

SRIMATI INDIRAGANDHI COLLEGE
DEPARTMENT OF BANKMANAGEMENT

BUSINESS MANAGEMENT

SECTION-A

1. Define management?

Louis Allen “management is what a manager does”

Henry fayol to manage is “to forecast and plan, to organize, to command, to coordinate, and to control”.

2. What is management?

Management is basically concerned with getting things done with and through other people. The ultimate responsibility of the organizational objectives belongs to management.

3. What are the processes of management?

- i. planning
- ii. Organizing
- iii.directing
- iv.controlling
- v.coordination

4. What are the Levels of management?

Ownership, topmanagement, middlemanagement, supervisory Management.

Administrative, excutive, advisory.

5. Management is a profession-explain

There are different view points on whether management has achieved the status of profession. But if a profession is defined as a vocational requiring specialized knowledge and long and intensive academic preparation, such as the profession of a doctor, lawyer, chartered accountant the management may not satisfy the description of a profession.

6. What are the functions of management?

Production management

Marketing management
Financial management
Personnel management

7. Management is science

A science may be define as “representing knowledge gathered by observation an experiment, critically tested systematized and brought under general principles”.

8. Management as a art

An art may be defined as a skill is knowledge in a particular field of activity is knacks are method of doing a thing.

9. What is planning?

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

10. Define planning

McFarland” a concept oOf executive action that embodies the skills of anticipating influencing and controlling the nature and direction of change”.

11. Expand MBO

Management by objectives.

12. What are the steps in MBO

1. Setting of objectives
2. Intermediate review
3. Final review

13. What is policy?

Policies are formulated guides to thinking and action of those who have to make decision in the course of accomplishment of the enterprise objectives.

14. How many types of planning?

There are two types of planning;

Long-range planning
Short-range planning

15. What is short range planning?

Short range planning also called tactical planning covers a short period usually 1 year. It deals with specific activities to be undertaken to accomplish the objective set by long range planning.

16. Define decision making

“Decision making is the selecting of an alternative, from two or more alternatives, to determine an opinion or a course of action”.

17. What is organization?

The word “organization” originates from the word “organism” which means a structure with its parts so integrated that their relation to each other is governed by their relation to the whole; it also means a system with parts which work together, are a system with parts dependent upon each other.

18. Define organization

G.R. Terry “organizing is the establishing of effective authority relationship among selected work, persons, and work place in order for the group to work together efficiently”.

19. What is staff authority?

Staff authority denotes a non-executive relationship where personnel with expertise provide assistance to the line manager, but only in an advisory capacity

20. What are the types of delegation?

1. General or specific
2. Written or unwritten
3. Formal or informal
4. Downward or upward or sideward

21. What are the key elements of organization process?

Departmentation, delegation, decentralization.

22. Define authority

“authority is the character of a communication in a formal organization by virtue of which it is accepted by a contributor to, or member of, the organization as governing the action he contributes i.e. as governing are determining what he does are is not to do.”

23. What are the activities done by departmentation?

- (a) By function
- (b) By product
- (c) By territory
- (d) By customers
- (e) By numbers
- (f) By time

24. What is decentralization?

Decentralization refers to dispersal of decision making authority. It means that decisions are to be made by person and at place away from the centre.

25. What is mean by recruitment?

To recruit means to obtain fresh supplies, are to restore and replenish. Recruitment means discovering applicant for the present or future jobs in an enterprise. Recruitment may be described as an activity that aims to bring the jobseeker and the job giver in contact with one another.

26. What are the reasons for selecting a applicants?

- i.many of the applicants may not be really suitable for employment in the enterprise.
- ii.even where are applicants are duly qualified and experienced, the enterprises may not have adequate numbers of vacancies to accommodate all of them.

27. What is motivation?

Motivation refers to goal directed behavior. It means what a person will choose to do when several alternatives are available to him. It also refers to the strength of his behavior after he has exercised the choice, and the persistence with which he will engage in such behavior.

28. Define leadership

“Leadership is the ability of a manager to induce subordinates to work with confidence and zeal”.

29. What are the objectives of manpower planning?

- I. Determination of future recruitment and selection needs
- II. Assessment of future skill requirement
- III. Determination of future training and management development needs
- IV. Anticipation of surplus staff and avoidance and unnecessary dismissals.

