

Class XII Session 2025-26

Subject - Business Studies

Sample Question Paper - 7

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. Different organisations have different goals. **Zeepo** is an upcoming retail chain for providing consumer goods door-to-door, the objective of this organisation is to increase sales. **Allie** is an educational organisation working with an objective of providing education to under privileged children of the society. Management of each of these organisations unite the efforts of their employees towards achieving organisational goals. The characteristic of management discussed above is: [1]

- | | |
|--|--------------------------------------|
| a) Management is a continuous process. | b) Management is a dynamic function. |
| c) Management is an intangible force. | d) Management is goal-oriented. |

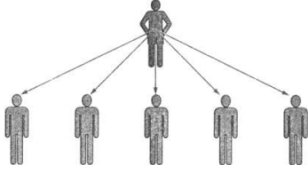
2. Which of the following is a development function of Securities and Exchange Board of India? [1]
- | | |
|--|---|
| a) Training of intermediaries of the securities market | b) Promotion of fair practices and code of conduct in the securities market |
| c) Undertaking steps for investor protection | d) Prohibition of fraudulent and unfair trade practices |

3. **Assertion (A):** Planning requires wishful thinking. [1]
Reason (R): Planning is basically an intellectual activity of thinking rather than doing, because planning determines the action to be taken.

- | | |
|---|---|
| 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:** The basic function of a Stock Exchange is the creation of a continuous market where securities are bought and sold. [1]
Statement-II: The Stock Exchange provides both liquidity and easy marketability to already existing securities in the market.



- a) Statement-II is true and Statement-I is false. b) Both the Statements are false.
c) Statement-I is true and Statement-II is false. d) Both the Statements are true.
5. If there is lack of motivation among employees, suggest one better corrective action: [1]
a) New Recruitment b) Warning to employees
c) Providing Suitable incentives d) Deal Strictly
6. Financial market allocates or directs funds available for investment into the most productive investment opportunity. In doing so, it performs the _____ function. [1]
a) Creative b) Exchange
c) Productive d) Allocative
7. Achievers Ltd strictly follows this principle of management at all levels. Identify this principle from the following picture. [1]
- 
- ```

graph TD
 Manager[Manager] --> Sub1[Subordinate 1]
 Manager --> Sub2[Subordinate 2]
 Manager --> Sub3[Subordinate 3]
 Manager --> Sub4[Subordinate 4]
 Manager --> Sub5[Subordinate 5]

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- a) Order      b) Unity of command  
c) Scalar chain      d) Authority and responsibility
8. **Assertion (A):** Decentralisation is extending delegation to the lowest level. [1]  
**Reason (R):** Decision making authority is shared with lower levels and is consequently placed nearest to the points of action.  
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. Security Agents Ltd. provides security services. They gave an advertisement in newspaper for hiring males for the post of Security Guard who are reliable and keep client information confidential. 75 candidates approached them and Security Agents Ltd. finalized 10 candidates to be selected after conducting required test and interview. Out of the following, identify the next step to be followed by Security Agents Ltd. [1]  
a) Reference and background check      b) Medical examination  
c) Job offer      d) Selection decision
10. The process of holding securities in electronic form is called dematerialisation. Which of the following statement does not relate to dematerialisation? [1]  
a) Existing physical shares cannot be converted into electronic form      b) Demat securities can be pledged or hypothecated to get loans  
c) No danger of loss, theft or forgery of share certificates      d) Smooth transfer and settlement of trade through a single account in shares
11. Which of the following statement is false? [1]  
a. The extent of retained earnings also influences the financing decision of the firm.  
b. Dividend division should be taken keeping in view the overall objective of maximising shareholders wealth.

c. Other things remaining the same, a company having stable earnings is in a better position to declare higher dividends.

d. Higher dividends may be declared if tax rates are relatively higher.

a) option (c)

b) option (a)

c) option (d)

d) option (b)

12. Cars Udyog Ltd. plans to manufacture solar cars in its new plant. It has an offer from Toyota for collaboration. [1]  
What impact will the collaboration have on the requirement of fixed capital for Cars Udyog Ltd.?

