

SAMPLE QUESTION PAPER - 1
BUSINESS STUDIES (054)
CLASS XII

Time Allowed: 3 hours

Maximum Marks: 80

General Instructions:

1. This question paper contains 34 questions.
2. Marks are indicated against each question.
3. Answers should be brief and to the point.
4. Answers to the questions carrying 3 marks may be from 50 to 75 words.
5. Answers to the questions carrying 4 marks may be about 150 words.
6. Answers to the questions carrying 6 marks may be about 200 words.
7. Attempt all parts of the questions together.

1. Krishnan Murty, a Professor of Management conducted a class on **Management principles** and explained to his students the significance of Management Principles. In the next class, the Professor asked his students to play roles of different managers. He gave them various situations and asked them to think like managers and provide solutions to the problems given in these situations. Each student applied the principles of management to the given situation in his own personalized manner, depending upon his creativity. [1]
The nature of management highlighted in the above case is:

a) Management as a Science	b) Management as a Profession
c) Management both as an Art and as a Science	d) Management as an Art

2. A commercial bill is used to: [1]

a) Meet the short term debt	b) Meet the long term debt
c) Pay the interest	d) finance the working capital requirements

3. _____ is the step in the planning process where other managerial functions also curve into the picture. [1]

a) Following action	b) Evaluating alternative course
c) Implementing the plan	d) Selecting an alternative



4. Name the decision in financial management which determines the overall cost of capital and the financial risk of the enterprise. [1]

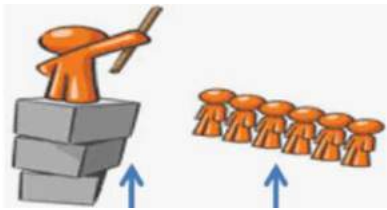
- a) Capital budgeting decision
- b) Dividend decision
- c) Working capital decision
- d) Financing decision

5. **Planning in the absence of control is meaningless.** What does this statement indicate in respect of both? [1]

- i. Only planning is essential
- ii. Only controlling is essential
- iii. Both are essential
- iv. Both are unnecessary

- a) Only i
- b) Only iv
- c) Both i and iv
- d) Both ii and iii

6. Identify the principle of management followed in the following pictorial representation. [1]



- a) Remuneration
- b) Equity
- c) The Degree of Centralization
- d) Authority and Responsibility

7. _____ is not a participant in money market. [1]

- a) RBI
- b) SEBI
- c) NBFCs
- d) Mutual Funds

8. Many reputed business organisations keep a database of unsolicited applicants in their offices. A list of such job seekers can be prepared and screened to fill the vacancies as they arise. The method of recruitment described is: [1]

- a) Campus recruitment
- b) Direct recruitment
- c) Transfers
- d) Casual callers



13. **Statement I:** The National Commission has territorial jurisdiction over the whole country. [1]
Statement II: National Commission has a jurisdiction to entertain complaints where value of goods or services paid as consideration exceeds one crore rupees.
- a) Statement I is correct and Statement II is not correct. b) Statement II is correct and Statement I is not correct.
c) Both the Statements I and II are not correct d) Both the Statements I and II are correct.
14. Priya a home science graduate from a reputed college has recently done a cookery course. She wished to start her own venture with a goal to provide **health food** at reasonable price. She discussed her idea with her teacher (mentor) who encouraged her. After analyzing various options for starting her business venture, they shortlisted the option to sell ready made and **ready to make** vegetable shakes and sattu milk shakes. Then, they both weighed the pros and cons of both the shortlisted options. Identify the function of management being discussed above. [1]
- a) Organising b) Controlling
c) Planning d) Directing
15. Higher debt-equity ratio results in: [1]
- a) higher degree of financial risk b) higher degree of operating risk
c) higher EPS d) lower financial risk
16. **Statement I:** In the modern marketing sense, the term **market** refers to the place where buyers and sellers gather to enter into transactions involving the exchange of goods and services. [1]
Statement II: A marketer's job in an organisation is to identify needs of the target customers and develop products and services that satisfy such needs.
- a) Both the Statements I and II are not correct. b) Statement II is correct and Statement I is not correct.
c) Both the Statements I and II are correct. d) Statement I is correct and Statement II is not correct.
17. Rahim wanted to start with a stationery app to help students of schools and colleges to provide stationery to them. He felt that students were not able to get the needed stationer at easy and hence wanted to provide the stationery directly to students in the school. He lists out the various ways of setting up this business and finally [1]



selected the best way to set up this business is by developing an app. Suggest what should be the next step of him:

