

Commercial Applications

CISCE

Academic Year: 2023-2024

(English Medium)

Date & Time: 13th March 2024, 11:00 am

Duration: 2h

Marks: 100

1. Answers to this Paper must be written on the paper provided separately.
2. You will not be allowed to write during the first 15 minutes.
3. This time is to be spent reading the question paper.
4. The time given at the head of this Paper is the time allowed for writing the answers.
5. Attempt all questions from Section A and any four questions from Section B.
6. The intended marks for questions or parts of questions are given in brackets []

SECTION-A (40 Marks) (Attempt all questions from this Section.)

Q1. Choose the correct answer to the questions from the given options. (Do not copy the questions. Write the correct answer only.)

1.1. Pioneer advertising is also known as _____.

1. **Concept advertising**
2. Persuasive advertising
3. Reminder advertising
4. Informative advertising

Solution

Pioneer advertising is also known as concept advertising.

Explanation:

Concept advertising is a unique approach to advertising that places emphasis on the underlying idea or concept behind a product or brand, rather than solely focusing on

the product's features or specific benefits. It strives to influence how consumers perceive the brand or product by establishing a connection with their deeper emotional, philosophical, or social values that resonate with them.

1.2. Ledger is also called the _____.

1. Journal book
2. **Principal book**
3. Account book
4. Subsidiary book

Solution

Ledger is also called the Principal book.

Explanation:

The ledger is an essential component of the accounting system as it serves as the ultimate repository for all transactions, consolidating the initial recordings made in journals or subsidiary books. It encompasses all the accounts where all business transactions are categorised and documented.

1.3. The process of assigning specific work to new employees is called _____.

1. Recruitment
2. Selections
3. Interview
4. **Placement**

Solution

The process of assigning specific work to new employees is called Placement.

Explanation:

Placement is the process of strategically assigning individuals to suitable roles or positions once they have been chosen for employment. This step is crucial following the recruitment and selection process.

1.4. In _____, the purpose is to make profit out of fluctuation in prices.

1. Spot market

2. Future market

3. Catalogue market
4. Secondary market

Solution

In Future market, the purpose is to make profit out of fluctuation in prices.

Explanation:

Investors can participate in the future market by purchasing and selling contracts for the future delivery of various assets, such as commodities, currencies, or financial instruments. Traders strive to generate profit by capitalising on the ever-changing market conditions that impact the price of these contracts.

1.5. Which stage of marketing is characterised by hard selling?

1. Production oriented stage
2. Product oriented stage
3. Sales oriented stage
4. Societal marketing stage

Solution

Sales oriented stage

Explanation:

In the sales oriented stage of marketing, the focus is primarily on aggressive selling and promotional efforts, rather than on understanding and meeting the needs and wants of the consumer.

1.6. Identify which of this is NOT the advantage of Advertising to the consumers.

1. Advertisement creates a direct link between the Producer and Consumer.
2. It provides educational value.
3. It reduces the possibility of cheating of consumers.
4. It helps to meet the competition in the market.

Solution

It helps to meet the competition in the market.

Explanation:

Meeting the competition in the market is not usually seen as a benefit of advertising to the consumer. On the contrary, this advantage of advertising is primarily focused on the producer or business, rather than the consumer. Advertising plays a crucial role in helping companies stay competitive by effectively promoting their products or services.

1.7. Which function of Human Resource Management deals with handling employee grievances, conflict resolution and employee counselling?

1. Procurement function
2. Development function
3. **Integration function**
4. Compensation function

Solution

Integration function

Explanation:

Ensuring the smooth integration of employees into the organisation is a key aspect of the human resource management's integration function. In this role, you'll be responsible for addressing employee grievances, resolving conflicts, and offering counselling as needed to foster a positive and productive work environment.

1.8. Which one of these is a voluntary group promoting the participation of students in learning to improve their environment?

1. Nature Club
2. Van Mahotsav Club
3. **Eco-Club**
4. Interact Club

Solution

Eco-Club

Explanation:

The Eco-Club is a voluntary group dedicated to encouraging student participation in environmental improvement initiatives. It is commonly seen in educational settings where students participate in activities and projects that promote environmental awareness and conservation efforts.

1.9. Public Relations executives must practice the art of _____ because it involves them to convince other person about some idea, product, service or institution.