a) Vary the requirement for fixed capital

b) Decrease the requirement for fixed capital

c) Increase the requirement for fixed capital

d) No change in fixed capital needed

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

|              |                                                                                                             |
|--------------|-------------------------------------------------------------------------------------------------------------|
| (a) Survival | (i) Increase in the number of employees, the number of products or the increase in capital investment, etc. |
| (b) Profit   | (ii) A vital incentive for the continued successful operation of the enterprise.                            |
| (c) Growth   | (iii) An organisation must earn enough revenues to cover costs.                                             |

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

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

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

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

14. **Statement I: Assert yourself to ensure that you get a fair deal** is a consumer right. [1]

**Statement II:** Right to be heard means a right to file a complaint in case of dissatisfaction with a good or a service.

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

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

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

d) Both the Statements I and II are correct.

15. Vimal Masala and Sons is a manufacturer of tobacco products. It decided to increase profits by at least 20% in the next quarter. It has many options. [1]

i. To increase the working hours of labourers without additional payment.

ii. To employ children from the local community.

iii. To sell its products outside the schools and colleges.

It opted the (ii) and (iii) options to achieve the target.

Identify the function of management described in the above para.

a) Planning

b) Controlling

c) Directing

d) Organising

16. **Statement I:** Market offering refers to a complete offer for a product or service, having given features like size, quality, taste, etc; at a certain price; available at a given outlet or location and so on. [1]

**Statement II:** A good **market offer** is the one which is developed after analysing the needs and preferences of the potential buyers.

a) Statement II is correct and Statement I is not

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



correct.

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

17. **Mudro Infratech** got a short-term contract for building two villas within a period of ten months with the expectation to earn a huge amount of profit. The Works Manager accepted this challenge and completed the work within the given time period. The profit of the company went up by 40% due to this temporary order. The Finance Manager was aware that the company would not earn this huge profit in the near future. So, he decided not to increase dividend per share as earnings for the year had gone up, but not the earning potential of the company. He also knew that this increase in earnings was temporary in nature. The factor affecting Dividend Decision being highlighted above is: [1]
- a) Growth opportunities      b) Cash flow position  
c) Stability of dividends      d) Shareholders' preference
18. Financial Management aims at: [1]
- a) Reducing the cost of funds procured      b) Achieving effective deployment of such funds  
c) Keeping the risk under control      d) All of these
19. Controlling is blind without \_\_\_\_\_. [1]
- a) Staffing      b) Capital market  
c) Planning      d) Budgeting
20. **Statement I:** Single-use and standing plans are part of the operational planning process. [1]  
**Statement II:** **Strategy** is neither a single-use plan nor a standing plan.
- a) Statement I is incorrect and Statement II is correct.      b) Both the Statements I and II are correct.  
c) Both the Statements I and II are not correct.      d) Statement I is correct and Statement II is not correct.
21. Management is a complex activity that has three main dimensions. Explain these dimensions. [3]
- OR
- State any three functions performed by the manager who is working at the middle level management.
22. **Zeto Ltd.** offers its employees shares at a price which is less than the market price. [3]
- a. Identify the incentive offered by the company and state the type of incentive discussed above.  
b. State two other incentives of the type of incentive identified in (a) above.
- OR
- Explain briefly any three measures to overcome the communication barriers.
23. Explain how the [3]
- i. cost of debt and  
ii. cost of equity, affect the choice of capital structure.
24. Anita purchased a book from Satish book stores. While reading the book, she found that ten pages were missing. [3]  
She approached the book seller and complained about the missing pages. The seller promised that if the



publisher was ready to change the book, he would change the same. After one week, the seller informed Anita that the publisher had refused to change the book.

- Where can Anita file a complaint against the seller of the book?
- Give reason in support of your answer. Also, explain who is a consumer as per Consumer Protection Act, 2019.

25. Pallavi started a wedding planner company **Dreams Unlimited** in 2016 and her target was to be amongst the top 10 companies in this field within the next three years. For this she employed people having different skills. She worked hard and united the efforts of different people to achieve this goal. The requirements of the customers in this industry changed very fast and the company adapted to keep pace with the changing environment. As planned, the company achieved its target within three years. All the employees of the organisation were happy and satisfied and the effect of management was noticeable in the organisation. [4]

The way Pallavi was managing her business highlights some of the features of management.

