

12th
STD.**Common Quarterly Examination
September- 2019****Commerce (With Answers)**

Time Allowed: 2.30 Hours]

[Maximum Marks : 90

Instructions :

- (a) Check the question paper for fairness of printing. If there is any lack of fairness, inform the Hall Supervisor immediately.
- (b) Use **Blue** or **Black** ink to write and underline and pencil to draw diagrams

PART - I**Note :** (i) Answer all the questions.**[20 × 1 = 20]**

- (ii) Choose the most appropriate answer from the given **four** alternatives and write the option code and the corresponding answer.

1. Management is what a _____ does?
 - (a) Manager
 - (b) Subordinate
 - (c) Supervisor
 - (d) Superior
2. Scientific management is developed by _____
 - (a) Fayol
 - (b) Taylor
 - (c) Mayo
 - (d) Jacob
3. Which of the following is not a main function?
 - (a) Decision making
 - (b) Planning
 - (c) Organizing
 - (d) Staffing
4. Delegation of authority is easily done with the help of _____.
 - (a) MBM
 - (b) MBE
 - (c) MBO
 - (d) MBA
5. Capital market is a market for
 - (a) Short term finance
 - (b) Medium term finance
 - (c) Long term finance
 - (d) None of the above
6. NSEI was established in _____.
 - (a) 1990
 - (b) 1992
 - (c) 1998
 - (d) 1997
7. Money market provides
 - (a) Medium term funds
 - (b) Short term funds
 - (c) Long term funds
 - (d) Shares
8. There are _____ Stock Exchanges in our country.
 - (a) 21
 - (b) 24
 - (c) 20
 - (d) 25
9. Securities Exchange Board of India was first established in the year
 - (a) 1988
 - (b) 1992
 - (c) 1995
 - (d) 1998
10. _____ enables small investors to participate in the investment on share capital of large companies.
 - (a) Mutual funds
 - (b) Shares
 - (c) Debentures
 - (d) Fixed deposits
11. Human resource is a _____ asset.
 - (a) Tangible
 - (b) Intangible
 - (c) Fixed
 - (d) Current
12. Advertisement is a _____ source of recruitment.
 - (a) Internal
 - (b) External
 - (c) Agent
 - (d) Outsourcing
13. Selection is usually considered as a _____ process.
 - (a) Positive
 - (b) Negative
 - (c) Natural
 - (d) None of these
14. Vestibule training is provided
 - (a) On the job
 - (b) In the class room
 - (c) In a situation similar to actual working environment
 - (d) By the committee

[1]

15. One who promotes (or) exchange of goods or services for money is called as _____.
- (a) Seller (b) Marketer
(c) Customer (d) Manager
16. The initial stage of Marketing system is _____.
- (a) Monopoly system
(b) Exchange to money
(c) Barter system
(d) Self producing
17. Which one is non marketable assets?
- (a) Government securities
(b) Bonds of Public sector undertakings
(c) National Savings Certificates
(d) Shares of listed companies
18. Which one is non correct?
- (a) The process of placing the right man on the right job is called placement.
(b) A manager has to act as representative of a company.
(c) The goals are achieved with the help of motivation.
(d) Can do anything without planning
19. In the following variables which one is not the variable of marketing mix?
- (a) Place Variable (b) Product Variable
(c) Program Variable (d) Price Variable
20. Jobbers transact in a stock exchange
- (a) for their clients
(b) for their own transactions
(c) for other brokers
(d) for other members

PART - II

Answer any SEVEN questions in which Q.No. 30 is compulsory. $7 \times 2 = 14$

21. What is management?
22. What is planning?
23. What is meant by MBO?
24. Write a short note on financial market.
25. Write a note on OTCEI
26. What is Government Securities Market?
27. Define stock exchange.

28. Write any two objectives of SEBI.
29. What is Human Resource Management?
30. What is Intelligence test?

PART - III

Answer any SEVEN questions in which Q.No. 40 is compulsory.

