

**STUDY MATERIAL
ON
HOTS
Subject: Business Studies**

CLASS – XII

**Part - A
PRINCIPLES AND FUNCTIONS OF
MANAGEMENT**

Chapter -1

NATURE AND SIGNIFICANCE OF MANAGEMENT

1. Which force is considered as the essence of management?
2. 'Doing the task with minimum cost' name the term associated with management?
3. 'In order to be successful, an organization must change its goals according to the needs of the environment. Which characteristics of management are highlighted in this statement.
4. Which function of management bridges the gap between where we stand today and where we want to reach/
5. Name the function of management which establishes organization structure and establishes authority and responsibility relations?
6. In which functions of management standards are compared with actual, deviations are found out and corrective steps are taken?
7. Anything (-) management is equal to what?
8. Departmental managers are included at which level of management?
9. Name the level of management the following parts belong to.
 1. Purchase managers.
 2. CEO
 3. Superintendent.
10. 'Survival, profit and growth are essential targets of any business' which objectives of management is referred here?
11. 'Every organization whether it is business or non-business should use environmental methods of production, give employment opportunities and provide basic amenities like schools and crèches to employees' name the objective of management indicated here?
12. The activities involved in managing an enterprise are common to all organizations whether social or political' which characteristics of management is highlighted by this statement?
13. What is PODSCORB?
14. How is Management an intangible force?
15. "Management is essential for successful running of an enterprise", How?
16. Mr. 'Y' acts as Vice President in ABC Ltd. Name the level of Management he is working? Explain Any two functions performed by him?
17. Mr. Anil working as a 'Sales department Head in XYZ Ltd. Name the level of Management he is working? Explain Any two functions performed by him?
18. Explain any 3 functions performed by operational Level?
19. 'Co-ordination' is the essence of Management' Explain.
20. "Management is critical ingredient of a nation's growth" Comment.
21. Why Mgt is considered as Multi dimensional function?
22. "Mgt is Science as well as art". Explain this statement.

Chapter -2

PRINCIPLES OF MANAGEMENT

1. How re principles of management formed?
2. Why is it said that the principles of management are universal?
3. Why is it said that principles of management are flexible?
4. Which principles of management promotes team spirit.?
5. Who was the first to identity functions of management?
6. Which principle of management suggests that a subordinate should receive orders from and be accountable to one superior?
7. Who gave the concept of scientific management? What was his profession?
8. Which principle of scientific management suggest the introduction of scientific investigation and analysis of management practice?
9. What is the basis of formation of scientific management?
10. Which principle of management is violated if an employee is asked to receive orders from two superiors?
11. “Workers should be encouraged to develop and carry out their plans for improvements”. Identify the principle of management formulated by Fayol.
12. It has been observed that the prevailing situation in an organization is due to the violations of the principle of ‘order’. What might have been your observation?
13. Which principle of management is violated when a manager grants one month medical leave to a superior with pay and only one week medical leave to an accountant?
14. Mohan a manager, expects his colleagues to get work out of subordinates without giving them any powers. Which principle of management is being overlooked and why?
15. Which principle of management aims at securing the loyalty and devotion of the employees by giving them fair and just treatment?
16. Which principle of management envisages that each group of activities having the same objective must have one head and one plan? Explain the principle with suitable example.
17. If an organization does not provide the right place for physical and human recourses in the organization, which principle is violated? What are its consequences?
18. The production manager of an automobile company asked the foreman to achieve a target production of 200 units (Scooters) per day. But he did not give him the authority to requisition tools and materials from the store department. Can the production managers blame the foreman if he is not able to achieve the desire target? Explain briefly the principle relating to the situation.
19. Name and explain that principle of Fayol which suggest that communication from top to bottom should follow the official lines of command?
20. Identify the technique of scientific management which are described by the statement given below:-
 - i. When specialists supervise each worker.
 - ii. Change in the attitude of workers and management towards one another. From competition to Co-operation.
 - iii. When uniformity is introduced in materials. Machine, tools, method of works and working conditions after, due research.
21. Hina & Harish are typist in a company having same educational qualification. Hina is getting Rs.3000 per month and harish Rs. 4000 per month as salary far the same working hour. Which principle of management is violated in this case? Name and explain the principle?

Chapter -3

Business Environment

Which environment describes characteristics of the society in which the organization exists.

1. Which element / dimension of business environment involves improvement and innovations which provide new ways of producing goods and services and new methods and techniques of operating a business.
2. Which environment prohibits the advertisement of alcoholic beverages?
3. Banking sector reforms have led to easier credit terms and better services. This is an example of a key component of the “Business Environment “ name this component?
4. ‘Demand for reservation in jobs for minorities refers to an example of key component of general environment of business. Name this component.
5. 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.
6. Which process aims at giving greater role to the private sector role to the public sector?
7. State the characteristics of business environment.
8. State the economics reforms since 1991 or new Economics policy.
9. State the factors of Micro Environment.
10. State the factors of Macro Environment.
11. State the difference between general and specific environment with example.
12. Explain any five positive effects of liberalization and globalization on business and industry.
13. Explain any five negative effects of liberalization and globalization on business and industry in India.
14. Write the impact of changes in government policy on business and industries.
15. State the component of business Environment.
16. State the importance of business.

Chapter -4

PLANNING

Qus:1 How does planning provide direction?(Any Three)

Qus:2 The planning function of management is conducted at which level of management ?