1. Dialogue
2. Persuasion
3. Human Relations
4. Empathy

Solution

Public Relations executives must practice the art of Persuasion because it involves them to convince other person about some idea, product, service or institution.

Explanation:

Effective persuasion is crucial in the field of public relations, as it requires the ability to shape and influence individual's perspectives, beliefs, and actions in relation to a specific concept, purpose, or product.

1.10. Costs incurred other than on material and labour for production and distribution are called _____.

1. Labour cost
2. Material cost
3. Expense
4. Variable cost

Solution

Costs incurred other than on material and labour for production and distribution are called Expense.

Explanation:

Expenses encompass a variety of costs, including utilities, rent, marketing, and administrative expenses that are not directly related to the production of goods or services.

1.11. Marketing uses _____.

1. **integrated approach**
2. persuasion and promotion
3. product approach
4. market approach

Solution

Marketing uses integrated approach.

Explanation:

Marketing often involves a strategic, integrated approach that combines various practices and channels, including promotion, public relations, social media, and sales strategies, among others, to achieve its objectives.

1.12. The closing balance of this account shows surplus/deficit _____.

1. Profit & Loss Account
2. Receipts & Payments Account
3. Balance Sheet
4. **Income & Expenditure Account**

Solution

The closing balance of this account shows surplus/deficit income & Expenditure Account.

Explanation:

Non-profit clubs and societies utilise the Income & Expenditure account to track income and expenses. During a set length of time, usually a financial year. This account's ending balance shows whether there is a surplus (if income exceeds expenditure) or a deficit (if expenditure exceeds income) for the given time.

1.13. This is NOT an example of renewable energy:

1. Nuclear Energy
2. Natural Gas
3. Solar energy
4. Tidal Energy

Solution

Natural Gas

Explanation:

Natural gas is a fossil fuel, which means it is not derived from renewable sources like organic matter decomposition. Although it is a cleaner fuel compared to coal or oil, it is not considered renewable due to its finite nature and the fact that its extraction and combustion contribute to carbon dioxide emissions and environmental degradation.

1.14. Caveat vendor means _____.

1. let the buyer beware
2. let the seller beware
3. let the advertiser beware
4. let the market beware

Solution

Caveat vendor means let the seller beware.

Explanation:

"Caveat vendor" actually means "let the seller beware", which signifies a departure from the conventional idea of "caveat emptor" or "let the buyer beware". This modern approach places the responsibility on the seller to provide sufficient information about a product and to ensure that it meets specified standards.

1.15. Marketing concentrates on _____.

1. increasing the sales volume
2. satisfying advertiser
3. decreasing the sales volume

4. satisfying the customer

Solution

Marketing concentrates on satisfying the customer.

Explanation:

The main focus of marketing is to ensure customer satisfaction. It requires a deep understanding of customer needs and desires, followed by the creation, communication and delivery of value to fulfil those needs. The ultimate objective is to cultivate customer satisfaction and loyalty.

1.16. The central bank settles the claims of commercial banks is called _____.

1. Banking facility
2. Ledger facility
3. **Clearing House facility**
4. Accounts facility

Solution

The central bank settles the claims of commercial banks is called Clearing House facility.

Explanation:

The Clearing House Facility is a mechanism set up by the Central Bank to oversee the settlement of transactions among Commercial Banks. This facility ensures the accurate clearing of balances by reconciling interbank transfers. It is crucial for maintaining the efficiency of the banking system by simplifying the process of clearing cheques and facilitating interbank payments.

1.17. Which is a very old medium of advertising?

1. Television
2. Film
3. **Outdoor**
4. Newspaper

Solution

Outdoor

Explanation:

Outdoor advertising, such as billboards, posters, signage and more, has been utilised for centuries. Throughout history, civilizations have used outdoor spaces to showcase messages, advertise products and services, and engage with the public. Throughout history, ancient civilizations utilised various surfaces such as walls and rocks to convey messages through inscriptions and paintings, which can be seen as early forms of outdoor advertising.

1.18. With reference to methods of training, identify the correct statement:

1. On-the-Job training is also known as 'learning by doing'.
2. On-the-Job training is given to an employee who is trained outside the job.
3. On-the-Job training is the process of judging the suitability of applicants in the light of job requirements.
4. On-the-Job training is the process of searching for and identifying the prospective employees.

