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**HALF-YEARLY EXAMINATION ANSWER KEY-2023-24**

**GRADE: XII**

**COMMERCE**

**MARKS: 90**

|     |                                       |     |                          |
|-----|---------------------------------------|-----|--------------------------|
| 1.  | a)ii, iii, i,iv                       | 11. | b)Dividended due         |
| 2.  | c)Anna salai-Tamilnadu stock Exchange | 12. | c)3                      |
| 3.  | b)Mumbai                              | 13. | c)Employee               |
| 4.  | d)Placement                           | 14. | Livestock                |
| 5.  | a)Training                            | 15. | c)30days                 |
| 6   | a)Education                           | 16. | d)Trustees               |
| 7.  | c)March 15                            | 17. | c)Not less than 75%      |
| 8.  | a)consumer                            | 18. | b)Directors as creditors |
| 9.  | b)Internal and External               | 19. | c)Digital India          |
| 10. | b)1991                                | 20. | To rise funds            |

**PART-B**

**II) ANSWER ANY SEVEN OF THE FOLLOWING QUESTIONS:**

**7X2=14Q.NO30 IS COMPULSORY**

21) What is the traditional proverb used in planning?

- Think Before you Act' or 'Look Before you Leap' are some of the usual traditional proverbs;
- which provide a basis or logic for planning.

22) What is Mutual fund? (31)

- Financial institution that provide facilities for channelling savings of small investors into avenues of productive investments are called 'Mutual Funds'.
- A mutual fund company invests the funds pooled from shareholders and gives them the benefit of diversified investment portfolio and a reasonable return.
- Specialized financial institution like LIC, UTI, etc.

23) What are the documents required for a Demat account?

You need to submit proof of identity and address along with a passport size photograph and the account opening form. Only photocopies of the documents are required for submission, but originals are also required for verification.

24) What is meant by Poaching?

- ✓ Organisations instead of training and developing their own employees, hire employees of other competitive companies by paying them more both financial and non financial benefits.
- ✓ It is also called raiding.

25) What do you understand about "Right to protection of health and safety"?

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- ❖ There may be few products that are more likely to cause physical danger to consumers' health, lives and property.
- ❖ They may contain potentially harmful substances which are dangerous from the consumer welfare point of view. The health hazards which are likely to arise have to be eradicated or reduced altogether.
- ❖ The consumers are entitled to protection of their health and safety from the goods and services they buy. They should not be supplied goods or services which are hazardous to their health and safety.

26) Expand VUCA.

VUCA – Volatility, Uncertainty, Complexity and Ambiguity

27) List down the essential elements of a contract of sale.

- (1) Two Parties
- (2) Transfer of Property
- (3) Goods
- (4) Price

28) List down the managerial functions of entrepreneurs. (Explain any 2)

- Planning
- Organising
- Directing
- Controlling
- Co ordination (5) Includes both 'Sale' and 'Agreement to Sell'

29) What is Bonus Shares?

Bonus share means to utilize the company's reserves and surpluses, issue of shares to existing shareholders without taking any consideration is known as Bonus Shares. It can be issued by:

- (i) Making partly paid up shares as fully paid
- (ii) Issuing new shares

30) The relationship between the company and secretary is relationship between a master and servant

- The secretary is responsible for the general performance of an organization
- A servant is anyone who works for another individual, the master, with or without pay.
- The master and servant relationship only arises when the tasks are performed by the servant under the direction and control of the master and are subject to the master's knowledge and consent.

### PART-C

III) ANSWER ANY SEVEN OF THE FOLLOWING QUESTIONS:

7X3=21

Q.NO 40 IS COMPULSORY

31) Difference between 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) Explain about Factoring and Venture Capital Institutions.

**(i) Factoring Institutions:**

“Factoring” is an arrangement whereby a financial institution provides financial accommodation on the basis of assignment/ sale of account receivables. The factoring institutions collect the book debts for and on behalf of its clients.

