

CUET · BUSINESS STUDIES · CLASS XII · CODE 305

Planning

CUET unit: Planning

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Snapshot

- Planning is the first/primary managerial function — "deciding in advance what to do and how to do" — that bridges the gap between where the organisation is and where it wants to go.
- CUET repeatedly tests four blocks: features, importance, limitations, and the 7-step planning process.
- Plans split into Single-use (Budget, Programme, Project) and Standing (Objective, Strategy, Policy, Procedure, Method, Rule).
- Examples (IOCL net-zero plan, Polaris expansion, Mitticool, Airtel ₹149 plan) anchor the case/example-based CUET questions.

Detailed Notes

2.1 Core concepts

- **Meaning of planning.** Planning is deciding in advance **what** to do and **how** to do. It is one of the basic managerial functions and seeks to bridge the gap between where we are and where we want to go (NCERT §Concept, p. 92).
- **Setting objectives precedes everything.** A manager must first set objectives because only then will the manager know "where he has to go"; planning then involves developing appropriate courses of action to achieve those objectives (NCERT §Concept, p. 92).
- **Decision-making is intrinsic.** Planning requires taking decisions because it involves making a choice from alternative courses of action; it is concerned with both **ends** and **means** (NCERT §Concept, pp. 92–93).
- **Comprehensive definition.** Planning = setting objectives for a given time period + formulating various courses of action + selecting the best possible alternative (NCERT §Concept, p. 93).
- **Importance — six benefits.** Planning provides directions, reduces risks of uncertainty, reduces overlapping and wasteful activities, promotes innovative ideas, facilitates decision making, and establishes standards for controlling (NCERT §Importance of Planning, pp. 93–95).
- **Standards for controlling.** Planning provides the goals/standards against which actual performance is measured; if there were no goals, finding deviations (part of

controlling) would not be possible — hence "planning is a prerequisite for controlling" (NCERT §Importance, pp. 94–95).

- **Features — seven.** (i) Planning focuses on achieving objectives, (ii) it is a primary function of management (primacy of planning), (iii) pervasive (required at all levels and departments), (iv) continuous (plan → implement → next plan), (v) futuristic / forward-looking based on forecasting, (vi) involves decision making (presupposes alternatives), and (vii) is a mental exercise requiring foresight, intelligent imagination and sound judgement (NCERT §Features, pp. 95–97).
- **Limitations — six.** Planning leads to rigidity; may not work in a dynamic environment; reduces creativity (because top management plans, others only implement); involves huge costs (time, money, expert fees, boardroom meetings); is a time-consuming process; and does not guarantee success — past success of a plan is no guarantee of future success (NCERT §Limitations, pp. 97–98).
- **Planning process — seven steps.** (i) Setting Objectives, (ii) Developing Premises (assumptions about the future, e.g. forecasts), (iii) Identifying alternative courses of action, (iv) Evaluating alternative courses (weighing pros and cons, e.g. risk-return trade-off), (v) Selecting an alternative — the "real point of decision making", (vi) Implementing the plan (doing what is required), and (vii) Follow-up action / monitoring (NCERT §Planning Process, pp. 98–101).
- **Premises are assumptions.** Premises are the base material upon which plans are drawn; they may take the form of forecasts, existing plans or past information about policies, and must be the same for all managers involved in planning (NCERT §Planning Process step ii, p. 100).
- **Types of plans — Single-use vs Standing.** A single-use plan is developed for a one-time, non-recurring event/project (e.g. budgets, programmes, projects). A standing plan is used for activities that occur regularly and enhances efficiency in routine decision-making (e.g. policies, procedures, methods, rules) (NCERT §Types of Plans, p. 101).
- **Objective.** The desired future position the management would like to reach; the end result of activities; must be expressed in specific, measurable, quantitative, written form within a given time period (NCERT §Objectives, p. 102).
- **Strategy — three dimensions.** A comprehensive plan for accomplishing organisational objectives, covering (i) determining long-term objectives, (ii) adopting a particular course of action, and (iii) allocating resources necessary to achieve the objective; framed considering the business environment (NCERT §Strategy, pp. 102–103).
- **Policy.** General statements that guide thinking and channelise energies; basis for interpreting strategy; the manager may use discretion to interpret and apply a policy (e.g. recruitment policy, pricing policy, purchase policy) (NCERT §Policy, p. 103).

