Roll No. ☐☐☐☐☐☐☐☐

Q.P. Code 66/1/1

BUSINESS STUDIES

CBSE Class XII Board Examination 2023 — with answers

Time allowed: 3 hours **Maximum Marks: 80**

General Instructions:

1. The paper has 34 questions and every question must be answered.
2. Marks for each question are shown beside it.
3. Keep answers short and to the point.
4. 3-mark answers: about 50–75 words; 4-mark answers: about 150 words; 6-mark answers: about 200 words.
5. Answer all parts of a question together.

Questions 1–20

Q1–20 are Multiple Choice Questions carrying 1 mark each (20 × 1 = 20).

1. "Coordination brings together the efforts of different departments and of different levels of the organisation." Which characteristic of coordination does this statement point to? **1**

(A) Coordination ensures unity of action

(B) Coordination is an all pervasive function

(C) Coordination is a deliberate function

(D) Coordination is the responsibility of all managers

ANSWER

(b) Coordination is an all pervasive function

Coordination is called all pervasive because it is needed in every department (production, sales, finance…) and at every level (top, middle, lower) since all of them are interdependent.
The statement speaks of integrating efforts 'of different departments and at different levels' – that is exactly the all-pervasive nature.
Do not confuse with 'unity of action' (which is about binding individual efforts towards a common purpose).

---

2. Pick the examples of the legal environment of business: **1**

(i) A ban on advertising alcoholic drinks

(ii) A cut in the interest rate on loans

(iii) Rising demand for organic food

(iv) Digilockers for keeping documents

(v) The 1993 Supreme Court order to shut iron foundries near the Taj Mahal at Agra

(A) (i) and (iv)

(B) (i) and (ii)

(C) (ii) and (iii)

(D) (i) and (v)

ANSWER

(d) (i) and (v)

Legal environment = laws, government rules and court decisions that affect business.
(i) A legal ban on liquor advertisements – legal.
(ii) Interest-rate change – economic.
(iii) Demand for organic food – social (changing preferences).
(iv) Digilockers – technological.
(v) Supreme Court order – legal (judicial decision).
So (i) and (v).

---

3. When the higher levels of management keep the authority to take decisions with themselves, it is called _____. **1**

(A) Decentralisation **(B)** Departmentalisation

(C) Span of Control **(D) Centralisation**

ANSWER
(d) Centralisation

Centralisation means decision-making authority is retained at the top levels of management.
Decentralisation is the opposite – systematic delegation of authority to all levels.
Departmentalisation is grouping of activities; span of control is the number of subordinates under one superior.

---

4. Umang, Production Manager at LG Papers Ltd, was asked by the General Manager to produce 5,000 new eco-friendly paper straws a day. Even with overtime the target was not met. An enquiry showed that workers had not been trained to make these straws, so they were sent for special training. Which function of management helped Umang find out that the target was not being met? **1**

(A) Planning **(B)** Organising

(C) Directing **(D) Controlling**

ANSWER
(d) Controlling

Controlling = setting standards (5,000 straws/day), measuring actual output, comparing, finding the cause of deviation (no training) and taking corrective action (special training).
Comparing actual output with the target is what told Umang he was short – this is controlling.

---

5. Statement I: Management is multi-dimensional. **1**
Statement II: The activities involved in managing an enterprise are common to all organisations – economic, social or political.
Choose the correct option.

(A) Statement I is true and II is false **(B)** Statement II is true and I is false

(C) Both the statements are false **(D) Both the statements are true**

ANSWER
(d) Both the statements are true

Statement I: management has three dimensions – management of work, of people and of operations – so it is multi-dimensional (true).
Statement II: this is the 'all pervasive' feature – management is needed in every type of organisation (true).

---

6. Which one of these is NOT a step in the controlling process? **1**

(A) Setting performance standards

(B) Assignment of duties

(C) Taking corrective action

(D) Comparing actual performance with standards

ANSWER
(b) Assignment of duties

Steps of controlling: set standards → measure actual performance → compare with standards → analyse deviations → take corrective action.
Assigning duties is part of organising, not controlling.