1. 2 and 3
2. 1 and 4
3. Only 1
4. Only 2

Solution

Only 1

Explanation:

Practical experience is widely recognised as the most effective form of training. This approach focuses on providing on-the-job training to employees, enabling them to acquire practical experience and skills that are directly applicable to their roles.

1.19. **Assertion (A):** Values are a set of standards of behaviour that are considered desirable and important by society.

Reason (R): These principles or standards of behaviour need not be inculcated in person through the right kind of education.

1. A is false. but R is true.
2. **A is true, but R is false.**
3. Both A and R are true and R explains A.
4. Both A and R are true but R does not explain A.

Solution

A is true, but R is false.

Explanation:

It is true that Assertion (A) is correct. Values are a collection of societal standards that are widely regarded as desirable and significant. They embody the principles and beliefs that shape individual's actions and decisions. The statement is incorrect. The claim that values can be instilled in a person without the proper education is inaccurate. Education has a crucial role in imparting and instilling values in individuals. Formal education, like schools and educational institutions, frequently incorporates moral and ethical education to instill societal values. In addition, education can assist individuals in cultivating critical thinking abilities and comprehending the significance of societal values.

1.20. Everyone loves the exclusive discounts and offers that come around during the holiday season. Your brand may already be running some discount offers. Based on the information given above, which of the statement given below describes the term brand?

1. Brand means the process of assigning a distinctive name to the product by which it is to be known and remembered.
2. Brand means short term incentives of non-recurring nature used to stimulate consumer purchasing and dealer effectiveness.
3. **Brand means any identification mark used to identify the product of a seller and to differentiate it from the products of competitors.**
4. Brand means the exchange of goods and service for money.

Solution

Brand means any identification mark used to identify the product of a seller and to differentiate it from the products of competitors.

Explanation:

In the given context, the term "brand" pertains to the identity or image of a product or service that sets it apart from competitors in the market. It encompasses various components, including the name, logo, design, and overall reputation. During the holiday season, brands frequently offer exclusive discounts and promotions to entice customers and strengthen their presence in the market.

Q2. Answer the following questions:

2.1. Distinguish between (any one point):

2.1. (a) Distinguish between Fixed cost and Variable cost.

Solution

Basis of Distinction	Fixed Cost	Variable Cost
1. Meaning	The costs which do not vary or which remain constant within a given period of time and range of activity inspite of fluctuations in output.	The costs which vary directly in proportion to changes in the volume of output.
2. Behaviour	Fixed costs remain constant within a given range of activity and a given time period.	Variable costs vary in proportion to changes in the volume of output.
3. Basis	Fixed costs are time-based.	Variable costs are activity-based.
4. Total and per unit cost	Fixed costs are fixed in total but vary per unit. These decrease with increase in the volume of output.	Variable costs are fixed per unit but vary in total. These increase with increase in the volume of output.
5. Control	Fixed costs are not controllable in the short run.	Variable costs are controllable in the short run.
6. Combination of	Fixed production Overhead, Fixed Administration	Direct Material, Direct Labour, Direct Expenses,

	Overhead and Fixed Selling and Distribution Overhead.	Variable Production Overhead, Variable Selling and Distribution Overhead.
7. Examples	Depreciation, Rent, Salary, Insurance, Tax etc.	Material Consumed, Wages, Commission on Sales, Packing Expenses, etc.

2.1. (b) Distinguish between Capital Market and Money Market.

Solution

S. No.	Capital Market	Money Market
1.	Investments in the capital market are often made for the long term, which means they entail more risk but also have the potential for bigger returns.	The money market trades short-term debt securities and financial instruments with maturities of one year or less.
2.	The capital market connects investors and borrowers to meet long-term financial demands.	The money market connects lenders and borrowers to meet short-term needs.

2.2. (a) Justify the following:

Every transaction is recorded in at least three accounts.

Solution

Double-entry accounting involves debiting and crediting at least two accounts for each transaction. This approach guarantees the accounting equation (Assets = Liabilities + Equity) is balanced. In some circumstances, a single transaction may affect many accounts. When a business acquires merchandise on credit, it impacts the merchandise account, Accounts Payable (creditor), and Cash or Bank account (if payment is paid in part or full). To preserve the accounting equation and ensure accuracy, financial transactions are normally documented in at least three accounts.

