

XII- COMMERCE SHORT ANSWERS QUESTIONS:**CHAPTER - 1****1. Define the term management.**

“Management is a multipurpose organ that manages a business and manages manager, and manages worker and work.” — **Peter F. Drucker:**

“To manage is to forecast, to plan, to organise, to command, to co- ordinate and to control.”

- **Henry Fayol.**

2. Is management an Art or Science?

- Management is neither a science nor an art.
- It a combination of both.
- Managers have to apply management principles which constitute science.
- Managers require certain managerial skills to achieve the results which is an Art.

3. Differentiate management from Administration.

BASIS	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
Key person	Manager	Administrator
Focus on	Managing work	Making best possible Allocation of limited resources

4. What are the principles of Taylor?

Principles of scientific management by Taylor are

- ❖ Science, Not Rule of Thumb
- ❖ Harmony, Not Discord
- ❖ Mental Revolution
- ❖ Cooperation, Not Individualism
- ❖ Development of each and every person to his or her greatest efficiency and Prosperity

5. What determines the span of management?

- a) Influences the complexities of the individual manager’s job
- b) Determine the shape of the Organization.

The following factor determines the span of management:

- ❖ Capacity of Superior
- ❖ Capacity of subordinate
- ❖ Nature of work
- ❖ Degree of decentralization
- ❖ Planning
- ❖ Communication technique

CHAPTER - 2**1. List out the main functions of management?**

- Planning
- Organizing
- Directing
- Motivation
- Controlling
- Co-ordination

2. State the importance of staffing.

- Staffing refers to placement of right persons in the right jobs.
- Staffing includes selection of right persons, training to those needy persons, promotion of best persons, retirement of old persons, performance appraisal of all the personnel, and adequate remuneration of personnel.
- The success of any enterprise depends upon the successful performance of staffing function.

3. Bring out the subsidiary functions of management.**i) Innovation**

- Innovation refers to the preparation of personnel and organisation to face the changes made in the business world.
- Consumers are satisfied through innovation.

ii) Representation:

- A manager has to act as representative of a company.
- Manager has dealings with customers, suppliers, government officials, banks.

iii) Decision-making:

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

4. State the importance of Motivation.

- The goals are achieved with the help of motivation.
- It increasing the speed of performance of a work and developing willingness on the part of workers.
- This is done by a resourceful leader.

5. What are the main duties of a manager?

- A manager is the representative of a company
- It is the duty of every manager to have good relation with customers, suppliers, government, banks, financial institutions, trade unions and the like.
- It is the duty of every manager to have good relation with others

CHAPTER - 3**1. Write the features of MBO.**

- MBO tries to combine the long run goals of organisation with short run goals.
- Management tries to relate the organisation goals with society goals.
- MBO's emphasis is not only on goals but also on effective performance.

2. What is the process involved in MBO?

- Defining organizational objectives
- Goals of each section
- Fixing key result areas
- Setting subordinate targets

- Matching resources with objective
- Periodical Review meetings
- Appraisal of activities

3. What are the Process of MBE?

- It is necessary to set objectives with estimated results.
- These performances are assessed and get equated to the actual performance.
- The deviation gets analyzed.
- The aim is to solve this “exception” immediately.

4. List out any four process of MBO.

- Defining Organisational Objectives
- Goals of Each Section
- Fixing Key Result Areas
- Periodical Review Meetings

CHAPTER – 4

1. Give the meaning and definition of financial market.

Meaning:

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

Definition:

“The place where people and organizations wanting to borrow money are brought together with those having surplus funds is called a financial market.” - **Brigham, Eugene F**

2. Differentiate spot market from future market.

- **Spot Market** is a market where the delivery of the financial instrument and payment of cash occurs immediately.
- **Futures Market** is a market where the delivery of asset and payment of cash takes place at a pre-determined time frame in future.

3. Write a note on Secondary Market.

- The place where securities issued in the primary market are traded is known as Secondary Market.(Resale Market) Stock Exchange is an important institution in the secondary market.

4. Bring out the scope of financial market in India.

- ❖ The financial market provides financial assistance to individuals, agricultural sectors, industrial sectors, service sectors, financial institutions like banks, insurance sectors, provident funds and the government as a whole.
- ❖ Through the financial market the institutions get their short term as well as long term financial assistance.
- ❖ It leads to the overall economic development.

