

PTA MODEL – 1 ANSWER KEY – 2019-2020
XII STANDARD – COMMERCE – ENGLISH MEDIUM

A.VENNILA

PRINCIPAL

MYDEEN MATRIC. HR.SEC. SCHOOL
MELACAUEY – KUMBAKONAM.

CELL NO.: 8220179521

8608481579

Time Allowed : 2.30 Hours

Maximum Marks : 90

I. Choose the most suitable from the given four alternatives and write the option code and the corresponding answer **20 x 1 = 20**

1	A	Art and Science	11	C	Securities Market
2	A	Manager	12	A	Right to Safety
3	A	Immediately	13	B	Outstanding Wages
4	A	Short Term Funds	14	C	Entrepreneurs
5	C	Financial Securities	15	C	Board Resolution
6	B	Employer - Employee	16	D	Two
7	B	Goods	17	B	Indirect Tax
8	C	15.04.1987	18	C	1930
9	A	London Stock Exchange	19	A	Aptitude Test
10	A	1988	20	D	Commercial Banks and Discount Houses

II. Answer any seven questions. Question No.30 is compulsory. **7 x 2 = 14**

21. Management – Meaning:

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

22. Financial Market:

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

23. Stock Exchange – Meaning:

- * Stock Exchange is an organized market for the purchase and sale of industrial and financial security.
- * It is an organized market for buying and selling of corporate and other securities.
- * It is also called as stock market or share market.

24. Human Resources - Meaning:

1. In an organisation the human resource are the employee who are inevitable for the survival and success of the enterprises.
2. All human beings are not considered as human resource but only those individuals who acquired the required skill sets, talents, knowledge, competencies and capabilities are called human resources.

25. Market:

- * The common usage of market means a place where goods are bought or sold.
- * In simple words, the meeting place of buyers and sellers in an area is called market.

26. Consumer:

1. A consumer is one who consumes goods manufactured and sold by others or created by nature (air, water and natural resources) and sold by others.
2. One who avails services such as banking transport, insurance, etc. is also called consumer.

27. Business Environment – Definition:

- * According to Bayard O Wheeler Business Environment is “the total of all things external to firms and industries which affect their organization and operations”

28. Contract of sale of goods- Meaning:

- Contract of sale of goods is a contract where by the seller transfers or agrees to transfer the property (Ownership) of the goods to the buyer for a price.

29. Intrapreneur – Definition:

Intrapreneurs as "dreamers who do. Those who take hands-on responsibility for creating innovation of any kind, within a business". – Pinchot

30. Promoters:

- * Promotion stage begins when the idea to form a company comes in the mind of a person.
- * The person who envisage the idea is called a “Promoter”.

PART - III

III. Answer any seven questions. Question No.40 is compulsory. **7 x 3 = 21**

31. Management – Definition:

- “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.

32. Difference between Spot Market and Future Market:

Cash/Spot Market	Forward or Futures Market
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.	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.

33. Bull and Bear Speculators:**Bull Speculators:**

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

Bear Speculators:

- * 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.
- * He is called Bear. He is a pessimistic speculator.

34. Difference between HR and HRM:

Sl.No.	HR	HRM
1	In order to accomplish personal and organizational objectives the unique asset called HR.	The branch of management that deals with managing human resources is known as HRM.
2	In an organisation the human resources who the employees who are inevitable for the survival and success of the enterprise.	It focuses on people in an organisation.

35. Types of Market on the basis of Time:**Very Short Period Market:**

- * Markets which deal in perishable goods like fruits, milk, vegetables, etc. are called very short period market.

Short Period Market:

- * It certain goods supply is adjusted to meet the demand.
- * The demand is greater then supply.
- * Such markets are known as short period market.

Long Period Market:

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

36. Artificial Scarcity:

- ✓ There are certain situations where the shop-keepers put up the board 'No Stock' in front of their shops, even though there is plenty of stock in the store.
- ✓ In such situations consumers who are desperate to buy such goods have to pay high price to buy those goods and thus earning more profit unconscientiously.
- ✓ Even in Cinema houses, board may hang in the main entrance 'House Full' while cinema tickets will be freely available at a higher price in the black market.

37. Political Environment Factors:

- The framework for running a business is given by the political and legal environment.
- The success of a business lies in its ability to adapt and sustain to political and legal changes.
- The legislative, executive and judiciary are the three political institutions which direct and influence a business.