2.2. (b) Justify the following:

Human resource management is only action oriented rather than being people oriented.

Solution

Human Resource Management (HRM) comprises many responsibilities, such as recruiting, selection, training, performance review, and employee relations. HRM involves action-oriented responsibilities like hiring, training, and performance evaluation, but it is primarily focused on people. Human resource management aims to maximise the potential of an organization's workforce. Effective human resource management entails identifying and addressing employee needs, goals, and well-being. This involves creating a pleasant work culture, encouraging employee engagement, and assuring equitable treatment and opportunities for all employees. HRM prioritises the role of individuals in accomplishing corporate goals and success rather than focusing exclusively on action.

2.2. (c) Justify the following:

Selection is a negative process.

Solution

Selection is the process of choosing the best candidate from a pool of applications for a specific job vacancy. In the context of Human Resource Management (HRM), the process of matching candidate's qualifications, abilities, and experience to job criteria is seen positively. Organisations use the selection process to discover individuals who can positively contribute to achieving their aims. Although not all applicants are chosen for a specific post, the selection process allows individuals to demonstrate their skills and qualifications. Creating a diverse and competent workforce can boost productivity and innovation. Selection is seen as a constructive process that benefits both businesses and candidates by establishing a suitable match between individuals and job responsibilities.

Q3. Answer the following questions:

3.1. State any two advantages of cost-plus pricing strategy.

Solution

Two advantages of cost-plus pricing strategy are:

1. **Simplicity:** Implementing cost-plus pricing is a simple process. It entails adding a markup to the production cost in order to determine the selling price. This simplicity allows businesses to easily and consistently calculate prices, particularly for products with stable production costs.
2. **Profit Stability:** Cost-plus pricing is a method that guarantees businesses maintain a specific profit margin on every sale. By implementing a strategic pricing strategy, companies can enhance their financial stability, even in times of market volatility or fluctuating production costs. This approach allows businesses to cover overhead expenses and generate profits, ensuring long-term sustainability.

3.2. What is Greenhouse effect?

Solution

The greenhouse effect is a natural phenomenon that occurs when certain gases in Earth's atmosphere trap heat from the sun, preventing it from escaping into space. These gases, including Carbon dioxide (CO₂), Methane (CH₄), and Water Vapour, function similarly to the glass walls of a greenhouse, permitting sunlight to enter and heat the Earth's surface. Excessive buildup of greenhouse gases, primarily caused by human activities such as burning fossil fuels and deforestation, can intensify the greenhouse effect. This, in turn, leads to global warming and climate change.

3.3. What do you mean by the term food adulteration?

Solution

Food adulteration involves the deliberate addition of substandard, harmful, or less expensive substances to food products in order to make more money. Adulteration can occur when certain substances, such as chemicals, dyes, preservatives, or non-food materials, are added to food items. This can compromise the quality, safety, and nutritional value of the food. Food adulteration is a significant concern as it can have severe consequences for consumer health and erode confidence in the integrity of the food supply chain.

3.4. Explain any two features of Income and Expenditure account.

Solution

1. **Periodic Statement:** The Income and Expenditure account is a financial statement that provides a comprehensive overview of an organization's

revenue and expenses during a specific period, usually spanning one year. It offers a concise overview of the company's financial performance for that specific time frame, with a primary emphasis on revenue generated and expenses incurred, rather than assets and liabilities.

2. Non-profit Organisation: Non-profit organisations, like clubs, societies, and charitable institutions, often rely on the Income and Expenditure account to monitor their financial activities. The Income and Expenditure account focuses on revenue sources such as donations, grants, membership fees, and fundraising activities. It also includes expenses that are aligned with the organization's mission and objectives.

3.5. Define the term Book-keeping.

Solution

"Book keeping is the science and art of recording correctly in books of account all those business transactions that result in the transfer of money or money's worth."

SECTION-B (60 Marks) (Attempt any four questions from this Section.)

Q4.

4.1. Distinguish between Marketing and Selling.

Distinguish clearly between marketing and sales.

