0.1: Define "Recruitment".
Ans: Recruitment may be defined as the process of searching for prospective employees and stimulating them to apply for jobs in the organisation.

0.2: Why is motivation called a complex process?
Ans: Motivation is a complex process because a technique of motivation may not have a uniform effect on all the members as individuals are heterogeneous in their expectations, perceptions & reactions.

0.3: At which level of management directing takes place?
Ans: Directing takes place at all levels of management.

0.4: What should be done while 'taking corrective action' in the process of controlling when especially in the important areas deviations go beyond the acceptable range?
Ans: When the deviations go beyond the acceptable range in important areas, immediate managerial attention is required so that the deviations do not occur again or if the deviations cannot be corrected, the standards may have to be revised.
Q. State how ‘Growth prospects’ affect the working capital requirements of a company?

Ans: If the “growth prospects” of a company are higher, the company will require larger amount of working capital to meet higher production & sales target.

Q. What is the primary objective of ‘Financial Management’?

Ans: The primary objective of financial management is wealth maximisation i.e., to maximise the market price of the shares.

Q. Give the meaning of ‘Money Market’.

Ans: Money market means a market for short term funds which deals in monetary assets whose period of maturity is up to one year.

Q. State any one consequence of a well performed ‘allocative function’ of financial market.

Ans: Consequence of a well performed ‘allocative function’ of financial market: (Any one)
(i) The rate of return offered to the households would be higher.
(ii) Scarcity resources are allocated to those firms which have the highest productivity for the economy.

Q. 9: Why is marketing called a social process?
Ans: Marketing is called a social process because marketing focuses on the needs and wants of the society in an effective and efficient manner.

Q. 10: Distinguish between 'selling concept' and 'marketing concept' of Marketing Management philosophies on the basis of 'main focus'.
Ans: The main focus of selling concept is on the existing product while main focus of Marketing concept is on customer needs.

Q. 11: Under three-tier machinery where can a legal heir or representative of a deceased consumer file a complaint when the compensation is ₹25 lakhs.
Ans: when the compensation claimed is ₹25 lakhs, a legal heir or representative of a deceased consumer can file a complaint in the "State Commission".
A12. Pragya bought an iron of a reputed brand of ₹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.

Ans: Pragya can be protected under “Right to safety”.

A13. Name & explain the principle of management according to which a manager should replace ‘I’ with ‘we’ in all his conversations with workers.

Ans: Esprit de Corps is the principle of management according to which a manager replace ‘I’ with ‘we’. It refers that management should promote team spirit & harmony amongst employees. Team spirit helps to develop an atmosphere of mutual spirit & understanding. It will minimise the need for using penalties.


Ans: According to “Principle of harmony not discord” of scientific management—

There should be complete harmony between the management & employees.
2. The workers

This requires “Mental revolution” on the part of both workers & the management i.e. both should transform their thinking.

Management should share gains of the company with the workers & workers should work hard & be willing to accept changes for the good of the company.

Q15: Explain ‘objectives’ as one of the types of plans.

Objectives are the ends which management seeks to achieve. These are the aims of an organisation.

Following are the features of objectives:

- Objectives reflect the philosophy of management. It focuses on broad general issues.
- Objectives indicate destination. It needs to be expressed in specific or quantitative terms.
- Objectives are laid down by the top management. For example, an objective of Vardan Ltd. to increase sales by 25%.
Q.16: Explain the following features of planning:
(a) Planning is continuous: - because once a plan is framed, it is implemented & then it is followed by another plan & so on.
(b) Planning is futuristic: - because it involves looking ahead & preparing for the future course of events. Planning involves anticipating future events & preparing for them effectively to the best advantage of the organisation.

Q.17: Ajay was appointed a marketing head of 'Alfa Enterprise', manufacturer of toothpaste & toothbrushes. His target 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 & counselling, some school children had not started brushing their teeth. He investigated & found that they could not afford to buy toothbrush & toothpaste. So, with due permission he started donating 200 toothbrushes & toothpaste every month to the school.

