Roll No. ☐☐☐☐☐☐☐☐

Q.P. Code 66/1/1

BUSINESS STUDIES

CBSE Class XII Board Examination 2025 — 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 / Assertion-Reason questions carrying 1 mark each (20 × 1 = 20).

1. A company may be unable to pay its fixed financial charges such as interest and loan repayments. What is this risk called? **1**

(A) Operating risk
(B) Financial risk
(C) Business risk
(D) None of the above

ANSWER
(B) Financial risk

Financial risk arises from the use of debt: debt brings a fixed obligation (interest + repayment) that must be met whatever the earnings.
If earnings fall, the firm may fail to meet these fixed charges – this is financial risk.
Operating/business risk relates to fixed operating costs and uncertainty of operating income, not to debt.

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2. Bimal Rai works at Funny Bunny Ltd., a toy and games maker. His main job is to bring together diverse elements and coordinate the work of all departments; he also studies the business environment and what it means for the firm's survival. At which level of management does he work? **1**

(A) Top level
(B) Middle level
(C) Operational level
(D) Both Middle and Operational level

ANSWER
(A) Top level

Integrating diverse elements, coordinating all departments and analysing the business environment for the survival and growth of the firm are functions of top management.
Middle management carries out plans of the top level; operational (supervisory) level oversees workers directly.

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3. Friends Salim and Karim sell high-quality seeds for growing organic vegetables (200 varieties, suitable for terraces, balconies and backyards). Their seeds are in huge demand because people are increasingly moving towards healthy eating. Which dimension of the business environment is reflected here? **1**

(A) Economic Environment
(B) Political Environment
(C) Social Environment
(D) Legal Environment

ANSWER
(C) Social Environment

A growing trend towards healthy consumption habits is a social trend (change in values, lifestyle and habits of people).
Such social forces create demand for organic products – hence the social environment.

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4. Shridhan visits a car showroom to buy an electric car. The Marketing Manager tells him the company provides credit facilities, maintenance and other services that lead to repeat purchases and brand loyalty. Which marketing function is being described? **1**

(A) Product Designing and Development
(B) Marketing Planning
(C) Customer Support Services
(D) Branding

ANSWER
(C) Customer Support Services

Customer support services include after-sales service, credit, maintenance, handling complaints etc. They give maximum satisfaction to customers and are effective in bringing repeat sales and building brand loyalty.

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5. Which statement about 'exchange mechanism' as a feature of marketing is correct? **1**

(A) An exchange needs at least three parties.
(B) Parties are not free to reject each other's offer.
(C) Each party accepts the offer under compulsion.
(D) Each party must be able to offer something of value to the other.

ANSWER
(D) Each party must be able to offer something of value to the other.

For an exchange: at least TWO parties are needed, each must offer something of value to the other, each must be free to accept or reject the offer, and the acceptance must be voluntary (not compulsion). So only (D) is correct.

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6. An aware consumer should buy only standardised goods, since they assure quality. The paper shows a picture of an electric iron (an electrical appliance). Which quality certification mark should the consumer look for on it? **1**

(A) ISI Mark
(B) Agmark
(C) Hallmark
(D) FPO/FSSAI Mark

ANSWER
(A) ISI Mark

An electric iron is an industrial/electrical product, and such products are certified by BIS with the ISI mark.
Agmark is for agricultural produce, Hallmark for the purity of gold/silver jewellery, and FPO/FSSAI for processed food products.

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7. Which of these is NOT a protective function of SEBI? **1**

(A) Banning fraudulent and unfair trade practices

(B) Controlling insider trading and penalising it

(C) Promoting fair practices and a code of conduct in the securities market

(D) Taking steps to develop the capital market through a flexible approach

ANSWER

(D) Developing the capital market with a flexible approach

Protective functions of SEBI: prohibiting fraudulent/unfair trade practices, controlling insider trading, undertaking steps for investor protection and promoting fair practices/code of conduct.
Developing the capital market by adopting a flexible approach is a DEVELOPMENT function.

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8. Assertion (A): The longer the lead time, the more material must be kept in stock and the more working capital is needed. **1**
Reason (R): If raw materials are not available without interruption, higher stock levels may be needed.