- **Procedure.** Routine steps on how to carry out activities, specified in chronological order; generally meant for insiders; interlinked with policies (steps within a broad policy framework) (NCERT §Procedure, p. 104).
- **Method.** Prescribed manner in which a task has to be performed — deals with one step of a procedure; selection of a proper method saves time, money and effort (e.g. different training methods for top vs supervisory level) (NCERT §Method, p. 104).
- **Rule.** Specific statements that inform what is to be done; reflect a managerial decision that a certain action **must or must not** be taken; allow no flexibility or discretion; simplest type of plan (NCERT §Rule, p. 104).
- **Programme.** Detailed statements about a project outlining the objectives, policies, procedures, rules, tasks, human and physical resources required, and the budget to implement any course of action (NCERT §Programme, p. 104).
- **Budget.** A statement of expected results expressed in numerical terms; quantifies future facts and figures; also acts as a control device because deviations can be identified by comparing actual with expected figures; example — cash budget shows estimated cash inflows minus outflows = surplus or deficiency (NCERT §Budget, pp. 104–105).

The seven-step planning process (NCERT §Planning Process, pp. 98-101) is a frequent source of case-based identification questions. **Setting Objectives** is the first step — the planner identifies **where** the organisation wants to go. **Developing Premises** lays the assumptive foundations (forecasts, existing plans, past data on policies); premises must be the **same** for all managers involved in planning, otherwise plans will not coordinate. **Identifying alternative courses** of action requires the planner to think creatively about the multiple ways to reach the objective. **Evaluating alternative courses** weighs the pros and cons of each, particularly the risk-return trade-off. **Selecting an alternative** is "the real point of decision making" — the planner commits to one course over the others. **Implementation** is the action stage where the plan is put into operation. **Follow-up action** monitors the plan in action and feeds insights back into the next planning cycle. This last step closes the loop with the controlling function, making planning and controlling "twin functions".

The typology of plans (NCERT §Types of Plans, pp. 101-105) runs on the use criterion: **Single-use plans** (Budget, Programme, Project) are non-recurring; **Standing plans** (Policy, Procedure, Method, Rule) are reusable for recurring activities. **Objective** and **Strategy** are separate comprehensive plans that frame everything else. A useful mnemonic: the **broader** the plan, the **higher up** it sits in the hierarchy — Objective → Strategy → Policy → Procedure → Method → Rule (decreasing breadth, increasing specificity). Budgets and programmes cut across the hierarchy and act both as plans and as control devices.

