

VALUE BASED QUESTIONS

(WITH THEIR SUGGESTED ANSWERS)

UNIT-1: Nature and Significance of Management

Q.1. Management of XYZ Ltd fulfills all its objectives and the organization is able to work effectively and efficiently. It is using environment friendly methods of production and disposing off the waste material either by recycling it or using the same for landfill in such a manner that the aquatic life is not disturbed. Thus it also provides employment opportunities to the disadvantaged sections of the society.

- (a) Identify the objective of Management of XYZ Ltd which it wants to fulfill by doing the above activities.
- (b) State any two other objectives that the management of XYZ Ltd. should fulfill.
- (c) Identify any two values which Management of XYZ Ltd can communicate through fulfilling the objectives as stated in part (ii).
- (d) Identify any two values which XYZ Ltd desires to emphasise through its above stated activities.

Answer:

- (a) The objective of management of XYZ Ltd. which it wants to fulfill by doing the above stated activities is social objective.
- (b) (i) Organisational objective and (ii) Personal objective.
- (c) (i) Growth for all (ii) Harmony among the employees of the organization.
- (d) (i) Waste management: By using the waste material for recycling and landfill.
(ii) Responsibility towards disadvantaged sections of the society: By providing employment opportunities to the disadvantaged sections of the society.

Q.2. Rajan Ltd is engaged in manufacturing electrical appliances. The company has been facing lot of problems for the last few months because of chaos between two departments viz; Production Department and Sales Department. Sales Department blames Production Department for delayed production. However, Production Department blames Sales Department for poor sales. The force that can integrate the two Departments is missing.

- (a) Identify the missing force in the above case and list its two characteristics.
- (b) List any two values which can be cultivated among the employees by using the force identified in (a) above.

Answer:

(a) Coordination

Characteristics (Any two):

- It integrates group efforts.
- It ensures unity of action.
- It is an all pervasive function.
- It is the responsibility of all managers.

(b) (i) Cooperation: By integrating all group efforts.

(ii) Unity: By ensuring that all activities aim at accomplishments of organizational goals.

Q.3. A.R. Rehman, is the first Indian to win Oscar award for his composition 'Jai Ho'. His composition of music is unique and different as he has used the singing notes in a manner that is entirely his own interpretation. Like A.R. Rehman, 'Rakesh', General Manager in Wave Ltd, uses his knowledge of management in a unique and different manner and all the employees working under his guidance are happy and satisfied. He everyday rewards the employees who come in the office on time.

- (a) Identify the nature of the management highlighted above.
- (b) State two other ways in which nature of management can be explained.
- (c) Identify the value that Rakesh wants to inculcate in his employees. Also, explain how? Also explain how?

Answer:

- (a) Nature of management highlighted above is 'Management is an art'.
- (b) The other ways in which nature of management can be explained are:
- (i) Management as science and (ii) Management as profession.
- (c) Discipline/punctuality: By rewarding the employees everyday.

UNIT-2: Principles of Management

Q.1. Tanya Sharma and Salman Khan, having same educational qualifications, are working as Managers in Alfa Ltd. Tanya Sharma belongs to a rural area where employment opportunities are very less whereas Salman Khan belongs to an urban area. Ignoring many other differences between the two, management of Alfa Ltd appointed them as Assistant Manager, on the same salary package of Rs. 45,000 per month.

- (a) Name and briefly explain the principle of management being followed in the above case.
- (b) Identify the values on which Management of Alfa Ltd emphasis by not differentiating between the two.

Answer:

(a) The principle of management followed in the above case is 'Principle of Equity'.

- The principle of equity implies that similar treatment is assured to employees in similar positions.
- According to this principle, managers should be fair and impartial while dealing with their subordinates and there should be no discrimination on the basis of sex, religion, language, caste, belief, nationality etc.
- Equity is essential to create and maintain cordial relations between a manager and his subordinates.

(b) (i) No discrimination on the basis of gender, caste, religion region and sex.

(ii) Providing equal opportunities to grow.

Q.2. Zee Ltd. was not performing well. After detailed analysis it was discovered that workers of the Production Department were not satisfied with the behavior of Mr. Ajay the Production Manager as workers were forced to work for long hours without any rest. Keeping this in view this the management decided to replace Mr. Ajay with Mr. Ajhar who had recently completed his M.B.A from IIM Ahmadabad. Mr. Ajhar did a detailed analysis of the work which involved heavy manual labour. He allowed small pauses to the workers so that they could recharge their energy for optimum contribution.