**(ii) Venture Fund Institutions:**

- Venture capital financing is a form of equity financing designed especially for funding new and innovative project ideas.
- Venture capital funds bring into force the hi-technology projects which are converted into commercial production.

33) What do you mean by achievement test?

- ❖ This test measures a candidate's capacity to achieve in a particular field.
- ❖ This test measures a candidate's level of skill in certain areas, accomplishment and knowledge in a particular subject.
- ❖ The regular examination conducted in educational institution represents achievement test. It is also called proficiency test.

**Example :** A driver may be asked to drive a vehicle to test his driving efficiency

34) What can be marketed in the Market?

The dynamic items that can be marketed are listed below:

1. Goods 2. Services 3. Experiences 4. Events 5. Persons  
**6. Places 7. Properties 8. Organization 9. Information 10. Ideas**

35) Who are the members of the National Commission?

1. The National Commission should have five members.
2. One should be from judiciary.
3. Four other members of ability, knowledge and experience from any other fields.
4. It should include a woman.

36) Write a short note on 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.

**Liberalization** refers to laws or rules being liberalized, or relaxed, by a government.

**Privatisation** means permitting the private sector to set up industries which were previously reserved for the public sector.

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

**37) Define Endorsement**

“When the maker or holder of a negotiable instrument signs the name, otherwise that as such maker for the purpose of negotiation, on the back or face thereof, or on a slip

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of paper annexed thereto or so signs for the same purpose a stamped paper intended to be completed as a negotiable instrument, he is said to endorse the same and is called the endorsee”

**38) Write about Fabian entrepreneur**

- These entrepreneurs are said to be traditionalists. They do not simply change to the changes happening in the environment.
- But they adapt themselves to the changes only as a last resort when they fear that non adaptability to changes will unavoidably lead to loss or collapse of the enterprise. Example; Nurus coffee

**39) When are alternative directors appointed?**

- Alternate director is appointed by the Board of Directors, as a substitute to a director who may be absent from India, for a period which is not less than three months.
- The appointment must be authorised either by the Articles of Association of the company or by a passing a resolution in the General Meeting.
- The alternative director is not a representative or agent of Original Director

**40) What do you understand by Issue of Securities at Premium?**

- ❖ When shares are issued at a price above the face or nominal value, they are said to be issued at a premium.
- ❖ For example, a share having the face value of Rs.10 is issued at Rs.12. Here, Rs.2 is the premium.
- ❖ The amount of share premium has to be transferred to an account called the ‘Securities Premium Account’.
- ❖ This account is capital in nature and can only be utilized for the purposes specified by the Act

**PART-D**

**IV. ANSWER ALL THE QUESTIONS**

**7X5=35**

**41a) Explain the Principle of modern management (8)**

**1. Division of Work:**

- ❖ According to this principle the whole work is divided into small tasks.
- ❖ The specialization of the workforce according to the skills of a person, creating specific personal and professional development within the labour force and therefore increasing productivity;
- ❖ It leads to specialization which increases the efficiency of labour.

**2. Authority and Responsibility:**

- ❖ This is the issue of commands followed by responsibility for their consequences.
- ❖ Authority means the right of a superior to give the order to his subordinates whereas responsibility means obligation for performance.

**3. Discipline:**

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

#### 4. **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.

#### 5. **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.

#### 41) b) **Discuss about the Evolution of marketing.**

##### **i. Barter System:**

The goods are exchanged against goods, without any other medium of exchange, like money.

##### **ii. Production Orientation:**

This was a stage where producers, instead of being concerned with the consumer preferences, concentrated on the mass production of goods for the purpose of profit.

##### **iii. Sales Orientation:**

The stage witnessed major changes in all the spheres of economic life. The selling became the dominant factor, without any efforts for the satisfaction of the consumer needs.

##### **iv. Marketing Orientation:**

- Customers' importance was realised but only as a means of disposing of goods produced.
- Competition became more stiff. Aggressive advertising, personal selling, large scale sales promotion etc. are used as tools to boost sales.

