



COMMERCE

(Maximum Marks: 80)

(Time allowed: Three hours)

(Candidates are allowed additional 15 minutes for **only** reading the paper.

They must **NOT** start writing during this time.)

SOLVED PAPER

Answer 1.

- (i) Branding is concerned with assigning a distinctive name or symbol to a production in order to distinguish it from the competitive products.
- (ii) An LLP has all basic features of a regular partnership firm, except that of same legal entity status and unlimited liability of partners. Consequently, limited liability partnerships have a legal existence and identity separate from that of its partners.
- (iii) A non-negotiable commercial instrument issued by a seller to a buyer. It identifies both the trading parties and lists, describes, and quantifies the items sold, shows the date of shipment and mode of transport, prices and discounts, and delivery and payment terms.
- (iv) Management is a distinct process consisting of planning, organizing, actuating and controlling, performed to determine and accomplish stated objective by the use of human beings and other resources
- (v) (a) Real Time Gross Settlement (RTGS) is an electronic form of funds transfer where the transmission takes place on a real time basis.

(b) National Electronic Funds Transfer (NEFT) is an Indian system of electronic transfer of money from one bank or bank branch to another.
- (vi) Business ethics is a form of applied ethics that examines ethical principles and moral or ethical problems that can arise in a business environment. These norms, values, ethical, and unethical practices are the principles that guide a business

(vii) Two internal resources of recruitment are:

(a) **Transfers** - Transfers help in reducing the boredom and monotony of the employees or it may be used to fill the vacancies with suitable internal candidates.

(b) **Promotions** - Promotions can help in reducing employee turnover by creating the hope of getting higher positions.

(viii)	Unity of Command	Unity of Direction
	It specifies that one subordinate should be accountable to one superior only.	It specifies that there should be one head and one plan for activities having the same objectives.
	It is concerned with functioning of people.	It is concerned with activities.

(ix) The term place in marketing mix refers to the distribution of products to the ultimate consumers for final consumption. It involves the choice of channel of distribution and also physical distribution comprising of transportation and storage.

(x) Span of control refers to the number of subordinates directly reporting to a superior. It shows the number of subordinates under the direct control of a superior.

PART II

Answer 2

(a) Disadvantages of Preference Shares from investor's point of view:

1. Expensive sources of finance - Preference shares have high expensive source of finance while compared to equity shares.

2. No voting right - Generally preference shareholders do not have any voting rights. Hence they cannot have the control over the management of the company.

3. Fixed dividend only - Preference shareholders can get only fixed rate of dividend. They may not enjoy more profits of the company.

(b)

Basis of Comparison	Partnership	Joint Stock Company
Meaning	When two or more persons agree to carry on a business and share the profits & losses mutually, it is known as a Partnership firm.	A company is an association of persons who invests money towards a common stock, for carrying on a business and shares the profits & losses of the business.
Governing Act	Indian Partnership Act, 1932	Indian Companies Act, 2013
Minimum number of persons	Two	Two in case of private company and Seven in case of public company.
Maximum number of persons	100 partners	200 in case of a private company and a public company can have unlimited number of members.
Minimum capital	No such requirement	1 lakh in case of private company and 5 lakhs in case of public company.

(c) The steps involved in the staffing process are:

1. Estimating manpower requirement - Staffing process begins with the estimation of manpower requirement which means finding out number and type of employees needed by the organisation in near future. Manpower requirement is not only to find out number of people needed but also the type of people.

2. Recruitment - It refers to the process of inducing the people to apply for the job in the organisation. After assessing the number and type of employee required, the manager tries that more and more people should apply for the job so that the organisation can get more choice and select better candidates.

3. Selection: It refers to choosing the most suitable candidate to fill the vacant job position. The selection is done through a process, which involves test, interviews, etc.

In selection number of selected candidate is less than the number of rejected candidates that is why selection is called negative process also. The main objectives of selection are:

(i) To select the best among the available.

(ii) To make selected candidate realise that how seriously things are done in the organisation.

4. Placement and Orientation: Placement refers to occupying of post by the candidate for which he is selected. After selection the employee is given appointment letter and is asked to occupy the vacant job position.

Orientation refers to introduction of new employees to the existing employees large organisations organise orientation programmes to familiarize the new employees with the existing whereas in small organisations superior takes the new employees on round and introduces him to the existing employees.

5. Training and Development: To improve the competence of employees and to motivate them it is necessary to provide training and development opportunities for employees so that they can reach to top and keep improving their skill. Organisations may have in house training centres or arrange with some institutions to provide training for their employees. Training and development not only motivate employees but these improve efficiency of work also.

