

PTA MODEL – 2 ANSWER KEY – 2019-2020
XII STANDARD – COMMERCE – ENGLISH MEDIUM

A.VENNILA

PRINCIPAL

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MELACAUVEY – KUMBAKONAM.

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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	B	Taylor	11	B	Bombay
2	A	First Time	12	B	First step in selection process
3	B	Own Transactions	13	A	Education
4	B	1992	14	D	Manufacturing
5	C	Low	15	C	Invoice
6	A	21	16	B	Seller
7	A	Internal	17	A	Public Company
8	A	Place	18	C	3
9	C	March 15	19	A	Nominee
10	A	Economic Environment	20	C	Fabian

II. Answer any seven questions. Question No.30 is compulsory.

7 x 2 = 14

21. Span of management:

- The Span of Management refers to the number of subordinates who can be managed efficiently by a superior.

22. Capital Market

- Capital market is a market where buyers and sellers engage in trade of financial securities like bonds, and stocks.
- The buying/selling is undertaken by participants such as individuals and institutions.

23. Broker

- ✓ Brokers are commission agents, who act as intermediaries between buyers and sellers of securities.
- ✓ They do not purchase or sell securities on their behalf. They bring together the buyers and sellers and help them in making a deal.
- ✓ Brokers charge a commission from both the parties for their service.

24. Recruitment.

Recruitment is the process of finding suitable candidates for the various posts in an organisation. It is a process of attracting potential people to apply for a job in an organisation.

25. Marketing mix:

- ✓ Marketing mix means a marketing programme that is offered by a firm to its target consumers to earn profits through satisfaction of their wants.
- ✓ Such a marketing programme is a mixture of four ingredients, namely Product mix, Price mix, Place (Distribution) mix and Promotion mix.

26. Caveat Emptor:

- * 'Caveat emptor' is a Latin term that means "let the buyer beware."
- * the principle of caveat emptor serves as a warning to the buyers that they have no recourse with the seller if the product does not meet their expectations

27. GST

- ✓ GST is the indirect tax levied on goods and services across the country.
- ✓ It is a comprehensive, multi-stage, destination-based tax that is levied on every value addition.
- ✓ Types of taxes: CGST,SGST,IGST

28. Essential elements of a contract of sale.

- (1) Two Parties
- (2) Transfer of Property
- (3) Goods
- (4) Price
- (5) Includes both 'Sale' and 'Agreement to Sell'

29. Agricultural Entrepreneur

- Agricultural entrepreneurs are those entrepreneurs who raise farm products and market them.
- Those who raise allied products like poultry, meat, fish, honey, skin, agricultural implements, flower, silk, fruits, prawn etc., are called agricultural entrepreneur.
- In short these entrepreneurs pursue their venture in agriculture and allied sector.

30. Define Director.

The Companies Act 2013 section 2 (34) defines a director appointed to the board of a Company is "A Person who is appointed or elected member of the Board of Directors of a company and has the responsibility of determining and implementing policies along with others in the board. It is not necessary to, hold any shares in the company or be an employee. Directors act on the basis of resolutions made in the Board of Directors meeting according to their powers stated in the Articles of Association of the company."

PART - III**III. Answer any seven questions. Question No.40 is compulsory.****7 x 3 = 21****31. Management an Art or Science:**

- Management is neither a science nor an art
- But a combination of both requiring people holding managerial positions to apply the scientific management principles and displaying popular managerial skills to accomplish the organizational goals as efficiently and as quickly as possible so as to be competitive in the globalized environment of business.

32. Secondary Market:

1. 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.
2. The trading takes place between investors who follow the original issue in the primary market
3. It covers both stock exchange and over the counter market.

33. Stag and Lame**Duck. Stag:**

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

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.
- ✓ On the appointed time he is not able to get the securities as the holders are not willing to part with them.
- ✓ In such situations, he feels concerned. Moreover, the buyer is not willing to carry over the transactions.

34. Give two points of differences between advertisement and unsolicited application.

Sl.No.	Advertisements	Unsolicited applicants
1	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.	These are the applications of job seekers who voluntarily apply for the vacancies not yet notified by the organisations.
2	It's very expensive method of recruitment	It's not a expensive method of recruitment.