---

7. As an element of the marketing mix, _____ covers the activities that make the firm's products available to the target customers. **1**

(A) Promotion

(B) Place

(C) Product

(D) Price

ANSWER
(b) Place

Place (physical distribution) includes the channels of distribution and the physical movement of goods (order processing, transportation, warehousing, inventory control) so that the product reaches buyers at the right place and time.

---

8. Identifying and grouping the activities of an enterprise and setting up authority relationships among them is called: **1**

(A) Directing

(B) Staffing

(C) Management

(D) Organising

ANSWER
(d) Organising

Organising = identifying and dividing work, departmentalising (grouping) activities, assigning duties and establishing authority–responsibility relationships.

---

9. At Smile Dental Clinic, Sangeeta noticed that the receptionist sat at her fixed desk, instruments were kept neatly in trays and used ones in the sterilisation area – everything had a fixed place and was in that place. The dentist could work without hindrance at full efficiency. Which principle of management was followed? **1**

(A) Equity
(B) Discipline
(C) Order
(D) Initiative

ANSWER
(c) Order

Fayol's principle of Order: 'a place for everything (and everyone) and everything (and everyone) in its place'.
It avoids hindrance and wastage of time, which is why the dentist worked at maximum efficiency.

---

10. Match the features of business environment (Column I) with their meaning (Column II): **1**

A. Dynamic nature
B. Complexity
C. Relativity

(i) Easy to understand in parts but hard to grasp as a whole
(ii) It differs from country to country and even region to region
(iii) It keeps changing – technology improves, consumer tastes shift

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

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

Dynamic nature → keeps on changing (iii).
Complexity → many interacting forces; easy in parts, hard as a whole (i).
Relativity → depends on local conditions, so varies by country/region (ii).

---

11. Management has its own set of terms and concepts, and managers use this common vocabulary to talk to each other and understand their work better. Which feature of management as a science does this show? **1**

(A) Principles based on experimentation
(B) Systematised body of knowledge
(C) Universal validity
(D) Personalised application

ANSWER
(b) Systematised body of knowledge

A science has a systematised body of knowledge with its own terms and concepts. Management too has its own vocabulary (planning, span of control, delegation…) which managers share – this is the 'systematised body of knowledge' feature.
Personalised application is a feature of art, not science.

---

12. Alfanzo Ltd is meeting its objectives effectively and efficiently and earns enough to cover costs and business risks. It now wants to raise its sales volume, capital investment, number of employees and number of products. Which objective of management is it trying to achieve? **1**

(A) Survival
(B) Profit
(C) Personal
(D) Growth

ANSWER
(d) Growth

Organisational objectives: survival, profit and growth.
Survival and profit are already achieved (revenue covers costs and risks). Increase in sales, capital, employees and products are the indicators of growth.

---

13. Restaurants saw demand collapse in the Covid-19 slowdown. From April 2022 the economy recovered and the industry boomed, so more working capital was needed for higher production and sales. Which factor affecting working capital is described? **1**

(A) Seasonal factor
(B) Production cycle
(C) Operating efficiency
(D) Business cycle

ANSWER
(d) Business cycle

Business cycle: in a boom, sales and production rise, so more working capital is needed; in a depression (slowdown), less is needed.
The change here is due to economy-wide slowdown and recovery, not to seasons – so business cycle.

---

14. Fast-Service, a grocery app promising 10-minute delivery, made big profits in its first year. To expand, it decided to raise money by issuing its securities directly to investors. Which market will it use? **1**

(A) Money market
(B) Primary market
(C) Secondary market
(D) Both Primary and Secondary markets

ANSWER
(b) Primary market

Primary market (new issue market) is where a company sells new securities directly to investors to raise fresh capital.
The secondary market only trades already-issued securities between investors; the company gets no money there.

