

## Application-based Questions

---

**[1 mark]**

**Q.1. One of the functions of Management is considered a base for all other functions. Name that function.**

**Ans.** It is planning.

**Q.2. 'Planning is done for achieving the organisational goals.' Do you agree? Give one reason in support of your answer.**

*[CBSE 2012]*

**Ans.** Yes, I do agree with this statement as planning determines the way to achieve organisational goals.

**Q.3. A Company needs a detailed plan for its new project 'Construction of a Shopping Mall'. What type of plan is it?**

**Ans.** It is a programme.

**Q.4. Name the type of plan which provides the broad contours of an organisation's business.**

*[CBSE 2012]*

**Ans.** Strategy

**Q.5. Name the type of plan which is time bound and linked with measurable outcome.**

*[CBSE 2012]*

**Ans.** Budget

**Q.6. Name the type of plan which provides the prescribed ways in which a task has to be performed considering the objective.**

*[CBSE 2012]*

**Ans.** Method

**Q.7.** *Laxmi Chemicals Ltd., a soap manufacturing company wanted to increase its market share from 30% to 55% in the long run. A recent report submitted by the Research and Development Department of the company had predicted a growing trend of herbal and organic products. On the basis of this report the company decided to diversify into new variety of soaps with natural ingredients having benefits and fragrances of Jasmine, Rose, Lavendear, Mogra, Lemon Grass, Green Apple, Strawberry etc. The Unique Selling Proposition (USP) was to promote eco-friendly living in the contemporary life style. The company decided to allocate ₹30 crores to achieve the objective.*

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

*[CBSE Sample*

*Paper 2016]*

**Ans.** Strategy.

**[3 marks]**

**Q.1. Explain how planning reduces the risk of uncertainty.**

**Ans.** Planning is always done for future and future is uncertain. With the help of planning, possible changes in future are anticipated and various activities are planned in the best possible way. In this way, the risk of future uncertainties can be minimised.

**Q.2. Explain how planning facilitates decision making?**

**Ans.** Decision making means the process of taking decisions. Under it, a variety of alternatives are discovered and the best alternative is chosen. The planning sets the target for decision making. It also lays down the criteria for evaluating courses of action. In this way, planning facilitates decision making.

**Q.3. Define planning. List any two reasons why planning is essential. [CBSE 2010]**

**Ans. Definition of Planning:** According to Koontz and O'Donnell, "Planning is deciding in advance what to do, how to do it, when to do it, and who is to do it." In other words, planning refers to thinking before hand. It involves the anticipation of future course of events and give it a desired direction.

**Importance of Planning:** The following points clarify the importance of planning:

- i. Planning provides Direction
- ii. Planning reduces Risks of Uncertainty

**Q.4. Briefly explain 'rigidity' as a limitation of planning.**

**Ans.** Although the quality of flexibility is inherent in planning, but it must be admitted that only small changes are possible. Big changes are neither possible nor in the interest of the organisation. Since it is not possible to introduce desired changes according to the changed situations, the organisation loses many chances of earning profits.

**Q.5. How 'costs' create hurdle in planning?**

**Ans.** Planning is a small work but its process is really big. Planning becomes meaningful only after traversing a long path. It takes a lot of time to cover this path. During this entire period the managers remain busy in collecting a lot of information and

analysing it. In this way, when so many people remain busy in the same activity, the organisation is bound to face huge costs.

**[4/5 marks]**

**Q.1. What is budget? Give an example of a sales budget.**

**Ans.** Budget describes the desired results in numerical terms. It can be understood with the help of following diagram:

Sales Budget (For the Year Ending Dec., 31, 2017)				
Product	Area	Sales (in Units)	Selling Price (Per Unit) (₹)	Total Sales (₹)
X	East Zone	50,000	20	10,00,000
	West Zone	1,00,000	20	20,00,000
	North Zone	80,000	20	16,00,000
	South Zone	40,000	20	8,00,000
Total				54,00,000
Y	East Zone	1,00,000	30	30,00,000
	West Zone	2,00,000	30	60,00,000
	North Zone	1,00,000	30	30,00,000
	South Zone	3,00,000	30	90,00,000
Total				2,10,00,000

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

- Name the function of management being discussed above and give any one of its characteristics.
- Also briefly discuss any three limitations of the function discussed in the case.

[CBSE Sample Paper 2016]

**Ans. Planning**

- Characteristic of Planning: Planning Focuses on Achieving**

**Objectives:** Management begins with planning and planning begins with the determining of objectives. In the absence of objectives no organisation can ever be thought about. With the determining of objective, the way to achieve the objective is decided in the planning.