- By quoting lines from the above paragraph, explain any two such features.

26. How does controlling help in **efficient use of resources** and how does it **facilitate decision-making**? Explain. [4]

OR

How does controlling helps in judging accuracy of standards and ensuring order and discipline?

27. Scientific Management means knowing exactly what you want men to do and seeing that they do it in the best and the cheapest way. Taylor developed various techniques for application of Scientific Management principles and was able to achieve a three-fold increase in productivity in Bethlehem Steel Company, where he worked. One of the techniques helps to determine the number of workers to be employed; frame suitable incentive schemes and determine labour costs. Another technique recognises those workers who are able to accomplish/exceed the fair day's work and is based on the premise that efficiency is the result of the joint efforts of the managers and the workers. [4]

- Quoting the lines from the above paragraph, identify and explain the two techniques of Scientific Management.

28. State Job Enrichment and Employee Participation as non-financial incentives. How do they motivate employees? [4]

29. "Unicon Securities Pvt. Ltd" was established to deal in securities. It was registered as a stock broker with National Stock Exchange (NSE) and Bombay Stock Exchange (BSE) to trade in securities listed at these exchanges. It is also a depository participant with CDSL and NSDL. In the first three years, it developed its business successfully. After that the composition of Board of Directors changed. Some customers complained to the customer care centre of the company that shares purchased by them and for which the payment has been duly made, were not transferred to their D'mat Accounts by "Unicon securities Pvt. Ltd". The executive of customer care centre promised the aggrieved customers that their shares will be transferred to their respective D'mat Accounts very soon. But the company delayed the matter and didn't transfer the shares of the customers to their D'mat Accounts. This eroded investors confidence and multiplied their grievances. [4]

i. Identify the step of trading procedure in a stock exchange which has not been followed by "Unicon Securities Pvt. Ltd".

ii. Name the Apex statutory body of capital market to whom customer can complain to redress their grievances.

iii. Define the term money market and mention its features also

30. What is meant by **Consumer Protection**? Explain any three points of importance of consumer protection from the business point of view. [4]



31. Prashant, the Director of a company, is planning to manufacture rugs for utilizing waste materials from one of his garment factories. He decided that this manufacturing unit will be set-up in a rural area so that people of that area will have more job opportunities. For this, he wanted four different heads for Sales, Accounts, Purchase and Production Departments. He decided that one of them will be a differently-abled person, another from a minority community and one from a disadvantaged section of society. He gave an advertisement in the newspaper for the above vacancies. [6]

- a. Identify and state the next three steps Prashant has to follow in the staffing process after advertising for the above vacancies.
- b. Identify any two values that Prashant wants to communicate by setting up this manufacturing unit.

32. State any five characteristics of business environment. [6]

OR

Explain the impacts of privatization on industry and business in India.

33. Kartik opens a bakery shop in the local market. With the increasing demand of his bakery products he feels it will be impossible for him to handle all the work himself. So he appoints Bhavana to perform tasks on his behalf, thereby reducing his workload. It enables Kartik to use his time on high priority activities. [6]

- a. Identify and explain the concept of **organising** discussed in the above case.
- b. Explain the two essential elements of the concept identified in (a) above.

34. Identify and explain the promotional tool of marketing mix which plays a persuasive, service and informative role and thereby link a business firm to its customers. Also explain by giving any four reasons how this tool helps in increasing the sales of businessmen. [6]

OR

What is meant by packaging? Give any five points explaining why packaging is important.



# Solution

1.  
**(d)** Management is goal-oriented.  
**Explanation:**  
Management is goal-oriented.
2. **(a)** Training of intermediaries of the securities market  
**Explanation:**  
Training of intermediaries of the securities market
3.  
**(d)** A is false but R is true.  
**Explanation:**  
A is false but R is true.
4.  
**(d)** Both the Statements are true.  
**Explanation:**  
Both the Statements are true.
5.  
**(c)** Providing Suitable incentives  
**Explanation:**  
The most impressive and effective corrective action is designing suitable incentives to boost performance.
6.  
**(d)** Allocative  
**Explanation:**  
Allocative
7.  
**(b)** Unity of command  
**Explanation:**  
The principle of unity of command is followed by the company.
8. **(a)** Both A and R are true and R is the correct explanation of A.  