(A) A is false and R is true.

(B) Both A and R are false.

(C) A is true and R is false.

(D) Both A and R are true and R is the correct explanation of A.

ANSWER

(D) Both true; R explains A

Availability of raw material and lead time is a factor affecting working capital.
Lead time = gap between placing an order and receiving the material. If supply is irregular or lead time is long, the firm must hold larger stock → more working capital.
The marking scheme accepts R as the correct explanation of A.

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9. Which statement about personal selling is correct? **1**

(A) It is an impersonal form of communication.

(B) It does not let a salesperson build personal relationships with prospects.

(C) It is an oral presentation in the form of a conversation with one or more prospective buyers to make a sale.

(D) It means short-term incentives that push buyers to purchase immediately.

ANSWER

(C) Oral, conversational presentation to prospects to make a sale

Personal selling is a personal (face-to-face) form of communication; it helps build relationships with customers.
Option (D) describes sales promotion and (A) describes advertising.

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10. Assertion (A): Coordination ensures unity of action. **1**
Reason (R): Coordination binds the departments together and makes sure every action is directed towards the organisation's goals.

(A) Both A and R are correct and R is the correct explanation of A.

(B) Both A and R are correct, but R is not the correct explanation of A.

(C) A is correct, but R is wrong.

(D) A is wrong, but R is correct.

ANSWER
(A) Both correct; R explains A

Unity of action is a feature of coordination: it acts as a binding force between departments so that all efforts aim at common goals.
That is exactly why it ensures unity of action – R explains A.

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11. In an informal organisation, authority comes from _____. **1**

(A) Position held in management

(B) Company rules and policies

(C) Scalar chain

(D) Personal qualities

ANSWER
(D) Personal qualities

Informal organisation arises from social interaction; there is no official hierarchy.
Authority/leadership there arises from personal qualities, whereas in formal organisation it comes from the position held.

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12. HG Air Conditioner Pvt. Ltd. is a month behind its production target despite high demand. Training workers and adding more workers and equipment did not help, so the Production Manager decided to revise the standards. Which step of controlling is this? **1**

(A) Setting performance standards

(B) Measurement of actual performance

(C) Analysing deviations

(D) Taking corrective action

ANSWER
(D) Taking corrective action

When deviations cannot be removed by other measures (training, more resources), revising the standards themselves is one of the corrective actions.
So it falls under the last step – taking corrective action.

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13. Statement I: Motivation is a complex process because people differ in their expectations, perceptions and reactions. **1**
Statement II: Motivation may be positive or negative.
Choose the correct option.

(A) Statement I is true and Statement II is false.

(B) Statement II is true and Statement I is false.

(C) Both Statement I and Statement II are true.

(D) Both Statement I and Statement II are false.

ANSWER
(C) Both statements are true

Both are features of motivation: it is complex because individuals are heterogeneous, and it can be positive (rewards, promotion) or negative (punishment, stopping increments).

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14. Rohit Gupta, CEO of Alfa Graphics Ltd., always studies and adapts to the business environment. When a foreign MNC, Leno Graphics, was about to enter India with substitute products, he cut costs and improved the quality and look of his layouts, ads and logos. Alfa not only kept its customers but also won new projects. Which point of importance of business environment is shown? **1**

(A) Tapping useful resources

(B) Identifying threats and early warning signals

(C) Improving performance

(D) Identifying opportunities and getting first mover advantage

ANSWER
(B) Identifying threats and early warning signals

The entry of a foreign competitor with substitutes is a threat. By studying the environment Rohit got an early warning and prepared to meet it (cost cutting, better quality).
This is the 'identifying threats and early warning signals' point.

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15. Organising clearly describes jobs and their duties, which avoids confusion and duplication. Which point of importance of organising is this? **1**

(A) Adaptation to change

(B) Effective administration

(C) Development of personnel

(D) Expansion and growth

ANSWER
(B) Effective administration

Effective administration: organising gives a clear description of jobs and duties, avoiding confusion and duplication; clarity in working relationships makes execution easier.

