

## Planning

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1. Plans are prepared for a specific period of time, may be for a month, a quarter or a year. At the end of that period, there is a need for a new plan to be drawn on the basis of new requirements and future conditions. The feature of planning reflected in the above lines is : (2024)

- (A) Planning is futuristic
- (B) Planning is continuous
- (C) Planning is pervasive
- (D) Planning is a mental exercise

Ans. (B) Planning is continuous

2. 'Best Electronics' is led by its visionary Chief Executive Officer, Nikhil. It has a reputation for good quality products and customer service. Nikhil recognised the need to continually innovate and provide customers with the latest products. He wanted the company to be the market leader in electronics.

Nikhil knew that to realise his ambitious vision, he needed a clear and well-defined plan that would provide broad contours of the company's business. His team conducted extensive market research to uncover emerging trends, customer preferences, and potential competitors. On its basis, a plan was prepared defining the company's direction and scope in the long run. On the implementation of the plan 'Best Electronics' became the market leader in two years. The type of plan which helped 'Best Electronics' to become the market leader was : (2024)

- (A) Policy
- (B) Rule
- (C) Strategy
- (D) Procedure

Ans. (C) Strategy

3. Anuj, after a lot of research, paid 'SS Developers' an advance of < 2 crore to build a lavish house for him. They promised to deliver the property within 18 months. At the end of 18 months, Anuj asked for the delivery of the property many times but the developer did not respond. Anuj realized that 'SS Developers' was not in a position to hand over the property to him. Anuj asked for a refund of the money with interest, which 'SS Developers' refused. Anuj approached the consumer court with his complaint. (2024)



(i) Which grievance redressal agency had Anuj approached ?

(ii) State any three reliefs Anuj is likely to get, if the consumer court is satisfied with the complaint.

**Ans.** (i) State Commission

(ii) Reliefs Anuj is likely to get, if the consumer court is satisfied with the complaint are: (Any three)

(a) To refund the price paid for the product, or the charges paid for the service.

(b) To pay a reasonable amount of compensation for any loss or injury suffered by the consumer due to the negligence of the opposite party.

(c) To pay punitive damages in appropriate circumstances.

(d) To discontinue the unfair/ restrictive trade practice and not to repeat it in the future.

(e) Compensate for any loss or injury suffered by consumer under product liability action and withdraw hazardous products from being offered for sale etc.

(f) To pay any amount (not less than 5% of the value of defective goods or deficient services provided) to be credited to the Consumer Welfare fund or any other organisation/person, to be utilised in the prescribed manner.

(g) To pay adequate costs to the appropriate party.



## Previous Years' CBSE Board Questions

### 4.1 Planning: Concept, Importance and Limitations

#### MCQ

1. "The purpose of planning is to meet future events effectively to the best advantage of an organisation".

This statement highlights which of the following features of planning?

- (a) Planning focuses on achieving objectives
- (b) Planning involves decision-making
- (c) Planning is the primary function of management
- (d) Planning is futuristic

(2023)

2. \_\_\_\_\_ provides the standards against which actual performance is measured.

- (a) Controlling
- (b) Planning
- (c) Directing
- (d) Staffing

(Term-1, 2021-22)

3. Planning ensures that the goals are clearly stated, so that they act as a guide for deciding what action should be taken and in which direction. If goals are well-defined, employees are aware of what the organisation has to do to achieve those goals.

The above para highlights the following point of importance of planning:

- (a) Planning promotes innovating ideas.
- (b) Planning establishes standards for controlling.
- (c) Planning provides direction.
- (d) Planning is pervasive.

(Term-1, 2021-22)

4. The owner of 'Sweet Moments' wedding hall spent a great deal of time, money and effort in renovation expecting a bumper wedding season in 2020 but due to the pandemic, weddings became intimate home affairs and not many bookings happened.

The limitation of planning highlighted in the above case is:

- (a) It reduces creativity
- (b) It may not work in a dynamic environment
- (c) It leads to rigidity
- (d) It is time consuming.

**(Term-1, 2021-22)**

5. Prem Lal, the Managing Director of Awasthi Ltd., retired after 33 years of service. The responsibility was given to Raj. Raj realised that there was lot of rivalry, confusion and misunderstanding among the departmental heads. He detected inefficiencies, took corrective measures and developed a master plan for the organisation to follow. This served as a basis for coordinating the activities of all the departments, led to clarity of thought and action and work got off to a smooth start.

- (a) Planning reduces overlapping and wasteful activities.
- (b) Planning establishes standards for controlling.
- (c) Planning reduces the risks of uncertainty.
- (d) Planning promotes innovative ideas.

**(Term-1, 2021-22)**

6. 'Esya Cars' was founded by engineers who wanted to prove that people don't need to compromise to drive electric vehicles. They took it as a challenge and new ideas took the shape of concrete plans. In July, 2021, they launched their first set of all electric cars, proving to the world that electric vehicles can be better, quicker and more fun to drive than gasoline cars.

The point of importance of planning discussed in the above case is:

- (a) Planning reduces the risk of uncertainty
- (b) Planning reduces overlapping and wasteful activities
- (c) Planning promotes innovative ideas
- (d) Planning establishes standards for controlling

**(Term-1, 2021-22)**

7. 'Surya Fashion Ltd., hired Suresh Malhotra, an ace fashion designer to develop a new product line. He charged 50 lakh for consultation. The company spent another 15 crores in formulating the marketing campaign for launching their new product line. Their products were not liked by the consumers and the company

could generate a revenue of 15 lakh only from this product line. Thus, the cost incurred is not justifying the benefits derived from the plans.

Which limitation of planning; is reflected in the above para?

- (a) Planning is time consuming
  - (b) Planning involves huge costs
  - (c) Planning leads to rigidity
  - (d) Planning reduces creativity
- (Term-1, 2021-22)**

**8.** Which of the following statements correctly explains the limitation of planning 'Planning does not guarantee success?

