

NOTES FOR ONLINE EXAM

OVERVIEW OF BUSINESS

1. Indian economy has recorded an annual growth rate of **28%** during the last five years.
2. Many other businesses are dependent on **manufacturing business**.
3. **Trade** is willing to exchange of goods, services or both.
4. **Trade** is also called as **commerce**.
5. **Retailers and Distributors** act as middle men in getting goods produced by **manufacturers** to the intended customers.
6. Any business cannot run unless and until supported by **finance**.
7. Production of food crops, minerals and raw materials are derived through **Agriculture and Mining business**.
8. **The transportation business** delivers goods and individuals from one location to another.
9. The abbreviation of SEZ is **Special Economic Zone**.
10. TISCO is the abbreviation of **Tata Iron and Steel Company**.
11. The problem of administered prices of steel is the major challenge to the **Iron and Steel industry**.
12. **Steel Authority of India Limited (SAIL)** is the apex authority of Government of India in Iron & Steel industrial sector.
13. Indian Textile Industry is predominantly **cotton** based.
14. In last 25 years, there is decline from **73% to 27%** in the share of cotton cloth.
15. Use of modern fabrics has increased from **27% to 58%**.
16. Textile industry earns **27%** of foreign exchange from exports of textiles.
17. **Engineering industry** deals with design, manufacturing and operation of structures, machines and devices.
18. **Engineering industry** comprises of sectors like civil, industrial, mechanical and chemical.
19. **Process industry** is mainly concerned with chemical, sugar industry, salt manufacturing, powder manufacturing pharmaceutical production etc.
20. **Process industry** is associated with formulas and manufacturing recipes.
21. In **process industry**, once output is produced, it cannot distill back to basic components.

22. **Chemical industry** comprises of sectors like petrochemical, inorganic chemicals, organic chemicals, drugs, agrochemicals, paints etc.
23. In India, food market is **2, 50,000 crores**.
24. In India, market of value added food product is **80, 000 crores**.
25. LPG means **Liberalization, Privatization and Globalization**.
26. GATT means **General Agreement on Tariff and Trade**.
27. **GATT** started in **1948** at **Geneva**.
28. In **1995**, name of **GATT** is replaced by **WTO**.
29. India is a member of **World Trade Organization (WTO)**.
30. World Intellectual Property rights day is celebrated on **April 26**.
31. Copy right is expressed as ©.
32. A trademark is identified by the symbols **TM and R**

MANAGEMENT PROCESS

1. **Management** is getting the things (work) done by the other people with the help of optimum **resources** to achieve the **desired goals**.
2. **Human resources, technology and financial resources** are the inputs of management.
3. **Goal satisfaction, desired results and growth of business** are the outputs of management.
4. **People, skills, knowledge and materials** are the resources of management.
5. **To motivate staff** is one of the duties of management.
6. **Overlapping of duties, underutilization of resources, poor functioning of executives, repetition of mistakes** are the result of mismanagement.
7. **Planning, innovating, operating and controlling** are the role played by management.
8. **Progress, development and changes** in the concept of management with change in the time are termed as **Evolution of management**.
9. In **1881**, first Business school was started at the University of **Pennsylvania**.
10. **Japanese management** techniques are more successful than that of Western nations.
11. **Management** is the main pillar of technological progresses as well as all organizational developments.
12. **Henri Fayol** defines management as “to forecast and plan, to organize, to command, to co-ordinate and to control”.

