

ISC SEMESTER 2 EXAMINATION
SAMPLE PAPER - 2
COMMERCE

Maximum Marks: 40

Time allowed: One and a half hour

Candidates are allowed an additional 10 minutes for only reading the paper.

They must NOT start writing during this time.

Answer all questions in Section A, Section B and Section C.

Section-A

Question 1.

- (i) Why is personal selling as a promotional tool known to be expensive?
- (ii) **Assertion (A):** Delegation is a process of decentralisation of authority which minimises workload of the superiors.
Reasoning (R): Delegation is a centralised process in which the superiors have all the control.
- (a) Both Assertion and Reason are true and Reason is the correct explanation for Assertion.
(b) Both Assertion and Reason are true and Reason is not the correct explanation for Assertion.
(c) Assertion is true but Reason is false.
(d) Assertion is false but Reason is true.
- (iii) _____ is a voluntary imposition of discipline used by manufacturers to enable consumer protection.
- (iv) Boshey Ltd. introduced their new products in an exhibition organised by the Confederation of Indian Industry (CII). Which promotional tool was used by the company?
- (a) Labelling (c) Sales Promotion
(b) Selling (d) Research and Development
- (v) The first step in the process of controlling is:
- (a) to take corrective actions.
(b) to manage exceptional cases.
(c) to analyse deviations.
(d) to establish standards.
- (vi) State whether the following statements are True or False.
- (a) A pension plan caters to the physiological needs of the employees.
(b) Internal sources of recruitment provide access to a diverse and a large pool of talented candidates with fresh outlook and new ideas.
- (vii) Establishing a working relationship and defining the lines of communication caters to which managerial function?
- (a) Controlling (c) Organising
(b) Directing (d) None of these

Section-B

Question 2.

All managers are leaders but all leaders are not managers. Do you agree with this statement? Give any two reasons to support your answer.

Question 3.

- (i) A manager recognises the skill sets and competencies of her employees and defines their tasks and transfers knowledge about the goals and specifications to consider. She provides constructive guidance whenever required and authorises relevant duties, responsibilities and accountability. State the function indicated in the example and mention any one element highlighted.

OR

- (ii) State the second step in organising. Which step follows subsequently?

Question 4.

Which test in the selection process involves measuring hidden qualities of potential candidates? Also mention the preceding step in selection.

Question 5.

State the flexible means provided under the Consumer Protection Act, 2019.

Question 6.

How is branding useful to a marketer?

Question 7.

State any two reliefs available for a consumer who has suffered due to consumption of an expired date medicine.

Section-C

Question 8.

- (i) An element of directing function that seeks to encourage employees to act in a particular manner. Name this element. Can this encouragement affect employees in a negative manner?

OR

- (ii) An organisation advertises employment opportunities for divisional heads mentioning several perks and incentives that are given in other companies as well. But those terms are not actually followed in the organisation. State any two aspects of staffing that are ignored by this organisation?

Question 9.

Discuss differences between Consumer Protection Act, 1986 and Consumer Protection Act, 2019.

Question 10.

Explain terms

- (i) Critical-point of control
(ii) Span of control

Question 11.

State any four types of selection tests.

Question 12.

Read the given passage carefully and answer the following questions.

Medx Ltd. has been rotating employees with frequent transfers across departments and regions thus reducing the productivity and morale of their employees. The company plans to expand into different lines of business which requires new skills. Medx Ltd. will have to spend extra costs for training and retaining the existing employees and wait for them to perform with increased productivity. Medx Ltd. is thus, planning to find suitable resources for the business expansion in the future.

- (i) Identify which source of recruitment was chosen by Medx earlier. In the context of the case, state the problems with the source identified.
(ii) Which alternative source of recruitment will Medx Ltd. consider and why?



Section-A

Answer 1.

- (i) Personal selling as a promotional tool is expensive because it involves direct interaction with customers over long distances and visits to different venues like houses, office spaces, etc. Accordingly, salespersons need to depend upon their personal or public transportation to meet relevant customers making it expensive in terms of time, efforts, costs of food, travel, lodging, etc.
- (ii) (c) Assertion is true but Reason is false.