- (a) Planning is required at all levels of management and in all the departments of the organization.
- (b) Planning involves through examination and evaluation of available alternatives.
- (c) Relying on a previously tried and tested successful plan just because it had worked before and will work again.
- (d) By deciding in advance, the tasks to be performed, planning shows the way to deal with changes and uncertain events.

**(Term-1, 2021-22)**

**9.** 'Planning is an intellectual activity of thinking rather than doing. Which feature of planning is highlighted in this statement?

- (a) Planning focuses on achieving objectives.
- (b) Planning is futuristic.
- (c) Planning involves decision making.
- (d) Planning is a mental exercise.

**(Term-1, 2021-22)**

**10.** 'Uttam Ayurvedic Ltd. is an established Indian company manufacturing organic consumer goods like toothpastes and shampoos. It has planned to increase its market share from 30% to 40% in the current financial year.

With the expanding market of organic products, other companies in the consumer goods industry have also launched these products with organic components. The competition in the market has increased and it was found that the sales of Uttam Ayurvedic Ltd. came down and its market share was reduced to 23%.

Identify the limitation of planning highlighted in the above case:

- (a) Planning may not work in dynamic environment
- (b) Planning is time consuming
- (c) Planning involves huge costs
- (d) Planning reduces overlapping and wasteful activities.

**(Term-1, 2021-22)**

**VSA (1 mark)**

11. Varsha Jain after completing her fashion designing course from Indian Institute of Fashion Technology planned to enter into designer clothing venture. She had to address issues like her target customers, channel of distribution to be used, pricing policy etc. Identify the type of plan that Varsha Jain needs to develop to provide direction and scope to her organisation in the long run.

**(Delhi 2019)**

12. All business firms would like to increase their sales and earn profits to be successful. All managers dream of these. To turn their dreams into reality, managers need to work hard in thinking about the future, in making business predictions and achieving targets. The above lines describe one of the functions of management. Identify and define this function.

**(AI 2019)**

13. Define 'Planning premises'.

**(Delhi 2015)**

14. Define 'Planning'.

**2015, AI 2015 C)**

**(Delhi**

15. 'Dreams can be turned into reality only when a manager thinks in advance, what to do and how to do it? Name the function of management indicated by the statement.

**(Delhi 2014 C)**

16. State the type of plan that does not allow any flexibility.

**(Delhi 2014 C)**

17. 'Deciding in advance what to do and how to do is one of the basic management functions: Give the meaning of this function.

**(AI 2014 C)**

**SA I (3 marks)**

18. Explain any three points of importance of 'Planning'.

**(AI 2019)**



19. Does planning guarantee success? Explain.  
(Foreign 2019)

SA II (4 marks)

20. Mega Ltd. holds an Annual Management Programme every year in the month of March in which the top managerial personnel formulate plans for the next year by analysing and predicting the future to meet future events effectively.

As they are responsible for providing direction to the organisation, facts are thoroughly checked using scientific calculations.

Detailed plans are prepared after discussion with professional experts. Preliminary investigations are also undertaken to find out the viability of the plan. Since it is an intellectual activity requiring intelligent imagination and sound judgement so it is mainly done by the top management. Usually rest of the members just implement the plans. Middle level managers are neither allowed to deviate from the plans nor are they permitted to act on their own. The top management ensures that the expenses incurred in formulating the plans justify the benefits derived from them.

State any two limitations and any two features of planning discussed above.  
(Delhi 2019)

21. In 2015, Naveen left his luxurious life in Mumbai, where he worked as a manager for Blue Birds Ltd. He shifted to Begampur, Chhattisgarh to fulfil his grandmother's dream of converting their 25-acre ancestral land into a fertile farm. For this he set out specific goals along with the activities to be performed to achieve the goals.

Every activity was a challenge since he was clueless about farming. He learnt every activity from filling the land to sowing the seeds. To acid farmers he launched his own company 'Innovative Agriculture Solutions Pvt. Ltd.

It was difficult initially as no one trusted an urban youth telling farmers about farming. But when everything was discussed in detail the farmers started taking interest. He wanted to ensure that the future events meet effectively the best interests of the company. Through sales forecasting, he prepared an annual plan for production and sales.

He also found that the farmers grew only paddy, which was an activity of 3 - 4 months and the land remained idle for the rest 8 - 9 months of the year. He not only identified but evaluated various alternatives through which the farms could be utilised for the remaining months of the year. Through correct foresight and logical and systematic thinking based on analysis of all facts, all alternatives were examined and evaluated. He presented a plan to the farmers, where after harvesting paddy, vegetables could be grown. The above case highlights the

features of one of the functions of management. By quoting lines from the above, identify and explain these features. (AI 2018)

22. It is deciding in advance what to do and how to do. It is one of the basic managerial functions. It requires that before doing something, the manager must formulate an idea of how to work on a particular task. This function is closely connected with creativity and innovation. It seeks to bridge the gap between where we are and where we want to go and is performed at all levels of management.

In spite of this, the function of management referred above has a number of limitations. Explain any two such limitations. (Delhi 2015 C)

LA (5 marks)

23. State any five features of 'Planning'. (Delhi 2015)

24. Explain any five limitations of planning. (NCERT, Delhi 2015)

ET (6 marks)

25. 'It involves setting objectives and developing appropriate course of action from amongst the different alternative courses of action to achieve these objectives'

(a) Identify the function of management referred above.

(b) State any five features of the function of management identified in (a) above. (2023)

26. Explain the following limitations of planning:

(i) Planning reduces creativity

(ii) Planning involves huge costs.

(2023)

27. Planning 'provides direction', 'reduces the risk of uncertainty' and 'promotes innovative ideas: Explain.

(2021 C)

## 4.2 Planning Process

MCQ



**28.** In one of the steps in the process of planning, the manager is required to make certain assumptions about the future which are the base material upon which plans are to be drawn. Identify the step:

- (a) Setting objectives
  - (b) Developing premises
  - (c) Identifying alternative courses of action
  - (d) Selecting an alternative
- (Term-1, 2021-22)**

**29.** Amulya wants to start her own cafe. Her long-term goal is to get 40% of the market share. For this she gathered information and made forecasts about the potential demand, purchasing power of the consumers as well as preferences of the consumers and government policy towards this business, etc. By doing this, Amulya had completed some steps in the process of planning.