CHAPTER – 5

1. What are the various kinds of Capital Market? Explain.

The capital market is divided into two i.e.,

- **Primary market** and **Secondary market**

i). Primary Market

Primary market is a market for new issues or new financial claims. Hence, it is also called New Issue Market.

ii). Secondary Market

The market for old securities, in the sense that securities which are previously issued in the primary market are traded here

2. Explain any two functions of Capital Market.

i). Savings and Capital Formation

In capital market, various types of securities help to mobilize savings from various sectors of population (Individuals, Corporate, Govt., etc.).

ii). Industrial Growth

The stock exchange is a central market through which resources are transferred to the industrial sector of the economy.

iii). Reliable Guide to Performance:

The capital market serves as a reliable guide to the performance and financial position of corporate, and thereby promotes efficiency.

3. Write a note on National Clearance and Depository System (NCDS).

- ❖ Under the scripless trading system, settlement of transactions relating to securities takes place through a book entry.

It consists of three segments:

- ❖ *National trade comparison and reporting system:*

Its prescribes the terms and conditions of contract for the securities market

- ❖ *National clearing system :*

Its determines the net cash and stock liability of each broker on a settlement date

- ❖ **National depository system :**

It arranges to provide for the transfer of ownership of securities in exchange on payment by book entry on electronic ledgers without any physical movement of transfer deed

4. Discuss about evolution and growth of Indian Capital Market.

- ❖ The period between 1947 and 1973 marked the development of infrastructure for capital market.
- ❖ During this period, a network of development financial institutions such as IFCI, ICICI, IDBI and UTI, SFCs and SIDCs were established.
- ❖ In this period many number of stock exchanges came into existence and the public sector bonds were introduced.
- ❖ SEBI introduced many new financial services such as credit rating.

5. Explain about Factoring and Venture Capital Institutions.

i). Factoring Capital

- ❖ “Factoring” is an arrangement whereby a financial institution provides loans on the basis of assignment/ sale of account receivables.
- ❖ The factoring institutions collect the book debts for and on behalf of its clients.
- ❖ Some of the factoring institutions operating in India are SBI Factors and Commercial Services Private Limited, a subsidiary of State Bank of India.,etc

ii). Venture capital:

- ❖ Venture capital financing is a form of equity financing especially for funding new and innovative project ideas.
- ❖ Venture capital funds bring into force the hi-technology projects which are converted into commercial production.
- ❖ They include Risk Capital Foundation of IFCI, Venture Fund of IDBI, SIDBI, Technology Development and Infrastructure Corporation of India (TDICI), and others.

CHAPTER – 6**1. What are the features of Treasury Bills?**

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

2. Who are the participants of Money Market?

- Private and Public Banks
- Mutual Funds Institutions
- Insurance Companies
- RBI and SBI
- Commercial Banks
- State Governments
- Public

3. Explain the types of Treasury Bills?

On the basis of periodicity, Treasury Bills may be classified into three. They are:

➤ 91 days Treasury Bills

Ninety one days Treasury Bills are issued at a fixed discount rate of 4 % as well as through auctions.

➤ 182 days Treasury Bills

The RBI holds 91 days and 182 Treasury Bills and they are issued on tap basis throughout the week.

➤ 364 days Treasury Bills

364 days Treasury Bills do not carry any fixed rate

4. What are the features of Certificate of Deposit?

- Document of title to time deposit
- It is unsecured negotiable instruments.
- It is freely transferable by endorsement and delivery.
- It is issued at discount to face value.
- It is repayable on a fixed date without grace days.

5. What are the types of Commercial Bill?**a. Demand and Usance Bills**

- A demand bill is one wherein no specific time of payment is mentioned. So, demand bills are payable immediately when they are presented to the drawee.

b. Clean bills and documentary Bills

- Bills that are accompanied by documents of title to goods are called documentary bills. Clean bills are drawn without accompanying any document.
- E.g. Railway Receipt and Lorry Receipt

c. Inland bills and Foreign Bills

- Bills that are drawn and payable in India on a person who is resident in India are called inland bills.
- Bills that are drawn outside India and are payable either in India or outside India are called foreign bills.

d. Indigenous Bills

- The drawing and acceptance of indigenous bills are governed by native custom or usage of trade.

e. Accommodation and supply Bills

- Accommodation bills are those which do not arise out of genuine trade of transactions.