$7 \times 3 = 21$

31. What are the principles of Taylor?
32. State the importance of directing.
33. Write the features of MBO.
34. Write a short note on secondary market.
35. What are the various kinds of capital market? Explain.
36. Explain the types of commercial bill.
37. Explain Bull and Bear.
38. Draw the organization structure of SEBI.
39. What is the importance of Human Resource?
40. What is aptitude test?

PART - IV

Answer all the questions: $7 \times 5 = 35$

41. Write about the contribution of Peter Drucker to management.
- (OR)
- Discuss about the Evolution of marketing
42. How the market can be classified?
- (OR)
- Explain the various functions of management.
43. What are the process involved in MBO?
- (OR)
- How the market can be classified on the basis of Economics?
44. Explain the principles of modern management.
- (OR)
- Explain the principles of placement.

45. Explain the different methods of recruitment.

(OR)

Explain the different kinds of financial market.

46. Explain any five features of Government Securities.

(OR)

Explain the powers of SEBI.

47. Describe the significance of Human Resources Management.

(OR)

Explain the benefits of Stock Exchange to the Community.

ANSWERS

PART - I

1. (a) Manager
2. (b) Taylor
3. (a) Decision making
4. (c) MBO
5. (c) Long term finance
6. (b) 1992
7. (b) Short term funds
8. (a) 21
9. (a) 1988
10. (a) Mutual funds
11. (b) Intangible
12. (b) External
13. (b) Negative
14. (c) In a situation similar to actual working environment
15. (b) Marketer
16. (c) Barter system
17. (c) National Savings Certificates
18. (d) Can do anything without planning
19. (c) Program Variable
20. (b) for their own transactions

PART - II

21. Management is the process of giving direction and controlling the various activities of the people to achieve the objectives of an organisation.

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

23. MBO is a management system in which each member of the organisation effectively participates and involves himself. This system gives full scope to the individual strength and responsibility. MBO harmonises the goal of an individual with the organisation's goal.

24. A market wherein financial instruments such as financial claims, assets and securities are traded is known as a 'financial market'.

25. (i) OTCEI means Over The Counter Exchange of India.

(ii) The OTCEI was set up by a premier financial institution to allow the trading of securities across the electronic counters throughout the country.

(iii) It addresses some specific problems of both investors and medium-size companies.

26. A market whereby the government or gilt edged securities can be bought and sold is called 'Government securities market'.

27. The Indian securities contracts (Regulation) Act of 1956 defines stock exchange as, "An association, organisation or body of individuals, whether incorporated or not, established for the purpose of assisting, regulating and controlling business in buying, selling and dealing in securities."

28. (i) The first objective of SEBI is regulate stock exchanges.

(ii) The second foremost objective of SEBI is to protect the interests of the investors.

29. (i) The branch of management that deals with managing human resource is known as Human resource management.

(ii) Human resource management is a function of management concerned with hiring, motivating and maintaining people in an organisation.

30. Intelligence tests are one of the psychological tests, that is designed to measure a variety of mental ability, individual capacity of a candidate. The main aim of these tests is to obtain an idea of the person's intellectual potential.

PART - III

31. Taylor propounded the principles of scientific management. They are :

- (i) Science, Not Rule of Thumb
- (ii) Harmony, Not Discord
- (iii) Mental Revolution
- (iv) Co-operation, Not individualism
- (v) Development of each and every person to his or her greatest efficiency and prosperity.

32. Directing :

- (i) Directing denotes motivating, leading, guiding and communicating with subordinates.
- (ii) Employees are kept informed of all necessary matters by circulars, instructions manuals, newsletters, notice-boards, meeting, participative mechanism, etc

33. The features of MBO are :

- (i) An attempt is made by the management to integrate the goals of an organisation and individuals. This will lead to effective management.
- (ii) MBO tries to combine the long run goals of an organisation with short run goals.
- (iii) Management tries to relate the organisation goals with society goals.
- (iv) MBO's emphasis is not only on goals but also on effective performance.
- (v) It increases the organisational capability of achieving goals at all levels.
- (vi) Aims at replacing the exercise of authority with consultations.

34. (i) Secondary market may be defined as the market for old securities, in the sense that securities which are previously issued in the primary market are traded here.

