

**Paper 1- Fundamentals of Economics And  
Management**

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Full Marks : 100

Time allowed: 3 hours

**Section – A  
Part A**

1. (a) Choose the correct answer from the given four alternatives: [20 × 1 = 20]

- (i) Business economics is \_\_\_\_\_ for accurate decision.
- (a) An ideal science.
  - (b) An physical science.
  - (c) An art.
  - (d) **A science.**
- (ii)  $M_p$  cuts  $A_p$  when -
- (a)  $M_p$  is minimum.
  - (b)  $M_p$  is maximum.
  - (c)  **$A_p$  is maximum.**
  - (d)  $A_p$  is minimum.
- (iii) Which of the following would result in the shifting of the demand curve?
- (a) Increase in the tax on shoes
  - (b) Growth in the size of population
  - (c) Change in weather conditions
  - (d) **All of the above**
- (iv) A downward sloping Engel curve shows-
- (a) Normal goods
  - (b) **Inferior goods**
  - (c) Substitute goods
  - (d) Complementary goods
- (v) Change in demand, as a result of the factors other than price is known as-
- (a) Demand fluctuation
  - (b) Contraction/extension of demand
  - (c) Demand shrinking
  - (d) **Shift in demand**
- (vi) The average product of labour is maximized when marginal product of labour-
- (a) **Equals the average product of labour**
  - (b) Equals zero
  - (c) Is maximized
  - (d) None of the above
- (vii) Which of the following represents the elasticity of revenue with respect to price?
- (a) 1
  - (b) e
  - (c) **1 + e**
  - (d) 1 - e
- (viii) The equilibrium point is attained when \_\_\_\_\_ is maximum.
- (a)  $TT = TR + TC$
  - (b)  **$TT = TR - TC$**
  - (c)  $TT = TR \times TC$
  - (d)  $TT = TR \div TC$

- (ix) Perfect competitive firm are-
- (a) Price searchers
  - (b) Price makers
  - (c) Price discriminators
  - (d) **Price taker**
- (x) Who is the custodian of national reserves of international currency?
- (a) SBI
  - (b) IDBI
  - (c) **RBI**
  - (d) ICICI
- (xi) With the increase in the banking habits of the people the value of deposit multiplier-
- (a) Decrease
  - (b) **Increase**
  - (c) Remain constant
  - (d) None of the above
- (xii) Which are unsecured promissory notes
- (a) **Commercial paper**
  - (b) Certificate of deposits
  - (c) Treasury bills
  - (d) All of the above
- (xiii) EXIM bank is authorized to raise loan from
- (a) RBI
  - (b) **Government of India**
  - (c) International market
  - (d) Trading activities
- (xiv) Which of these would lead to fall in demand for money?
- (a) Inflation
  - (b) Increase in real real income
  - (c) **Increase in real rate of interest**
  - (d) Increase in wealth
- (xv) In the long run price is governed by\_\_\_\_\_
- (a) **Cost of production**
  - (b) Demand supply forces
  - (c) Marginal utility
  - (d) none
- (xvi) A Rational producer will operates in -
- (a) Stage I
  - (b) Stage II
  - (c) Stage III
  - (d) **All of the above**
- (xvii) The demand of salt is inelastic, because
- (a) Of low price
  - (b) Absence of it makes food tasteless
  - (c) **No substitutes**
  - (d) All of the above

- (xviii) Ceteris paribus means  
(a) Demand constant  
(b) Supply constant  
(c) **Other thing being constant**  
(d) None of the above
- (xix) Money market deals with the \_\_\_\_\_  
(a) **Short term credit**  
(b) Long term credit  
(c) Both (a) & (b)  
(d) None
- (xx) If the country is passing through recession, the RBI would  
(a) Buy bonds  
(b) Reduce CRR  
(c) Ease out bank rate  
(d) **All or any of the above three**

(b) Match the following:

[5×1=5]

	Column 'A'		Column 'B'
1.	Unitary elastic DD curve	A.	LAC curve
2.	Micro Economics	B.	Marshall
3.	Skimming price	C.	high price
4.	Principles of economics	D.	Price theory
5.	Planned curve	E.	Rectangular hyperbola

Answer :

- 1.(E)
- 2.(D)
- 3.(C)
- 4.(B)
- 5.(A)

(c) State whether the following statements are True (or) False.