- (a) Name and explain the technique of scientific management adopted by Mr. Ajhar.
- (b) He further desires to find out the best ways of doing a job. Suggest to him the technique of scientific management.
- (c) State the 'values' emphasized by allowing small pauses to workers.

Answer:

- (a) Fatigue study: Fatigue study seeks to determine the amount and frequency of rest intervals in completing a task. It helps the workers to regain stamina and work again with the same capacity.
- (b) Method study.
- (c) Respect towards employees/ Humanism/ Sympathy

Q.3. One of the principles of scientific management emphasis that there should be a complete mental revolution on the part of both management and workers. Workers and managers should know the importance of each other. Both the groups should have good understanding between them.

- (a) Name and explain the principle of scientific management involved above.
- (b) Fayol emphasized team spirit of unity and harmony among employees. Name and explain the principle.
- (c) Name the common values emphasized in (i) and (ii) above.

Answer:

(a) Harmony not discord:

Taylor has emphasized that there should be complete harmony between the workers and the management since if there is any conflict between the two, it will not be beneficial either for the workers or the management. Hence, both management and workers should realize the importance of each other.

(b) *Espirit de corps*:

According to Fayol, "Management should promote team spirit of unity and harmony among employees". In order to achieve organizational objectives, management should promote team work and coordination.

- (c) (i) Harmony
(ii) Cooperation

Q.4. One of the principles of Scientific Management emphasizes that "to make the employees learn the "best method" of production, training to workers is essential". It further emphasizes that each person should be scientifically selected and the work assigned to the employees should suit their physical, mental and intellectual capabilities.

- (a) Name and explain the principle of Scientific Management involved.
(b) Name the principle of Scientific Management which is concerned with selecting the best way of performing a job through application of scientific analysis and not by intuition or hit and trial methods.
(c) Name the value emphasized by following the principle in part (a) above.

Answer:

- (a) Development of each and every person to his or her greatest efficiency and ability:
Taylor emphasized that to attain efficiency, steps should be taken right from the process of selection of employees. Employees should be scientifically selected. Efficient employees produce more to earn more.
(b) Science not rule of thumb.
(c) (i) Growth for all
(ii) Prosperity for workers and company

Q.5. Akhilesh is working in a Shoe Manufacturing Co. The management asked him to work overtime so as to produce more in order to meet increase in demand in the market. But he was not paid adequate wages for extra time worked by him. He felt dissatisfied all the time and never contributed to his maximum.

- (a) Which principle of Fayol is violated in the above case?
(b) Give two advantages of following the above principle.
(c) Which values can be emphasized by following the above principle?

Answer:

(a) Remuneration of Employees

- (b) (i) This principle ensures healthy atmosphere and good relations between the employees and the management.
(ii) This principle ensures smooth functioning of the organization by providing a cordial environment.

(c) (i) Motivation

(ii) Respect towards employees.

Q.6. Vaibhav, an employee in Yamaha Ltd., was instructed by Mr. Ashutosh (Production Manager) to increase production of steel as there was an overpurchasing of steel. On the other hand, Mr. Raghav (Sales Manager) directed him not to increase the steel production as there was low demand for steel in the market. Vaibhav got confused regarding whose order to follow and hence was unable to work in a proper manner. Because of overlapping orders and instructions, Vaibhav was unable to satisfy both the bosses which led to conflict in the organization.

- (a) Name and explain the principle not being followed.
(b) Give any two advantages of following this principle.
(c) Name the values that can be gained by following the above principle.

Answers:

- (a) Unity of command
(b) (i) It helps in preventing overlapping of activities.
(ii) It promotes coordination.
(c) Values:
(i) Conflict resolutions: By obeying unity of command.
(ii) Harmony: By maintain harmonious relations between supervisors and employees.

UNIT-3: Business Environment

Q.1. The Directors of a leading book publishing company, identifying the importance of 'value based questions' in C.B.S.E. curriculum as an early opportunity published a book based on these type of questions. The book became very popular as no other book had these type of questions. The turnover of the company increased tremendously and this resulted in improved performance. Seeing the demand few book-sellers started charging more price than was printed on the book.

- (a) Identify and explain the 'significance of understanding business environment' highlighted above.