Qus:3 One of the functions of management is considered as a base for all other functions. Name that Function.

Qus:4 : Planning strangulates the initiative of the employees and compels them to work in an inflexible manner”
Discuss.

Qus:5 Which limitation of planning suggest that the employees stop thinking and become the blind followers of Plan?

Qus:6 A company needs a detailed plan for its new project- construction of shopping mall. What type of plan Is it ?

Qus:7 In which type of plan the sequence to perform a job is determined?

Qus:8 Which plans suggest action and non action of employees?

Qus:9 “No Smoking : the statement is related to which type of plan?

Qus:10 Mc Donald does not give its franchise to any other company which is running food business. This is Related to which type of plan/

Qus:11 Name the type of plan which serve as a guide for overall business planning and define the future state of Affair which the organization strive to realize?

Qus:12 In which step of planning process the planners make prediction and assumptions regarding future?

Qus:13 How should a manager select the best possible course of action?

Qus:14 Without one function of management the controlling function is not possible. Name the concerned function.

Qus:15 Planning is an activity which enables a manager to look ahead and anticipate changes. Mention the Benefit of planning highlighted here.

Qus:16 Planning ensures clarity in thoughts and actions, works is carried on smoothly without interruptions . Which importance of planning is mentioned here?

Qus:17 It helps the manager to look into future and make a choice amount various alternative courses of Action enumerate the importance of planning indicate here.

Qus:18 Planning lays down the base for other functions of management which feature of planning is Highlighted here?

Qus:19 A plan is framed it is implemented and is followed by another plan and so on. Mention the feature of Planning indicate here?

Qus:20 Which features of Planning is stressed by saying that planning is an intellectual activity of thinking Rather than doing?

Chapter -5

Organising

- Q.1 Name the function of management which co-ordinate the Physical, Financial, and Human resources and establishes productive relations among them for achievement of specific goals.
- Q.2 Name and explain the two steps in the process of organizing which comes after identification and division of work and departmentation.
- Q.3 Aman Ltd. is manufacturing Toys and has Production Sales, Purchase and finance Department, which type of organization structure would you suggest to them? State any three advantage of this organization structure.?
- Q.4 Hindustan Ltd. is manufacturing computers, soaps and textile . Which type of organizational structure would suit the requirement of such organization? State any three advantages of this organization structure?
- Q.5 It is a System of consciously coordinated activities of two or more person towards a common objectives. Mention this system of organization and explain its two features.
- Q. 6 It is a network of personal and social relations not established or required by the formal organization but arising spontaneously as people associate with one another. Name this organization and give its three advantages.
- Q.7 The directors of Narmada Ltd. An organization manufacturing computer have asked their marketing manager to achieve a target rate of 100 computers per day. The marketing manager has delegates the task to his deputy sales manager working under him. The deputy sales managers could not achieve he target. Is the marketing manager responsible for the failure of his deputy sales manager? Explain in brief , the relevant principle in support of your answer.?
- Q.8 The Director of Kamal Ltd, an organization manufacturing computer want to double the sales and given this responsibility to their sales manager. The Sales Manager has no authority either to increase , sales expense or appoint new salesman. Hence, he could not achieve this target. Is the sales manager responsible for not achieving the target? Explain in brief , the relevant principal in support of your answer.?

- Q.9 It refer to the systematic delegation of authority from top management to the lower level managers. Mention the name of it.
- Q.10 “If we delegate the authority, we multiply it by two if we decentralize it, we multiply it by many “ how?
- Q.11 The employee of ABC Ltd. Take part in volleyball matches on Sunday. Name the types of organization formed.
- Q.12 “The first Step in the process of organizing is identification and division of work” Why is he work divided into manageable activities?
- Q.13 while allocating work to various employees how the work must be assigned?
- Q. 14 which Function of management is concerned with building a stable frame work or structure of various parts of an enterprise?
- Q15 How can department or division be created?
- Q.16 How does an informal organization emerge?
- Q.17 Name the organization which has the benefit of Easy to fix responsibility?
- Q.18 Name the type of organization which does not have predetermined objectives?
- Q.19 A Fashion design house has the following main job:-
(1) Manufacturing (2) Finance (3)Marketing (4) Personal (5) Research and Development
Which organizational structure will you prefer for this type of a company and why?
- Q.20 Rina runs a shoe manufacturing factory. She wants to expand her business. For expansion she contemplated to enter into the manufacturing of leather bags and western formal wear apart from the running business of shoes. By doing this her company will be able to provide many products to working women under one roof. Which organization structure will you suggest her and why?
- Q.21 Name the activity which increase the importance of the role of subordinates?
- Q.22 For which kind of enterprises functional structure is more suitable?

Chapter -6

STAFFING

Q.1. Which function of management helps in obtaining right people and putting them on the right jobs?

Q.2. It implies introducing the selected employees to other employees and familiarizing him with the rules and policies of the organization. Name it.

Q.3. “Internal sources of recruitment are better than external sources of recruitment”.

Do you agree with this statement. Give any two reasons in support of your answer.

Q.4. Himesh is working as a supervisor in a company. Due to his hard work he is promoted to the post of Production Manager. Now the post of supervisor is vacant and no one can be transferred or promoted to this post. Name the source of recruitment the company will use to fill up this post. State any three advantages of using this source of recruitment.

Or

Which source of requirement is needed to bring new blood in the organization? Explain any three advantages of this source.

Q.5 It is the process of identifying and choosing the best person out of a number of prospective candidates for a job. Name it.