---

15. "Compared with money market instruments, capital market instruments carry more risk, both in returns and in getting the principal back." Which basis of difference between the two markets is this? **1**

(A) Instruments
(B) Duration
(C) Safety
(D) Liquidity

ANSWER
(c) Safety

Basis 'Safety': money market is safer because of short duration and sound issuers; capital market instruments are riskier with respect to return and principal repayment.

---

16. Which statement does NOT show the importance of financial planning? **1**

(A) Detailed plans made under financial planning increase waste, duplication of efforts and gaps in planning
(B) It helps forecast what may happen under different business situations
(C) It links investment and financing decisions on a continuous basis
(D) It helps avoid business shocks and surprises and prepares the company for the future

ANSWER
(a) Detailed plans … increase waste, duplication and gaps

Financial planning REDUCES waste, duplication of efforts and gaps in planning – so statement (a) is wrong and hence does not show its importance.
(b), (c), (d) are genuine points of importance.

---

17. Roma Ltd studied customers' needs before marketing its products. This helped it analyse the opportunities, threats, weaknesses and strengths of the organisation and decide which opportunities to pursue. Which marketing function is this? **1**

(A) Standardisation and grading
(B) Product designing and development
(C) Marketing planning
(D) Gathering and analysing market information

ANSWER
(d) Gathering and analysing market information

Gathering and analysing market information means studying customer needs and the market (including SWOT analysis) so the firm can decide which opportunities it can best pursue.
Marketing planning comes after this – setting marketing objectives and action plans.

---

18. The symbol that appears on every 'Elegant' car and which cannot be spoken (uttered) is called its: **1**

(A) Brand
(B) Brand name
(C) Brand mark
(D) Trade mark

ANSWER
(c) Brand mark

Brand name = the part of a brand that can be spoken.
Brand mark = the part that can be recognised but not uttered – a symbol, design or logo.
Trade mark = a brand or part of it given legal protection.

---

19. "A good physical distribution system must process orders accurately and quickly; otherwise goods reach customers late or in the wrong quantity." Which component of physical distribution is this? **1**

(A) Warehousing
(B) Order Processing
(C) Transportation
(D) Inventory Control

ANSWER
(b) Order Processing

Order processing = handling customers' orders accurately and speedily. Delay or mistakes here cause late or wrong-quantity delivery and dissatisfied customers.

---

20. _____ includes different programmes meant to promote or protect the image of a company and of its individual products in the eyes of the public. **1**

(A) Personal selling
(B) Public relations
(C) Sales promotion
(D) Advertising

ANSWER
(b) Public relations

Public relations (PR) builds and protects the company's image/goodwill with the public through press relations, product publicity, corporate communication, lobbying and counselling.

Questions 21–34

Q21–24 carry 3 marks each, Q25–30 carry 4 marks each and Q31–34 carry 6 marks each.

21. Hitesh, CEO of Kids Garments Ltd, got an extra festive-season order for 10,000 garments to be supplied within two days. Not wanting to lose the order and his goodwill, he ran double shifts and delivered on time, but the production cost was higher than the normal cost. Identify the two concepts of management discussed and give their meaning. **3**

ANSWER

Effectiveness (order completed on time) and Efficiency (not achieved – cost was higher than normal)

Concept 1 – Effectiveness: doing the right task and completing it so the goal is achieved (here, supplying 10,000 garments within two days). It is about the end result.
Concept 2 – Efficiency: doing the task correctly at minimum cost, i.e. getting maximum output with minimum use of resources (cost–benefit). Because double shifts raised cost, Hitesh was effective but not efficient.
Marks: identification ½ + ½, meaning 1 + 1.