(i) Identify the channel of distribution 'Ajay'
would adopt for distribution of toothpaste & toothbrushes. 

(ii) State two values which Ajay wants to communicate to the society. 

Ans: Ajay would adopt indirect channel of distribution for toothpaste & toothbrushes. Indirect channel involve:

(i) One level channel - In this, only intermediary adopted is the 'retailer'. Goods pass from the manufacturer to the retailer who, in turn, sell these goods to the final users.

Ajay → Retailer → Consumers

(ii) Two level channels - In this, two intermediaries are involved i.e., the wholesaler & retailer.

Ajay → wholesaler → Retailer → Customers

(iii) Three level channels - There are three intermediaries involved - agents, wholesalers & retailers.

Ajay → Agent → wholesaler → Retailer → Customer

The reason for choice of indirect channel is that
Toothpaste & toothbrushes are consumer goods which are less expensive & less bulky.

Following are the values which Ajay wants to communicate to society.
(a) Concern for the underprivileged people living in backward areas.
(b) Sensitivity towards health.
(c) Charity through donating 200 toothpastes & brushes to the children.
(d) Hygiene.

Q18: Though branding adds to the cost, it provides several advantages to the consumers. In the light of the statement, state any three advantages of branding to the consumer.

Any three advantages of branding to consumers are:
(i) Identification of product: Branding helps the customer in identifying the product. Customers need not make a close inspection every time he/she buys it.
(ii) Quality of product: Branding ensures a particular level of quality of a product. If there is any deviation in the quality, the customers can make a complaint to the
(iii) Status symbol: Some brands become status symbol because of their quality. The consumers feel proud of using them e.g., woodland, parker, Mont Blanc etc.

Q.9: State the steps in the organizing process.

Ans: Following are the steps in the process of organizing:

(i) Identification & Division of work: The first step of organizing is identification & division of work into small & manageable activities which can be carried out by an individual. This results into specialization & avoids wastage of resources.

(ii) Departmentalization: It means grouping similar jobs into larger units called departments. It facilitates specialization. Departments can be created on the basis of:
(a) functions (b) product (c) territory

(iii) Assignment of duties: Once departments have been formed, it is necessary to allocate work/jobs to the members of each department in accordance with their skill & competencies.
(iv) Establishing reporting relationships: The last step is creating authority responsibility relationship among the employees. It is established so that each individual may know from whom he/she has to take orders & to whom he/she is accountable.

Q.3: Distinguish between Delegation & Decentralisation on the basis of (a) purpose (b) scope (c) status (d) nature.

Ans: Differences between Delegation & Decentralisation:

<table>
<thead>
<tr>
<th>Basis</th>
<th>Delegation</th>
<th>Decentralisation</th>
</tr>
</thead>
<tbody>
<tr>
<td>(i) Purpose</td>
<td>To lessen the burden of the manager</td>
<td>To increase the role of the subordinates by giving them more autonomy</td>
</tr>
<tr>
<td>(ii) Scope</td>
<td>It has narrow scope as it is limited to superior &amp; his immediate subordinate</td>
<td>It has wider scope as it implies extension of delegation to the lowest level of management</td>
</tr>
<tr>
<td>(iii) Status</td>
<td>It is a process followed to share tasks</td>
<td>It is the result of the policy decision of the top management</td>
</tr>
<tr>
<td>Basis</td>
<td>Delegation</td>
<td>Decentralisation</td>
</tr>
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</tr>
<tr>
<td>(i) Nature</td>
<td>It is compulsory because no individual can perform all tasks on his own.</td>
<td>It is optional because discretion of the top management.</td>
</tr>
</tbody>
</table>

Note: Difference of both Delegation & Decentralisation should be correct.

Q2: What is meant by 'long term investment decision'? State any factors which affect the long term investment decisions.

Ans:

"Long term investment decision means committing the funds on a long term basis on fixed assets on various projects of an organisation e.g. plant & machinery, furniture etc. Factors which affect long term decision are:

(i) Cash flows of the project: The financial manager should carefully analyze the amount of cash flow i.e., cash receipts & payments over the life of investment before considering a capital budgeting decision.