Q.6 Which step in the process of selection helps the manager to eliminate unqualified or unfit job seekers based on the information supplied in the application forms.

Q.7 It is the process of increasing the knowledge and skills of an employee for doing a particular job. Which process is refers to here.

or

What helps the employees in improving their job knowledge and efficiency.

Q.8 Which type of training is a joint programme of training in which educational institution and business firms cooperate?

Q.9 Trainee is put under the guidance of a master worker to require a higher level of skill. For example to become plumber , electrician etc. Which method of training is referred here.

Q.10 In which type of training , employees learn their jobs on the equipments they will be using, but the training is conducted away from the actual work floor. Explain two other methods relating to this.

Q.11 “There is no need of human resource planning as so many people are available in the market these days” do you agree with this statement? Give reasons.

Q.12 “A newly appointed personnel manager is of the view that there is no need for training the workers”. Do you agree with his views? Give reasons in support of your answer.

Chapter -7

Directing

- Q..1 It is concern with instructing, guiding and inspiring people in the organizations achieve its objectives. Name it.
- Q..2 Every manager from top executive to supervisor performs the functions of directing. Which characteristics of directing are referred here.
- Q..3 It take place throughout the life of the organization irrespective of people occupying managerial positions. Mention the characteristic of directing high lighted here and also explains two more characteristics.
- Q..4 “Directing is the least important functions of management”. Do you agree with this statement? Give any two reasons in support of your Answer.

or

“Directing is not at all reinsured in an organization” do you agree? Give any two reasons in support of your Answer.

- Q..5 “A supervisor is not at all reinsured in an organization” do you agree? Give any three reasons in support of your Answer.

or

“The post of supervisor should be abolished in the hierarchy of managers”. Do you agree? Give any three reasons in support of your Answer.

- Q..6 It means overseeing the subordinates at work. Which element of directing is referred to?
- Q..7 Supervisor acts as a link between workers and management. How?
- Q..8 Which element of directing helps in inspiring subordinates to give their best to the organization. Explain any three points of importance of this element.
- Q..9 Under these incentives schemes employees are offered company shares at a set price which is lower than market. Which incentive scheme is mentioned here? Also explain three more financial incentives.
- Q..10 To satisfy the social and psychological needs which type of incentives are needed? Explain four types of such incentives.
- Q..11 It is defined as the process of influencing other people to work willingly for group objectives. Mention this element of directing.

- Q..12 Name the type of formal communication in which the persons of the departments, one at a higher position other at lower, communication with each other. Also state the problem which may arise in this type of communications.
- Q..13 Name the type of written communication in which two departmental heads communicate with each other. Why is this type of communication reinsured?
- Q..14 Amit and vikki are working in the same organization but in different departments. One day at lunch time vikki informed amit that due to computerization many people are going to be retrenched soon from the organization.
name, which type of communication of this. State any two limitations of this type of communication.
- Q..15 There are some barriers in communications, which are concerned with encoding and decoding of message. State any three such barriers.
- Q..16 There are some barriers in communications which are concerned with organizational structure and regulations. State any three barriers.
- Q..17 There are some barriers in communication which are concerned with the state of mind of both the sender and the receiver. State any three such barriers.
- Q.18. Name the process of exchanging ideas ,facts and information?
- Q.19. Name the element of directing under which sub-ordinates share his views with his superior.
- Q.20. Which type of communication takes place between superior sub-ordinates in the office?
- Q.21. Name and explain the last steps of communication process.
- Q.22. Name the grapevine network in which an individual communicate with only those people whom he trusts?
- Q.23. the employees of TCS Ltd. have formed a dramatic group for their recreation. Name the type of an organization. Explain any three limitations of it.

Chapter -8

CONTROLLING

- Q..1 Which function of management ensures that actual activities confirm to planed activities?
or
name the function which reviews the operations in a business unit.
- Q..2 There are two managers rahim and pankaj. Rahim is saying that ‘controlling is forward looking’ whereas according to pankaj ‘controlling is looking back’ . Who is correct? Explain why.
- Q..3 Employees know well in advance what they are expected to do and what are the standards of performance on the basis of which they will be appraised, which in turn help them to give better performance. Which importance of controlling is highlighted here?
- Q..4 Which function of management ensures work accomplishment according to plQ? Name and explain the importance of the function.
- Q..5 Controlling provides direction to all activities and efforts for achieving organizational goals. Which importance of controlling is referred here? Also explain two more of its importance.
- Q..6 “There is close and reciprocal relationship between planning and controlling”. Explain the statement through an example.
- Q..7 “Controlling is a systematic process involving a series of steps.
- Q..8 Name the concept which suggests that only significant deviations which go beyond the permissible limit should brought to the notice of management
- Q..9 Which technique of control is concerned with the contribution of actual and planed expenditure.
- Q..10 “In ideal control system is the one that checks every bit of performance”. Do you agree with this statement? Give reasons to support your answer.
- Q..11 Abc ltd. Is manufacturing auto spare parts on large scale. The company policy is that 3% of the daily production could be defective. answer last two months it is observed that about 10-12% of production is defective. Which function of management is reinsured to correct the above case? State the procedure to be followed to correct the things.
- Q..12 “Comparing the actual performance with the laid standards, finding out the deviations and taking corrective action is an important function of a function of management”. Name the function and explain the process.