- (ii) The trading takes place between investors who follow the original issue in the primary market.
- (iii) It covers both stock exchange and over the counter market.

35. Capital market is divided into two i.e. primary market and secondary market.

(i) Primary Market :

- (a) Primary market is a market for new issues or new financial claims. Hence, it is also called New Issue Market.
- (b) The primary market deals with those securities which are issued to the public for the first time.
- (c) In the primary market, borrowers exchange new financial securities for long term funds.

(ii) Secondary Market :

- (a) Secondary Market may be defined as the market for old securities, in the sense that securities which are previously issued in the primary market are traded here.
- (b) The trading takes place between investors who follow the original issue in the primary market.
- (c) It covers both stock exchange and over-the counter market.

36. The various types of commercial bills are as follows :

- (i) Demand and usance bills
- (ii) Clean bill and documentary bills
- (iii) Inland bills and foreign bills
- (iv) Indigeneous bills
- (v) Accommodation and Supply bills.

(i) Demand and Usance bill : A demand bill is one wherein no specific time of payment is mentioned.

(ii) Clean bills and documentary bills: Bills that are accompanied by documents of title to goods are called documentary bills.

(iii) Inland bills and Foreign bills : Bills are drawn and payable in India are called inland bills. Bills that are drawn outside India are called foreign bills.

(iv) Indigeneous bills : The indigeneous bills are governed by native custom or usage of trade.

(v) Accommodation and supply bills : Accommodation bills are those which do not arise out of genuine trade of transactions.

37. Bull :

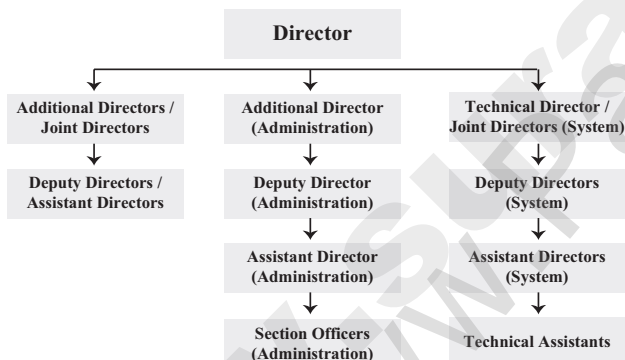
- (i) A Bull or Tejiwala is an operator who expects a rise in prices of securities in the future.
- (ii) In anticipation of price rise he makes purchases of shares at present and other securities with the intention to sell at higher prices in future.
- (iii) He is called bull. He is an optimistic speculator.

(ii) Bear :

- (i) A Bear or Mandiwala speculator expects prices to fall in future and sells securities at present with a view to purchase them at lower prices in future.
- (ii) A bear does not have securities at present, but sells them at higher prices in anticipation that he will supply them by purchasing at lower price in future.
- (iii) He is called bear. He is a pessimistic speculator.

38.

Organization Structure of SEBI

**39.** The vital resource namely human resource is significant because of the following reasons :

- (i) It is only through human resource all other resources are effectively used
- (ii) Industrial relations depend on human resource
- (iii) Human relations is possible only through human resource
- (iv) Human resource manages all other factors of production
- (v) Human resource can be utilised at all levels of management

- (vi) Human resources are well protected by legislative frameworks

40. Aptitude test is a test to measure suitability of the candidates for the post/role. It actually measures skill sets of the candidates. It helps in predicting the ability and future performance of the candidate. Aptitude test can be measured by the following ways :

- (i) Numerical Reasoning test
- (ii) Verbal Reasoning test
- (iii) Inductive reasoning test
- (iv) Mechanical reasoning test
- (v) Diagrammatic reasoning test
- (vi) Spatial reasoning test
- (vii) Situational judgment test
- (viii) Mental arithmetic test
- (ix) Vocabulary test
- (x) Number sequence test

PART - IV**41.** Some of the major contributions of peter F Drucker are as follows :**1. Nature of Management :**

Drucker is against bureaucratic management and has emphasised management with creative and innovate characteristics. The basic objective of management is to read towards innovation.