(ii) Rate of Return: The financial manager should calculate the rate of return expected & risk involved."
(iii) Investment criteria: The financial manager should evaluate investment proposals by applying capital budgeting techniques.

Q.2b. Explain any four points of importance of consumer protection from the point of view of business.

Ans: Importance of consumer protection from the point of view of business are:

(i) Long term interest of business: It is in the long term interest of business to satisfy their customers. After liberalisation & Globalisation, it is in the interest of the firm to produce quality goods & maintain its reputation. Satisfied consumers ensure long term profit maximisation.

(ii) Consumer awareness: Nowadays consumers are becoming more conscious of their rights against the malpractices by the business. There are many consumer organisations which are making efforts to build consumer awareness.

(iii) Social responsibility: A business has social responsibilities towards consumers. Consumers form an important group among many stakeholders of business. Hence business has to take care of interest of business.
(iv) **Moral justification:** A business survives due to consumers who purchase the products of the business. It is the moral duty of the business to avoid any type of exploitation of consumers.

0.23: Describe any five reasons which clarify that management is gaining importance day by day.

1. **Following are the reasons which clarify that management is gaining importance day by day:**

(i) Management helps in achieving group goals:
Management aims to achieve the goals of organisation by giving a common direction to the efforts of an individual. Management organises available human resources for achieving group goals.

(ii) Management increases efficiency:
Management utilises available resources productively. It eliminates all types of wastages & motivates the workers to work efficiently.

(iii) Management establishes a dynamic organisation:
Management lays down a pattern of authority-responsibility relationship with right type of persons. Management
helps an organisation to survive in a dynamic environment. Good management enables an enterprise to adjust to changing environment.

(iv) Management helps in achieving personal objectives:
Individual objectives include individual expectations which employees would like to satisfy through the work. Management integrates individual objectives with organisational objectives.

(v) Management helps in the development of society:
Efficiency of management leads to greater and more economical production for the society. Management helps to provide good quality products & services, creates employment opportunities & leads the path towards growth & development.
The court passed an order that all schools must have water purifiers for the schoolchildren as:

(i) Society in general is more concerned about quality of life.
(ii) Innovative techniques are being developed to manufacture water purifier at competitive rates.
(iii) Income is rising & 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.

Ans: Following are the different dimensions of business environment in the given paragraph:

(i) Legal Environment: The court passed an order that all schools must have water purifier for the school children.
(ii) Social Environment: Society in general is more concerned about quality of life.
(iii) Technological Environment: Innovative techniques are being developed to manufacture water purifier at competitive rates.
(vi) Economic Environment:
Incomes are rising & children at home are also drinking purified water.

(v) Political Environment:
The Government is also showing positive attitude towards water purifier business.

6.25
Nishant, the director of a garments company, is planning to manufacture bags for the utilisation of waste material from one of his garments units. He has decided that this manufacturing unit will be set up in rural areas of Odisha where people have very few job opportunities & labour is available at very low rates. He has also thought of giving equal opportunities to men & women.
For this he wants four different heads for sales, accounts, purchase & production. He gives an advertisement & shortlists ten candidates per post after conducting different selection tests.

(i) Identify & state the next three steps for choosing the best candidate out of the candidates short listed.

(ii) Also identify two values which Nishant wants to
Communicate to the society by setting up this manufacturing unit.

(i) After conducting various selection tests, Nishant will take following steps for choosing the best candidate:
(a) Interview:

   Employment interview consists of conversation between candidate & the employer. Its aim is to have an overview of candidate's ability for the job.

(b) Reference & background checks:

   Many employers require name, addresses & telephone numbers of references for the purpose of verifying information & gaining additional information about the employee.

(c) Selection decision:

   The final selection decision has to be made from among the candidates who pass tests, interviews & reference checks.

(ii) Values which Nishant wants to communicate:
(a) Development of backward areas
(b) Optimum utilisation of resources
(c) Providing job opportunity in rural areas
(d) Equality
Planning & controlling are inseparable twins of management.

How?