**STUDY MATERIAL
ON
HOTS
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CLASS – XII

**Part - B
BUSINESS FINANCE AND
MARKETING**

Chapter 9

Financial Management

1. A company wants to establish a new unit in which a machinery worth Rs.10 lakhs is involved. Identify the type of decision involved in financial management.
2. A decision is taken to raise money for long term capital needs of the business from certain sources. What is this decision called ?
3. A decision is taken to distribute certain parts of the profit to shareholders after paying tax. What is this decision called?
4. Name the source of finance carrying two fixed obligations viz., interest and redemption.
5. In case of inflation, does an enterprise need more or less of the working capital?
6. Identify the decision taken in financial management which affects the liquidity as well as the profitability of business.
7. State why the working capital needs for a service industry are different from that of a manufacturing industry.
8. To avoid the problem of shortage and surplus of funds what is required in financial management? Name the concept and explain its any three points of importance.
9. State the factors which affect the capital structure of a company.
10. Why is Financial Planning done?
11. Length of Production cycle affects the working capital requirements of an organization. Explain how?
12. 'Primary objective of financial management is to maximize the wealth of shareholders'. Explain.
13. The directors of a manufacturing company are thinking of issuing Rs. 20 lacs 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?
14. A businessman who wants to start a manufacturing concern, approaches you to suggest him whether the following manufacturing concern would require large or small working capital: (a) Bread, (b) Coolers, (C) motor Car.
15. You are the finance manager of a newly established company. The directors of the company have asked you to plan the capital structure of the company. State any four factors that you would consider while planning the capital structure.
16. How Stock market conditions affect the capital structure specially when company is planning to raise additional capital?
17. How is Interest Coverage Ratio computed? What does it indicate?
18. How is Return on Investment computed?

Chapter 10

Financial Market

1. Name the market where companies issue new securities.
2. How many stock exchanges are there in India?
3. Why secondary market is considered as market for second hand securities?
4. Which money market security is also known as Zero Coupon Bond?
5. Explain the term : Price Rigging
6. A wants to get his company listed in National Stock Exchange . His company's paid up capital is Rs. 20,00,000. Can he get it listed? Kindly advise him.
7. Distinguish between Capital market and money Market on the basis of following- (i) Participants (ii) Duration (iii) instruments
8. Nature of 'Capital market' can be well explained with the help of its features . State any three such features of Capital Market.
9. Nature of 'Money Market' can be well explained with the help of its features. State and three such features of money market.
10. State any three objectives of NSE.
11. Explain any three functions of a Stock Exchange.
12. 'SEBI is the watchdog of security market'. Comment.
13. 'Stock market imparts liquidity to investment'. Comment.
14. State any two methods of issuing securities in Primary Market.
15. Explain the terms: (i) Bulls (ii) Bears (iii) Stag
16. What function does financial market perform?

Chapter 11

Marketing Management

1. Name one of the first companies in the world to actively study the influence of consumer products on the environment.
2. Give two examples of convenience product.
3. Name two shopping products.
4. Name two techniques of sales promotion.
5. What factor changes want into demand?
6. Which goods last long and contribute directly to the making or developing of finished goods?
7. Name the elements which are popularly known as 3 p's of marketing.
8. Which goods are of unique character and buyer identifies with them?
9. Give some innovative ideas of getting information about the trends/demand pattern in market.
10. Sony Ltd. Introduced a television set with new features in the market at a high price but when the same features used by other electronic companies in their television sets then the prices of Sony Ltd's television sets was reduced by the company. Mention the name of strategy the company is following. Also explain the strategy in short.
11. Distinguish between Selling and Marketing on the basis of following points: (i) Focus (ii) Objective (iii) Supremacy.
12. Explain any three functions of 'packaging'.
13. 'Expenditure on advertising is a social waste.' Do you agree?
Discuss.
14. Name and explain the concept which concentrates on the need of the customers.
15. 'Blindly following the goal of customer satisfaction had led to many social and environmental ills.' Do you agree? What should be done?
16. 'Product is a bundle of utilities.' Do you agree? Comment.
17. How does branding help in creating product differentiation? Discuss.
18. List the promotional messages given on the package of any three consumer products of your choice and comment how can these promotional messages help in the sale of these products.

Chapter 12

Consumer Protection

1. Which consumer right gives the business firm freedom to set up their own consumer service and grievance cell?
2. Ahmed wants to buy an iron. As an aware customer how can he be sure about the quality of iron?
3. Mohit filed a case against 'Domestic Cooling Ltd.' in the 'District Forum', but was not satisfied with the orders of the District Forum. Where can he appeal further against the decisions of District Forum?
4. Ram wants to buy ghee. How can he check the quality of product?
5. Amrit filed a case against 'Volvo Ltd.' in the 'State Commission'. But he was not satisfied with the orders of the 'State Commission'. Name the authority to which he can appeal against the decisions of 'State Commission'.
6. Can a consumer file complaint in consumer court without having cash memo?
7. Name any two consumer rights.
8. List any three consumer organizations in India.
9. Who is a consumer?
10. Why is consumer protection required in India?
11. Suggest any three remedies or reliefs available to consumer on his complaints.
12. Can a consumer appeal against the judgement of National Commission? If yes, then where?
13. Who can file a complaint in consumer court?
14. Explain the following as ways and means of consumer protection: (i) Consumer Awareness (ii) Government.
15. 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?
16. When or under what circumstances the complaints can be filed?
17. Name two consumer rights defined by UNO.
18. Rajiv, a vegetarian was traveling in Rajdhani Express was served food and later he found out that it had a non-vegetarian content. His sentiments were hurt. Will Rajiv be able to claim compensation, which right of the consumer is violated?