13. **Blanchard** defines “management is working through individuals and groups to accomplish organizational goals.
14. **Mescon** defines “management is the process of planning, organizing, leading and controlling the efforts of organization members and of using all organizational resources to achieve stated organization goals”.
15. **Mary Parker** defines “it is getting things done by others.”
16. **Robinson** says “management is the process of optimizing human, material and financial contributions for the achievement of organizational goals.
17. **Drucker** says “the systematic organization of economic resources.”
18. **Harbison and Myers** observe management as an economic resource, a system of authority and class or elite.
19. Levels of management in any organization are described by **the pyramid**.
20. **Top level management** is also called as strategic level management.
21. **Top level management** handles companywide overall functions.
22. **Top management** is the highest authority of the organization.
23. **Middle level management** is also called as Tactical level of management.
24. **Middle management** works on wider areas compared to lower management.
25. **Middle management** informs ground reality of the system to higher authorities and also assist in finding solutions to problems at execution level.
26. **Lower level management** is also called as operational level management.
27. **Lower level management** has direct responsibility of machinery and materials.
28. Skilled workers, operators and workforce work below **lower level management**.
29. **Lower level management** is skilled at both supervision and doing the work.
30. **Lower level management** plan and execute daily work schedule.
31. **Lower level management** executes plans given by middle management.
32. **Lower level management** reports higher authorities about the production function and related matter.
33. **Lower level management** is also called as actual face of management or fighting chaps.
34. The overall execution of the given task is called as **Administration**.
35. **Administration** keeps and maintains documentation.
36. **In India, management** is considered at the higher authority position of an

organization than the **administration**.

37. **Management** decides policies and **administrators** execute those policies.

38. **Management** group has unlimited powers whereas **Administration** people are just binding to their higher authorities.

39. **Management** is concerned with directions and control whereas Administration is concerned with operations and execution.

40. **F. W. Taylor** is known to us as the **father of scientific management**.

41. **Scientific management** distinguishes the progressive management practices from the traditional systems of management.

42. **Scientific management** developed ways for solving problems which are very impossible for the ordinary managerial processes.

43. Use of **computers** is also involved in today's **scientific management practices**.

44. Plan prepared by **scientific management** is more realistic.

45. **Handling complexity and optimization** are the main advantages of scientific management.

46. For cost, optimum value is **minimum** cost.

47. For profit, optimum value is **maximum** cost.

48. **Scientific management** uses methods like linear programming, dynamic programming, and assignment models to get optimum solutions.

49. Position, designation, seniority defines **authority**.

50. **Authority and responsibility** are the two sides of coin.

51. **Higher authority** has higher responsibility.

52. **Discipline** is required for smooth functioning of any organization.

53. Following rules and regulations, being honest, trustworthy and following protocols of the system are expected as **discipline requirements**.

54. When many functions are controlled by a central authority, it is called as **centralization**.

55. Control from different positions is called as **decentralization**.

56. **Division of work** is also called as delegation of work.

57. Due to **division of work**, people get less variation in work.

58. To start with enthusiasm is called as **initiative**.

59. Many people work for better **remuneration**.

60. Qualification, designation, responsibility, dedication, experience etc are counted while giving **remuneration**.

61. **Good team work** is always better than the best individual performance.

62. **Unity of command** is called as one man- one boss.

63. Management should not forget **equity and humanity**.

64. In **Esprit de corps**, importance is given to communication in team work.
65. Deciding in advance what to do, how to do, when to do and who will do it is called as **planning**.
66. Plan fails because of **wrong information for planning, incorrect person to plan, lack of knowledge, less devotion to execute plan, faulty system of work, insufficient data, no feedback system** and **overconfidence**.
67. **Organizing** is the activity of coordinating and directing the company's resources.
68. **Organizing** involves identifying and grouping the activities.
69. **Directing** assists in providing correct way of working i.e. giving direction.
70. **Directing** involves giving instructions and orders to subordinates.
71. **Controlling** is like a brake system in automobiles.
72. **Controlling** helps to control extra efforts and wastages of resources.

ORGANIZATIONAL MANAGEMENT

1. **Profit** is unimportant word in the definition of organization.
2. **Teamwork, combined efforts and responsibility** are the aims of forming organization.
3. Which statement is wrong?
 - a. Organization is a group of working people
 - b. It has aims and objectives
 - c. **Organization has no boundaries**
 - d. Organization is a system
4. **Determining the aims** is the first step in organization forming.
5. Structure of organization is represented by **organization chart**.
6. The structure of organization depends on **scope of functions, span of control and number of employees**.
7. The structure of organization is not dependent on **profit margin**.
8. **Organizational chart, delegation and integration** are the essentials of organization.
99. **Type of product, specialization and functions** are the important factors in deciding structure of organization.
10. Vertical dimension of organization structure defines **hierarchy**.
11. Scalar organization is also known as **line organization**.
12. Line organization is of **vertical** type.

