

SET - 3

**Class- 12
Business Studies
Sample Paper 2020-2021**

Time allowed: 3 hours

Maximum Marks: 80

Units		Periods	Marks
Part A	PRINCIPLES AND FUNCTIONS OF MANAGEMENT		
1.	Nature and Significance of Management	12	16
2.	Principles of Management	11	
3.	Business Environment	08	
4.	Planning	08	14
5.	Organising	10	
6.	Staffing	13	20
7.	Directing	09	
8.	Controlling	07	
	Total	78	50
Part B	BUSINESS FINANCE AND MARKETING		
9.	Financial Management	20	15
10.	Financial Markets	18	
11.	Marketing Management	24	15
12.	Consumer Protection	05	
	Total	67	30
	PART C : PROJECT WORK (ONE)	30	20

General instructions:

- 1 This question paper contains 34 questions.**
- 2. Marks are indicated against each question.**
- 3. Answer 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.**

Questions:

1	<p>The function of management related to grouping of activities to be carried out into departments and creating management hierarchy is</p> <p>(a) Planning (b) Organising (c) Controlling (d) Directing</p>	1
2	<p>The Economic Survey, 2020 suggests that the psychological biases can be used in the realm of tax compliance. It is in favour of using religious norms such “dying in debt is a sin” to improve tax compliance. Identify the related dimensions of the business environment.</p> <p>(a) Legal dimension and Social dimension (b) Social dimension and Economic dimension (c) Technological dimension and Political dimension (d) Political dimension and Economic dimension</p>	1
3	<p>Coordination is considered to be the essence of management because</p> <p>(a) It is a common thread that runs through all the activities within the organisation (b) It is implicit and inherent in all functions of the organisation (c) It is a force that binds all the functions of management (d) All of the above</p>	1
4	<p>Electric vehicles with zero tailpipe emission are emerging as a good alternative to ‘ problems like climate change, surging pollution leading to ill health, crude import bill and energy security. Identify the related dimensions of the business environment.</p> <p>(a) Economic dimension, Legal dimension and Social dimension (b) Social dimension, Political dimension and Economic dimension (c) Economic dimension, Technological dimension and Social dimension (d) Social dimension, Political dimension and Legal dimension</p>	1
5	<p>The authority-responsibility relationships that exist within the organisation give rise to</p> <p>(a) Different functions within the organisation (b) Different levels in the organisation (c) Management as a multidimensional activity (d) Management as a group activity</p>	1

6	<p>According to the World Health Organization, 40% of adults are overweight. Over the last 40 years, the prevalence of obesity has tripled around the world. With over half of consumers drinking at least one sugary drink on a given day, regulations towards the beverage sector are likely to become increasingly onerous. In the U.K., for example, a sugar tax was introduced in 2018 on beverages containing more than 5% sugar. Identify the related dimensions of the business environment.</p> <p>(a) Legal dimension and Social dimension (b) Social dimension and Technological dimension (c) Technological dimension and Legal dimension (d) Political dimension and Technological dimension</p>	1
7	<p>The Union Cabinet has given ‘in-principle’ nod to divest stakes in Air India — a wholly government owned airline. This means the government is willing to shed a substantial portion of its stake and hand over the management of the ailing airline to the private sector. Identify the concept being described in the above lines.</p> <p>(a) Liberalisation (b) Privatisation (c) Globalisation (d) Demonetisation</p>	1
8	<p>Which of the following statements is true with respect to controlling function?</p> <p>(a) It is a forward looking function. (b) Is a backward looking function. (c) Both (a) and (b) (d) None of the above</p>	1
9	<p>They represent the end point of planning.</p> <p>(a) Rules (b) Methods (c) Objectives (d) Policies</p>	1
10	<p>Bhanu has set up a small business unit for the manufacturing of soap. In order to market the soap in the local residential areas, he has appointed a team of ten salesmen. Each salesman is expected to sell at least 200 units of the soap within a week’s time. Identify the point of importance of controlling being highlighted in the above case.</p>	1