22. A particular process increases the attitudes, skills and abilities of employees for doing specific jobs, and this process benefits the organisation in many ways. State any three benefits of this process to the organisation. **3**

ANSWER

Process = Training. Benefits: systematic learning (less waste), higher productivity, ready future managers, better morale/less turnover, quick response to change (any three)

The process is Training. Benefits to the organisation (any three):
1. Systematic learning – better than trial and error, which wastes effort and money.
2. Higher productivity – better quality and quantity of output, so more profit.
3. Prepares future managers who can take over in an emergency.
4. Raises employee morale and reduces absenteeism and employee turnover.
5. Helps the organisation respond effectively to a fast-changing environment (technology, markets).

23. (i) What is the process of holding securities in electronic form called? **3**

(ii) Name any two participants of the money market.

(iii) Name the depositories that hold securities in electronic form.

ANSWER

(i) Dematerialisation (ii) e.g. RBI and commercial banks (iii) NSDL and CDSL

(i) Dematerialisation – converting physical certificates into electronic holdings in a demat account (1 mark).
(ii) Money-market participants (any two): RBI, commercial banks, non-banking finance companies, state governments, large corporate houses, mutual funds (½ + ½).
(iii) National Securities Depository Ltd (NSDL) and Central Depository Services (India) Ltd (CDSL) (½ + ½).

OR

State any three factors that affect the dividend decision.

ANSWER

Any three: amount of earnings, stability of earnings, stability of dividends, growth opportunities, cash-flow position, shareholders' preference, taxation policy, stock-market reaction, access to capital market, legal and contractual constraints

Any three, each with a line of explanation:
1. Amount of earnings – dividend is paid out of current and past profits; more earnings → more dividend.
2. Stability of earnings – a firm with stable earnings can declare higher dividends.
3. Stability of dividends – firms try to keep dividend per share steady.
4. Growth opportunities – firms with good growth prospects retain more and pay less.
5. Cash flow position – dividend needs cash; a good cash position is required.
6. Shareholders' preference, 7. Taxation policy (higher tax on dividends → lower payout), 8. Stock market reaction, 9. Access to capital market, 10. Legal constraints (Companies Act), 11. Contractual constraints (lenders' conditions).

24. Explain the following as points of importance of the controlling function: **3**

(i) Judging accuracy of standards

(ii) Making efficient use of resources

ANSWER

(i) Control lets management check whether standards are accurate and objective and revise them as conditions change; (ii) control cuts wastage and spoilage since every activity follows set standards

(i) Judging accuracy of standards: a good control system helps management verify whether the standards set are accurate and objective. By keeping a watch on changes inside the organisation and in the environment, it helps review and revise standards.

(ii) Making efficient use of resources: through control a manager reduces wastage and spoilage of resources, because each activity is carried out according to predetermined standards and norms.

(1½ marks each)

OR

Explain the relationship between planning and controlling with the help of any three points.

ANSWER

Controlling is based on standards set by planning; planning without controlling is meaningless; planning prescribes action, controlling checks it; both look forward and backward (any three)

Any three points:

1. Controlling takes place on the basis of standards developed during planning – without planning there is nothing to control against.
2. Planning without controlling is meaningless – controlling ensures that events actually conform to plans.
3. Planning prescribes the course of action to reach objectives; controlling evaluates whether decisions have been turned into the desired action.
4. Both are forward-looking and backward-looking: planning looks ahead but is based on past experience; controlling looks back at performance but its corrective action improves future plans.

25. Nitya, a Class XII student, believes her teacher always finds fault with her work. One day, while checking projects, the teacher started to praise Nitya for her hard work and good performance, but Nitya walked out of the room before the teacher could finish. **4**

(a) Identify the communication barrier and the type/category of barrier it belongs to.

(b) Explain two other barriers of the same category.

ANSWER

(a) Premature evaluation – a psychological barrier. (b) Any two: lack of attention, loss by transmission and poor retention, distrust

(a) Premature evaluation – judging the meaning of a message before the sender finishes, because of a preconceived notion. It is a psychological (emotional) barrier. (½ + ½)

(b) Other psychological barriers (any two):

1. Lack of attention – a pre-occupied mind of the receiver does not listen to the message.
2. Loss by transmission and poor retention – when a message passes through many levels, part of it is lost or distorted; people also cannot retain information for long.
3. Distrust – if sender and receiver do not trust each other, they cannot understand the message in its true sense.

