

Class XII Session 2025-26

Subject - Business Studies

Sample Question Paper - 2

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. It is the force which binds all other functions of management. It is the common thread that runs through all activities such as purchase, production, sales and finance to ensure continuity in the working of the organisation. Identify it. [1]

- | | |
|-----------------|---------------|
| a) All of these | b) Planning |
| c) Coordination | d) Management |

2. Which of the following headings does **not** highlight the importance of business environment? [1]

- | | |
|------------------------------|-------------------------------|
| a) Improving performance | b) Tapping useful resources |
| c) Coping with rapid changes | d) Promoting innovative ideas |

3. **Assertion (A):** Opportunities are always beneficial to a business enterprise. [1]

Reason (R): Opportunities help in the growth and expansion of business activities.

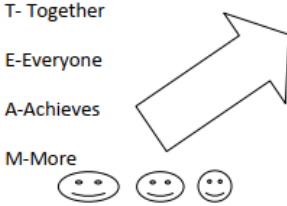
- | | |
|---|---|
| a) Both A and R are true and R is the correct explanation of A. | b) Both A and R are true but R is not the correct explanation of A. |
| c) A is true but R is false. | d) A is false but R is true. |

4. **Statement I:** Principles of management have been developed on the basis of observation and experimentation as well as personal experiences of the managers. [1]

Statement II: Derivation of these principles may be said to be a matter of art and their creative application may be regarded as a science.

- | | |
|--|--|
| a) Statement II is correct and Statement I is not correct. | b) Both the Statements I and II are correct. |
| c) Statement I is correct and Statement II is not correct. | d) Both the Statements I and II are not correct. |



5. What is not correct about controlling? [1]
- a) Controlling is pervasive function b) Controlling is goal oriented
- c) Controlling is external source d) Controlling is a continuous process
6. Financial market _____ financial assets. [1]
- a) Creates b) Creates and Exchange
- c) Interchange d) Exchange
7. Highlight the feature of management depicted by the image given here. [1]
- T- Together
E-Everyone
A-Achieves
M-More
- 
- a) Group activity b) Dynamic
- c) Goal-oriented d) Pervasive
8. **Assertion (A):** Participating actively in social service projects of the Government is not a legal obligation. [1]
Reason (R): It provides various tax deductions to the enterprise.
- a) Both A and R are true and R is the correct explanation of A. b) Both A and R are true but R is not the correct explanation of A.
- c) A is true but R is false. d) A is false but R is true.
9. A company has been registered under the Companies Act with an authorised share capital of ₹ 20,000 crore. Its registered office is situated in Noida and manufacturing unit in a backward district of Haryana. Its marketing department is situated in Mumbai. The company is manufacturing Fast Moving Consumer Goods (FMCG). Which type of Organisation structure would suit the requirements of the company? [1]
- a) Functional structure b) Divisional structure
- c) Formal Organisation Structure d) Informal Organisation Structure
10. Which of the following statements is true? [1]
- a) All of these b) A brand is usually composed of a name and mark of a product.
- c) Brand is used to identify the product of a firm and to distinguish. d) A brand name is a part of a brand which can be vocalised.
11. **Compro Solutions** offers IT services to clients across the country. During Covid-19, to accommodate changes taking place in the business environment, it suitably modified its organisation structure in a way that work from home became the new way of working for all employees bringing cost benefits and flexibility in the organisation. The point of importance of organising discussed above is: [1]
- a) Adaptation to change b) Clarity in working relationships
- c) Benefits of specialisation d) Development of personnel
12. A Treasury bill is an instrument of _____. [1]
- a) Short term debt b) Dividend



c) Long term debt

d) Interest

13. Match the various characteristics of Business environment given in Column I with their respective explanations in Column II: [1]

Column I	Column II
A. Dynamic nature	(i) Environment is a phenomenon that is relatively easier to understand in parts but difficult to grasp in its totality.
B. Complexity	(ii) Business environment differs from country to country and even region to region.
C. Relativity	(iii) Business environment keeps on changing, whether in terms of technological improvement or shifts in consumer preferences.

a) A - (iii), B - (i), C - (ii)

b) A - (i), B - (ii), C - (iii)

c) A - (iii), B - (ii), C - (i)

d) A - (ii), B - (iii), C - (i)

14. A tube of shaving cream usually comes in a cardboard box. This is an example of _____. [1]

a) Secondary packaging

b) Tertiary packaging

c) Transportation packaging

d) Primary packaging

15. Which of the following statements is Not true for primary market? [1]

a) There is no fixed Geographical location.

b) Only buying of securities takes place, securities cannot be sold there.

c) Prices are determined by demand and supply of the security.

d) It directly promotes capital formation.