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16. Statement I: Regulating takeover bids by companies is a regulatory function of SEBI. **1**
Statement II: Training intermediaries of the securities market is a development function of SEBI.
Choose the correct option.

(A) Statement I is correct and Statement II is incorrect.

(B) Statement II is correct and Statement I is incorrect.

(C) Both Statement I and Statement II are correct.

(D) Both Statement I and Statement II are incorrect.

ANSWER
(C) Both statements are correct

Regulatory functions include registration of brokers, regulation of takeover bids, levying fees etc. Development functions include training of intermediaries, research and publications, promoting fair activities.

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17. High inflation raises business costs such as raw material purchases and wages, putting constraints on firms. Which dimension of the business environment is this? **1**

(A) Political Environment

(B) Technological Environment

(C) Social Environment

(D) Economic Environment

ANSWER
(D) Economic Environment

Inflation, interest rates, disposable income etc. are economic factors; hence economic environment.

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18. Match the marketing philosophies with their focus: **1**
(a) Product concept (b) Selling concept (c) Marketing concept (d) Societal concept
(i) Focus on quality, performance and features of the product
(ii) Focus on satisfying customer needs
(iii) Focus on aggressively persuading buyers to buy the existing product
(iv) Focus on satisfying customer needs and the well-being of society
Choose the correct order for (a), (b), (c), (d).

(A) (iv), (iii), (ii), (i)

(B) (iii), (ii), (i), (iv)

(C) (ii), (i), (iii), (iv)

(D) (i), (iii), (ii), (iv)

ANSWER
(D) a–(i), b–(iii), c–(ii), d–(iv)

Product concept → quality/features of product.
Selling concept → aggressive selling of existing product.
Marketing concept → customer needs.
Societal concept → customer needs + social welfare.

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19. Sadhna, a management graduate from a reputed institute, uses her knowledge in a personal, skilful way in difficult work situations, applying imagination and creativity. Which aspect of the nature of management does this show? **1**

(A) Management as an Art

(B) Management as a Science

(C) Management as a Profession

(D) Management both as a Science and as a Profession

ANSWER

(A) Management as an Art

Art = personalised, skilful application of existing knowledge, based on practice, creativity and imagination.
Sadhna's personalised and creative use of knowledge is management as an art.

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20. Managers can modify principles of management when the situation requires. Which feature of principles of management is this? **1**

(A) General guidelines

(B) Flexible

(C) Contingent

(D) Mainly behavioural

ANSWER

(B) Flexible

Principles of management are flexible – not rigid; a manager can adapt/modify them according to the situation.

Questions 21–34

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

21. P. Madhav, production manager of Trendy Style Pvt. Ltd. (office furniture), wants to raise production by 20% next year. Sales Manager R. Shetty objects until the wood, locks, handles etc. are upgraded to the latest trends. Such conflicts point to a management concept that links the activities of different departments. **3**

(i) Identify and explain this concept.

(ii) State any two points of its importance.

ANSWER

(i) Coordination – synchronising activities of different departments towards common goals. (ii) e.g. growth in size, functional differentiation, specialisation.

(i) Coordination: the process by which a manager synchronises the activities of various departments to achieve common goals. [½ identify + ½ meaning]

(ii) Importance (any two, 1 mark each):

• Growth in size: as the number of people grows, coordination integrates their efforts and harmonises individual and organisational goals.

• Functional differentiation: departments like production, sales, finance are created; coordination links their activities (as needed between Madhav and Shetty).

• Specialisation: specialists tend to think only they can judge and decide; coordination reconciles their differences.

22. Give the meaning of 'communication' and state the first two elements of the communication process. **3**

ANSWER

Communication = exchange of ideas, facts, feelings to create common understanding; first two elements: Sender and Message.

Meaning (1 mark): Communication is the process of exchanging ideas, views, facts, feelings etc. between people so as to create a common understanding.

First two elements (1 mark each):

1. Sender – the person who conveys his ideas/thoughts to the receiver.
2. Message – the content (ideas, feelings, suggestions, orders) meant to be communicated.

OR

State any three organisational barriers to communication.

