestions.

1. What leadership style does the manager follow?
2. Is such a leadership style beneficial for the company? Explain.
3. State any one value being overlooked by him?

(4 marks)

ANSWERS

Ans 1. (i) Job security

(ii) Explain one more incentive of the same category.

1. Employee's recognition.
2. Organizational climate.

Ans 2. (i) Co-partnership/Stock option.

(ii) Other incentives: (a) Pay and allowance, (b) Bonus.

Ans 3. (i) Motivation is missing.

(ii) (a) Lower level: offer monetary incentives.

(b) Higher level: non-monetary incentive.

Ans 4. (i) Mr. John is following inverted 'V' pattern.

(ii) Other two pattern:

1. Wheel pattern, (b) Chain pattern.

Ans 5. No, directing is not required at planning stage since it is an executive function. It initiates action in the organization while other functions of management (planning, organizing, staffing and controlling) just prepare a setting for action.

1. Supervision (ii) Motivation (iii) Leadership (iv) Communication.

Ans 6. Informal Communication

Limitations:

1. The grapevine/informal communication spreads rapidly and sometimes gets distorted. It is very difficult to detect the source of such communication.
2. It also leads to generate rumours. People's behavior is affected by rumours and informal discussion and sometimes may hamper work environment.

Ans 7. No, the communication process is not complete unless and until feedback is given to the superior. Feedback includes all those actions of the receiver indicating that he has received and understood the message of sender. So, I must respond to communication to improve its effectiveness, e. g., by giving a reply to letter, giving reactions to the message, etc.

Ans 8. Lack of proper incentives (Personal Barriers to Communication)

Ans 9. Lack of attention (Psychological/Emotional Barriers to Communication)

Ans 10. The incentive provided to Rajat is – ‘Recognition’.

Ans 11.

1. Motivation can be either positive or negative. Positive motivation provides positive rewards like increase in pay, promotion, recognition, etc. Negative motivation uses negative means like punishment, stopping increments, threatening, etc.
2. Autocratic leadership style.

The leader’s following is based on the assumption that reward or punishment both can be given depending upon the result.

Ans 12. Mr. Kshitij is supervisor in the company as he acts as a link between workers and management.

Ans 13. Co-partnership/Stock option.

Ans 14. (a) Communication

1. Distrust (Psychological barrier)

Distrust between sender and receiver causes failure of communication. If they do not believe each other, they cannot understand each other’s message in its original sense.

Ans 15.

1. ‘Huma is working in a company on a permanent basis’.

According to above line Huma is able to fulfil her following needs:

(a) Physiological needs (b) Safety or Security needs

(ii) Needs of Huma which still remained to be satisfied are:

1. **Affiliation Need:** It refers to the need for affection, since to belongingness, acceptance and friendship.
2. **Esteem Need:** It refers to the need for self-respect, autonomy, status, recognition and attention.

Ans 16.

1. Directing and Controlling
2. Employee recognition programme (non-monetary incentive)
3. **Vale:**
 - Sensitivity of environment
 - Good behavior towards employees.

Ans 17. Badly expressed message (Semantic barriers) – Use of wrong words, omission of needed words, inadequate vocabulary, etc.

1. Symbols with different meanings: A word may have several meanings. For example, consider these three sentences where the word 'value' is used:

- What is the value of this ring?
- I value our friendship.
- What is the value of learning computer skills?

Wrong perception by the receiver leads to communication problems.

1. **Faulty translations:** Sometimes, the communications originally drafted in one language (say, English) need to be translated to the language understandable to workers (say, Hindi). If the translator is not proficient with both the languages, communication becomes ineffective.

Ans 18.

1. Psychological barriers.

These are related to the state of mind of both sender and receiver of communication. For example, a worried person cannot communicate properly and an angry receiver cannot understand the real meaning of message.

'Mr. Sandeep is very worried and angry on that day. So he could not pay attention to the discussion in the meeting.'

1. Psychological barriers to communication:
 1. Lack of attention: the pre-occupied mind of receiver and the resulting non-listening of message acts as a major psychological barrier.
 2. Premature evaluation: Sometimes people form a judgement before the sender completes his message, which causes failure of communication.

Ans 19.

1. Financial incentive.

Co-Partnership/Stock Option

1. **Other financial incentives:**
 1. Pay and allowances: For every employee, salary is the basic financial incentive. It includes basic pay, dearness allowance and other allowance. Pay hike and increments improve performance level of employees.
 2. Profit sharing: Employees are given a share in the profits of the organization. This motivates them to improve their performance and contributes to increase in profits of the organization.

Ans 20.

1. Psychological barrier Lack of attention.
2. (i) Premature evaluation

(ii) Loss by poor retention.

Ans 21.

1. Directing.
2. (i) Recognition

(ii) Autonomy

1. Organizational climate.
2. (i) Ethical behavior

(ii) Motivating employees

(iii) Taking Suggestions from employees.

Ans 22. Democratic style of leadership.

- A democratic leader favours decision making by the group. This improves the attitude of the employees towards their jobs and the organization thereby increasing their morale.
- Using this style is of mutual benefit – it allows them (subordinates) to become part of the team and helps leaders (seniors) to make better decisions.

Ans 23.

1. Badly expressed message
2. Semantic barrier, which arises from problems and obstructions in the process of encoding and decoding of message into words or impressions.
3. Technical jargon; Specialists use technical language or jargon while explaining to the workings, e.g., tariff, quotas, etc. therefore, they may not understand the actual meaning of many such words.

Ans 24.

1. Directing
2. Motivation
3. Features of motivation:
 1. Motivation is an internal feeling: The urge, desires, aspirations or needs of people, which are internal, influence human behavior.
 2. Motivation produces goal-directed behavior: For example, if the employee is interested in promotion, it helps to produce a behavior to improve performance.

3. Motivation can be either positive or negative: Positive motivation provides positive rewards like increase in pay, promotion, recognition, etc. negative motivation uses negative means like punishment, stopping increments, threatening, etc.

Ans 25.

1. Needs of Rahim that are satisfied by the offer of cycle company are Physiological and safety/security needs.

‘The cycle company offered him a permanent pensionable job’.

1. The other needs followed by the above stated needs that are still to be satisfied are:
 1. Affiliation/Belongingness needs: These needs refer to the need for affection, sense of belonging, acceptance and friendship.
 2. Esteem needs: These needs refer to the need for self-respect, autonomy status, recognition, etc.

Ans 26.

1. The company will appoint supervisors who will provide on the job training to the employees and agents. They will maintain group unity and ensure that the company gets enough insurance business.
2. To the employees, the company can give pay and allowances, bonus, retirement benefits, perquisites (e.g., car allowance), recognition, promotion, job security etc. to motivate them for higher performance.

To the agents, the company can give the following incentives:

1. Profit sharing
 2. Stock option (i.e., giving company's share at a price less than market price)
 3. Productivity linked salary (i.e., higher salary for getting more insurance business)
 4. Participation in decision – making.
-
1. By giving recognition, autonomy status, etc. and providing growth and self-fulfillment opportunities, the company ensures that higher order needs-esteem and self actualization needs are met.
 2. The company can follow formal communication system by ensuring that all communication flows through official channels designed in the organization chart (i.e., through Scalar chain).
 3. Information communication network (i.e., grapevine) can be used by the company to transmit information to know the reactions of the employees and agents to the company's decisions and policies. Grapevine channels can carry insurance market information rapidly.

Ans 27.

1. (i) *Informal communication:* “One of his colleagues sent a text message to his superior, Mr. B. Chatterjee. Mr. B. Chatterjee immediately sent a text message to the employees of the organization requesting them to donate blood for Prateek.”

(ii) *Formal communication*: "When the general manager came to know about it, he ordered for fumigation in the company premises and cleaning surroundings."

1. The features of informal communication are as follows:

1. The grapevine/informal communication spreads very fast and sometimes gets distorted.
2. It is very difficult to detect the source of such communication.

1. The two values that are being communicated to the society are:

1. Humanity
2. Cleanliness

Ans 28.

1. The various elements of directing mentioned in the above paragraph are as follows:

1. *Communication*: "He is very clear and specific in issuing instructions to his subordinates in order to ensure smooth working of the department."
2. *Supervision*: "He personally oversees the method followed by the chefs for preparation of each dish."
3. *Leadership*: "He provides constant guidance to them in order to improve upon its taste and presentation and also encourages them to innovate and be more creative in their work."
4. *Motivation*: "He misses no opportunity to praise his subordinates for their good work."

1. The importance of directing as a function of management is described below:

1. *Initiates action*: Directing helps to initiate action by people in the organization towards attainment of desired objectives. It is the first execution function of management.
2. *Integrates employees' efforts*: Directing seeks to integrate the individual efforts of employees in the organization towards the realization of the organizational goals.
3. *Helps to realize their potential*: Directing provides effective guidance, motivation and leadership to the employees so as to enable them to realize their potential and capabilities. (any two)

Ans 29.

1. The internal source of recruitment has been used by the export house to fill up the post of supervisor through promotion. The two advantages of using internal source of recruitment are stated below.

1. *Employees are motivated to improve their performance*: When employees are promoted internally from within an organization, it has a positive impact on their commitment and loyalty and they tend remain satisfied with their jobs. Also, it may lead to a chain of promotion at lower levels in the organization. As a result, it motivates the employees to improve their performance through learning and practice.
2. *Internal recruitment simplifies the process of selection and placement*: The candidates can be appraised more perfectly and economically as that are already working in the organization. As the candidates are already known to the organization, it is considered to be a more reliable method of recruitment.

1. The types of financial incentives offered to Neeraj are as follows:

1. *Pay and allowances:* "his salary is increased accordingly."
2. *Perquisites:* "as per the policy of the export house, he is offered free medical aid and education to his two children."

Ans 30.

1. The two types of communication being referred to in the above paragraph are formal communication and informal communication.
1. *Formal communication:* The communication that flows through official channels designed in the organization structure is called formal communication. This communication may take place between a subordinate and superior or among same team employees or managers. Usually a written record of such communications is maintained, recorded and filed in the office. Formal communication may be further classified as – Vertical and Horizontal.
2. *Informal communication:* Informal communication is the type of communication that takes place without following the formal lines of communication. It is generally referred to as the 'grapevine' because it spreads throughout the organization with its branches going out in all directions in utter disregard to the levels of authority. The informal communication arises out of needs of employees to exchange their views, which cannot be done through formal channels.
1. Effective communication increases managerial efficiency by lubricating the working of the entire organization through quick and effective performance of managerial functions. It enables the management to express the goals and targets, issue instructions, allocate jobs and responsibilities and look after the performance of subordinates.

Ans 31.

1. External source of recruitment has been used by True Help Ltd. to fill up the post of Managing Director.
2. Co-partnership/ Stock option is the type of financial incentive offered to Gagan.

The other method that can be used to offer financial incentives to the employees is Bonus.

Bonus is an incentive offered over and above the wages/ salary to the employees.

Ans 32.

1. Autocratic leadership
 2. This leadership style is effective in getting productivity in many situations like in a factory where the supervisor is responsible for production on time and has to ensure labour productivity. Quick decision-making is also facilitated.
 3. Value overlooked:
 - Respect for other's opinion
 - Initiative
- (any one)

Case Studies - (Chapter - 8) Controlling

Q. 1. Babita Ltd. is engaged in manufacturing machine components. The target production is 250 units per day per worker. The company had been successfully attaining this target until two months ago. Over the last two months it has been observed that daily production varies between 200-210 units per worker.

1. Name the function of management and identify the step in the process of this function which helped in finding out that the actual production of a worker is less than the set target.
2. To complete the process of the function identified in (a) and to ensure the performance as per set targets, explain what further steps a manager has to take. (5 marks)

Q. 2. Rajeev and Sanjeev are managers in the same organization having different units. While discussing about the function of management, Rajeev says "Planning is looking ahead whereas controlling is looking back." But Sanjeev says, "Planning is looking back whereas controlling is looked ahead." Both are giving reasons in favour of their statements.

Explain the possible reasons given by both and justify who is correct. (6 marks)

Q. 3. 'Saurashtra' is a company involved in the export of indigenous food products like chutneys and pickles.. it has tied up with the small farmers in various states for sourcing of fruits and vegetables. In this way it helps the small farmers to sell their produce at reasonable rates. The company follows a practice where only significant deviations from a budget or plan are brought to the attention of management. The degree of deviations allowed in different categories in the budget are well defined in advance, along with the appropriate levels of managements who will respond to the deviations in question. For example, a deviation of Rs. 20,000 or more in purchase costs will be reported to the concerned department manager.

In context of the above case:

1. Identify the principle of management control adopted by the company. State the belief underlying this principle.
2. List any two values that the company wants to communicate to the society.

Q. 4. Anubhav has set up an export house after completing his masters in fashion designing. As the quality of the garment depends on the quality of raw materials used, he assures that the fabric meets the requirements by conducting a series of tests for the fabrics like shrinkage test, testing colour fastness to washing, colour fastness to light, colour fastness to perspiration etc. through laboratory tests. Later on, at the production areas, fabric inspection is also conducted by stopping the production process. The tests help to detect the deviations and also take corrective action. Moreover, the ensures that complete training about production work was given to every worker at the time of joining his export house.

In context of the above case:

1. Identify the function of management being performed by Anubhav by conducting tests to assure for the quality of the garments manufactured in his export house.
2. Briefly explain the term 'deviations.'
3. Give any three advantages of giving training to the employees.

Q. 5. Atul and Ajay are good friends. They decide to set up a digital printing press together as both of them are computer wizards. They plan to offer various types of printed products including labels, manuals, marketing material, memo pads, business order forms, T-shirts, mugs etc. They set standards for every aspect of their work in order to create an efficient working environment. As per the standards, an average person types between 38 and 40 words per minute. Keeping this in mind, they engage two typists Bitto and Raju and assign them work accordingly. Within two days, they realize the output in terms of typing work done by Raju is too less as compared to the desired output. On inspecting, Atul finds out that Raju's typing speed is between 18 and 20 words per minute only. But Raju exhibits great skills in designing work and is a good human being. Hence, Atul and Ajay decide to retain him for doing creative work and appoint a new typist.

In context of the above case:

1. Identify and explain the function of management being discussed here.
2. List the steps involved in the function of management as identified in part (a).

Also, quote the lines from the paragraph relating to each step.

Q. 6. D & D Ltd. is a large manufacturing unit. Recently, the company has conducted the 'time' and 'motion' studies and concluded that on an average a worker could produce 120 units per day. However, it has been noticed that average daily production of a worker is in the range of 80-90 units.

Which function of management is needed to ensure that the actual performance is in accordance with the performance as per 'time' and 'motion' studies? State four features of this function of management. (5 marks)

Q. 7. 'A.S. Ltd.' is a large company engaged in assembly of air-conditioners. Recently the company had conducted the 'Time' and 'Motion' study and concluded that on an average a worker can assemble ten air-conditioners in a day. The target volume of the company in a day is assembling of 1,000 units of air-conditioners. The company is providing attractive allowances to reduce labour turnover and absenteeism. All the workers are happy. Even then the assembly of air-conditioners per day is 800 units only. To find out the reason the company compared actual performance of each worker and observed through C.C.T.V. that some of the workers were busy in gossiping.

1. Identify the function of management discussed above.
2. State those steps in the process of the function identified which are discussed in the above paragraph. (3 marks)

Q. 8. A company 'M' Ltd. is manufacturing mobile phones both for domestic Indian market as well as for export. It has enjoyed a substantial market share and also had a loyal customer following. But latterly it has been experiencing problems because its targets have not been met with regard to sales and customer satisfaction. Also mobile market in India has grown tremendously and new player have come with better technology and pricing. This is causing problems for the company. It is planning to revamp its controlling system and take other steps necessary to rectify the problems it is facing.

1. Identify the benefits the company will derive from a good control system.
2. How can the company relate its planning with control in this line of business to ensure that its plan are actually implemented and targets attained?
3. Give the steps in the control process that the company should follow to remove the problems it is facing.

Q. 9. Alpha Ltd. was manufacturing Auto spare parts. To improve the efficiency of employees the company provided training to their employees by inviting an expert who demonstrated the whole process of manufacturing. The expert quoted that all deviations cannot be controlled, so manager must know which deviation in key areas must be attended urgently as compared to deviation in non-key area. He also suggested that human beings are bound to make mistakes as manager should not take strict action on every minute mistake of workers, rather he can fix a range of deviation and take action if deviation is above the specified large.

1. Identify the functions of management referred above.
2. Name the two ways of analyzing deviation mentioned above.
3. Name the method of training used by the company.
4. Identify the value being emphasized in above para.