2.2 Definitions to memorise

Term	Definition	Page
Planning	Deciding in advance what to do and how to do; bridges the gap between where we are and where we want to go.	92
Comprehensive definition	Setting objectives for a given time period, formulating various courses of action to achieve them, and then selecting the best possible alternative.	93
Premises	Assumptions about the future — the base material upon which plans are drawn (forecasts, existing plans, past policy information).	100
Objective	Desired future position the management would like to reach; end result of activities; expressed in specific, measurable, quantitative, written form with a time period.	102
Strategy	A comprehensive plan for accomplishing an organisation's objectives covering long-term objectives, a particular course of action and resource allocation.	102–103
Policy	General statements that guide thinking or channelise energies towards a particular direction; basis for interpreting strategy.	103
Procedure	Routine steps in chronological order on how to carry out activities, generally meant for insiders, to enforce a policy.	104
Method	Prescribed manner in which a task has to be performed; deals with one step of a procedure.	104
Rule	Specific statement that informs what must or must not be done; allows no flexibility or discretion; simplest type of plan.	104
Programme	Detailed statement about a project outlining objectives, policies, procedures, rules, tasks, human and physical resources, and the budget.	104
Budget	A statement of expected results expressed in numerical terms; quantifies future facts and figures; also a control device.	104–105
Single-use plan	Plan developed for a one-time event/project; non-recurring; includes budgets, programmes, projects.	101
Standing plan	Plan used for activities that occur regularly; enhances efficiency in routine decision-making; includes policies, procedures, methods, rules.	101
Primacy of planning	Feature — planning precedes all other managerial functions; it sets the base for organising, staffing, directing and controlling.	95
Pervasive (planning)	Feature — planning is required at all levels of management and in all departments.	95–96
Continuous (planning)	Feature — plans cover a defined period; on completion, new plans are drawn.	96

Term	Definition	Page
Futuristic	Feature — planning is forward-looking and based on forecasting.	96
Decision making	Feature — planning involves choosing one of several alternatives.	96-97
Mental exercise	Feature — planning requires foresight, intelligent imagination and sound judgement.	97
Rigidity	Limitation — rigid framework restricts flexibility.	97
Reduces creativity	Limitation — only top management plans, others implement.	97
Time-consuming	Limitation — planning is a long process involving multiple steps.	98
No guarantee of success	Limitation — past plan success does not assure future success.	98
Provides direction	Importance — gives common direction to employees.	93
Reduces overlapping	Importance — coordinated effort eliminates duplication.	94
Promotes innovation	Importance — encourages fresh ideas and new ways.	94

2.3 Diagrams / processes to remember

- **Planning Process flow (7 steps)** — Setting Objectives → Developing Premises → Identifying Alternative Courses of Action → Evaluating Alternative Courses → Selecting an Alternative → Implementing the Plan → Follow-up Action (NCERT §Planning Process, pp. 98–101).
- **Importance of Planning — six points** (Directions, Reduces uncertainty, Reduces overlap/wastage, Promotes innovation, Facilitates decision making, Establishes standards for controlling) — Summary box, p. 105.
- **Features of Planning — seven features** (Objectives, Primary, Pervasive, Continuous, Futuristic, Decision making, Mental exercise) — Summary box, p. 105.
- **Limitations of Planning — six points** (Rigidity, Dynamic environment, Reduces creativity, Huge costs, Time-consuming, No guarantee of success) — Summary box, p. 106.
- **Types of Plans tree** — Plans split into Single-use (Budget, Programme, Project) and Standing (Policy, Procedure, Method, Rule), with Objective and Strategy as separate categories of plans based on what they seek to achieve (NCERT §Types of Plans, pp. 101–105).
- **Cash Budget illustration** — Cash inflows (cash sales) – Cash outflows (costs and expenses) = Surplus or Deficiency (NCERT §Budget example, p. 105).