ANSWER

Rigid rules and regulations; status of superior; complex organisation structure; lack of organisational facilities (any three).

Any three (1 mark each):

• Organisational policy/rigid rules: too many rules and procedures slow down communication.

• Status: a status-conscious superior creates distance, and subordinates do not express feelings freely.

• Complexity of structure: many levels of management delay and distort messages.

• Lack of organisational facilities: no regular meetings, suggestion/complaint boxes, social gatherings etc. discourage free flow of communication.

23. Madhwan became HR Manager of Health Grow Ltd. six months ago. He already does job analysis (collecting job information and preparing job descriptions) and training and development of employees. State three other specialised activities he must perform as HR Manager. **3**

ANSWER

Any three: recruitment; compensation and incentive plans; labour/union relations; grievance handling; social security and welfare; defending the company in law suits.

Specialised activities of HRM (any three, 1 mark each):

1. Recruitment – searching for qualified people.
2. Developing compensation and incentive plans.
3. Maintaining labour relations and union–management relations.
4. Handling grievances and complaints.
5. Providing social security and welfare of employees.
6. Defending the company in law suits and avoiding legal complications.

(Job analysis and training are already given in the question – do not repeat them.)

24. State any three points of importance of financial planning. **3**

ANSWER

Any three: forecasting/facing future situations, avoiding shocks and surprises, coordinating business functions, reducing waste and duplication, linking present with future, linking investment and financing decisions, easier evaluation of performance.

Any three (1 mark each):

- Helps forecast what may happen under different situations so the firm faces them better.
- Avoids business shocks and surprises; prepares the firm for the future.
- Coordinates functions like sales and production through clear policies.
- Reduces waste, duplication of efforts and gaps in planning.
- Links the present with the future.
- Provides a continuous link between investment and financing decisions.
- Makes evaluation of actual performance easier by setting detailed objectives.

OR

State any three factors that affect the fixed capital requirements of a company.

ANSWER

Any three: nature of business, scale of operations, choice of technique, technology upgradation, growth prospects, diversification, financing alternatives, level of collaboration.

Any three (1 mark each):

- Nature of business – a trading firm needs less fixed capital than a manufacturing firm.
- Scale of operations – larger scale needs more fixed assets.
- Choice of technique – capital-intensive needs more plant and machinery than labour-intensive.
- Technology upgradation – assets become obsolete faster → more fixed capital.
- Growth prospects – higher growth needs more fixed assets.
- Diversification – more products need more fixed assets.
- Financing alternatives – leasing reduces funds to be invested in assets.
- Level of collaboration – sharing facilities reduces investment.

25. State any four points of importance of the directing function of management. **4**

ANSWER

Initiates action; integrates employees' efforts; guides employees to realise potential; facilitates change; brings stability and balance (any four).

Any four (1 mark each):

1. Initiates action – people start working towards objectives as directing guides them and clears doubts.
2. Integrates employees' efforts so that each individual effort adds to organisational performance.
3. Guides employees to realise their full potential through motivation and effective leadership.
4. Facilitates introduction of needed changes through communication, motivation and leadership (reduces resistance).
5. Brings stability and balance in the organisation by building cooperation and commitment.

OR

State any four limitations of internal sources of recruitment.

ANSWER

Less scope for fresh talent; employees become lethargic; new firms cannot use it/no firm can fill all posts internally; competition among employees hampered; frequent transfers reduce productivity (any four).

Any four (1 mark each):

1. Scope for induction of fresh talent is reduced when vacancies are filled by promotion.
2. Employees may become lethargic if sure of time-bound promotions.
3. A new enterprise cannot use internal sources, and no organisation can fill all its vacancies internally.
4. The spirit of competition among employees may be hampered.
5. Frequent transfers may reduce the productivity of the organisation.

26. Explain the following external sources of recruitment: **4**

(i) Direct recruitment

(ii) Casual callers

ANSWER

(i) Notice of vacancies put on the firm's notice board; job seekers gather on the given date and are selected on the spot. (ii) Firm keeps a database of unsolicited applications and screens them when vacancies arise.