	<p>(a) Controlling helps in judging accuracy of standards. (b) It ensures efficient use of resources. (c) It helps in improving employee motivation. (d) It facilitates coordination in action.</p>	
11	<p>The scope of authority _____ as we go higher up in the management hierarchy. (a) Increases (b) Decreases (c) Remains same (d) None of the above</p>	1
12	<p>In order to promote the habit of health and hygiene among weaker sections of the society, Sudhanshu Limited has launched low cost packs of hand wash. Identify the type of marketing philosophy being adopted by the company. (a) Product concept (b) Production concept (c) Marketing concept (d) Societal marketing concept</p>	1
	<p>On the basis of the information given, answer the questions from 13-16: The SEBI was established by the Government of India on 12th April as an interim administrative body to promote orderly and healthy growth of securities market and for investor protection from trading malpractices.</p>	
13	<p>Which one of these is not an objective of SEBI. A. To regulate stock exchange. B. To regulate the Securities market C. Prevent unfair trading practices D. All of these are the objectives of SEBI</p>	1
14	<p>To carry on research work is the _____ function of SEBI. A. Developmental function B. Protective function C. Regulatory Function</p>	1
15	<p>Which of the following takes advantage of the internal trading? A. Equity Shareholders B. Debenture holders C. Preference Shareholders D. People having secret information of the company</p>	1

16	Registration of the underwriters is the _____ function of SEBI. A. Developmental function B. Protective function C. Regulatory Function	1
	On the basis of the information given here answer the questions from 17-20. Advertising is any paid form of non personal presentation and promotion of ideas, goods, or services by an identified sponsor. It is the most commonly used tool for promotion. We can find them in newspapers, magazines, television, youtube, facebook, and radio. Personal selling is another mode which involves oral presentation of messages in the form of conversation with one or more prospective customers for the purpose of making sales.	
17	Which one of these is not a feature of advertisement? A. Direct and immediate feedback B. Takes time to cover the market C. Personal form of communication D. Cost of per person reach is very low	1
18	_____ is not one of the objections to advertising. A. Adds to cost B. Encourages sales C. Enhances consumer confidence D. Makes Shopping difficult.	1
19	Which is not a quality of a good sales person? A. Enthusiastic B. Should be able sell any how C. Sharp memory D. Convincing	1
20	Technical quality in a sales person means A. He should be well versed with computer knowledge B. He should be aware of social networking sites to create contact with customers C. He should have technical knowledge about the product D. Must read the information from the website and educate the customer.	1
21	On Gondwana island there is a famous ship making company. Hundreds of workers work here. All of them belong to a culture where they help each other. The environment in the company is about helping each other thus leading to a great environment in the company. However the company lacks professionalism. Most of the workers are school dropouts and they hardly know how to make their work synchronized as a team. Failing of plans is common in this company.	3

	After reading the above case find out the concept of management which is followed and its advantage. Also find out one concept of management which is violated and its outcome on the company.	
22	<p>Identify the type of recruitment in each of these situations. (External/Internal)</p> <p>(a) In a company there are many highly qualified personnel who are trained in different scenarios. They have a lot of experience and knowledge about the latest in the market.</p> <p>(b) There is a lot of dissatisfaction among the existing employees in an organisation. This is due to reduced chances of promotion.</p> <p>(c) An organisation has a policy of time bound promotions which has made the</p>	3
23	<p>“Controlling is just a post-mortem of past activities and nothing else”. Comment.</p>	3
24	Explain the concept of financial market	3
25	<p>Agrawal Garments Ltd. are the manufacturers of ‘Kids and Ladies Designer Suits’ with their own trademark. During the year 2020-21. The company employed 20 senior technicians to work on machines imported from France for manufacturing of ‘Kids and Ladies Designer Suits’. The technicians were employed on a probation of one year and were put on their respective jobs after 1 month of on-the-job training. Because of the faulty selection process they could not perform well. Ten of them left the job on their own and 5 had to be removed by the company during the probation period. Now the company is in the process of selecting new technicians.</p> <p>Advice the company about any two types of selection tests, describing each in about 30 words, that may be used for selecting the desired technicians.</p>	4
26	<p>Sankalp purchased a bottle of cola from the local grocery shop. The information provided on the bottle was not clear. He fell sick from consuming it. He filed a case in the District Forum under Consumer Protection Act and got relief.</p> <ol style="list-style-type: none"> 1. Identify the important aspect neglected by the marketer in the above case. 2. Explain briefly the functions of the aspect identified in (a) 	4

