

PADASALAI'S CENTUM TEAM
12TH COMMERCE PUBLIC EXAM – ANSWER KEY MAY - 2022



I. Choose the most appropriate answer

20 x 1 = 20

1	A	Division Of Work	11	A	Consumer Satisfaction
2	D	All of the above	12	A	Long-term Finance
3	C	Science and Art	13	D	External
4	A	1930	14	C	2
5	D	24	15	B	Customer
6	B	Stock Exchange Market	16	B	Manager
7	D	All of the above	17	B	Decision-making
8	B	Statutory	18	B	Selection
9	C	(a) And (b) are correct	19	B	Liberalisation
10	A	Employee	20	B	1960

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1	D	All of the above	11	D	All of the above
2	C	2	12	B	Manager
3	B	Liberalisation	13	B	Stock Exchange Market
4	C	(b) And (b) are correct	14	A	1930
5	C	Science and Art	15	B	Statutory
6	A	Employee	16	B	Customer
7	A	Consumer Satisfaction	17	A	Long-term Finance
8	D	External	18	B	Decision-making
9	B	Selection	19	B	1960
10	A	Division Of Work	20	D	24

II. Answer any 7 questions. Question No. 30 is Compulsory

7 x 2 = 14

21) Management – Meaning:

- ☛ Management is goal oriented and it is an art of getting things done with and through others.
- ☛ The practice of management helps to achieve the organizational mission and determines the future of the business enterprises.

22) Stock Exchange -Meaning:

- 1) Stock Exchange is an organized market for the purchase and sale of industrial and financial security.
- 2) Stock Exchange (also called Stock Market or Share Market) is one of the important constituents of Capital market.
- 3) It is an investment intermediary and facilitates economic and industrial development of a country.

23) Features of HRM:**i. Universally relevant :**

- ⊗ Human Resource Management has universal relevance.
- ⊗ The approach and style varies depending the nature of organisation structure and is applicable at all levels.

ii. Goal oriented :

- ⊗ The accomplishment of organisational goals is made possible through best utilisation of human resource in an organisation.

24) Spot Market

- ⊗ In such markets, goods are exchanged and the physical delivery of goods takes place immediately.

Future Market

- ⊗ In such markets, contracts are made over the price for future delivery.
- ⊗ The selling and settlement take place on different dates.

25) Examples of Adulteration:

- ⊗ Mixing of stones with grains
- ⊗ Mixing of coconut oil with palmolein
- ⊗ Coffee powder is adulterated with tamarind seed
- ⊗ Papayas seed is added to black pepper

26) Privatisation – Meaning:

- ⊗ Privatization is the incidence or process of transferring ownership of a business enterprise, agency or public service from the government to the private sector.

27) Contingent Goods – Meaning:

- Contingent goods are the goods, the acquisition of which by the seller depends upon a contingency (an event which may or may not happen).
- Contingent goods are a part of future goods.
- **Example:-** ‘A’ agrees to sell a particular painting work, provided he gets from ‘C’.

28) Challenges faced by the Women Entrepreneurs:

- Problem of Finance
- Limited Mobility

29) Short Note on ‘Digital India’

- ⊗ The Digital India initiative has been launched to modernize the Indian economy to make all government services available electronically.
- ⊗ The initiative aims at transforming India into a digitally-empowered society and knowledge economy with universal access to goods and services.

30) KEY MANAGERIAL PERSONNEL

- ✓ The definition of the term Key Managerial Personnel is contained in Section 2(51) of the Companies Act, 2013. This Section states:
1. the Chief Executive Officer
 2. the Managing Director or the Manager;
 3. the Company Secretary;
 4. the Whole-time Director;
 5. the Chief Financial Officer; and
 6. such other officer as may be prescribed;

III. Answer any 7 questions. Question No. 40 is Compulsory 7 x 3 = 21**31) Differentiate Management from Administration**

BASIS FOR COMPARISON	MANAGEMENT	ADMINISTRATION
Meaning	An organized way of managing people and things of a business organization is called the Management	The process of administering an organization by a group of people is known as the Administration.
Authority	Middle and Lower Level	Top Level
Role	Executive	Decisive
Concerned with	Policy Implementation	Policy Formulation

32) Features of Treasury Bills:

- Issuer
- Finance Bills
- Liquidity
- Vital Source
- Monetary Management

33) Stag:

- A stag is a cautious speculator in the stock exchange.
- He applies for shares in new companies and expects to sell them at a premium, if he gets an allotment.
- He selects those companies whose shares are in more demand and are likely to carry a premium.
- He sells the shares before being called to pay the allotment money. He is also called a premium hunter.