Q. 10. A critical point control (CPC) approach is followed by McDonald in the cooking and handling process so that any food safety threat can be prevented, eliminated, or reduced to an acceptable level. Hence, continuous monitoring of activities are undertaken to ensure that the process is right at each critical point control. The main principle followed for cooking at McDonald is "less amount many time" which can ensure the high quality and high fresh level of the food. For instance, if your hamburgers have to be made, a worker cannot cook all the four hamburgers at one time. The time figured out for making one hamburger is one hundred and forty-five seconds. Moreover, nearly all foods in the McDonald have the specific holding time, the holding time for hamburgers is ten minutes and for French fries is seven minutes. If it is not sold within that time it is thrown away. Also, the temperature of the milk sent by the supplier must be under 4°C, otherwise, it will be returned.

In context of the above case:

1. Name the steps involved in the controlling process which is being discussed in the above lines.
2. What do you understand by 'critical point control'? Explain.

3. **How does the controlling function of management help in accomplishing organizational goals and ensure efficient use of resources?**

Q. 11. Raghav started a take away eating joint in a nearby market. His business was doing well. He ensured that the food was properly cooked, a standard taste was maintained, packing of food was done effectively and the orders were executed on time. But unfortunately he met with an accident and was advised three months bed rest. In his absence, his cousin Rohit took charge of his business. When he resumed his work after three months, he realized that his clientele had dropped. The people were not happy with the services as the quality of food had deteriorated and the delivery time for orders had increased considerably. All this was happening because most of his previous staff had left as Rohit used to adopt a very strict and authoritative approach towards them.

In context of the above case:

1. **List any two aspects about his business that Raghav was controlling in order to make it successful.**
2. **Explain briefly any two points to highlight the importance of the controlling function.**
3. **Name and explain the style of leadership adopted by Rohit.**

Q. 12. Mr. Nath, a recently appointed production manager of Suntech Ltd. has decided to produce jute bags instead of plastic bags as these are banned by the government. He set a target of producing 1000 jute bags a day. It was reported that the employees were not able to achieve the target. Mr. Nath's behavior is good towards the employees. His attitude is always positive. So he announced various incentive schemes for the employees like.

- installing award or certificate for best performance.
- Rewarding an employee for giving valuable suggestions.
- Congratulating the employees for good performance.

(a) **Identify the functions of management highlighted in the above paragraph.**

(b) **State the 'incentive' under which the employees are motivated.**

(c) **State any two values which the production manager wants to communicate to the society by his work and behavior.**

(5 marks)

Q. 13. Joseph Bros. was a firm manufacturing jute lamp shades. It uses left over jute pieces from various jute factories to manufacture economical lamp shades which are supplied to various hotels in nearby towns: it employs men and women from nearby villages as workers for creating good lamp shade designs.

Joseph Bros., is not able to meet its targets. Namish, the supervisor of the company, was told to analyze the reasons for the poor performance. Namish found following problems and suggested certain solutions in the working of the business. The number of workers employed was less than what was required for the work. As a result, the existing workers were overburdened. The firm decided to search for new workers and it asked the present

employees to introduce candidates or recommend their friends and relatives to the firm. This enabled the firm in “putting people to jobs” and assured attainment of objectives according to plans.

1. Identify the functions of management being performed by the firm in the above situation.
2. Name the concept and its source used by the firm to attract more workers for the firm.
3. State any two values being followed by Jacob Bros. (5 marks)

Q. 14. A company was manufacturing ‘LED bulbs’ which were in great demand. It was found that the target of producing 300 bulbs a day was not met by the employees. On analysis, it was found that the workers were not at fault. Due to electricity failure and shortage of workers, the company was not able to achieve the set targets and alternative arrangements were needed.

To meet the increased demand, the company assessed that approximately 88 additional workers were required out of which 8 would work as heads of different departments and 10 would work as subordinates under each head. The required qualifications and job specifications were also enlisted. It was also decided that necessary relaxation should be given to encourage women, persons from backward and rural areas and persons with special abilities to assume responsible positions in the organization. All efforts were made to match the ability of the applicants with the nature of work.

1. Identify the functions of management discussed above.
2. State the two steps in the process of each function discussed in the above para.
3. List any two values which the company wants to communicate to the society (6 marks)

Q. 15. Airtech Ltd. is manufacturing mobile phones both for domestic Indian market as well as for export. It has enjoyed a substantial market share and also had a loyal customer following. But lately it has been experiencing problems because its targets have not been met with regard to sales and customer satisfaction. Also, mobile market in India has grown tremendously and new players have come with better technology and pricing. This is causing problems for the company. It is planning to revamp its controlling system and take other steps necessary to rectify the problems it is facing. It also decides to offer its basic models of mobile phones at 50% discount to the poor people.

1. State any two benefits the company will derive from a good control system.
2. How can the company relate its planning with control in this line of business to ensure that its plan are actually implemented and targets attained.
3. Give the steps that the company should follow to remove the problems it is facing.
4. Identify any one value which the company wants to communicate to the society. (6 marks)

Q. 16. You are the manager of Bharti Chemicals Ltd. it is reported to you that postal expenses have increased by 10% over standard rates and cost of raw materials has increased by 2%. Which of the two deviations will be more critical to you? (1 mark)

Q. 17. Surbhi Ltd. produces safety pins on a mass scale. The company's policy is that at most 25 of the daily production could be defective. Over a three months period, it has been observed that 8% - 10% of the production is defective. The cause of deviation found is defective machinery. What corrective action should be taken by the management? (1 mark)

Q. 18. K & K Co. Ltd. is engaged in manufacturing machine components. The target production is 200 units daily. The company had been successfully attaining this target until two months ago. Over the last few months it has been observed that daily production varies between 150-170 units.

Identify the possible causes for the decline in production and the steps to be taken to achieve the desired targets. (5 marks)

ANSWERS

Ans 1.

1. The management function is Controlling.

“Comparing actual performance with standards” is the step involved in the process of controlling which helped in finding out that the actual production of a worker is less than the set target.

1. A manager has to take the following two further steps to complete the process of controlling:

1. Analysing deviations
2. Taking corrective action

Ans 2. Rajeev who says, “Planning is looking ahead whereas controlling is looking back” must be giving the following reason:

Sanjeev who says, “Planning is looking back where as controlling is looking ahead” must be giving the following reasons.

Conclusion: Planning and controlling are both backward looking and forward looking functions. Hence, both of them are partially correct.

Ans 3.

1. Management by exception is the principle of management control adopted by the company. It is based on the belief that ‘if you try to control everything, you may end up controlling nothing.’
2. The two values that the company wants to communicate to the society are:
 1. Rural development:
 2. Sense of responsibility:

Ans 4.

1. Controlling is the function of management being performed by Anubhav by conducting tests to assure for the quality of the garments manufactured in his export house.
2. The term ‘deviations’ refers to the difference between the actual performance and planning performance. If the actual performance is more than the planned performance, it may be said to be positive in nature or vice-versa.
3. The benefits of training of development to an organization are as follows:
 1. Training imparts systematic learning to the employees thereby helping to avoid wastage of efforts and money and is considered better than the hit and trial method.
 2. It increases the employees’ productivity both in terms of quantity and quality, leading to higher profits.
 3. Training increases the morale of the employees and reduces absenteeism and employee turnover.

Ans 5.

1. Controlling is the function of management being discussed here.
2. The steps involved in the process of controlling which are discussed in the above paragraph are:
 1. Setting standards of performance:
 2. Measurement of actual performance:
 3. Comparison of actual performance with the standards:
 4. Analyzing deviations:
 5. Taking corrective action:

Ans 6. Controlling

Features of controlling:

1. Controlling is a goal-oriented function
2. Controlling is a pervasive function
3. Controlling is a continuous process
4. Controlling is both a backward looking as well as forward looking function.

Ans 7.

1. Controlling
2. Steps discussed in the above paragraph are:
 1. Setting performance standards
 2. Measurement of actual performance
 3. Comparing actual performance with the standards
 4. Analyzing deviations for their causes.

Ans 8.

1. Explain the importance of controlling.
2. Company can relate its planning with control in this line of business by following measure by implementing an effective controlling system and following a controlling process.
3. Explain steps in the process of controlling system.

Ans 9.

1. Staffing and controlling
2. (i) critical Point Control

(ii) Management by exception

1. Apprenticeship method of training
2. Value of Humanity.

Ans 10.

1. Analyzing deviation and taking corrective action are being discussed in the above lines.
2. Since it may neither be economical nor easy to monitor each and every activity in the organization, there for every organization identifies and states its specific key result area (KRAs) or critical points which require tight control are likely to have a significant effect on the working of the business. Any deviations on these points are attended to urgently by the management.
3. The two points that highlight the importance of the controlling function are listed below:
 1. Accomplishing organizational goals:
 2. Making efficiently use of resources:

Ans 11.

1. The two aspects about his business that Raghav was controlling in order to make it successful are listed below:
 1. A standard taste was maintained.
 2. The orders were executed on time.
1. The two points that highlight the importance of the controlling function are listed below:
 1. Judging accuracy of standards:
 2. Improving employee motivation:
1. Rohit had adopted an autocratic style of leadership. An autocratic leader expects strict compliance from his subordinates with regard to the orders and instructions given by him. Therefore, it involves only one-way communication.

Ans 12.

1. Controlling and Directing
2. Employee recognition programme (non-monetary incentive)
3. Values:
 - Sensitivity to environment
 - Good behavior towards employees
 - Team work with employees

Ans 13.

1. Staffing and Controlling
2. Recruitment, External Source of Recruitment (Recommendations of employees)
3. Values being followed by Joseph Bros.:
 1. Creating employment opportunities.
 2. Utilizing resources efficiently by using leftover clothes.

Ans 14.

1. Staffing and controlling
 2. Step in Staffing
-
1. Estimating manpower requirements:
 2. Recruitment:
-
1. Steps in controlling:
-
1. Comparison of actual performance with the standards:
 2. Analyzing deviations:
 3. Taking corrective action:
-
1. Values which the company wants to communicate to the society:
-
1. Using environment friendly methods of production.
 2. Women empowerment.
 3. Up lift ment of underprivileged sections of the society.

Ans 15.

1. Two benefits which the company will derive from a good control system are:
-
1. Accomplishing organizational goals of increasing market share and customer satisfaction.
 2. Making efficient use of resources by controlling wastage and spoilage of resources; and ensuring that each activity is performed according to the predetermined standards.
-
1. Controlling will improve future planning by providing information to the company derived from past experience that its targets were not met with regard to sales and customer satisfaction.
 2. The company should undertake technological up gradation of machinery, and modify the existing process so that cost is reduced and the company can set lower price for its mobile phones to bet its competitors.
 3. Value: a) Concern about poor people b) Social responsibility

Ans 16. Increase in cost of raw materials by 2% is more critical. (Critical Point Control)

Ans 17. Repair the existing machine or replace the machine if it cannot be repaired.

Ans 18.

CAUSES OF DEVIATION	CORRECTIVE ACTION
1. defective materials	Change the quality specification for the materials used
2. Defective machinery	Repair the existing machine or replace the machine if it cannot be repaired
4. Defective process	Undertake technological up gradation of machinery
3. Obsolete machinery	Modify the existing process
5. Defective physical conditions of work	Improve the physical conditions of work

Case Studies – (Chapter - 9) Financial Management

Q. 1. Arun is a successful businessman in the paper industry. During his recent visit to his friend's place in Mysore, he was fascinated by the exclusive variety of incense sticks available there. His friend tells him that Mysore region is known as a pioneer in the activity of Agarbathi manufacturing because it has a natural reserve of forest products especially Sandalwood to provide for the base material used in production. Moreover, the suppliers of other types of raw material needed for production follow a liberal credit policy and the time required to manufacture incense sticks is relatively less. Considering the various factors, Arun decides to venture into this line of business by setting up a manufacturing unit in Mysore.

In context of the above case:

1. **Identify of the above case:**
2. **Identify the three factors mentioned in the paragraph which are likely to affect the working capital requirements of his business.**

Q. 2. 'Adwitiya' is a company enjoying market leadership in the food brands segment. It's portfolio includes three categories in the Foods business namely Snack Foods, Juices and Confectionery. Keeping in line with the growing demand for packaged food it now plans to introduce ready-To-Eat Foods. Therefore, the company has planned to undertake investments of nearly Rs. 450 crores for its new line of business. As per the current financial report, the interest coverage ratio of the company and return on investment is higher. Moreover, the corporate tax rate is high.

In context of the above case:

1. **As a financial manager of the company, which source of finance will you opt for debt or equity, to raise the required amount of capital? Explain by giving any two suitable reasons in support of your answer.**
2. **Why are the shareholders of the company likely to gain from the issue of debt by the company?**

Q. 3. Computer Tech Ltd., is one of the leading information technology outsourcing services providers in India. The company provides business consultancy and outsourcing services to its clients. Over the past five years the company has been paying dividends at high rate to its shareholders. However, this year, although the earnings of the company are high, its liquidity position is not so good. Moreover, the company plans to undertake new ventures in order to expand its business.

In context of the above case:

1. **Give any three reasons because of which you think Computer Tech Ltd. has been paying dividends at high rate to its shareholders over the past five years.**
2. **Comment upon the likely dividend policy of the company this year by stating any two reasons in support of your answer.**

Q. 4. Bhuvn inherited a very large area of agricultural land in Haryana after the death of his grandfather. He plans to sell this piece of land and use the money to set up a small scale paper

factory to manufacture all kinds of stationary items from recycled paper. Being an amateur in business, he decides to consult his friend Subhash who works in a financial consultancy firm. Subhash helps him to prepare a blue print of his future business operations on the basis of sales forecast in next five years. Based on these estimates, he helps Bhuvan to assess the fixed and working capital requirements of business.

In context of the above case:

1. Identify the type of financial service that Subhash has offered to Bhuvan.
2. Briefly state any four points highlighting the importance of the type of financial service identified in part (a)

Q. 5. 'Madhur Milan' is a popular online matrimonial portal. It seeks to provide personalized match making service. The company has 80 offices in India, and is now planning to open offices in Singapore, Dubai and Canada to cater to its customers beyond the country. The company has decided to opt for the sources of equity capital to raise the required amount of capital.

In context of the above case:

1. Identify and explain the type of risk which increases with the higher use of debt.
2. Explain briefly any four factors because of which you think the company has decided to opt for equity capital.

Q. 6. Wooden Peripheral Pvt. Ltd. is counted among the top furniture companies in Delhi. It is known for offering innovative designs and high quality furniture at affordable prices. The company deals in a wide product range of home and office furniture through its eight showrooms in Delhi. The company is now planning to open five new showrooms each in Mumbai and Bangalore. In Bangalore it intends to take the space for the showrooms on lease whereas for opening showrooms in Mumbai, it has collaborated with a popular home furnishing brand, 'Creations.'

1. Identify the factors mentioned in the paragraph which are likely to affect the fixed capital requirements of the business for opening new showrooms both in Bangalore and Mumbai separately.
2. "With an increase in the investment in fixed assets, there is a commensurate increase in the working capital requirement." Explain the statement with reference to the case above.

Q. 7. Krishna Ltd. is manufacturing steel at its plant at Noida. Due to economic growth, the demand for steel is also growing. The company is planning to set up a new steel plant at Gurgaon. It needs Rs. 800 crore to start the new plant. It decides to raise Rs. 300 crore through debentures, Rs. 200 crore through long-term loan from banks and Rs. 200 crore by issue of equity share to the public. It decided to finance the remaining amount by utilizing its reserves and surplus.