16. **Statement I:** Marketing management is the art and science of choosing target markets and getting, keeping and growing customers through creating, delivering and communicating superior customer values of management. [1]

Statement II: Marketing management involves performance of various functions such as analysing and planning the marketing activities, implementing marketing plans and setting control mechanism.

a) Statement I is correct and Statement II is not correct.

b) Both the Statements I and II are correct.

c) Both the Statements I and II are not correct.

d) Statement II is correct and Statement I is not correct.

17. Globalisation is beneficial for firms because _____. [1]

a) It protects them against foreign competition.

b) It decreases the risk and uncertainty of operating in global market.

c) It opens up economy to the world by attaining international competitiveness.

d) It increases the risk and uncertainty of operating in global market.

18. You don't close a sale, you open a relationship if you want to build a long-term successful enterprise. Identify the communication tool used by the marketer. [1]

a) Sales promotion

b) Personal selling

c) Advertising

d) Public relations



company, has decided to install an imported plant making best quality bearing at low cost. The plant was installed. When production started with the help of the new plant, he realised that he did not succeed in his objective. On scrutiny, it transpired that the employees had not understood properly the mechanism of a new plant. Mr. Sodhi decided to remove this shortcoming of the employees. Consequently, soon this weakness of the employees was removed. But Mr. Sodhi was not yet satisfied with the performance of the employees. He once again resorted to scrutinise the matter. This time, he found that while operating the machines, the tools required by the employees were not found at their proper place. Due to this reason, there had also occurred unnecessary wear and tear of machines. He also noticed many employees wandering hither and thither aimlessly instead of working at their proper place. In the meanwhile, he also received a complaint that an employee had been thrown out of service because of little deficiency in his performance and was not given any hearing to defend himself, whereas many other employees with similar nature of performance were still working in the company.

- a. Identify and make us understand the measure adopted by Mr. Sodhi to improve the skill of the employees.
- b. Which principle of management is being violated by the company? Give the meaning of this principle.
- c. What values are being ignored by the company?

26. Name the barrier mentioned through the following cases: [4]

1. These are concerned with problems and obstructions in the process of encoding and decoding of message into words or impressions.
2. A worried person cannot communicate properly and an angry receiver cannot understand the real meaning of message.
3. Personal factors of both sender and receiver may exert influence on effective communication.
4. Factors relating to organisation structure, authority relationships, rules and regulations may act as barriers.

OR

Identify the function of management which is concerned with instructing, guiding, counselling, motivating and leading people in the organisation to achieve its objectives. Also, state any two features of the identified function of management.

27. Kunal joined as a shop level manager in the Production department of a textile company in the year 2005. [4]

Because of his good work, he became the Deputy Production Manager of the company in the year 2010. He had status and prestige and was well-respected by all in the company. On 1st March, 2019, he was promoted as the General Manager of the company. Kunal was very happy on his promotion as now he had become what he was capable of becoming. As a good manager, Kunal decided to motivate his subordinates, after understanding the Need Hierarchy theory which is based on various assumptions. He realised that people's behaviour is based on their needs and the manager can influence the behaviour of his employees by satisfying their needs.

- a. One of the assumptions of Need Hierarchy theory is stated in the above paragraph. State the other three assumptions of this theory.
- b. State the needs of Kunal which are being satisfied through promotion.

28. Explain the following factors affecting the working capital requirements of a company: [4]

- a. Operating Efficiency
- b. Availability of Raw Material

OR

Explain the concept and the objective of financial management.

29. Harish is engaged in the warehousing business and his warehouses are generally used by businessmen to store [4]



fruits. Identify the working capital requirements of Harish giving reasons in support of your answer. Further, Harish wants to expand and diversify his warehousing business.

- Explain any two factors that will affect his fixed capital requirements.