- (b) Which value does the above publishing company desire to emphasise by publishing the book, based on 'value based questions'?
- (c) Which 'value' is not being followed by the book-sellers in the above case.

Answer:

- (a) Identifying opportunities and getting the first mover advantage.
Business environment provides many opportunities to the firms to improve their performance. The firms which are able to scan these opportunities at an early stage get maximum benefit and can leave their competitors behind.
- (b) Adaptability: By understanding the needs of the students of CBSE and publishing the book based on 'value based questions'.
- (c) Honesty: By charging more price than was printed on the book.

Q.2. No business firm is an island unto itself; it exists, survives and grows within the context of elements and forces of its environment. These forces keep on changing in terms of technological improvements, shifts in consumers' preferences etc.

- (a) Name the feature of business environment explained above.
- (b) Explain any two other features of business environment.
- (c) Identify the value emphasized above.

Answer:

- (a) Dynamic nature
- (b) (i) Uncertainty: Business environment is largely uncertain as it is very difficult to predict future happenings.
- (ii) Relativity: Business environment is a relative concept since it differs from country to country and even region to region.
- (c) Adaptability: By adapting the changes in terms of technological improvements, shifts in consumers' preferences etc.

UNIT-4: Planning

Q. 1 Naman, working as supervisor in Rainbow Ltd. is given a target of producing 100 shirts a day. Due to his habit of doing things differently, an idea struck him which would not only give job opportunities to the disabled people but also help in reducing per unit cost and increasing the production per day. However, Hari Singh, the Production Manager, does not give any importance to Naman's creativity and hence does not allow Naman to deviate from the pre-decided methods and techniques.

- (a) Explain the limitation of planning function of management described in the above para.
- (b) Which 'values' Hari Singh must have for the employees like Naman.

Answer:

- (a) The limitation of planning function of management described in the above para is that 'Planning reduces creativity'.
- (b) The values that Hari Singh must have for a workers like Naman are:
- (i) Acceptance of others: By appreciating the innovative ideas offered by the subordinates.
- (ii) Courtesy of appreciating the creativity of workers.
- (iii) Respect for different abled persons: By providing them job opportunities.

Q.2. Mr. Ramnujam, Director of Blossom Ltd., does the entire planning for the organization. He wants that the lower and middle level managers should only implement the plans laid down by him and does not allow them to deviate from the set plans. The lower management only carries out the order. There is nothing new or innovative in the organization.

- (a) Name the limitation of planning referred to above.
- (b) State any other two limitations.
- (c) Name the value that can be emphasized by removing the above limitation of planning.

Answers:

- (a) Planning reduces creativity.
- (b) (i) Planning involves huge cost.
- (ii) Planning is a time consuming process.
- (c) Growth for all.

Q.3. The business environment is dynamic, nothing is constant. The environment consists of a number of dimensions, economic, political, physical, legal and social dimensions.

- (a) In the above paragraph, one of the limitations of planning has been described. Identify it.
- (b) State any two more limitations of planning.
- (c) Name the value that can be emphasized by overcoming the limitation of identified in the above paragraph.

Answers:

- (a) Planning may not work in a dynamic environment.
- (b) (i) Planning leads to rigidity.
- (ii) Planning involves huge cost.
- (c) Adaptability: By constantly adapting itself to the changes.

Q.4. XYZ Ltd has to develop organizational plans for the upcoming year in such a manner that weaker section of the society can be given job opportunities and society can be provided with pollution free environment. For this purpose, it has hired a leading consultancy firm. A lot of money is being incurred on their fees and collection of facts.

- (a) State any two limitations of planning.
- (b) Identify the values the XYZ Ltd desires to emphasize.

Answer:

- (a) Limitations of planning:
 - (i) Planning leads to rigidity.
 - (ii) Planning may not work in a dynamic environment.
- (b) Values:
 - (i) Doing the best: By providing jobs to the weaker section of the society.
 - (ii) Respect towards society: By providing pollution free environment to the society.

Q.5. Nylon Ltd. laid down one type of plan in the organization by announcing that nobody would smoke in the organization premises. The type of plan laid down by the Company was specific as it reflects a managerial decision that a certain action must or must not be taken.

- (a) Identify and briefly explain the type of plan mentioned in the above paragraph.
- (b) Name the value being emphasized in the Nylon Ltd by laying down the plan mentioned in the paragraph.