2.4 Common confusions / NTA trap points

- **Policy vs Procedure vs Rule.** Policy = general guideline (flexible, discretion allowed); Procedure = chronological steps within a policy framework; Rule = specific "must/must not" statement allowing no flexibility (pp. 103–104).
- **Method vs Procedure.** Method deals with **one step** of a procedure — the **manner** in which that step is performed. A procedure is the **sequence of steps**; a method tells how a single step is done (p. 104).
- **Programme vs Budget.** Both are single-use plans, but a programme is a **detailed statement of activities** (objectives, rules, tasks, resources, budget), whereas a budget is purely a **numerical statement** of expected results (pp. 104–105).
- **Strategy vs Policy.** Strategy is the broad comprehensive plan; policies provide the basis for **interpreting** strategy. Students mix up which is broader — strategy is broader (p. 103).
- **"Primary" vs "Pervasive".** Primary = planning **precedes** other functions (primacy). Pervasive = planning is done at **all levels and departments**. NTA often pairs these as distractors (pp. 95–96).
- **"Planning provides direction" vs "Establishes standards for controlling".** Direction is about telling employees what to do **before** action; standards are about measuring performance **after** action — both flow from clearly stated objectives (pp. 93–95).
- **Six importance vs Seven features vs Six limitations** — three separate lists, easy to confuse. Importance is about WHY; features are what planning IS; limitations are weaknesses.
- **Primary vs Pervasive** — primary = precedes other functions; pervasive = required at all levels. NTA pairs these in match-the-pair.
- **Budget can also serve as a control device** — though listed under single-use plans, budgets quantify expected vs actual and trigger corrective action. Students often forget this dual function.
- **Strategy is broader than Policy** — strategy is the comprehensive plan; policies are derived from strategy and provide interpretation guidelines. CUET sometimes flips the breadth.
- **Objectives + Strategy** are separate categories of plans (not standing/single-use). NCERT treats them apart in the typology.

2.5 Case examples

- **IOCL net-zero plan (NCERT chapter context, planning function)** — Indian Oil Corporation's planning for net-zero emissions illustrates strategic planning: long-term objective (decarbonisation), course of action (renewables/biofuels), and resource allocation (capex commitments).

- **Polaris expansion (NCERT chapter example, p. 99-100 context)** — case used to illustrate the planning process: setting objectives, developing premises, identifying and evaluating alternatives, selecting and implementing.
- **Mitticool refrigerator (NCERT chapter context, innovation in planning)** — Mansukh Prajapati's clay refrigerator is invoked to illustrate how planning promotes innovative ideas (importance point iv).
- **Airtel Rs 149 plan (NCERT chapter context, marketing planning)** — Airtel's specific tariff plan exemplifies a single-use plan with a clear objective, time period and resource allocation.
- **Rama Stationery Mart e-transfer rule (NCERT Exercise Q4, p. 107)** — the canonical CUET example of a Rule as a type of plan: "all payments by e-transfer only" allows no flexibility.

Practice MCQs

Q1. Which of the following best describes the meaning of planning?


- A. Organising resources in advance to meet customer demands
- B. Deciding in advance what to do and how to do it
- C. Controlling employee performance against pre-set targets
- D. Coordinating the activities of different departments

Q2. "Planning is a primary function of management." This feature implies that

- A. Planning is performed only by top-level managers
- B. Planning is the most important of all functions
- C. Planning lays down the base for, and precedes, other managerial functions
- D. Planning cannot be delegated to subordinates

Q3. Match the following types of plans with their correct nature: | Type of plan | Nature | |---|---| | 1. Budget | i. Standing plan | | 2. Policy | ii. Single-use plan | | 3. Rule | iii. Single-use plan | | 4. Programme | iv. Standing plan |

- A. 1-ii, 2-i, 3-iv, 4-iii
- B. 1-i, 2-ii, 3-iii, 4-iv
- C. 1-iii, 2-iv, 3-i, 4-ii
- D. 1-ii, 2-iv, 3-iii, 4-i

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PYQ Alignment

Planning is one of the highest-yielding chapters of the Business Studies 305 paper — CUET 2023-25 papers have consistently carried 8–10 MCQs from it, dominated by (a) direct definitions of types of plans (rule/policy/procedure/method), (b) identifying the step of the planning process from a short case, and (c) statement-based questions on features vs limitations. Case/example MCQs (like the Rajni and auto-company examples used in the NCERT exercises) recur in the paper almost verbatim.

CUET 2023 — Actual PYQs from this chapter

Q.9 (CUET 2023) If there was no planning, employees would be working in different directions and the organisation would not be able to achieve desired goals. Which importance of planning is highlighted?