30. a. Give the meaning of a **consumer** as per the Consumer Protection Act, 2019. [4]
b. State when can a grievance be directly redressed in **State Commission** and **National Commission** by the aggrieved party.
31. A company, Toyota Motor Ltd. follows certain well-defined business principles guiding its functioning. These are: To provide clean and safe products and to enhance the quality of life everywhere, to create and develop advanced technologies and provide outstanding products and services that fulfill the needs of customers worldwide and to foster a corporate culture that enhances individual creativity to develop and carry out their plans and teamwork value, while honouring mutual agreement and complete harmony and cooperation between management and labour etc. [6]
a. Identify and explain any one principle of general management and one principle of scientific management followed by Toyota Motor Ltd.
b. Identify and explain the objective of management Toyota Motor Ltd. is fulfilling.
32. State the importance of planning. [6]

OR

All the available alternatives are evaluated in the light of their feasibility and consequences. This is one of the steps in the process of **planning**. Explain the steps followed by this.

33. Ramdas, aged 49 is working in an aviation company. He is the senior most employee in his division. He is even senior to the division manager, Kanaputti. Ramdas is considered one of the most committed, capable and hard-working employees. As a result of his abilities and seniority, he generally received the work assignments of his choice. Although there was no formal designation of various special projects assigned to Ramdas, he handled them as a matter of routine. A problem developed when an able and intelligent person Nagarjuna, aged 33, was appointed by Kanaputti. Nagarjun's previous three years' experience in the closely related work, made it possible for him to catch on to the routine work of his new job more rapidly than was customary for a new employee. On several occasions, Kanaputti noticed the tension developing between the two employees. However, he didn't want to get involved in their personal issues as long as the work was completed effectively and efficiently by them. One day, the tension between them reached the boiling point and Ramdas complained to Kanaputti stating that his duties were being largely taken over by Nagarjun. Kanaputti issued the order stating the clear allocation of the jobs and related duties between the two. He further clarified the working relationship between them by specifying who was to report to whom. This helped in reducing the workload, enhancing productivity and removing ambiguity. [6]
a. Identify and state the step of organizing process which has not been carried out properly and contributed to this problem.
b. State the two steps of the organizing process which have been taken by Kanaputti to respond to the complaint of Ramdas.
c. Also state two points of importance of organizing as reflected in the above case.
34. What are the factors affecting determination of the price of a product or service? Explain. [6]

OR

Identify and explain the promotional tool of marketing mix which is an impersonal form of communication and is paid for by the marketer. Also explain any three benefits of this tool.



Solution

1.
(c) Coordination
Explanation:
Coordination
2. **(a) Improving performance**
Explanation:
Improving performance
3. **(a) Both A and R are true and R is the correct explanation of A.**
Explanation:
Opportunities are of great benefit to the firm because they can tap these opportunities in order to grow and expand.
4.
(c) Statement I is correct and Statement II is not correct.
Explanation:
Statement I is correct and Statement II is not correct.
5.
(c) Controlling is external source
Explanation:
Controlling is about ensuring that tasks are done in the organisation according to the plan and directed towards achieving the organisational goals. Thus, controlling is a pervasive force that drives the organizational mechanisms towards its goals.
6.
(b) Creates and Exchange
Explanation:
Financial market Creates and Exchange financial assets
7. **(a) Group activity**
Explanation:
Management is a group activity.
8.
(c) A is true but R is false.
Explanation:
Participating in Social Service projects of government is a Social objective. There are no legal requirements for it nor any tax deduction benefits as such.
9.
(b) Divisional structure
Explanation:
Divisional structure
10. **(a) All of these**
Explanation:
All of these
11. **(a) Adaptation to change**
Explanation:



Adaptation to change

12. (a) Short term debt

Explanation:

A treasury bill is an instrument of short term debt. Treasury bills are sold with maturities of four, thirteen, twenty-six and fifty-two weeks.

13. (a) A - (iii), B - (i), C - (ii)

Explanation:

A - (iii), B - (i), C - (ii)

14. (a) Secondary packaging

Explanation:

Secondary packaging

- 15.

(b) Only buying of securities takes place, securities cannot be sold there.

Explanation:

Only buying of securities takes place, securities cannot be sold there.

- 16.

(b) Both the Statements I and II are correct.

Explanation:

Both the Statements I and II are correct.

- 17.

(c) It opens up economy to the world by attaining international competitiveness.

Explanation:

It opens up economy to the world by attaining international competitiveness.

- 18.

(b) Personal selling

Explanation:

Personal selling

- 19.

(b) Product Concept

Explanation:

Product Concept deals with the quality and performance of the product.

- 20.

(d) Both the Statements I and II are correct.

Explanation:

Both the Statements I and II are correct.