Answers:

- (a) Rule
Rules are specific statements as to what is to be done. Rules do not allow any flexibility or discretion.
- (b) (i) Respect towards environment: By keeping the environment pollution free.
(ii) Respect of order: By obeying the order for not smoking in the organization.

UNIT-5: Organising

Q.1. One of the steps in organizing process explains that jobs are allocated to the members of each department in accordance with their skills and competencies.

- (a) Name the step in the organizing process involved above.
- (b) Name and explain the last step in the process of organizing.
- (c) Identify the value being emphasized in the last step in the process of organizing.

Answer:

- (a) Assignment of duties

- (b) Establishing reporting relationship:

In this process, hierarchical structure establishing clear relationships among individual is established so that each individual should know who he has to take orders from and to whom he is accountable.

- (c) Values:

- (i) Discipline: By creating hierarchical structure in the organization all employees work in a discipline manner.
- (ii) Respect: As each individual knows the fact that from whom he has to take orders and to whom he is accountable.

Q.2. At Rohan Ltd., all bills for raw material are processed by General Manager himself. He feels quite overburdened. He decides to delegate his authority to Dy. General Manager. But after some time the Dy. General Manager also feels overburdened and with prior approval of General Manager, disperses this authority to various levels throughout the organization. Now, all bills for travelling are processed through respective department supervisors.

- (a) Name and explain the type of theory which is highlighted in above case (i) before and (ii) after delegating the authority.
- (b) Name any two values that can be emphasized by delegating the authority.

Answers:

- (a) (i) Before delegation of authority: Centralisation
Centralisation means concentration of decision making power with the top management
- (ii) After delegation of authority: Decentralisation
Decentralisation refers to sharing of decision making power with lower levels.
- (b) (i) Sharing: By decentralization of decision making power with lower levels.
(ii) Initiative: Decentralization helps to promote self-reliance and confidence amongst the subordinates.

Q.3. Radhika, General Manager of Delta Ltd. faced lot of problems regarding some policy on sales. Instead of talking to the Sales Deptt., she directly consulted her boss Ayesha, about the problem. She talked to her freely and did not follow strict rules and regulations relating to formal line of communication.

- (a) Identify the type of organization followed by Ayesha.
- (b) Give any one limitation of the type of organization identified in (a) above.
- (c) Name the value that can be followed by adopting the above type of organization.

Answers:

- (a) Informal Organisation
- (b) It can create rumors as some time wrong information is conveyed to concerned person who in turn may create more problems.

- (c) (i) **Human interaction:** By fulfilling the social needs of the members and allowing them to find like minded people.
- (ii) **Conflict resolution:** By faster spreading the information and getting quick feedback.

Q.4. A manager, no matter how capable he is, cannot manage to do every task on his own. The volume of work makes it impractical for him to handle it all by himself. As a consequence, Mr. Rahul, Production Manager of Zee Ltd downwardly transfers some of his authorities to Mr. Hemant, one of his subordinates.

- (a) Name the process under which Mr. Rahul transfers some of his authorities to Mr. Hemant.
- (b) Name the three elements of process identified in (b) above.
- (c) Identify the element of the above process that cannot be entirely downwardly transferred but flows upwards from subordinates to superiors.
- (d) Name the value that can be emphasized by following the process identified in (a) above.

Answer:

- (a) Delegation
- (b) Three elements of delegation:
- (i) Authority (ii) Responsibility and (iii) Accountability.
- (c) Responsibility
- (d) (i) Recognition: Delegation satisfies the subordinate's need for recognition.
- (ii) Growth for all: Delegation provides opportunities to develop and exercise initiative.

UNIT-6: Staffing

Q.1. In the long term interest of the employees, management of XYZ Ltd. designed some training and development programmes so that organization could also benefit in return. Through this the employees were motivated and they performed better.

- (a) Name the function of management in which 'training and development' is a part of the process of that function.
- (b) How training and development is important for the organization?
- (c) Name any two values which the XYZ Ltd. is focusing on.

Answer:

- (a) Staffing
- (b) Benefits of training and development towards organization:
- Increases productivity: Training helps in enhancing employee productivity both in terms of quantity and quality, leading to higher profits.