Choose the step in the planning process that Amulya has to follow next:

- (a) Setting objectives
  - (b) Developing premises
  - (c) Identifying alternative courses of action
  - (d) Evaluating alternative courses
- (Term-1, 2021-22)**

**30.** Which step in the process of 'Planning' function of management involves weighing pros and cons of each alternative?

- (a) Developing Premises
  - (b) Identifying alternative courses of action
  - (c) Evaluation alternative courses
  - (d) Selecting an alternative
- (Term-1, 2021-22)**

**31.** The step in the process of 'planning' which is concerned with putting the plan into action i.e. doing what is required is called:

- (a) Implementing the plan
- (b) Follow-up action
- (c) Developing premises



(d) Selecting an alternative.  
(Term-1, 2021-22)

32. Ritu Kapoor has set up a bakery, 'Bakes and Cakes' in Pune. She receives online orders for cakes from within the city and supplies them on the same day. She set a target that she would earn a revenue of ₹5,00,000 in the first year. She informed her employees about the target and asked them to contribute ideas to achieve the same:

Ritu Kapoor has performed the first step in the process of one of the functions of management. The next step to be performed is:

(a) Identifying alternative courses of action.

(b) Setting objective

(c) Developing premises

(d) Follow-up action

(Term-1, 2021-22)

33. Which of the following is not a step in the process of planning?

(a) Making assumptions about the future

(b) Evaluating different proposals in light of the objectives to be achieved

(c) Allocation of jobs to members of each department

(d) Seeing whether activities are performed as per schedule or not

(2020 C)

VSA (1 mark)

34. Saurabh decided to start a chocolate manufacturing business. He set the target of earning 10% profit on sale in the first year. As a good businessman, he was concerned about the future of the business, which was uncertain. He gathered information that the demand for chocolates is increasing day-by-day. He used this information as the base for future planning and shared it with his team. On the basis of the gathered information, he scheduled a meeting in the following week to find innovative ways to achieve the objectives.

List the first two steps, which have been followed by Saurabh that are related to the process of one of the functions of management.

(2018)

SA I (3 marks)

35. Define 'Planning: Explain the first two steps in the process of planning.

(AI 2016)

**SA II (4 marks)**

36. After the following logical steps in the process of planning, explain the steps required to complete the following process:

- (a) Setting objectives
- (b) Developing premises; and
- (c) Identifying alternative courses of action.

**(Delhi 2014C)**

37. How does planning 'Lead to rigidity' and 'Reduce creativity'? Explain.

**(AI 2014 C)**

38. 'Process of planning involves certain logical steps. Explain the first four steps of this process.

**(NCERT, AI 2014 C)**

**LA (5 marks)**

39. 'All the available alternatives are evaluated in the light of their feasibility and consequences. This is one of the steps in the process of 'planning: Explain the steps followed by this. **(2021 C)**

### **4.3 Single Use and Standing Plans.**

**Objectives, Strategy, Policy,**

**Procedure, Method, Rule, Budget and Programme**

**VSA (1 mark)**

40. State, giving reason, whether the following statement is true or false:

"A rule is the prescribed way or manner in which a task has to be performed considering the objective."

**(2020 C)**

41. How are 'Policies' and 'Procedures' interlinked?

**OR**

What is meant by 'Developing Premises' in the process of planning?

**(Foreign 2019)**

42. Give the meaning of 'Method' as a type of plan.

**(AI 2019,**

**Delhi 2015, 2018)**

43. Give the meaning of 'Objectives' as a type of plan.

**(AI 2015)**



44. Give the meaning of 'Policy' as a type of plan. (AI 2015, Delhi 2014)

45. Give the meaning of 'Programme' as a type of plan. (AI 2015)

46. Name the type of plan which is in the form of general statement, that guides thinking towards a particular direction and helps in solving routine problems. (AI 2014 C)

**SA I (3 marks)**

47. Explain the following as limitations of planning:

(a) Planning leads to rigidity

(b) Planning involves huge costs

(c) Planning does not guarantee success.

(2020 C)

**SA II (4 marks)**

48. Give the meaning of 'policy' and 'strategy' as types of plans. (Delhi 2017)

**LA (5 marks)**

49. Matta Auto Ltd. is manufacturing different types of commercial vehicles. Their sales were rupees two hundred crore in the previous year. The company decided to increase sales by 20% during the current year. It conducted internal as well as external audits for the same. Through internal audit, they analysed the strengths and weaknesses of the business across all departments. External audit focused on the opportunities and the threats in the constantly changing business environment. Thus, a comprehensive plan was prepared taking into consideration the business environment and the necessary resources were allocated to achieve the target. The company directed its offices throughout the country to follow the plan. The company's commitment to develop effective plans to achieve a consistent increase in sales has ensured its continual growth over the past one decade.

Identify and explain the two types of plans discussed above.

(AI 2019)

50. Two years ago, Madhu completed her degree in food technology. She worked for sometime in a company manufacturing chutney, pickles, murabbas. She was not happy in the company and decided to have her own organic food processing unit. 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 decided 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, area wise 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.

(Delhi 2016)

ET (6 marks)

51. Explain 'Policy' and 'Method' as type of plans.  
(2023)

### CBSE Sample Questions

#### 4.1 Concept, Importance and Limitation

##### MCQ

1. "Changes or events cannot be eliminated but they can be anticipated and managerial responses to them can be developed." is suggested by the following importance of planning:

- (a) Planning facilitates decision making
- (b) Planning promotes innovative ideas
- (c) Planning provides direction
- (d) Planning reduces the risks of uncertainty.

(Term-1, 2021-22)

2. The Statement "Planning is a primary function", suggests that.....

- (a) Planning precedes other functions
- (b) Planning requires logical and systematic thinking
- (c) Plan is framed, it is implemented, and is followed by another plan, and so on



(d) Planning is required at all levels of management as well as in all departments of the organisation.