[5×1=5]

- (i) Positive science does not related to value judgments.
- (ii) Price discrimination is possible due to elasticity.
- (iii) When the TP is maximum, then the AP is zero.
- (iv) Pure oligopoly is one where there are few sellers producing homogeneous product.
- (v) According to Cambridge equation if 'K' is more the value of money should increase.

Answer :

- (i) **True.**
- (ii) **True.**
- (iii) **False**
- (iv) **True.**
- (v) **True.**

**PART B**

**Answer any four questions out of six questions**

**[4×5=20]**

**2. Define the wealth and its types.**

**[5]**

**Answer :**

**Wealth:**

The stock of goods under the ownership of a person 'or' a nation is called wealth.

Its types are as follows:

**(a) Personal wealth:** The stock of goods under the ownership of a person is called personal wealth. For example: houses, buildings, furniture, land, money in cash, company shares, stocks of other commodities etc., health, goodwill etc. can also be consider to be the parts of Individual wealth. But in economics only transferable goods are consider as wealth.

**(b) National Wealth:** The stock of goods under the ownership of a nation is called national wealth. It includes the wealth of all the citizens in the country. For example: Natural resources, roads, parks, bridges, hospitals, public education institutions etc., If the citizen of the country holds a government bond It is personal wealth. But form the government point of view it is a liability. So, it should not be considered the part of wealth of nation.

**3. Describe the importance of elasticity of demand.**

**[5]**

**Answer :**

**Importance of Elasticity of Demand**

The concept of elasticity of demand is of great practical importance in the sphere of government finance as well as in trade and commerce.

- (i) Business Decision:** If the product has more elastic demand the business man fixes the less price, if the good has less elastic demand he will fix the more price.
- (ii) Monopolist:** The monopolist fixes the more price in one market in which the elasticity of demand is less. And less price in more elastic demand market for the same thing (or) same good.
- (iii) Determination of factor price:** The concept of elasticity of demand also helps in determining the price of various factors of production. Factor having in elastic demand gets higher price and factors having elastic demand gets lower price.
- (iv) Route for international trade:** If demand for exports of a country is inelastic, that country will enjoy a favorable terms of trade while if the exports are more elastic than imports, then the country will lose in the terms of trade.
- (v) To the government:** The concept of elasticity of demand also enable the government to decide as to what particular industries should be declared as 'public utilities' to be taken over and operated by the state.

**4. Explain the application of opportunity cost.**

**[5]**

**Answer :**

**Applications of Opportunity cost**

The concept of opportunity cost has been widely used by modern economists in various fields.

**i. Determination of factor prices:** The factors of production need to be paid a price that is at least equal to what they command for alternative uses. If the factor price is less than factor's opportunity cost, the factor will quit and get employed in the better-paying alternative.

**ii. Determination of economic rent:** The concept of opportunity cost is widely used by modern economists in the determination of economic rent. According to them economic rent is equal to the factor's actual earning minus its opportunity cost (or transfer earnings).

**iii. Decisions regarding consumption pattern:** The concept of opportunity cost suggests that with given money income, if a consumer chooses to have more of one thing, he has to have less of the other. Hence with the help of opportunity cost

he decides the consumption pattern, that is, which goods should be consumed and in what quantities.

**iv. Decisions regarding production plan:** With given resources and given technology if a producer decides to produce greater amount of one commodity, he has to sacrifice some amount of another commodity.

**v. Decisions regarding national priorities:** If a country decides that more resources must be devoted to arms production then less will be available to produce civilian goods. In this situation a choice will have to be made between arms production and civilian goods. The concept of opportunity cost helps in making such choices.

**5. State the features of monopoly market.**

**[5]**

**Answer :**

The monopoly market has the following features:

**i. Single firm:** A single firm produces the commodity in the market there is only one seller or one producer or one firm.

**ii. No close substitutes:** The produce supplied by the monopolist will not have close substitutes in the market. A consumer will not find a substitutes commodity for the monopoly products.

**iii. Strong barriers to enter:** New firms cannot enter in the production due to the certain restrictions in market i.e. huge investment, lack of technology; patents etc. prevent the new firms to enter the market.

**iv. Firm and Industry are same:** As there is one firm in monopoly market there is no difference between firm and industry.

**v. Price maker:** In this market the producer can determine the price of the commodity so the producer in the market is said to be price maker.