30. What are the barriers of communication?

Mechanical barriers
Organizational barriers
Personal barriers

31. What are the methods of communication?

Verbal communication
Written communication
Communication through gestures

32. What are the kinds of interview?

Direct interview
Indirect interview
Patterned interview
Stress interview
Group interview

33. Define control

Control may be defined as “comparing operating result with the plans, and taking corrective action when results deviate from the plans”

34. What are the characteristics of ideal control?

- a. Suitability
- b. Quick reporting to feedback
- c. Forward planning
- d. Objective
- e. Economical

35. What is budgetary control?

A budget is a financial plan for a define period of time. It is based on estimates of expenditure during the period, and also proposals for financing them.it are a coordination of resources and expenditure.

36. What is break even point?

The break even point may be defined as the point when sales revenue is equal to total cost. In other words it represents the level of activity when there is neither any point nor loss.

37. What is inventory control?

Inventory control, or materials management or stock control, refers to controlling the kind, amount, location, movement, and timing of the various commodity used in and produced by the industrial enterprises.

38. What factors that make control possible?

Planning

Action

Delegation of authority

Information feedback

39. What is zero based budget?

The ICMA defines zero-based budgeting as method of budgeting under which all activities are re-evaluated each time a budget is formulated. Each functional budget starts with the assumption that the function does not exist and is at zero cost.

40. What is controlling?

Controlling is a mechanism according to which something or someone is guided to follow the pre-determined course. In an enterprise, naturally it is the task of a manager to control the performance work and the workers plays under his charge.

SECTION-B

1. Is management is art or science?

Management as a science:

It is true that management is not a science in the same way as biology, chemistry, or astronomy is a science. It is also true that while it easy to demonstrate the practical value of natural science, the same cannot be said of management, in the sense that it cannot cure a heart diseases, are put people on the moon.

The scientific decision making process works as follows:

(1).identification of the problem:

It involves correct recognition of a business problem before attempting a solution. The problem may relate to financing of business operation, dealing with production delays, ensuring supplies of raw materials excessive expenditure are wastagw etc...

(2).scientific inquiry:

It seeks to examine and evaluate alternative course of action to resolve a given problem taking into account the factors relevant to the problem and development of solution.

(3).choice of the best available alternative:

After analyzing the problem from all angles by using quantitative and non –quantitative techniques duly taking into account the resource position of the business the best available alternative is selected to resolve the problem..

(4).rigorous control procedure:

If the decision is consistent with and derived from the Information processed as above it is likely to be a correct decision.

(5).validity of the principles:

Ever since the development of scientific management, scientific methods and techniques are being increasingly applied to solve the business problem.

Management as an art:

(1).past experience:

Experience is the sum total of know skill and practice derived from direct observation of, or participation in events. Only theoretical knowledge about the principle of management may not equip the manager to tackle the problem relating to working with groups of people.

(2).common sense:

Sense implies a reliable ability to judge and decide with soundness prudence and intelligence. Common sense suggests an average degree of such ability without any specialized knowledge.

(3).managerial skills:

- Planning and forecasting
- Giving instruction or order
- Coordination of work of order

(4).human understanding:

The manager is one who exercise control over the use of resource of an organization. In this way he has an opportunity to control other human beings i.e. his subordinate. He takes decision on behalf of others who on their part have little or no influence on decision making and are therefore either forced to complete with the decision made by him or to leave the organization.

2. What are the importances of management?

Accomplishment of group goals

Management is concerned with conversion of diverse resources – people, machines material, money, time and space into a useful enterprise. Success of a business enterprise depends on three important factors, viz. how efficiently and effectively it has used its human and physical resources; how effectively it has adapted the enterprise to the prevailing business environment e.g, needs and desires of customers, policies of competitors and economic social and political situation of the country; and how far the existing business policies have succeeded in realizing the objectives of the business.

This calls for action on three fronts. First of all it requires sound resource planning in connection with which management is required to make accurate forecasts about the availability of present and future human and physical resources for the accomplishment of its objectives.

Secondly even plentiful availability of resources is no guarantee of trouble-free accomplishment of the objectives.

Thirdly even with the best of resource planning and adaptation techniques enterprises can remain effective only when there is proper direction and control of its day-to-day activities.

Efficient running of organization

Leadership is a function quite different from other management. It means influencing others to seek the stated objectives enthusiastically. Management provides leadership (a) by explaining the purpose behind organizational goals and their necessity; (b) by being specific as regard organizational goals; (c) by making the attainment of goals a challenging task; and (d) by providing proper feedback to subordinates.