Answer 3

(a) Differences between modern concept of marketing and traditional concept of marketing are –

1. The first and foremost difference between the two is that while traditional marketing focused on selling the products which were produced by the company whereas modern marketing first looks at from customer satisfaction point of view and then produce the product according to needs of the customers subsequently selling those goods to target customers.
2. Traditional marketing is one dimensional as the only target of it was to sell the goods for profit whereas modern marketing is multidimensional as apart from selling goods for profit it also lays emphasis on customer satisfaction, planning, after sales service and many other variables.
3. While traditional market used mediums like flex boards, pamphlets, radio and television for advertising whereas modern marketing not only uses traditional

medium of advertising but also uses modern methods like social media marketing, internet marketing and other such means to advertise the products.

(b) Four barriers to communication-

1. Physical barriers – Communication is a two way process. Distance between the sender and the receiver of the message is an important barrier. Noise and environmental disturbance are other physical barriers in communication.

2. Personal or Psychological barriers – Personal factors like judgement, emotions and social values create a psychological distance between the sender and the receiver. Prejudices, inferiority/superiority complex, attitude, time pressure affect interpretation of message.

3. Semantic or language barrier – The same words may convey different meaning to different people. People interpret words and symbols in terms of their own experience and thinking. When the sender and the receiver interpret the message differently, misunderstanding arises.

(c) The features of management are as follows:

1. Management is Goal-Oriented - The success of any management activity is assessed by its achievement of the predetermined goals or objective. Management is a purposeful activity. It is a tool which helps use of human & physical resources to fulfill the pre-determined goals.

2. Management is Continuous: Management is an ongoing process. It involves continuous handling of problems and issues. It is concerned with identifying the problem and taking appropriate steps to solve it.

3. Management is all Persuasive: Management is required in all types of organizations whether it is political, social, cultural or business because it helps and directs various efforts towards a definite purpose. Thus clubs, hospitals, political parties, colleges, hospitals, business firms all require management. Whenever more than one person is engaged in working for a common goal, management is necessary.

4. Management integrates Human, Physical and Financial Resources: In an organization, human beings work with non-human resources like machines.

Materials, financial assets, buildings etc. Management integrates human efforts to those resources. It brings harmony among the human, physical and financial resources.

5. Management is a Group Activity: Management is very much less concerned with individual's efforts. It is more concerned with groups. It involves the use of group effort to achieve predetermined goal of management of ABC & Co. is good refers to a group of persons managing the enterprise.

Answer 4

(a)

Basis of Comparison	Centralization	Decentralization
Meaning	The retention of powers and authority with respect to planning and decisions, with the top management, is known as Centralization.	The dissemination of authority, responsibility and accountability to the various management levels, is known as Decentralization.
Advantage	Proper coordination and Leadership	Sharing of burden and responsibility
Power of decision making	Lies with the top management.	Multiple persons have the power of decision making.

(b) Four features of NEFT-

1. There is no limit, either minimum or maximum on the amount of funds that could be transferred using NEFT. However, the maximum amount per transaction is limited to Rs 50,000/- for cash-based remittances within India.

2. NEFT operates in hourly batches, there are twelve settlements from 8 am to 7 pm on week days and six settlements from 8 am to 1 pm on Saturdays.

3. Individuals can use NEFT to transfer funds from NRE and NRO accounts in the country. This, will be subject to the adherence of the provisions of the Foreign Exchange Management Act, 2000 (FEMA) and Wire Transfer Guidelines.

4. Inward transactions are free, no charges will be levied on beneficiaries. Know more on outward remittances here

- (c) Coordination brings unity of action and integrates different activities of organisation. Coordination is considered as the essence of management because of following reasons:

1. Coordination is needed to perform all the functions of management –

- (i) In planning coordination is required between main plan and supportive plans of different departments.
- (ii) In organising coordination is required between different resources of an organization and also between authority responsibility and accountability.
- (iii) In staffing coordination is required between skill of a person and job assigned to him, between efficiency and compensation etc.
- (iv) In directing function coordination is required between superior and subordinates, between orders, instructions, guidelines and suggestions etc.
- (v) In controlling function coordination is required between standards and actual performance.

2. Coordination is required at all the levels -

- (i) Top level requires coordination to integrate all the activities of organisation and lead the efforts of all the individuals in one common direction.
- (ii) Coordination is required at middle level to balance the activities of different departments so that these can work as a part of one organisation only.
- (iii) Lower level requires coordination to integrate the activities of workers towards achievement of organisational objectives.

Answer 5

(a) Three elements of promotion mix:

1. Advertising - It is a paid form of non-personal mass communication by an identified sponsor. The mass media used include print media, direct mail, audio visual media, bill boards etc.