	above.	
27	Explain the meaning of controlling with an example.	4
28	What are the advantages of divisional structure?	4
29	Explain the meaning and importance of financial planning? or State any three importance of financial planning?	4
30	Explain any three consumer rights meant for the protection of the consumer. or describe the following rights of a consumer:(a) right to be informed.(b) right to seek redressal(c) right to choose	4
31	Principles of Taylor and Fayol are mutually complementary. One believed that management should not close its ears to constructive suggestions made by the employees, while the other suggested that a good company should have an employee suggestion system, whereby suggestions which result in substantial time or cost reduction should be rewarded. Identify and explain the principles of Taylor and Fayol referred in the above para.	6
32	It is deciding in advance what to do and how to do? It is one of the basic managerial functions. It requires that before doing something, the manager must formulate an idea of how to work on a particular task. This function is closely connected with creativity and innovation. It seeks to bridge the gap between where we are and where we want to go and is performed at all levels of management. In spite of this the function of management referred above has a number of	6

	limitations. Explain any three such limitations.	
33	<p>Sudhanshu is working as a purchase manager in an automobile sector company. All his subordinates hold him in high regard for his exceptional managerial skills. On one hand, as a manager, he is a tough task master and expects strict compliance to the organisational rules and procedures from his subordinates.</p> <p>On the other hand, he makes conscious efforts to develop rapport with his subordinates by interacting freely with them during the lunch breaks in the cafeteria. Many times these chit chats help him to get an insight into the views and opinions of his team members about the policies of the organisation.</p> <p>In the context of the case:</p> <p>(a) Identify and explain the two types of organisations have been discussed.</p> <p>(b) State any three differences between the types of organisations as identified in part (a) of the question.</p>	6
34	<p>Bhanu Pratap is planning to start a company manufacturing electric switches. He intends to use ceramic and steel to give it a stylish look . He estimates an investment of Rs. 20 crores to set up the factory. As it is difficult for him to raise the entire capital amount alone, he gives a partnership offer to his school friend, Kumar who is an angel investor. Kumar, after being convinced about the feasibility of the project, accepts his offer. Kumar tells Bhanu that they should also focus on other important decisions related to the product 'room fresheners' besides deciding about its features, variety and quality. Branding is one of the important decisions.</p> <p>In the context of above case:</p> <p>(a) Name any other two important decisions related to a product.</p> <p>(b) Why is branding considered as an important function by the marketers? Give any one reason in support of your answer.</p> <p>(c) State any four features of a good brand name.</p>	6

Answers:

1	Answer. (b) Organising	1
2	Answer. (b) Social dimension and Economic dimension	1
3	Answer. (d) All of the above	1
4	Answer. (c) Economic dimension, Technological dimension and Social dimension	1
5	Answer. (b) Different levels in the organisation	1
6	Answer. (a) Legal dimension and Social dimension	1
7	Answer . (b) Privatisation	1
8	Answer. (c) Both (a) and (b)	1
9	Answer. (c) Objectives	1
10	Answer. (c) It helps in improving employee motivation.	1
11	Answer. (a) Increases	1
12	Answer. (b) Production concept	1
13	Answer. D. All of these are the objectives of SEBI	1
14	Answer. A. Developmental function	1
15	Answer. D. People having secret information of the company	1
16	Answer. C. Regulatory function	1
17	Answer. D. Cost of per person reach is very low	1
18	Answer. D. Makes Shopping difficult.	1
19	Answer. B. Should be able sell any how	1
20	Answer. C. He should have technical knowledge about the product	1
21	The concept of management which is followed is Cooperation. Since the	3