(½ for heading + 1 for explanation, each)

26. X Ltd raised funds by issuing 14% Debentures of ₹4,00,000 and 10,000 equity shares of ₹60 each. The investment earned a profit of ₹2,00,000 before interest and tax. Tax rate is 50%. **4**

(a) Calculate the Return on Investment (ROI) and Earning per Share (EPS).

(b) Is this favourable or unfavourable financial leverage? Give reason.

ANSWER

(a) ROI = 20%, EPS = ₹7.20 (b) Favourable – ROI 20% > interest rate 14%

Total investment = Debt ₹4,00,000 + Equity (10,000 × ₹60) ₹6,00,000 = ₹10,00,000.

$$\text{ROI} = \frac{\text{EBIT}}{\text{Total investment}} \times 100 = \frac{2,00,000}{10,00,000} \times 100 = 20\%$$

Interest = 14% of ₹4,00,000 = ₹56,000.

EBT = 2,00,000 − 56,000 = ₹1,44,000.

Tax @50% = ₹72,000, so EAT = ₹72,000.

$$\text{EPS} = \frac{72,000}{10,000} = ₹7.20$$

(b) Favourable financial leverage (trading on equity), because the return on investment (20%) is higher than the cost of debt (14%), so using debt raises the earnings of equity shareholders.

Common mistake: taking only equity (₹6,00,000) as the investment for ROI.

27. Zeto Ltd offers its employees shares of the company at a price lower than the market price. **4**

(a) Identify the incentive and state its type.

(b) State two other incentives of the same type.

ANSWER

(a) Co-partnership / Employee stock option – a financial incentive. (b) Any two: pay and allowances, productivity-linked wage incentives, bonus, profit sharing, retirement benefits, perquisites

(a) Co-partnership / stock option – shares offered to employees below market price give them a feeling of ownership. It is a financial incentive, i.e. one measurable in direct money terms, used to motivate better performance. (1 + 1)

(b) Other financial incentives (any two):

1. Pay and allowances – basic pay, dearness allowance, other allowances.
2. Productivity-linked wage incentives – wages linked to increase in productivity.
3. Bonus – paid over and above salary.
4. Profit sharing – a share in profits to improve performance.
5. Retirement benefits – provident fund, pension, gratuity.
6. Perquisites/fringe benefits – car, housing, medical aid, children's education.

---

28. Identify the concepts described and give their meaning: **4**

(a) The process of finding possible candidates for a job.

(b) Assessing the number and kinds of human resources needed to perform various jobs.

(c) Introducing newly selected employees to other employees and to the organisation's rules and policies.

(d) It ensures that the organisation gets the best people out of the candidates available.

ANSWER

(a) Recruitment (b) Workload analysis (c) Orientation (d) Selection

(a) Recruitment – searching for prospective employees and stimulating them to apply for jobs in the organisation.

(b) Workload analysis – part of estimating manpower requirements; it assesses the number and types of human resources needed for performing jobs and achieving objectives.

(c) Orientation (induction) – introducing the new employee to superiors, subordinates and colleagues and familiarising him/her with the company's rules and policies.

(d) Selection – identifying and choosing the best person out of a number of prospective candidates.

(½ for identification + ½ for meaning, each)

---

29. "A stock exchange does more than give liquidity and marketability to existing securities." Explain any two of its other functions. **4**

ANSWER

Any two: pricing of securities, safety of transactions, contribution to economic growth, spreading equity cult, providing scope for speculation

Any two, with explanation:

1. Pricing of securities – prices are fixed by demand and supply, giving a continuous valuation of securities.
2. Safety of transactions – membership is regulated and dealings follow the rules of the exchange and SEBI, so transactions are safe.
3. Contributes to economic growth – through disinvestment and reinvestment, savings move to the most productive uses.
4. Spreading of equity cult – encourages wider share ownership by regulating new issues and better trading practices and educating the public.
5. Providing scope for (healthy) speculation within the law, which keeps the market liquid.