Solution 1

Basis of Distinction	Marketing	Selling
1. Scope	Total system consisting of planning, pricing, promoting and distributing products.	A part of marketing involving persuasion and directing flow of products to customers.
2. Beginning	Begins much before goods are produced to understand the needs and preferences of consumers.	Begins after the goods are produced.

3. End	Continues even after sale so as to provide after-sale service and to judge reactions of consumers.	Comes to an end with the delivery of goods to customers.
4. Orientation	Customer-oriented, the aim being to satisfy the needs of buyers.	Product-oriented, the aim being to satisfy the needs of the seller.
5. Focus	On long-term growth and profitability of business.	On short-term maximisation of profits.
6. Means used	Integrated approach.	Persuasion and promotion.
7. Objective	Profits through customer satisfaction.	Profits through sales volume.
8. Principle	Caveat vendor - let the seller beware.	Caveat emptor - let the buyer beware.

Solution 2

Basis of Distinction	Marketing	Selling
1. Meaning	Identifying and satisfying wants.	Exchanging goods for money.
2. Objective	Ensuring growth and stability of the firm - long-term goals.	Maximising profits through increase in sales volume - Short-term goals.
3. Orientation	Customer-oriented, let the seller beware.	Production-oriented, let the buyer beware.
4. Scope	Wider in scope includes selling.	Narrow in scope part of marketing.
5. Beginning and end	Begins before production and continues after sale.	It begins after production and ends with a sale.
6. Focus	External; on customer's needs.	Internal, on seller's needs.

7. Demand	Involves creation and maintenance of demand.	Presupposes the existence of demand.
8. Growth	New and modern concept.	Old and traditional concepts.
9. Approach	Integrated approach for achieving long-term goals.	Fragmented approach for immediate gain.
10. Process	Converting customer's needs into products and services.	Converting products and services into cash.
11. Nature of activity	Philosophy and attitude.	Routine and tactical.

4.2. State five uses of Receipts and Payments account.

Solution

Five uses of Receipts and Payments account are as follows:

1. **Financial Reporting:** The Receipts and Payments account provides a concise summary of cash transactions, encompassing both income and expenditure, over a designated period, usually one year. It offers a thorough account of the organization's cash inflows and outflows, making financial reporting and analysis easier.
2. **Budgeting:** Organisations utilise the Receipts and Payments account to effectively monitor and manage their cash flows and budget. Through the analysis of actual cash receipts and payments in relation to budgeted amounts, businesses can pinpoint discrepancies, effectively handle cash flow, and make well-informed financial choices.
3. **Cash Management:** Managing cash resources efficiently is crucial for organisations. The Receipts and Payments account allows for real-time tracking of cash inflows and outflows, enabling effective cash management. Businesses can use it to monitor their liquidity, ensuring they have enough cash reserves for operating expenses and investments and avoiding any cash shortages or overages.

4. Compliance: The Receipts and Payments account is crucial for maintaining compliance with financial regulations and reporting requirements. It offers a clear record of cash transactions for internal management, auditors, regulatory authorities, and stakeholders, guaranteeing precision, openness, and responsibility.
5. Decision-making: Companies rely on the data from the Receipts and Payments account to inform their strategic and operational choices. Through the analysis of cash flow patterns, the identification of trends, and the evaluation of financial performance, businesses can enhance resource allocation, prioritise investments and enhance financial sustainability.

4.3. With reference to Public Relations, write a short note on Role of ethics in business.

Solution

Managing and maintaining the reputation, image and relationships of an organisation with its stakeholders, including customers, employees, investors, suppliers and the broader community, is a crucial aspect of public relations. Operating with ethics, integrity and transparency is essential in the field of public relations. These principles play a crucial role in establishing trust and credibility in the business world.

The role of ethics in public relations in business can be summarised as follows:

1. Upholding Integrity: Public relations professionals who prioritise ethics maintain a strong commitment to integrity and honesty in their communication and stakeholder interactions. They strive to ensure that the information provided to the public is always accurate, truthful and transparent, avoiding any misleading or deceptive practices.
2. Building Trust: Building and maintaining trust with stakeholders requires a solid commitment to ethics. Through the demonstration of integrity, accountability, and respect for stakeholder's interests, Public Relations plays a crucial role in enhancing the long-term reputation and goodwill of the organisation.
3. Promoting Transparency: Transparency and openness in communication are key to ethical public relations practices. Stakeholders should have access to relevant and timely information about the organization's activities, policies, and performance. Transparency is crucial in fostering trust and confidence

among stakeholders while also mitigating the potential for misinformation or misunderstandings.