##### **v. Consumer Orientation:**

Under this stage only such products are brought forward to the markets which are capable of satisfying the tastes, preferences and expectations of the consumer satisfaction.

##### **vi. Management Orientation:**

The marketing function assumes a managerial role to co-ordinate all interactions of business activities with the objective of planning, promoting and distributing want-satisfying products and services to the present and potential customers

42)a)

1. Differentiate between the Money Market and Capital Market.

| SL.NO | FEATURES                    | MONEY MARKET   | CAPITAL MARKET  |
|-------|-----------------------------|--|---|
| 1     | 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.                      |
| 2     | 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.,            |
| 3     | Role of Major Institution   | The central bank and commercial banks are the major institutions in the money market.                      | Development banks and Insurance companies play a dominant role in the capital market. |
| 4     | Availability of Instruments | Money Market instruments generally do not have secondary market.   | Capital market instruments generally have secondary markets.                          |
| 5     | Risk                        | Low credit and market risk.  | High credit and market risk   |
| 6     | Liquidity                   | High liquidity in Money Market   | Low liquidity in Capital Market   |

42)b) **What are the Duties of consumers?(142)****Buying Quality Products at Reasonable Price:**

❖ It is the responsibility of a consumer to purchase a product after gaining a thorough knowledge of its price, quality and other terms and conditions.

**Ensure the Weights and Measurement before Making Purchases:**

❖ The consumer should ensure that he/she is getting the product of exact weight and measure. Consumer should check the weights and balance of the product.

**Reading the Label Carefully:**

❖ It is the duty of the consumer to thoroughly read the label of the product. It should have correct, complete and true information about the product.

**Ensuring the Receipt of Cash Bill:**

❖ It is a legitimate duty of consumers to collect cash receipt and warranty cards supplied along with bills. This will help them in seeking redressal for their grievances.

**Buying from Reputed Shops:**

❖ It is advisable for the consumer to make purchase from the reputed shops or government shops like super bazaar, cooperative stores, and the like.

43)a) Explain the External source of recruitment

i. Direct:

1. Advertisements-

The employer can advertise in dailies, journals, magazines etc. about the vacancies in the organisation

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## 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

43)b) **Explain the micro environmental factors of business.**

This refers to those factors which are in the immediate environment of a business affecting its performance. These include the following:

**i) Suppliers:**

✓ In any organisation the suppliers of raw materials and other inputs play a very vital role.

✓ Organisations have realised the importance of nurturing and maintaining good relationship with the suppliers.

## ii) Customers:

✓ The aim of any business is to satisfy the needs of its customers. The customer is the king business.

✓ Customer relationship management aims at creating and sustaining cordial relations with customers.

## iii) Competitors:

✓ All organisations face competition at all levels local, national and global.

✓ Competitors may be for the same product or for similar products.

✓ It is important for a business to understand its competitors and modify their business strategies in the face of competition.

## iv) Marketing Channel members:

✓ The marketing inter-mediaries serve as a connecting link between the business and its customers.

✓ Market research agencies help the firm to understand the needs of the customers

**v) Public:**

✓ This refers to any group like media group, citizen action group and local public which has an impact on the business.

✓ The public group has the ability to make or mar a business. Many companies had to face closure due to actions by local public.

45) a) **Mrs.Rani is an Entrepreneurs.What are the challenges faced by her?(207,208)**

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**1. Problem of Finance:**

- The access of women to external sources of funds is limited as they do not generally own properties in their own name.
- Financial institutions they impose stringent conditions which discourage women to avail themselves of loan assistance from banks.
- Because of the limited funds, women entrepreneurs are not able to effectively and efficiently run and expand their business.

**2. Limited Mobility:**

- Indian women cannot afford to shed their household responsibilities towards their family even after they plunge into the venture started by them.
- This restricts the mobility of women entrepreneurs significantly.