- i. Developing premises
- ii. Identifying the alternative course of action
- iii. Implementation of plan
- iv. Follow up action

- a) iv and i
- b) only iii
- c) i and ii
- d) only ii

18. Match the concept of management in Column I with their respective definition in Column II: [1]

(a) Effectiveness	(i) Doing the task correctly and with minimum cost.
(b) Efficiency	(ii) Finishing the given task on time.
(c) Process	(iii) The primary functions or activities that management performs to get things done.

- a) (a) - (i), (b) - (ii), (c) - (iii)
- b) (a) - (ii), (b) - (i), (c) - (iii)
- c) (a) - (iii), (b) - (ii), (c) - (i)
- d) (a) - (i), (b) - (iii), (c) - (ii)

19. The source of finance carrying two fixed obligations, viz., interest and redemption is _____ [1]

- a) Debt
- b) Reserves and Surplus
- c) Equity
- d) All of these

20. Which function of management is controlling? [1]

- a) Second
- b) Last
- c) Third
- d) First

21. Das is the Managing Director of Gamut Ltd., manufacturing different varieties of cheese. He has an efficient team working under him consisting of Rajat - the Production manager, Vinay - the Marketing manager and Adit - the Finance manager. They understand and interpret the policies made by Das, ensure that their departments have adequate manpower, assign them the necessary duties and motivate them to achieve the desired objectives. [3]

State one more function other than those mentioned above, that this team may perform at the level they are working.

22. There are some barriers in communication which are concerned with the state of mind of both the sender and the receiver. State any three such barriers. [3]

OR

Leadership indicates the ability of an individual to maintain good interpersonal relations with followers and motivate them to contribute towards achieving organisational objectives. In the light of this statement, explain any two styles of leadership.

23. How do the following affect the financing decision? [3]
- Cost
 - Risk
 - Cash flow position

24. **Consumer protection has a wide scope.** Justify the statement. [3]

OR

Which responsibility of a consumer has not been fulfilled in the following cases?

- Despite it was written on the cover of the face cream that it should be used only after a patch test, Rina applied it on her face and developed an allergy.
 - The loose spices purchased by Aditi were adulterated.
 - Sahil found a worm in chocolate but did not tell anyone as he thought it is a small amount, so there is no point in making a complaint.
 - Neeta desperately wanted to watch the movie so purchased the tickets from a black marketeer.
 - Rohit did not take cash memo for his mobile to save GST.
25. Explain Budget as a plan? [4]

OR

Give the meaning of 'policy' and 'strategy' as types of plans.

26. "Controlling implies taking action". Explain. [4]

OR

'There is a close and reciprocal relationship between planning and controlling'. Explain this statement.

27. Mr. Radha Krishan Kher is the Production Manager of **Krishna Milk Products Pvt. Ltd.** He is producing several milk products. Various alternatives are available for producing each product. It is the endeavour of Mr. Kher that the best and cheap alternative be adopted in production. He has made a special arrangement in his [4]



department. According to it, a proper place will be earmarked for everything used in the production department. He has also directed the employees of the department that everything should be available at its decided place. There is a provision for awarding punishment to those who ignore this direction. All activities of Mr. Kher's department are closely related to each other. To maintain balance among them he makes special efforts so that there is no obstruction in production.

- i. Which technique of scientific management is being practised by the company in the above paragraph.
- ii. Quoting the lines, identify that function of the management which is called Essence of Management.
- iii. Which principle of Henry Fayol is being followed by the company.