CHAPTER – 7**1. What are the limitations of Stock exchange?**

- ❖ Lack of uniformity and control of stock exchanges.
- ❖ Failure to control unhealthy speculation.
- ❖ No proper regulation of listing of securities on the stock exchange

2. Explain Bull and Bear.**i). Bull**

- ❖ A Bull or Tejiwala is an operator who expects a rise in prices of securities in the future.
- ❖ He is called bull because just like a bull tends to throw his victim up in the air, the bull speculator stimulates the price to rise.
- ❖ He is an optimistic speculator.

ii). Bear

- ❖ 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.
- ❖ A bear usually presses its victim down to ground.
- ❖ A bear is a pessimistic speculator.

3. Explain Stag and Lame Duck.**i) 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 is also called a premium hunter.

ii). Lame Duck

- ❖ When a bear finds it difficult to fulfill his commitment, he is said to be struggling like a lame duck.
- ❖ A bear speculator contracts to sell securities at a later date.
- ❖ Moreover, the buyer is not willing to carry over the transactions.

4. Explain National Stock Market System. (NSMS)

- National stock market system was advocated by the - High Powered Group on the Establishment of New Stock Exchanges headed by **Shri.M.J.Pherwani**.
 - ❖ At present the National Stock Market in India comprises the following:
 - ❖ National Stock Exchange of India Limited (NSE)
 - ❖ Stock Holding Corporation of India Limited (SHCIL)
 - ❖ National Clearing and Depository System (NCDS)
 - ❖ Securities Trading Corporation of India (STCI)
 - ❖ National Securities Depository Limited (NSDL)

5. Explain National Stock Exchange. (NSE)

- ❖ NSE was incorporated in November, 1992.
- ❖ It is a country wide, screen based, online and order driven trading system.
- ❖ It uses satellite link to spread trading throughout the country thereby connecting members scattered all over the India.
- ❖ NSE has two segments, i.e., Debt segment and Capital segment.
- ❖ It has revolutionized stock trading in India

CHAPTER – 8**1. What is meant by Dematerialization?**

- ❖ It is the process by which physical share certificates of an investor are taken back by the company.
- ❖ Then an equivalent number of securities in the electronic form are credited to the investors account with his Depository Participant.

2. What are the documents required for a Demat account?

- ❖ Investors will first have to open an account with a DP.
- ❖ The investor has to submit proof of identity and address along with the passport size photograph and the account opening form.
- ❖ Then request for dematerialization of certificates through the DP.

3. What is the power of SEBI under Securities Contract Act?

- ❖ For effective regulation of stock exchange, the Ministry of Finance issued a Notification on 13 September, 1994 delegating several of its powers under the Securities Contracts (Regulations) Act to SEBI.
- ❖ SEBI is also empowered by the Finance Ministry to nominate three member son the Governing Body of every stock exchange.

4. What is meant by Insiders trading?

- ❖ Insider trading means the buying and selling of securities by directors Promoters, etc., who knows all confidential information about the company and wish to take advantage of this confidential information.
- ❖ This affects the interests of the general investors and is essential to check this tendency
- ❖ Many steps have been taken through SEBI to check insider trading .

5. Draw the organization structure of SEBI.

CHAPTER - 9**1. Define the term Human Resource Management.**

According to Dale Yoder Human Resource Management as “the effective process of planning and directing the application, development and utilisation of human resources in employment”.