**Explanation:**  
Both A and R are true and R is the correct explanation of A.
9. **(a)** Reference and background check  
**Explanation:**  
After interview, reference and background of the employee is checked. Many employers request names, addresses, and telephone numbers of references for the purpose of verifying information and, gaining additional information on an applicant. Previous employers, known persons, teachers and university professors can act as references.
10. **(a)** Existing physical shares cannot be converted into electronic form  
**Explanation:**  
Dematerialisation includes conversion of physical share into electronic form.
11.  
**(c)** option (d)

**Explanation:**

Higher dividends may be declared if tax rates are relatively higher.

12.

**(b)** Decrease the requirement for fixed capital

**Explanation:**

At times, certain business organisations share each other's facilities. Such collaboration reduces the level of investment in fixed assets for each one of the participating organisations.

13. **(a)** (a) - (iii), (b) - (ii), (c) - (i)

**Explanation:**

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

14.

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

**Explanation:**

Statement II is correct and Statement I is not correct.

15. **(a)** Planning

**Explanation:**

Planning

16.

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

**Explanation:**

Both the Statements I and II are correct.

17.

**(c)** Stability of dividends

**Explanation:**

Stability of dividends

18.

**(d)** All of these

**Explanation:**

All the options are components of financial management.

19.

**(c)** Planning

**Explanation:**

Setting performance standards through the process of planning forms the first function of management control. Work plan or finance plan or strategic plan gives a direction for performance and audit. Thus, without laying down work plan it would be like working without a foresight of the path that has to be undertaken.

20.

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

**Explanation:**

Both the Statements I and II are correct.

21. Management is a complex activity that has three main dimensions. The dimensions are:

- i. Management of work
- ii. Management of people
- iii. Management of operations



OR

Following are the functions performed by the middle level manager:-

- i. Middle management is responsible for implementing and controlling plans and strategies developed by top management.
  - ii. They are responsible for all the activities of first line managers.
  - iii. Their main task is to carry out the plans formulated by the top managers.
22. a. By offering its employees the issue of shares at a price less than the market price Zeto Ltd. offered 'co-partnership' which is a financial incentive. The company did so in order to motivate its employees to work with great zeal.
- Financial incentives: It refers to those incentives which are measurable and paid in monetary form.
- b. (i) The bonus is an incentive offered over and above wages/salaries to the employees.
- (ii) sharing in profit for effective work.

OR

The three measures to overcome the communication barriers are:

- i. **Clarify the Ideas before Communication:** Any issue to be communicated to a subordinate should be clearly and completely studied and analyzed by the superior. Moreover, it should be stated in such a manner that subordinate can easily understand it in the same sense in which the supervisor wants him to receive it.
  - ii. **Be aware of languages, tone and content of message:** Language, tone and content of the message should be so adjusted according to the situation that it is easily understood by the receiver and stimulates them.
  - iii. **Convey things of help and value to listeners:** To get a good response from the subordinates, it should be ensured that the message relates to their interests.
23. i. **Cost of debt:** A firm's ability to borrow at a lower rate of interest increases its capacity to employ higher debt. Thus, more debt can be used if debt can be raised at lower rate. In case the cost of debt, i.e. interest rate which is a fixed cost is higher, then the company prefers more of equity in the capital structure.
- ii. **Cost of equity:** The higher cost of equity makes the overall Weighted Average cost of capital higher which forces the company to include less equity in the capital structure and vice-versa.
24. Anita can file a complaint against the seller of the book at 'District commission'. If the complaint alleges defect in goods which cannot be determined without checking.
- Under the Consumer Protection Act 2019, a consumer is a person who buys any goods or avails services for a consideration, which has been paid or promised, or partly paid and partly promised, or under any scheme of deferred payment.
25. **Features of management:**

i. **Management is goal oriented**

"... united the efforts of different people to achieve this goal."

Every organisation has a set of basic goals which are the basic reason for its existence and unites the efforts of different individuals in the organisation towards achieving these goals. setting goal is first work in management activity.

ii. **Management is a dynamic function**

" ...The company adapted to keep pace with the changing environment."