34) Job Portals – Meaning:

- ⊗ Using internet job portals organisations can screen for the prospective candidates and fill up their vacancies.
- ⊗ Job Portals help to reach out to a wider audience.
- ⊗ Job search portals make job searching time-efficient, easy and convenient.

35) Objectives of Marketing:

- To develop the marketing field.
- To develop guiding policies and their implementation for a good result.
- To suggest solutions by studying the problems relating to marketing.

36) “Right to Redressal:

- ✎ The complaints and protests are not just to be heard: but the aggrieved party is to be granted compensation within a reasonable time period.
- ✎ There should be prompt settlement of complaints and claims lodged by the aggrieved customers.
- ✎ This will boost consumer confidence and help render justice to buyers.

37) New Economic Policy:

- ♣ India agreed to the conditions of World Bank and IMF and announced New Economic Policy (NEP) which consists of wide range of economic reforms.
- ♣ This new set of economic reforms is commonly known as the LPG or Liberalisation, Privatisation and Globalisation model.
 - a. **Liberalization** - refers to laws or rules being liberalized, or relaxed, by a government.
 - b. **Privatisation** - means permitting the private sector to set up industries which were previously reserved for the public sector.
 - c. **Globalisation** - means the interaction and integration of the domestic economy with the rest of the world with regard to foreign investment, trade, production and financial matters.

38) Existing Goods:

- Existing goods are those owned or possessed by the seller at the time of contract of sale.
- Goods possessed even refer to sale by agents or by pledgers.
- Existing goods may be either
 - a) **Specific Goods** - Specific goods denote goods identified and agreed upon at the time of contract of sale.
 - b) **Ascertained Goods** - The goods which become ascertained subsequent to the formation of the contract.
 - c) **Generic or Unascertained Goods** - These are goods which are not identified and agreed upon at the time of contract of sale.

39) ‘Startup India’:

- ✓ Through the Startup India initiative, Government of India promotes entrepreneurship by mentoring, nurturing and facilitating startups throughout their life cycle.
- ✓ Since its launch in January 2016, the initiative has successfully given a head start to numerous aspiring entrepreneurs.
- ✓ A ‘Fund of Funds’ has been created to help startups gain access to funding.

40) (i) Preference Share**(ii) Meaning : -**

- Preference shares mean that part of the share capital the holders of which have a preferential right over payment of dividend and repayment of share capital in the event of winding up of the company.

IV. Answer all the questions**7 x 5 = 35****41) a). Main Functions of Management:****I. Planning:**

- ✓ Planning is the primary function of management.
- ✓ Nothing can be performed without planning.
- ✓ Planning refers to deciding in advance.
- ✓ Planning should take place before doing.

II. Organising:

- ✓ Organising is the process of establishing harmonious relationship among the members of an organisation and the creation of network of relationship among them.

III. Staffing:

- ✓ Staffing refers to placement of right persons in the right jobs.
- ✓ The success of any enterprise depends upon the successful performance of staffing function

IV. Directing:

- ✓ Directing denotes motivating, leading, guiding and communicating with subordinates on an ongoing basis in order to accomplish pre-set goals.

V. Motivating:

- ✓ It is the process of stimulating people to actions to accomplish the goal.
- ✓ Motivation includes increasing the speed of performance of a work and developing a willingness on the part of workers.

B) Impact of LPG on Indian Economy:

Given below are the salient highlights of the Liberalisation, Privatisation and Globalisation Policy in India:

- Introduction of new Foreign Trade Agreements
- Foreign Investment (FDI & FII)
- MRTTP Act, 1969 (Amended)
- Deregulation
- Opportunities for overseas trade
- Steps to regulate inflation
- Tax reforms
- Abolition of License

- ✓ Globalization and liberalization are concepts closely related to one another, and both globalization and liberalization refer to relaxing social and economic policies which results in better integration with an economy and between nations.
- ✓ Globalization and liberalization both occur as a result of modernization.
- ✓ Globalization is the greater integration among countries and economies for trade, economic, social and political benefits.
- ✓ Liberalization generally refers to removal of restrictions; usually government rules and regulations imposed on social, economic, or political matters.

42) A) Difference between the Money Market and Capital Market.

FEATURES	MONEY MARKET	CAPITAL MARKET
Duration of Funds	It is a market for short-term loanable funds for a period of not exceeding one year.	It is a market for long-term funds exceeding period of one year.
Deals with Instruments	It deals with instruments like commercial bills (bill of exchange, treasury bill, commercial papers etc.)	It deals with instruments like shares, debentures, Government bonds, etc.,
Availability of Instruments	Money Market instruments generally do not have secondary market.	Capital market instruments generally have secondary markets.
Risk	Low credit and market risk.	High credit and market risk
Liquidity	High liquidity in Money Market	Low liquidity in Capital Market

b). Differences between Conditions and Warranty.