Explanation:

Delegation means transfer of authority or power from the centralised system to smaller departments or units. Thus, the reasoning contradicts the assertion.

- (iii) Self-help or Self-regulation

Explanation:

Self-help or Self-regulation is a voluntary imposition of discipline used by manufacturers to enable consumer protection. It involves ethical practices in dealing with consumer to serve their interest. Serving consumers is in the best long-term interest of business. Most of the forward-looking organisations follow this practice.

- (iv) (c) Sales promotion

Explanation:

Promotion of products through an exhibition is one of sales promotion tools in marketing.

- (v) (d) to establish standards

Explanation:

Establishing standards is the first step in controlling to set benchmarks or goals in the form of time, costs, quality and/or quality to enable evaluation of performance of resources.

- (vi) (a) False

Explanation:

Pension plan caters to security needs subsequent to satisfaction of physiological needs. Physiological needs are related to bodily needs required for survival and include, food, clothing, shelter, etc.

- (b) False

Explanation:

Diverse and a large pool of talented candidates are catered by external sources of recruitment but not by internal sources as they are limited to employees within an organisation.

- (vii) (c) Organising

Explanation:

Organising can be defined as a process that initiates implementation of plans by clarifying jobs and working relationships and effectively deploying resources for attainment of identified and desired

results (goals). The establishment of working relationships is also important in organising as it clarifies lines of communication and specifies who is to report to whom. It helps in creating a hierarchical order thereby enabling the fixation of responsibility and specification of the extent of authority to be exercised by an individual.

Answer 2.

Agree, A good leader can be a manager, subordinate or anyone as long as they have the following qualities:

1. **Communicative skills** : Leader should be able to clearly and succinctly describe the tasks to be performed in an organisation.
2. **Initiative** : A good leader should be able to take charge or initiate things before someone else does.

Answer 3.

- (i) The function indicated in the example is delegation, which means empowering selected employees for completion of work on behalf of the superiors or managers. One of the elements highlighted in the above lines is that the manager assigned suitable duties, responsibilities and accountability to selected employees by recognising their skills sets and competencies.

OR

- (ii) The second step in organising is Departmentation or grouping of work. It involves grouping similar tasks and activities to ensure a smooth and coordinated flow of work. This step attempts to make the organisation function in a systematic manner. The third and subsequent step after departmentation is assignment of duties. This step involves assigning jobs to employees based on their skills and qualifications within every department, thus defining their responsibilities in the organisation.

Answer 4.

Aptitude test are designed to measure the hidden qualities of the candidates in order to check on their abilities or natural tendency or true potential useful for their organisation. Preliminary screening of applications from potential candidates is the step that precedes the step of testing. This step involves matching the skills and qualifications of the candidate vis-à-vis the requirements of the vacant job.

Answer 5.

The Consumer Protection Act, 2019 provides flexibility to consumers for filing complaints electronically and for hearing and/or examining parties through video conferencing. Earlier, consumers had to file a complaint at the place of purchase or where the seller had their registered office. However, under the Consumer Protection Act, 2019 the consumer can file complaints with the jurisdictional consumer forum from their respective residential or work place. Consumers can also represent themselves and do not need to hire lawyers.

Answer 6.

Branding is useful to a marketer in the following ways:

1. **Helps in Advertising** : A marketer can easily communicate the characteristics and distinctiveness of the product through a brand name.
2. **Establishes Identity** : Branding creates a unique identity that can be differentiated with similar products and in turn also ensures customer loyalty for a brand.
3. **Differential Pricing** : An established brand name can allow a business to change the prices of the product and remain competitive in comparison to their competitors.
4. **Ease in Introduction of New Product** : An established brand name can easily allow a business to introduce a new product in the market and in turn also ensures probable sale of the new product.

Answer 7.

The two reliefs available for a consumer are:

1. Refund for the purchased medicine.
2. A reasonable amount of compensation to the consumer for any loss or injury suffered.

Section-B

Answer 8.

- (i) Motivation is one of the elements of direction function that seeks to encourage employees to act in a particular manner. Motivation can be encouraged in a negative manner in the form of suspension, termination of job or demotion or lower pay. People can be encouraged to work due to the fear factor.