**3. Lack of Education**

- Illiterate and semi-literate women entrepreneurs encounter a lot of challenges in their entrepreneurial journey with respect to maintaining accounts, understanding money matters, day-to-day operations of the company, etc.,
- This reduces the efficiency of operating the business successfully.

**4. Stiff Competition**

- Women entrepreneurs have to face serious competition for their goods from organised sector and from their male counterparts.
- Since they are not able to spend freely due to financial restrictions, they are not able to compete effectively and efficiently in the market.

**5. Lack of Information**

- Women entrepreneurs are reported not to be generally aware of subsidies and incentives available for them due to their poor literacy levels or due to their preoccupation with household responsibilities.

**6. Dependent culture**

- In India, women however educated and talented are groomed to be dependent on their parents, life partners and children during the various phases of their lifecycle.
- This cultural barrier does not allow them to start and manage their ventures according to their free will and pleasure.

45) b) State the qualification of Directors.

➤ As regards to the qualification of directors, there is no direct provision in the Companies Act, 2013.

➤ In general, a director shall possess appropriate skills, experience and knowledge in one or more fields of finance, law, management, sales, marketing, administration, research, corporate governance, technical operations or other disciplines related to the company's business.

According to the different provisions relating to the directors; the following qualifications may be mentioned:

1. A director must be a person of sound mind.
2. A director must hold share qualification, if the article of association provides such.
3. A director must be an individual.
4. A director should be a solvent person.
5. A director should not be convicted by the Court for any offence, etc.

46) a) **What are the various kinds of Debentures? Any 5**

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

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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.

**3. On the basis of Redeemability, debentures are classified into:**

(A) Redeemable Debentures:

✓ It refers to the debentures which are issued with a condition that the debentures will be redeemed at a fixed date or upon demand, or after notice, or under a system of periodical drawings.

(B) Perpetual or Irredeemable Debentures:

✓ A Debenture, in which no specific time is specified by the companies to pay back the money, is called an irredeemable debenture.

✓ The debenture holder cannot demand repayment as long as the company is a going concern. Issuing company has to pay interest periodically.

✓ After the commencement of the Companies Act, 2013, now a company cannot issue perpetual or irredeemable debentures.

4. On the basis of Registration, debentures may be classified as

(A) A Registered Debentures:

✓ Registered debentures are issued in the name of a particular person, whose name appears on the debenture certificate and who is registered by the company as holder on the Register of debenture holders.

(B) Bearer debentures:

✓ Bearer debentures on the other hand, are issued to bearer, and are negotiable instruments, and so transferable by mere delivery like share warrants

46)a) **Discuss in detail the features of a cheque.(Any 5)**

**(i) Instrument in Writings:**

A cheque or a bill or a promissory note must be an instrument in writing. Though the law does not prohibit a cheque being written in pencil, bankers never accept it because of risks involved.

**(ii) Unconditional Orders:**

The instrument must contain an order to pay money. It is not necessary that the word 'order' or its equivalent must be used to make the document a cheque.

**(iii) Drawn on a Specified Banker Only:**

The cheque is always drawn on a specified banker. The customer of a banker can draw the cheque only on the particular branch of the bank where he has an account.

**(iv) A Certain Sum of Money Only:**

The order must be for payment of only money. If the banker is asked to deliver securities, the document cannot be called a cheque.

**(v) Payee to be Certain:**

The cheque must be made payable to a certain person or to the order of a certain person or to the bearer of the instrument.

**(vii) Signed by the Drawer:**

The cheque is to be signed by the drawer. Further, it should tally with specimen signature furnished to the bank at the time of opening the account.

**(vi) Payable Always on Demand:**

A cheque is always payable on demand. The words on demand are not used when the drawee bank is asked to pay and the time for its payment is not specified, it is considered to be payable on demand.

46) B) Explain different types of open and secret types of voting.

✓ The word 'Vote' originated in Latin word 'Votum' indicating one's wishes or desire.