35. Factors affecting Price of Product:**a. Internal Factors:**

1. Marketing Objectives
2. Marketing Mix Strategy
3. Organizational considerations
4. Costs
5. Organization Objectives

b. External Factors:

1. The market and demand
2. Competition
3. Customers
4. Suppliers
5. Legal factors & Regulatory factors

36. Importance of Consumerism:

- * Awakening and uniting consumers.
- * Discouraging unfair trade practices.
- * Protecting against exploitation.
- * Awakening the government.
- * Effective implementation of consumer protection laws.
- * Providing complete and latest information.
- * Discouraging anti-social activities

37. Functions of the GST council:

- Goods & Services Tax Council is a constitutional body for making recommendations to the Union and State Government on issues related to Goods and Service Tax.
- The Goods and Services Tax Council shall make recommendations to the Union and the States.
- The goods and services that may be subjected to, or exempted from the goods and services tax
- The rates including floor rates with bands of goods and services tax
- Any special rate or rates for a specified period, to raise additional resources during any natural calamity or disaster

38. Implied conditions and warranties in sale of goods contract.

In every contract of sale, there are certain expressed and implied conditions and warranties. The term implied conditions and warranties means which can be indirect from or guessed from the context of the contract. Following are the implied conditions:

1. Conditions as to Title
2. Conditions as to Description
3. Sale by Sample
4. Conditions as to Quality or Fitness Implied
 - (i) Quiet Possession
 - (ii) Free from Any Encumbrances
 - (iii) Warranty in the case of Dangerous Goods

39. Private Entrepreneur:

- * Ventures started by individual either singly or collectively at their own risk after mobilizing various resources in order to earn profit are called private entrepreneurship.

40. 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.

IV. Answer any seven questions. Question No.30 is compulsory.**7 x 5 = 35****41.a. Principles of Modern Management (Five):**

1. Division of Work
2. Authority and Responsibility
3. Unity of Command
4. Remuneration
5. The degree of centralization

1. Division of Work

- * According to the 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.

2. Authority and Responsibility

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

3. Unity of Command

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

4. Remuneration

- * Workers must be paid sufficiently as this is a chief motivation of employees and therefore greatly influence productivity.

5. The degree of centralization

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

[OR]

41.b. Kinds of Financial Markets:

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

a. On the Basis of Type of Financial Claim

(i) Debt Market is the financial market for trading in Debt Instrument (i.e. Government Bonds or Securities, Corporate Debentures or Bonds)

(ii) Equity Market is the financial market for trading in Equity Shares of Companies.

b. On the Basis of Maturity of Financial Claim

(i) Money Market is the market for short term financial claim (usually one year or less) E.g. Treasury Bills, Commercial Paper, Certificates of Deposit

(ii) Capital Market is the market for long term financial claim more than a year E.g. Shares, Debentures

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

(i) Primary Market is a term used to include all the institutions that are involved in the sale of securities for the first time by the issuers (companies). Here the money from investors goes directly to the issuers.

(ii) Secondary Market is the market for securities that are already issued. Stock Exchange is an important institution in the secondary market.

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

(i) Cash/Spot Market is a market where the delivery of the financial instrument and payment of cash occurs immediately. i.e. settlement is completed immediately.

(ii) Forward or Futures Market is a market where the delivery of asset and payment of cash takes place at a pre-determined time frame in future.

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

(i) Exchange Traded Market is a centralized organization (stock exchange) with standardized procedures.

(ii) Over-the-Counter Market is a decentralized market (outside the stock exchange) with customized procedures.

42.a. Principles of Placement (any 5)

1. Job First, Man Next

2. Job Offer

3. Terms and Conditions

4. Aware about the Penalties

5. Loyalty and Co-operation

1. 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 principles of Placement.

2. Job Offer

- * The job should be offered to the man based on his qualification.

3. Terms and Conditions

- * The employee should be made conversant with the conditions and culture prevailing in the organization and all those things relating to the job.

4. Aware about the Penalties

- * The employee should also be made aware of the penalties if he/she commits a wrong or lapse.

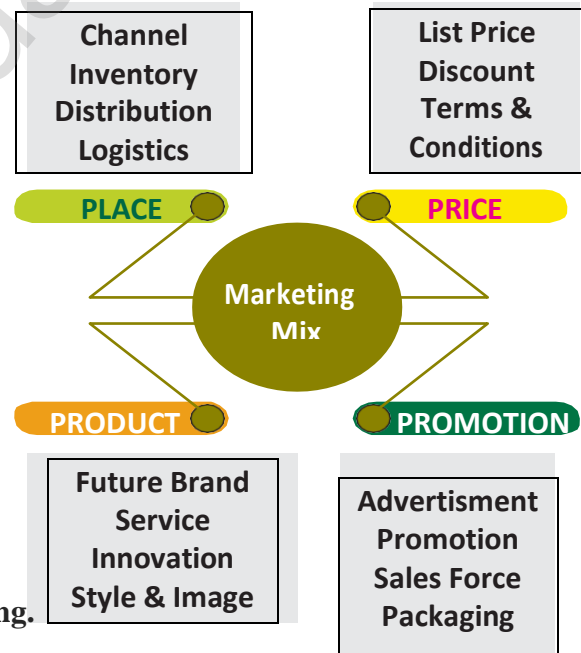
5. Loyalty and Co-operation

- * When placing new recruit on the job, an effort should be made to develop a sense of loyalty and co-operation in him, so, that he/she may realize his/her responsibilities better towards the job and the organization.