Management is a dynamic function and has to adapt itself to the changing environment. In order to be successful, an organisation must change itself and its goals according to the needs of the environment. due to rapid changes organisation needs to adapt these changes because its effecting the future of the organisation.

iii. **Management is an intangible force**

"All the employees of the organisation were happy and satisfied and the effect of management was noticeable in the organisation."

Management is an intangible force that cannot be seen but its presence can be felt in the way the organisation functions. The effect of management is noticeable when targets are met and employees are happy and satisfied.

26. i. **Controlling helps inefficient use of resources-** Controlling help inefficient use of resources. An effective controlling system seeks to reduce wastage and spoilage of resources because activities are performed in accordance with predetermined standards.
- ii. **Controlling facilitates decision-making-** Controlling and decision-making are considered to be twins. The process of controlling is complete only when corrective measures are taken. This requires taking the right decision as to what type of follow up action is to be taken. Controlling helps in quick decision-making by bringing together all the units in action.

OR

- i. **Controlling helps in judging accuracy of standards-** A good controlling system enables management to verify whether standards set are accurate and objective. An efficient controlling system keeps a careful check on the changes taking place in



the organisation and in the environment and helps to review and revise standards, if necessary.

- ii. **Controlling helps in ensuring order and discipline-** Controlling creates an atmosphere of order and discipline in the organisation. Controlling helps to minimise dishonest behaviour on the part of the employees by keeping a close check on their activities.

27. **Time Study:-** One of the techniques helps to determine the number of workers to be employed; framesuitable incentive schemes and labour costs. It circumscribes the conventional time taken to complete a well-defined job.

**Differential Piece Wage System:-** Another technique recognises those workers who are able to accomplish/exceed the fair days work and is based on the premise that efficiency is the result of the joint efforts of the managers and the workers.

28. **Job Enrichment** - It refers to the designing of jobs in such a way that it involves a higher level of knowledge and skill, a variety of work content, more autonomy and responsibility of employees, meaningful work experience and more opportunities of growth. When the job is interesting, it itself serves as a source of motivation.

**Employee Participation** - Employee participation is the process whereby employees are involved in decision-making processes, rather than simply acting on orders. Employee participation is part of a process of empowerment in the workplace. Involving the employees in decision making regarding the issues related to them such as canteen committees, work committees, etc. also helps in motivating them and inducing a sense of belongingness in them.

29. a. The step of trading procedure in a stock exchange which has not been followed by "Unicon Securities Pvt. Ltd" is settlement i.e. the delivery of shares through the D'mat Account of the broker to D'mat account of the investors.
- b. The Securities and Exchange Board of India (SEBI) is the Apex statutory body of capital market to whom customer can complain to redress their grievances.
- c. Money market is a market for short term funds meant for dealing in monetary assets whose period of maturity is less than one year. Features of money market are
- i. Market for short term
  - ii. No fixed geographical location
  - iii. Major institutions involved in money market are RBI Commercial Banks, LIC, GIC etc.
  - iv. Common instruments of money market are call money, treasury bill, CP, CD, commercial bill etc.

30. **Meaning of Consumer Protection:** Consumer protection means the act of providing adequate protection to consumers against the unscrupulous, exploitative and unfair trade practices of manufacturers and service providers which may have a negative effect to them:

**Importance of consumer protection for business:**

- i. Long-term interest of business.
  - ii. Business uses society's resources.
  - iii. Social responsibility
  - iv. Moral Justification
  - v. Government intervention.
31. a. The next three steps to be followed by Prashant in the staffing process after advertising for the above vacancies are as follows:
- i. **Selection:** Selection is the process of choosing the best candidate from a pool of applicants.
  - ii. **Placement and Orientation:** Placement refers to the process of giving the charge of the job for which they have been appointed. Orientation may involve a series of activities related to introducing the new employee to other employees and familiarising him with the rules and policies of the organization. Moreover, he is taken around the workplace and made aware of the fire safety policy, canteen, conference room, etc.
  - iii. **Training and Development:** Organisations either have in-house training centers or make alliances with training and educational institutes. This is done to ensure the continuous learning of their employees in order to strengthen their competencies for both present and future jobs. This helps to motivate them and enables them to perform better and contribute more towards the realization of the organizational effectiveness and efficiency.