**6. What are the difficulties of the barter system?**

**[5]**

**Answer :**

The difficulties of the barter system which may be enumerated as follows:

**i. Lack of coincidence of wants:** Under the barter system the buyer must be willing to accept the commodity which the seller is willing to offer in exchange. The wants of both the buyer and the seller must coincide. This is called double coincidence of wants.

**ii. Lack of store of value:** Some commodities are perishables. They perish within a short time. It was not possible to store the value of such commodities in their original form under the barter system. They should be exchanged before they actually perish. Otherwise, they would not be available for exchange when the need actually arises in future.

**iii. Lack of divisibility of commodities:** Depending upon its quantity and value, it may become necessary to divide a commodity into small units and exchange one or more units for other commodity. But all commodities are not divisible. This is particularly true in the case of animals.

**iv. Lack of common measure of value:** Under the barter system there was no common measure of value. To make exchange possible, it was necessary to determine the value of every commodity in terms of every other commodity.

**v. Difficulty in making deferred payments:** Under barter system future payment for payment for present transaction was not possible, because future exchange involved some or other difficulties. For examples, suppose it was agreed to sell specific quantity of rice in exchange for a goat on a future date keeping in view the present value of the goat. But the value of goat may decrease or increase by that date.

**7. State the difference between central bank and the commercial bank.**

**[5]**

**Answer :**

BASIC OF DISTINCTION	CENTRAL BANKS	COMMERCIAL BANKS
Monetary Authority	Enjoys supreme monetary authority with wide powers	No authority, hence no such power is enjoyed.

<b>Profit motive</b>	It does not exist to make profits of its for owners	It exists and is organized for profits their owners
<b>Money supply to the economy</b>	It is the ultimate source of money supply to the economy.	No such function is performed by it.
<b>Services rendered</b>	It acts as a banker to the government	It acts as a banker to private industrial and institutions
<b>Chance of failure</b>	It is the lender of last resort and hence never fails	It often undertakes risky business activities and sometimes may fail.

**Section – B**  
**PART A**

**8. Answer all the questions :**

**(a) Choose the correct answer:**

**[20×1=20]**

(i) A decision to launch a new production plant is

- (a) Programmed decision
- (b) **Non-routine decision**
- (c) Personal decision
- (d) Organizational decision

(ii) Tactical decisions are made to implement

- (a) Programmed decisions
- (b) Non - programmed decisions
- (c) **Strategic decisions**
- (d) Individual decisions

(iii) Which of the following is not a financial incentive?

- (a) Pay
- (b) Bonus
- (c) Allowances
- (d) **Recognition**

(iv) Motivation is a \_\_\_\_\_ concept

- (a) **Psychological**
- (b) Mental
- (c) Behavioral
- (d) None the above

(v) Responsibility flows in \_\_\_\_\_

- (a) Downward direction
- (b) **Upward direction**
- (c) All directions
- (d) None of the above

(vi) Centralization and decentralization are \_\_\_\_\_ terms.

- (a) Equal
- (b) Different
- (c) **Opposite**
- (d) None the above

(vii) Delegation takes place between

- (a) **Superior and subordinate**
- (b) Superior and Superior at same levels
- (c) Subordinate and peers

- (d) All of the above
- (viii) The concept of MBO is introduced in \_\_\_\_\_  
(a) 1964  
(b) **1954**  
(c) 1854  
(d) 1984
- (ix) CPM stands for  
(a) **Critical path method**  
(b) Critical path management  
(c) Control path method  
(d) Critical planning method
- (x) Which of the following are called standing plan  
(a) Policies  
(b) Procedures  
(c) Rules  
(d) **All of the above**
- (xi) Formal communication is always  
(a) **Written**  
(b) Oral  
(c) Both (a) and (b)  
(d) None of the above
- (xii) Which communication creates a record of evidence  
(a) Verbal  
(b) **Written**  
(c) Formal  
(d) All of the above
- (xiii) \_\_\_\_\_ is a kin to "nucleous" of an organization  
(a) Supervision  
(b) Planning  
(c) **Direction**  
(d) organising
- (xiv) Goal incongruence may lead to \_\_\_\_\_  
(a) Ineffectiveness  
(b) Inefficiency  
(c) **Both (a) and (b)**  
(d) None of the above
- (xv) Manpower planning is also known as \_\_\_\_\_  
(a) Human resources accounting  
(b) Human resources management  
(c) **Human resources planning**  
(d) None of the above
- (xvi) Recruitment is a \_\_\_\_\_ process  
(a) **Positive**  
(b) Negative  
(c) Long  
(d) All of the above