38. Agreement to sell - Meaning:

- * If the transfer of property takes place at a future date or on fulfillment of certain conditions, it is called an 'Agreement to Sell'.
- * Where the goods under the agreement to sell are destroyed, the loss falls squarely on the seller as the ownership is still vested with the seller even though the possession of the goods is with the buyer.
- * Where the buyer violates the contract, the seller can repossess the goods from the former.
- * He can sue for damages for violation of the contract.

39. Distinguish between entrepreneur and Manager.

Basis	Entrepreneur	Manager
Motive	The very motive of an entrepreneur is to start a venture by setting of an entity.	The very motive of manager is to render service in an entity setup for execution of venture.
Status	Entrepreneur is owner of the entity	Manager is a salaried employee in the entity set up for carrying on the venture.
Risk Bearing	Entrepreneur bears the eventual risk and uncertainty in operating the enterprise.	Manager doesn't bear any risk in the venture where the venture is unsuccessful he/she simply quits the enterprise.

40. Kinds of Preference shares.

- 1) Redeemable Preference shares
- 2) Non-Redeemable Preference shares
- 3) Convertible Preference shares
- 4) Non-convertible Preference shares
- 5) Cumulative Preference shares
- 6) Non-cumulative Preference shares

PART - IV**IV. Answer any seven questions. Question No.30 is compulsory. 7 x 5 = 35****41.a. Principles of Scientific Management.**

Mr.Frederick Winslow Taylor (F.W.Taylor) brought about a scientific approach.

1.Science, Not Rule of Thumb:

- ✓ Rule of Thumb means decisions taken by manager as per their personal judgments.
- ✓ According to Taylor, even a small production activity like loading iron sheets into box cars can be scientifically planned.

2.Harmony, Not Discord:

- ✓ Taylor emphasized that there should be complete harmony between the workers and the management
- ✓ Both the management and the workers should realize the importance of each other.

3.Mental Revolution:

- ✓ Management as well as the workers should aim to increase the profits of the organisation.
- ✓ workers should put in their best efforts so that the company makes profit and on the other hand management should share part of profits with the workers.
- ✓ Thus, mental revolution requires a complete change in the outlook of both management and workers.

[OR]

41. b. Distinguish between new issue market and secondary market (any 5)

Sl.No.	Basic of comparison	New Issue Market	Secondary Market
1	Meaning	The market place for new shares is called primary market.	The place where formerly issued securities are traded is known as Secondary Market.
2	Buying	Direct	Indirect
3	Buying and selling between	Company and Investors	Investors
4	Gained person	Company	Investors
5	Intermediary	Underwriters	Brokers

42.a. Functions of SEBI:

- 1) Safeguarding the interests of investors by means of adequate education and guidance.
- 2) Regulating and controlling the business on stock markets.
- 3) Barring insider trading in securities.
- 4) Prohibiting deceptive and unfair methods used by financial intermediaries operating in securities markets.
- 5) Registering and controlling the functioning of stock brokers, sub-brokers, share transfer agents, bankers
- 6) SEBI regulates mergers and acquisitions as a way to protect the interest of investors.
- 7) Promoting self-regulatory organization of intermediaries.
- 8) It has extensive legal powers.
- 9) Carrying out steps in order to develop the capital markets by having an accommodating approach.
- 10) Provide appropriate training to financial intermediaries.

[OR]

42.b. Significance of Human Resources Management:**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 optimize 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.

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 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.

43.a. Methods of recruitment:

1. Transfer
2. Upgrading
3. Promotion
4. Demotion
5. Recommendation by existing employees
6. Job rotation

7. Retention
8. Retired employees
9. Dependants
10. Previous applicants

1. Transfer:

- Transfer of employee from one department with surplus staff to that of another with deficit staff.

2. Upgrading:

- Performance appraisal helps in the process of moving employees from a lower position to a higher position.

3. Promotion:

- Based on seniority and merits of the employees they are given opportunity to move up in the organizational hierarchy.

4. Demotion:

- Movement of employee from a higher position to a lower position because of poor performance continuously to make him realise the significance of performance.

5. Recommendation by existing Employees:

- A family member, relative or friend of an existing employee can be recruited and placed.

43.b 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.
- * They cared very little about the customers.

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 consumers-consumer satisfaction.

44.a. Duties of Consumers:**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 sellers often cheat consumer by using unfair weights and measures.
- ❖ 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.

Beware of False and Attractive Advertisements:

- ❖ Often the products are not as attractive as shown in the advertisement by the sellers.
- ❖ Hence, it is the prime duty of consumer not to get misled by such fraudulent advertisements.