OR

- (ii) The organisation has ignored the following aspects:

1. **Short-sightedness** : The organisation does not seem like a sound and strong organisation as they do not seem honest. They may also reflect short-sightedness about its future and may not cater to retaining the divisional heads in the long run.
2. **Financial constraints and no personal growth** : As the organisation may not provide perks and incentives to divisional heads, it is likely that the organisation is facing financial crunch and may not have opportunities for training and development leading to personal growth in the future for the divisional heads.

Answer 9.

Basis	Consumer Protection Act, 1986	Consumer Protection Act, 2019
Product liability	No provisions made for product liability.	Provisions made for product liability; Claim for product liability can be made against manufacturer, service provider, and seller. Compensation can be obtained by proving one of the several specified conditions in the Act.
Provisions for E-commerce and direct selling	No provisions for E-commerce and direct selling.	Specific provisions made for E-commerce and direct selling.
Pecuniary limits	Lower limits - Pecuniary limits of District Forum up to ₹20 lakh; State commission- ₹20 lakh to ₹1 crore; and National Commission above ₹1 crore.	Higher limits - Pecuniary limits of District Forum up to ₹1 crore; State commission- ₹1 crore to ₹10 crore; and National Commission above ₹10 crore.
Regulatory authority	No regulator.	The Act established the Central Consumer Protection Authority (CCPA) to promote, protect, and enforce the rights of consumers as a class. CCPA may: issue safety notices; pass orders to recall goods, prevent unfair practices, and reimburse purchase price paid; and impose penalties for false and misleading advertisements.

Provision for unfair contracts	No provision for unfair contracts.	The new Act as defined unfair contracts as contracts that cause significant change in consumer rights.
Alternate dispute redressal mechanism	No provision for alternate dispute redressal mechanism.	Mediation cells will be attached to the District, State, and National Commissions.
Penalties	If a person does not comply with orders of the Commissions, she/he may face imprisonment between one month and three years or fine between ₹ 2,000 to ₹ 10,000, or both.	If a person does not comply with orders of the Commissions, she/he may face imprisonment up to three years, or a fine not less than ₹ 25,000 extendable to ₹ 1 lakh, or both.

Answer 10.

- (i) **Critical-point of control** : The principle of critical-point of control is one of the principles for analysing deviations under steps in controlling. A business sets strategic control points in the organisation for all activities that ensures job completion as per specific norms. Accordingly, this principle involves a systematic monitoring of these strategic control points ensuring less or no deviations resulting into losses or any unfavourable results.
- (ii) **Span of control** : Span of control is based on Henry Fayol's Scalar Principle. It is a chain of command that links a superior to supervise a certain number of individuals in different layers. These individuals can directly or indirectly report to the superior. For example, software programmers report to a lead programmer who reports to a project manager. The span of control exists in two layers with the program manager as the superior to whom the lead programmer reports to and the software programmers reports directly to the lead programmer and indirectly to the program manager.

Answer 11.

The four types of tests considered during the selection process include:

- 1. Aptitude test** : Aptitude tests are designed to measure the hidden qualities or natural tendencies of an individual.
- 2. Interest test** : Interest tests are designed to discover a person's area of interest that includes interest in outdoor activities, mechanical, computational, persuasive, literary, musical clerical, social services and skills.
- 3. Intelligence test** : These tests aim at testing the candidates' reception power, memory power, reasoning power, etc., and in general includes, verbal comprehension, word fluency, speed of perception, etc.
- 4. Personality test** : These tests aim at determining the personality traits and characteristics. These tests aim at measuring the effect of the candidates' personality on work performance.

Answer 12.

- (i) Medx had chosen internal source of recruitment as they rotated employees with frequent transfers across departments and regions.

The issues with internal source of recruitment in the context of the case are as follows:

- 1. Low productivity** : The frequent transfers did not give any opportunity to employees to be efficient in a single department that reduced their morale and lowered their productivity.
 - 2. Extra costs of retention** : As Medx Ltd. plans to expand in a new business line requiring different skill sets they would have to spend extra on training and retaining current employees and wait till they improve on their productivity.
- (ii) Medx Ltd. should consider external sources of recruitment through management consultants or recommendations from existing employees to obtain suitable employees for their new line of business.