(Term-1, 2021-22)

3. Planning is closely connected with \_\_\_\_\_ and \_\_\_\_\_.

- (a) Responsibility and accountability
- (b) Delegation and decentralisation
- (c) Stability and security
- (d) Creativity and innovation

(Term-1, 2021-22)

4. Planning requires logical and systematic thinking rather than guess work. The feature of planning being referred to in the above statement is:

- (a) Planning is a continuous process
- (b) Planning is futuristic
- (c) Planning is pervasive
- (d) Planning is a mental exercise.

(Term-1, 2021-22)

5. "Following a pre-decided plan, when circumstances have changed, may not turn out to be in the organisation's interest." The limitation of planning being referred to in the above statement is \_\_\_\_\_.

- (a) Planning does not guarantee success
- (b) Planning may not work in a dynamic environment
- (c) Planning leads to rigidity
- (d) Planning is a time consuming process.

(Term-1, 2021-22)

6. Two statements are given below as Assertion (A) and Reason (R). On the basis of these statements, choose the correct option.

Assertion (A): Planning is futuristic.

Reason (R): Planning is concerned with the future which is certain and does not require forecast.

- (a) Both A and R are correct.
- (b) A is correct R is incorrect.
- (c) Both A and R are correct and R is the correct explanation of A.
- (d) Both A and R are correct and R is not the correct explanation of A.

(Term-1, 2021-22)

**ET (6 marks)**

7. "Planning is worth the huge costs involved?" Do you agree? Explain any four reasons in support of your answer.

(2020-21)

#### **4.2 Planning Process**

**MCQ**

8. Which step in the process of planning will precede the step in which the manager is required to make certain assumptions about the future, which are the base material upon which the plans are drawn.

- (a) Implementing the plan
- (b) Identifying alternative courses of action
- (c) Setting objectives
- (d) Selecting an alternative.

(Term-1, 2021-22)

9. If there is a plan to increase production then more labour, more machinery will be required. This step in the process of planning will involve organising for labour and purchase of machinery. Identify the step in the planning process being discussed above.

- (a) Identifying alternative courses of action
- (b) Setting objectives
- (c) Selecting an alternative
- (d) Implementing the plan

(Term-I, 2021-22)

10. A sanitizer manufacturing company wants to become a market leader. For this purpose, the manager follows an activity with certain logical steps. The first step suggested by him is to increase profits by at least 30% in the next quarter. What will be the last step of the activity being followed by the manager?

- (a) Follow-up action
- (b) Identifying alternative courses of action
- (c) Setting objectives
- (d) Evaluating alternative courses of action

(Term-I, 2021-22)

**ET (6 marks)**



11. 'The pros and cons of each alternative need to be weighed.' Name and briefly explain the logical steps in the process of planning which are followed by a manager before performing the step highlighted in the above statement.

(2022-23)

12. Briefly explain the next three steps in the process of planning which the manager will have to follow after using conjecture about what might happen in the future.

(2022-23)

13. "If the project is important then more alternatives should be generated and thoroughly discussed amongst the members of the organisation." Identify and explain the step in the process of planning being discussed above. Also explain the remaining steps which will have to be carried out to complete the process.

(2020-21)

## ANSWERS

### Previous Years' CBSE Board Questions

1. (d): Planning is futuristic

2. (b): Planning provides the standards against which actual performance is measured.

3. (c): This states that planning provides direction.

4. (b): The limitation of planning which can be seen here is that planning may not work in a dynamic environment.

5. (a): Planning serves as a basis for coordinating the activities of various departments. It reduces overlapping and wasteful activities.

6. (c): The formulation of plans and policies is an intellectual process and it promotes innovative ideas.

7. (b) : Planning involves high costs.

8. (c): Relying on a previously tried and tested successful plan just because it had worked before and will work again.

9. (d): Planning is a mental exercise.

10. (a): The limitation of planning that is being discussed here in the case study is that planning may not work in a dynamic environment.

11. The type of plan that Varsha Jain should use is the strategy.





**12.** 'Planning function' of management is defined by the lines given in the question. Planning is the process of setting goals and objectives, formulating alternative courses of action and, finally, deciding an appropriate action from the various available alternatives. All this is done for a specific period of time.

**13.** Planning premises are the assumptions made about the future on the basis of which the plans are drawn.

**14.** Planning is deciding in advance what to do, how to do it and who is to do it. Planning bridges the gap from where we are to where we want to go. It makes it possible for things to occur which would not otherwise happen.

**15.** Planning is the function of management that turns dreams into reality.

**16.** Rule is the type of plan that does not allow any flexibility.

**17.** The planning function of management decides in advance what is to be done and involves selection of objectives, policies, procedures and programmes from available alternatives.

**18.** The importance of the 'Planning' function of management are:

(i) Renders direction: Planning clearly states the goals and objectives to be achieved and guides the managers about what tasks are to be done and how they are to be done.

(ii) Subdued risk: Planning helps foresee the future. Various plans are formulated keeping in consideration the expected future events. Thus, planning reduces the uncertainty of unforeseen events.

(iii) Minimised overlapping: As the managers are familiar with the policies and plans, they coordinate the activities together to achieve the set objectives. This helps in reducing the overlapping of work.

**19.** Planning is the process of setting goals and objectives, formulating alternative courses of action and, finally, deciding an appropriate action from the various available alternatives. It involves 'thinking and deciding in advance' about 'what is to be done' and 'how it is to be done'. Now, although planning is futuristic in nature and tells us in advance what is to be done, however, it still does not guarantee success. This is because managers tend to rely on pretested plans. However, there is no guarantee that a plan that have worked well in the past will be successful in the future as well. This is because business environment is dynamic in nature and keeps on changing. Thus, it is not necessary that the plans always work as planned. The plan may fail because of unforeseen changes or uncertainties.