“Man, of all resources available to him, can grow and develop” - **Peter.F.Drucker**

2. What are the features of Human resources?

- Human resource is the only factor of production that lives
- Human resource created all other resources
- Human resource exhibits innovation and creativity
- Human resource alone can think, act, analyse and interpret
- Human resources are movable
- Human resource can work as a team

3. Give two points of differences between HR and HRM.

Basis	Human Resource	Human Resource Management
Nature	It is a wing of HRM that keeps focusing on the growth and development part of the organizations man power	It is a branch of management, which is concerned with making the best possible use of enterprise's human resources, by providing better working conditions, to the employees
Time	It is not a continuous process. Depends upon the attitude of the employees it may vary.	It is a continuous process. The HR manager has to deal with different kind of people

4. What is the importance of Human resource?

- ❖ It is only through human resource all other resources are effectively used
- ❖ The sustainable growth of an organisation depends on human resource
- ❖ Industrial relations depend on human resource
- ❖ Human relations is possible only through human resource
- ❖ Human resource manages all other factors of production.

5. State the functions of Human Resource Management.

- **Managerial function** -Planning, Organising, Directing, Controlling.
- **Operative function** –Procurement, Development, Compensation, Retention, Integration, Maintenance.

i). Planning

- ❖ Planning is deciding in advance what to do, how to do and who is to do it.
- ❖ It helps in the systematic operation of business.

ii). Organizing

- ❖ It includes division of work among employees by assigning each employee their duties, delegation of authority as required and creation of accountability to make employees responsible.

iii). Directing

- ❖ It involves issue of orders and instructions along with supervision, guidance and motivation to get the best out of employees.

CHAPTER – 10**1. Define the term Recruitment.**

“It is a process of searching for prospective employees and stimulating and encouraging them to apply for jobs in an organisation.” - **Edwin B. Flippo**

2. What are the features of internal source of recruitment?

- Increased morale and retention.
- Other employees see there is scope for advancement and reward for a job well done.
- Continuity of operations. Chances are that an internal employee can transition into the new role with minimal downtime.
- Less paperwork.

3. Give two points of differences between Advertisement and Unsolicited application.**A. Advertisements**

- ❖ The employer can advertise in dailies, journals, magazines etc. about the vacancies in the organisation specifying the nature of work, nature of vacancy, qualification and experience required, salary offered, mode of applying and the time limit within which the candidate has to apply.
- ❖ Its very expensive method of recruitment

B. Unsolicited applicants

- ❖ These are job seekers who voluntarily apply for the vacancies not yet notified by the organisations.
- ❖ Its not a expensive method of recruitment.

4. What is the importance of job portals?

- Using internet job portals organisations can screen for the prospective candidates and fill up their vacancies
- It's bridging the gap between the recruiters and the job seekers.
- Job Portals help to reach out to a wider audience.
- Job search portals make job searching time-efficient, easy and convenient.

5. State the steps in Recruitment process.

- Planning recruitment
- Determining vacancies
- Identifying the sources
- Drafting information for advertisement
- Selecting the suitable mode of advertisement
- Facilitating selection process
- Evaluation and control

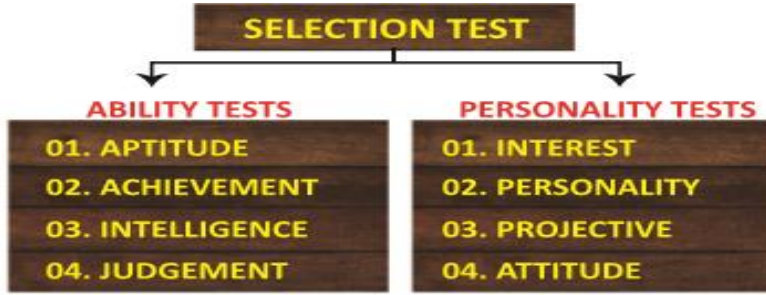
CHAPTER – 11**1. What is stress interview?**

- This type of interview is conducted to test the temperament and emotional balance of the candidate
- Interviewer deliberately creates stressful situation by directing the candidate to do irrational and irritating activities.
- They assess the suitability of the candidate by observing the reaction and response of the candidate to the stressful situations.

2. What is structured interview?

- Under this method, a series of question to be asked by the interviewer are pre-prepared by the interviewer and only these questions are asked in the interview.
- Ultimately interviewees are ranked on the basis of score earned by the candidate in the interview.

3. Name the types of selection test?



4. 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.

5. Why do you think the medical examination of a candidate is necessary?

- Yes, because a person of poor health cannot work competently.
- Any investment on him will go waste as they will not be able to perform their duties efficiently on medical grounds.
- To protect the existing employees from infectious diseases likely to be spread by the selected candidate.