(i) Direct recruitment (2 marks):

• A notice giving details of jobs available is put on the notice board of the enterprise.

• Job seekers (usually unskilled/semi-skilled) assemble outside the premises on the stated date and selection is done on the spot. Suitable for casual/unskilled jobs; low cost.

(ii) Casual callers (2 marks):

• Many firms keep a database of unsolicited applications received at their office.

• This list is screened to fill vacancies as they arise – reduces cost of recruitment.

OR

Explain the following non-financial incentives that motivate employees to perform better:

(i) Employee participation

(ii) Organisational climate

ANSWER

(i) Involving employees in decisions on issues that concern them (joint committees, work committees). (ii) Characteristics that describe and distinguish an organisation – autonomy, reward orientation, consideration, risk-taking.

(i) Employee participation (2 marks):

• Means involving employees in decision-making on matters related to them.

• Forms: joint management committees, work committees, canteen committees etc. It gives a sense of belonging.

(ii) Organisational climate (2 marks):

• The set of characteristics which describe an organisation and distinguish it from others; it influences employee behaviour.

• Positive features like individual autonomy, reward orientation, consideration for employees and risk-taking help build a better climate.

27. Abha ordered vegetable biryani from 'Biryani House' for her guests. The attractive pack had no indication of whether the biryani was vegetarian or non-vegetarian, and while serving she found it was non-vegetarian. She complained; the manager apologised and immediately sent a vegetarian biryani with a free sweet dish. **4**

Identify and explain the two consumer rights involved.

ANSWER

Right to be informed (no veg/non-veg indication) and Right to seek redressal (replacement + free sweet).

1. Right to be informed (2 marks): a consumer has the right to complete information about the product – ingredients, date of manufacture, price, quantity etc. That is why the law requires such information on the package/label. Here the pack did not show veg/non-veg.
2. Right to seek redressal (2 marks): a consumer can get relief when a product/service falls short of expectations – replacement, removal of defect, compensation. Here the biryani was replaced and a sweet dish given.

(Marking scheme also accepts Right to be heard, correctly explained, in place of right to seek redressal.)

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28. 'Tech Work', an AI start-up begun in 2024, is profitable and needs ₹100 crores for expansion and R&D. Its Finance Manager points to a market that transfers investible funds from savers to entrepreneurs starting or expanding businesses through the issue of securities. The company decides to issue equity shares at ₹200 each for the first time. **4**

(i) Name the type of capital market Tech Work will use.

(ii) State three features of this market.

ANSWER

(i) Primary market (new issue market). (ii) e.g. new securities issued; sold directly by the company; promotes capital formation; only buying, not selling, by investors; price set by company; no fixed location.

(i) Primary market / New Issue Market (1 mark) – first-time issue of shares.

(ii) Features (any three, 1 mark each):

- Deals in new securities issued by new companies or fresh issues by existing companies.
- Securities are sold by the company directly to investors (or via intermediaries).
- Funds flow from savers to the company, so it directly promotes capital formation.
- Investors can only buy securities here; they cannot sell them in this market.
- Prices are decided by the company's management.
- It has no fixed geographical location.

29. Ganesh Jain, Marketing Manager of KL Foods Ltd., has four subordinates – Kavya and Ritesh (temporary) and Pooja and Madhav (permanent) – who have all met their targets. Believing that human needs form a hierarchy, he rewarded each according to their need level: Kavya and Ritesh were made permanent with a good pension plan, while Pooja and Madhav were given autonomy status. **4**

(i) Identify and state the needs recognised by Ganesh Jain.

(ii) State any two assumptions of Maslow's Need Hierarchy Theory.

ANSWER

(i) Kavya & Ritesh – Safety/security needs; Pooja & Madhav – Esteem needs. (ii) e.g. behaviour depends on needs; needs are in hierarchy; a satisfied need no longer motivates; move up only after lower need is satisfied.

(i) (1 mark each)

• Kavya and Ritesh – Safety and security needs: protection from physical and emotional harm, e.g. job security, stable income, pension.

• Pooja and Madhav – Esteem needs: self-respect, autonomy, status, recognition and attention.