**20.** The features of planning which are discussed in the given situation are:



(i) Planning is a mental exercise - ‘Since it is an intellectual activity requiring intelligent imagination and sound judgement so it is mainly done by top management’. It requires application of mind and sound judgement. Since planning defines what is to be done in future, it requires sound thinking rather than doing.

(ii) Planning is futuristic - “The top management formulate plans for the next year by analysing and predicting the future to meet future events effectively”. Planning is futuristic in the sense that it foresees the future, thereby helping to prepare for uncertain future events.

Limitations of planning are:

(i) Planning reduces creativity - “Middle level managers are neither allowed to deviate from the plans nor are they permitted to act on their own”. Plans are made by only the top management, and the lower levels of management are not allowed to deviate from the pre-defined course. Thus, in the process, lower level managers tend to lose their creativity.

(ii) Planning involves huge costs - “The top management ensures that the expenses incurred in formulating the plans justify the benefits derived from them’. As planning is based on future predictions, it requires much thought, analysis, scientific calculations, etc., which are to be used for formulating a course of action. This involves high costs.

**21.** The above case highlights the features of planning function of management. Features of planning are:

“He set out specific goals” along with the activities to be performed to achieve the goals’

(i) Planning focuses on achieving objectives: Specific goals are set out for achievement of predetermined organisational goals.

“He wanted to ensure that the future events meet effectively the best interest of company. Through sales forecasting, he prepared an annual plan for production and sales”,

(ii) Planning is futuristic: Planning essentially involves looking ahead and preparing for future.

“He not only identified but evaluated various alternatives through which the farms could be utilised for the remaining months of the year”.

(iii) Planning is continuous: Continuity of planning is related with the planning cycle. A plan is framed, implemented and is followed by another plan.



“Through correct foresight and logical and systematic thinking based on analysis of all facts, all alternatives were examined and evaluated”.

(iv) Planning is a mental exercise: Planning requires application of mind involving foresight, intelligent imagination and sound judgement.

**22.** Planning function of management has been referred here.

Limitations of planning are:

(a) Planning leads to Rigidity: In an organisation, a well-defined plan has specific goals to achieve. These plans decide the future course of action by the workers and managers may not be in a position to change it. This leads to rigidity and may create difficulty. Thus, managers must have some flexibility to make changes in the plan, depending on the business environment.

(b) Planning may not work in a dynamic environment : Dynamic business environment needs an organisation to quickly adapt itself to changes. It becomes difficult to accurately assess future trends in the business environment. Planning cannot foresee everything and thus, may not be useful.

**23.** Features of planning:

(a) Planning is a primary function of management: Planning precedes all the other functions of management. It provides the basis and direction to managerial efforts. Planning serves as a guide for organisation, staffing, directing and controlling.

(b) Planning is pervasive: Planning is required at all levels of management as well as in all departments of the organisation. However, the nature and scope of planning activities carried out varies according to the level of management.

(c) Planning is an intellectual process: A good plan is based upon collection, study and analysis of facts, evaluating the alternatives, combination of factor and deciding the most appropriate line of action. It involves thinking before doing.

(d) Planning is goal oriented: Planning is made to achieve the desired objectives of the business. All the action in the organisation gets coordinated to achieving that goal.

(e) Planning is forward looking: Planning essentially involves looking ahead and preparing for the future. It tries to anticipate opportunities and threats from the environment so as the take advantage of them or to deal with them effectively.

**24.** Limitations of Planning:

(i) Planning reduces creativity - “Middle level managers are neither allowed to deviate from the plans nor are they permitted to act on their own”. Plans are made by only the top management, and the lower levels of management are not



allowed to deviate from the pre-defined course. Thus, in the process, lower-level managers tend to lose their creativity.

(ii) Planning involves huge costs - "The top management ensures that the expenses incurred in formulating the plans justify the benefits derived from them'. As planning is based on future predictions, it requires much thought, analysis, scientific calculations, etc., which are to be used for formulating a course of action. This involves high costs.

(iii) Planning does not guarantee success: It can also create a false sense of security, particularly when a previous successful plan is tried out yet again without taking into account the dynamics of the environment. These risk can be reduced by constantly reviewing the plans and being open to modifications.

(iv) Rigidity: Once a plan is formulated, the manager may not be able to change it. This rigidity creates hurdles when unforeseen changes come about.

(v) Lack of flexibility to deal with a dynamic environment: Planning cannot help foresee the changes in the business environment and fails in times of changes and uncertainties.

**25. (a)** Planing function is mentioned above.

(b) (i) Planning focuses on achieving objectives: Organisations are set up with a general purpose in view. Specific goals are set out in the plans along with the activities to be undertaken to achieve the goals. Thus, planning is purposeful. Planning has no meaning unless it contributes to the achievement of predetermined organisational goals.

(ii) Planning is a primary function of management: Planning lays down the base for other functions of management. All other managerial functions are performed within the framework of the plans drawn. Thus, planning precedes other functions. This is also referred to as the primacy of planning. The various functions of management are interrelated and equally important. However, planning provides the basis of all other functions.

(iii) Planning is pervasive: Planning is required at all levels of management as well as in all departments of the organisation. It is not an exclusive function of top management nor of any particular department. But the scope of planning differs at different levels and among different departments. For example, the top management undertakes planning for the organisation as a whole. Middle management does the departmental planning. At the lowest level, day-to-day operational planning is done by supervisors.

(iv) Planning is continuous: Plans are prepared for a specific period of time, may be for a month, a quarter, or a year. At the end of that period there is need for a



new plan to be drawn on the basis of new requirements and future conditions. Hence, planning is a continuous process.

Continuity of planning is related with the planning cycle. It means that a plan is framed, it is implemented, and is followed by another plan, and so on.

(v) Planning is futuristic: Planning essentially involves looking ahead and preparing for the future. The purpose of planning is to meet future events effectively to the best advantage of an organisation. It implies peeping into the future, analysing it and predicting it. Planning is, therefore, regarded as a forward-looking function based on forecasting. Through forecasting, future events and conditions are anticipated and plans are drawn accordingly. Thus, for example, sales forecasting is the basis on which a business firm prepares its annual plan for production and sales.