- Increases employee morale: Training helps in increasing employee morale and thus reduces absenteeism and employee turnover.
- (c) (i) **Safety:** By making employees more efficient to handle machines.
- (ii) **Adaptability:** By obtaining effective response to fast changing environment- technological and economic.
- (iii) **Motivation:** In an organization training increases satisfaction and morale of employees.

Q.2. Rahul Ltd., a leading manufacturer of iron and steel decided to open up a new branch in remote areas in Rajasthan so that unemployed youth from the rural areas could get same opportunities as those available in the urban areas. For recruitment and selection of persons for different posts, the Company gave an advertisement in the local newspaper of that area. All this requires a particular process which is explained in one of the functions of management.

- (a) Identify the managerial function under which the process of recruitment and selection of employees is done.
- (b) Enumerate the stages in the process of managerial function identified in (a) above.
- (c) Identify the value which the Rahul Ltd desires to emphasize by opening a new branch in the remote areas of Rajasthan.

Answer:

- (a) Staffing
- (b) (i) Estimating the manpower requirement
- (ii) Recruitment
- (iii) Selection
- (iv) Placement and orientation
- (v) Training and development
- (vi) Performance appraisal
- (vii) Promotion and career planning
- (viii) Compensation
- (c) Growth for all: By giving an advertisement in the local newspaper of that area so that unemployed from area so that unemployed youth from the rural areas could get same opportunities as those available in the urban areas.

Q.3. "It is the element in the process of staffing under which the best person out of the prospective candidates can be chosen". In the staffing process, the management of PQR Ltd., has received recommendations from Minister to select Mr. Rahul who is a relative of the Minister. Ignoring the same, the management of PQR Ltd. has conducted all steps of this process fairly and appointed Mr. Sohan on merit basis.

- (a) Identify the element of process of staffing.
- (b) Enumerate the steps of the element identified in (a) above.

- (c) Name the value emphasized by conducting all steps fairly in the process identified in (a) above.

Answer:

- (a) Selection
- (b) Steps in selection:
- Preliminary screening
 - Selection test
 - Employment Interview
 - Reference and background checks
 - Selection decision
 - Medical examination
 - Job offer
 - Contract of employment
- (c) Honesty: By conducting selection process fairly management of XYZ Ltd showed honesty and unbiased behaviour towards society.

Q.4. "There are two sources for recruitment and in one of the them, employees are vertically shifted to a higher position". Mr. Abhishek, an employee of Bahadurgarh Ltd. has been vertically shifted from the post of Assistant General Manager to General Manager. Now he carries higher responsibilities, position and salary.

- (a) Identify the source under which employees are vertically shifted to higher position.
- (b) Name the other source under which employees are horizontally moved.
- (c) Name the value emphasized by shifting Mr. Abhishek from Assistant General Manager to General Manager.

Answer:

- (a) Promotion
- (b) Transfers
- (c) Motivation: Employees work with full commitment and loyalty and remain satisfied with their jobs. They are motivated to improve their performance.

UNIT-7: Directing

Q.1. Chadha Ltd. has not been able to achieve its sales targets. Mr. Prakash, the General Manager of the company, after adopting suitable controlling techniques, arrived at a conclusion that the employees were not putting in their full potential towards achieving the sales targets. Hence, Mr. Prakash decided to announce an incentive scheme under which the employees would be motivated psychologically, socially and emotionally to perform better. Mr. Prakash desired to announce a particular type of incentive that would work as a booster to workers as financial incentive as well as non-financial incentive.

- (a) Under which element of directing function of management incentives are being provided to employees.
- (b) Classify the incentive under which employees are motivated psychologically, socially and emotionally to perform better.
- (c) Identify the incentive that can be classified as financial incentive as well as non-financial incentive.
- (d) Name the value emphasized by providing incentives to the employees.

Answer:

- (a) Motivation
- (b) Non-financial incentive
- (c) Career advancement opportunities
- (d) (i) Doing the best: By using diverse motivators like pay, bonus, promotion, recognition etc in the organization; people can be influenced to contribute their best.
- (ii) Harmony: Incentives improves harmony among workers.

Q.2. Mr. Manoj, working as Manager(Human Resource Department) in JMD Ltd, promoted Ms. Sharlie as Supervisor from Typist. She effectively manages work assignments and supervises the staff. She regularly checks the work of staff in compliance with quality standards to ensure completion of work in time.