Planning & controlling are inseparable twins of management. Controlling is blind without planning. Controlling involves comparison of actual performance with certain standards which are provided by planning.

Planning is meaningless without controlling. Once a plan becomes operational, controlling is necessary to monitor the progress, measure actual, identify & analyse deviations & initiate corrective action to ensure events conform to plans.

Diagram:

- Planning
- Implementation of Plans
- Controlling
- New Plans
- Corrective Action
It is often said that planning and controlling both are looking ahead. Plans are prepared for the future and are based on forecasts about future conditions. Therefore, planning is looking ahead. Similarly, controlling is forward-looking because the corrective action initiated by control function aims to prevent the recurrence of the mistakes in future.

Planning and controlling both are looking back:
Planning is looking back because planning is guided by the problems identified in the past. Similarly, controlling compares actual performance with standards set. This involves scrutiny of the events after they have taken place. Therefore, controlling is looking back.

"The barriers to effective communication exist in all the organisation to a greater or lesser degree." State any six measures to overcome these barriers.

Following are the measures to overcome barriers to effective communication:
(i) Clarity of ideas: Message to be communicated to subordinates should be clear in all its perspective to the executive himself.
(ii) **Level of Subordinates:**
The executive should adjust his communication according to the understanding levels of subordinates.

(iii) **Cooperation of subordinates:**
There should be active participation & involvement of subordinates which will help to gain ready acceptance & cooperation of subordinates.

(iv) **Direct & simple message:**
The language used should be understandable to the receiver & should not offend the sentiments of listeners.

(v) **Proper feedback:** - The communication should ask questions regarding the message conveyed to the receiver. Receiver of the message should be encouraged to convey their response to the communicator.

(vi) **Effective listening:**
The sender must listen to receiver's words attentively so that the receiver also listens to sender at the same time.
The supervisor performs a very important role in an organisation by performing multiple functions. State any six such functions.

Ans: The functions of supervision are:

(i) Friendly relations:
A supervisor maintains day to day contact & friendly relations with workers. A supervisor acts as a friend, philosopher & guide of the workers.

(ii) Team spirit: A supervisor acts like a captain of a team. He maintains group unity among workers placed under his control.

(iii) Training: Supervisor provides good on-the-job training to the workers & employees & builds efficient team of workers.

(iv) Controlling: Supervisory control includes checking on the methods in use & progress of work against the planned schedule, recording actual performance at regular intervals & reporting deviations to the manager concerned.
(v) Motivation: A supervisor inspires and motivates his subordinates through proper incentives towards better work performance.

(vi) Linking pin: The supervisor acts as a linking pin between management and the operatives. He communicates management's decision to the workers. As a representative, he conveys their suggestions and complaints to the higher levels.

Q28: What is meant by dividend decision? Explain any four factors which affect the dividend decision of a company.

Ans: Dividend is that portion of profit which is distributed to the shareholders. Dividend decision is the decision about the distribution of profit in the form of dividend.

Factors affecting the dividend decision are:

(i) Contractual constraints: While granting loans to a company, sometimes the lender may impose certain restrictions on the payment of dividends in future. The companies are required to ensure that the dividends does not violate the terms of the loan.
agreement in this regard.

(ii) Stability of dividends: - Normally companies follow a stable dividend policy as it resolves uncertainty in the minds of investors.

(iii) Access to capital market: - Large & reputed companies have easy access to the capital market & therefore may depend less on retained earnings. These companies tend to pay higher dividends than smaller companies.

(iv) Legal constraints: - Certain provisions of the Companies Act place restrictions on payment of dividend. Such provisions must be adhered to while declaring dividends.

Q: What is meant by 'financial Planning'? Explain any five points which highlight its importance.

Ans: Financial planning means the process of estimating the fund requirements of a business & specifying the sources of funds.
The following points highlight the importance of financial planning:

(i) Optimum Funds: Financial planning helps to forecast the current and future requirements of the capital. In this way, business enterprises are saved from the problems of surplus or shortage of funds.

(ii) Co-ordination: Financial plans ensure co-ordination between different functional areas in the business as funds are allotted for various activities in accordance with the relative importance.