2. Management functions :

According, there are three basic functions of a manager which he must perform to enable the institution to make its contribution for :

- (i) the specific purpose and mission of the institution whether business, hospital or university ;
- (ii) making work productive and the worker achieving ; and
- (iii) managing social impacts and social responsibilities.

3. Organisation structure :

Drucker emphasised three basic characteristics of an effective organisation structure. These are :

- (i) Enterprise should be organised for performance.
- (ii) It should contain the least possible number of managerial levels.

(iii) It must make possible the training and testing of tomorrow's top managers responsibility to a manager while still he is young.

4. Federalism :

Drucker has advocated the concept of federalism. Federalism refers to centralised control in decentralised structure. Decentralised structure goes far beyond the delegation of authority.

5. Management by objectives :

(i) Management by objectives (MBO) is regarded as one of the important contributions of Drucker to the discipline of management.

(ii) MBO includes methods of planning, setting standards, performance appraisal and motivation.

(OR)

(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 :** Customer's importance was realised but only as a means of disposing of goods produced. Competition became more stiff.

(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 consumers-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 and services to the present and potential customers.

42. The market can be classified as follows :

I. On the basis of Geographical area :

- a. Family market
- b. Local market
- c. National market
- d. International market or world market

II. On the basis of commodities / Goods :

a. Commodity market :

- (i) Produce Exchange market
- (ii) Manufactured goods market
- (iii) Bullion market

b. Capital markets :

- (i) Money market
- (ii) Foreign Exchange market
- (iii) The stock Exchange market

III. On the basis of Economics :

- (i) Perfect market
- (ii) Imperfect market

IV. On the basis of Transaction :

- (i) Spot market
- (ii) Future market

V. On the basis of regulation :

- (i) Regulated market
- (ii) Unregulated market

VI. On the basis of time :

- (i) Very short period market
- (ii) Short period market
- (iii) Long period market

VII. On the basis of volume of business :

- (i) Wholesale market
- (ii) Retail market

VIII. On the basis of importance :

- (i) Primary market
- (ii) Secondary market
- (iii) Terminal market

(OR)

Functions of management can be classified into two categories.

- A. Main functions; and
- B. Subsidiary functions.

A. Main functions :

(i) Planning :

- (a) Planning is the primary function of management.
- (b) Nothing can be performed without planning.
- (c) E.g. Writing a book starts with planning.

(ii) Organising :

- (a) Organising is the process of establishing harmonious relationship among the members of an organisation.
- (b) Organising function work is assigned to employees who are given authority to carry out the work assigned and made accountable for it.

(iii) Staffing :

- (a) Staffing function comprises the activities of selection and placement of competent personnel.
- (b) Staffing refers to placement of right persons in the right jobs.

(iv) Directing :

- (a) Directing denotes motivating, leading, guiding and communicating with subordinates.
- (b) Employees are kept informed of all necessary matters by circulars, instructions manuals, newsletters, notice-boards, meeting, participative mechanism, etc.

B. Subsidiary functions :**(i) Innovation :**

- (a) Innovation refers to the preparation of personnel and organisation to face the changes made in the business world.
- (b) Innovation includes developing new material, new products, new techniques in production, new package, new design of a product and cost reduction.

(ii) Representation :

- (a) A manager has to act as representative of a company.
- (b) Manager has dealings with customers, suppliers, government officials, banks, financial institutions, trade unions, etc.
- (c) It is the duty of every manager to have good relation with others.

(iii) Decision – making :

- (a) Every employee of an organisation has to take a number of decisions every day.
- (b) Decision – making helps in the smooth functioning of an organisation.

(iv) Communication :

- (a) Communication is the transmission of human thoughts, views or opinions from one person to another person.
- (v) Workers are informed about what should be done, where it is to be done, how it is to be done and when it is to be done.

43. The process of MBO is explained below :**(i) Defining Organisational Objectives:**

Initially, organisational objectives are framed by the top level employees of an organisation. The definition of organisational objectives states why the business is started and exists.