✓ By casting his vote one formally declaring his opinion or wish in favour of or against a proposal or a candidate to be elected for an office

**I. Open Procedure :**

This type of voting has no secrecy as the all the members assembled can see voting.

There are two popular methods of open voting namely voice voting and voting by show of hands.

**(a) By Voice:**

✓ Voice voting is a popular type of voting in which the chairman allows the members to raise their voice in favour or against an issue 'Yes' for approval and 'No' for rejection.

✓ Chairman announces the result of voice voting on the basis of strength of words shouted.

✓ It is an unscientific method. It cannot be employed for deciding complex issue.

**(b) By Show of Hands:**

✓ Under this method the chairman, requests the members to raise their hands of those who are in favour of the proposal or candidate and then requests those are against.

✓ Then the chairman counts the number of hands raised for Yes and No respectively can announce the result on the basis of hands counted.

**II. Secret Procedure :**

Secret procedure is adopted to decide certain vital issues. It is a popular voting method that could maintain the secrecy of the voter.

**a) By Ballot :**

✓ Under this system, ballot paper bearing serial number is given to the members to record their opinion by marking with the symbol or Shareholders have to cast their vote in a secret chamber and put the ballot paper into the ballot box.

✓ The chairman opens the ballot box in the presence of tellers or scrutinizers and counts the votes. He rejects the defective or wrongly marked ballot papers. The votes are counted and the results are announced.

**b) Postal Ballot :**

✓ Big companies or big associations having members scattered all over the country follow this method of voting.

Under this method serially numbered ballot papers are sent by post in sealed covers to the members, who, living at a distant place, are unable to attend the meeting physically.

✓ The members or voters fill in the ballot papers and return them in sealed covers which are opened when the ballot box is opened for counting the votes.

47)a) **Discuss the nature of functional entrepreneurs.**

### 1. Innovating Entrepreneur:

- Innovative entrepreneur is one who is always focussed on introducing a new project or already started.
- They constantly observe the environment around them; collect information and analyse them in order to contribute something a new in the venture.
- Their innovation may take the form of brand new product, upgraded product, discovering untapped market, new method of production, and so on. introducing something new in the venture.

### 2. Imitative Entrepreneur

- Imitative entrepreneur is one who simply imitates existing skill, knowledge or technology already in place in advanced countries.
- For example, expensive medicines developed in advanced countries are simply reengineered by changing the composition of elements or changing the process of production.

### 3. Fabian Entrepreneur

- These entrepreneurs are said to be traditionalists. They do not simply change to the changes happening in the environment.
- But they adapt themselves to the changes only as a last resort when they fear that non adaptability to changes will unavoidably lead to loss or collapse of the enterprise. Example; Nursus coffee

### Drone Entrepre

Drone entrepreneurs are those who are totally opposed to changes unfolding in the environment.

- They used to operate in the niche market. They are similar to fabian entrepreneur in single-mindedly pursuing their conventional practices.
- The main difference between Fabian entrepreneur and drone entrepreneur lies in the fact that while fabian entrepreneur adapts to changes eventually as a last resort, drone entrepreneur never adapts himself or herself to change, Example; Gopal Tooth powder

47)b)What are the difference between on the job training and off the training?

| SL.NO | BASIS       | On the Job Training   | Off the Job Training  |
|-------|-------------|---|---|
| 1     | Meaning     | The employee learns the job in the actual work environment. | Off the Job training involves the training of employees outside the actual work location  |
| 2     | Cost        | It is cheapest to carry out                                 | It requires expenses like separate training rooms, specialist, resources like projectors. |
| 3     | Location    | At the work place   | Away from the work place  |
| 4     | Approach    | Practical approach  | Theoretical approach  |
| 5     | Principle   | Learning by performing                                      | Learning by acquiring knowledge   |
| 6     | Carried out | It is carried out by the experienced employee               | Training which is provided by the experts.  |
| 7     | Methods     | Coaching, job rotation, apprenticeship, mentoring, etc      | Role –plays , seminar, lectures, case studies,etc   |