28. Rahim was working in an enterprise on a daily wages basis. It was difficult for him to fulfill the basic needs of his family. His daughter fell ill. He had no money for his daughter's treatment. To meet the expenses of her treatment, he participated in a cycle race and won the prize money. The cycle company offered him a permanent pensionable job which he happily accepted. [4]
- a. By quoting lines from the above paragraph, identify the needs of Rahim that are satisfied by the offer of the cycle company.
 - b. Also, explain two other needs of Rahim followed by above that are still to be satisfied.
29. These days, the development of a country is also judged by its system of transferring finance from the sector where it is in surplus to the sector where it is needed most. To give strength to the economy, SEBI is undertaking measures to develop the capital market. In addition to this there is another market in which unsecured and short-term debt instruments are actively traded everyday. These markets together help the savers and investors in directing the available funds into their most productive investment opportunity. [4]
- i. Name the function being performed by the market in the above case.
 - ii. Also, explain briefly three other functions performed by this market.
30. State any two reliefs that the Consumer court can grant to consumers in case of genuine complaints in each of the following situations: [4]
- i. Divya was charged more than the printed maximum retail price (MRP) for a bottle of water.
 - ii. Clara was sold a car with a defective engine.
 - iii. Antony suffered injury while using newly bought defective electric heater.
31. Atul is working in an organisation. After every three months, his manager transfers him from one department to another so that he may gain a broader understanding [6]



of all the departments of the organisation.
Name and explain the method of training Atul is undergoing.

OR

State the steps in the selection procedure after the employment interview and before the job offer.

32. After completing for his education, Arun joins his father in their family business of manufacturing cookware. As a businessman, his father is rigid in his approach and has fixed ideas about various issues. He tends to maintain a distance from the factory workers. However, Arun is more receptive to the needs of the workers and doesn't seem to believe in any class differences. He believes that the prosperity of their business greatly depends upon the prosperity of their workers and vice versa. At the same time, he has a good understanding of the business environment. Therefore, he introduces a new range of green pans that provide a healthy cooking surface, as they are manufactured with all-ceramic or silicon coating and are considered safer than the traditional petroleum-based nonstick surfaces which may contain toxic substances. Although the new cookware range is highly-priced, he expects a ready market for it as both the purchasing power of people and their preference for better quality products has increased over the years. In the context of the above case answer the following: [6]
- a. Identify the nature of management which is being reflected in the different styles of management in practice adopted by Arun and his father.
 - b. Name and explain the related principle of scientific management.
 - c. State the related dimensions of the business environment.

OR

The government of India announced the Demonetization of ₹ 500 and ₹ 1,000 currency notes with effect from the midnight of November 8, 2016. As a result, the existing ₹ 500 and ₹ 1,000 currency notes ceased to be legal tender from that date. New currency notes of the denomination of ₹ 500 and ₹ 2,000 were issued by Reserve Bank of India after the announcement.

This step resulted in a substantial increase in the awareness about and use of Point of Sale machines, e-wallets, digital cash and other modes of cashless transactions. Also, increased transparency in monetary transactions and disclosure led to a rise in government revenue in the form of tax collection.

- i. Enumerate the dimensions of the business environment highlighted above.
 - ii. State the features of Demonetization.
33. What is meant by formal organisation? Explain any three features of formal organisation. [6]



34. After doing a diploma in entrepreneurship, Farihad started his own confectionary business. He started doing a lot of hard work and used the recipes taught by his grandmother in various preparations. He also learnt many recipes from online sites and television programmes. He decided to keep the price of the products low initially and also informed his customers about the goodness of the items sold by them. However, he didn't mention on the package of each item whether it contained eggs or not. As a result, vegetarian people became hesitant in buying things from his shop as they had to verbally inquire from him about the inclusion of eggs in the preparation of various items. [6]

In the context of the above case:

- a. Name the important aspect related to the marketing of products which has been ignored by Farihad.
- b. Explain briefly any three functions performed by the aspect as identified in part (a).
- c. Mention the right of consumer being violated by Farihad.