- (a) Which element of directing is Ms Sharlie following?
- (b) Explain any two roles a supervisor should perform.
- (c) Identify the values that can be emphasized by Sharlie working as Supervisor in JMD Ltd.

Answer:

- (a) Supervision
- (b) (i) Supervisor acts as a guide, friend and philosopher towards the workers.
- (ii) Supervision acts as a link between management and workers.
- (c) (i) Harmony/Team work/Group unity: By sorting out internal differences among workers.
- (ii) Conflict resolution: By acting as a link between workers and management and maintaining friendly relations with workers.
- (iii) Respect for order: By influencing the workers in the organization.
- Responsibility: By ensuring performance of work as per the targets set, Supervisor can take responsibility for task achievement and motivating his workers effectively.
- (iv) Discipline: By working at the operational level i.e., immediately above the workers he can maintain discipline in the organization.

UNIT-8: Controlling

Q.1. As per the terms of the employment, each employee in Gupta Ltd. should manufacture 50 buckets per day. A group of employees is manufacturing only 40 buckets per day whereas all other groups are meeting the said target. To have a proper check on the activities of the employees, the management has, installed Closed Circuit Televisions (CCTVs) in the factory. There is no resentment from the employees union for this.

- (a) Name the managerial function involved in installing the CCTVs in the factory.
- (b) Identify and explain the step of this managerial function's process that can be completed by installing CCTVs.
- (c) Also identify and explain the step followed by this.
- (d) Name the value emphasized on the part of employees by not resisting the installation of CCTVs in the factory.

Answer:

- (a) Controlling
- (b) Analyzing deviations
- (c) Taking corrective action: This is the final step in the controlling process which is required when the deviations are not within the acceptable limits. Corrective action involves training of employees if the production target is not met. It demands immediate managerial attention so that those deviations do not occur again and desired standard, are accomplished.
- (d) Adaptability/No resistance to change: Because the employees do not see the installation of CCTVs as a restrictions on their freedom.

Q.2. Analysing deviation is one of the steps in the process of one of the functions of management in which deviations in key areas of business need to be attended more urgently as compared to deviations in certain insignificant areas. In a manufacturing unit, increase of ten percent in postal expenses can be taken as an acceptable range of deviation; however, a five percent increase in labour cost should be brought to the notice of higher management at once.

- (a) Identify the function of management referred above.
- (b) Enumerate the two ways through which the management analyze the deviations.
- (c) In one of the two ways identified above, increase of ten percent in postal expenses is acceptable range of deviation but increase of even five percent in labour cost is troublesome. Name it.
- (d) Similarly, above mentioned increase of even five percent in labour cost should be brought to the notice of higher management. Name this principle of management.
- (e) Identify the 'values' being emphasized in the two ways identified in (b) above.

Answer:

- (a) Controlling
- (b) (i) Critical Point Control and (ii) Management by Exception
- (c) Critical Point Control
- (d) Management by Exception
- (e) Responsibility: By bringing deviations in key areas to the notice of higher management.

UNIT-9: Financial Management

Q.1. It is one of the decision taken under financial decisions that involves how much profit earned by the company(after paying tax) is to be distributed among the shareholders and how much of it should be retained in the business.

- (a) Identify the financial decision involved in the above paragraph.
- (b) What is the main objective of this decision?
- (c) Name the value being emphasized in the financial decision identified in (a) above.

Answer:

- (a) Dividend decision
- (b) Maximization of shareholders' wealth
- (c) Growth opportunities: By retaining more out of their earnings companies finance the required investment which ultimately paved ways for growth opportunities.

Q.2 Financial planning is essentially the preparation of a financial blueprint of an organization's future operations. The objective of financial planning is to ensure that enough funds are available at right time.

- (a) What will happen if enough funds are not available at the right time?
- (b) State any one importance of financial planning.
- (c) Identify the value which is being emphasized in financial planning.

Answers:

- (a) The firm will not be able to honour its commitments and carry out it's plans.
- (b) Financial planning helps in forecasting what may happen in future under different business situations.
- (c) Co-ordination: Financial planning aims at smooth operations by focusing on fund requirements and their availability in the light of financial decisions.

Q.3. On the one hand investors in general, view an increase in dividend as good news and stock prices react positively to it but on the other hand the Companies Act places certain restrictions on payouts as dividend. These restrictions must be adhered to while declaring the dividend.