(ii) Assumptions (any two, 1 mark each):

• People's behaviour depends on their needs; satisfying needs influences behaviour.

• Needs are in a hierarchical order, from basic to higher-level needs.

• A satisfied need can no longer motivate; only the next higher need can.

• A person moves to the next level only when the lower need is satisfied.

30. VK Ltd., an FMCG company with consistent profits, has shareholders all over India, most of whom rely on a regular income from it; since they want at least some dividend every year, the company pays dividend annually. Finance Manager Atul sees promising growth opportunities and suggests retaining earnings to fund investments instead; the CEO calls a general body meeting of shareholders. **4**

(i) Identify two factors affecting dividend decision discussed above.

(ii) State two other factors affecting dividend decision.

ANSWER

(i) Shareholders' preference; Growth opportunities. (ii) Any two: amount of earnings, stability of earnings, stability of dividends, cash flow position, taxation policy, stock market reaction, access to capital market, legal constraints, contractual constraints.

(i) ½ mark each:

• Shareholders' preference – shareholders want a regular minimum dividend.

• Growth opportunities – good investment opportunities favour retaining earnings.

(ii) Any two (1½ marks each):

• Amount of earnings – dividends are paid out of current and past earnings.

• Stability of earnings – stable earnings allow higher dividends.

• Stability of dividends – firms try to keep dividend per share stable and raise it only when earning potential rises.

• Cash flow position – enough cash is needed to pay dividend.

• Taxation policy – if tax on dividend is high, firms pay less dividend.

• Stock market reaction – markets react positively to higher dividends.

• Access to capital market – easy access lets firms pay higher dividends.

• Legal and contractual constraints – Companies Act rules and loan agreement terms restrict payouts.

31. Explain the following principles of general management (Fayol): **6**

(i) Scalar chain

(ii) Equity

(iii) Initiative

ANSWER

(i) Formal line of authority from top to bottom, not to be violated except via gang plank in emergencies. (ii) No discrimination; kindliness and justice towards workers. (iii) Workers encouraged to develop and carry out their own improvement plans.

(i) Scalar chain (2 marks):

• The formal line of authority from the highest to the lowest rank; communication and authority should follow this chain.

• It should not normally be violated; in an emergency a shorter route, the 'gang plank', may be used to avoid delay.

(ii) Equity (2 marks):

• No discrimination against anyone on grounds of gender, religion, language, caste, belief or nationality.

• Managers should show kindliness and justice towards workers to win their loyalty and devotion.

(iii) Initiative (2 marks):

• Initiative means taking the first step with self-motivation; workers should be encouraged to develop and implement plans for improvement.

• A suggestion system that rewards cost/time-saving ideas helps – but initiative does not mean going against established practices.

OR

The objectives of management can be grouped as organisational, social and personal objectives. Explain each of them.

ANSWER

Organisational – survival, profit, growth; Social – creating economic value for society (eco-friendly methods, jobs for disadvantaged, amenities); Personal – meeting employees' financial, social and higher needs and reconciling them with organisational goals.

(i) Organisational objectives (3 marks): use human and material resources to best advantage to meet the firm's economic goals:

• Survival – earn enough revenue to cover costs.

• Profit – needed to cover costs and risks of business.

• Growth – exploit growth potential to stay in the industry in the long run.

(ii) Social objectives (1½ marks): consistently creating economic value for different sections of society – eco-friendly production, jobs for disadvantaged sections, providing amenities like schools and health care.

(iii) Personal objectives (1½ marks): employees have diverse needs – financial, social and higher-level; management must reconcile these personal goals with organisational objectives for harmony.

32. Explain these points of importance of planning: **6**

(i) Planning provides directions.

(ii) Planning promotes innovative ideas.

(iii) Planning reduces the risk of uncertainty.

ANSWER

(i) Clearly stated goals guide action. (ii) New ideas take shape as plans. (iii) Looking ahead helps anticipate changes and prepare responses.