Solutions

1.
(d) Management as an Art
Explanation: Management as an Art
2.
(d) finance the working capital requirements
Explanation: Working capital financing is done by various modes such as trade credit, cash and discount of bills, bank guarantee, letter of credit, factoring, commercial paper, working capital financing extensively used by all small and big businesses.
3.
(c) Implementing the plan
Explanation: Implementing the plan
4.
(d) Financing decision
Explanation: Financing decision
5. **(a) Only i**
Explanation: Planning is clearly a prerequisite for controlling. Controlling is blind without planning. If the standards are not set in advance, managers have nothing to control. When there is no plan, there is no basis of controlling.
6.
(d) Authority and Responsibility
Explanation: Authority and Responsibility
7.
(b) SEBI
Explanation: The Securities and Exchange Board of India (SEBI) is the regulator for the securities market in India. In April 1988 the SEBI was constituted as the regulator of capital markets in India under a resolution of the Government of India.
8.
(d) Casual callers
Explanation: Casual callers
9. **(a) option (d)**
Explanation: Current assets are never financed through long-term sources.
10. **(a) Both A and R are true and R is the correct explanation of A.**
Explanation: If a company wants to grow and expand, it has to add new products and services from time to time. So, it's better if we can add a new department separately for it without disturbing the prior departments.
11.
(b) only iv
Explanation: Issued by Reserve bank of India on behalf of Central Government.



12. **(a)** Financial Planning

Explanation: Financial Planning

13. **(a)** Statement I is correct and Statement II is not correct.

Explanation: Statement I is correct and Statement II is not correct.

14.

(c) Planning

Explanation: Planning

15. **(a)** higher degree of financial risk

Explanation: higher degree of financial risk

16.

(b) Statement II is correct and Statement I is not correct.

Explanation: Statement II is correct and Statement I is not correct.

17.

(b) only iii

Explanation: After setting the objectives and developing premises the next step is implementing the plan.

18.

(b) (a) - (ii), (b) - (i), (c) - (iii)

Explanation: (a) - (ii), (b) - (i), (c) - (iii)

19. **(a)** Debt

Explanation: Debt

20.

(b) Last

Explanation: The sequence is Planning, Organizing, Staffing, Directing and controlling. Controlling is the last function of management.

21. Rajat, Vinay, and Adit are working at the “Middle Level”, as the “Functional Heads” for the smooth functioning of their respective Departments. Other than this, one more function the three Functional Heads must perform is to “Motivate” the Employees of their Respective Departments in order to achieve the Desired Objectives.

22. It refers to physiological barriers. Three such barriers are as follows:

i. Premature evaluation

ii. Lack of attention

iii. Loss by transmission and poor retention.

OR

Two styles of leadership are:

i. **Transformational Leadership:** This style focuses on inspiring and motivating followers to achieve exceptional performance by setting high standards, providing support, and fostering a sense of purpose and personal growth.

ii. **Democratic Leadership:** This style involves involving followers in decision-making processes, encouraging open communication, and considering their input. It



promotes teamwork, collaboration, and empowerment among the members of the organization.

23. **Following are the factors affecting the financing decision:**

- i. **Cost-** A financial manager should go for the cheapest source of raising funds because the cost varies from source to source.
- ii. **Risk-** The risk associated with different sources is different. Borrowed funds have more risk than owners' funds.
- iii. **Cash flow position of the business-** A stronger cash flow position may make debt financing more viable than funding through equity.

24. Consumer protection has a wide scope.

- It not only includes educating consumers about their rights and responsibilities, but also helps in getting their grievances redressed.
- It not only requires a judicial machinery for protecting the interests of consumers but also requires the consumers to be united and form themselves into consumer associations for protection and promotion of their interests.
- Providing protection to consumers against unscrupulous, exploitative and unfair trade practices of traders, manufacturers and service providers.

OR

- i. She did not follow instructions given on cream.
- ii. She did not purchase standardised products.
- iii. He did not exercise the right to be heard.
- iv. She did not purchase tickets from the right source.
- v. He did not get any cash memo.