21. Geetika is working at the top level of management in the private sector bank. The three other functions that she has to perform at this level are outlined below:

- To integrate diverse elements and coordinate the activities of different departments according to the overall objectives of the organization.
- To analyse the business environment and its implications for the survival of the firm.
- To formulate overall organizational goals and strategies for their achievement.

OR

As per the modern concept, management is concerned with achieving goals effectively as well as efficiently i.e with least cost So, management takes into consideration the cost-benefit also. As it is essential for every organization either big or small to think about how to decrease its cost so that it can increase its profit.

22. Frequent transfers are being used as a good source of filling the vacancies internally inspite of it being reduces the productivity of the organisation. Reasons in support of this are as follows:

- i. It motivates the existing employees.
- ii. People recruited from within the organisation do not need induction training. Less amount is spent on training.

OR

Training is important for an organization because of the following reasons:

- i. Training of the workers leads to increase in capacity and efficiency.
- ii. It is most economical and the best use of material and equipment. Trained employees use these machines and materials properly and minimize wastage.
- iii. It improves the quality and quantity of output.
- iv. Less requirement of supervision as employees are trained in their job.

23. He must follow the controlling process given below:

1. Setting performance standards:

The first step in the controlling process is setting up of performance standards with which the actual results are to be compared. A standard is the criterion against which actual performance can be compared. Standards can be in the shape of goals, targets and objects.

2. Measurement of actual performance

The second major step in controlling is to measure the performance. Finding out deviations becomes easy through measuring the actual performance. Performance levels are sometimes easy to measure and sometimes difficult. Measurement of tangible standards is easy as it can be expressed in units, cost, money terms, etc. Quantitative measurement becomes difficult when performance of manager has to be measured.

3. Comparing actual performance with standards

This step involves comparison of actual performance with the standard. Comparison between actual performance and standard will reveal the deviation between actual and desired results. Deviation means the difference between actual performance and standard performance.

4. Analyzing deviation

Analyzing deviation means identifying the reasons of difference or deviations, which may be defective material, defective machinery, defective physical conditions of work etc. It is important to determine the acceptable range of deviations, say 5%. It means minor or very small deviations should be ignored, for example, 3 units less produced by David.

5. Taking corrective actions:

Once the causes and extent of deviations are known, the manager has to detect those errors and take remedial measures for it. There are two alternatives here-

- a. Taking corrective measures for deviations which have occurred; and
- b. After taking the corrective measures, if the actual performance is not in conformity with plans, the manager can revise the targets. It is here the controlling process comes to an end. Follow up is an important step because it is only through taking corrective measures, a manager can exercise controlling.

24. a. The Securities and Exchange Board of India was officially appointed as the authority for regulating the financial markets in India on 12th April 1988. It was initially established as a non-statutory body, i.e. it had no control over anything but later in 1992, it was declared an autonomous body with statutory powers. SEBI has to be responsive to the needs of three groups, which constitute the market namely:

- i. The issuers of securities so as to provide them a platform for raising capital in an easy, effective and efficient manner.
- ii. The investors so as to protect their interests in securities by keeping them abreast about the developments through true and appropriate information.
- iii. The market intermediaries in order to provide them a framework so as to enable them to perform their functions effectively and efficiently.

b. Regulatory function is being performed by SEBI: "On conducting a probe Securities and Exchange Board of India (SEBI) finds Ragimath Ahuja guilty of insider trading."

25. a. Mr. Sodhi improved the skill of the employees by imparting training to them.

"Training refers to a process designed to maintain and improve current job performance."

b. In this case, 'Principle of order' has been violated.

According to the 'Principle of order', Proper person should be placed at proper work and proper thing should be kept at a proper place. In every enterprise, there should be two separate orders e.g., material order in case of Physical Resources and



social order in case of Human Resources. Keeping physical resources in order means: “A proper place for everything and everything in its right place.” Similarly, keeping human resources in order means: “A place for everyone and everyone in his appointed place”.

c. Value that has been ignored.

- Impartiality
- Proper use of resources

26. 1. Semantic barriers.
2. Psychological barriers.
3. Personal barriers.
4. Organizational barriers.

OR

Directing is the function of management which is concerned with instructing, guiding, counselling, motivating and leading people in the organisation to achieve its objectives. Directing is defined as that management function that provides the guidance and direction to the employees of the organisation that enables them to perform effectively and efficiently for the development of the organisation.