1. State the importance of financial planning for this company.
2. What is the capital structure of this company? Explain.
3. Identify the financial decision involved when the company decides to raise Rs. 800 crore from different sources of funds.
4. How will the dividend decision of Krishna Ltd. be affected? Explain. (6 marks)

Q. 8. Cost of debt is less than cost of equity. Still a company cannot go with entire debt. Why? (3 marks)

Q. 9. Amar is doing his transport business in Delhi. His buses are generally used for the tourists going to Jaipur and Agra. Identify the working capital requirement of Amar giving reason in support of your answer. Further Amar wants to expand and diversify his Transport business. Enumerate any four factors that will affect his fixed capital requirements. (3Marks)

Q. 10. Yogesh, a business man is engaged in publishing and selling of Ice-creams. Identify the working capital requirement of Yogesh giving reason in support of your answer. (1 Mark)

Q. 11. Manish is engaged in business of garments manufacturing. Identify the working capital requirement of Manish giving reason in support of your answer. (1 Mark)

Q. 12. The directors of a manufacturing company are thinking of issuing Rs. 20 crores worth additional debentures for expansion of their production capacity. This will lead to an increase in debt equity ratio from 2 : 1 to 3 : 1. What are the risks involved in it? What factors other than risk do you think the directors should keep in view before taking the decision? Name any four factors. (3 Marks)

Q. 13. Amit is running an 'Advertising agency' and earning a lot by providing this service to big industries. State whether the working capital requirement of the firm will be 'less' or 'more'. Give reason in support of your answer. (1 Mark)

Q. 14. Tata International Ltd. earned a net profit of Rs. 50 crores. Ankit the finance manager of Tata International Ltd. wants to decide how to appropriate these profits. Identify the decision that Ankit will have to take and also discuss any five factors which help him in taking this decision. (6 Marks)

Q. 15. Shalini, after acquiring a degree in Hotel Management and Business administration took over her family food processing company of manufacturing pickles, jams and squashes. The business was established by her great grandmother and was doing reasonably well. However the fixed operating costs of the business were high and the cash flow position was weak. She wanted to undertake modernization of the existing business to introduce the latest manufacturing processes and diversify into the market of chocolates and candies. She was very enthusiastic and approached a finance consultant, who told her that approximately Rs. 50 lakh would be required for undertaking the modernization and expansion programme. He also informed her that her stock market was going through a bullish phase.

1. Keeping the above considerations in mind, name the source of finance Shalini should not choose for financing the modernization and expansion of her food processing business. Give one reason in support of your answer.

2. Explain any two other factors, apart from those stated in the above situation, which Shalini should keep in mind while taking this decision. (6 Marks)

Q. 16. 'Indian Logistics' has its own warehousing arrangements at key locations across the country. Its warehousing services help business firms to reduce their overheads, increase efficiency and cut down distribution time.

State with reason, whether the working capital requirements of 'India Logistics' will be high or low. (1 Mark)

Q. 17. 'Sarah Ltd.' is a company manufacturing cotton yarn. It has been consistently earning good profits for many years. This year too, it has been able to generate enough profits. There're availability of enough cash in the company and good prospects for growth in future. It is a well managed organization and believes in quality, equal employment opportunities and good remuneration practices. It has many shareholders who prefer to receive a regular income from their investments.

It has taken a loan of Rs. 40 lakhs from IDBI and is bound by certain restrictions on the payment of dividend according to the terms of loan agreement.

The above discussion about the company leads to various factors which decide how much of the profits should be retained and how much has to be distributed by the company.

Quoting the lines from the above discussion identify and explain and four such factors. (6 Marks)

Q. 18. Shubh Ltd. is manufacturing steel at its plant in India. It is enjoying a buoyant demand for its products as economic growth is about 7%-8% and the demand for steel is growing. The company has decided to set up a new steel plant to cash on the increased demand. It is estimated that it will require about Rs. 2000 crore to set up and about Rs. 500 crore of working capital to start the new plant.

1. State the objective of financial management for this company.
2. Identify and state the decision taken by the finance manager in the above case.
3. State any two common factors affecting the fixed and working capital requirements of Shubh Ltd. (6 Marks)

Q. 19. In a company profits are high and in future less scope of expansion exists. The company has decided to distribute less amount of share of profits to its shareholders.

1. Identify of share of profits to its shareholders.
2. State any one value which is affected by the company's decision. (3 Marks)

Q. 20. Storage Solution Ltd. is a large warehousing network company operating through a chain of warehouses at 40 different locations across India. The company now intends to undertake computerization of its owned ware houses as it seeks to provide better value added and cost effective

solutions for scientific storage and preservation services to the market participants dealing in agricultural products including farmers, traders, etc.

In context of the above case:

1. How is the decision to undertake computerization of owned warehouses likely to affect the fixed capital requirements of its business?
2. Name any two sources that company may use to finance the implementation of this plan.

Q. 21. Visions Ltd. is a renowned multiplex operator in India. Presently, it owns 234 screens in 45 properties at 20 locations in the country. Considering the fact that there is a growing trend among the people to spend more of their disposable income on entertainment, two years back the company had decided to add more screens to its existing set up and increase facilities to enhance leisure, food chains etc. It had then floated an initial public offer of equity shares in order to raise the desired capital. The issue was fully subscribed and paid. Over the year, the sales and profits of the company have increased tremendously and it has been declaring higher dividend and the market price of its shares has increased manifold.

In context of the above case:

1. Name the different kinds of financial decisions taken by the company by quoting lines from the paragraph.
2. Do you think the financial management team of the company has been able to achieve its prime objective? Why or why not? Give a reason in support of your answer.

Q. 22. Wireworks Ltd. is a company manufacturing different kinds of wires. Despite fierce competition in the industry, it has been able to maintain stability in its earnings and as a policy, uses 30% of its profits to distribute dividends. The small investors are very happy with the company as it has been declaring high and stable dividend over past five years.

In context of the above case:

1. State any one reason because of which the company has been able to declare high dividend by quoting line from the paragraph.
2. Why do you think small investors are happy with the company for declaring stable dividend?

Q. 23. Manoj is a renowned businessman involved in export business of leather goods. As a responsible citizen, he chooses to use jute bags for packaging instead of plastic bags. Moreover, on the advice of his friends, he decides to use jute for manufacturing aesthetic handicrafts, keeping in view the growing demand for natural goods. In order to implement his plan, after conducting a feasibility study, he decides to set up a separate manufacturing unit for producing varied jute products.

In context of the above case:

1. Identify the type of investment decision taken by Manoj by deciding to set up a separate manufacturing unit for producing jute products.
2. State any two factors that he is likely to consider while taking this decision.

Q. 24. Well-being Ltd. is a company engaged in production of organic foods. Presently, it sells its products through indirect channels of distribution. But, considering the sudden surge in the demand for organic products, the company is now inclined to start its online portal for direct marketing. The financial managers of the company are planning to use debt in order to take advantage of trading on equity. In order to finance its expansion plans, it is planning to raise a debt capital of Rs. 40 lakhs through a loan @ 10% from an industrial bank. The present capital base of the company comprises of Rs. 9 lakh equity shares of Rs. 10 each. The rate of tax is 30%.

In the context of the above case:

1. **What are the two conditions necessary for taking advantage of trading on equity?**
2. **Assuming the expected rate of return on investment to be same as it was for the current year i.e. 15%, do you think the financial managers will be able to meet their goal. Show your workings clearly.**

Q. 25. 'Ganesh Steel Ltd.' is a large and credit-worthy company manufacturing steel for the Indian market. It now wants to cater to the Asian market and decides to invest in new hi-tech machines. Since the investment is large, it requires long-term finance. It decides to raise funds by issuing equity shares. The issue of equity shares involves huge floatation cost. To meet the expenses of floatation cost the company decides to tap the money-market.

1. **Name and explain the money-market instrument the company can use for the above purpose.**
2. **What is the duration for which the company can get funds through this instrument?**
3. **State any other purpose for which this instrument can be used.**

ANSWERS

Ans 1.

1. Investment decision has been taken by Arun. Investment decision seeks to determine as to how the firm's funds are invested in different assets. It helps to evaluate new investment proposals and select the best option on the basis of associated risk and return. Investment decision can be long term or short-term. A long-term investment decision is also called a Capital Budgeting decision
2. The three factors mentioned in the paragraph which are likely to reduce the working capital requirements of his business are as follows:
 1. Available of raw material:
 2. Production cycle:
 3. Credit availed:

Ans 2.

1. As a financial manager of the company, I will opt for debt to raise the required amount of capital.
I support my decision by giving the following reasons:

1. Interest coverage ratio:
 2. Tax rate:
2. The shareholders of the company are likely to gain from the issue of debt by the company because the return on investment is higher. It helps a company to take advantage of trading on equity to increase the earnings per share.

Ans 3.

1. Computer Tech Ltd. has been paying dividends at high rate to its shareholders over the past five years because of the following reasons:
 - Earnings:
 - Cash flow position:
 - Access to capital market:
2. This year the company is likely to follow a conservative dividend policy because of the following reasons:
3. The cash flow position of the company is not good and dividends are paid in cash.
4. The company may like to retain profits to finance its expansion projects. Retained profits do not involve any explicit cost and are considered to be the cheapest source of finance.

Ans 4.

1. Financial planning is the type of financial service that Subhash has offered to Bhuvan.
2. The four points highlighting the importance of financial planning are as follows:
 1. It ensures smooth running of a business enterprise by ensuring availability of funds at the right time.
 2. It helps in anticipating future requirements of a funds and evading business shocks and surprises.
 3. It facilitates co-ordination among various departments of an enterprise like marketing and production function, through well-defined policies and procedures.
 4. It increases the efficiency of operations by curbing wastage of funds, duplication of efforts, and gaps in planning.

Ans 5.

1. Financial risk of the company increases with the higher use of debt. This is because issue of debt involves fixed commitment in terms of payment of interest and repayment of capital. Financial risk refers to a situation when a company is unable to meet its fixed financial charges.
2. The factors because of which the company has decided to opt for equity capital are as follows:
 - Capital market conditions:
 - Fixed operating cost:
 - Cash flow position:
 - Risk:

Ans 6.

1. The fixed capital requirements of Wooden Peripheral Pvt. Ltd. for opening new showrooms in Bangalore will be relatively less as its taking space on lease, so only rentals have to be paid.

Similarly, its fixed capital requirement for opening showrooms in Mumbai will be reduced as its going to share the costs with another company through collaboration.

2. It's true that, "With an increase in the investment in fixed assets, there is a commensurate increase in the working capital requirements," Like in the above case, Wooden Peripheral Pvt. Ltd. is planning to investment in new showrooms. Consequently, its requirement of working capital will increase s it will need more money to stock goods, pay electricity bills and salaries to staff. Also, it intends to take the space for the showrooms I Mumbai on lease so it will have to pay rentals.

Ans 7.

1. Financial planning will help the company in avoiding business shocks and surprises. It will reduce waste and duplication of efforts.
2. Capital structure refers to the mix between owners funds and borrowed funds. It is calculated as debt equity ratio

i.e., Debit.

Equity

For Krishna Ltd.

Debt = Debentures + Long tgerm loans from banks = 300 + 200 = Rs. 500 crore.

Equity = Share capital + Reserves and surplus (or retained earnings)

= 200 + 100 = Rs. 300 crores.

Therefore, debt equity ratio = $\frac{500}{300} = 1.67 : 1$

300

1. Financing decision
2. Since the company have growth opportunities of setting up a new steel plant at Gurgaon, it retains Rs. 100 crore out of profits to finance the required investment. So, it is likely to pay less dividend. However, since the company makes more debt financing than funding through equity, it implies that cash flow position of the company is strong. Therefore, it can pay higher dividend.

Ans 8. Because debt is more risky for a business, since payment of interest and return principal amount is compulsory for the business. Any default in meeting these commitments may force the business to go into liquidation. That is, increased use of debt increases financial risk of a business (*the chance that a firm would fail to pay interest on debt and the principal amount*).

Ans 9. Working capital requirements of Amar would be less as it is a SERVICE industry.

Factors which will affect his fixed capital requirements are:

1. Scale of operations
2. Financing alternatives
3. Growth prospects
4. Diversification

Ans 10. Working capital requirements of Yogesh would be less as it is a TRADING business.

Ans 11. Working capital requirements of Manish would be less as it is a MANUFACTURING business. So raw material needs to be converted into finished goods before any sales can become possible.

Ans 12. Higher use of debt increases the fixed financial charges of a business because payment of interest and return of principal amount is compulsory. Any default in meeting these commitments may force the business to go into liquidation. As a result, increased use of debt increases the financial risk of a business. Financial risk is the chance that a firm would fail to meet its payment obligations.

Other factors affecting this decision are:

1. Cost
2. Cash flow position
3. Control
4. Return on investment (ROI)

Ans 13. Less working capital is required as service industries which usually do not have to maintain inventory require less working capital.

Ans 14. Dividend decision

Factors affecting dividend decision.

1. Earnings:
2. Stability of earnings:
3. Stability of dividends:
4. Growth opportunities:
5. Cash flow position:

Ans 15.

1. Debt

Any one reason

1. Due to weak cash flow position, the firm may not be able to honour fixed cash payment obligations.
 2. Increased fixed operating cost will increase the business risk therefore debt should not be issued as it further increases the financial risk.
 3. The stock market condition being bullish, the investors will prefer to buy equity shares.
-
1. Other factors which Shalini would keep in mind are:
 1. Return on Investment
 2. Tax rate

Ans 16. Low, as it is a service industry, which usually do not have to maintain inventory.

Ans 17. Factors affecting dividend decision: (Any four)

1. Stability of earnings

It has been consistently earning good profits for many years'.

Stability of earnings affects dividend decision as a company having stable earnings is in a position to declare higher dividends.

1. Cash Flow position

'There is available of enough cash in the company'.

A good cash flow positions is necessary for declaration of dividend.

1. Growth Prospects

'Good prospects for growth in the future.'

If a company has good growth opportunities, it pays out less dividend.

1. Shareholders' preference

'It has many shareholders who prefer to receive regular income from their investments.'

Shareholder's preference is kept in mind by the management before declaring dividends.

1. Contractual constraints

'It has taken a loan of Rs. Rs. 40 Lakhs from IDBI and ... agreement.'

Which taking dividend decision, companies keep in mind the restrictions imposed by the lenders in the loan agreement.

Ans 18.

1. Objectives of financial management of this company are:

1. To ensure availability of sufficient funds from different sources at reasonable costs.
2. To ensure effective utilization of such funds.
3. To ensure safety of funds procured by creating reserves, reinvesting profits, etc.

Value: Maximisation of shareholders' wealth.

1. Investment decision

It relates to how the firm's funds are invested in different assets – fixed assets and working capital.

1. Factors affecting fixed and working capital requirements of Shubh Ltd.:

1. Nature of business:
2. Scale of operations:

Ans 19.

1. Dividend decision

This decision involves how much of the profit earned by the company (after paying tax) is to be distributed to the shareholder and how much of it should be retained in the business.

1. Value affected: Shareholders' wealth will not be maximized.

Ans 20.

1. The decision to undertake computerization of owned warehouses will increase the fixed capital requirements of its business both in present and future as after sometime, the technology being used will become obsolete and need up gradation.
2. The company may use retained earnings and take loans from financial institutions to implement this plan.

Ans 21.

1. The different kinds of financial decisions taken by the company are as follows:
 - Investment decision:
 - Financing decision:
 - Dividend decision:
2. Yes, the financial management team of the company has been able to achieve its prime objective i.e. wealth maximization of the shareholders by maximizing the market price of the shares of the company.

Ans 22.

1. *Stability in earnings:*

“Despite fierce competition in the industry, it has been able to maintain stability in its earnings.”

1. The small investors are happy with the company for declaring stable dividend as they enjoy a regular income on their investment.

Ans 23.

1. Capital budgeting decision has been taken by Manoj.
2. The factors affecting Capital Budgeting Decision are as follows:

1. Cash inflows:
2. Rate of return:

Ans 24.

1. The two conditions necessary for taking advantage of trading on equity are:
 - The rate of return on investment should be more than the rate of interest.
 - The amount of interest paid should be tax deductible.

2.

Sources	Situation 1 Amount (in Rs.)	Situation 2 Amount (in Rs.)
Equity shares	90,00,000	90,00,000
10% Debentures	NIL	40,00,000
Total Capital	90,00,000	1,30,00,000
EBIT	13,50,000	19,50,000
Less: Interest	--	- (4,00,000)
EBT	13,50,000	15,50,000
Less: Tax @ 30%	- (4,05,000)	- (4,65,000)
EAT	9,45,000	10,85,000
No. of shares of Rs. 10 each	9,00,000	9,00,000
EPS	$9,45,000/9,00,000 = 105$	$10,85,000/9,00,000 = 121$

Yes, the financial managers will be able to meet their goal as the projected EPS, with the issue of debt, is higher than the present EPS.

Ans 25.

1. Commercial Paper:

It is a unsecured promissory note issued by large and credit worthy companies to raise short terms funds at lower rates of interest than the prevailing market rates.

1. 15 days to one year.
2. It can also be used for seasonal and working capital needs

Case Studies – (Chapter - 10) Financial Market

Q. 1. Supriya's grandmother who was unwell, called her and gave her a gift packet. Supriya opened the packet and saw many crumpled share certificates inside. Her grandmother told her that they had been left behind by her late grandfather.

As no trading is now done in physical form, Supriya wants to know the process by adopting which she is in a position to deal with these certificates.