- b. **Limitations of Planning:** Refer to Q. 2 (Remembering-based Questions—3 marks)

**Q.3.** *Two years ago Madhu completed her degree in food technology. She worked for sometime in a company manufacturing chutneys, pickles and murabbas. She was not happy in the company and decided to have her own organic food processing unit for the same. She set the objectives and the targets and formulated action plan to achieve the same. One of her objectives was to earn 10% profit on the amount invested in the first year. It was decided that raw materials like fruits, vegetables, spices etc. will be purchased on three months credit from farmers cultivating organic crops only. She also decided to follow the steps required for marketing of the products through her own outlets. She appointed Mohan as a Production Manager who decides the exact manner in which the production activities are to be carried out. Mohan also prepared a statement showing the number of workers that will be required in the factory throughout the year. Madhu informed Mohan about her sales target for different products, areawise for the forthcoming quarter. While working on the production table a penalty of ₹ 100 per day for not wearing the caps, gloves and apron was announced.*

**Quoting lines from the above para identify and explain the different types of plans discussed.** [CBSE 2016]

**Ans. Different types of plans discussed in the above para are:**

- i. **Objective:** “One of her objective is to earn 10% profit on the amount invested in the first year.”
  - Objectives refer to those end points for the attainment of which all the activities are undertaken.
- ii. **Policy:** “It was decided that raw material like fruits, vegetables, spices etc. will be purchased on three months credit from farmers cultivating organic crops only.”
  - Policy refers to those general statements which are decided for the guidance of the employees while taking decisions.
- iii. **Procedure:** “She also decided to follow the steps required for marketing of the products through her own outlets.”

**OR**

“She appointed Mohan as a production Manager who decides the exact manner in which the production activities are to be carried out.

- Procedure refers to the plan that determine the sequence of activities to be conducted to perform a work.
- iv. **Budget:** “Mohan also prepared a statement showing the number of workers that will be required in the factory throughout the year.”
- OR**
- v. “Madhu informed Mohan about the sales target for different products, areawise for the forthcoming quarter.”

- Budget refers to the quantitative expression of the plan of action.
- vi. **Rule:** “While working on the production table a penalty of ₹ 100 per day for not wearing the caps, gloves and aprons was announced.”
- Rule refers to the plan that tells us what is to be done and what is not to be done in a particular situation.

**Q.4.** *Two years ago Mayank obtained degree in food technology. For some time he worked in a company manufacturing Bread and Biscuits. He was not happy in the company and decided to have his own Bread and Biscuits manufacturing unit. For this he decided the objectives and the targets and formulated action plan to achieve the same. One of his objectives was to earn 50% profit on the amount invested in the first year. It was decided that raw materials like flour, sugar, salt etc. will be purchased on two months credit. He also decided to follow the steps required for marketing the products through his own outlets. He appointed Harsh as a Production-Manager who decided the exact manner in which the production activities are to carry out. Harsh also prepared a statement showing the requirement of workers in the factory throughout the year. Mayank informed Harsh about his sales target for different products, area-wise for the forth coming quarter. While working on the production table a penalty of ₹ 150 per day was announced for not wearing the helmet, gloves and apron by the workers. Quoting lines from the above para identify and explain the different types of plans discussed.*

[CBSE 2016]

**Ans. Different type of plans discussed in the above part are:**

- Objective:** “one of his objective was to earn 50% profit on the amount invested in the first year.”
  - Objective refers to those end points for the attainment of which all the activities are undertaken.
- Policy:** “It was decided that raw materials like flour, sugar, salt etc. will be purchased on two months credit.”
  - Policy refers to those general statements which are decided for the guidance of the employees while taking decisions.
- Procedure:** “He also decided to follow the steps required for marketing the products through his own outlets.”

**OR**

“He appointed Harsh as a Production Manager who decided the exact manner in which the production activities are to be carried out.”

- Procedure refers to the plan that determine the sequence of activities to be conducted to perform a work.
- iv. **Budget:** “Harsh also prepared a statement showing the requirement of workers in the factory throughout the year.”

OR

“Mayank informed Harsh about his sales target for different products, areawise for the forth coming quarter.”

- Budget refers to the quantitative expression of the plan of action.
- v. **Rule:** “While working on the production table a penalty of ₹ 150 per day was announced for not wearing the helmet, gloves and apron by the workers.”
- Rule refers to the plan that tells us what is to be done and what is not to be done in a particular situation.