[OR]

42.b. Element of Marketing Mix (any 5)

1. Product
2. Price
3. Place
4. Promotion

**1. Product:**

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

2. Price

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

3. Place

- * The third element of product mix namely place or physical distribution facilities the movement of products from the place of manufacture to the place of consumption at the right time.

4. Promotion

- * An excellent product with competitive price cannot achieve a desired success and acceptance in market, unless and until its special features and benefits are conveyed effectively to the potential consumers.

43.a. Responsibilities of Consumers:

- The consumer must pay the price of the goods according to the terms and conditions of the sales contract.
- The consumer has got a responsibility to apply to the seller for the delivery of the goods.
- He/she has to take delivery of the goods in time.
- The consumer has to bear any loss, which may arise to the seller when the consumer delays taking delivery of the goods as per the terms of contract.
- The consumer must get cash receipt as a proof of goods purchased from the seller.

[OR]**43.b. Distinguish between Condition and Warranty (Any 5):**

Sl. No.	Basic of Difference	Condition	Warranty
1	Meaning	It is a stipulation which is essential to the main purpose of the contract of sale.	It is a stipulation which is collateral to the main purpose of contract.
2	Signification	Condition is so essential to the contract that the breaking of which cancels out the contract.	It is of subsidiary or inferior character. The violation of warranty will not revoke the contract.
3	Transfer of ownership	Ownership on goods cannot be transferred without fulfilling the conditions.	Ownership on goods can be transferred on the buyer without fulfilling the warranty.
4	Remedy	In case of breach of contract, the affected party can cancel the contract and claim damages.	In the case of breach of warranty, the affected party cannot cancel the contract but can claim damages only.
5	Treatment	Breach of condition may be treated as breach of warranty.	Breach of warranty cannot be treated as breach of condition.

44.a. Classification according to the type of business**1. Business Entrepreneur**

- Business entrepreneur is called solo entrepreneur.
- He/she is the one who conceives an idea for a new product/service and establishes a business enterprise to translate his idea into reality.

2. Trading Entrepreneur

- Trading entrepreneurs are those who restrict themselves to buying and selling finished goods.
- They may be engaged in domestic and international trade.
- Their core strength lies in distribution and marketing.

3. Agricultural Entrepreneur

- Agricultural entrepreneurs are those entrepreneurs who raise farm products and market them.
- In short these entrepreneurs pursue their venture in agriculture and allied sector.

4. Retail Entrepreneurs

- Retail entrepreneurs are those who enter into venture of distributing the end-product to final consumer while wholesale entrepreneurs take up the venture of distributing the product to retailer.

5. Service Entrepreneurs

- Service entrepreneurs enter into the venture of supplying service products to end consumers. Hoteliers, airlines, banking, insurance and financial service providers, etc.

[OR]

44.b. Five Government Entrepreneurial schemes.**1. Digital India:**

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

2. Startup India:

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

3. Dairy Entrepreneurship development scheme.

- ❖ Dairy Entrepreneurship Development Scheme aims at helping entrepreneurs in the field of Agriculture, pets and animals, to set up small dairy farms
- ❖ Incentives are provided to cover the cost of the required equipment or establishment of the facility.

4. Jan Dhan-Aadhaar - Mobile (JAM):

- ❖ JAM, for the first time, is a technological intervention that enables direct transfer of subsidies to intended beneficiaries.
- ❖ Therefore, eliminates all intermediaries and leakages in the system, which has a potential impact on the lives of millions of Indian citizens.

5. Single Point Registration Scheme (SPRS)

- ❖ A great scheme for Micro and Small Enterprises, which provides an exemption from payment of Earnest Money Deposit (EMD).
- ❖ Under this scheme, the tenders are issued free of cost.

45.a. Functions of Company Secretary (Any 5):

- * Functions of Company Secretary:



Statutory Functions / Duties

According to Companies Act, 2013

1. To sign document and proceedings requiring authentication by the company.
2. To maintaining share registers and register of Directors and of Contracts.
3. To give notice to register for increase in the share capital.
4. To deliver share certificate of allotment within 2 months after transfer.
5. To sign and send annual returns.
6. To send notice of general meeting to every member of company.
7. To make statutory books.
8. To file a resolution with the registrar.
9. To prepare minutes of every general meeting and board meeting within 30 days.
10. To assist in preparing the statement of affairs in a winding up.