(ii) Goals of Each Section : Objectives for each section, department or division are framed on the basis of overall objectives of the organisation. Goals or objectives are expressed in a meaningful manner.**(iii) Fixing Key Result Areas :** Key result areas are fixed on the basis of organisational objectives premises. Key Result Areas (KRA) are arranged on a priority basis. KRA indicates the strength of an organisation.**(iv) Setting Subordinate Objectives or Targets:** The objectives of each subordinate or individual are fixed. It is preferable to fix the objectives at lower level in quantitative units. There should be a free and frank discussion between the superior and his subordinates.**(v) Matching Resources with Objective :** The objectives are framed on the basis of availability of resources. If certain resources (technical personnel or scarce raw material) are not adequately available, the objectives of an organisation are changes accordingly.**(vi) Periodical Review Meetings :** The superior and subordinates should hold meetings

periodically in which they discuss the progress in the accomplishment of objectives.

- (vii) **Appraisal of Activities** : At the end of the fixed period for achieving the objectives, there should be a discussion between the superior and subordinates.

(OR)

On the basis of Economic the market can be classified into : (a) Perfect market
(b) Imperfect market

- (a). **Perfect market** : A market is said to be a perfect market, if it satisfies the following conditions.

- (i) Large number of buyers and sellers.
- (ii) Prices should be uniform throughout the market.
- (iii) Buyers and sellers have a perfect knowledge of market.
- (iv) Goods can be moved from one place to another without restrictions.
- (v) The goods are identical or homogeneous. It should be remembered that such types of markets are rarely found.

- (b). **Imperfect market** : A market is said to be imperfect when :

- (i) Products are similar but not identical
- (ii) Prices are not uniform
- (iii) There is lack of communication
- (iv) There are restrictions on the movement of goods.

44. Henry Fayol is the father of modern management. The following are the major principles of modern management are,

- (i) **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.

- (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 organisations.

- (iv) **Unity of command** :

This principle states that each sub-ordinate should receive orders and be accountable to one and only one superior.

- (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.

- (vi) **Remuneration** :

workers must be paid sufficiently as this is a chief motivation of employees and therefore greatly influences productivity.

- (viii) **The degree of centralisation** :

The amount of power wielded with the central management depends on company size.

(OR)

The following principles are followed at the time of placement of an employee.

- (i) **Job First, Man next** : Man should be placed on the job according to the requirements of the job. There is no compromise on the requirements or qualifications of the man with respect to job. "Job First, Man next" should be the principles of management.
- (ii) **Job offer** : The job should be offered to the man based on his qualification.
- (iii) **Terms and conditions** : The employee should be made conversant with the conditions and culture prevailing in the organisation and all those things relating to the job.
- (iv) **Aware about penalties** : The employee should also be made aware of the penalties if he / she commits a wrong or lapse.
- (v) **Loyalty and Co-operation** : When placing a new recruit on the job, an effort should be made to develop a sense of loyalty and co-operation in him, so that he may realise his/her responsibilities better towards the job and the organisation.

45. There are basically two ways by which an organisation can recruit its employees namely internal and external sources. External sources can further be classified into Direct and Indirect sources.

Internal Sources : The following are the internal sources of recruitment.

- (a) Transfer
- (b) Upgrading
- (c) Promotion
- (d) Demotion
- (e) Recommendation by existing employees
- (f) Job rotation
- (g) Retention
- (h) Retired employees
- (i) Dependants
- (j) Previous applicants
- (k) Acquisitions and mergers

External Sources :

- (a) **Direct :** Advertisements, unsolicited applicants, walk ins, campus recruitment, Recruitment at factory gate, Rival firms, e-Recruitment.
- (b) **Indirect :** Employee referral, Government / Public Employment Exchanges, Employment agencies, Employment consultancies, Professional Associations, Deputation, Word of mouth, Labour contractors, Job portals, Outsourcing, Poaching.