**SUGGESSTED ANSWER
ON
HOTS**

Subject: Business Studies

CLASS – XII

Part - A

**PRINCIPLES AND FUNCTIONS OF
MANAGEMENT**

Chapter -1

NATURE AND SIGNIFICANCE OF MANAGEMENT

Suggested Answers.

1. Co-Ordination
2. Efficiency
3. "Management is dynamic functioning"
4. Planning
5. Organizing
6. Controlling
7. Zero / failure / Nothing
8. At middle management
9.
 - i) middle Level
 - ii) Top level
 - iii) Supervisory Level
10. Organizational objectives
11. Social Objectives
12. Management is all pervasive.
13. Luther Gullick gave the keyword PODSCORB which stands for Planning, Directing, Staffing, Co-ordinating, Reporting and budgeting.
14. The presence of management can be felt by seeking the orderliness and co-ordination in the working environment.
e.g. if the inventory of finished products is increasing day by day it clearly indicates mismanagement of marketing and sales.
15. Management increases efficiency.
Ensures optimum utilization of resources
Management creates dynamic organization
16. Top level of Management
Functions:
 1. Determining the objectives of the enterprise
 2. Assembling all the resources such as finance, fixed
17. Middle level of management
Functions:
 1. Interpretation of policies framed by top Management to lower level.
 2. Recruiting & Selecting the employees for their department
 3. Motivation the persons to perform to their best ability
18.
 1. Looking to safety of workers.
 2. to boost morale of workers.
 3. Representing the problems of workers before the middle level management

19. Co-ordination is needed to perform all the functions of management
Co-ordination is required at all the levels
Co-ordination is the most important function of an organization.

20 Mgt Helps in creating employment opportunities
Mgt insists providing Quality goods.
Mgt helps in increasing GDP and leads to growth of Nation.

21 Mgt of work
Mgt of people
Mgt of operation

22. Mgt as a science
i. Systematic body of Knowledge
ii. Principles are based on repeated experiments

Mgt as an Art
i. Existence of theoretical Knowledge
ii. Application of Knowledge

Chapter -2

Principles of Management

1. They are formed by practice and experimentation.
2. Because they can be applied to all types of organization :- business as well as non business, small as well as large, public sector as well as private sectors.
3. Because they can be modified by the managers when the situation so demands.
4. Esprit De Corps.
5. Henri Fayol.
6. Principle of Unity of command.
7. F.W.Taylor gave the concept of scientific management and he was an American mechanical engineer.
8. Science, not rule of Thumb.
9. Observation & Experimentation.
10. Principle of unity of Command
11. Principle of initiative.
12. people and materials are not in suitable places at appropriate time.
13. Principle of equity.
14. Principle of parity of Authority and Responsibility.
15. Principle of Equity.
16. Unity of Direction
17. Principle of Order
18. No, the production manager can not blame the foreman because he did not give material from the stores department. Since he had no authority, he could not fulfill his responsibility. Also explain principle of Parity of Authority.
19. Principle of Scalar Chain.
20.
 1. Functional Foremanship.
 2. Mental Revolution
 3. Standardization of works.
21. Principle of fair remuneration.

Chapter -3

Business Environment

Answers

1. Social Environment
2. Technological Environment
3. legal Environment
4. Economic Environment
5. Social Environment
6. Liberalization
7. Privatization

8. 1. Totality of external forces. 2. Specific and general forces
3. Inter-relatedness. 4. Dynamics
5. Complexity. 6. Relatively

9. a. Liberalization
- b. Privatization
- c. Globalization

10. a. Customers
- b. Suppliers
- c. Competitors
- d. Public
- e. Marketing intermediaries.

11. a. Economical Environment
- b. Political Environment
- c. Social Environment
- d. Legal Regulatory Environment
- e. Technological Environment

- 12 Examples of Specific Environment of Business.

Basis of difference	Specific Environment	General Environment
Examples	Investors, Customers, Competitors and suppliers	Social, Political, Legal and Technological conditions
Direct of Indirect.	It effects individual enterprises directly	It have indirect impact on all business enterprise.

13. The positive effects of liberalization and globalization on business and industry are
 1. All round competition
 2. Export became matter of survival.
 3. World class technology.
 4. Buyer's market increase in production capacity.

14. The negative effects of liberalization and globalization on business and industry in India are

- a) Destabilization of protected environment.
- b) Threat from MNC's
- c) Corporate vulnerability
- d) Past failure fail to guide
- e) Acquisitions and mergers

15. Impact of changes in govt. policy on business are:

- a. Increasing competition
- b. More demanding
- c. Rapidly changing technology environment
- d. Necessity for change
- e. Need for developing human resources.
- f. market orientation
- g. Loss of budgetary support to the public sector.

16 Components of Business Environment

- a. Internal Environment
- b. External Environment
- c. Micro Environment
- d. Macro Environment

17. Importance of business Environment are:

- e. First mover advantage
- f. Warning signal
- g. Taping useful resources
- h. Coping with rapid changes
- i. Assisting in planning and policy
- j. Improving in performance.

Chapter -4
Planning
Suggested Answer

Ans:1 (a) Planning is goal oriented.
(b) Continuous process.
(c) Pervasive function.

Ans:2 At all Three Levels.

Ans:3 Planning.