1. Identify and state the process.
2. Also give two reasons to Supriya
3. why dealing with shares in physical form had been stopped. (3 Marks)

Q. 2. The directors of a company want to modernize its plant and machinery by making a public issue of shares. They wish to approach the stock exchange, while the finance manager prefers to approach a consultant for the new public issue of shares. Advise the directors whether to approach the stock exchange or a consultant for new public issue of shares and why. Also advise them about different methods which the company may adopt for the new public issue of shares. (3 Marks)

Q. 3. Reshu's father has gifted her shares of a large cement company, with which he had been working. The securities were in physical form. She already has a bank account and does not possess any other forms of securities.

She wished to sell the shares and approached a registered broker for the purpose. Mention one mandatory detail which she will have to provide with the broker. (1 Mark)

Q. 4. Saqib Ltd. is a large credit worthy company operating in the Kashmir Valley. It is an export oriented unit, dealing in exclusive embroidered shawls. The floods in the valley have created many problems for the company. Many craftsmen and workers have been dislocated and raw material has been destroyed. The firm is therefore, unable to get an uninterrupted supply of raw material, and the duration of the production cycle has also increased. To add to the problems of the organization, the suppliers of raw material who were earlier selling on credit are asking the company, for advance payment or cash payment on delivery. The company is facing a liquidity crisis. The CEO of the company feels that taking a bank loan is the only option with the company to meet its short term shortage of cash. As a finance manager of the company name and explain the alternative to bank borrowing that the company can use to resolve the crisis. (3 Marks)

Q. 5. 'Ganesh Steel Ltd.' is a large and credit-worthy company manufacturing steel for the Indian market. It now wants to cater to the Asian market and decides to invest in new hi-tech machines. Since the investment is large, it requires long-term finance. It decides to raise funds by issuing equity shares.

The issue of equity shares involves huge floatation cost. To meet the expenses of floatation cost the company decides to tap the money market.

1. Name and explain the money-market instrument the company can use for the above purpose.
2. What is the duration for which the company can get funds through this instrument?
3. State any other purpose for which this instrument can be used. (4 Marks)

Q. 6. The Trading Procedure on Stock Exchange has been replaced by on-line screen based electronic trading system. This is mainly done to eliminate problems like theft, fake/forged transfers, transfer delays and paper work associated with share certificates or debentures in physical form. This is a process where securities held by the investor in the physical form are cancelled and the investor is given an electronic entry or number so that he/she can hold it as an electronic balance in an account. This has increased the equity cult among the people.

1. Identify and state the process mentioned above.
2. What is the most important requirement for the process identified in (a)? State.
3. State any two values which you think have enhanced the equity cult in the society.

Q. 7. Sakshi Ltd, a well known real estate company has managed to carve a niche for itself in this sector. Recently, it was revealed that the directors of the company have used price sensitive information for their own personal interest Adequate public disclosures were also not made. SEBI is considering action against these directors.

1. Name the term used for trading malpractice done by the directors of this company.
2. Identify any two values that the company should have adhered to in order to gain the trust of its investors.

Q. 8. 'R' Limited is a real estate company which was formed in 1950. In about 56 years of its existence the company has managed out from a niche for itself in this sector. Lately this sector is witnessing a boom due to the fact that the Indian economy is on the rise. The income of middle class are rising. More people can afford to buy homes for themselves due to easy availability of loans and accompanying tax concession.

To expand its business in India and abroad the company is weighing various options to raise money through equity offerings in India. Whether to tap equity or debt market whether to raise money from domestic market or international market or combination of both? Whether to raise the necessary finance from money market or capital market. It is also planning to list itself in New York Stock Exchange to raise money through ADR.

To make its offering attractive it is planning to offer lots of financial plans, products to its stakeholders and investors and also explain its listing at NSE after complying with the regulations of SEBI.

1. What are the regulation so SEBI that company must comply with?

Q. 9. A company require Rs. 2 crore for inventory, payment of wages, salaries, maintaining bank balance, etc.

- 1. Suggest which financial market company may approach and why?**
- 2. State the instruments to raise finance in that market.**

Q. 10. Few years ago, there were many malpractices, unfair trade practices and frauds and scams were taking place in stock Exchange. All these affected investor's confidence, faith and trust in Stock Exchange. The Government of India decided to set up a separate body for this purpose who was given control of stock exchange. This separated ownership and control of stock exchange.

- 1. Name the concept which separate the ownership and control of stock exchange.**
- 2. Name the body set up by the government of India to contract the stock exchange.**
- 3. State the objectives of that regulating body.**

Q. 11. Mr. Vikas Mehra was the Chairman of IBM Bank. The bank was earning good profits. Shareholders were happy as the bank was paying regular dividends. The market price of their shares was also steadily rising. The bank was about to announce the taking over of 'UK Bank'. Mr. Vikas Mehra knew that the share price of IBM Bank would rise on this announcement. Being a part of the bank, he was not allowed to buy shares of the bank. He called one of his rich friends Mukand and asked him to invest Rs. 4 crores in the shares of his bank promising him the capital gains. As expected, after the announcement, the share prices went up by 50% and the market price of Mukand's shares was now Rs. 6 crores. Mukand earned a profit of Rs. 2 crores. He gave Rs. 1 crore to Vikas Mehra and kept Rs. 1 crore with him. On regular inspection and by conducting enquiries of the brokers involved, the Securities and Exchange Board of India (SEBI) was able to detect this irregularity. SEBI imposed a heavy penalty o Vikas Mehra.

Quoting lines from the above paragraph, identify and state any two functions performed by the SEBI in the above case.

Q. 12. Mission Coach Ltd. is a large creditworthy company that manufactures coaches for the Indian Railways. It now wants to export these coaches to other countries and decides to invest in new hi-tech machines. Since the investment is large, it requires long-term finance. It decides to raise funds by issuing equity shares. The issue of equity shares involves huge floatation cost. To meet the expenses of floatation cost, the company decides to tap the money market.

- 1. Name the explain the money-market instrument the company can use for the above purpose.**
- 2. What is the duration for which the company can get funds through this instrument?**
- 3. State any other purpose for which this instrument can be used.**

Q. 13. Incorporated in 1990. Raju Dairy Ltd., is one of the leading manufacturers and marketers of dairy-based branded foods in India. In the initial years, its operations were restricted only to collection and distribution of milk. But, over the years it has gained a reasonable market share by

offering a diverse range of dairy based products including fresh milk, flavoured yogurt, ice creams, butter milk, cheese, ghee, milk powders etc. in order to raise capital to finance its expansion plans. Raju Dairy Ltd. has decided to approach capital market through a mix of Offer for sale of Rs. 4 crore shares and a public issue of Rs. 2 crore shares.

In context of the above case:

1. Name and explain the segment of capital market being approached by the company.
2. Identify the two methods of floatation used by the company to raise the required capital. Give one difference between them.

Q. 14. Harsh works as a manager in a software company. He opened a Demat account with a broking house in order to trade in securities with the money he received as his first performance bonus. Since then he has been very active in stock trading under the guidance of a stock broker. However, when he was hospitalized for a few days this year, his wife received several calls from the his stock broker for permission to transact on Harsh's behalf. Though she told him to wait till her husband had recovered, the stock broker went ahead and executed the transactions. When Harsh got home from hospital, he discovered that the unauthorized transactions had led to a loss for him.

Harsh complained to the broking house, but they claimed he had authorized the transactions. Keeping in new, the guidelines issued by the National Stock Exchange that he had read in the national newspaper Harsh demanded proof and threatened to file a complain. Since, the broking house had no evidence that the deals had been authorized they made good the loss that Harsh had incurred due to the transaction.

In the context of the above case?

1. What is a Demat account?
2. Who is acting as the depository participant for Harsh?
3. Name the document that is illegally enforceable and helps to settle the claims between the investor and the broker.

Q. 15. Ketan won a cash prize of Rs. 20,000 in the National level Robotics Competition. On the advise of his father, he visits a nearby bank to open a Fixed deposit account in his name with the prize money. His sister Suhasini accompanied him to the bank. On reaching the bank, he notice big banners which are placed within the premises containing information about the various arrangements through which corporates may raise their capital through the bank. Being a finance graduate, Suhasini explains to Ketan that banks play the role of the financial intermediary by helping in the process of channelizing the savings of the households into the most profitable business ventures.

In context of the above case:

1. Name another financial intermediary that helps in the process of channelizing the savings of the households into the most productive use.
2. Also, outline any two functions of another financial intermediary as identified in part (a)

Q. 16. Ragu works as a waiter in a five star hotel in Mumbai. While serving the customer he overhears him at the table saying that he has made profits higher than expected by investing in securities market. So, Ragu also decides to make a nominal investment from his savings in the stock market in pursuit of higher gains.

In context of the above case:

As a financial consultant, apprise him of the steps involved in the working of a Demat system.

Q.17. Sumita is a professor in a reputed business institute. While explaining the procedure of stock exchange trading, she shared with her students that many years back she had bought 200 shares of a leading automobiles company. As per the settlement procedure she paid for the shares and received the share certificates in physical form. However, when she had sent those certificates to the company to get them endorsed in her name, she was informed by the company that those certificates were duplicate.

Therefore, in order to protect the investors from many such malpractices, now only screen – based trading is done and dematerialization is compulsory.

In context of the above case:

- 1. What is screen based trading?**
- 2. Give the meaning of 'dematerialization'. State any two of its advantages.**

Q. 18. Madhav's is one of the India's most trusted brands in Indian sweets and snacks segment. The company has manufacturing plants in Kota, Kanpur, New Delhi, and Mumbai. Madhav's has its own retail chain stores and a range of restaurants in these cities. Now, the company plans to extend its business in 12 more cities in India. In order to raise the funds, its directors have decided to float a public issue through prospectus. Besides, it intends to raise money to meet the floatation cost in terms of brokerage, underwriting commission, advertising etc.

In context of the above case:

- 1. What is the other name used for the funds required to meet floatation costs?**
- 2. Describe briefly the short term instrument popularly used by the companies to raise for the funds required to meet floatation costs. Who can issue them?**
- 3. Distinguish between the two types of financial markets that the company intends to approach to meet its financial needs.**

Q. 19. During navratras, Varun finalizes a deal to buy a new house. So, he visits a nearby branch of 'Subh Bank' to withdraw Rs. 10 lakhs from his account in order to pay the token money to the seller. In the bank he observes that a large number of customers are present to make cash withdrawals, probably because it is an auspicious time to make purchases. After sometime, he overhears one of the bank staff members telling his colleague that, "Today 'Shubh Bank' is likely to fall short of cash and to make up for the deficit and maintain its cash reserve ratio it will have to approach another bank."

In context of the above case:

1. Identify the instrument that 'Shubh Bank' will use to meet its short term requirements of funds.
2. State any three feature of the instrument as identified in part (a).

ANSWERS

Ans 1.

1. Dematerialization – It is a process where securities held by the investor in physical form are cancelled and the investor gives an electronic entry or number so that she/he can hold it as an electronic balance in an account
2. Problems with dealing in physical form - (any two)
 1. Theft
 2. Fake/forged transfers
 3. Transfer delays
 4. Paper work associated with share certificates or debentures held in physical form.

Ans 2. The directors should approach a consultant for new public issue of shares. The stock exchanges deal with sale and purchase of existing securities only, not in new issue of securities.

Different methods which the company may adopt for the new public issue of shares:

1. Offer through prospectus
2. Offer for sale
3. Private placement
4. Rights issue
5. E-IPOs.

Ans 3. Permanent account Number (PAN)

Ans 4. Commercial Paper: It is a short term unsecured promissory note, negotiable and transferable by endorsement and delivery with a fixed maturity period. It is issued by large and creditworthy companies to raise short term funds at low companies that are generally considered to be financially strong.

Ans 5.

1. Commercial paper
2. 15 days to one year
3. It can also be used for seasonal and working capital needs.

Ans 6.

1. Dematerialization – It is the process of holding securities in an electronic form.
2. For this, the investors has to open a 'Demat account' with a depository participant (DP) for holding and transferring securities in the demat form. He / She will also have to open a bank account for cash transactions in the securities market.
3. Values:
 - Fair dealings (i.e., no danger of loss, theft or forgery of share certificates)
 - Transparency (i.e., participants can see the prices of all securities during real time)
 - Increased efficiency of information (i.e., computer screens displays information on prices)
 - Increased efficiency of operations (i.e., reduction in time, cost and risk error) (any two)

Ans 7.

1. Insider trading
2. Values:
 - Protection and promotion of investors' interests
 - Transparency

- Efficiency of information
 - Efficiency of operations
- (any two)

Ans 8. Explain regulatory functions,

Ans 9.

1. Money market is the market from where it can raise money to fulfill its requirement. The reason is company require money for working capital i.e. maximum for 1 year and market for short-term is money market.
2. The instrument to raise money in money market are:
 1. Call money
 2. Treasury bill
 3. Commercial bill
 4. Commercial paper
 5. Certificate of deposit.

Ans 10.

1. The concept which separate ownership and control is called as demutualization.
2. The regulatory body set up by government of India is "SEBI" Securities Exchange Board of India.
3. The objectives of SEBI are:

The overall objectives of SEBI are to protect the interest of investors and to promote the development of stock exchange and to regulate the activities of stock market. The objectives of SEBI are:

Ans 11. The two functions performed by SEBI in the given case are stated below:

1. Regulatory function is being performed by SEBI: "on regular inspection and conducting inquiries of the brokers involved."
2. Protective function is performed by SEBI: "The SEBI imposed heavy penalty on Mr. Vikas Mehra."

Ans 12.

1. Commercial Papers can be used for Bridge financing by Mission coach Ltd. as it is issued by large and credit worthy companies. The instrument is in the form of an unsecured promissory note and it freely transferable by endorsement. It is sold at discount and redeemed at par.
2. Its maturity period may range from a fortnight to a year.
3. It is also used to meet the short term seasonal and working capital requirements of a business enterprise.

Ans 13.

1. Primary market is the segment of capital market being approached by the company. It is also known as the new issue market as the securities are issued for the first time by the companies through this market.
2. The two methods of floatation used by the company to raise the required capital are –

Issue through prospectus and Offer for sale.

In case of issue through prospectus, the company approaches the members of the general public directly by issuing a prospectus whereas in case of Offer for sale, the company approaches members of the general public indirectly through intermediaries like issuing houses, stock brokers etc.

Ans 14.

1. A Demat account is an account used for holding securities in electronic form.
2. The Broking house is acting as the depository participant for Harsh.
3. A contract note is a legally enforceable document that helps to settle the claims between the investor and the broker.

Ans 15.

1. Financial markets is the other financial intermediary that helps in the process of channelizing the savings of the households into the most productive use.

Ans 16. Ragu will have to initiate the following steps for trading through a Demat system:

Ans 17.

1. Screen – based trading refers to the process of buying or selling securities online.

Ans 18.

1. Bridge financing is the other name used for the funds required to meet floatation costs.
2. Commercial Papers
3. Capital Market and Money Market.

Ans 19.

1. Call money is the instrument used by 'Subh Bank' to meet its short term requirements of funds.
2. Three features of call money.

Case Studies –(Chapter - 11) Marketing Management

Q. 1. Zoom Udyog, a car manufacturing Co., has started its business with Zoom 800 and slowly launched Zoom-1000, Wagon-Z, Swy-fy etc. and offered various services like after sale services, availability of spare parts etc. Identify the element of marketing mix referred here. (1 mark)

Q. 2. Radha found a worm crawling out of newly opened tetra pack of a juice manufactured by a reputed company, Zest, Ltd. She went back to the shopkeeper from whom the pack was purchased who directed her to call up the customer care centre. When all her efforts failed, she went to a consumer activist group to seek help. The group decided to help Radha and taken measures to impose restrictions on the sale of the firm's products of the particular batch and urge customers to refrain from buying the products of the company. Zest Ltd. lost its image in the market. The CEO gives the responsibility of bringing back the lost image of the company to a Manager.

1. Identify the concept of Marketing Management which will help the Manager getting the firm out of the above crisis.
2. Also explain the role of above identified concept by stating any two points. (4 Marks)

Q. 3. The manager of Impact Enterprise, dealing in cosmetics, is facing the problem of poor sales. Suggest the four promotional measures that he can undertake to improve the sales. Also, name the factors affecting their choice. (4 Marks)

Q. 4. A mobile company is launching a new high tech mobile phone in the market. Which department is going to look into the techniques of promoting it?