Two features of Directing are as follows:

- Directing initiates action: Directing is a key managerial function. A manager has to perform this function along with planning, organising, staffing and controlling while discharging his duties in the organisation. While other functions prepare a setting for action, directing initiates action in the organisation.
 - Directing takes place at every level of management: Every manager, from top executive to supervisor performs the function of directing. The directing takes place wherever superior-subordinate relations exist.
27. 1. The following are the assumptions of Maslow's Need Hierarchy theory other than the one discussed above:
- People's behavior is based on their needs: Satisfaction of such needs influences their behavior. Maslow believed that human behavior is based on their needs.
 - A satisfied need does not motivate: People's needs are in hierarchical order, starting from basic needs to other higher level needs.
 - A satisfied need can no longer motivate a person: only next higher level need can motivate him.
2. Needs of Kunal which are being satisfied through promotion are:
- Esteem Needs which refer to the need for self-respect, autonomy status, recognition and attention.
 - Self-actualisation needs which refer to the drive to become what one is capable of becoming. These needs include growth, self- fulfillment and achievement of goals.
28. i. **Operating Efficiency:**
- Firms manage their operations with varied degrees of efficiency.
 - Such efficiencies may reduce the level of raw materials, finished goods and debtors resulting in lower requirement of working capital.
 - operating efficiency result in the reduction in working capital.
- ii. **Availability of Raw Material:**
- If the raw materials and other required materials are available freely and continuously, lower stock levels may suffice.
 - Larger the lead time, larger the quantity of material to be stored and larger shall be the amount of working capital required

OR

Financial Management aims at reducing the cost of funds procured, keeping the risk under control and achieving effective deployment of such funds. It also aims at ensuring availability of enough funds whenever required as well as avoiding idle finance. Needless to emphasise, the future of a business depends a great deal on the quality of its financial management.

Objectives of financial management:

- Ensuring availability of sufficient funds at reasonable cost:** When finance is procured, the aim is to reduce the cost so that the value addition is higher.
- Ensuring effective utilisation of funds:** When a decision is taken about investment in a new machine, the aim of financial management is to ensure that benefits from the investment exceed the cost so that some value addition takes place.
- Ensuring safety of funds:** Financial management must aim at ensuring safety of funds procured by creating reserves, reinvesting profits, etc.



29. a. Working capital, also known as net working capital (NWC), is the difference between a company's current assets, such as cash, accounts receivable (customers' unpaid bills) and inventories of raw materials and finished goods, and its current liabilities, such as accounts payable. The working capital requirements of Harish will be relatively less as he is engaged in providing warehousing services wherein there is no need to maintain inventory.
- b. The factors affecting the fixed capital needs of his business are as follows:
- Diversification:** If a business enterprise plans to diversify into new product lines, its requirement of fixed capital will increase.
 - The scale of Operations:** The amount of fixed capital required by a business enterprise is directly proportionate to its scale of operations. Therefore, if Harish plans to do business on a large scale his fixed capital requirements will be more or vice versa.
30. Consumer protection is the practice of safeguarding buyers of goods and services against unfair practices in the market. It refers to the steps adopted for the protection of consumers from corrupt and unscrupulous malpractices by the sellers, manufacturers, service providers, etc. and to provide remedies in case their rights as a consumer have been violated.
- a. As per Consumer Protection Act, a consumer is
- One who buys goods or hired services for some value.
 - Any user of such goods or beneficiary of services with approval of the buyer.
 - Anyone who uses the goods bought or services hired for earning livelihood by self employment.
 - It covers transactions through all modes including offline, and online through electronic means, teleshopping, multi-level marketing or direct selling.
- b. State Commission: Each State Commission consists of a President and not less than two other members, one of whom should be a woman. They are appointed by the State Government concerned. A complaint can be made to the appropriate State Commission when the value of the goods or services in question, along with the compensation claimed, exceeds Rs. 20 lakhs but does not exceed Rs. 1 crore. The appeals against the orders of a District Forum can also be filed before the State Commission. On receiving the complaint, the State Commission shall refer the complaint to the party against whom the complaint is filed. If required, the goods or a sample thereof, shall be sent for testing in a laboratory. The State Commission shall pass an order after considering the test report from the laboratory and hearing to the party against whom the complaint is filed. In case the aggrieved party is not satisfied with the order of the State Commission, he can appeal before the National Commission within 30 days of the passing of the order.
- National Commission: The National Commission consists of a President and at least four other members, one of whom should be a woman. They are appointed by the Central Government. A complaint can be made to the National Commission when the value of the goods or services in question, along with the compensation claimed, exceeds Rs. 1 crore. The appeals against the orders of a State Commission can also be filed before the National Commission. On receiving the complaint, the National Commission shall refer the complaint to the party against whom the complaint is filed. If required, the goods or a sample thereof, shall be sent for testing in a laboratory. The National Commission shall pass an order after considering the test report from the laboratory and hearing to the party against whom the complaint is filed.
31. a. Fayol's principle of management
- Esprit de corps (teamwork value)
 - Discipline (honouring mutual agreement)
 - Initiative (enhances individual creativity to develop and carry out their plans) (Explain any one)
- Taylor's principle of management:
- Harmony, not Discord: Factory system of manufacturing meant that managers worked as a connection between the owners and the employees.
- Cooperation, not Individualism: There should be a comprehensive collaboration between the employees and the management rather than individualism.
- b. Toyototo Motor Ltd. is fulfilling the social objectives of management (“...provide clean and safe products and to enhance the quality of life everywhere. Create and develop advanced technologies and provide outstanding products and services that fulfill the needs of customers worldwide.”)
32. Planning is important for better management of the business. It is the heart of the management. It is of vital importance because of the following reasons:
- Planning promotes efficiency:** Proper planning ensures better utilisation of organisational resources. It involves the selection of the best course and helps in coordinating the activities in all departments. This reduces idle time of workers, machines. There is no ambiguity in the organization. It minimises the cost and promotes efficiency in the organization.