Sound organizational structure

Management establishes a sound organization that is in accordance with the desired objectives and the work to be done to accomplish them. To this end it establishes a pattern of authority-responsibility relationship—who will command whom, who will be responsible for what, and who will be accountable to whom. Then it fills this structure with the right person having the right qualification and training for the position to be assigned to them.

But even the best organization and the most skilled and able personnel may remain ineffective if there is no proper environment to work. Management provides them with such an environment. It encourages the spirit of co-operation, fellow beings and mutual understanding among workers.

3. Difference between management and administration

s.no	management	administration
1	It is concerned with determining the major policies and objectives of the business enterprises	It is concerned with the doing or executive function policies and decisions to be implemented being those laid down by the administration
2	decision making is mainly influenced by the force of public opinion governmental policies also social and religion factors	The scope for its decision-making is limited. At the most decision are influenced by the values opinion and beliefs and managers.
3	It is that part of management which is concerned with the determination and carrying out of the producer by which the progress of activities is evaluated and control as per plans.	It is a general name for the total process of executive control in industry are commerce. The responsibility for the effective planning and execution of various operation of the enterprise.

4. What are the processes of management?

Planning:

Management is concerned with planning of the goals to be achieved and the ways and means of achieving them. In this sense planning involves

thinking about the goals and the action in advance. Planning does not mean building castles in the air.

Organizing:

It is concerned with marshalling the human and resources of the organization for the purpose of accomplishment of the started goals. An organization may have plenty of resource and yet it may not be able to use them effectively so as to accomplish its goals due to lack of proper organization.

Directing:

It is concerned with influencing the workers behavior at various work-centers with a view to getting them to perform the necessary tasks. Establishment of a proper work environment is essential to direction. Workers will perform only when they are well adjusted technologically socially and psychologically.

Controlling:

It is concerned with ensuring that efforts of the members of the organization are in fact in the direction of accomplishment of the started goals. The controlling function if the management process has three aspects namely (a) establishment of standard of performance (b) measurement of the actual performance against the establishment of standard and (c) initiation of necessary action to correct where ever the performance is not as per the establishment standard.

Coordination:

The tasks or activities of an organization are classified on the basis of their similarity. They are divided among different individuals and departments to achieve the benefits of specialization by way of increased productivity and efficiency.

5. Discuss above the importance of planning?

Selection of optimum goals:

Planning involves rational thinking and decision-making concerning a proposed course of action. It also implies selection of one course of action and rejection of other possible courses of action.

Tackling increasing complexities;

An organization is a heterogeneous group of human beings who differ from one another in many respects. It is unlikely that they will work effectively and harmoniously in the interest of the organization.

Safeguard against business failures:

Often business failures are blamed on cut-throat competition, unpredictability of consumer tastes and preferences, rapid technological changes and abrupt economic and political development.

Unity of action:

Planning enables the people within an organization to work effectively and harmoniously for the accomplishment of common goals. It provides them a stake in their own future and thus induces them to do their utmost to meet the challenge.

Effective coordination and control:

Planning makes it easy to exercise effective control and coordination. The work to be done, the persons and the departments which have to do it, time-limit within which it is to be completed and the costs to be incurred are all determined in advance. This facilitates proper and timely measurement of actual performance and its comparison with the planned performance.

6. Explain about the limitations of planning?

Uncertainty:

Planning concerns the future and nothing about the future is certain, except it must be different from present. Assessment of the future can only be in terms of guesswork, probabilities, speculations and conjectures.

Action-packed routine:

Managers are ever preoccupied grappling with the day to day problems. This leaves little time to think and plan about the problems of tomorrow. It is common to be over-concerned with the issues at hand which if left unattended might cause an immediate loss. Planning for the future does not appear to have the same urgency and can be conveniently postponed without fear of any loss for the present.

Abstraction:

The planning process involves thinking about vague alternatives and concern with “what if” questions. Almost every conceivable thing is included in the realm of possibility. There seems to be nothing hard and fast just assumptions, estimates, speculations, guesswork, which can be tested only when the thing to which they relate actually takes place.

Rigidity:

Planning involves setting of objectives and determination of the ideal course for their implementation. It implies that there will be no deviation from the chosen path.

However pursuit of vague though predetermined goals is against the very concept of business. A business is by nature a dynamic activity which is faced with new opportunities and challenges any of which may torpedo the best laid plans.

Costly:

Planning is an expensive exercise both in terms of time and money. it necessitates the formulation of estimates collection of necessary information and facts and a careful analysis of workers and department.