25. (i) Budget is a statement of expected results expressed in numerical terms.(Rs.1 lakh for packing) thus it becomes easier to compare actual figures with expected figures and take corrective action subsequently. Thus, a budget is also a control device from which deviations can be taken care of.

(ii) Making a budget involves forecasting, it is a plan which fixes the future facts and figures.

(iii) For Instance budget may be prepared to show the number of workers required in the factory at peak production times. (1000 workers if demand rises up to 100000 units in a day.)

(iv) The **cash budget** is a basic tool in the management of cash which help the management to plan and control the use of cash.

OR

Policy

- These are the general guidelines which facilitate uniformity in decision-making for the attainment of objectives of the organisation.
- Policies are made at every level because the managers at every level need to decide or predetermine the way of handling a situation.
- These act as a guide to take decisions in an unexpected situation.

- For e.g. It is a firm's policy to reserve 10% jobs for women.

Strategy

- A strategy is a comprehensive plan to achieve organisational objectives.
- The dimensions of strategy are:
 - Determining long-term objective.
 - Adopting a particular course of action.
 - Allocating resources for achieving the objectives.
 - A strategy is formulated after scanning the business environment.
 - It tries to study environmental opportunities and threats and fixes a match between them and organizational resources.

26. Controlling is a process under which:

- After setting the targets actual performance is compared with the standard or planned performance.
- This is done in order to identify the deviations or difference between the two.
- Finally, the aim of doing controlling is to remove these deviations after identifying the causes and taking action to correct or match the actual and planned performance.

OR

Planning and controlling are inter-related to each other. Planning sets the goals for the organization and controlling ensures its accomplishment. Planning decides the control process and controlling provides sound basis for planning. In reality planning and controlling are both dependent on each other. Planning is the basis for control in the sense that it provides the entire spectrum on which control function is based. In fact, these two terms are often used together in the designation of the department which carries production, planning and scheduling. Control measures the behaviour and activities in the organisation and suggests measures to remove deviations, if any. Control is the result of particular plans, goals or policies. Thus, planning offers and affects control. Also, planning is affected by control in the sense that much of the information provided by control is used for planning. Thus, there is a reciprocal relationship between planning and controlling.

27. i. **Method Study**, a principle of Scientific Management is used here. The main objective of this study is “to find out one best way of doing the job.”
- ii. “All activities of Mr. Kher’s department are closely related to each other. To maintain balance among them he makes special efforts so that there is no obstacle in production.”
- Coordination:** It refers to that process through which harmony is established among different activities of an organisation so that organisational objectives can be successfully achieved.
- iii. Company is following the “**Principle of Order**” of Henry Fayol. According to this principle, people and materials must be at suitable places, at an appropriate time for maximum efficiency.



28. 1. The physiological needs and safety needs of Rahim are being satisfied by the offer of the company.

i. Physiological Needs

The basic physiological needs are probably fairly apparent—these include the things that are vital to our survival. Some examples of the physiological needs include:

- Food
- Water
- Breathing
- Homeostasis

In addition to the basic requirements of nutrition, air and temperature regulation, the physiological needs also include such things as shelter and clothing.

ii. Security and Safety Needs

As we move up to the second level of Maslow's hierarchy of needs, the requirements start to become a bit more complex. At this level, the needs for security and safety become primary. People want control and order in their lives, so this need for safety and security contributes largely to behaviors at this level.

Some of the basic security and safety needs include:

- Financial security
- Health and wellness
- Safety against accidents and injury

Finding a job, obtaining health insurance and health care, contributing money to a savings account, and moving into a safer neighborhood are all examples of actions motivated by the security and safety needs.

Together, the safety and physiological levels of the hierarchy make up what is often referred to as the basic needs.