2. Personal Selling - Personal selling is face to face contact between a sellers representative and those people with whom the seller wants to communicate. Non-profit organization, political candidates, firms and individuals use personal selling to communicate with the public.

3. Sales Promotion - Sales promotion includes activities that seek to directly induce or indirectly serve as incentives to motivate, a desired response on the part of the target customers company sales people and middle men and their sales force. These activities add value to the product. In sales promotion the activities like discounts, gifts, contests, premiums, displays and coupons are included.

(b)

(i) **Debit card** - A debit card is a payment card that deducts money directly from a consumer's checking account to pay for a purchase. Debit cards eliminate the need to carry cash or physical checks to make purchases.

(ii) **SEBI** - The Securities and Exchange Board of India, also referred to as the *SEBI* is similar to the United States Securities and Exchange Commission. They are the governing body for financial regulations in India. The SEBI is responsible for maintaining a stable investment and financial market for India. The SEBI utilizes three functions to meet its objectives, protective, developmental, and regulatory.

(c) Five principles of management as formulated by Fayol –

(i) **Division of Work** - In practice, employees are specialized in different areas and they have different skills. Different levels of expertise can be distinguished within the knowledge areas (from generalist to specialist). Personal and professional developments support this. According to Henri Fayol specialization promotes efficiency of the workforce and increases productivity. In addition, the specialization of the workforce increases their accuracy and speed.

(ii) **Authority and Responsibility** - In order to get things done in an organization, management has the authority to give orders to the employees. Of course with this authority comes responsibility. According to Henri Fayol, the accompanying power or authority gives the management the right to give orders to the subordinates. The responsibility can be traced back from performance and it is therefore necessary to make agreements about this.

(iii) **Discipline** - This third principle of the 14 principles of management is about obedience. It is often a part of the core values of a mission and vision in the form of good conduct and respectful interactions. This management principle is essential and is seen as the oil to make the engine of an organization run smoothly.

(iv) **Remuneration** - Motivation and productivity are close to one another as far as the smooth running of an organization is concerned. This management principle of the 14 principles of management argues that the remuneration should be sufficient to keep employees motivated and productive. Ultimately, it is about rewarding the efforts that have been made.

(v) **Equity** - The management principle of equity often occurs in the core values of an organization. According to Henri Fayol, employees must be treated kindly and equally. Employees must be in the right place in the organization to do things right. Managers should supervise and monitor this process and they should treat

employees fairly and impartially.

Answer 6

(a)

Basis of Comparison	Line Organisation	Staff Organisation
Meaning	The organization in which the authority and responsibility moves downward, and accountability flows upward, is called line organization.	The organization structure, in which specialist are added to the line managers to provide guidance and support, is called line and staff organization.
Authority	Command	Command and Advise
Degree of centralization	Absolute centralization	Partly centralized and partly decentralized

(b) The objectives of marketing are –

1. Creation of Demand - The marketing management's first objective is to create demand through various means. Goods and services are produced to satisfy the needs of the customers. Demand is also created by informing the customers the utility of various goods and services.

2. Customer Satisfaction - The marketing manager must study the demands of customers before offering them any goods or services. Selling the goods or services is not that important as the satisfaction of the customers' needs. Modern marketing is customer- oriented. It begins and ends with the customer.

3. Generation of Profit - The marketing department is the only department which generates revenue for the business. Sufficient profits must be earned as a result of sale of want-satisfying products. If the firm is not earning profits, it will not be able to survive in the market. Moreover, profits are also needed for the growth and diversification of the firm.

4. Market Share -Every business aims at increasing its market share, i.e., the ratio of its sales to the total sales in the economy. For instance, both Pepsi and Coke compete with each other to increase their market share. For this, they have adopted innovative advertising, innovative

packaging, sales promotion activities, etc.

(c) Maslow's theory is based on the assumption that there is a hierarchy of five needs within each individual. The urgency of these needs varies. These five needs are as follows-

1. **Physiological needs-** These are the basic needs of air, water, food, clothing and shelter. In other words, physiological needs are the needs for basic amenities of life.
2. **Safety needs-** Safety needs include physical, environmental and emotional safety and protection. For instance- Job security, financial security, protection from animals, family security, health security, etc.
3. **Social needs-** Social needs include the need for love, affection, care, belongingness, and friendship.
4. **Esteem needs-** Esteem needs are of two types: internal esteem needs (self- respect, confidence, competence, achievement and freedom) and external esteem needs (recognition, power, status, attention and admiration).
5. **Self-actualization need-** This include the urge to become what you are capable of becoming / what you have the potential to become. It includes the need for growth and self-contentment. It also includes desire for gaining more knowledge, social- service, creativity and being aesthetic. The self- actualization needs are never fully satiable. As an individual grows psychologically, opportunities keep cropping up to continue growing.