Non-Statutory Functions / Duties

1. Functions as agent of directors
2. Functions towards shareholders
3. Functions towards office and staff.

[OR]

45.b. Director of a company can be removed from the office:

- **A Director of Company can be removed from his Office before the expiry of his term by**
 - a) The Shareholders
 - b) The Central Government
 - c) The Company Law Board

- **A director can be removed from his office in any of the following three ways**

a) Removal by shareholders 169

- ❖ **A company (whether public or private) may, by giving a special notice and passing an ordinary resolution, remove a director before the expiry of his period of office without the proof of mismanagement, breach of trust, or other misconduct on the part of the director.**
- ❖ **If the shareholders feel that the policies pursued by the director are not appropriate, then director can be removed.**
- ❖ **The shareholders can do so by passing an ordinary resolution in a general meeting.**

b) Removal by the Central Government

- **The Central Government has been empowered to remove managerial personnel from office on the recommendation of the Company Law Board under the following circumstances.**
 - a. **Where a person concerned in the conduct and management of the affairs of a company has been guilty of fraud and persistent negligence in carrying out his obligations.**
 - b. **Where the business of a company has not been conducted and managed by such a person, in accordance with sound business principles or prudent commercial practices;**
 - c. **Where the business of a company has been conducted and managed by such a person in a manner which is likely to cause injury or damage to the interest of the trade, industry or business.**
 - d. **Where the business of the company has been conducted and managed by such a person with the intent to defraud its creditors, members or any other persons.**

c) Removal by the Company Law Board

- ❖ **If an application has been made to the Company Law Board against the oppression and mismanagement of the company's affairs by a director, then the Company Law Board may order for the termination of the director's tenure.**

46.a. Difference between Management and Administration.

Sl.No	Basis	Mangement	Administration
1	Meaning	An organized way of managing people and things of a business is called Management.	The process of administering an organisation by a group of people is known as Administration.
2	Authority	Middle and lower level	Top level
3	Concerned with	Policy implementation	Policy formulation
4	Role	Executive	Decisive
5	Area of operation	It works under administration	It has full control over the activities on the organisation

[OR]**46. b. Differentiate HR from HRM.**

BASIS FOR COMPARISON	HRM	HR
Meaning	Human Resource Management refers to the application of principles of management to manage the people working in the organization.	In an organisation the human resource are the employees who are inevitable for the survival and success of the enterprise.
What is it?	In order to achieve the personal and organizational objectives human resources are to be trained up and managed.	Human resource is the only factor of production that lives.
Function	Its concerned with hiring, motivating and maintaining people in an organisation. It focuses on people in an organisation.	The sustainable growth of an organisation depends on the important resource human resource
Objective	To improve the performance of the employees.	Human resource exhibits innovation and creativity
Characteristics	Human resource management ensures the right talent available for the right job.	Human resources can be motivated either financially or non financially

47.a. Impact of Liberalization, Privatization and Globalization:**Impact of Liberalization:**

- ✓ Liberalization has opened up new business opportunities abroad and increased foreign direct investment.
- ✓ It became very easy to obtain loans from banks for business expansion.
- ✓ "Foreign Collaboration" is the latest outcome of liberalization.
- ✓ A number of multinational companies started operating world-wide including India.

Impact of Privatization

- ✓ Privatization has a positive impact on the financial growth by decreasing the deficits and debts.
- ✓ Increase in the efficiency of government undertakings.
- ✓ Provide better goods and services to the consumers.
- ✓ Making way for Foreign Direct Investment (FDI)

Impact of Globalization

- ✓ Corporations got a competitive advantage from lower operating costs, and access to new raw materials and additional markets.
- ✓ Multinational corporations (MNCs) can manufacture, buy and sell goods worldwide.
- ✓ Globalization has led to a boom in consumer products market.
- ✓ The advent of foreign companies and growth in economy has led to job creation.

[OR]**47. b. Presumptions of Negotiable Instruments.**

1. Every negotiable instrument is presumed to have been drawn, accepted etc. for consideration.
2. A negotiable instrument is presumed to have been accepted.
3. Every negotiable instrument bearing, a date is presumed to have been made or drawn on such a date.
4. It is presumed to have been accepted within a reasonable time after the date and before its maturity.
5. The transfer of a negotiable instrument is presumed to have been made before maturity.
6. The endorsements appearing upon a negotiable instrument are presumed to have been made in the order to which they appear thereon.
7. When a negotiable instrument has been lost, it is presumed to have been duly stamped.
8. The holder of a negotiable instrument is presumed to be a holder in due course.

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