(xvii) There are \_\_\_\_\_sources of recruitment

- (a) 2
- (b) 3
- (c) 4
- (d) 5

(xviii) There are \_\_\_\_\_types of organization structure

- (a) Two
- (b) Three
- (c) Four
- (d) Five

(xix) Committees encourage responsibility among

- (a) Labours
- (b) **Members**
- (c) Managers
- (d) Customers

(xx) \_\_\_\_\_is a feature of planning

- (a) Primary function
- (b) Continuous function
- (c) Pervasive function
- (d) **None of the above**

(b) Match the following:

[5×1=5]

	Column 'A'		Column 'B'
1.	Strategies	A.	Team work
2.	Father of Modern Management	B.	Esteem Needs
3.	Self Confidence	C.	Henry Fayol
4.	Espirit de corps	D.	Prof. Douglas McGregor
5.	Theory X and Theory Y	E.	Standing Plans

**Answer :**

- 1. (E)
- 2. (C)
- 3. (B)
- 4. (A)
- 5. (D)

(c) State whether the following statements are True (or) False.

[5×1=5]

- (i) Programmed decisions are of routine and repetitive nature which is to be dealt with according to specific procedure.
- (ii) The distinction between maintenance factors and motivating factors is fixed.
- (iii) The ability to grant or withhold rewards is a key source of power.
- (iv) Planning premises refer to the environment in which the plans are to be implemented.
- (v) Apprenticeship training is best example for Off the Job Training.

**Answer :**

- (vi) True
- (vii) False
- (viii) True

- (ix) True
- (x) False

**PART B**

**Answer any four questions out of six questions: [4×5=20]**

**9. Describe the steps in organising process. [5]**

**Answer:**

**Process of Organising:**

- (i) **Identifying the work** – The first step in the organizing process is to identify the work to be performed in the organisational unit i.e. enterprise. Every organisation is created deliberately to achieve some predetermined objectives. It is absolutely essential to identify the work to be performed to achieve the goals. Work must be divided and distributed because no one individual can perform the total work in an organisation single handed. Identification and classification of work enables managers to concentrate on important activities, avoiding the unnecessary duplications, overlapping and wastage of effort.
- (ii) **Grouping the work** – Dividing work is the essence of organizing function. After making the vision, similar activities shall be grouped together in order to provide for a smooth flow of work. Departments and divisions are created in an organisation based on the principle of similarity and relatedness of the activities performed. These departments or divisions are then managed under the direction of an individual called manager of the particular department. Depending on the size of the organisation, there could be several departments for every separate function. In small organisation, various departments may be grouped together and headed by only one or a few individuals.
- (iii) **Establishing formal reporting relationships** – One of the steps in organizing function is to establish formal reporting relationships among individual members in the enterprise. After establishing these formal relationships it would be possible to know the details relating to the work. Establishment of formal reporting system should pave way for assigning the duties and responsibilities to individual in an unambiguous fashion.
- (iv) **Providing for measurement, evaluation and control** – Organising function involves providing the basis for measurement, evaluation and control of the activities. It should establish signposts and control points in the organisation so that the performance of individuals (and groups) can be measured evaluated, and controlled at periodical intervals. The purpose of such evaluation is to take necessary rectification measures if there are serious deviations in the actual performance.
- (v) **Delegating authority** – Authority is the right to act, and extract obedience from others. A manager may not be able to perform tasks without granting authority to him by the organisation. While assigning duties the manager should clearly specify authority and responsibility limits.
- (vi) **Coordination** – Individuals and groups in an organisation carry out their specialized functions and this necessitates coordination. While performing the organizing function, the manager should see that all the activities are properly coordinated and there exists 'no conflicts. Both individuals and groups may come in conflict while performing their respective duties or functions in the organisation. While organizing the functions, the manager should see that no conflicts exist among various departments and that all the departments' function as a coordinated, unified whole.

