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## Important Questions for CBSE Class 12 Business Studies Limitations of Planning

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### Planning Important Questions for CBSE Class 12 Business Studies Limitations of Planning

#### Limitations of Planning

There are two types of limitations of planning as given below:

##### 1. Internal Limitations of Planning

Internal limitations of planning are:



**5. In spite of many advantages, state how planning can be detrimental?****(HOTS; All India 2008)**

**Ans.** Business environment is dynamic in nature, i.e. nothing is constant. Sometimes planning fails to foresee the changes and there are obstacles in effective planning. Hence, planning can be detrimental.

**3 Marks Questions****7. How does planning lead to rigidity and reduce creativity? Explain. (Compartment 2014)****or****State any two limitations of planning. (Delhi 2012)**

**Ans.** Two limitations of planning are as follows:

**(i) Planning leads to rigidity** In an organisation, a well-defined plan is drawn up with specific goals to be achieved within a specific time frame. These plans then decide the future course of action and managers may not be in a position to change it. This kind of rigidity in plans may create difficulty.

**(ii) Planning reduces creativity** Plans are usually formulated at the top level. Middle and lower level managers are expected to follow them. Therefore, much of initiative and creativity inherent in them gets lost. They do not take any initiative to make changes in the plans according to the changes prevailing in the business environment.

**8. How does planning not work in a dynamic environment and does not guarantee success.****Explain. (Compartment 2014)**

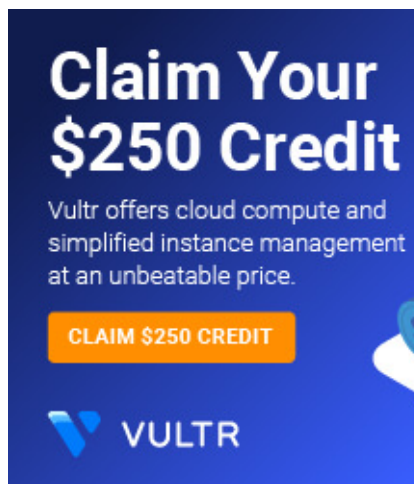
**Ans. (i) Planning does not work in dynamic environment** The environment is not static. It keeps on changing. The organisation has to constantly adapt itself to such changes. It becomes difficult to access future trends in the environment. Hence, planning cannot foresee everything and fail to work in dynamic environment.

**(ii) Planning does not guarantee success** When plans are drawn, they need to be properly implemented. Mere drawing plans does not lead to success. Also, a plan which had been successful earlier may not work out next time, since there are many factors which may change for the next planning period and make the plans ineffective.

**9. Rahul, a worker, is given a target of assembling two computers per day. Due to his habit of doing things differently, an idea struck him which would not only reduce the assembling time of computers but would also reduce the cost of production of the computers. Rahul's**



**Planning reduces creativity** Plans are usually formulated at the top level. Middle and lower level managers are expected to follow them. Therefore, much of initiative and creativity inherent in them gets lost. They do not take any initiative to make changes in the plans according to the changes prevailing in the business environment.



**10. Define planning. List any two limitations of planning. (All India 2010)**

**Ans.** Planning is the process of thinking before doing. It is the process of determination of a course of action to achieve the desired results.

**(i) Planning leads to rigidity** In an organisation, a well-defined plan is drawn up with specific goals to be achieved within a specific time frame. These plans then decide the future course of action and managers may not be in a position to change it. This kind of rigidity in plans may create difficulty.

**(ii) Planning reduces creativity** Plans are usually formulated at the top level. Middle and lower level managers are expected to follow them. Therefore, much of initiative and creativity inherent in them gets lost. They do not take any initiative to make changes in the plans according to the changes prevailing in the business environment.

**4/5 Marks Questions**

**11. Explain any five limitations of planning.**

**(All India 2014; Delhi 2014, 2013; 2012; 2011; 2009)**

or

**State any four limitations of planning.**

environment. Hence, planning cannot foresee everything and fail to work in dynamic environment.

**(iii)Planning reduces creativity** Plans are usually formulated at the top level. Middle and lower level managers are expected to follow them. Therefore, much of initiative and creativity inherent in them gets lost. They do not take any initiative to make changes in the plans according to the changes prevailing in the business environment.

**(iv) 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. According to Koontz and O’Donnell,

‘Expenses on planning should never exceed the estimated benefits from planning’.

**(v) Planning is a time consuming process** Planning is a lengthy process. It consumes a lot of time in defining objectives, collection of data, analysis of data and choice of alternatives. Sometimes plans to be drawn up take so much of time that there is not much time left for their implementation.



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