13. Military type organization is seen in **line organization**.
14. Decisions are very quick in **line organization**.
15. Which is not the correct advantage of line organization?
- a. It is simple
 - b. Confusion is less
 - c. **Specialized**
 - d. Easy to understand
16. Line organization is not possible at **Government Company**.
17. Line organization is applicable at **workshops, small firms and small process industries with automation**.
18. Which is not the correct disadvantage of line organization?
- a. Poor performance
 - b. Lack of specialization
 - c. Overlapping of activities
 - d. **Nobody is overloaded**
19. Functional organization is also called as **staff organization**.
20. Functional organization is **horizontal**.
21. **Performance better than line, standardization in process and more productivity than line** are the advantages of staff organization.
22. Which is not the correct disadvantage of staff organization?
- a. Discipline is lacking
 - b. **Lack of specializations**
 - c. Ego of specialty
 - d. Difficult to handle experts
23. Line and staff organization is **both horizontal and vertical**.
24. **Project** organization is temporary in nature.
25. **Balanced matrix, project matrix and functional matrix** are few forms of project organization.
26. **Departmentation** is a process of dividing large organization into small and flexible administrative units.
27. Which is not the type of Departmentation?
- a. By product
 - b. By function
 - c. By process
 - d. **By material pattern**
28. 'Car division' in Tata Motors is example of **Departmentation by product**.

29. **Authority & responsibility, span of control and delegation** are the principles of organization.

30. Number of subordinates handled by one manager effectively is called as **span of control**.

31. **Authority** check the result, **responsibility** shows the result.

32. Ability to adjust, change and bend is **flexibility**.

33. Following is not the type of communication.

- a. Oral
- b. Written
- c. Horizontal
- d. **Clear**

34. Instruction is the **downward** communication.

35. Meeting is the **formal** communication.

36. Request is the **upward** communication.

37. Which is the factor responsible in the selection of type ownership?

- a. Capital required
- b. Scope of business
- c. Types of business
- d. **All**

38. Which is not the limitation of sole proprietorship?

- a. Decision may wrong
- b. Growth rate is small
- c. **Corruption is more**
- d. Limited resources are available

39. Following business is not coming under sole proprietorship?

- a. Service center
- b. Press shop
- c. Hardware unit
- d. **Insurance corporation**

40. How many partners can be eligible for partnership?

- a. 2
- b. 2 to 5
- c. 2 to 10
- d. **All are correct**

41. Which is incorrect type of partner?

- a. Active

b. **Perfect**

c. Nominal

d. Sleeping

42. About 'sleeping partners' which statement is wrong?

a. Also called as silent partners

b. They do investment

c. Do not active in daily work

d. **Do not share profit/loss**

43. Which is the type of partnership?

a. General

b. Limited

c. Private

d. **Both (a) and (b)**

44. Achievement due to one will be shared by all others. This happens in **general partnership**.

45. All partners have the same status in **general partnership**.

46. **Name of the firm, location of work and name of partners** are included in the partnership deed.

47. Agreement between partners is called as **partnership deed**.

48. Highest business secrecy is in **sole proprietorship**.

49. Unlimited liability is there in **proprietorship and partnership**.

50. Which is not the type of Joint Stock Company?

a. Private limited company

b. Public limited company

c. **Public sector**

d. (a) & (b)

51. Maximum members in private limited company are **50**.

52. Minimum members in private limited company are **2**.

53. Minimum no. of directors in public limited company is **3**.

54. Maximum shareholders in public limited company are **no limit**.

55. Minimum shareholders in public limited company are **07**.

65. Highest control of government is there in **government department**.

66. Which is not the advantage of public sector?

a. Liability is more

b. **Secrecy is more**

c. Job security

d. Huge capital can be raised

67. Which is not the limitation of public sector?

a. Productivity is less

b. Decision making is slow

c. More political interference

d. **Unlimited liability**

68. Document is less in **sole proprietorship**.

69. Maximum security of job is in **public sector**.

70. Secrecy is least in **public sector**.