(vi) Planning involves decision making: Planning essentially involves choice from among various alternatives and activities. If there is only one possible goal or a possible course of action, there is no need for planning because there is no choice. The need for planning arises only when alternatives are available. In actual practice, planning presupposes the existence of alternatives. Planning, thus, involves thorough examination and evaluation of each alternative and choosing the most appropriate one.

**26. (a): (i) Planning reduces creativity:** Planning is an activity which is done by the top management. Usually, the rest of the members just implements these plans. As a consequence, middle management and other decision makers are neither allowed to deviate from plans nor are they permitted to act on their own. Thus, much of the initiative or creativity inherent in them also gets lost or reduced. Most of the time, employees do not even attempt to formulate plans. They only carry out orders. Thus, planning in a way reduces creativity since people tend to think along the same lines as others. There is nothing new or innovative.

(ii) Planning involves huge costs: When plans are drawn up huge costs are involved in their formulation. These may be in terms of time and money for example, checking accuracy of facts may involve lot of time. Detailed plans require scientific calculations to ascertain facts and figures. The costs incurred sometimes may not justify the benefits derived from the plans. There are a number of incidental costs as well, like expenses on boardroom meetings, discussions with professional experts and preliminary investigations to find out the viability of the plan.

**27. (b):** Planning provides direction, reduces the risk of uncertainty and promotes innovative ideas.



(i) Planning provides direction: By stating in advance how work is to be done, planning provides direction for action. Planning ensures that the goals or objectives are clearly stated so that they act as a guide for deciding what action should be taken and in which direction.

(ii) Planning reduces the risk of uncertainty: By deciding in advance, the tasks to be performed, planning shows the way to deal with changes and uncertain events. Changes or events cannot be eliminated but they can be anticipated and managerial responses to them can be developed.

(iii) Planning promotes innovative ideas: Since planning is the first function of management, new ideas can take the shape of concrete plans. It guides all future actions leading to growth and prosperity of the business.

**28. (b):** Developing premises is one of the steps in the process of planning, where the manager is required to make certain assumptions about the future, upon which plans are to be drawn.

**29. (c):** The next step in the process of planning will be “Identifying alternative courses of action”.

**30. (c):** Under the process of planning, ‘evaluating the alternatives courses’ is the step that involves examining the pros and cons of each alternative.

**31. (a):** The step of planning which is concerned with putting the plan into action is ‘Implementing the Plan’.

**32. (c):** The next step of Ritu Kapoor would be ‘Developing Premises’.

**33. (c):** Allocation of jobs to members of each department.

**34.** Two steps followed by Saurabh that are related to the planning process are:

(i) Setting objectives: Target of earning 10% profit on sales in the first year.

(ii) Developing Premises: On the basis of gathered information, assuming that demand for chocolates was increasing day by day.

**35.** Planning is deciding in advance what to do, how to do it and who is to do it. Planning bridges the gap from where we are to where we want to go. It makes it possible for things to occur which would not otherwise happen.

The first two steps in the process of planning are -

(i) Setting organisational objectives and goals: Every organisation must have certain objectives and each department and teams must be made aware of their share of contribution in it. Objectives must be stated clearly for all departments, units and employees.



(ii) Developing premises upon which each alternatives are based. So, planning is always for the future which is uncertain we have to take great care of this function. Planning means setting objectives and targets and formulating an action plan to achieve them.

**36.** After the given three steps of planning the steps that should be followed are –

(i) Evaluating alternative courses: After identifying alternative courses of action, the next step is to evaluate the pros and cons of each alternative.

(ii) Selecting an alternative: In this step the most suitable, feasible and profitable alternative is selected which has the least number of negative aspects.

Managements select the best alternative through careful analysis.

(iii) Implementing the plan: In this step plan is put into action. This step also involves the arrangement of the resources like men, machines and materials.

(iv) Follow up action: This is the last step in the process of planning in which it is seen whether the plans are being implemented as per the schedule. It involves monitoring of the plans in order to achieve the desired objectives.

**37.** Planning leads to rigidity: Once the plans are decided managers may not be in a position to change it so they cannot get the benefit of favourable situation.

Managers need to be given some flexibility to be able to cope with the changed circumstances.

Planning reduces creativity: Planning involves establishing policies, procedures and programmes in advance. Employees have to strictly follow them without deviations.

For example - The Russia-Ukraine war came upon us quite abruptly. It raised the petroleum prices, led to shortage of wheat and accentuated chip shortage. In such cases plans need to be modified.

So, planning suppresses the spirit to take initiative among the employees and makes them to work in a rigid manner, leaving no scope for creativity.

**38.** The first four steps involved in the process of planning are:

(a) Setting objectives: The first step of planning process is to set objectives. Objectives specify what the organisation wants to achieve. Objectives should be clear to all the departments as well as the workers in the organisation.

(b) Developing premises: The assumptions regarding the future which a manager makes are called premises, like market demand for goods, cost of raw materials, state of technology, competition, government policies, etc. On the basis of these assumptions' plans are drawn.



(c) Identifying alternatives: The next step in the planning process is to identify various alternatives to achieve the pre-determined objectives.

(d) Evaluating alternative courses: In this step the negative as well as positive aspects of various alternatives are evaluated. The pros and cons of each alternative, its risks and rewards are studied.

**39.** All the available alternatives are evaluated in the light of their feasibility and consequences. This is one of the steps in the process of planning. The steps followed by this are:

(i) Selecting an alternative: This is the real point of decision making. The best plan must be adopted and implemented. Sometimes, a combination of plans may be selected instead of one best course. The manager will have to apply permutations and combinations and select the best possible course of action.

(ii) Implementing the plan: This is the step where other managerial functions also come into the picture. The step is concerned with putting the plan into action, i.e., doing what is required.