(OR)

Financial markets can be classified in different ways. They are as follows

- (i) **On the basis of type of financial claim**
 - (a) Debt market
 - (b) Equity market
- (ii) **On the basis of maturity of financial claim**
 - (a) Money market
 - (b) Capital market
- (iii) **On the basis of time of issue of financial claim**
 - (a) Primary market
 - (b) Secondary market

(iv) **On the basis of time of delivery of financial claim**

- (a) Cash / Spot market
- (b) Forward or Future market

(v) **On the basis of organisational structure of the financial market**

- (a) Exchange traded market
- (b) Over – the – counter market

46. The characteristics of government securities are discussed below :

(i) **Agencies :** Government securities are issued by agencies such as central government, State governments, semi-government authorities like local government authorities, example, municipalities, autonomous institution such as metropolitan authorities, port trusts etc.

(ii) **RBI Special Role :** RBI takes a special and an active role in the purchase and sale of these securities as part of its monetary management exercise.

(iii) **Nature of Securities :** Securities offer a safe avenue of investment through guaranteed payment of interest and repayment of principal by the government.

(iv) **Liquidity Profile :** The liquidity profile of gilt-edged securities varies. Accordingly liquidity profile of securities issued by Central Government is high.

(v) **Tax Rebate :** A striking feature of these securities is that they offer wide-rang of tax incentives to investors. This has made these securities very popular for this benefit.

(OR)

The various powers of SEBI are as follows :

(i) **Powers Relating to Stock Exchanges and Intermediaries :** SEBI has wide powers regarding the stock exchanges and intermediaries dealing in securities. It can ask information from the stock exchanges and intermediaries regarding their business transactions for inspection or scrutiny and other purpose.

- (ii) **Power to impose monetary penalties:** SEBI has been empowered to impose monetary penalties on capital market intermediaries and other participants for a range of violations.
- (iii) **Power to initiate actions in functions assigned :** SEBI has a power to initiate actions in regard to functions assigned. For example, it can issue guidelines to different intermediaries or can introduce specific rules for the protection of interests of investors.
- (iv) **Power to regulate insider – trading :** SEBI has power to regulate insider trading or can regulate the functions of merchant bankers.
- (v) **Powers under securities contracts Act :** For effective regulation of stock exchange, the Ministry of Finance issued a Notification on 13th September, 1994 delegating several of its powers under the Securities Contracts (Regulations) Act to SEBI.
- (vi) **Power to regulate business of stock exchanges :** SEBI is also empowered to regulate the business of stock exchanges, intermediaries associated with the securities market as well as mutual funds, fraudulent and unfair trade practices relating to securities and regulation of acquisition of shares and takeovers of companies.
- (iii) **To ensure the correct requirement of manpower :** At any time the organisation should not suffer from shortage or surplus manpower which is made possible through human resource management.
- (iv) **To select right man for the right job :** Human resource management ensures the right talent available for the right job, so that no employee is either under qualified or over qualified.
- (v) **To update the skill and knowledge:** Managing human resource plays a significant role in the process of employee skill and knowledge enhancement to enable the employees to remain up to date through training and development programmes.
- (iv) **To appraise the performance of employees:** Periodical appraisal of performance of employees through human resource management activities boosts up good performers and motivates slow performers.
- (vii) **To improve competitive advantage :** Organisation with capable and competent employees can truly gain competitive advantage in the globalised market. Higher the level of good performers greater the possibility of fast paced growth of the enterprise.

(OR)

47. The significance of Human resource management are as follows :

- (i) **To identify manpower needs :** Determination of manpower needs in an organisation is very important as it is a form of investment. The number of men required are to be identified accurately to optimise the cost.
- (ii) **To incorporate change :** Change is constant in any organisation and this change has to be introduced in such a way that the human resource management acts as an agent to make the change effective.

- (i). **Economic Development :** It accelerates the economic development by ensuring steady flow of savings into productive purposes.
- (ii) **Fund Raising Platform:** It enables the well-managed, profit-making companies to raise limitless funds by fresh issue of shares from time to time.
- (iii) **Tools to Divert Resources :** Scarce resources are thus diverted to efficiently run enterprises for better utilization.
- (iv) **Capital Formation :** It encourages capital formation.
- (v) **Fund Raiser for Government :** It enables Government to raise funds for undertaking projects through sale of securities on the stock exchange. Thus stock exchange serves as a platform for raising public debt.