(1 Mark)

Q. 5. Identify the Marketing Management philosophy adopted in the following cases:

1. Mansi, a shoe manufacturer for school students, decided to maximize her profit by producing and distributing at large scale and thereby reducing the average cost of production.
2. Nisha, a school bag manufacturer decided to improve the product for profit maximization and thus added a water bottle holder to the existing design.
3. Jasdeep, a dealer in school uniforms, decided to maximize his profit by using different aggressive promotional efforts.
4. Amar is engaged in manufacturing of refrigerators. He surveyed the market and found that customers need a refrigerator with a separate provision of water cooler in it. He decided to launch the same refrigerator in the market. (4 Marks)

Q. 6. Identify the method of sales-promotion in the following cases:

1. A mobile company offers a discount of Rs. 1000 to clear off excess inventory.
2. A customer gets Rs. 5 off on return of an empty wrapper while making a new purchase of the same product.
3. A Company offers a pack of 1/2kg of sugar with the purchase of a 5 kg bag of wheat flour.
4. A Company offers 40% of extra shaving cream in a pack of 500 gms.
5. Scratch a card and get a gold coin with the purchase of a cold drink.
6. Purchase goods worth Rs. 50,000 and get a holiday package worth Rs. 10,000 free. (6 Marks)

Q. 7. 'Various tools of communication are used by the marketers to promote their products.'

1. Why do companies use all tools at the same time?
2. Name and explain the most commonly used non-personal tool of promotion which is paid for by the marketer.
3. Which tool of promotion will primarily be used for the following?
 1. To promote or protect a company's image or its individual products.
 2. An existing product meant for mass usage by literate people.
 3. To introduce a new product to a particular class of people through door-to-door visits.
 4. To attract attention of the people by using incentives. (6 marks)

Q. 8. Good Living Ltd. manufactures mosquito repellent tablets. These tablets are packed in strips of 12 tablets each. Each of these strips are packed in a cardboard box, 48 such boxes are then placed in a big corrugated box and delivered to various retailers for sale. State the purpose of packaging the tablets in a corrugated box. (1 Mark)

Q. 9. Shreemaya Hotel in Indore was facing problem of low demand for its rooms due to off season. The Managing Director (MD) of the hotel, Mrs. Sakina was very worried. She called upon the Marketing Manager, Mr. Kapoor for his advice. He suggested, that the hotel should announce an offer of '3 days and 2 Nights hotel stay package with free breakfast and one day religious visit to Omkarehswar and Mahakaleshwar Temples'. The MD liked the suggestion very much. Identify the promotional tool, which can be used by the hotel through which large number of prospective pilgrimage tourists, all over the country and also abroad, can be reached, informed and persuaded to use the incentive. (1 Mark)

Q. 10. "Every time I travelled, people asked me to bring them chips, khakra and pickles from all over the country," says Anoushka. Finally, she and her colleague, Sumemet, decided to make out of it. They launched a face book bags, asked people what they wanted, and they came up with a list of about 100 places and tried up with two dozen vendors to begin with. They were servicing people from Jaipur who wanted spices from Kerala, people from Panipat who wanted

halwa from Jammu and people from Delhi who ordered for fresh tea leaves from Darjeeling. Through their business they wished to bridge the gap between sellers and buyers. The business is now worth millions.

Explain any two important activities that Anoushka and Sumeet will have to be involved in for making the goods available to the customers at the right place, in the right quantity and at the right time. (4 Marks)

Q. 11. 'Beauty Products Ltd.' is a natural and ethical beauty brand famous for offering organic beauty products for men and women. The company uses plant based materials for its products and is the No. 1 beauty brand in the country. It not Identify the marketing management philosophy being following by 'Beauty Products Ltd.' (1 Mark)

Q. 12. 'Haryaram' is a famous chain selling a large variety of products in the Indian market. Their products include chips, biscuits, sweets and squashes. It charges a comparatively higher price than its competitors as it sells quality products. Besides, it offers regular discounts to its customers and easy credit terms to its retailers. It has five of its own retail shops. It also sells its products through various grocery stores so that the products are made available to customers at the right place, in the right quantity and at the right time. It regularly uses different communication tools to increase its sales.

The above para describes the combination of variables used by Haryaram to prepare its market offering. Identify and explain the variables. (6 Marks)

Q. 13. 'Maruti Vega Ltd.' entered into the market with coloured television and have now introduced products like audio systems, air-conditioners, washing machines, etc. the company is not only offering the products but also handling complaints and offering after-sales services. Identify the element of marketing-mix discussed here. (1 Mark)

Q. 14. Radhika was a student of Business Studies of Class XII. Her father was a farmer who grew different varieties of rice and was well-versed about various aspects of rice cultivation. He was also selected by the government for a pilot-project on rice cultivation. As a project-work in Business Studies she decided to study the feasibility of marketing good quality rice at a reasonable price. Her father suggested her to use internet to gather customers' views and opinions. She found that there was a huge demand for packaged organic rice. She knew that there were no pre-determined specification in case of rice because of which it would be difficult to achieve uniformity in the output. To differentiate the product from its competitors, she gave it the name of 'Malabari Organic Rice' and classified it into three different varieties

namely – Popular,, Classic and Supreme, based on the quality. She felt that these names would help her in product differentiation.

Explain the three function of marketing, with reference to the above paragraph. (6 Marks)

Q. 15. A Company was marketing water purifiers which were very popular due to their quality and after sales services provided to the customers. The company was a leading company in the market and earning huge profits. Because of huge profits, the company ignored the after sales services. As a result, its relations with customers got spoiled and the image of the company was damaged in the public. The top management became concerned when the profits for the current quarter fell steeply. On analysis, it was revealed that ignoring the after sales services was its reasons. Therefore, the company took all possible measures to protect and promote its favourable image in the eyes of the public. As a result, the goodwill of the company improved in the society.

1. **Name and state the communication tool used by the marketer in the above case to improve its image.**
2. **Also explain role of the tool as identified in part (a)**

Q.16. Crackers Ltd., a fire-cracker manufacturing company launched some new products on eve of Diwali which attracted many buyers. To meet the increased demand, the company employed children from nearby villages. Although the product was in great demand, appropriate safety warning for use were not mentioned on the packets that led to many accidents.

1. **Identify and explain the important product-related decision that was not taken into consideration by the company.**
2. **Also, identify any two values which were violated by the company.**

Q. 17. ABC Crackers Ltd., a fire-cracker manufacturing company, launched some new products on the eve of Diwali in the market which attracted many buyers. To meet the increasing demand, the company employed people from nearby villages where there was a lot of unemployment. Because of the good behavior of the management with the employees, more and more people wanted to join the company. As the products were in great demand in the market, a competitor imitated the products. The products of the competitor were not accepted by the consumers as it was a status symbol to buy the products of ABC Crackers Ltd. because of their quality.

1. **Identify and explain the product-related decision because of which consumers preferred the products of ABC Crackers Ltd.**
2. **Also, identify any two values which ACB Crackers Ltd. wanted to communicate to the society.**

Q. 18. As a project work in Business Studies, the Commerce students of Himachal Public School, Himachal Pradesh thought of preparing apple jam from the apples grown in their school premises and sell it in the school annual fete. They approached the Principal who not only appreciated the students but also gave her consent for the same. The school decided to donate 50% of the revenue generated from the sale to a nearby orphanage. After the school fete, the school also decided to extend this project by providing employment to visually challenged and disadvantaged sections of society on regular basis.

- 1. Explain any two product-related decisions which the students had to take.**
- 2. Suggest any two functions that the 'label' of the jam-bottle must perform.**
- 3. Identify two values communicated to society by this project of Himachal Public School, Himachal Pradesh.**

Q. 19. Ajay was appointed as the marketing head of Alfa Enterprise, a manufacturer of toothpastes and toothbrushes. His target sale was 2000 units a month. Apart from thinking about various channels of distribution to achieve the target, he himself started visiting schools in backward areas. He found that even after taking various steps and counseling, some school children had not started brushing their teeth. He investigated and found that they could not start brushing their teeth. He investigated and found that they could not afford to buy toothbrush and toothpaste. So with due permission, he started donating 200 toothbrushes and toothpastes every month to the school.

- 1. Identify the channel of distribution Ajay would adopt for the distribution of toothpaste and toothbrushes and justify it by giving one reason.**
- 2. State any two values which Ajay wants to communicate to society.**

Q. 20. Amar is engaged in the manufacturing of refrigerators. He surveyed the market and found that customers need a refrigerator with a separate provision of water cooler in it. He decided and launched the same refrigerator in the market. Identify and explain the marketing philosophy involved.

Q. 21. Mansi, a shoe manufacturer for school students, decided to maximize profits by producing and distributing shoes on a large-scale and thus reducing the average cost of production.

- 1. Identify the marketing management philosophy adopted by Mansi.**
- 2. Explain this philosophy on the basis of the following:**
 - Main Focus**
 - Means and Ends**

Q. 22. Unilever has found a new way to make ice creams by using an ingredient called 'ice structuring protein' which is widely found in nature especially, in fishes which allows them to survive in freezing arctic waters. Combining ISP with stabilizer technology allows to make ice creams that don't melt so easily thereby making it more convenient for small children and consumer in hot countries.

In the context of above case:

- 1. Identify the component of marketing mix being taken into consideration by the company.**
- 2. Explain briefly the function of marketing highlighted here.**
- 3. List any two values that the company wants to communicate to the society.**

Q. 23. Ranger India Limited, is an automobile manufacturer in India. It makes 1.5 million family cars every year. That's one car every 12 seconds. It has a sales network of company approved retailers that spreads across 600 cities.

In the context of above case:

- 1. Identify the type of the channel of distribution adopted by the company.**
- 2. State the market related factors that are likely to affect the decision of a marketer about the choice of channel of distribution.**

Q. 24. As a global leader in the consumer electronics and entertainment industries, Sony has set forth 'Road to Zero environmental plan', to achieve a zero environmental effect by the year 2-050 by producing world-class products in a manner that both protects and promotes a healthy and sustainable planet.

In the context of above case:

- 1. Identify the marketing philosophy being implemented by the company.**
- 2. Outline the main focus and end of the relevant marketing philosophy.**
- 3. State any two values that the company wants to communicate to the society.**

Q. 25. As the number of people making online purchases has increase manifolds, there is a growing concern about the disposal and management of packaging waste. Every item bought is delivered with excess packaging and sometimes even non-biodegradable materials are used.

In the context of above case:

- 1. Name the other two levels of packaging that the marketers may be using besides the immediate package.**
- 2. Describe briefly any two points highlighting the functions of packaging.**
- 3. State any two factors that should be kept in mind by the marketers while designing the packaging of its products.**

Q. 26. Rastro Inc., is a multinational corporation that creates consumer electronics, personal computers, servers and computer software. The company also has a chain of retail stores known as Restro Stores. Despite high competition, Restro has succeeded in creating demand for its products, giving the company power over prices through product differentiation, innovation advertising and ensured brand loyalty.

In the context of above case:

1. **What is product differentiation?**
2. **Name any one function of marketing that facilitates product differentiation.**
3. **Identify the component of promotion mix being used by the company by Quoting lines form the paragraph.**
4. **Describe briefly the pricing objective pursued by the company.**

Q. 27. Reema, Vibha and Ratna are three women entrepreneurs who are engaged in dealing with handicraft goods under the brand name 'Gujkriti' through a chain of retail outlets at five different places in delhi. Their outsource all their products from tribal and rural women in the state of Rajasthan. Reema is of the opinion that in order to increase the sale of their products, they should advertise about it on television. But, Ratna is arguing that advertisement expenses will add to cost of operation. Whereas Vibha is insisting that they should set up an online portal to market their products across the globe.

In the context of above case:

1. **Identify the tool of promotion being taken into consideration by Reema by quoting lines from the paragraph.**
2. **How is the channel of distribution being suggested by Vibha different from the channel of distribution being used by them presently?**
3. **Do you think that Ratna is justified in here argument that advertisement expenses will add to cost of operations?**

Q. 28. Arvind is planning to start a company manufacturing room fresheners. He intends to use natural fruit extracts for adding fragrance to them. He estimates an investment of Rs. 20 crores to set up the factory. As it is difficult for him to raise the entire capital amount alone, he gives a partnership offer to his school friend, Sanjay who is an angel investor. Sanjay, after being convinced about the feasibility of the project, accepts his offer. Sanjay tells Arvind that they should also focus on other important decisions related to the product 'room fresheners' besides deciding about its features, variety and quality. Branding is one of the important such decision.

In the context of above case:

1. **Name any other two important decisions related to a product.**

2. **Why is branding considered as an important function by the marketers? Give any one reason in support of your answer.**
3. **State any four features of a good brand name.**

Q. 29. Suraj is a small entrepreneur involved in the manufacturing of hair wax. He finds that cost of production of 100 gm of hair wax is Rs. 250. He has decided to keep a margin of 15% as profit moreover, he has assessed that there is a free competition in this product segment.

In the context of above case:

1. **Identify the function of marketing being performed by Suraj.**
2. **State briefly the two factors that he is taking into consideration while performing the function as identified in part (a)**

Q. 30. After doing a diploma in entrepreneurship, Farihad started his own confectionary business. He started doing a lot of hard work and used the recipes taught by his grandmother in various preparations. He also learnt many recipes from online sites and television programmes. He decided to keep the price of the products low initially and also informed his customers about the goodness of the items sold by them. However, he didn't mention on the package of each item whether it contained eggs or not. As a result, vegetarian people became hesitant in buying things from his shop as they had to verbally inquire from him about the inclusion of eggs in the preparation of various items.

In the context of above case:

1. **Name the important aspect related to the marketing of products which has been ignored by Farihad.**
2. **Explain briefly any free functions performed by the aspect as identified in part (a).**
3. **Mention the right of consumer being violated by Farihad.**

Q. 31. 'Shudh Hava Ltd.' is engaged in manufacturing of air conditioners and desert coolers. The company offers a wide range of products to meet the requirements of people from varied income groups. Recently the company has developed a new product, an air purifier that improves the quality of air by filtering out all allergens and microbes. The company introduced the product on two variants namely 'Nano Tech' and 'Nano Tech Premium'. In order to persuade people to buy the product it is offering easy payment options in equal monthly installments for different time periods. Moreover, every buyer will be offered 'scratch a card' option to win instant gifts like decorative items, T-shirts etc. the company is also planning to organize competitive events based on skill and luck in various malls in different cities.

In the context of above case:

1. **Name and explain the 'type of promotion strategy' adopted by the company to boost the sales of air purifiers.**

2. Also, identify the various techniques of this promotional strategy being used by the company by quoting lines from the paragraph.
3. "The company offers a wide range of products to meet the requirements of people from varied income group." Name the relevant consumer right being promoted by the company.

Q. 32. Nischay, after completing his masters in computer engineering decided to start his own business. He visited his uncle Mr. Jaiprakash who has been running a successful business in web designing. He shared with Nischay that the main reason for his success in the business lies in his approach of building web sites according to the specifications of the clients but also providing continuous online assistance to them and handling their grievances effectively and doing all this at a profit. He provides these services at competitive prices. Anybody interested in getting the web solutions can contact him through his website. Moreover, whenever the market is sluggish he tries to create demand by offering short-term incentives to the buyers.

In the context of above case:

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

Q. 33. In today's world, through social media, news spread in a flash. Moreover, if it is bad news, it acquires a speed that is virtually impossible to stop. Hence, all corporate are more susceptible to a tarnished image today than in any other day and age. The loss of goodwill may lead to decreased revenue, loss of clients or suppliers and fall in market share. Over the year, therefore, most of the companies have set up a separate department to manage the public opinions about them. The department works in close coordination with the various interest groups like consumers, government, suppliers etc. and strives to handle effectively if any controversies arise.

In the context of above case:

1. Identify the element of promotion mix being referred to in the above lines.
2. Briefly explain any three points highlighting the role of this element of promotion mix as identified in part (a)

Q. 34. Traditional trade or karyana stores constitute 90% of the FMCG (fast moving consumer goods) business in India. HUL is the market leader in FMCG with over 60 lakh outlets. According to industry estimates, Patanjali products are currently available in two lakh traditional retail outlets. 'Availability of the product' is the single largest driver of FMCG sales. A shopper research suggests that 30% - 40% consumers shift preference if their favourite brand is not available at the store.

In the context of above case:

1. **Identify the component of marketing mix being discussed in the above liens.**
2. **State the two main decisions related to the concept identified in part (a)**
3. **Name the type of channel of distribution adopted by HUL.**

Q. 35. Arun and Rukun are good friends. After doing a fashion designing course from a reputed institute, they have set up a garment factory in the rural area of Faridabad to manufacture trendy casual wear like jeans, T-shirts, shirts etc. under the brand name 'Swatantra'. They have employed people from the nearby villages itself in the factory. Moreover, they wish to sell the products through local retailers in the villages and also through "Flipkart".