Ensuring the Receipt of Cash Bill:

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

[OR]

44.b. Distinguish between Sale and Agreement to Sell: (any 5)

SL.NO	PARTICULARS	SALE	AGREEMENT TO SELL
1	Nature of contract	It is an executed contract i.e. completed contract	It is an executory contract, i.e. contract yet to be performed by the party to the contract.
2	Risk of Loss	Where the goods sold under the contract of sale are destroyed, the loss falls squarely on the buyer.	Where the goods under the agreement to sell are destroyed, the loss falls squarely on the seller.
3	Consequences of violating the contract	Where the buyer fails to pay the price, the seller cannot seize the goods.	Where the buyer violates the contract, the seller can repossess the goods from the buyer.
4	Insolvency of the Buyer	if a buyer becomes insolvent before he pays for the goods, the seller handover to the goods to official receiver and claim the amount.	If the buyer becomes insolvent before the payment of the price, the seller can retain the goods.
5	Insolvency of the Seller	If the seller become insolvent before delivering the goods to the buyer, the buyer can claim the delivery of the goods from assignee.	The buyer cannot do so.

45.a. Problem Faced by Women Entrepreneurs (any 5)

- 1. Problem of Finance**
- 2. Limited Mobility**
- 3. Lack of Education**
- 4. Stiff Competition**
- 5. Lack of Information**

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.
- * 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.
- * This restricts the mobility of women entrepreneur 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, marketing the products, applying technology etc.,

4. Stiff Competition

- * Women entrepreneurs have to face acute competition for their goods from organized sector and from their male counterparts.
- * Since, they are not able to spend liberally due to financial constraints, 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 level or due to their pre-occupation with household responsibilities.

[OR]

45. b. Diffenence between Share Certificate and Share Warrant (Any 5):

Basis	Share Certificate	Share Warrant
Meaning	A legal document that indicates the possession of the shareholder on the specified number of shares is known as share certificate.	A document which indicates that the bearer of the share warrant is entitled to the specified number of shares is share warrant.
Issued by	All the companies limited by shares irrespective public or private.	Only public limited companies have the right to issue share warrant.
Transfer	The transfer of share certificate can be done by executing a valid transfer deed.	The transfer of shares of share warrant can be done by mere hand delivery.
Amount Paid	Issued against fully or partly paid up share.	Issued only against fully paid up shares.
Time Horizon issue	Within 3 months of the allotment of shares	No time limit prescribed.

46.a. Different types of Directors.**1. Residential Director:**

- Every company should appoint a director who has stayed in India for a total Period of not less than 182 days in the previous calendar year.

2. Small Shareholders Directors:

- Small shareholders can appoint a single director in a listed company.
- But this action needs a proper procedure like handing over a notice to at least 1,000 Shareholders or 1/10th of the total shareholders.

3. Additional Directors:

- Any Individual can be appointed as Additional Directors by a company.

4. Alternate Directors:

- 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.

5. Shadow Director:

- A person who is not the member of Board but has some power to run it can be appointed as the director but according to his/her wish.

46.b. Difference between the Money Market and Capital Market.

Basis	Money Market	Capital Market
Risk	Low credit and market risk.	High credit and market risk
Liquidity	High liquidity in Money Market	Low liquidity in Capital Market
Price Discovery	No price discovery mechanism and exists in this Market.	Price discovery mechanism exists in Capital Market
Regulator	Central Bank is the Regulator of Money Market.	Besides Central Bank, Special regulatory authority like SEBI, etc.,
Underwriting	Underwriting is not a primary function.	It is a primary function.

[OR]**47. a. Advantages of Liberalisation (any 5)**

1. Increase in foreign investment
2. Increase the foreign exchange reserve
3. Increase in consumption
4. Control over price
5. Reduction in external borrowings

1. Increase in foreign investment

- * If a country liberalizes its trade, it will make the country more attractive for inward investment.
- * Inward investment leads to capital inflows but also helps the economy through diffusion of more technology, management techniques and knowledge.

2. Increase the foreign exchange reserve

- * Relaxation in the regulations covering foreign investment and foreign exchange has paved way for easy access to foreign capital.

3. Increase in consumption

- * Liberalization increases the no. of goods available for consumption within a country due to increase in population.

4. Control over price

- * The removal of tariff barriers can lead to lower prices for consumers.
- * This would be particularly a benefit for countries who are importers.

5. Reduction in external borrowings

- * Liberalization reduces the dependence on external commercial borrowings by attracting more foreign investments..

[OR]

47. b. Features of Cheque (any 5)

(i) 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.

(ii) 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.

(iii) 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.

(iv) 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.

(v) 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.

***** All The Best *****