7. Define MBO PROCESS

There are three distant steps in MBO process

Setting of objectives

Intermediate review

Final review

This is followed by an analysis of management tasks by formal job satisfaction defining key result area and the formal responsibilities for the establishment of objectives and the decisions to be taken by the individuals. This involves meetings between superiors and subordinates through out the organization.

(a)to provide adequate control information to enable the superiors and subordinates to review periodically the progress made by subordinates toward their performance targets or standards, and

(b)for superiors to provide appropriate direction and set new targets if and when it is found at that any subordinates is not on the right course.

The frequency of intermediate review will be different from superior to superior. The nature of remedial action in case of deviation from the standard will also be different.

It marks the final evaluation of the performance of subordinates and this is done in the meeting between the superior and subordinates. In case the performance of a subordinate is seen to be in the direction of attainment of key result area, he is more favorably reviewed and may be assessed for promotion or any other important task.

8. Explain any three characteristics of planning?

I. A thinking process:

Planning is an intellectual exercise. It is concerned with in a creative way as to how the existing combination of resources may be adjusted and adapted to match the emerging opportunities.

Experience shows that today's opportunities planning enables the management to make decisions as regards

- (a) what is to be done
- (b) how is to be done
- (c) when is to be done
- (d) By whom is to be done.

II. accomplishment of group objectives:

A work organization is an assorted group of widely varied human beings, each with a different personality, attitudes, learning, motivation, etc..it is unlikely that these people will work effectively which they are considered to be their common property.

III flexibility:

Successful running of an organization involves matching of its resources with opportunity in the business environment. These calls for careful composing of the mix of people's capabilities, knowledge, skills and motivation on the one hand, materials, tools and money on the other. Only proper planning can enable to adjust and adapt the resources as desired.

9. Explain the process of organization?

Division of work:

The total work of the enterprises divided into various function sub function and subsubfunction. for ex the work of trading concern, may be divided into purchases, storage, shopdisplayadvertising, accounting, sales and so on.

Grouping of activities:

The next step is to put identical activities under separate, groups and place each group under the charge of an individual are a department. The total work of the enterprises divided into various function sub function and subsubfunction. for ex the work of trading concern, may be divided into purchases, storage, shopdisplayadvertising, accounting, sales and correspondence may be assigned to a third individual department.

Assignment of duties:

After grouping the various activities into manageable units, suitable persons are selected to be assigned duty or responsibility for each group of activities. The total work of the enterprises divided into various function sub function and subsubfunction. for ex the work of trading concern, may be divided into purchases shopdisplayadvertising, accounting, sales goods, the accounts manager relating to accounting, and so on.

Delegation of authority:

Assignment of activities to an individual is followed by delegation of appropriate authority and power to him so as to discharge his duties. thus the purchase manager may be delegated the authority to purchase goods and pay for them and so on.

10. Write about the important of organization?

Efficiency in management

Organization lays a foundation for focusing managerial attention and action on the accomplishment of enterprise objectives.

Planning, direction and control can have meaning only when these functions are undertaken within the framework of a properly designed and balanced organization. For ex it would be useless to plan for anything if there is no arrangement where by various activities and function can be assigned to employees.

Instrument of all round development:

A balanced organization helps an enterprise to grow and enter new lines of business. It can achieve the necessary momentum and adaptability to meet the various challenges posed by the environmental forces. For example, any scheme for growth and diversification will require the enterprise to arrange for recruitment of new staff, delegation of greater authority to the control of activities at different work-centers.

Adoption of new technology:

Preparation to meet any changes in environment will involve realignment and activities also, perhaps, a new approach to delegation of authority and responsibility. Only then maximum benefit can be derived from the introduction of new techniques in any field of activity. For all this sufficiently flexible organization structure is an absolute necessity.

11. Explain the characteristics of authority?

Basis of getting things done:

Authority provides the basis for getting things done in the organization. It refers to the affect the behavior of others in the organization with a view to performing certain activities to accomplish the defined objectives.

Legitimacy:

Authority is accepted as it has certain legitimacy that it to say it implies a right to secure performance from others. Such right may be legal or formal, or it may be supported by tradition, custom or accepted standards of authenticity. The right of a manager to affect the behavior of his subordinates is given to him by virtue of his position or office in the said organization.

Decision –making:

It is a pre-requisite of authority. The manager can command his subordinates to act or abstain from acting in a particular manner only when he has made decisions as regards the course of activities to be performed by them.

Subjectivity:

Though authority has an element of objectivity about it, its exercise is significantly influenced by subjectivity factors such as the personality of the manager who is empowered to use it as also of the subordinate or group of subordinate with reference to whom it is to be exercised.