Ans:4 Planning reduces creativity.

Ans:5 Planning reduce creativity.

Ans:6 Programme.

Ans:7 Procedure.

Ans:8 Rules

Ans:9 Rule.

Ans:10 Policy.

Ans:11 Objectives.

Ans:12 Setting up of planning premises for all the alternatives.

Ans:13 Manager should apply permutation and combination.

Ans:14 Planning.

Ans:15 Planning reduces the risks of uncertainty.

Ans:16 Planning reduces overlapping and wasteful activities.

Ans:17 Planning facilitates decision –making.

Ans:18 Planning is a primary function of management.

Ans:19 Planning is continuous process.

Ans:20 Planning is a mental exercise .

Chapter - 5

Organising

Ans.1 Organising

Ans. 2 Assignment of duties and establishing reporting relation ships.

Ans. 3 I would suggest functional structure fro aman ltd.

Ans. 4 Divisional Structure would suits the requirement of Hindustan ltd.

Ans. 5 Formal organization

Ans. 6 Informal organization

Ans. 7 Yes, marketing manager is responsible for non- achievement of he target sales to his.

Ans. 8 No, sales manager is not responsible for not achieving the target. The principle involved is purity of authority and responsibility.

Ans. 9 Decentralization.

Ans.10. Scope of delegation of authority is limited as it is confined to a manager and his immediate subordinate in work unit.

Scope of decentralization. It involves systematic delegation of authority at all levels and in all functions of the organization. It is an extension of delegation to the lowest levels in the organization.

Ans. 11. Informal organization.

Ans 12. The work is divided into manageable activities so that duplication of efforts and resources can be avoided and the burden of work can be shared among the employees.

Ans. 13. The work must be assigned to those who are best fitted to perform it well.

Ans. 14. Organizing.

Ans. 15. It can be created on the basis of-

a) territory and b) products

Ans. 16. Informal organization emerges from within the formal organization when people interact beyond their officially defined roles.

Ans. 17. Formal organization.

Ans. 18. Informal organization.

Ans. 19. Functional organizational structure will be suitable.

Ans. 20. In this situation, Divisional Structure will be suitable as it provides equal importance to all products. Also describe the advantages of divisional organization structure.

Ans. 21. Decentralization.

Ans. 22. When the size of the organization is large, has a diversified activities and operations require a high degree of specialization.

Chapter - 6 Staffing

Ans..1 Staffing.

Ans..2 Orientation.

Ans..3 Yes, i agree with this statement. and Explain any two advantages of internal sources of recruitment.

Ans..4 Company will use external sources of recruitment. And explain any three advantages of external source of recruitment.

Ans..5 Selection.

Ans..6 Preliminary screening.

Ans..7 Training.

Ans..8 Internship training.

Ans..9 Apprenticeship programme.

Ans..10 Vestibule training.

Ans..11 No, i do not agree with this statement. There is a great need for human resources planning. Also explain the points of need her human resource planning.

Ans..12 No, i do not agree with view of personal manager. There is a great need for training. Also explain the points of need her training.

Chapter -7

Directing

Ans.1. Directing

Ans.2. Directing takes place at every level of management

Ans.3. Directing is a continuous process

Ans.4. No, i do not agree with this statement and explain any two point of importance of directing.

Ans.5. No, i do not agree because a supervisor performs number of important functions.

Ans.6. Supervision

Ans.7. Supervisor conveys management ideas to the workers on hand and workers problems to the management on the other

Ans.8. Explain importance of motivation

Ans.9. Explain co-partnership/ stock option scheme. Other financial incentives are:-

1) profit sharing 2) bonus 3) commission etc.

Ans.10 Non-monitory incentives are needed to satisfy the social and psychological needs.

Type of non-monitory incentives are:-

1) status 2) career development oppportunity 3) organizational climate 4) job security 5) assignment of challenging job etc.

Ans.11. Leadership

Ans.12. This type of communication is diagonal communication and state it's any two limitations

Ans.13. In horizontal communication two departmental needs communicate with each other.

Such communication generally relates to the officially accepted and recognized activities of the organization

Ans.14. It is an example of informal communication and also explain any two limitations Of informal communication

Ans.15. It refers to semantic barriers to communication:-

- 1) Symbols with different meanings
- 2) Badly expressed message
- 3) Unclarified assumptions

Ans.16. Organizational barriers:-

- 1) Organizational policy
- 2) Status
- 3) rules and regulations

Ans.17. It refers to psychological barriers:-

- 1) Premature evaluation
- 2) Loss by transmission and poor attention
- 3) Lack of attention

Ans.18. Communication.

Ans.19. Communication.

Ans.20. Formal Communication.

Ans.21. Feedback 'it is the response given to sender for the message sent.'

Ans.22. Cluster grapevine network.

Ans.23. Informal organizations and explain any three limitations.

Chapter - 8

CONTROLLING

Ans.1. Controlling

Ans..2 Both managers rahim and pankaj are correct and explain controlling as forward looking and looking back.

Ans..3 Improves employees motivation.

Ans..4 Controlling is the function of management which ensures work accomplishment according to plans? And explain the importance of the controlling.

Ans..5 Facilitating coordination in action. Explain two more importance of controlling.

Ans..6 Yes, “there is close and reciprocal relationship between planning and controlling”.

Without planning, there is no basis for controlling activities and without controlling planned activities cannot be implemented properly and there cannot be improvement in future plans.

Ans..7 “Explain the process/steps of controlling.