- b. The two values that Prashant wants to communicate by setting up this manufacturing unit are:
- i. Optimum utilization of resources
  - ii. Rural development
32. **Ans. Features of Business Environment: (Any five)**
- a. It is the totality of all external forces affecting a business.
  - b. It includes both general and specific forces.
  - c. Its elements are closely inter-related.
  - d. It is dynamic as it keeps on changing.



- e. It is uncertain as it is difficult to predict future happenings.
- f. It is complex and difficult to comprehend as it consists of numerous inter-related and dynamic forces.

OR

- i. **Increase in Competition:** Owing Privatisation of the Business Units of the Public Sector, there has taken place an increase in competition. For example, the privatization in telecommunication has resulted in a lot of increase in competition. Consequently, telecommunication services have become cheaper and of better quality.
  - ii. **Reduction in Political Interference:** Privatisation results in freedom from political interference. Consequently, there is no unnecessary delay in taking decisions and the work is done at a fast speed.
  - iii. **Increase in Responsibility:** Privatisation has led to the development of a sense of responsibility in the employees.
  - iv. **Increase in Efficiency:** The privatization of industries in the Public Sector has resulted in an increase in their efficiency.
  - v. **Increase in Rate of Industrial Growth:** Prior to Privatisation, several industries lay inactive in the Public Sector, because of which the rate of Industrial Development/Growth of the country was slow. But after Privatisation, there has taken place an increase in the rate of growth of these industries. Consequently, the rate of the Industrial Growth of the country has increased.
  - vi. **Freedom in Management:** Prior to Privatisation, the industrial units, which were victims of bureaucracy and red-tapism, have now begun to be managed by professional managers. Now the managers can take decisions freely, without any political pressure. Consequently, now there has taken place an increase in the rate of performance and quality of work.
33. The concept of organizing discussed in the above case involves structuring tasks and resources to achieve efficiency. By appointing Bhavana to handle tasks, Kartik engages in organizing.

The two essential elements of organizing in this case are:

- i. **Division of labour:** Kartik divides the workload by assigning specific tasks to Bhavana, such as baking, inventory management, or customer service. This division allows each person to focus on their assigned responsibilities, maximizing productivity and efficiency.
  - ii. **Delegation of authority:** Kartik delegates authority to Bhavana, granting her the power to make decisions and take actions independently. This empowers Bhavana to handle tasks on Kartik's behalf, reducing his workload and allowing him to allocate his time to high-priority activities, such as strategic planning and business development.
34. Personal selling refers to the oral presentation of the message in the form of conversation with one or more prospective customers for the purpose of making sales. Companies appoint salespersons to contact prospective buyers and create awareness about the product and develop product preferences with the aim of making a sale. It is a convincing tool for sales promotion. Personal selling is an effective tool for the promotion mix. Its importance to business is judged by the following factors:
- i. **Flexible tool:** The Sales pitch can be adjusted on the basis of the requirement of the prospective customer.
  - ii. **Link with customers:** There is direct contact between the salesman and the prospects that make the prospective customer feel more privileged and important.
  - iii. **Feedback:** It enables the businesses to obtain feedback from the customers and accordingly prepares the strategies for the future. In other words, the salesman can clarify the doubts and myths which may be there in the mind of the customer.
  - iv. **Role in the introduction stage:** It is an effective tool to launch products in the introductory stage of a product life cycle.

OR

Packaging refers to the act of designing and producing the container or wrapper of a product. It is concerned with the determination of convenient size lots in which the product is to be put in the market and the creation of proper packages for a different lot of sizes, in order to avoid spoilage, leakage, breakage and pilferage of the product.

In the present age of consumer-oriented marketing approach (i.e. buyers market), packaging has gained unique importance and provides several benefits in the marketing of goods. Importance of packaging is stated in the points below:

- i. **Protection:** The main role of the Packaging element of a product is to protect it from any type of damage and destruction.
- ii. **Product identification:** The package of a product is what makes it appear different from other products.
- iii. **Silent salesman:** The package of the product speaks about itself as it contains all the necessary information related to the product in the form of labelling.
- iv. **Reduces cost:** Through packaging, the cost of transportation also reduces to an extent.
- v. **Sales promotion:** An attractive package induces the customer to buy the product and thus it is an important tool of sales promotion.