(½ heading + 1½ explanation each)

OR

Distinguish between the primary market and the secondary market on any four bases.

ANSWER

Bases: nature of securities, nature of financing, organisational role/parties, buying and selling, price determination, location (any four)

Basis	Primary market	Secondary market
Securities	New securities issued	Existing securities trade
Financing	Company gets funds (direct capital formation)	No funds to company (i
Parties	Company sells to investors	Investors trade among t
Buying/selling	Only buying by investors	Both buying and selling
Price	Fixed by company management	Set by demand and supp
Location	No fixed place	Specified places (stock e

Any four bases, 1 mark each.

30. State the role of consumer organisations and NGOs in protecting and promoting consumers' interests (any four points). **4**

ANSWER

Educate consumers, publish periodicals, comparative testing of products, encourage protest against unfair practices, legal assistance, file complaints, public-interest cases (any four)

Any four:

1. Educating the public about consumer rights through training programmes, seminars and workshops.
2. Publishing periodicals about consumer problems, legal reporting and reliefs available.
3. Comparative testing of products in accredited laboratories and publishing the results.
4. Encouraging consumers to protest and act against unfair and exploitative trade practices.
5. Giving legal assistance and advice to consumers seeking remedies.
6. Filing complaints in consumer courts on behalf of consumers.
7. Filing cases in the interest of the general public (not of any one individual).

OR

If the consumer court is satisfied that a complaint is genuine, what reliefs can it give? State any four.

ANSWER

Any four: remove defect/deficiency, replace product, refund price, pay compensation, punitive damages, stop unfair trade practice, withdraw/stop hazardous goods, corrective advertisement, pay costs

The court may direct the opposite party to (any four):

1. Remove the defect in goods or deficiency in service.
2. Replace the defective product with a defect-free one.
3. Refund the price or service charges paid.
4. Pay reasonable compensation for loss or injury due to negligence.
5. Pay punitive damages in suitable cases.
6. Discontinue the unfair/restrictive trade practice and not repeat it.
7. Not offer hazardous goods for sale / withdraw them / stop their manufacture.
8. Pay at least 5% of the value of defective goods/deficient services to the Consumer Welfare Fund.
9. Issue corrective advertisement to neutralise a misleading one.
10. Pay adequate costs to the party.

31. Explain the following principles of management: **6**

(i) Discipline

(ii) Unity of Command

(iii) Unity of Direction

ANSWER

(i) Obedience to rules and agreements, needing good superiors, fair agreements, judicious penalties (ii) One boss for each employee (iii) One head and one plan for each group of activities with the same objective

(i) Discipline: obedience to the organisation's rules and the employment agreement, needed for smooth working. It requires good superiors at all levels, clear and fair agreements and judicious application of penalties.
(ii) Unity of Command: each employee should receive orders from and be responsible to only one boss. Dual subordination is avoided, preventing confusion about tasks and undermining of authority.
(iii) Unity of Direction: every group of activities having the same objective must have one head and one plan. This ensures unity of action and coordination.
(2 marks each)

OR

Explain the following techniques of Scientific Management:

(i) Fatigue study

(ii) Motion study

(iii) Time study

ANSWER

(i) Fixes amount and frequency of rest intervals (ii) Studies movements to eliminate unnecessary ones (iii) Fixes standard time for a well-defined job

(i) Fatigue study: determines the amount and frequency of rest intervals needed to complete a task. A worker gets physically and mentally tired without rest; proper rest helps regain stamina and work at the same capacity.
(ii) Motion study: study of movements such as lifting, putting objects, sitting, changing positions while doing a job. Unnecessary/unproductive motions are eliminated so the job takes less time and is done efficiently.
(iii) Time study: determines the standard time to perform a well-defined job using a stop watch over repeated observations. It helps decide the number of workers to employ, frame incentive schemes and determine labour costs.
(2 marks each)

32. "Setting objectives is the first step in the process of an important function of management." **6**

(a) Name the function.