2. **Planning provides direction:** Planning is directed towards achieving the objectives of an enterprise. It ensures that goals are clearly defined so that they act as a guide for what actions are to be taken and in what direction. Planning contributes to the achievement of predetermined goals by stating in advance what is to be done and by whom.
3. **Planning reduces the risk of uncertainties:** All business enterprise operate in an uncertain environment and have to face risks of various types. Since the future can't be changed but can be anticipated at present. So, planning takes care of all future uncertainties and minimises the risks. Thus, it ensures an organization's survival and growth.

OR

The evaluation of available alternatives based on feasibility and consequences is an important step in the planning process. The following are the steps typically followed in planning:

- i. **Defining goals and objectives:** Clearly articulate the desired outcomes and establish specific, measurable, achievable, relevant, and time-bound (SMART) goals.
- ii. **Assessing the current situation:** Analyze the present state of affairs, considering internal and external factors that may impact the planning process.
- iii. **Generating alternative courses of action:** Brainstorm and develop a range of possible approaches to achieve the established goals.
- iv. **Evaluating alternatives:** Assess each alternative based on its feasibility, considering factors such as available resources, time constraints, technical requirements, and potential risks.
- v. **Considering consequences:** Examine the potential outcomes and consequences associated with each alternative, both positive and negative, including their short-term and long-term effects.
- vi. **Selecting the best alternative:** Based on the evaluation, choose the alternative that aligns most effectively with the goals, feasibility, and desired consequences.

By following these steps, individuals or organizations can systematically evaluate alternatives, consider feasibility and consequences, and make informed decisions that support effective planning and goal achievement.

33. 1. The step of organizing process which has not been carried out properly and contributed to this problem is **Assignment of duties**. After dividing the organisation into specialized departments each individual working in different departments is assigned a duty matching to his skill and qualifications. The work is assigned according to the ability of individuals. Employees are assigned duties by giving them a document called job description. This document clearly defines the contents and responsibilities related to the job.

2. **The steps which have been taken by Kanaputti to respond to the complaint of Ramdas are listed below:**

- i. **Assigning the duties:** After dividing the organisation into specialised departments each individual working in different departments is assigned a duty matching to his skill and qualifications. The work is assigned according to the ability of individuals. Employees are assigned duties by giving them a document called job description. This document clearly defines the contents and responsibilities related to the job.
- ii. **Establishing reporting relationship:** After grouping the activities in different departments the employees have to perform the job and to perform the job every individual needs some authority. So, in the fourth step of organising process all the individuals are assigned some authority matching to the job they have to perform. The assignment of the authority results in creation of superior-subordinate relationship and the question of who reports to whom is clarified. The individual of higher authority becomes the superior and with less authority becomes the subordinate.

3. **The two points of importance of organizing as reflected in the above case are described below:**

i. **Efficient Administration**

It brings together various departments by grouping similar and related jobs under a single specialization. This establishes coordination between different departments, which leads to unification of effort and harmony in work.