2. The other needs of Rahim followed by the physiological needs and safety needs that still need to be satisfied are as follows:

1. i. Affiliation/ Belonging Needs: These needs refer to affection, sense of belongingness, acceptance and friendship. The organisation, by encouraging cooperative teamwork and by having accessible and kind superiors, can fulfill these needs of its employees.
2. ii. Esteem Needs: These include factors such as self-respect, autonomy status, recognition and attention. The organisation, by giving praise and recognition when the employees do well, and offering promotions, can fulfill these needs of its employees.

29. i. The function performed by the market here is mobilisation of savings and channelising them into the most productive use/allocative function.

ii. The other three functions of financial market are:

- a. **Facilitating price discovery:** The price of any goods or services is determined by the forces of demand and supply. Like goods and services, the investors also try to



discover the price of their securities. The financial market is helpful to the investors in giving them proper price.

b. **Reduce the cost of transactions:** Financial market provides complete information regarding price, availability and cost of various financial securities. So, investors and companies do not have to spend much on getting this information.

c. **Provides liquidity to financial assets:** The investors can invest their money, wherever they desire, in securities through the medium of financial market and convert them into cash by selling their financial assets through the mechanism of financial market.

30. i. Reliefs that the Consumer court can grant to the customers are:

a. To refund the price paid

b. To discontinue the unfair/restrictive trade practice and not to repeat the same in future.

ii. Reliefs that the Consumer court can grant to the customers are:

a. To remove the defect in engine.

b. To replace the defective engine with a new one, free from any defect.

iii. Reliefs that the Consumer court can grant to customer are:

a. To remove the defect in electrical heater.

b. To replace the defective electrical heater with a new one, free from any defect.

31. The method of training that Atul is undergoing is job rotation. Job rotation is the systematic movement of employees from one job to another within the organization to achieve various human resources objectives such as orienting new employees, training employees, enhancing career development, and preventing job boredom or burnout. This kind of training involves shifting the trainee from one department to another or from one job to another. This enables the trainee to gain a broader understanding of all parts of the business and how the organisation functions as a whole. When employees are trained by this method, the organisation finds it easier at the time of promotions, replacements or transfers. This will broaden his horizon and capacity to do a variety of jobs. Rotation of an employee on different jobs should not be done frequently.

OR

i. **Receiving Applications:** Once the individual qualifies the preliminary interview he is required to fill in the application form in the prescribed format. This application contains the candidate data such as age, qualification, experience, etc. This information helps the interviewer to get a fair idea about the candidate and formulate questions to get more information about him.

ii. **Screening Applications:** Once the applications are received, these are screened by the screening committee, who then prepare a list of those applicants whom they find suitable for the interviews. The shortlisting criteria could be the age, sex, qualification, experience of an individual. Once the list is prepared, the qualified candidates are called for the interview either through a registered mail or e-mails.



- iii. **Employment Tests:** In order to check the mental ability and skill set of an individual, several tests are conducted. Such as intelligence tests, aptitude tests, interest tests, psychological tests, personality tests, etc. These tests are conducted to judge the suitability of the candidate for the job.
 - iv. **Employment Interview:** The one on one session with the candidate is conducted to gain more insights about him. Here, the interviewer asks questions from the applicant to discover more about him and to give him the accurate picture of the kind of a job he is required to perform. Also, the briefing of certain organizational policies is done, which is crucial in the performance of the job. Through an interview, it is easier for the employer to understand the candidate's expectations from the job and also his communication skills along with the confidence level can be checked at this stage.
 - v. **Checking References:** The firms usually ask for the references from the candidate to cross-check the authenticity of the information provided by him. These references could be from the education institute from where the candidate has completed his studies or from his previous employment where he was formerly engaged. These references are checked to know the conduct and behavior of an individual and also his potential for learning new jobs.
 - vi. **Medical Examination:** Here the physical and mental fitness of the candidate are checked to ensure that he is capable of performing the job. In some organizations, the medical examination is done at the very beginning of the selection process while in some cases it is done after the final selection. Thus, this stage is not rigid and can take place anywhere in the process. The medical examination is an important step in the selection process as it helps in ascertaining the applicant's physical ability to fulfill the job requirements.
- 3a. The different styles of management in practice adopted by Arun and his father reflect that management is an art.
- b. 'Harmony, Not Discord' is the related principle of scientific management. Taylor emphasized that there should be complete harmony between the management and workers instead of a kind of class conflict, the managers versus workers. To achieve this state, Taylor called for a complete mental revolution on the part of both management and workers. The prosperity for the employer cannot exist for a long time unless it is accompanied by prosperity for the employees and vice versa. He advocated a paternalistic style of management should be in practice.
 - c. The related dimensions of the business environment are:
 - i. **Economic Environment:** The economic environment comprises of factors that can affect management practices in a business enterprise includes interest rates, inflation rates, changes in disposable income of people, stock market indices and the value of rupee, etc.
 - ii. **Social Environment:** Social environment includes social forces like customs and traditions, values, social trends, society's expectations from business, etc.