(iii) Follow-up action: To see whether plans are being implemented and activities are performed according to schedule is also part of the planning process. Monitoring the plans is equally important to ensure that objectives are achieved.

**40.** The statement is false. Reason: A method is the prescribed way or manner in which a task has to be performed considering the objective.

**OR**

A rule is a specific statement that specifies clearly what is to be done or not to be done.

**41.** A policy is a general statement that aims at channelling the efforts of the organisation in a particular direction. It forms the general response or a course of action to be followed in a particular situation while a procedure is a set of routine steps defined in a chronological order that are to be followed for the enforcement of a policy. Hence, procedure helps in the enforcement of a policy.

**OR**

Developing the premises: Premises means assumptions regarding the future. For successful planning, the correct premises should be developed and proposed.

**42.** Method provides prescribed ways in which a task has to be performed considering the objective. The method may vary from task to task. e.g. For higher level management, orientation programmes, seminars can be organised whereas at the supervisory level, on the job training methods are more appropriate.



43. Objectives are the end result, towards which all managerial efforts and organisational activities are directed.

44. Policy is a general statement providing guidelines which brings uniformity in decision making for achievement of pre-determined objectives.

45. A programme is a detailed statement about a project that outlines the objectives, policies, procedures, rules and resources required and the budget to implement it.

46. Policy.

47. (a) Planning leads to rigidity: Once a well-defined plan is drawn, the managers may not be in a position to change it. These kind of rigidity in plans may create difficulty.

(b) Planning involves huge costs: Planning involves huge costs in terms of time and money e.g. checking accuracy of facts may require a lot of time. The costs incurred sometimes may not justify the benefits derived from the plans.

(c) Planning does not guarantee success: The success of an organisation is possible only when plans are properly drawn up, implemented and translated into action. Managers have a tendency to rely on previously tried and tested successful plans. Following a pre decided plan when the circumstances have changed may not turn to be in organisation's interest.

48. Policy and strategy are two different kinds of plans.

**Strategy:** A strategy provides the broad contours an organisation follows for its business. It also refers to future decisions defining the organisations direction and scope in the long run. Thus, it can be said that a strategy is a comprehensive plan for accomplishing organisational objectives. While formulating a strategy the business environment must be taken into consideration. The changes in the economic, political, social, legal and technological environment affects an organisation's strategy.

Major strategic decisions will include decisions like whether the organisation will continue to be in the same line of business, or combine new lines of activity with the existing business or seek to acquire a dominant position in the same market.

**Policy:** Policies are general statements that guide thinking and channelise corporate energies towards a particular direction. Policies provide a basis for interpreting strategy which is usually stated in general terms. They are guides to managerial action and decisions in the implementation of strategy.

For example, the company may have a recruitment policy, pricing policy within which objectives are set and decisions are made. If there is an established policy, it becomes easier to resolve problems or issues.



As such, a policy is the general response to a particular problem or situation. There are policies for all levels and departments in the organisation ranging from major company policies to minor policies.

**49.** The two types of plans discussed above are:

(a) Objectives - An objective is a goal that management desires to achieve. By stating the objective, the management broadly defines what is to be done. The objective of Matta Auto Ltd. is to increase its sales by 20% during the current year.

(b) Strategy - A strategy is a comprehensive plan that includes determining the long-term objectives, adopting the required course of action and allocating the necessary resources.

Matta Auto Ltd. prepared a comprehensive plan by taking into consideration the business environment and the necessary resources which were allocated to achieve the target.

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

(a) Objectives: "One of his objective was to earn 10% profit on the amount invested in the first year." Objectives are the desired future positions that the management would like to reach.

Objective are very basic to the organisation and are defined as ends which the management seeks to achieve by its operations. They are usually set-up by top level management of the organisation and focus on broad, general issues for example increasing sales by 20%.

(b) Policies: "It was decided that raw materials like fruits, vegetable, spices etc., will be purchased on three month credit period from farmers cultivating organic crops.

Policies are general statements that guide the thinking or channelise energies towards a particular direction.

Policies provides a basis for implementing and interpreting strategy which is stated in general terms. They guide managerial actions and decisions.

(c) Procedures: "She also decided to follow the steps required for marketing of the product through her own outlets".

Procedures are specified in chronological order for example, there may be a procedure for requisition of supplies before production.

(d) Methods: "She appointed Mohan as a Production Manager who decided the way in which the production activities were to be carried out".



Methods provide the prescribed ways in which a task has to be performed considering the objective.

It deals with a task comprising of one step of a procedure and specifies how this step is to be performed. Selection of proper method saves time and money.

(e) Rules: “While working on the production a penalty of ₹ 100 day for not working in caps, gloves and apron was announced”.

Rules are specific statement that informs what is to be done. They do not allow any flexibility or discretion.

It reflects a managerial decision. Non-adherence to rules attract penalties or fines.

**51. Policy:** Policies are general statements that guide thinking or channelise energies towards a particular direction. Policies provide a basis for interpreting strategy which is usually stated in general terms. They are guides to managerial action and decisions in the implementation of strategy. For example, the company may have a recruitment policy, pricing policy within which objectives are set and decisions are made. If there is an established policy, it becomes easier to resolve problems or issues.

As such, a policy is the general response to a particular problem or situation.

There are policies for all levels and departments in the organisation ranging from major company policies to minor policies. Major company policies are for all to know i.e., customers, clients, competitors etc., whereas minor policies are applicable to insiders and contain minute details of information vital to the employees of an organisation. But there has to be some basis for divulging information to others.

**Method:** Methods provide the prescribed ways or manner in which a task has to be performed considering the objective. It deals with a task comprising one step of a procedure and specifies how this step is to be performed. The method may vary from task to task. Selection of proper method saves time, money and effort and increases efficiency. For imparting training to employees at various level from top management to supervisory, different methods can be adopted.

For example, for higher level management orientation programmes, lectures and seminars can be organised whereas at the supervisory level, on the job training methods and work-oriented methods are appropriate.



## CBSE Sample Questions

1. (d): Planning reduces the risks of uncertainty.