BASIC OF DIFFERENCE	CONDITION	WARRANTY
Meaning	It is a stipulation which is essential to the main purpose of the contract of sale.	It is a stipulation which is collateral to the main purpose of contract.
Significance	Condition is so essential to the contract that the breaking of which cancels out the contract.	It is of subsidiary or inferior character. The violation of warranty will not revoke the contract.
Transfer of ownership	Ownership on goods cannot be transferred without fulfilling the conditions.	Ownership on goods can be transferred on the buyer without fulfilling the warranty.
Remedy	In case of breach of contract, the affected party can cancel the contract and claim damages.	In the case of breach of warranty, the affected party cannot cancel the contract but can claim damages only.
Treatment	Breach of condition may be treated as breach of warranty	Breach of warranty cannot be treated as breach of condition

43) a). Functions of Stock Exchange:**1. Ready and Continuous Market:**

- Stock Exchange is, in fact, a market for existing securities.
- If an investor wants to sell his securities, he can easily and quickly dispose them off on a stock exchange.

2. Protection to Investors:

- All dealings in a stock exchange are in accordance with well-defined rules and regulations.
- For example, brokers cannot charge higher rate of commission for their services. Any malpractice will be severely punished.

3. Aid to Capital Formation

- Stock exchanges thus ensure a steady flow of capital into industry and assists industrial development.

4. Correct Evaluation of Securities:

- The prices at which securities are bought and sold are recorded and made public.
- These prices are called "market quotations".

5. Clearing House of Business Information:

- stock exchange publish every year books detailing the financial position of companies.
- Thus, it gives vital information to the investing public for deciding on investment.

b) Various kinds of Debentures**1. On the basis of convertibility, Debentures may be classified into following categories. (A) Non Convertible Debentures (NCD):**

- These instruments retain the debt character and cannot be converted into equity shares.

(B) Partly Convertible Debentures (PCD):

- A part of these instruments are converted into Equity shares in the future at notice of the issuer.
- The issuer decides the ratio for conversion. This is normally decided at the time of subscription.

(C) Fully convertible Debentures (FCD):

- These are fully convertible into Equity shares at the issuer's notice. The ratio of conversion is decided by the issuer.
- Upon conversion the investors enjoy the same status as ordinary shareholders of the company.

2. On the basis of Security, debentures are classified into (A) Secured Debentures:

- These instruments are secured by a charge on the fixed assets of the issuer company.
- So if the issuer fails on payment of either the principal or interest amount, such fixed assets can be sold to repay the liability to the investors.

(B) Unsecured Debentures:

- These instrument are unsecured in the sense that if the issuer defaults on payment of the interest or principal amount, the investor has to be included as unsecured creditors of the company.

44) a) External Sources of Recruitment**i. Direct:**

- 1. Advertisements-** The employer can advertise in dailies, journals, magazines etc. about the vacancies in the organization.
- 2. Unsolicited applicants-** job seekers who voluntarily apply for the vacancies not yet notified by the organisations.
- 3. Walk ins-** Walk-in applicants with suitable qualification and requirement can be another source of requirement.
- 4. Campus Recruitment-** The organisations visit the educational institutions to identify and recruit suitable candidates

ii. Indirect:

- 1. Employee referral-** The existing employees of the organisation may recommend some of their relatives
- 2. Government/ Public Employment Exchanges-** These are exchanges established by Government which facilitates recruitment throughout the country.
- 3. Private Employment Agencies-** These are similar to Public employment exchanges except that the ownership is the hands of Private parties.
- 4. Employment Consultancies-** These types of firms facilitate recruitment on behalf of client companies at cost

b) Responsibilities of Consumers:

- 1) The consumer must pay the price of the goods according to the terms and conditions of the sales contract.
- 2) The consumer has got a responsibility to apply to the seller for the delivery of the goods. He/she has to take delivery of the goods in time.
- 3) The consumer has to assiduously follow and keenly observe the instructions and precautions while using the products.
- 4) The consumer must get cash receipt as a proof of goods purchased from the seller.
- 5) The consumer should never compromise on the quality of goods.

45) a). E-Market Vs Traditional Market

E-Marketing	Traditional Marketing
It is very economical and faster way to promote the products.	It is very expensive and takes more time to promote product.
It is quiet easier for promoting product globally in the short time.	It is very expensive and time consuming to promote product/ service under traditional marketing.
E-Business enterprises can expand their operation with minimum manpower.	It needs more man power.
In this marketing product can be sold or bought 24 x 7, round the year with minimum manpower	That is not possible in traditional marketing.

b). Characteristics of an Entrepreneur:**1. Spirit of Enterprise**

- Entrepreneur should be bold enough to encounter risk arising from the venture undertaken.
- Entrepreneur should not get discouraged by setbacks or frustrations emerging during the course of entrepreneurial journey.