- (a) Identify the factor affecting dividend decision under which investors consider an increase in dividend as a good news.
- (b) Identify the value which is being emphasized by the Companies Act in placing certain restrictions on payouts as dividends.
- (c) Identify the value which is being emphasized when company declares dividend as per the provisions of the Companies Act.

Answer:

- (a) Stock market reactions.
- (b) Safety: By keeping a portion of profit retained in the business for reinvestment.
- (c) Respect for law: By adhering to the provisions of the Companies Act while declaring dividend.

UNIT-10: Financial Markets

Q.1. A stock exchange is an institution which provides a platform for buying and selling of existing securities. As a market, the stock exchange facilitates conversion of a security (shares, debentures etc.) into money and vice versa. Stock exchanges help companies raise finance, provide liquidity and safety of investment to the investors, pricing of securities etc.

- (a) State any two more functions of stock exchange.
- (b) Name the values which stock exchange strives to fulfill through its functions.

Answers:

- (a) (i) Spreading of equity cult.
- (ii) Providing liquidity and marketability to existing securities.
- (b) (i) Economic growth: In the process of disinvestment and reinvestment; savings get channelized into their most productive investment avenues.
- (ii) Safety: Regulating the membership of a stock exchange dealings are well defined according to the existing legal framework.

Q.2. The basic purpose of SEBI is to create an environment to facilitate efficient mobilization and allocation of resources through the securities markets. It also aims to stimulate competition and encourage innovation. This aims at meeting the needs of the three groups which basically constitute the markets.

- (a) Name the three groups which basically constitute the markets.
- (b) What is the overall objective of SEBI?
- (c) Give one regulatory function of SEBI.
- (d) With a view to making all intermediaries like brokers, merchant bankers etc competitive and professional; all intermediaries are to be regulated by a code of conduct. Identify the value which is being emphasized in regulating the code of conduct.

Answer:

- (a) The three groups which basically constitute the market are:
 - (i) Issuer, (ii) Investor and (iii) Intermediaries.
- (b) The overall objective of SEBI is to protect the interests of investors and to promote the development of and regulate the securities market.
- (c) Registration of broker and sub-brokers and other players in the market.
- (d) Respect for law: By following regulations of the code of conduct and adopting fair practices; intermediaries like brokers, merchant bankers pay respect for law.

Q.3. Financial market is a market where financial transactions in the form of creation of financial assets such as initial issue of shares/debentures and/or exchange of financial assets such as purchase/ sale of shares/debentures occur.

- (a) Name the two classifications of financial market.
- (b) It is one of the constituents of either of the above two classifications of financial market through which funds are raised by issuing prospectus. Name it.
- (c) It is one of the constituents of either of two classifications of financial market, which provides liquidity and marketability to existing securities. Name it.
- (d) Identify the value emphasized in the functions performed by the financial market.

Answer:

- (a) The two classifications of financial market are:
 - (i) Money Market and (ii) Capital Market.
- (b) Primary Market.
- (c) Secondary Market.
- (d) Economic growth: Financial market plays an important role in the allocation of scarce resources in an economy.

UNIT-11: Marketing

Q.1. It is one of the elements of market mix which contains one of the most important decisions that a marketer has to take to promote sales. This decision was taken by Mr. Sunder, Sales Manager of Creative Ltd., which facilitated the customers in product identification and hence ensured quality. It also built up their confidence and help in increasing their level of satisfaction.

- (a) Identify the element of market mix and the important decision taken by Mr. Sunder mentioned above.
- (b) Name the other elements of marketing mix.
- (c) How does the important decision help the marketer? State any two benefits.
- (d) Identify the value being emphasized by ensuring quality products for the customers.

Answer:

- (a) **Element:** Product Mix
Important decision: Branding
- (b) **Other elements:** (i) Place mix, (ii) Price mix and (iii) Promotion mix
- (c) (i) Branding helps in smooth introduction of a new product.
(ii) Branding enables product distinctiveness.
- (d) **Respect:** By building confidence among customers.

Q.2. Mr. Dev, working as Sales Executive in Mahadev Ltd., possesses good marketing techniques. His techniques involve oral presentation of message in the form of conversation with one or more prospective customers for the purpose of making sales.

- (a) Name the element of marketing mix under which the above technique falls.
- (b) Identify the technique used by Mr. Dev.
- (c) Give any three merits of the technique identified in (b) above.
- (d) Identify the value which can be inculcated by using the technique identified in (b) above.