(i) Provides directions (2 marks): goals are stated clearly and act as a guide for what action to take and in which direction; employees know what the organisation and they themselves must do.
(ii) Promotes innovative ideas (2 marks): planning is the most challenging managerial activity; new ideas take the shape of concrete plans, guiding future actions towards growth and prosperity.
(iii) Reduces risk of uncertainty (2 marks): planning lets managers look ahead and anticipate changes; by deciding tasks in advance it shows how to deal with change. Changes cannot be eliminated but can be anticipated and responses developed.

OR

Explain 'Objectives', 'Rule' and 'Budget' as types of plans.

ANSWER

Objective – end result to be achieved, measurable and time-bound; Rule – specific statement of what must/must not be done, no discretion; Budget – plan of expected results in numbers.

Objectives (2 marks): the ends management wants to achieve; set by top management on broad issues; should be specific, measurable in quantitative terms and achieved within a time period (e.g. raise sales by 10% this year).
Rule (2 marks): a specific statement of what is to be done or not done; allows no flexibility or discretion; reflects a managerial decision that an action must or must not be taken (e.g. 'No smoking in the factory').
Budget (2 marks): a statement of expected results expressed in numbers; quantifies future facts and figures; because it is numerical, actual figures can be compared with it and corrective action taken (it is also a control device).

33. DG Ltd. has developed a hybrid flying car for two persons, with innovative wing-like doors and very comfortable high-quality seats; it will be made in India and run on biofuel plus electricity. Priced at ₹2.5 crore, the company must decide on customer discounts, credit terms etc. so customers feel the price matches the value. It is selecting dealers/intermediaries and supporting them to reach customers. To tell target customers about the car's availability, features and merits and persuade them to buy, it plans digital campaigns, press releases and demos by influencers and journalists.
Quoting from the case, identify and explain the elements of the marketing mix used. **6**

ANSWER

Product (car design, features, biofuel+electric), Price (₹2.5 crore, discounts, credit terms), Place (dealers/intermediaries and their support), Promotion (digital campaigns, press releases, demos).

Each element: ½ name + ½ quote + ½ explanation = 1½ × 4 = 6 marks.

1. Product – line about the two-seater car with wing-like doors, comfortable seats, biofuel + electricity. Product = goods/services offered for sale; decisions on planning, designing and developing the right product, including branding, labelling and packaging.
2. Price – line about ₹2.5 crore price, discounts and credit terms. Price = amount customers pay; decisions on basic price, discounts, credit terms, so price matches perceived value.
3. Place / Physical distribution – line about selecting dealers and supporting intermediaries. Includes activities that make the product available to target customers: channels, inventory, warehousing, transportation.
4. Promotion – line about digital campaigns, press releases and demos. Communicating availability, features and merits and persuading customers, using advertising, personal selling, sales promotion and publicity.

34. Royal Glaze Ltd., one of the world's largest consumer goods companies, has two separate product divisions – 'Foods' and 'Home Care' – in its structure, and plans to enter the electronics segment soon. **6**

(i) Identify its organisational structure.

(ii) Draw its organisation chart including the planned Electronics segment.

(iii) State any three advantages of this structure.

ANSWER

(i) Divisional structure. (ii) CEO/Top management → three divisions: Foods, Home Care, Electronics; each division has its own functions (production, marketing, finance, HR). (iii) e.g. product specialisation develops managers, easy fixing of responsibility, flexibility and quick decisions, easy expansion.

(i) Divisional structure (1 mark) – the organisation is grouped by product lines.

(ii) Chart (2 marks), described in words:

Top: Chief Executive / Board

↓ three product divisions side by side: Foods Division | Home Care Division | Electronics Division

↓ under each division head: Production, Marketing, Finance, Human Resources (functions within each division).

(iii) Advantages (any three, 1 mark each):

• Product specialisation develops varied skills in divisional heads, preparing them for higher posts.

• Responsibility for poor performance is easy to fix since divisional heads are accountable for profits.

• Each division works as an autonomous unit – promotes flexibility, initiative and faster decisions.

• Facilitates expansion and growth – a new division (like Electronics) can be added without disturbing existing ones.

— END —

Questions restated from the CBSE Class XII Board Examination 2025 (set 66/1/1) for practice. Reading passages and map items are described, not reproduced.