2. Flexibility

- Entrepreneur should not single-mindedly stick to decisions in a rigid fashion.
- Entrepreneur should change the decisions made already in the light of ever-changing business environment.

3. Innovation

- Entrepreneur should contribute something new or something unique to meet the changing requirements of customers namely new product, new method of production or distribution, etc.,

4. Hard work

- Entrepreneur should put in tireless efforts and constant endeavours to accomplish the goals of the venture successfully.
- They have to courageously face uncertainties, risks and constraints.

5. Foresight

- Entrepreneur should have a foresight to visualise future business environment.

46).a) Role of business in consumer protection**1. Avoidance of Price Hike**

- ✗ Business enterprises should stop from hiking the price in the context of critical shortage of goods /articles.

2. Avoidance of Hoarding

- ✗ Business enterprises should allow the business to flow normally. It should not indulge in hoarding and black marketing to earn maximum possible profit in the short term at the cost of consumers.

3. Guarantees for Good Quality

- ✗ Business enterprises should not give false warranty for the products. It should ensure supply of good quality.

4. Product Information

- ✗ Business enterprises should disclose correct, complete and accurate information about the product viz. size, quality, quantity, substances, use, side effects, precautions, weight, exchange, mode of application etc.

5. Truth in advertising

- ✎ Business enterprises should not convey false, untrue, bogus information relating to the product through the advertisements in media and thus mislead the consumers.

b) Different kinds of Financial Markets:**a. On the Basis of Type of Financial Claim**

- (i) **Debt Market** --- is the financial market for trading in Debt Instrument (i.e. Government Bonds or Securities, Corporate Debentures or Bonds)
- (ii) **Equity Market** --- is the financial market for trading in Equity Shares of Companies.

b. On the Basis of Maturity of Financial Claim

- (i) **Money Market** --- is the market for short term financial claim (usually one year or less) E.g. Treasury Bills, Commercial Paper, Certificates of Deposit
- (ii) **Capital Market** --- is the market for long term financial claim more than a year E.g. Shares, Debentures

C. On the Basis of Time of Issue of Financial Claim

- (i) **Primary Market** --- is a term used to include all the institutions that are involved in the sale of securities for the first time by the issuers (companies). Here the money from investors goes directly to the issuers.
- (ii) **Secondary Market** --- is the market for securities that are already issued. Stock Exchange is an important institution in the secondary market.

d. On the Basis of Timing of Delivery of Financial Claim

- (i) **Cash/Spot Market** --- is a market where the delivery of the financial instrument and payment of cash occurs immediately. i.e. settlement is completed immediately.
- (ii) **Forward or Futures Market** --- is a market where the delivery of asset and payment of cash takes place at a pre-determined time frame in future.

e. On the Basis of the Organizational Structure of the Financial Market

- (i) **Exchange Traded Market** --- is a centralized organization (stock exchange) with standardized procedures.
- (ii) **Over-the-Counter Market** --- is a decentralized market (outside the stock exchange) with customized procedures.

47) a) Advantages of E-Marketing:

1. E - Marketing provides 24 hours and 7 days "24/7" service to its users. So consumer can shop or order the product anytime from anywhere.
2. Direct contact of end consumer by the manufacturers cuts down the substantially intermediation cost. Thus products bought through e-marketing become cheaper.
3. Customer can buy whatever they want/ need just by browsing the various sites.

Disadvantages of E-Marketing:

4. High cost of E - Marketing which requires a strong online advertising campaign for which company has to spend large amount.
5. It is not suitable for small size business and also deters customers from buying who lives on long distances.
6. While the no. of customers are continuously growing, companies hardly update the information on website.
7. Many buyers are suspected about the security of the internet.

b) Principles of Modern Management:

- The Father of Modern Management is Mr. Henry Fayol, and according to him there are 14 major principles of management.

i. Division of Work:

- According to this principle the whole work is divided into small tasks.
- It leads to specialization which increases the efficiency of labour.

ii. Authority and Responsibility:

- Authority means the right of a superior to give the order to his subordinates whereas responsibility means obligation for performance.

iii. Discipline:

- It is obedience, proper conduct in relation to others, respect of authority, etc.
- It is essential for the smooth functioning of all organizations.

iv. Unity of Command:

- This principle states that each subordinate should receive orders and be accountable to one and only one superior.
- If an employee receives orders from more than one superior, it is likely to create confusion and conflict.

v. Unity of Direction:

- All related activities should be put under one group, there should be one plan of action for them, and they should be under the control of one manager.

***** All the Best *****