2. (a): Planning precedes other functions

3. (d): Creativity and innovation

4. (d): Planning is a mental exercise

5. (c): Planning leads to rigidity

6. (b): A is correct R is incorrect.

7. Yes, importance of Planning:

(i) Planning provides direction: Planning ensures that the goals or objectives are clearly stated so that they act as a guide for deciding what action should be taken and in which direction. If goals are well defined, employees are aware of what the organisation has to do and what they must do to achieve those goals.

(ii) Planning reduces the risks of uncertainty: Planning is an activity which enables a manager to look ahead and anticipate changes. By deciding in advance, the tasks to be performed, planning shows the way to deal with changes and uncertain events. Changes or events cannot be eliminated but they can be anticipated and managerial responses to them can be developed.

(iii) Planning reduces overlapping and wasteful activities: Planning serves as the basis of coordinating the activities and efforts of different divisions, departments and individuals. It helps in avoiding confusion and misunderstanding. Since planning ensures clarity in thought and action, work is carried on smoothly without interruptions. Useless and redundant activities are minimised or eliminated.

(iv) Planning promotes innovative ideas: Since planning is the first function of management, new ideas can take the shape of concrete plans. It is the most challenging activity for the management as it guides all future actions leading to growth and prosperity of the business.

(v) Planning facilitates decision making: Planning helps the manager to look into the future and make a choice from amongst various alternative courses of action. The manager has to evaluate each alternative and select the most viable proposition. Planning involves setting targets and predicting future conditions thus helping in taking rational decisions.

(vi) Planning establishes standards for controlling: Planning provides the goals or standards against which actual performance is measured. By comparing actual performance with some standard, managers can know whether they have



actually been able to attain the goals. If there is any deviation it can be corrected. Therefore, we can say that planning is a pre-requisite for controlling.

(Any four)

8. (c): Setting objectives

9. (d): Implementing the plan

10. (a): Follow-up action

11. Steps in the process of planning to be followed by a manager before performing the step of evaluation of alternatives:

(i) **Setting Objectives:** The first and foremost step is setting objectives. Every organisation must have certain objectives. Objectives may be set for the entire organisation and each department or unit within the organisation. Objectives or goals specify what the organisation wants to achieve. It could mean an increase in sales by 20% which could be the objective of the entire organisation. How all departments would contribute to the organisational goals is the plan that is to be drawn up. Objectives should be stated clearly for all departments, units and employees. They give direction to all departments.

(ii) **Developing Premises:** Planning is concerned with the future which is uncertain and every planner is using conjecture about what might happen in future. Therefore, the manager is required to make certain assumptions about the future. These assumptions are called premises. Assumptions are the base material upon which plans are to be drawn. The base material may be in the form of forecasts, existing plans or any past information about policies. The premises or assumptions must be the same for all and there should be total agreement on them. All managers involved in planning should be familiar with and use the same assumptions. For example, forecasting is important in developing premises as it is a technique of gathering information. Forecasts can be made about the demand for a particular product, policy change, interest rates, prices of capital goods, tax rates etc. Accurate forecasts therefore become essential for successful plans.

(iii) **Identifying alternative courses of action:** Once objectives are set, assumptions are made. Then the next step would be to act upon them. There may be many ways to act and achieve objectives. All the alternative courses of action should be identified. The course of action which may be taken could be either routine or innovative. An innovative course may be adopted by involving more people and sharing their ideas. If the project is important, then more alternatives should be generated and thoroughly discussed amongst the members of the organisation.

12. The next three steps are:



(i) Identifying alternative courses of action: Once objectives are set, assumptions are made. Then the next step would be to act upon them. There may be many ways to act and achieve objectives. All the alternative courses of action should be identified. The course of action which may be taken could be either routine or innovative. An innovative course may be adopted by involving more people and sharing their ideas. If the project is important, then more alternatives should be generated and thoroughly discussed amongst the members of the organisation.

(ii) Evaluating alternative courses: The next step is to weigh the pros and cons of each alternative. Each course will have many variables which have to be weighed against each other. The positive and negative aspects of each proposal need to be evaluated in the light of the objective to be achieved. In financial plans, for example, the risk-return trade-off is very common. The riskier the investment, the higher the returns it is likely to give. To evaluate such proposals detailed calculations of earnings, earnings per share, interest, taxes, dividends are made and decisions taken. Accurate forecasts in conditions of certainty/uncertainty then become vital assumptions for these proposals. Alternatives are evaluated in the light of their feasibility and consequences.

(iii) Selecting an alternative: This is the real point of decision making. The best plan has to be adopted and implemented. The ideal plan, of course, would be the most feasible, profitable and with least negative consequences. Most plans may not always be subjected to a mathematical analysis. In such cases, subjectivity and the manager's experience, judgment and at times, intuition play an important part in selecting the most viable alternative. Sometimes, a combination of plans may be selected instead of one best course. The manager will have to apply permutations and combinations and select the best possible course of action.

**13.** Identifying alternative courses of action: Once objectives are set assumptions are made. Then the next step would be to act upon them. There may be many ways to act and achieve objectives. All the alternative courses of action should be identified. The course of action which may be taken could be either routine or innovative. An innovative course may be adopted by involving more people and sharing their ideas.

Remaining steps to be carried out to complete the process are as follows:

(i) Evaluating alternative courses: The next step is to weigh pros and cons of each alternative. Each course will have many variables which have to be weighed against each other. The positive and negative aspects of each proposal need to be evaluated in the light of the objective to be achieved.

(ii) Selecting an alternative: This is the real point of decision making. The best plan has to be adopted and implemented. The ideal plan, of course, would be the



most feasible, profitable and with least negative consequences. Most plans may not always be subjected to a mathematical analysis.

(iii) Implementing the plan: This is the step where other managerial functions also come into the picture. The step is concerned with putting the plan into action.

(iv) Follow up action: To see whether plans are being implemented and activities are performed according to schedule is also part of the planning process. Monitoring the plans is equally important to ensure that objectives are achieved.