12. what are the advantages of delegation?

Basis of effective functioning:

Delegation provides the basis for effective functioning of an organization. It establishes relationship through the organization and helps in achieving coordination of various activities in accomplishing enterprise objectives.

Reduction in managerial load:

Delegation relieves the manager of the need to attend to minor or routine types of duties. Thus he is enabled to devote greater attention and effort toward broader and more important responsibilities.

Benefit of specialized service:

Delegation enables the manager to benefit from the specialized knowledge and expertise of persons at lower levels. Thus purchasing may be delegated to the purchase manager, sales to the sales manager, advertising to the advertising manager and personal function to the personal manager.

Efficient running of branches:

In the modern world where a business rarely confines its activities to a single place only delegation can provide the key to smooth and effective running of the various branches of the business at places far and near.

Aid to employee development:

Delegation enables the employees of business to develop their capabilities to undertake new and more challenging jobs. Also it promotes job satisfaction and contributes to high employee morale.

13. What are the objectives of manpower planning?

Through planning the management strives to have the right number and right kind of people at the right places and the right time, doing things which result in both the organization and the individual maximum long-run benefit.

Objectives of manpower planning:

- a) Determination of future recruitment and selection needs
- b) Assessment of future skill requirements
- c) Determination of future training and management development needs
- d) Anticipation of surplus staff and avoidance of unnecessary dismissals
- e) Control of wage and salary costs
- f) Ensuring optimum utilization of human resources currently employed.

14. Write about the characteristics of good communication

Multiple channels:

Communication is rightly regarded as a tool for effective coordination of the different activities of an organization. But it can discharge this role only when the organization provides for more unofficial channels of communication. In any case it would be unwise to rely solely on the chain of command provided in the organization.

Standards procedures:

A communication system would be more effective if for distribution of operating details through out the organization standards procedures and devised strictly followed such procedures should specifically lay down the type of information to be communicated the persons to whom it is to be communicated and the time of its communication.

Effective control:

Superior –subordinate relationship is a delicate and sensitive relationship and it should be recognized as such. Normally,

no subordinate likes to show his mistakes to another, least of all to the person who happens to be his superior.

But this may create a problem of communication. A subordinate may conveniently delete those points from his message that are likely to cast reflection on his competence for the job assigned to him

Use of computers:

Electronic computers have virtually revolutionized the management of information, system. To get the desired information, a manager has only to collect raw information and data from various sources and feed them into the computer. Through mathematical calculation, the computer produces the required information absolutely accurately and within a matter of moments.

Use of grapevine:

The dictionary meaning of grapevine is an informal means of circulating information or gossip or even a baseless

In the context of an enterprise, the grapevine takes on the role of spreading official information and messages among its members. so much so, far better and more detailed information than even the official channels themselves.

15. What are the kinds of interview?

Direct interview:

This type of interview is a benefit but straight-forward, face to face question answers session between the interviewer and the interviewee. In such an interview it is not possible to make any in depth observation or analysis of a candidate's ability, skills/or attitudes. But if carefully planned, at least some of these limitations may be avoided.

Indirect interview:

In an indirect interview there are no direct or straight question put to the candidate. On the other hand he is encouraged to express his view on any topic of his liking. The purpose is to know which issues he considers to be fit to be discussed by him.

Patterned interview

Under this method, the standard question to be put to a candidate are framed in advance. Ideal answer to these questions are also determined

beforehand. The answers given by the candidate during the interview are verified with the ideal answer to assess his suitability for the job in questions.

Stress interview:

In such an interview, the interviewer creates a situation that put a candidate to considerable stress and strain for ex: the interviewer may by turn, display anger, are highly critical reactions, and may even try to draw the candidate into a verbal duel.

Systematic, in-depth interview:

As the name suggest, this kind of interview is planned in advance. The interviewee plans the questions to be asked on a particular subject. This is an integrated view of skills and personality of the candidates.

Group interview:

A question are problem-situation is posed before them and each candidate is asked to participate in the discussion that follows. This method is called the house party technique of interview.

16. Explain Maslow's theory of motivation

Physiological needs:

Physiological needs represent the primary needs of the body such as hunger, thirst, shelter and other bodily needs. Maslow's law as ranged Physiological needs as the most strong, craving for satisfaction when all other needs are unsatisfied. Until these needs are satisfied to a degree that the body is in a condition sufficiently to operate, all activities of a person will only be at his level. Love, affection or esteem needs.

