

CBSE Test Paper - 02
Chapter - 4 Planning

1. There are two types of plans _____ (1)
 - a. Short term and Medium term plan\
 - b. Single use and Double use plan
 - c. Traditional Plan and Modern Plan
 - d. Single use plan and Standing plan
2. No fine or penalty for violation is charged under____ (1)
 - a. Method
 - b. Rule
 - c. Law
 - d. None of these
3. Estimated cash inflows and cash outflows are _____ (1)
 - a. Budget
 - b. Procedure
 - c. Rules
 - d. Programme
4. Actual performance can be compared with standard performance through _____ (1)
 - a. Staffing
 - b. None of these
 - c. Budget
 - d. Programme
5. This function of management means deciding in advance what to do and how to do. Name it. (1)
6. To see whether plans are being implemented and activities are performed according to schedule is also a part of the planning process. Which step in planning is referred

here? **(1)**

7. A company needs a detailed plan for its new project? 'Construction of a Shopping Mall'. What type of plan is it? **(1)**
8. Name the primary function of management? **(1)**
9. Why are rules considered to be plans? **(3)**
10. Explain 'policy' as a type of plan. **(3)**
11. Explain how 'planning is a mental exercise'? **(4)**
12. Explain objectives and strategy as types of plan. **(4)**
13. State the importance of planning. **(5)**
14. A company is manufacturing garments. The manager wants to increase the profits by purchasing new high-speed machines or increasing the sale price or using waste materials in manufacturing stuffed toys.
He decides that using waste material to increase the profit is the best solution for him.
 - a. Identify the concept management involved.
 - b. Mention the steps involved in the above process by quoting the lines from the question.
 - c. To complete the process of the concept identified in the point (a) what further steps does the manager have to take? **(5)**
15. What are the steps taken by management in the planning process? **(6)**

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Answer

1. d. Single use plan and Standing plan

Explanation:

Plans are designed for short term goals and long term goals. Thus plans are of two types:

Single use plans are used for only once. **Standing plans** are used over and over again.

2. a. Method

Explanation:

Methods are the way of doing repetitive or routine jobs. Therefore no fine or penalty is charged in violation of methods. But penalty is charged in case of law and rule.

3. a. Budget

Explanation:

To predict Cash inflows comes from sales and other revenue generating activities and cash outflows in the form of expenses over a period of time, a type of **budget** is prepared which is called cash budget.

4. c. Budget

Explanation:

Budgets are the statement of expected result expressed in numerical terms. The standards are compared with actual performances and if there is some deviations, these should be taken care of.

5. **Planning**

It is the first function of management. It bridges the gap between where we are today and where we want to reach.

6. Follow-up-action.

It means to verify whether the predictions and conditions in plan are holding true in present circumstances or not.

7. The type of plan that covers relatively large organisational activities and specifies

each steps in construction of a shopping mall must be a "Programme".

8. Since other functions of management are performed within the framework of plans, so planning is the primary function of the management.
9. Rules are plans because they are specific statements that inform us what is to be done. They do not allow for any flexibility or discretion. It reflects a managerial decision that a certain action must or must not be taken. They are usually the simplest type of plans because there is no compromise or change unless a policy decision is taken.
10.
 - A policy provides general guidelines to bring uniformity in decision making.
 - It determines how to do work.
 - For e.g. "no credit sale", "seats reserved for women" etc.
 - It is a type of standing plans to be used time and again.
 - It is a contingent decision. It specifies actions to be taken in a specific situations.
11. Planning is a mental exercise because :
 - i. Planning requires thinking in advance for future events involving foresight, intelligent imagination and sound judgement.
 - ii. It is an activity of thinking rather than doing, because planning determines the action to be taken.
 - iii. However here we require logical and systematic thinking rather than guess work. In other words, planning should be based on past experiences and forecasts.
12. **Objectives Strateg**
 - These are defined as end results which the management seeks to achieve by its operations
 - These are set by the top management of the organisation.
 - Different departments and units may have their own objectives.
 - These are expressed in quantifiable terms.
 - There must be a time limit for the achievement of objectives.
 - For example, an increase in sales by 10% or decrease in rejections by 2%.
 - A strategy is a comprehensive plan to achieve organisational objectives.
 - The dimensions of strategy are:
 - a. Determining long-term objective.
 - b. Adopting a particular course of action.
 - c. Allocating resources for achieving the objectives.

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- A strategy is formulated after scanning the business environment.
 - It studies environmental opportunities and threats and tries to fix a match between them and the organization's resources.
13. Planning is important for better management of the business. It is the heart of the management. It is of vital importance because of the following reasons:
- i. **Planning promotes efficiency:** Proper planning ensures better utilisation of organisational resources. It involves the selection of the best course and helps in coordinating the activities in all departments. This reduces idle time of workers, machines. There is no ambiguity in the organization. It minimises the cost and promotes efficiency in the organization.
 - ii. **Planning provides direction:** Planning is directed towards achieving the objectives of an enterprise. It ensures that goals are clearly defined so that they act as a guide for what actions are to be taken and in what direction. Planning contributes to the achievement of predetermined goals by stating in advance what is to be done and by whom.
 - iii. **Planning reduces the risk of uncertainties:** All business enterprise operate in an uncertain environment and have to face risks of various types. Since the future can't be changed but can be anticipated at present. So, planning takes care of all future uncertainties and minimises the risks. Thus, it ensures an organization's survival and growth.
14. a. The concept of management involved is "Planning".
- b. The steps involved in the above process are:
- i. **Establishing objectives:** Main objective of the company is to increase the profit. Lines quoted are "The manager.....increase profits."
 - ii. **Identifying alternative courses of action:** Various alternatives available to manager:
 - Purchasing new high speed machines
 - Increasing the sale price
 - Using waste material in manufacturing stuffed toys. Lines quoted are "By purchasing new.....stuffed toys."
 - iii. **Evaluating and selecting Alternative courses:** Use of waste material to increase profits is the best solution. Lines quoted are "He deiced.....solution for him."

c. To complete the process manager should take the following steps:

i. **Implementing the Plan.**

ii. **Follow up action.**

15. The steps involved in the planning process are as follows:

i. **Establishing objectives:** The first step in planning is to determine objectives. Objectives must be realistic, specific and clear so as to specify what is to be accomplished by the organisation. The objectives stated must be expressed in quantifiable terms.

ii. **Establishing planning premises:** Planning premises are the anticipated environments in which plans are expected to operate. They include assumptions or forecasts of the future and known conditions that will affect the operation of plans. They provide useful facts and information and facilitate the work of planning.

iii. **Identifying the alternative courses of actions:** The next step in the process is to identify the various alternatives available to achieve the objective. Most of the times identifying various alternatives is a difficult task and it depends upon the creativity and logical thinking of the planner which opens up different avenues for the firm.

iv. **Evaluating the alternative courses:** The pros and cons of different courses actions are evaluated in the light of the objectives to be achieved and their feasibility is judged accordingly. Each alternative is studied with all its merits and demerits.

v. **Selecting the best alternative:** The next step is to find out the most suitable course to be followed. Efforts are directed towards selecting that course which increases efficiency in the organisation by maximising output and profits at minimum costs.

vi. **Implementing the plan:** At this step, a plan is transformed from a thought (a dream) to an action (reality) by activating other managerial functions.

vii. **Follow-up action:** Due to uncertainties of future it is necessary that the plan should be evaluated from time to time, to measure its effectiveness and to ensure that the objectives are achieved.