Answer:

- (a) Promotion Mix
- (b) Personal Selling
- (c) (i) **Flexibility:** There is a lot of flexibility in personal selling as the sales presentation can be adjusted to fit the needs of the individual.
(ii) **Direct feed-back:** Personal selling provides direct face to face communication and hence it is possible to if direct feedback from the customers.
(iii) **Minimum wastage:** The wastage of the efforts in personal selling can be minimized as Company can decide the target customers before making any contact with them.
- (d) (i) **Satisfaction:** By building-up confidence and satisfaction among customers.
(ii) **Relations:** As relation between the sales persons and the consumers are usually very comprehensive.

UNIT-12: Consumer Protection

Q.1. Under the Consumer Protection Act, every consumer has a right to be protected against goods and services which are hazardous to life and health. Electro Ltd. manufactures and sells substandard electrical appliances. As these appliances did not conform to the safety norms and a mark assuring quality specification was missing. Cases were noticed where these substandard appliances had caused serious injury to many consumers.

- (a) Which consumer right has been highlighted in the above case?
- (b) Name the mark which the consumer should see before buying any electrical appliances to ensure safety.
- (c) Name and explain the consumer right where a consumer has a right to have complete information about that product he intends to buy.
- (d) Which values do you find disturbing in the above para?

Answer:

- (a) Right to safety
- (b) ISI mark
- (c) Right to be informed: The consumer has a right to have complete information about the product he intends to buy including its ingredients, date of manufacture, price, quantity etc.
- (d) Responsibility: Goods and services which are hazardous to life and health should not be provided to the consumers.

Q.2. The owner of a restaurant is charging Rs. 30 for a bottle of water from a customer, whereas the maximum retail price of the bottle is Rs. 15. One of the consumers (a member of NGO) has objected to this but the owner continues with this malpractice.

- (a) What may be the possible reasons why other consumers are not objecting to this?
- (b) Which right of the Consumer Protection Act is required to be known by the consumers to have objection for this type of malpractice? Explain the right.
- (c) Identify any two social values that the manufacturer must follow.

Answer:

- (a) The consumers may not be aware of the rights and reliefs available to them.
- (b) Right to consumer education: A consumer has a right to acquire knowledge and to be well informed consumer. He should be aware of his rights and reliefs in case a product or service falls short of his expectations.
- (c) Values:
 - (i) **Honesty:** The manufacturer should be honest in all his dealings.
 - (ii) **Respect towards consumers:** By providing all information about the product which the consumer intends to buy including its ingredients, date of manufacturer, price, quantity etc.

Q.3. Tanuja purchased some households goods from a 'General store'. After reaching home she found a body lotion in her bag which she had not billed for. She checked the date of expiry and other details and after satisfying herself she started using it. Immediately she developed some rashes on her skin.

- (a) As a consumer where should Tanuja file a complaint?

(b) Also state who can file a complaint under Consumer Protection Act, 1986? (State any two).

(c) Which 'value' may be conveyed to the society from the above case and how?

Answer:

(a) She cannot file a complaint as she is not a 'consumer' as per Consumer Protection Act, 1986.

(b) (i) Any consumer,

(ii) Any registered consumers' association,

(c) **Honesty.**

The value may be conveyed in the following two ways:

- She should have returned the body lotion to the shopkeeper.
- She would have paid the cost of the product to the shopkeeper.

Q.4. A consumer has the freedom to choose from a variety of products at competitive prices. The marketers should offer a wide variety of products in terms of quality, brand, price, size, etc and allow a consumer to make a choice from amongst these. Janya, a class XII student was in need of a ball-pen. She went to the nearest stationery shop. The shopkeeper showed her a wide variety of ball-pens having of different prices. She selected a pen and paid Rs. 250, the maximum retail price of the pen, and took cash memo for the same.

- (i) Which consumer right is available to Jaya?
- (ii) Identify the right that powers a consumer to file a complaint and to be heard in case of dissatisfaction with a good or a service.
- (iii) Name the value which is emphasized by providing a consumer right mentioned in part (i) above.

Answer:

(i) Right to choose.

(ii) Right to be heard.

(iii) (a) Respect towards the consumers.

(b) **Honesty**

(c) **Loyalty**