(iii) Utilisation of Funds: Financial planning helps the financial managers in utilisation of funds according to the financial plan. A proper balance is maintained between the fixed capital and working capital.

(iv) Lesser Waste: Financial planning prepares detailed plans of action which reduces waste and duplication of efforts.

(v) Meeting Future Challenges: Financial planning helps in avoiding business shocks and surprises. Financial planning


plan keep a provision for contingencies which may occur in the future.

Q.25: Explain any four functions of stock exchange.
Ans: Following are the functions of stock exchange:

(i) Continuous marketability of securities:
   Stock exchange provides ready & continuous market to purchase & sell securities.

(ii) Mobilisation of savings:
   Stock exchange helps in mobilisation of savings from individuals, firms & other institutions & offers capital opportunities to flow into most profitable channels.

(iii) Capital formation:
   Stock exchange enables people to invest in securities which yield higher returns. Thus stock exchange facilitates capital formation in the country.

(iv) Fair dealings & safety of funds:
   The stock exchange protects the interest of the investors through strict regulations.
Q: Explain the following money market instruments:
(a) Call money  
(b) Treasury Bill  
(c) Commercial paper  
(d) Certificate of deposit.

Ans: (a) Call money - Call money refers to day to day surplus funds of the banks.
Following are the features of call money -
- Its maturity period is extremely short & may even be only a single day up to 15 days.
- Banks facing a temporary shortage may borrow funds from other banks & financial companies to maintain cash reserve ratio.
- Interest rate is highly volatile that varies from hour to hour, & day to day.

(b) Treasury bill - A Treasury bill may be defined as an instrument of short-term borrowing by the Government of India maturing in less than one year, say 91 days, 182 days & 364 days. A Treasury bill does not carry an explicit interest rate or coupon rate. It is instead sold at a discount & redeemed at par value.
- A Treasury bill is highly liquid.
- A Treasury bill is virtually risk free.
- There is an active secondary market for Treasury bills.
(c) Commercial paper -

Commercial paper is a short term unsecured promissory note negotiable & transferable by endorsement & delivery with a fixed maturity period. Following are the features of a commercial paper -

(i) It has fixed maturity period ranging from 15 days to one year.
(ii) It is issued by large & creditworthy companies.
(iii) It is negotiable & transferable by endorsement & delivery.
(iv) It is sold at discount & redeemed at par.

(d) Certificate of deposit - It refers to a time deposit or fixed deposit which can be sold in secondary market. Following are the features of Certificate of deposit:

(i) It is a document of title to a time deposit.
(ii) It is a bearer certificate & is freely negotiable.
(iii) Its tenure ranges from 91 days to one year.
(iv) It is issued at discount on the actual amount of deposit held.
Q. Explain the concept of personal selling & any four qualities of a good salesman.

Ans.: Personal selling is any personal communication between seller & buyer whereby the seller assists & persuades a prospective buyer to buy the product.

Following are the qualities of a good salesman:

(i) Physical qualities - He must have pleasing personality. He should be impressive & free from physical defects.

(ii) Social qualities - He must be social, courteous, motivated person who can easily get mixed up with people.

(iii) Mental qualities - He must be an intelligent, imaginative person who has strong memory & good presence of mind.

(iv) Communication skills - He should be able to convey his message clearly & should be able to answer customer's queries instantly.

Or

Q. Explain any four factors which affect the determination of the price of a product.

Ans.: Following are the factors which help in determining the price of a product:
(i) Cost - Price charged must enable the businessman to cover his cost including a reasonable margin of profit.

(ii) Competition - Selling above the competitive price is very difficult and therefore, the seller will consider the prices charged by competitors. In case of intense competition he will keep his price low.

(iii) Objectives - Pricing policy of a firm is influenced by the objectives of setting the price. The objectives may be to capture a large market share, to increase sales or to survive only.

(iv) Customer demand - When demand of product is inelastic, the marketer can charge higher prices without much loss of demand. In case of elastic demand, a seller can win larger revenue by lowering price.