- A) Planning provides direction B) Planning reduces risk of uncertainty C) Planning facilitates decision making D) Planning provides innovative ideas **Tests:** Importance of Planning — provides direction / unity **Answer:** Not in extracted key

Q.13 (CUET 2023) Identify the correct sequence of first five steps of planning process: A. Developing premises B. Identifying alternative courses C. Evaluating alternatives D. Setting objectives E. Selecting an alternative Options:

- A) C, D, B, E, A B) D, A, B, C, E C) A, D, C, B, E D) C, D, A, B, E **Tests:** Steps in Planning Process — sequence **Answer:** Not in extracted key

Q.20 (CUET 2023) Identify single-use plans from the following:

- A) Project and Budget B) Methods and Budget C) Procedures and Project D) Rules and Programme
- Tests:** Types of Plans — single-use plans (programme, budget, project) **Answer:** Not in extracted key

Q.23 (CUET 2023) “A comprehensive plan which helps in accomplishing an organisation objective.”

- A) Policy B) Strategy C) Procedure D) Rule
- Tests:** Strategy as a type of plan — comprehensive plan to accomplish objectives **Answer:** Not in extracted key

Q.28 (CUET 2023) Identify the incorrect option about planning:

- A) Planning is a mental exercise B) Planning is futuristic C) Planning is only for long run D) Planning involves decision making
- Tests:** Features / Importance / Limitations of Planning **Answer:** Not in extracted key

CUET 2024 — Actual PYQs from this chapter

Q.9 (CUET 2024) Identify the correct sequence of steps under the planning function:

(A) Setting objectives (B) Identifying alternative courses of action (C) Developing premises (D) Evaluating alternative courses of action

- A) A, B, C, D B) A, C, B, D C) B, A, D, C D) C, B, D, A
- Tests:** Steps in Planning Process — sequence **Answer:** Not in extracted key

CUET 2025 — Actual PYQs from this chapter

Q.1 (CUET 2025) Which of the following states that a specific and definite action is to be taken or not to be taken?

- A) Rule B) Policy C) Strategy D) Procedure
- Tests:** Types of Plans — Rule (specific definite action) **Answer:** Not in extracted key

Q.23 (CUET 2025) _ involves setting objectives, developing appropriate courses of action and providing a rational approach to achieve objectives.

- A) Planning B) Organising C) Coordination D) Controlling
- Tests:** Planning — definition (setting objectives, courses of action) **Answer:** Not in extracted key

Q.28 (CUET 2025) Planning involves defining: (A) Setting objectives (B) Deciding on plans and strategies (C) Allocating resources (D) Motivating people

- A) (A) and (B) only B) (A), (B) and (C) only C) (B), (C) and (D) only D) (A) and (C) only
- Tests:** Planning — what it involves **Answer:** Not in extracted key

Q.31 (CUET 2025) Match List-I with List-II: List-I List-II (A) Strategy (I) Prescribed way of doing a task (B) Method (II) Detailed statements about a project (C) Programme (III) Exact manner in which an activity is to be done (D) Procedure (IV) Comprehensive plan for accomplishing objectives

- A) A-IV, B-III, C-II, D-I B) A-II, B-IV, C-III, D-I C) A-I, B-III, C-II, D-IV D) A-IV, B-II, C-I, D-III
- Tests:** Types of Plans — Strategy / Method / Programme matching **Answer:** Not in extracted key

Q.35 (CUET 2025) Arrange the following steps of planning process in the correct sequence: (A) Making assumptions about the future (B) Selecting the best alternative (C) Weighing pros and cons of alternatives (D) Monitoring the plan Options:

- A) A, B, C, D B) A, C, B, D C) C, A, B, D D) B, C, D, A **Tests:** Steps in Planning Process — sequence **Answer:** Not in extracted key

Q.41 (CUET 2025) Planning involves:

- A) Setting objectives only B) Deciding actions and strategies C) Allocation of resources D) All of the above **Tests:** Planning — what it involves **Answer:** Not in extracted key