**10. what is meant by staffing? Explain the importance of staffing. [5]**

**Answer :**

Staffing is defined as the process of obtaining and maintaining the capable and competent people to fill all positions from top to operative level. In the words of Dalton McFarland staffing is the function by which managers build an organization through the

recruitment, selection, development of individuals as capable employees. According to Koontz and O'Donnell staffing is the executive function which involves recruitment, selection. Compensating, training, promotion, retirement of subordinate managers. Weirich define staffing as "filling and keeping filled, positions in the organization structure". Thus, staffing is concerned with the placement, growth and development of all those members of the organization whose function is to get things done through the efforts of other individuals.

### Importance of Staffing

Undoubtedly, staffing is a vital function of management more importantly because:

1. It facilitates discovery of competent and qualified people to take up various positions the organisation;
2. It enhances productivity by placing right people on the right jobs;
3. It helps in estimating the staffing requirements of the organisation in future (through manpower planning);
4. It prepares the personnel to occupy the top positions within the organisation.
5. It helps development of people through the programmes of training and development.

### 11.What are the different sources of power.

[5]

Answer :

#### Sources of Power:

There are several bases or sources of power. John French and Bertram Raven have identified five bases of sources of power.

**i. Reward power:** The ability to grant or withhold rewards is a key source of power. Rewards may be financial, social or psychological. Financial rewards include salaries, wages, fringe benefits, etc. support, praise, recognition, status, etc., are non-financial rewards. Persons seeking rewards are dependent on the individual who is in a position to offer the reward. He offers rewards in exchange of some behavioral act like effort, performance, obedience, loyalty and so on. Those who refuse to carry out his orders are denied rewards. A person may be in a position to offer rewards by virtue of being a manager, a leader or a relatively wealthy person.

**ii. Coercive power:** This is the ability to punish others for not carrying out orders or for not meeting certain requirements. The person who is in a position to coerce others forces or compels them to do or not to do something. The person who feels coerced complies for fear of punishment. For example, management may force workers to call off the strike by giving an ultimatum that otherwise they will be suspended. Coercive power is the opposite of reward power. Coercion may be direct or indirect, physical or psychological.

**iii. Expert power:** A person having expertise or specialized knowledge or information has power over those who seek his expertise. For example, a teacher has expert power over students, a chartered accountant over his clients and a doctor over his patients.

**iv. Referent power:** This is based on the personality attributes or personal virtues of a person. Such a person has a charisma which attracts people towards him. For example, Mahatma Gandhi became powerful and had a huge following due to his charisma. Reference as a source of power is a group or an institutional situation. The goals, values, work patterns, etc., of a group become frames of reference for some persons and they look to the group for inspiration and guidance. The group thereby commands power and any 'manager of such a group acquires power by virtue of his association with the group.

**v. Legitimate power:** This is derived from the formal position of a person in the organization. Formal legitimate power is called authority and it is vested on the individual.

**12. Explain the importance of motivation.**

**[5]**

**Answer:**

**Importance of Motivation**

Motivation is one of the most crucial factors that determine the efficiency and effectiveness of an individual in organisation. All organisational facilities will remain useless unless people are motivated to utilise these facilities in a productive manner. Motivation is an integral part of management process and every manager must motivate his subordinates to create in them the will to work. High motivation provides the following advantages:

**i. Higher efficiency–** Motivation is an effective instrument in the hands of management to maximize efficiency of operations. A worker may be very competent but no activity can take place until the individual is willing to perform that activity. What employees do depends largely on how much and why they want to do. Motivated employees give greater performance than demotivated ones.

**ii. Optimum utilisation of resources–** Motivation inspires employees to make best possible use of different factors of production. They work wholeheartedly to apply their abilities and potential in minimizing waste and cost. The enterprise can make maximum use of its physical and financial resources.

**iii. Reduction in labour turnover–** High motivation leads to job satisfaction of workers. Opportunities for need satisfaction make employees loyal and committed to the organisation. As a result labour absenteeism and turnover are low.

**iv. Better industrial relations–** Increased labour productivity in turn results in higher wages for employees. Motivational schemes create integration of individual interests with organizational objectives. There arises a sense of belonging and mutual co-operation at all levels. Motivation will foster team spirit among workers. This will reduce labour unrest and create better relations between management and workers.

**v. Easier selection–** An enterprise that offers abundant financial and non-financial incentives enjoys reputation in the labour market. Therefore, it can easily attract competent persons for filling various vacancies.