Answer 7

(a) SWOT analysis (strengths, weaknesses, opportunities and threats analysis) is a framework for identifying and analyzing the internal and external factors that can have an impact on the viability of a project, product, place or person.

Elements of a SWOT analysis

As its name states, a SWOT analysis examines four elements:

- **Strengths:** Internal attributes and resources that support a successful outcome.
- **Weaknesses:** Internal attributes and resources that work against a successful outcome.
- **Opportunities:** External factors that the entity can capitalize on or use to its advantage.
- **Threats:** External factors that could jeopardize the entity's success.

(b) Methods through which objectives of consumer protection can be achieved are:

1. Imposition of self-regulation - The important way for consumer protection is the voluntary imposition of self-regulation and discipline by the manufacturers and others engaged in supplying and distributing goods and services. If they are self enlightened, they would pay due attention to the consumer rights.

2. Government Role in Consumer Protection - The government can play an important role for protection of consumers. It can enact various legislations for protection of consumers. In both the developed and developing countries the governments have taken several measures to protect consumers. Laws relating to cooperative societies have been enforced in India for quite some time now.

3. Voluntary organisation of consumers - In some countries the consumers have organised themselves on a voluntary basis to form consumer groups or councils. They are non-government organisations (NGOs) to protect consumer rights.

Answer 8

(a) Qualities of a good leader –

(i) **Honesty and Integrity** - Honesty and integrity are two important ingredients which make a good leader. Leaders succeed when they stick to their values and core beliefs and without ethics, this will not be possible.

(ii) **Confidence** - To be an effective leader, you should be confident enough to ensure that other follow your commands. As a leader, you have to be oozing with confidence, show some swagger and assertiveness to gain the respect of your subordinates

(iii) **Accountability** - Holding them accountable for their actions will create a sense of responsibility among your subordinates and they will go about the business more seriously.

- (b) Procedures Like rules, procedures are standing plans that provide guidance for action rather than speculation. They are plans that establish a required method of handling future activities. 4

Procedures establish customary ways for handling certain activities like hiring a clerk, promoting employees, obtaining a loan from a bank. The major characteristic of a procedure is that it represents a chronological sequencing of events.

It specifies a series of steps that must be taken to accomplish a task. Specified series of steps that are required to be taken for admission into the MBA program of AUB is an example of the procedure.

- (c) **1. Planning provides a sense of Direction** - Planning means coming up with a predetermined action plan for the organization. It actually states in advance what and how the work is to be done. This helps provide the workers and the managers with a sense of direction, a guidance in a way. Without planning their actions would be uncoordinated and unorganized. []

2. Planning reduces Uncertainty - Planning not only sets objectives but also anticipates any future changes in the industry or the organization. So it allows the managers to prepare for these changes, and allow them to deal with the uncertainties. Planning takes into consideration past events and trends and prepares the managers to deal with any uncertain events.

3. Planning reduces Wastefulness - The detailed plans made keep in mind the needs of all the departments. This ensures that all the departments are on the same page about the plan and that all their activities are coordinated. There is clarity in thought which leads to clarity in action. All work is carried out without interruptions or waste of time or resources,

4. Planning invokes Innovation - Planning actually involves a lot of innovation on the part of the managers. Being the first function of management it is a very difficult activity. It encourages the manager to broaden their horizons and forces them to think differently. So the managers have to be creative, perceptive and innovative.

Answer 9

- (a) **Formal organisation** - The formal organisation refers to the structure of jobs and positions with clearly defined functions and relationships as prescribed by the top management. This type of organization is built by the management to realize objectives of an enterprise and is bound by rules, systems and procedures. Everybody is assigned a certain responsibility for the performance of the given task and given the required amount of authority for carrying it out. Informal organisation, which does not appear on the organisation chart, supplements the formal organisation in achieving organizational goals effectively and efficiently.
- (b) **Management as an art** – Management is an art because it abides by the three basic features of an art:
1. It has theoretical concepts and basic principles
 2. It is based on creativity and practice
 3. Personalised application
- (c) **Staffing** - Staffing means manning of an organization. Staffing process involves determination of manpower requirements, recruitment, selection, placement, training, development, job transfer and appraisal of personnel to fill the various positions in an organization.



SUGGESTION FOR STUDENTS

- Learn time management.
- Read and understand the question before attempting to answer.
- Headings and explanations must co-relate with each other.
- Write steps sequentially, in the correct order.
- Write differences in a tabular form and make sure that the differences co-relate with each other.
- Avoid writing overlapping of points.

ALL THE BEST!!!

-CS BAJRANG AGARWAL