	<p>workers help each other and the general environment in the company is of cooperation. The advantage of cooperation is that there is satisfaction within the employees in its presence.</p> <p>The concept of management which is violated is Coordination. They hardly know how to make their work synchronized as a team. One disadvantage of not following coordination is the wastage of effort and time.</p>					
22	<p>(a) External (b) External (c) Internal</p>	3				
23	<p>Answer. - The given statement is not true. Because controlling is both a backward looking as well as a forward looking function</p> <table border="1" data-bbox="263 751 1248 1276"> <tr> <td> <p>Controlling is both a backward looking as well as a forward looking function</p> </td> <td> <p>Controlling is like doing a post-mortem of past activities which helps in finding deviation from predetermined standards. So, in this way controlling is a backward looking function.</p> <p>Example: An ac manufacturing company will try to know the reasons for lack of demand in the previous year so that it can estimate the future demand to avoid excess production.</p> </td> </tr> </table>	<p>Controlling is both a backward looking as well as a forward looking function</p>	<p>Controlling is like doing a post-mortem of past activities which helps in finding deviation from predetermined standards. So, in this way controlling is a backward looking function.</p> <p>Example: An ac manufacturing company will try to know the reasons for lack of demand in the previous year so that it can estimate the future demand to avoid excess production.</p>	3		
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24	<p>Answer.</p> <table border="1" data-bbox="263 1381 1248 1812"> <tr> <td> <p>(a) Meaning of business</p> </td> <td> <p>Business is an integral component of our economic system.</p> </td> </tr> <tr> <td> <p>(b) Business consists of two main constituents</p> </td> <td> <p>Households which save funds – savers business firms which invest the funds - investors</p> </td> </tr> </table>	<p>(a) Meaning of business</p>	<p>Business is an integral component of our economic system.</p>	<p>(b) Business consists of two main constituents</p>	<p>Households which save funds – savers business firms which invest the funds - investors</p>	3
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	<p>(c) Meaning of financial market</p> <p>The financial market acts as a link between savers (household) and investors (business firms) and helps in useful transferring of funds between them.</p>	
	<p>(d) Meaning of financial intermediation</p> <p>This process of allocation of funds by the financial market from households (savers) to business firms (investors) is known as financial intermediation.</p>	
	<p>(e) financial intermediation has two major advantages</p> <p>growth of economy</p> <p>households get higher returns</p>	
25	<p>Three types of selection tests:</p> <p>Intelligence tests. Such tests are designed to check the level of intelligence of the candidates. It reflects the learning ability of an individual along with his ability to make judgments and decisions.</p> <p>Aptitude test. Aptitude test is designed to measure the potential of an individual for learning new skills. It reflects the candidate's capacity to develop in the future.</p>	4
26	<p>Answer:</p> <ol style="list-style-type: none"> 1. Labelling 2. Functions of Labelling: <p>Identification of product/brand. A label helps in identifying and differentiating the product or brand from other similar types of products or brands produced by the company as well as by the competitors.</p> <p>Grading of products. With the help of labels, products can be graded and put in different categories.</p> <p>For example, Brooke Bond Red Label Tea, Brooke Bond Yellow Label Tea, Green Label Tea, etc. Marketers assign different grades to different features or different qualities of the product.</p>	4

	Providing information required by Law. Labelling also provides statutory warning or important information as required by law.					
27	<p>Answer.</p> <table border="1"> <tr> <td>Meaning of controlling</td> <td> <p>Controlling is the process of monitoring organisation performance continuously finding deviation between set standards and actual performance and taking corrective action, minimizing the deviation and achieving organizational goals.</p> <p>Example: Suppose, the production team is given a target to produce 2000 units in a day. At the end of the day their performance is measured and analysed that they have produced only 1800 units. Here, corrective action is to be taken to remove the deviation of 200 units, in order to achieve their daily target.</p> </td> </tr> </table>	Meaning of controlling	<p>Controlling is the process of monitoring organisation performance continuously finding deviation between set standards and actual performance and taking corrective action, minimizing the deviation and achieving organizational goals.</p> <p>Example: Suppose, the production team is given a target to produce 2000 units in a day. At the end of the day their performance is measured and analysed that they have produced only 1800 units. Here, corrective action is to be taken to remove the deviation of 200 units, in order to achieve their daily target.</p>	4		
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28	<p>Answer -</p> <table border="1"> <tr> <td>(a) Varied skills</td> <td> <p>A divisional head has to take care of all functions within a division as he is accountable for the performance of a particular product or zone. so, a division gets specialised in individual products. Example: the medicine manufacturing company primarily deals in three products:</p> <ul style="list-style-type: none"> (i) Energy tonic (ii) Painkiller tablets (iii) Vitamin capsules <p>So, all these three divisions are taking care of their products individually and have gained specialisation in these products.</p> </td> </tr> <tr> <td>(b)</td> <td>Divisional structure makes evaluation of performance better.</td> </tr> </table>	(a) Varied skills	<p>A divisional head has to take care of all functions within a division as he is accountable for the performance of a particular product or zone. so, a division gets specialised in individual products. Example: the medicine manufacturing company primarily deals in three products:</p> <ul style="list-style-type: none"> (i) Energy tonic (ii) Painkiller tablets (iii) Vitamin capsules <p>So, all these three divisions are taking care of their products individually and have gained specialisation in these products.</p>	(b)	Divisional structure makes evaluation of performance better.	4
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(b)	Divisional structure makes evaluation of performance better.					