In the context of above case:

1. **Identify the elements of marketing mix being taken into consideration by Arun.**
2. **Name the two methods of marketing adopted by them.**
3. **State any two values that are being fulfilled by them.**

Q. 36. Yogesh buys a new laptop for his son Mukesh on his birthday from a company owned retail outlet. After a few months, some parts of the laptop get damaged in a road accident. Yogesh approaches the dealer to get the damaged parts replaced with the new ones. But, he is told that the company does not provide any after sale service to the customers. Yogesh feels very dissatisfied as a consumer and woes that he will never buy this companies product ever again.

In the context of above case:

1. **Identify the function of marketing being ignored by the company.**
2. **As a business advisor, suggest any two services that will be very effective in enhancing brand loyalty for any such product.**
3. **Name the appropriate redressal agency that he can approach in case he decides to file a case against the dealer.**

Q. 37. Mr. Rajiv wants to buy LCD T.V. for his family. Now he has come to Jagota Electronics, Model Town, after coming to shop he get confused. Write the name of promotion tool which has brought him to the shop and promotion tool needed now. Also write the four points of importance of latter tool.

Q. 38. Mr. Rajiv, the sales executive of ABC Ltd. possess good marketing techniques, his techniques involve oral presentation of message, convincing the customer with face to face interaction, etc.

Q. 39. ITC started its business with Jobaico Industry later on its entered in Hotel Industry, Consumer goods industry, stationery, etc. ITC assured quality to customer and kept company's

name as its identity. This help the customers in product identification and hence ensured quality. It also built up their confidence and help in increasing their level of satisfaction.

1. Name the element of marketing mix referred in above para.
2. Name the other elements of marketing mix.
3. Name the concept which assure quality and help in identification of product.
4. Identify the value emphasized by ITC.

Q. 40. Ajay was appointed as a marketing head of Alfa Enterprise manufactures of toothpaste and tooth brushes. His target sale was zero units a month. Apart from thinking about various channels of distribution to achieve the target, he himself started visiting schools in backward areas. He found that even after taking various steps and counseling some school children had not started brushing their teeth. He investigated and found that they could not afford to buy toothbrush and toothpaste. So with due permission the started donating 200 toothbrush and toothpaste to schools.

1. Identify the channels of distribution Ajay would adapt for distribution of toothbrush and toothpaste, justify by giving reasons.
2. State any two values which Ajay want to communicate to society.

Q. 41. Nisha, a school bag manufacturer decided to improve the product for profit maximization and thus added a water bottle holder to the existing design.

1. Identify the marketing management philosophy adopted by Nisha and
2. Explain this philosophy on the basis of:
 1. Main focus and
 2. Means and ends.

Q. 42. Ayesha is manufacturing lunch boxes for school-going children. To maximize profit she decided to improve the quality and added a warmer for the lunch boxes. Due to this improvement in the product, the sale is increasing day by day. Identify and explain the marketing philosophy involved.

Q. 43. Mansi, a shoe manufacturer for school students, decided to maximize her profit by producing and distributing at large scale and thereby reducing the average cost of production:

1. Identify the marketing management philosophy adopted by Mansi.
2. Explain this philosophy on the basis iof:
 1. Main focus
 2. Means and ends.

Q. 44. Vasvi purchased a bottle of pickle from the local grocery shop. The information provided on the bottle was not clear. She fell sick on consuming it. She filed a case in the District forum under the Consumer Protection Act and got the relief.

- 1. Identify the important aspect neglected by the marketer in the above case.**
- 2. Explain briefly the functions of the aspect identified in (a) above.**

OR

Ashima purchased a bottle of tomato-sauce from the local grocery shop. The information provided on the bottle was not clear. She fell sick on consuming it. She filed a case in the District Forum under the Consumer Protection Act and got the relief.

- 1. Identify the important aspect neglected by the marketer in the above case.**
- 2. Explain briefly the functions of the aspect identified in (a) above.**

Q. 45. Radha found a worm crawling out of newly opened tetra pack of a juice manufactured by a reputed company, Zest, Ltd. She went back to the shopkeeper from whom the pack was purchased who directed her to call up the customer care centre. When all her efforts failed, she went to consumer activist group to seek help. The group decided to help Radha and take measures to impose restrictions on the sale of the firm's products of the particular batch and urge customers to refrain from buying the products of the company. Zest Ltd. lost its image in the market. The CEO gives the responsibility of bringing back the lost image of the company to a Manager.

- 1. Identify the concept of Marketing Management which will help the Manager getting the firm out of the above crisis.**
- 2. Also explain the role of above identified concept by stating any two points.**

ANSWERS

Ans 1. Product

Ans 2.

1. Public Relations
2. Role of Public Relations:
 1. Product Publicity:
 2. Counseling:

Ans 3. The manager of Impact Enterprise, dealing in cosmetics, should take the following four promotional measures to improve the sales:

1. Advertising
2. Sales promotion
3. Personal selling
4. Publicity

Factors affecting choice of promotional tool:

1. Nature of market
2. Nature of product
3. Promotions budget
4. Objectives of promotion

Ans 4. Public Relations (PR) Department

Ans 5.

1. Production concept
2. Product concept
3. Selling concept
4. Marketing concept

Ans 6.

1. Rebate
2. Refund
3. Product-combination
4. Quantity-gift
5. Instant draws and assigned gift
6. Usable Benefit / Lucky Draw

Ans 7.

1. The companies use all tools at the same time because of the nature of market, nature of product, promotion budget and objectives of promotion being different at different times.
2. The most commonly used non-personal tool of promotion which is paid for by the marketer is advertising. It is a paid and non-personal form having an identified sponsor to promote an idea.
3. The tools of promotion used are:
 1. Public Relations
 2. Advertisements
 3. Personal selling
 4. Sales Promotion

Ans 8. The packaging of tablets in a corrugated box is necessary for the purpose of storage, identification and transportation.

Ans 9. Sales Promotion

Ans 10. Activities / Components of Physical Distribution: (any two)

1. Order processing:
2. Transportation;
3. Warehousing:
4. Inventory Control:

Ans 11. Social marketing concept.

Ans 12. The combination of variables used by Hayaram to prepare its market offering are:

1. Product : *'their products include chips, biscuits, sweets squashes.'*
2. Price : *'It offers regular discounts to its customers and easy credit terms to its retailers'.*
3. Place / Physical Distribution : *five of its own retail shops.'* or *'It also sells its products through various grocery stores ...right time.'*
4. Promotion : *'It regularly uses different communication tools to increase its sales.'*

Ans 13. Product/ Product mix.

Ans 14. Functions of marketing, with reference to the above paragraph are:

1. Gathering and analyzing market information:
2. Standardization and Grading:
3. Branding:

Ans 15.

1. Public Relations is being used as a promotional tool by the marketer. It refers to the practice of managing communication between an organization and its publics in order to create the maintain a positive image about itself and its products.
2. The role of public relations as a promotional tool is described below:

1. Public relations helps to create a positive image about the company in the eyes of various interest holders like consumers, government, suppliers etc.
2. It helps in launching new products as they may be accepted easily because of good reputation of business.
3. It helps the business to reinstate itself in the wake of controversies or prejudices etc.

Ans 16.

1. The company has ignored 'Labeling'. It is an important product-related decision.

Labeling refers to the process of designing a label for a product containing product description and the relevant information which is likely to affect a prospective buyers decision in making a purchase. It may vary from a simple tag to a complex graphic.

1. The two values being violated by the company are:
 1. Abiding by law as child labour has been employed
 2. Concern for human life as appropriate warnings were not placed on the label.

Ans 17.

1. Branding is the product-related decision because of which consumers preferred the products of ABC Crackers Ltd.

Branding is the process of assigning a name (brand name), sign or symbol (brand mark) or a combination of all to a product. Branding facilitates product differentiation, assists in advertising and display programmes, facilitates differential pricing, promotes consumers loyalty etc.

1. The two values that ABC Crackers Ltd. wants to communicate to the society are:
 1. Generating employment opportunities
 2. Providing good working environment.

Ans 18.

1. The two product-related decisions which the students had to take are branding and packaging.
2. The two important functions that the label of the jam – bottle must perform are:

- *Describe the product and specify its contents:*
- *Helps in identification of the product or brand:*

3. The two values communicated to the society by the project of Himachal Public School are:

- Generating employment opportunities
- Humanity

Ans 19.

1. Ajay would adopt indirect channels of distribution for marketing of toothpaste and tooth brushes because it is a consumer product. It can be easily marketed through longer channels, for example (Manufacturer – Wholesaler – Retailer – Consumer).
2. The two values that Ajay wants to communicate to the society are:
 1. Good health
 2. Social welfare

Ans 20. Amar is following the philosophy of marketing concept. The prime focus of marketing concept is to 'find wants and fill them'. Therefore, the marketer first assesses the needs and preferences of its target market and manufactures products accordingly in order to satisfy their needs and wants optimally. It aims at profit maximization through customer satisfaction.

Ans 21.

1. Mansi has adopted the production philosophy.
2. *Means:* The production philosophy can be brought into effect by making products affordable and widely available.

Ends: The production philosophy aims at maximizing profits through high volume of production.

Ans 22.

1. The component of marketing mix being taken into consideration by the company is 'Product'.
2. *Product designing and development:* Every marketer strives to achieve his marketing objectives by creating offerings to satisfy a need or a want. Therefore one of the core functions of marketing is to develop the product in the most effective and efficient way. Every marketer endeavours to add value to his product by introducing constant innovations in the product to enhance both its utility and attractiveness in the eyes of the potential buyers and gain a competitive edge.
3. The two values that the company wants to communicate to the society are:
 - Responsibility towards consumers
 - Technological advancement.

Ans 23.

1. Indirect channel: One level channel of distribution adopted by the company.



2. The market related factors that are likely to affect the decision of a marketer about the choice of channel of distribution are explained below:

1. *Size of market:*
2. *Geographical concentration of potential buyers:*
3. Quantity purchased:

Ans 24.

1. Social marketing concept is being pursued by the company.
2. The main focus of this philosophy is on both the needs of the potential buyers as well as concern for the society at large. The ends include profit maximization through customer satisfaction and social welfare.
3. The two values that the company wants to communicate to the society are:
 1. Concern for the environment
 2. Welfare of the society

Ans 25.

1. Secondary packaging and Transportation packaging.
2. The functions of packaging in the marketing of goods and services is explained below:
 1. *Product Identification:*
 2. *Product Protection:*
 3. The marketers should use biodegradable packaging material and packaging should enhance the usability of the products.

Ans 26.

1. Product differentiation is a strategy used by the marketers to gain an edge over its competitors by creating a distinguished perception of the product in the minds of the potential buyers in terms of its utilities.
2. Branding is a function of marketing that facilitates product differentiation.
3. Advertising is the component of promotion mix being used by the company "Giving the company power over prices through product differentiation, innovative advertising and ensured brand loyalty."
4. *Attaining product quality leadership:* Besides aiming at profit maximization as its pricing objective Rastro Inc. seeks to establish a unique place for its products in the market by offering superior quality products which can be easily distinguished from its competitors. As a result, it is able to use differential pricing i.e. fixing up relatively higher prices for its products.

Ans 27.

1. The tool of promotion being taken into consideration by Reema is advertising. (Reema is of the opinion that in order to increase the sale of their products, they should advertise about it on television.)
2. Vibha is insisting that they should set up an online portal to market their products across the globe i.e. adopting direct marketing or zero-level channel (manufacturer – consumer). Whereas at present they are using indirect channels of distribution i.e. one level channel (manufacturer – retailer – consumer) by operating through a chain of retail outlets at five different places in Delhi.
3. No, Ratna is not fully justified in her argument although advertising as a tool of promotion is often criticized on the ground that it adds to the cost of distribution which is passed on to the consumers in

the form of higher prices. Therefore, it increases the burden on the consumers. But, this argument is not entirely true because advertisements help to increase demand for the product. In order to meet the increased demand the production levels have to be raised. As a result, the business is able to reap advantage of economies of scale and eventually the cost of production per unit comes down and benefits the buyers as the product's prices are reduced consequently.

Ans 28.

1. Labeling and Packaging are the two important decisions related to a product.
2. Branding is considered to be a very important decision by the marketers because it facilitates product differentiation. Through branding the prospective buyers are able to bring about a distinction between a company product and its substitutes available in the market. This helps the company to obtain a desirable market share.
3. The four features of a good brand name are stated below:
 1. The brand name should be short, easy to pronounce, spell, recognize and remember e.g., Ponds.
 2. A brand should suggest the product's benefits and qualities e.g. Sunsilk.
 3. A brand name should be distinctive e.g., Lotus.
 4. It should be capable of being registered and protected legally.

Ans 29.

1. Pricing is the function of marketing being performed by Suraj.
2. The two factors that he is taking into consideration while performing the pricing function are as follows.
 1. *Cost of product:*
 2. *Degree of competition:*

Ans 30.

1. The important aspect related to the marketing of products which has been ignored by Farihad is Labeling.
2. The three important functions performed by labeling are:
 1. *Describes the product and specifies its contents:*
 2. *Helps in identification of the product or brand:*
 3. *Enables grading of products:*
1. The Right to information is being overlooked by the company in the above mentioned case. According to the right to information, a consumer has the right to get complete information about the product he / she intends to buy including its contents, date of manufacture, date of expiry, price, quantity, directions for use etc. Also, as per law, it is mandatory for the marketers to provide complete information about the product / service to the buyers.

Ans 31.

1. The type of promotion strategy adopted by the company to boost the sales of air purifiers is Sales Promotion.

Sales Promotion includes the various types of short term incentives offered by a marketer to increase the sale of a product or service.

1. The various techniques of sales promotion being used by the company are listed below:
 1. Full finance @ 0% - "It is offering easy payment options in equal monthly installments for different time periods."
 2. Instant draws and assured gifts – "every buyer will be offered 'scratch a card' option to win instant gifts like decorative items, T-shirts etc."
 3. Contests – "The company is also planning to organize competitive events based on skill and luck in the various malls in the different cities."
1. Right to Choose is the consumer right being promoted by the company

Ans 32.

1. Marketing management is "the art and science of choosing target markets and getting, keeping, and growing customers through creating, delivering, and communicating superior customer value" – Philip Kotler
2. The various elements of marketing mix being pursued by MR. Jaiprakash area as follows:
 1. *Product*: "his business is not only restricted to designing web sites according to the specifications of the clients but also providing continuous online assistance to them and handling their grievances' effectively."
 2. *Price*: "doing all this at a profit. He provides these services at competitive price."
 3. *Place*: "Anybody interested in getting the web solutions can contact him through his website."
 4. *Promotion*: "Moreover, ,whenever the market is sluggish he tries to create demand by offering short-term incentives to the buyers."

Ans 33.

1. The element of promotion mix being referred to in the above lines is Public Relations.
2. The role of public relations as a promotional tool is described below:
 1. Public relations helps to create a positive image about the company in the eyes of various interest holders like consumers, government, suppliers etc.
 2. It helps in launching new products as they may be accepted easily because of good reputation of business.
 3. It helps the business to reinstate itself in wake of controversies or prejudices etc.

Ans 34.

1. The component of marketing mix being discussed in the above liens is place / physical distribution.
2. The two main decisions involved in physical distribution are:
 - Physical movement of goods from producers to consumers
 - Choice of channels of distribution
3. Indirect channel of distribution has been adopted by HUL. It is a two level channel *i.e.* (Manufacturer – wholesaler – retailer – consumer)

Ans 35.

1. The elements of marketing mix being taken into consideration by Arun are product and place.
2. The two methods of marketing adopted by them are both direct and indirect marketing.
3. Two values that are being fulfilled by the are:
4. Generating employment
5. Raising the standard of living of the people in the village

Ans 36.

1. The function of marketing being ignored by the company is customer support services.
2. As a business advisor, I would suggest the introduction of the following services that will be very effective in enhancing brand loyalty for any such product.
 1. Setting up a separate department for handling consumer complaints.
 2. Providing 365 days × 24 × 7 online assistance to the buyers for any maintenance or technical issues.
 3. Yogesh can file a complaint in the District forum.

Ans 37. The just promotion tool which brought Rajiv to the shop is advertisement and the promotion tool required now is personnel selling.

Ans 38.

1. Name the element of marketing mix under which the above technique fall.
2. Identify the element used by Rajiv.
3. Give any three merits of that technique:
 1. Promotion
 2. Personal Selling
 3. Merits of Personal Selling

Ans 39.

1. Product Mix.
2. **Other elements:** Price mix, Place mix, Promotion mix.
3. Concept which help in identifying the product and assure quality is branding.
4. (a) Value of supplying quality product.