Ans..8 Management by exception.

Ans..9 Budgetary control

Ans..10 No, i do not agree with this statement. Because a manager should focus on key points only and should not waste his energy in checking every bit.

Ans..11 The management function reinsured to correct the above case is controlling. The procedure to be followed is:

- 1) Find out the causes of deviation of defective percentage from 3 to 12.
- 2) Take corrective measure to control the things.

Ans..12 Name of the function is controlling and explain the process of controlling.

**SUGGESTED ANSWER
ON
HOTS**

Subject: Business Studies

CLASS – XII

**Part - B
BUSINESS FINANCE AND
MARKETING**

Chapter 9

Suggested Answers

1. Investment decision
2. Financing decision
3. dividend decision
4. Debentures
5. More working capital
6. Capital budgeting decision
7. Nature of business determines the working capital needs . Service industries which usually do not have to maintain inventory require less working capital whereas manufacturing industries have to maintain inventory in the form of R/M to finished goods there require more working capital.
8. Financial Planning. Sound financial planning is essential for success of any business enterprise. It is important because-
 - (i) it facilitates collection ;of optimum funds.
 - (ii) It helps in fixing the most appropriate capital structure .
 - (iii) It helps in investing finance in right projects.
9. (i) Cash flow ability
- (ii) control
- (iii) Floatation cost
- (iv) Flexibility
- (v) Market condition
10. It is done to achieve following two objectives –
 - (i) To ensure availability of funds whenever these are required.
 - (ii) To see that firm does not raise resources unnecessarily.
11. Production cycle is the time span between the receipt of raw material and their conversion into finished goods. Duration and length of production cycle affects the amount of funds required of R/M and expenses. Consequently the working capital requirement is higher in firms with longer processing cycle and lower in firms with shorter processing cycle.
12. maximization of shareholders wealth depends upon the market price of shares . Market price of equity share increase if the benefits from a decision exceeds the cost involvcd.
13. The increase in debt-equity ratio from 2:1 to 3:1 is subject to following risks-
 - (a) Interest on debt has to be paid even when the company is not making sufficient profits.
 - (b) The debentureholders have charge over the assets of the company so there is threat of solvency.
14. (a) Bread – Requirement of working capital will be less because it has quick cash turnover.
- (b) Coolers – Require of working capital will be more because it is a seasonal product.
- (c) Motor car – Working capital requirement will be more.
15. Following factors would be considered for the purpose –
 - (i) Cash Flow Position
 - (ii) Interest Coverage Ratio
 - (iii) Return on Investment
 - (iv) Cost of debt
 - (v) Tax rate
16. There are two main conditions of stock market i.e., Boom condition and Recession condition. During recession market is slow and investors also hesitate to take risk so at this time it is advisable to issue borrowed funds as they are less risky and ensure fixed repayment and regular interest. But during boom period, business flourishes and investors also take risk and prefer to invest in equity shares to earn more in the form of dividend.
17. Interest Coverage Ratio= $\frac{\text{Earnings before interest and tax}}{\text{Interest}}$
Higher ICR means companies can have more of borrowed fund securities whereas lower ICR means less borrowed fund securities.
18. Return on Investment= $\frac{\text{Earnings before Interest and tax}}{\text{Total investment}}$

Chapter 10

Suggested Answers

1. Primary Market.
2. There are 22 regional stock exchanges and 2 National level Stock Exchanges- NSEI and OTCEI.
3. Because in this market existing and second hand securities are sold between investors.
4. 'Treasury Bill' is also known as Zero Coupon Bond.
5. Price Rigging refers to manipulating the prices of securities with the main objectives of inflating or depressing the market price of securities.
6. No, he cannot get it listed in NSE because to get listed in NSE minimum paid up capital required is Rs. 3 crore.
7. (i) Participants- The participants in capital market are financial institutions, banks, public and private companies, foreign investors and ordinary retail investors from public whereas in money market, the participants are financial institutions, banks, public and private companies but foreign investors and ordinary retail investors do not participate.
(ii) Duration- The capital market deals in medium and long term securities. Whereas the money market deals with short term securities having maximum tenure of one year.
(iii) Instruments- The common instruments of capital market are Equity shares, Debentures, Pref. Shares, Bonds whereas the common instrument of money market are Treasury Bills, commercial bills, Certificate of Deposits, commercial paper.
8. (i) Link between saver and investment opportunities.
(ii) Deals in long term investment.
(iii) Utilises intermediaries.
9. (i) Market for short term funds,
(ii) Deals in monetary assets whose period of maturity is upto one year,
(iii) Market where low risk, unsecured and short term debt instruments are issued and actively traded everyday.
10. (i) Establishing a nationwide trading facility for all types of securities.
(ii) Ensuring equal access to investors all over the country through an appropriate communication network.
(iii) providing a fair, efficient and transparent securities market using electronic trading system.
11. (i) A Stock Exchange is a reliable barometer to measure the economic condition of a country.
(ii) It helps to value the securities on the basis of demand and supply factors.
(iii) It provides ready market for sale and purchase of securities.
12. SEBI was setup in 1988 to regulate the functions of the securities market and to protect the interest of investors but SEBI was found ineffective in regulating the activities of stock market. It was able to observe and watch only but failed to take corrective measure that is why it is called as watchdog.
13. The Stock market is a place where securities of companies are bought and sold. Generally the securities are long term and get matured only after a long period of time. These securities can be sold in stock market and can be easily converted into cash. The presence of market is an assurance to investors that their investment can be converted into cash as and when required by them.
14. The Primary market is also known as the new issues market. It deals with new securities being issued for the first time. The securities may be issued in primary market by following two methods:
 - (i) public issue through prospectus
 - (ii) Offer for sale.
15. (i) Bulls- A bull is a speculator who expects rise in price. He buys securities with a view to sell them in future at a higher price and making profit out of it.