	<p>Accountability</p>	<p>It makes a divisional head accountable for all revenues and costs associated with a particular product or zone. Example:</p> <p>The divisional head of energy tonic, mr. Avinash is accountable or answerable for every aspect of 'energy tonic'. He will be ultimately responsible for the product.</p>			
	<p>(c) Flexibility and initiative</p>	<p>It promotes flexibility and initiative because each division functions as an autonomous unit which leads to faster decision making. Example:</p> <p>Decisions taken by the divisional head of 'vitamin capsules' is taken on the basis of prevalent conditions within the department. This helps to increase the flexibility and initiative within the department.</p>			
	<p>(d) Expansion and growth</p>	<p>In this structure new divisional units can be added without interrupting the existing operations. Similarly a new divisional head and his staff can be arranged without interrupting the functioning of any other divisions. Example:</p> <p>4th division of life saving drugs is started by this medicine manufacturing company and its operations can be started without disturbing other 3 units as all functions can be taken care of under one division.</p>			
<p>29</p>	<p>Answer. the financial planning includes following steps:</p> <table border="1" data-bbox="263 1451 1247 1797"> <tr> <td data-bbox="263 1451 550 1797"> <p>(a) financial planning</p> </td> <td data-bbox="550 1451 1247 1797"> <p>Financial planning is the process of estimating the fund requirement of a business and satisfying the sources of funds.</p> <p>In other words, financial planning helps in identifying the amount of funds required by a firm and what will be the source of the funds.</p> </td> </tr> </table>		<p>(a) financial planning</p>	<p>Financial planning is the process of estimating the fund requirement of a business and satisfying the sources of funds.</p> <p>In other words, financial planning helps in identifying the amount of funds required by a firm and what will be the source of the funds.</p>	<p>4</p>
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	<p>(b) importance of financial planning</p>	<p>helps in facilitating optimum utilization of funds.</p> <p>helps in fixing appropriate capital structure.</p> <p>helps in investing in the right project at the right time.</p> <p>helps in operational activities.</p>	
30	<p>Answer. consumer rights</p>	<p>4</p>	
	<p>(a) Right to safety</p>	<p>Consumers have the right to be protected from such products which are unsafe and hazardous to life and health.</p> <p>A consumer should buy only standardized products which conform to safety norms as prescribed by the law.</p> <p>Example:</p> <p>While buying electrical appliances, a consumer should buy isi mark products only. This mark provides safety from electric shocks.</p>	
	<p>(b) Right to be informed</p>	<p>a consumer has the full right to get information about each and every fact related to a product like the quality, quantity, price, date of manufacture, date of expiry, direction to use, ingredients, purity etc.</p>	
	<p>(c) Right to choose</p>	<p>Marketers should offer a wide variety of products (on the basis of size, color, design, brand, prices etc.) to the consumers and allow them to make choices out of the offered products.</p> <p>Thus a consumer enjoys 'freedom to choose' in</p>	