Safety needs:

Once Physiological needs are satisfied, safety or security needs emerge and become dominant. Safety needs are felt by people who feels threatened either by fear of physical danger or deprivation of basis Physiological needs. They point to need for the self-preservation-not only here and now but also in the future, and security against all presented future

situation in attempt to seek job security, insurance, pensioner benefit and so on.

Love needs:

The needs to seek affiliation and affection of one's fellow-beings is related to the social nature of human being relationships in a way, love needs are superior in nature to the proceeding needs, namely Physiological and safety needs, in the case of meaningful with fellow-beings are concerned with the mental health of the organism.

Esteem needs:

These are concerned with awareness are self importance and recognition from others. According to Maslow, most people feel the need to be rated higher than others, and seek of recognition and respect on that account, satisfaction of esteem needs produce a feeling of self-confidence prestige power and control. While it is true that the drive in this case is to acquire a feelings of superiority over others.

Self actualization needs:

The needs for Self actualization needs represent the "desire to become more and more of what one is to become an every thing that one is capable of becoming". One may be a doctor or musician, a teacher or an administrator, he wants to achieve the maximum level of excellence that he things he is capable of.

17. Explain zero-based budgeting in detail

The ICMA defines zero-base budgeting under which all activities are re-valued each time a budget is formulated. Each functional budget starts with the assumption that the function does not exist and is at zero cost. Increments of cost are compared with the increment of benefit, in the planned maximum benefit for a given budgeting cost.

Under zero-base budgeting. A manager is required, each time a new budget is formulate, to justify why a particular programme or activity or function should be continued. The budgeting in this case involves four basis steps. The first step involves identification of activities or functions performed by every manager in a specified area, the second step is concerned with appropriate analysis of those activities and function, the third step relates to determining the priority of the individual activity and functional areas, the e fourth steps concerns the allocation of resources to

individual activity or functional areas, based on the ranking in order of importance to accomplishment of organizational objectives.

Zero-based budgeting helps to increase productivity and control costs. It enables allocation of resources of resources based on the importance of individual activities and functions to the attainment of organization objectives. However such budgeting can be effective only if adequate care is taken to see that it does not encourage managers to deliberately set low target in their functional areas or to engage in unnecessary paper work.

18. Explain budgetary control system

A budget is a financial plan for the definite period of time. It is based on the estimates of expenditure during the period and also proposals for financing them. Accordingly it is a plan for the co ordination of resources and expenditure.

For ex: suppose a concern decides to push up it sales to rs. 10 crs in a year. This would call for formulation of suitable policies in regard to purchases, production, and sales. It may necessities decision to reduce the price of its goods, or offer any other incentive to the customer there may be decisions to extend or with draw the practice of selling on credit and to intensify advertising effort and recruit additional sales man.

The policies of decisions will be need to given concentrate shape. This is done in the form of various budgets. In a sales budget, for instance the targeted annual sales of rs.10cr will be broken down in to sales per month, per product etc...

There will also be administrative and financial budgets. The administrative budgets will deal with the administrative costs and financial budget deal the receipts and payment anticipated during the budget period on various accounts.

19. What are the important tools for control?

Controls a monitoring process for ensuring that scarce resource are utilized in the most effective and productive way, so as to achieve the organization objectives. As such techniques which are useful in planning can be equally effective in control.

The various control devices may be classified as follows:

I. TRADITIONAL DEVICES:

1. Budgeting control
2. Cost control

3. Production control
4. Inventory control
5. Break even point analysis
6. Profit and loss control
7. Stastical control
8. Audit

II. MODERN DEVICES:

1. Return on investment control
2. Programme evaluation and review technique (PERT)
3. Managament information system (MIS)
4. cybernetics
5. Management audit

20. Write about the demerits of budgeting

1. Inexact estimate:

A budget is based on estimate. Despite the availability of sophisticated statistical and other device to ensure a good measure of accuracy in estimate forecasting has not yet developed into an exact science.

2. Lack of flexibility:

Budgetary control can be effective only if it is adequately flexible. In other words it should be such as can be continuously adapted to suit the requirement of any changes in circumstances. This will call for continued experimentation with various techniques of budgeting.

3. Lack of matching effort:

Budgeting is only a means to an end the end being to attain the budgetary targets successfully. Managers at all level must actively participate in translating the budgeted targets into actual result.

4. Lack of cost benefit analysis:

Budget-making is a fascinating exercise. it provides an opportunity to grapple with situation that have not yet arisen. But sometimes in their desire to indulge in shadow boxing.