**13.State the process of decision making.**

**[5]**

**Answer :**

Decision making is every manager's primary responsibility. To make good decisions, managers should invariably follow a sequential set of steps as presented below:-

**(a) Identifying and diagnosing the real problems:** The first step in the decision-making process is the identification of the problem. Diagnosing the problem implies knowing the gap between what we want to happen and what is likely to occur if no action is taken. As pointed out by Newman and Summer, identifying the 'cause of the gap' and understanding the problem solve the problem. According to Peter F. Drucker, critical factor analysis is helpful in identifying the causes of the problem properly. A decision maker should collect as much information as possible before attempting to solve it. If possible, in addition to facts, opinion should also be collected, which would aid in diagnosing the problem effectively.

**(b) Developing alternatives:** While selecting the alternative course of action a manager should consider the viable and realistic alternatives only. Further, he should consider the time and cost constraints and psychological barriers that would restrict the number of reasonable alternatives. Newport and Trewatha contend that the brain storing and group participants may be fruitfully employed in developing alternatives. Ingenuity, research and creative imagination are required to ensure that the best alternatives are considered before a course of action is selected for inclusion of it among the alternatives.

**(c) Evaluation of alternatives:** Perhaps one of the most important steps in decision making is the evaluation of each alternative. Here, the decision-maker draws balance sheet of every alternative by identifying the advantages as well as disadvantages of these alternatives. All pertinent facts about each alternative should be collected, the

pros and cons must be considered and the important points must be distinguished from the trivial or peripheral matters. The purpose of all this exercise is to limit the number of alternatives to a manageable size and then consider the alternatives for the selection. Some of the criteria for evaluating an alternative could be — (i) resources available for implementing the alternative (ii) economy of effort (iii) element of risk involved (iv) results expected (v) time constraint (vi) accomplishment of common goal (vii) implementation problems etc.

**(d) Selection of an alternative:** The next important step in decision-making process is the selection of best alternative from various available alternatives. Indeed, the ability, to select the best course of action from several possible alternatives separates the successful managers from the less successful ones. Drucker mentions four criteria viz. the risk, economy of effort timing, and limitation of resources, before one alternative is selected among the available ones.

**(e) Implementation and follow up of the decision:** The final step in decision making process is the implementation of the selected alternative in the organisation. The alternative-selected should be properly communicated to those members of organisation who are concerned with the decision. Acceptance of the decision by group-members is absolutely essential to the successful implementation Further, after implementation of the decision it is necessary to follow up to see whether the decision is yielding the desired results or not. A manager should least hesitate to ride out a decision that does not accomplish its objective. A manager should see it necessary, that all organisational members participate in the decision making as decision implementation.

#### 14. Describe the barriers to communication.

[5]

Answer:

##### **Barriers to Communication:**

Although a communicator may take great care in sending the message to the receiver properly, there may exist some barriers to communication. A poorly transmitted message often leads to misunderstanding. This would pave way to strained relations and frictions among the employees. This detrimentally affects morale of the employees. Some of the barriers to communication are —

- (i) Filtering:** The information may be filtered by sender deliberately to mislead the receiver. A manager filters the information by hiding some meaning and disclosing in such a fashion that the information is appealing to the employee. When the sender tries to filter the information, he is said to alter the communication in his favour at the cost of the real message. Filtering the message is a powerful barrier to communication.
- (ii) Selective perception:** This time the fault lies in the receiver who may indulge in selective perception. The receiver may like to perceive in what he is interested. Perceptual selection may sometimes lead to perceptual distortion. Perpetual distortions and fallacies may become endemic and vitiate the entire system. This affects the organisational effectiveness adversely.
- (iii) Language:** Communication is said to be poor and distorted if the message is not properly expressed. When information is worded in a manner not understandable to the receiver it is quite likely that the message may be misunderstood. Further, semantic problems may also distort the message.
- (iv) Semantic Barrier:** The language, words, symbols and expressions used in communication may distract attention from the actual meaning of the message. Moreover, the tendency of people to interpret the same message in different ways may also act as a semantic barrier.
- (v) Emotions:** Emotions of both the sender and receiver influence the message that is transmitted and received. The receiver is likely to take into account the emotion of the sender and interpret the information accordingly. Extreme emotions and jubilation or depression have probability of hindering the effectiveness of communication.