6. What is aptitude test?

- Aptitude test is a test to measure suitability of the candidates for the post/role.
- It actually measures whether the candidate possess a set of skills required to perform a given job.
- It helps in predicting the ability and future performance of the candidate.

7. How is panel interview conducted?

- When a group of people interview the candidate, it is called panel interview.
- Usually panel comprises chair person, subject expert, psychological experts, nominees of higher bodies and so on.
- All panel members ask different types of questions on general areas of specialization of the candidate.
- Each member awards marks for the candidate separately. At the end, the marks awarded by all the members are aggregated and the candidates are ranked accordingly.
- This method eliminates bias in selection process.

8. List out the various selection interviews.

- Preliminary Interview
- Structure Interview
- Stress Interview
- Telephone Interview
- Online Interview
- Group Interview
- Video Conference Interview

9. List out the significance of placement.

- It improves employee morale.
- It helps in reducing employee turnover.
- It helps in reducing conflict rates or accidents.
- It avoids misfit between the candidates and the job.
- It helps to avoid short term staff shortage.

CHAPTER - 12**1. What is vestibule training?**

- Vestibule training is training of employees in an environment similar to actual work environment artificially created for training purpose.
- This type of training is given to avoid any damage or loss to machinery in the actual place by trainees
- avoids disturbing the normal workflow in the actual workplace.
- It is given to Drivers, Pilots, Space Scientists etc.,

2. What do you mean by on the job Training?

- On the job training refers to the training which is given to the employee at the work place by his immediate supervisor.
- It is based on the principle of “Learning by Doing and Learning While Earning”.

3. Write down various steps in a training programme.

- Whom to train?
- Who is the trainee?
- Who are trainers?
- What method will be used for training?
- What should be the level of training?
- Where to conduct the training programme?

4. Write short note on trainer and trainee.**Trainee**

- A person who is learning and practicing the skills of particular job is called trainee.
- Trainees should be selected on the basis of self-interest and recommendation by the supervisor or by the human resource department itself.

Trainer

- Trainer is a person who teaches skills to employee and prepares them for a job activity.
- Trainers may be supervisor, coworkers, HR staffs, faculty members of Educational Institutions like University etc.
- The trainers is otherwise called Instructor, Coach, Teacher, Mentor, Adviser, Counsellor, Guide, Guru, Manager, Handler, Tutor and Educator etc.,

CHAPTER - 13**1. What can be marketed in the Market?****i). Goods:**

- The main constituent of marketing endeavor in all the countries across the world.
- Market goods like consumer durables, electronic products, machineries, Computers and its software and hardware etc.,

ii). Services:

- Not only physical goods can be marketed.
- Even the services of many organizations can be marketed to the consumers namely banking, insurance, finance, hospitality, tourism, etc.,

iii). Information:

- Information is the most valuable product that can be marketed today.
- The data collected by an organisation can be used as a product for this purpose.

2. Mention any three Role of Marketer?**i. Instigator**

- As an instigator, marketer keenly watches the developments taking place in the market and identifies marketing opportunities emerging in the ever changing market.
- In such a case, marketer plays as an instigator and leads the business toward new directions.

ii. Innovator

- Marketer seeks to distinguish his products/services by adding additional features to the existing product, modifying the pricing structure, introducing new delivery pattern, creating new business models, introducing change in production process and so on.

iii. Integrator

- Marketer plays a role of integrator in the sense that he collects feedback or vital inputs from channel members and consumers by co-ordinating multiple functions of organisation.

3. Marketer is an innovator? Do you agree?

- Yes. Market is an innovator. I agree. Because Marketer seeks to distinguish his products/ services by adding additional features to the existing product.
- He also does modifying the pricing, structure, introducing new delivery pattern, creating new business models.
- The marketers as an innovator introduce changes in production process and so on.

4. Why Customer support is needed to Market?

- To exchange goods and services.
- To adjust demand and supply by price mechanism.
- To improve the quality of life of the society.
- To introduce new modes of life.