- (ii) Bears- A bear is a speculator who expects fall in the price. He sells securities which he does not possess.
 - (iii) Stag- A stag is a speculator who applies for new securities in expectation that prices will rise by the time allotment and he can sell them at premium.
16. The financial market performs the function of bringing together the deficit units (corporate Sector) and surplus units (investors). It is through financial market that the lender meet the borrowers.

Chapter 11 Suggested Answers

1. Procter and Gamble.
2. (i) Bread (ii) Ice cream.
3. (i) Car (ii) Furniture (iii) Garments.
4. (i) Discount (ii) Premiums.
5. Money or purchasing power and willingness to spend the money.
6. Capital Goods.
7. Physical Evidence, People, Process.
8. Speciality goods.
9. Market Survey, Market Research, On-line Research, Feedback.

10. The name of strategy is Price Skimming.

Under this strategy a high price is charged for an innovative product and later on the price is reduced when more marketers enter the market with same type of product.

11. (i) Focus- Selling focuses on the need of seller whereas marketing focuses on the need of consumer.
(ii) Objective- The main objective of selling is to maximize the profit and sale whereas the main objective of marketing is earning optimum profit with customer satisfaction.
(iv) Supremacy- In selling, producer is considered the kingpin of market whereas in marketing, consumer is considered the kingpin of the market.

12. (i) Product Identification,
(ii) Product Protection,
(iii) Product Promotion.

13. This statement is only partially correct. The opponents of advertising say that the expenditure on advertising is a social waste as it adds to the cost, multiplies the needs of people and undermines the social values.

14. Marketing concept.

15. Despite of superiority of marketing concept, it faced criticism from the people who are concerned about society and environment. They argue that companies should not blindly follow the goal of customer satisfaction. This may lead to many social and environmental ills. For example a customer may want to have drugs so just to satisfy customer the firms should not supply him drugs. Some products bring harmful effects on environment so these should not be supplied.

16. Yes, product is a bundle of utilities. A product is purchased because of its capability to provide satisfaction of certain needs. A buyer buys a product or service for what it does for her or the benefit it provides to her. There can be three types of benefits a customer may seek to satisfy from the purchase of a product, viz., (i) Functional Benefits, (ii) Psychological Benefits and (iii) Social Benefits.

17. The process of giving a name or a sign or symbol, etc. to a product is called branding. It helps a firm in distinguishing its product from that of its competitors. This enables a firm to secure and control the market for its products. Thus, branding enables marking product differentiation.

18. Promotional messages given on the package helps in promotion of the product. These messages give reason to purchase the product. Some promotional messages are-

- (i) Amla Hair Oil states, baalon mein dum, life mein fun.
- (ii) Detergent powder says, Keep cloth look good and your machine in top condition.
- (iii) Tomato Ketchup mentions, 20% Extra Free.

Chapter 12 Suggested Answers

1. Right to be heard.
2. Through ISI mark on the iron.
3. Mohit can further appeal against the decision of District Forum in the 'State Commission' within 30 days.
4. Through 'AGMARK' symbol.
5. Amrit can further appeal in 'National Commission'.
6. No, without cash memo he cannot file a complaint. Cash memo is the proof of the transaction.
7. (i) Right to Safety (ii) Right to Choice.
8. (i) Consumer Guidance Society of India (Mumbai),
(ii) Common Cause (New Delhi),
(iii) Citizen Action Group (Mumbai)
9. According to Consumer protection Act, a consumer is :
 - (i) One who buys goods or hires services.
 - (ii) Any use of such good or service with approval of buyer.
 - (iii) Any one who bought the goods for earning livelihood.
10. Because of following reasons :
 - (i) Poverty and unemployment
 - (ii) Illiterate consumers
 - (iii) Consumers are not organized.
11. (i) Removal of defects from the goods.
(ii) Replacement of the goods.
(iii) Refund of the price paid.
12. Yes, he can appeal in High Court or Supreme Court.
13. (i) Any Consumer;
(ii) Any Registered Consumers' Association;
 - (iii) The Central Government or any State Government;
 - (iv) One or more consumes on behalf of numerous consumers having the same interest; and
 - (v) A legal heir or representative of a deceased consumer.
14. (i) Consumer Awareness- It is not easy to exploit an educated and well aware consumers. Consumer must be well aware about his rights, responsibilities and relief available to him under Consumer Protection Act.
(ii) Government- Government of India has framed a set of laws and legislations to protect the interests of consumers and the most important act framed by Government is Consumer Protection Act,1986. This act has provided three tier redressal agencies i.e., District Forum, National Commission and State Commission.

15. She should check 'FPO' (Food Product Order) symbol on the product.

16. Complaint can be filed and compensation can be claimed by the consumer with respect to-

(a) Fraudulent practices of traders and manufacturers.

(b) If goods are defective.

(c) If there is any deficiency in the services hired.

17. (i) Right to Basic Need.

(ii) Right to Healthy Environment.

18. Yes, Rajiv will be able to claim the compensation as the railways have violated the Right to Information.