		the form of a right.	
	(d) Right to be heard	<p>Every consumer has the right to file a complaint in case he feels cheated, dissatisfied or defrauded.</p> <p>Business organizations have also set up their grievances cells to entertain consumer complaints.</p>	
	(e) Right to seek redressal	<p>This right secures justice to the consumers in case product or service falls short of expectations.</p> <p>The consumer may get redressed in the form of replacement of product, removal of defect compensation for any loss or injury.</p>	
31			6
	(a) Taylor's principle cooperation not individualism	<p>There should be complete cooperation between the workers and the management instead of individualism.</p> <p>For this management should welcome suggestions from employees.</p> <p>Workers should not go on strike and make unreasonable demands on the management.</p>	
	(b) Fayol's principle initiative	<p>Initiative means taking the first step with self-confidence.</p> <p>Workers should be encouraged to carry out their plans for improvements.</p> <p>A good company should have an employee suggestion system, whereby initiative/suggestions</p>	

	<p>which result in substantial cost/time reduction should be rewarded.</p> <p>Example:</p> <p>Before finalizing any plan, the managers must welcome the suggestions and ideas of employees.</p>	
32	<p>Planning is the function of management being referred.</p> <p>Three limitations of the planning function of management are:</p> <p>Rigidity. One of the limitations of planning is rigidity. The existence of a plan puts the managerial activities in a rigid framework. Programmes are carried out according to the plan and deviations are considered to be highly undesirable.</p> <p>Reduces creativity. Planning involves deciding in advance what is to be done, how is it to be done, when is it to be done and by whom is it to be done. There is very little scope for deviating from the plans. This blind conformity with the predetermined guidelines discourages individual initiative and freedom.</p> <p>Planning Does Not Work in a Dynamic Environment. Planning is based on the anticipation of future happenings. Since the future is uncertain and dynamic, therefore, the future anticipations are not always true. Therefore, to consider planning as the basis of success is like a leap in the dark.</p>	6
33	<p>(a) Formal organisation and Informal organisation are the two types of organisations which have been discussed.</p> <p>Formal organisation is the structure of authority relationships created deliberately by the management to achieve its objectives.</p> <p>Informal organisation is a network of social relationships arising out of the interaction among employees within an organisation.</p> <p>(b) The difference between Formal organisation and Informal organisation is as follows:</p>	6

	<table border="1"> <thead> <tr> <th>Basis</th> <th>Formal organisation</th> <th>Informal organisation</th> </tr> </thead> <tbody> <tr> <td>Meaning</td> <td>An organization type in which the job of each member is clearly defined, whose authority, responsibility and accountability are fixed is formal organization.</td> <td>An organization formed within the formal organization as a network of interpersonal relationships, when people interact with each other, is known as informal communication.</td> </tr> <tr> <td>Creation</td> <td>Deliberately by top management.</td> <td>Spontaneously by members.</td> </tr> <tr> <td>Purpose</td> <td>To fulfill the ultimate objective of the organization.</td> <td>To satisfy their social and psychological needs.</td> </tr> <tr> <td>Nature</td> <td>Stable, it continues for a long time.</td> <td>Not stable</td> </tr> </tbody> </table>	Basis	Formal organisation	Informal organisation	Meaning	An organization type in which the job of each member is clearly defined, whose authority, responsibility and accountability are fixed is formal organization.	An organization formed within the formal organization as a network of interpersonal relationships, when people interact with each other, is known as informal communication.	Creation	Deliberately by top management.	Spontaneously by members.	Purpose	To fulfill the ultimate objective of the organization.	To satisfy their social and psychological needs.	Nature	Stable, it continues for a long time.	Not stable	
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34	<p>(a) Labelling and Packaging are the two important decisions related to a product.</p> <p>(b) Branding is considered to be a very important decision by the marketers because it facilitates product differentiation. Through branding the prospective buyers are able to bring about a distinction between a company product and its substitutes available in the</p>	6															

	<p>market. This helps the company to obtain a desirable market share.</p> <p>(c) The four features of a good brand name are stated below:</p> <ul style="list-style-type: none">● The brand name should be short, easy to pronounce, spell, recognise and remember.● A brand should suggest the product's benefits and qualities.● A brand name should be distinctive.● It should be capable of being registered and protected legally.	
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