iii. Technological Environment: Technological environment includes forces relating to scientific improvements and innovations which provide new ways of producing goods and services and new methods and techniques of operating a business.

OR

i. The Dimensions of business environment highlighted above are:

- a. Political dimension: 'The government of India announced Demonetization of ₹ 500 and ₹ 1,000 currency notes with effect from the midnight of November 8, 2016.'
- b. Legal dimension: 'As a result, the existing ₹ 500 and ₹ 1,000 currency notes ceased to be legal tender from that date.'
- c. Technological dimension: 'The step resulted in a substantial increase in the awareness about and use of Point of Sale machines, e-wallets, digital cash and other modes of cashless transactions.'

ii. Features of Demonetization are:

- a. Acted as a Measure of tax administration- As a result of demonetization, various black money holders had to declare the unaccounted wealth and pay taxes along with a penalty.
- b. Acted as a Measure to avoid tax evasion- As the wealth was to be accounted for in a determinate period, it was a clear indicator that the government will not tolerate tax evasion.
- c. Acted as a Measure of channelizing savings into the financial system- As surplus money was deposited in banks the financial system was able to become more robust.
- d. Helped to Create 'cash-less' or cash-lite' economy- for increasing financial saving and reducing tax evasion.
- e. Acted as a means of curbing black marketing, corruption and circulation of fake currency.

33. Formal organization is a network of set rules, set responsibilities and a clear account of all the job positions.

Features of the formal organization are as follows:

- i. **Defined inter-relationship:** It is a sort of arrangement which clearly defines the mutual relationship. Everybody knows their authority and responsibilities. This clearly shows who will be reporting to whom. In case one violates this relationship, he can be there and then held responsible for the same
- ii. **Based on rules and procedures:** It is important to observe all the pre-determined rules and procedures in the formal organization. The objectives laid down under planning are thus achieved.
- iii. **Based on the division of work:** The chief basis of formal organization is the division of work. It is this that connects the efforts of different departments with each other.
- iv. **Deliberately created:** It is deliberately created in order to achieve the objectives of the organisation in an easy manner.



- v. **It is more stable:** Changes cannot be introduced because of the needs of individuals and their wishes. Therefore, it is more stable.
34. a. The important aspect related to the marketing of products which has been ignored by Farihad is Labelling.
- b. The three important functions performed by labelling are:
- Describes the product and specifies its contents:** Labelling provides information about the core function of the product i.e. how and why the product is likely to be beneficial to the prospective buyer. It educates them about the usage and precautions related to the product. It also gives detailed information about the ingredients of the product.
 - Helps in identification of the product or brand:** The label contains the logo, brand name, tagline, name and address of the manufacturer etc. of the product which helps in easy identification of the product.
 - Enables grading of products:** Different coloured labels are also used by the marketers for grading of the products on the basis of flavours, quality etc. so that the buyers can easily choose a product as per their requirements.
- c. The Right to information is being overlooked by the company in the above mentioned case. According to the Right to information, a consumer has the right to get complete information about the product he/she intends to buy including its contents, date of manufacture, date of expiry, price, quantity, directions for use etc. Also, as per law, it is mandatory for the marketers to provide complete information about the product/ service to the buyers.