(b) State the next five steps of its process.

ANSWER

(a) Planning (b) Developing premises → identifying alternatives → evaluating alternatives → selecting an alternative → implementing the plan

(a) Planning. (1 mark)

(b) Next five steps (1 mark each):

1. Developing premises – making assumptions about the future (forecasts) on which plans are based.
2. Identifying alternative courses of action to achieve the objectives.
3. Evaluating alternative courses – weighing the positive and negative aspects of each in the light of the objectives.
4. Selecting an alternative – the real point of decision making; choose the best (or a combination).
5. Implementing the plan – putting it into action; other managerial functions come into play.

(The last step, follow-up action, is not asked.)

---

33. 'Sweets and More', a popular Indian sweets and snacks brand, sells sweets, namkeens, cookies and frozen foods. It has a separate business unit for each of these categories, each headed by a manager who has authority over the unit and is responsible for its performance. Each unit performs its own production, marketing, finance etc. This raises cost due to duplication of activities, but revenues and costs of each unit can be identified easily, giving a proper basis for measuring performance. **6**

(a) Identify the organisational structure.

(b) State three advantages and two disadvantages of this structure that are not mentioned in the case.

ANSWER

(a) Divisional structure. (b) Advantages: varied skills/product specialisation, flexibility and faster decisions, easy expansion. Disadvantages: conflict among divisions, divisional heads may ignore organisational interests

(a) Divisional structure – separate units (divisions) for each product category, each multi-functional. (1)

(b) Advantages not mentioned (1 each):

1. Product specialisation develops varied skills in the divisional head, preparing him for higher positions.
2. Promotes flexibility and initiative – each division is autonomous, so decisions are faster.
3. Facilitates expansion and growth – new divisions can be added without disturbing existing ones.

(Fixation of responsibility/performance measurement is already in the case, so do not write it.)

Disadvantages not mentioned (1 each):

1. Conflict among divisions over allocation of funds; a division may maximise its own profit at the cost of others.
2. Divisional managers gain power and may ignore overall organisational interests.

(Increased cost due to duplication is already in the case.)

---

34. X Ltd, a car maker, found through a market survey that customers wanted a car running on eco-friendly fuel instead of petrol or diesel. Keeping customer needs as well as the social, ethical and ecological aspects of marketing in mind, it launched a bio-diesel car. The launch was widely covered by top news channels and newspapers to spread information about the car and build goodwill. The company believes it must manage public opinion and its relations with the public regularly. **6**

(a) Identify and explain the marketing philosophy.

(b) Identify and explain the communication tool used.

(c) Explain any two other promotional tools X Ltd can use.

ANSWER

(a) Societal marketing concept (b) Public relations (c) Any two: advertising, sales promotion, personal selling

(a) Societal marketing concept: the firm identifies needs of the target market and satisfies them effectively while also taking care of the long-term well-being of consumers and society (social, ethical, ecological aspects). (1 + 1)

(b) Public relations: programmes to promote or protect the company's image and its products in the eyes of the public – press coverage of the launch, generating positive publicity, monitoring public attitude. (1 + 1)

(c) Any two (1 each):

1. Advertising – paid, impersonal communication by an identified sponsor to promote goods, services or ideas.
2. Sales promotion – short-term incentives (discounts, exchange offers, free service) to encourage immediate purchase.
3. Personal selling – oral, face-to-face presentation to prospective customers to make sales.

— END —

Questions restated from the CBSE Class XII Board Examination 2023 (set 66/1/1) for practice. Reading passages and map items are described, not reproduced.