It governs the working of the various departments by defining activities and their authority relationships in the organizational structure. It creates the mechanism for management to direct and control the various activities in the enterprise.

ii. **Resource Optimization**

Organizing ensures effective role-job-fit for every employee in the organization. It helps in avoiding confusion and delays, as well as duplication of work and overlapping of effort.

34. **Factors affecting the pricing are:**

1. **Product Cost:** Cost and price of a product are closely related. The cost set the minimum level or the floor price at which the product can be sold. Cost of the product includes the cost of production/manufacturing, distribution and selling expenses of the product. There are broadly three types of costs:
 Fixed Cost: The costs that remain unchanged and static irrespective of the changes in the output of the product.
 Variable Cost: The costs which vary with output, time and factors.



Semi-variable Costs: The costs which have no relationship with the time of quantum of production. They vary disproportionately.

total cost is the sum total of the fixed, variable and semi-variable costs for the specific level of activity. A firm can not survive in the long run unless its total cost covered.

2. **The Utility and Demand:** Utility and demand will have a big impact on pricing. Demand is depended upon the customers buying capacity, willingness to pay and their preference etc. So these factors should be kept in mind while fixing the price of a product. The price of a product is affected by the elasticity of demand for the product.
Elastic Demand: In the case of elastic demand, the firm should fix flexible or lower prices because the small rise in the price results in a decrease in the quantity demanded by a large amount.
Inelastic Demand: High prices may be fixed by the firm in this case because a rise in the price does not affect quantity demanded by the buyer.
3. **The extent of Competition in the Market:** Competition in the market is a crucial factor in price determination. Before fixing the price of the product, a business firm must collect the information about what price the competitors are charging for the similar products and what are the possibilities in the future for raising or lowering the prices. If competition is high than firm can fix a lower price but if it is low than firm can fix high price also.
4. **Government and Legal Regulations:** Government can intervene and regulate the price of commodities to protect the interest of the public against unfair practices. The government can declare a product as an essential product and regulate its price. For example, a drug manufacturing firm can charge a higher price of its product from the customer in the absence of any competitor. A government can declare such drug as an essential commodity and regulate its price.
5. **Pricing Objectives:** In the short run, if a firm wants to maximize its profits, it would charge a higher price for its products. But if the firm is interested in maximizing its total profits in the long run, it will charge a lower price for its product so that firm can capture a larger share of the market to earn more profits in the long run by increasing its sales.
The pricing objectives of a firm also include:
 - a. Obtaining Market Share Leadership: In this case, a firm has to fix a lower price so that a number of people should attract for its products in the market.
 - b. Surviving in a Competitive Market: If competition level is high in the market than the firm has to charge a lower price as well as provide discount also to attain a market share.
 - c. Attaining Product Quality Leadership; in this case, the firm has to charge a higher price for providing high-quality products because it incurred heavy expenditure on research and development of the products.
 - d. Profit maximization: If the firm wants to maximize profit in the short run than it has to charge a higher price but it will not continue in the long run.
6. **Marketing Methods Used:** While fixing the price of a product following elements of marketing such be kept in mind. The uniqueness of any of these elements gives the company competitive freedom of fixing the price of its product. For example, if a company providing free home delivery than its price are fixed high than others
 - a. Cost of the distribution system
 - b. Salaries or commission payable to salesmen
 - c. Advertising cost
 - d. Sales promotion cost
 - e. Packaging cost
 - f. Customer service provided etc.

OR

Advertising is an impersonal form of communication, which is paid for, by the marketers (sponsors) to promote some goods or service. The most common modes of advertising are 'newspapers', 'magazines', 'television' and 'radio'. As it is an impersonal method, it creates monologue and not a dialogue. Advertising can be easily identified by its sponsor.

Benefits of advertising are as follows:

- i. **Mass communication:** A company can promote its sales to a larger section through advertising as it has a mass reach.
- ii. **Helps in building the image of the firm:** Celebrities form a part of the advertisement campaign and therefore it builds up the image of the firm in the eyes of the prospective customers.
- iii. **Creation of demand:** Advertising helps in introducing new products and new uses of existing articles or services to create and maintain demand. Demand for the product is created through arising interest and awareness among the prospective buyers, and thereby increasing sales and profits of the organisation. Advertising induces prospective customers to think about buying the product.