(b) Value of building confidence among customers.

Ans 40.

1. The channel of distribution Ajay would adapt is indirect because he is dealing with consumer goods.
2. Values which Ajay wants to communicate to society are:
 1. Charity
 2. Concern for underprivileged
 3. Hygiene

4. Sensitivity towards health.

Ans 41. Product concept.

Ans 42. Product concept.

Ans 43. (i) Production concept.

(ii) Give difference,

Ans 44.

1. The marketer had overlooked the Labelling as it was not done appropriately for the product.
2. The functions of labeling are detailed below:

1. *Describes the product and specifies its contents:*
2. *Helps in identification of the product or brand:*

Ans 45.

1. Public Relations.
2. Role of public relations can be discussed with respect to the functions which the department performs:
(any two)
 1. Press relations
 2. Product publicity
 3. Corporate communication
 4. Lobbying.
 5. Counseling.

Case Studies – (Chapter - 12) Consumer Protection

Q. 1. Harish purchased a medicine from 'Hari Govind Medical Stores' for his son who had high fever. Even after giving the medicine his son's condition did not improve and he had to be hospitalized. Doctor informed Harish that the medicine given to his son was spurious. Harish complained about this to 'Hari Govind Medical Stores'. As a result, 'Hari Govind Medical stores' decided to file a complaint against the manufacturer in the consumer court. Can 'Hari Govind Medical Stores' do this? Give reason. (1 mark)

Q. 2. Your mother purchased a colour television for Rs. 70,000 without cash-memo from an authorized dealer of the manufacturer with a guarantee that the television will be replaced with a new one if any of its parts becomes defective within three months from the date of purchase. Within 10 days a part of the television was burnt and on complaining the seller refused to replace the television. Name the redressal agency under the Consumer Protection Act where your mother can file the complaint. (1 mark)

Q. 3. Himesh after completing his graduation started working with a multinational company in Delhi. But due to ill health of his parents he had to go back to his village. There he noticed that the villagers were literate but ignorant about their rights. Many vegetable vendors were using stones as weights to sell their vegetables. Some shopkeepers were selling food items without having 'FPO mark'. Villagers did not find anything wrong with these practices. So to create awareness among villagers Himesh decided to publish a weekly Journal 'Jan Jagriti'. State the 'Right' which Himesh has exercised by doing so. (1 mark)

Q. 4. Bajaj Auto Ltd. purchased a machinery for Rs. 5 crore from Priya Ltd. and found it defective. Despite many complaints the defect was not rectified. Suggest Bajaj Auto Ltd. the appropriate forum to file their complaint in the three-tier machinery under the Consumer Protection Act. (1 mark)

Q. 5. Rahu Bali purchased a flat for Rs. 50 lacs and found it different from what was agreed. He wants his money back. Suggest him the appropriate authority to file his complaint in the three-tier machinery under the Consumer Protection act, 1986. (1 mark)

Q. 6. Anurag bought an electric iron from a reputed showroom of a manufacturing company but it caused electric shock to his wife while she was using it. Anurag claimed a compensation of Rs. 15 lakhs. Where can he file his claim? (1 mark)

Q. 7. Rajiv purchased a diesel car for Rs. 7 lakhs from an automobile company and found its engine being defective. Despite many complaints the defect was not rectified. Name the highest authority to file his complaint in the three-tier machinery under the Consumer Protection Act. (1 mark)

Q. 8. Mukul purchased a house for Rs. 30 lakhs from a housing company and found it being defective. Despite many complaints, the defect was not rectified. He filed a complaint in state commission but was not satisfied with its order. Where can he appeal and within how many days? (1 mark)

Q. 9. Shubhangi purchased a car for Rs. 1.1 crore and found its engine defective. Despite many complaints, the defect was not rectified. She filed a complaint in National Commission but was not satisfied with its order. Suggest her the appropriate authority where she can appeal. (1 mark)

Q. 10. Rita wants to buy a packet of juice. As an aware customer, how can she be sure about the quality of juice she plans to buy? (1 mark)

Q. 11. Anjana wants to buy a gold ring. As an aware consumer, how can she be sure about the quality of gold ring she is going to buy? (1 mark)

Q. 12. Pragya bought an iron of a reputed brand for Rs. 1500 but it caused an electric shock while it was being used. Pragya wants to exercise her 'Right'. Identify the 'Right' under which she can be protected. (1 mark)

Q. 13. Siddharth went to a shopkeeper to buy soap. The shopkeeper forced him to buy a particular brand of soap out of various available brands, irrespective of the willingness of Siddharth. Which right of Siddharth, as a consumer, has been exploited? (1 mark)

Q. 14. Ahmed wants to buy an iron. As an aware customer, how can he be sure about the quality of iron? (1 mark)

Q. 15. Tanya purchased some household goods from a 'General store'. After reaching home she found a face cream which she had not billed for. After checking the date of expiry and other details, she started using it. Her face burnt due to the use of the cream. Where should Tanya file a complaint? Justify. Under Consumer Protection Act, 1986 who can file a complaint? (3 mark)

Q. 16. Akhil, a consumer purchased medicines without noticing the date of expiry. He also did not obtain the cash memo. Do you think he will be able to protect himself by the loss caused due to expired medicine? Give reasons to support your answer. (3 mark)

Q. 17. Deepak purchased a book from a book-seller and got the cash memo of Rs. 400 which he paid for the book. Later, he found that the actual price of the books is Rs. 380 but the book-seller has put a sticker of Rs. 400 on the original price. Can Deepak recover the extra money that he paid? What other options are available to him against book-seller? (4 mark)

Q. 18. Dushyant, who was a vegetarian, went to a snack bar for having French fries and later on found out that it has non-vegetarian content. Neither the advertisement nor the packing of the product displayed that the product has non-vegetarian content. Will Dushyant be able to claim compensation? Which right of the consumer is violated? (1 mark)

Q. 19. Your mother purchased a washing machine for Rs. 10000 from an authorized dealer of the manufacturer with an oral guarantee that the machine will be replaced with a new one if any of its parts becomes defective within 3 months from the date of purchase. The motor of the machine was burnt within 15 days of its purchase. On complaining, the seller refused to replace the machine. Name the redressal agency under the Consumer Protection Act where your mother can file the complaint. (1 mark)

Q. 20. Harsh asked for a bottle of mineral water from a shopkeeper. The maximum retail price printed on the bottle was Rs. 20 only whereas the shopkeeper was charging Rs. 35. In spite of many arguments the shopkeeper was not ready to sell the bottle for less than Rs. 35. Harsh was in need of it and had no option except to buy. Identify the 'Right' which Harsh can exercise. (1 mark)

Q. 21. Aman a degree holder in Entrepreneurship came to know about Piplantri Village located in Rajasthan, where in 2006 an initiative was started, in which 111 trees are planted every time a girl child is born.

To keep termites away from the trees the villagers have planted 2.5 million Aloe Vera plants around the trees. This has turned the village into an oasis, as the planting of trees led to higher water levels. Aman decided to visit the village to start a business unit, for the processing and marketing of Aloe Vera into juices, gels and other products.

However, on visiting the village Aman found that the villagers were suffering exploitation at the hands of local merchants who were engaged in unscrupulous, exploitative trade practices like hoarding and black marketing of food products and also selling unsafe, adulterated products to the villagers.

After looking at their plight instead of a business organization he decided to set up an organization for the protection and promotion of the consumer interest of the villagers.

State the functions that the organization established by Aman will be performing. (any six points) (6 mark)

Q. 22. On Sonika's birthday her mother gave her a pair of gold earrings. After one month Sonika observed that the earrings are losing their shine. She checked the mark on the ear-rings and found that it was not a proper Hallmark and her mother had been cheated by the shopkeeper. So, she filed a complaint in the district forum which rejected it. Not satisfied by the decision of district forum, she was very much disturbed and after two months decided to appeal further.

Can Sonika appeal against the decision of the district forum? Give reason in support of your answer. (1 mark)

Q. 23. Manuj bought a packet of chips from a local shopkeeper and found that the ingredients given on the label were not legible. He complained about it to the company. The company sent a written apology stating that they will make sure that existing packets are withdrawn from the market and new packets with legible labels are soon made available. State the consumer right which Manuj exercised. (1 marks)

Q. 24. Suman bought a box of cheese of a reputed brand from a local shopkeeper. On opening the box, she found a piece of stone in the cheese. She reported the matter to the shopkeeper who forwarded her complaint to the concerned company. Within a week, the representative of the company visited Suman's residence with an apology and as a replacement offered her a new cheese pack with four other varieties of cheese as compensation for the inconvenience to her.

State the consumer right with Suman exercised. (3 marks)

Q. 25. Manvendra always went to a specific shop to buy all consumable and non-consumable goods. In this shop, a variety of products of different brands were displayed nicely and the sales person available also gave good sales presentations if required. But this shop was quite far-off from his residence. His friend Anant always wondered why Manvendra wastes too much time in going to that shop whereas there were many big brand shops situated near his residence having consumable and non-consumable goods.

Anant asked Manvendra the reason of going to the particular shop. Manvendra told that he was exercising one of his rights which he could not exercise in nearby big brand shops. State the consumer's right which Manvendra had exercised. (3 marks)

Q. 26. Himanshu purchased a new car from 'Galaxy Motors' for Rs. 25 lakh. He was offered free insurance for the first servicing to be availed after the car had covered 5,000 km, 10,000 km and 15,000 km, respectively. When Himanshu took the car for the first free servicing, he was told that the car was not new and first service had already been availed on this car. He felt cheated and filed a complaint in the State Commission. Being not satisfied with the decision of the State Commission, after two months he decided to file an appeal against it.

Can Himanshu appeal against the decision of the state Commission? Give reason in support of your answer. (4 marks)

Q. 27. Palak went to a shopkeeper to buy a hair oil. The shopkeeper forced her to buy a particular brand of hair-oil out of various available brands, irrespective of the willingness of Palak. Which right of Palak, as a consumer, has been violated? Name and explain the right. (4 marks)

Q. 28. Anita purchased a book from Satish Book Store. While reading the book, she found that sixteen pages were missing. She approached the seller of the book and complained about the missing pages. The seller promised that if the publisher was ready to change the book he would change the same. After a week, the seller informed Anita that the publisher had refused to change the book. Where can Anita file a complaint against the seller of the book? Give reason in support of your answer. Also explain who is a consumer as per "Consumer Protection Act 1986".

Q. 29. Prakash purchased an ISI mark electric iron from Bharat Electricals. While using it, he found that it was not working properly. He approached the seller and complained about the same. The manufacturer refused to replace and Bharat Electrical decided to file a complaint in the consumer court.

Can Bharat Electricals do this? Why? Also explain who is a consumer as per Consumer Protection Act, 1986.

Q. 30. Reena purchased one litre of pure desi ghee from a shopkeeper. After using it, she had doubts that it was adulterated. She sent it for a laboratory test which confirmed that the ghee was adulterated. State any six reliefs available to Reena if she complains and the consumer court is satisfied about the genuineness of the complaint.

Q. 31. 'Vastra Ltd.' is engaged in the manufacturing of apparel. Over the years, it has become a popular brand due to its good product quality and exclusive designing. The company plans to open its own retail showrooms in metropolitan cities in India. In order to meet its financial needs it has offered for subscription an IPO of Rs. 4 lakh equity shares in the price band of Rs. 430 – Rs. 445 each. As per the guidelines of SEBI, the company has provided a complete disclosure of the relevant details in its prospectus.

1. Identify and explain the right of the consumer being fulfilled by the directives of SEBI in the above mentioned case.
2. Briefly explain any two points highlighting the importance of consumer protection from the point of view of the businessmen.

Q. 32. Home Shop 18 is an online and on-air retail and distribution venture of the Network 18 group, India. It is a part of the Network 18 Media and Investments Limited which is owned and operated by

Reliance Industries. Currently, Home Shop 18 com comprises of more than 15 categories namely, Mobiles, Health & Beauty, Apparel, Jewellery, Home & Kitchen, Household Appliances etc. to name a few. The company offers a wide variety of goods under each of these categories.

1. Identify and explain the relevant consumer right being promoted by the company.
2. Also mention any two values being reflected through this approach adopted by the company. (5 marks)

Q. 33. In one of the cases, the Goa State Commission held that “The Consumer Protection Act is not for entertaining or compensation speculative transactions or losses”. It held that compensation cannot be given under the Consumer Protection Act to those involved in sale and purchase of shares, which are commercial transactions. The order follows an appeal by a Mumbai – based stock broker India Infoline Limited against an order of the Goa district Consumer Forum. Initially, the judgement of the Goa District Consumer Forum had awarded damages to Panaji-resident Vaman Nagesh who had lost money in share trading through a stock broker India Infoline Limited.

In context of the above case:

1. Why do ‘commercial transactions’ not fall under the purview of ‘consumer’ under the Consumer Protection Act?
2. Why do you think that the above mentioned case was initially filed in the Goa District Forum by Vaman Nagesh?
3. Where do you think Vaman Nagesh could have filed a further appeal in case he was not satisfied with the judgement passed about his case by the Goa State Commission? (3 marks)

Q. 34. After completing his education, Arman opened a small restaurant in a posh market to earn his livelihood. In order to attract good clientele, he decided to install two air conditioners in the restaurant. Since he didn’t have sufficient funds to buy air conditioners of a good brand, he bought two air conditioners from a local manufacturer in Janakpuri, Delhi for Rs. 20,000 each. Later on, he found that the compressor of one of the air conditioner was not working properly. Despite many complaints, the defect was not rectified by the manufacturer. So, he feels very disappointed about the issue and wants to take a legal action against the manufacturer to not only get compensation but also to save other people from being duped by the local manufacturer.

1. Name the redressal agency to which he can approach to file complaint against the local manufacturer.
2. State any two directions which the consumer court can issue to the local manufacturer after being satisfied with the genuineness of the complaint.
3. State any two values being ignored by this automobile company. (4 marks)

Q. 35. On her sister’s wedding, Radha decided to gift her gold earrings. When she shared her plan with her husband, he showed her an article in the daily national newspaper under the heading “Jago Grahak Jago.” The campaign included details about the various aspects that people must consider before buying any gold jewellery.

1. Why do you think campaigns like “Jago Grahak Jago” are inserted in the newspaper?

2. Name the right of consumer being fulfilled through this initiative of the government
3. State any three responsibilities that Radha must discharge as an aware consumer while buying her sister's wedding gift. (5 marks)

Q. 36. In the year 2015, Under section 12(ID) of the Consumer Protection Act, the Consumer Affairs Ministry had filed a suit in National Consumer Disputes Redressal Commission (NCDRC) against Nestle India, the manufacturer of Maggi noodles, seeking about Rs. 640 crore in damages for alleged unfair trade practices, false labeling and misleading advertisements.

In context of the above case:

1. Name any two other two parties besides government who can file a case under Consumer Protection Act 1986.
2. Why has the government filed a suit in National Consumer Disputes Redressal Commission (NCDRC) and at no other level of three tier redressal system?

Q. 37. Good Health Ltd., a pharmaceuticals company, has introduced mosquito repellent bands under the brand name 'Jaddu' in the wake of outbreak of dengue in various parts of the country. The product attracted many people from all age groups, especially kids. However, the company failed to provide adequate guidance for the users on the label of the product in terms of time period of the effectiveness of the repellent band once its seal is opened. Because of this ambiguity, many buyers faced problems.

In context of the above case:

1. Identify and explain the consumer right which has been overlooked by the company .
2. Name and explain any two functions of the important product related aspect ignored by the company.

Q. 38. Radhe Shyam moved from Muradabad to Mumbai to work as an artist in television serials. On getting his first salary, he opened an account in a nearby commercial bank and also opted for ATM facility under ATM card. After a few months, he lost his ATM Card and lodged a request with the bank for furnishing duplicate card. Consequently, he was allotted duplicate ATM Card Number but that card was not given to him. After a week, he received a SMS message on his mobile stating that sum of Rs. 10,000/- has been withdrawn form his account. Since the duplicate ATM card was not given to him, he brought the debit entry in the notice of the bank. The bank assured to repay that amount to him within 15 days after investigating the issue. But, more than a month has passed since then and despite his persistent efforts the bank has not taken any action so far. So, he files a case against the bank in the district forum. The consumer court can issue a notice to the bank after being satisfied with the genuineness of the complaint and directs the bank to repay Rs. 10,000 to Radheshyam along with the compensation of Rs. 50,000.

Name the rights exercised by Radheshyam in the context of the above case.