5. Explain the types of market on the basis of time.**(i) Very short period market:**

- Markets which deal in perishable goods like, fruits, milk, vegetables etc., are called as very short period market.
- Price is determined on the basis of demand.

(ii) Short period market:

- In certain goods, supply is adjusted to meet the demand.
- The demand is greater than supply.
- Such markets are known as short period market.

(iii) Long period market:

- This type of market deals in durable goods, where the goods and services are dealt for longer period usages.

6. List down the functions of Marketer?

- Gathering and Analyzing market information
- Market planning
- Product Designing and development
- Standardization and Grading
- Branding
- Pricing of products
- Transportation

CHAPTER - 14**1. What are the objectives of marketing?**

- Intelligent and capable application of modern marketing policies.
- To develop the marketing field.
- To find sources for further information concerning the market problems.
- To revive existing marketing function, if shortcomings are found.
- To take appropriate actions in the course of action.

2. What is need for market and explain the concept of marketing?**Need for market:**

- To exchange goods and services.
- To adjust demand and supply by price mechanism.
- To improve the quality of life of the society.
- To introduce new modes of life.

Concept of Marketing:

- **What I can sell?** – The marketer has to decide what he can sell but not try to sell what they can make.
- **Shall I first create products?** – The first aim of the marketer is to create a customer and not to create products.
- **Shall I love my products?** – The marketer has to love the customers and not the products.
- **Who is supreme in markets?** – According to this concept the customer is supreme or king of the market.
- **Who will shape my decisions?** - This concept clearly describes that the customers preference shape the marketers decisions.

3. What are the factors affecting Price of Product?**Internal Factors**

- i). Marketing Objectives
- ii). Marketing Mix Strategies
- iii). Organisation consideration
- iv). Costs
- v). Organization Consideration

External Factors

- i). The market and demand
- ii). Completion
- iii). Customer
- iv). Suppliers
- v). Legal Factors

4. What do you mean by marketing mix? Describe any two elements.**Marketing mix refers to two things:**

- A list of important elements or ingredients that make up the marketing programme and The list of forces having bearing on marketing operations.

Elements of marketing of mix:**i. Product:**

- Product is the main element of marketing.
- Without a product, there can be no marketing.

According to Philip Kotler, A product is anything that can be offered to a market for attention, acquisition, use or consumption that might satisfy a want or a need.

ii. Price:

- Price is the value of a product expressed in monetary terms.
- It is the amount charged for the product.

According to philopkotler, “price is the amount of money charged for a product or service, or the sum of the values that consumers exchange for the benefits of having or using the product or service”

CHAPTER - 15**1. What is B2B and B2C type of E-Commerce?****Business to Business (B2B):**

- ❖ Under the model, business concerns transact with one another through internet.
- ❖ For instance, Snapdeal, Flipkart, Alibaba, Indamart, Trade India. Com etc.

Business to Customers (B2C):

- ❖ This is fastest growing segment in e-commerce space.
- ❖ Under this model, business concern sells directly to consumers.

2. Explain the importance of social marketing.

- Social marketing is a new marketing tool.
- It is the systematic application of marketing philosophy and techniques to achieve specific behavioral goals which ensure social good.
- The primary aim is 'social good' such as anti-tobacco, anti-drug, anti-pollution, anti dowry, road safety, protection of girl child, against the use of plastic bags.
- It promotes the consumption of socially desirable products and develops health consciousness.
- It helps to eradicate social evils that affect the society and quality of life.

3. Discuss the objectives E-Marketing

- Expansion of market share
- Reduction of distribution and promotional expenses.
- Achieving higher brand awareness.
- Strengthening database.

4. Elucidate how E-Commerce differs from E-Business.

S.No	E-Commerce	E-Business
1	It includes transactions related to money.	It includes monetary as well as allied transactions
2	It is a subset	It is a superset
3	Internet network is used	Internet, intranet and extranet are used.

5. Explain in detail about Niche marketing.

- A strategy of directing all marketing efforts towards one well defined segment of the population.
- Actually there is no market in niche market.
- It is found by company, by identifying the need of customers.
- The company which identified niche market develops solution to satisfy the needs of niche market.
- The sports channels like STAR Sports, ESPN, STAR Cricket and Fox Sports target the niche market of sports enthusiasts.