Q. 39. Bharti Airtel Limited is an Indian global telecommunications services company headquartered in New Delhi, India. It operates in 20 countries across South Asia, Africa, and the channel Islands. It

provides GSM, 3G and 4G LTE mobile services, fixed line broadband and voice services depending upon the country of operation. It is the largest mobile network operator in India and the third largest in the world with 325 million subscribers. Its portal displays the following information

“Airtel Mobile Customer Care – Call 121, 24-hr Airtel customer service number from your Airtel phone. In case you don’t get satisfactory resolution of your query/complaint at the Airtel customer service centre, you can get in touch with Airtel Nodal officers with your complaint reference number and details of grievance.”

In context of the above case:

1. **Identify and explain the right of the consumer being fulfilled by the company in the above mentioned case.**
2. **Name the function of marketing being performed by the company.**
3. **State any two values that the company wants to communicate to the society.**

Q. 40. Suryansh booked a flat through a private builder in Greater Noida, Uttar Pradesh at the cost of Rs.2 crores. As per the terms of the contract, the builder promised to provide him with all the basic and modern amenities such as continuous electric supply, CCTV Camera, Club facility, good quality of water, good security etc. although he was given the possession of the flat in time, the builder did not provide all the basic and common facilities which also included 3 tier security having CCTV camera coverage for each floor. Suryansh kept complaining to the builder after possession of the flat for non-installation of CCTV camera and other common and basic amenities as promised at the time of agreement, but the builder kept assuring him that he will do the needful and he need not worry. After a month, Suryansh had to travel abroad, so he left his home with his flat duly locked. But on his return, he found that his flat has been robbed and theft of Rs. 10,000 and jewellery worth Rs. 10 Lac had taken from place. He complained to the builder that had CCTV cameras been installed, it would have been a deterrent and the theft would not have been taken place. Also, CCTV would have ensured that no unwanted person would have entered the building. When Suryansh discussed this incident with his friend Sooraj, who runs a consumer association, he advised him to file a case against the builder.

In context of the above case:

1. **Name the right of consumer that Sooraj has advised Suryansh to exercise.**
2. **State any three functions highlighting the role of a consumer association**

Q. 41. Gaurav purchased a pack of sweets for his son from a shop in the nearby market. After consuming those sweets, the condition of his son deteriorated and he had to be hospitalized. Later on through a laboratory test, it was certified that the sweets were adulterated.

1. **State any one precaution that he should have taken while purchasing packed sweets.**
2. **Name the appropriate redressal agency that he can approach in case he decides to file a case against the shopkeeper.**
3. **State any two values which are lacking in the shopkeeper.**

Q. 42. Aryan went to purchase a pack of chocolate for his son from a shop in the nearby market. Despite his preference to buy a pack of a particular brand the shopkeeper forced him to buy the pack of chocolate of another brand, by giving some odd justifications. After coming back home, Gaurav was feeling very dissatisfied.

- 1. Identify and explain the right of the consumer being violated in the above mentioned case.**
- 2. Briefly explain any two points highlighting the importance of consumer protection from the consumer's point of view.**

Q. 43. Geeta goes to a doctor to get herself treated for an injury in her hand. The doctor being her distant relative charged her nothing for the treatment. However, after a few days she develops an infection on the wound because the doctor didn't use sterilized instruments. Later on, she is advised by the surgeon to get the infected finger removed. Therefore, she is very angry with the doctor.

In context of the above case:

Can Geeta file a case against the doctor if she decides to take a legal action? Why or why not? Give a reason in support of your answer.

Q. 44. Abhishek bought a bottle of disinfectant spray from the nearby market. It had a knob which was to be opened in a particular way. However, there was no instruction on its package in this regard. Therefore, when he tried to open the knob in a casual way, some of the spray flew in his eyes. This affected his vision.

In context of the above case:

- 1. Name the right of consumer being violated by the company.**
- 2. State any two directions which the consumer court can issue to the company after being satisfied with the genuineness of the complaint.**

Q. 45. Ved purchased some medicines worth Rs. 1000 for his wife from a chemist in the nearby market. But, he didn't take the cash memo for it from the chemist. After taking those medicines the condition of his wife deteriorated and she had to be hospitalized. Later on through a laboratory test it was certified that the medicines were spurious

- 1. Can he file a case against the chemist? Justify your answer with the help of a suitable reason.**
- 2. State any two values which are lacking in the chemist.**

Q. 46. Rajiv, a consumer purchased medicines without noticing the date of expiry. He also did not obtain the cash memo. Do you think he will be able to protect himself by the loss caused due to expired medicine? Give reasons to support your answer.

Q. 47. Bhuvan saw an advertisement in the newspaper regarding a steam iron and ordered for the purchase of the same to shopkeeper. What will be his responsibilities as a consumer so that he should not be exploited by the shopkeeper? Write any four such responsibilities

Q. 48. The owner of a restaurant is charging Rs. 30 for a bottle of water from customer. Whereas the MRP of the bottle is Rs. 10. One of the consumers objected to it but the owner did not agree and continued with that malpractice.

- 1. What are the possible reasons that other consumers are not agreeing.**
- 2. Which right of consumer can remove this ignorance of consumer?**

Q. 49. Anita purchased a book from 'Satish Book Stores'. While reading the book she found that ten pages were missing. She approached the seller of the book and complained about the missing pages. The seller promised that if the publisher was ready to change the book he would change the same. After a week the seller informed Anita that the publisher had refused to change the book.

Where can Anita file a complaint against the seller of book? Give reason in support of your answer. Also, explain who is a 'consumer'.

ANSWERS

Ans 1. No, 'Hari Govind Medical stores' cannot file a complaint against the manufacturer in the consumer court. The Medical Stores is not a consumer since it buys medicine for re-sale or commercial purpose.

Ans 2. No, my mother cannot file a complaint against the dealer or the manufacturer in the consumer court since she does not have cash-memo, which serves as the proof of purchase.

Ans 3. Right to consumer education

Ans 4. National Commission

Ans 5. State Commission

Ans 6. District Forum

Ans 7. National Commission

Ans 8. National Commission, within 30 days of the passing of the order of the State Commission.

Ans 9. The Supreme Court

Ans 10. By FPO mark label

Ans 11. By Hallmark label

Ans 12. Right of safety

Ans 13. Right to choose.

Ans 14. By ISI mark label

Ans 15. Tanya cannot file a complaint in any consumer court since she does not have the proof of purchase, *i.e.*, cash memo. She did not fulfil her responsibility of an honest consumer. She should have gone back to the general store to get its billing. Under the Consumer Protection act, 1986, any of the following can file a complaint:

1. Any consumer
2. Any registered consumers' association
3. The central Government or any State Government
4. One or more consumers on behalf of many consumers having same interest.
5. A legal representative of a deceased consumer.

Ans 16. Akhil will not be able to protect himself by the loss caused due to expired medicine because he did not fulfil his responsibility on the following grounds:

1. He did not read the labels of the packet of medicines. He did not notice the date of expiry. A consumer should always read labels carefully to have information about prices, net weight, manufacturing and expiry dates, etc.
2. He did not obtain the cash memo from the seller. Cash memo is a proof of purchase and it is a must for filing a complaint in appropriate consumer court.

Ans 17. Deepak is a responsible consumer since he has got the cash memo for the book he purchased. Cash memo is the proof of purchase. A consumer must have the cash memo to file a complaint in a consumer court.

In this case, the book-seller has charged for the book a price in excess of the list price. So, Deepak can recover the extra money he paid (Rs. 20) from the book-seller.

Alternatively, Deepak can file complaint against the book-seller in a consumer court if he does not get back Rs. 20 from the book-seller. If the consumer court is satisfied about the genuineness of the complaint, it can issue the following directions to the bookseller.

1. To refund the price paid for the book (Rs. 400).
2. To pay adequate costs to Mr. Deepak, which he incurred for filing the complaint.
3. To discontinue the unscrupulous, exploitative and unfair trade practices and not to repeat in the future.

Ans 18. Yes, Dushyant will be able to claim the compensation as the seller has violated the “right to information”.

Ans 19. No, my mother cannot file a complaint against the dealer or the manufacturer in the consumer court since she does not have cash-memo. She had purchased the washing machine with an oral guarantee only.

Ans 20. Right to be Heard

Ans 21. Functions of an NGO / Consumer organization

1. Educating the villagers / general public about consumer rights by organizing training programmes, seminars and workshops.
2. Publishing periodicals and other publications to impart knowledge about consumer problems, reliefs available and other matters of interest.
3. Carrying out comparative testing of consumer products in accredited laboratories to test relative qualities of competing brands and publishing the test results for the benefit of consumers.
4. Encouraging consumers to strongly protest and take an action against exploitative and unfair trade practices of sellers.
5. Providing legal assistance to consumers by way of providing aid, legal advice etc, in seeking legal remedy.
6. Filing complaints in consumer courts on behalf of consumers.

Ans 22. No, Sonika cannot appeal now as the appeal has to be filed within 30 days of passing of the order by the district forum.

Ans 23. Right to be heard has been exercised by Manuj.

Ans 24. Right to seek redressal has been exercised by Suman.

Ans 25. Right to choose has been exercised by Manvendra.

Ans 26.

No, Himanshu will not be able to appeal further against the decision of State Commission in the National Commission. This is because two months have already passed and the appeal had to be filed within 30 days of the passing of the order by State Commission.

Ans 27. The Right to choose has been violated in the given case as Palak was forced by the shopkeeper to buy a particular brand of hair oil.

According to the Right to Choose, the consumer has a right to choose from a variety of products at competitive prices. Also, the marketers should offer a wide variety of products to buyers.

Ans 28. Since, the value of the goods or services in question, along with the compensation claimed, does not exceed Rs. 20 lakhs she will file a case in the District Forum.

A 'consumer' is generally understood as a person who uses or consumes goods or avails of any services. A person who buys goods for commercial purpose or resale will not be considered to be a consumer.

Ans 29. No, Bharat Electricals will not be able to file a complaint under Consumer Protection Act 1986 because according to this act a person is not deemed to be a customer if he buys goods for resale or commercial purpose.

Under the Consumer Protection Act 1986, a consumer is defined as:

1. Any person who buys any goods for a consideration, which has been paid or promised, or partly paid and partly promised or under any scheme of deferred payment. It includes any uses of such goods, when such use is made with the approval of the buyer, but does not include a person who obtains goods for re-sale or any commercial purpose.
2. Any person who hires or avails of any service, for a consideration which has been paid or promised or partly paid and partly promised or under any system of deferred payment. It includes any beneficiary of services when such services are avails of such services for any commercial purposes.

Ans 30. The six reliefs available to Reena are listed below:

1. To withdraw the hazardous goods from sale.
2. To provide replacement for the defective product.
3. To refund the price paid for the product, or the charges paid for the service.
4. To pay a reasonable amount of compensation for any loss or injury suffered by the consumer due to the negligence of the marketer.
5. Not to offer hazardous goods for sale.
6. To issue corrective advertisement to neutralize the effect of a misleading advertisement.

Ans 31.

1. The right to information is being fulfilled by the directives of SEBI in the above mentioned case.

According to the Right to information, the consumer has the right to get complete information about the product that he / she may propose to buy including its contents, date of manufacture and expiry, maximum retail price, quantity, directions for use etc. Moreover, as per law, it is mandatory for the marketers to provide complete information about the product / service to buyers.

1. The importance of consumer protection from businessmen's point of view is outlined below:

Ans 32.

1. The Right to Choose is being promoted by the company. According to the Right to Choose, the consumer has a right to choose from a variety of products at competitive prices. Also, the marketers should offer a wide variety of products to buyers.

2. The two values being reflected this approach adopted by the company are increasing standard of living and technological development

Ans 33.

1. Under the Consumer Protection Act, a 'consumer' is generally understood as a person who uses or consumes goods or avails of any service. However, a person who buys goods for commercial purpose or resale will not be considered to be a consumer.
2. Presuming that the value of the securities, along with the compensation claimed, did not exceed Rs. 20 lakhs, the above mentioned case was initially filed in the Goa District Forum by Vaman Nagesh.
3. If, Vaman Nagesh was not satisfied with the order of the State Commission, he could have filed an appeal before the National Commission within 30 days of the passing of the order

Ans 34.

1. He can approach the District Forum to file complaint against the local manufacturer.
2. The two directions which the consumer court can issue to the local manufacturer after being satisfied with the genuineness of the complaint are as follows:
 1. To remove the defect in goods.
 2. To provide replacement for the defective product.
3. The two values being ignored by the local manufacturer are:
 1. Honesty
 2. Concern for people.

Ans 35.

1. The campaigns like "Jago grahak Jago" are given in the newspaper to make the consumers aware of the various undesirable activities like unscrupulous, unfair trade practices etc which are carried out by the marketers to exploit the buyers.
2. Right to Consumer Education is being fulfilled through this initiative of the government.
3. The three responsibilities that Radha must discharge while buying her sister's wedding gift are as follows:
 1. Buy only standardized goods and check for standardization mark like Hallmark for gold jewellery.
 2. Assets herself to ensure that she gets a fair deal.
 3. Ask for a cash memo on purchase of goods or services.

Ans 36.

1. The two other two parties besides government who can file a case under Consumer Protection Act 1986 are any consumer and any registered consumers' association.
2. The government filed a suit in National Consumer Disputes Redressal Commission (NCDRC) and at no other level of the three tier redressal system because a complaint has to be made to the National Commission only when the value of the goods or services in question, along with the compensation claimed, exceeds Rs. 1 crore.

Ans 37. The Right to information is being overlooked by the company in the above mentioned case.

1. According to the Right to information, a consumer has the right to get complete information about the product he / she intends to buy including its contents, date of manufacture, date of expiry. Price, quality, directions for

use etc. Also, as per law, it is mandatory for the marketers to provide complete information about the product / service to the buyers.

2. The important aspect related to the marketing of products which has been ignored by the company is Labelling.

The two important functions performed by labeling are:

1. *Describes the product and specifies its contents:*
2. *Helps in identification of the product or brand:*

Ans 38. The two rights exercised by Radheshyam in the context of the above case are Right to be heard and Right to seek redressal.

Ans 39.

1. The right of the consumer being fulfilled by the company in the above mentioned case is right to be heard.
2. The function of marketing being performed by the company is customer support services.
3. The two values that the company wants to communicate to the society are:
 1. Concern for consumers
 2. Respect for law.

Ans 40.

1. Sooraj has advised Suryansh to exercise Right to be heard.
2. The three functions highlighting the role of a consumer association are listed below:
 1. Educating the general public about consumer rights.
 2. Conducting comparative testing of consumer products available in the market.
 3. Filing complaints in appropriate consumer courts on behalf of the consumers.

Ans 41.

1. Gaurav should have checked for the quality assurance mark like FPO / FSSAI on its label while purchasing the food product.
2. District Forum
3. The two values which are lacking in the shopkeeper are:
 - Honesty
 - Concern for others.

Ans 42.

1. The Right to choose has been violated in the given case as Aryan was forced by the shopkeeper to buy a particular brand of chocolate. According to the Right to Choose, the consumer has a right to choose from a variety of products at competitive prices. Also, the marketers should offer a wide variety of products to buyers.
2. The importance of consumer protection from consumer's point of view is outlined below:
 - *Consumer Ignorance:*
 - *Widespread Exploitation of Consumers:*

Ans 43. No, Geeta cannot file a case against the doctor because she is not a consumer because she didn't pay for the services.

Ans 44.

1. The two rights of consumer being violated in the above case are Right to information and Right to safety.
2. The two directions which the consumer court can issue to the company after being satisfied with the genuineness of the complaint are as follows:
 1. Not to offer hazardous goods for sale.
 2. To pay a reasonable amount of compensation for any loss or injury suffered by the consumer due to the negligence of the marketer.

Ans 45.

1. No, he cannot file a case against the chemist as he didn't take the cash memo for it from the chemist. A cash memo is the conclusive proof of the purchase of goods.
2. The two values which are lacking in the chemist are:
 - Humanity
 - Trustworthiness.

Ans. 46. Rajiv will not be able to protect himself by the loss caused due to expired medicine because Rajiv did not fulfil his responsibility on following grounds;

1. He did not go through the packing instructions mentioned on the label of the packet.
2. He did not obtain the cash memo from the seller. Cash memo is a proof of purchase and it is must for filing any complaint.

Ans 47. The four responsibilities which must be taken care of by Mr. Bhuvan Are, *refer to topic responsibilities of consumers,*

Ans 48.

1. The other consumers may not be aware of their rights.
2. Right to consumer education can help to spread awareness to consumers.

Ans 49.

1. District forum
2. Define consumers,