4. **Respecting Diversity and Inclusion:** As ethical public relations practitioners, we understand and appreciate the wide range of perspectives, cultures, and values held by our stakeholders. Their communication strategies and engagement efforts promote inclusivity, equity, and social responsibility. Their goal is to foster mutual understanding and collaboration across diverse communities.
5. **Mitigating Risks:** Implementing ethical public relations practices allows organisations to proactively identify and address potential risks, conflicts, and controversies. Public relations professionals can proactively address challenges, minimise adverse consequences, and safeguard the organization's reputation and interests by considering the ethical implications of their actions and decisions.

Q5.

5.1. Discuss any five reasons as to why Advertisements are criticised.

Solution

1. **Higher Price:** Advertising can lead to higher prices for products as the costs associated with advertising are ultimately passed on to consumers. On the other hand, if advertising results in significant production on a large scale, it may not cause price increases.
2. **Creation of Monopoly:** Large corporations invest significant sums of money in advertising. Smaller companies find it challenging to compete with larger ones, which often leads to their eventual downfall. Consequently, large corporations establish monopolies and leverage their dominant position to take advantage of consumers.
3. **Wastage of Resources:** Spending money on advertising is simply a waste as it fails to contribute to the overall value of products and services. Many advertisements go unnoticed or fail to capture the attention of consumers. Advertisements do not generate fresh demand, but rather redirect existing demand from one product to another.

4. **Deceptive and Untruthful:** Advertisements often resort to false statements and exaggerated claims in order to impress people. Consequently, unsuspecting individuals are deceived into purchasing subpar and even useless products. Advertising can unfortunately provide opportunities for fraudulent and deceptive practices.
5. **Extravagance:** Advertising entices individuals to purchase items beyond their financial means. They become excessively indulgent and have no qualms about resorting to unethical methods in order to increase their earnings. Such circumstances can lead to a sense of dissatisfaction and unethical behaviour within our communities.
6. **Vulgarity:** Advertisements manipulate the emotions and sentiments of people. Some advertisements can be considered vulgar, obscene, and lacking in intelligence. These statements are highly inappropriate and disrespectful towards societal norms and women. Nevertheless, it is possible to verify this by upholding moral and ethical standards in advertisements. Advertising is often utilised to boost the sales of products that may negatively affect health, such as cigarettes and spirits.

5.2. "Packaging is a silent salesman." Give five reasons to justify.

Solution

1. **Attracts Attention:** The packaging is the initial interaction between a product and the consumer. With captivating and visually stunning packaging designs, consumers are drawn to take notice and give consideration to the product on display.
2. **Communicates Information:** Product packaging is responsible for conveying crucial information about the product. This includes details about its features, benefits, ingredients, usage instructions, and nutritional content. Having clear and informative packaging is crucial in helping consumers make well-informed purchasing decisions and fully grasp the value proposition of the product.
3. **Differentiates the Product:** Effective packaging design and branding play a crucial role in setting a product apart from its competitors on the shelf. Utilising distinctive packaging shapes, vibrant colours, eye-catching logos, and memorable branding elements can establish a strong brand identity and make

a lasting impression in a competitive market, ultimately boosting brand recognition and recall.

4. **Protecting the Product:** Packaging plays a crucial role in safeguarding the product from any harm, ensuring its quality remains intact throughout storage, transportation, and handling. Our packaging materials are designed to provide maximum security and durability, ensuring that your product arrives in perfect condition. We prioritise the integrity and quality of our packaging to guarantee a positive consumer experience when they purchase our products.
5. **Influences Purchase Decisions:** Effective packaging has a powerful impact on how consumers perceive a product and ultimately decide whether or not to make a purchase. With its sleek and sophisticated packaging, this product exudes quality, value, and prestige. The attention to detail in the design enhances the perceived worth of the product, making it a compelling choice for consumers over other alternatives.

5.3. Explain need and the importance of Training.

Solution

Training is essential for individuals and organisations for several reasons:

1. **Skill Development:** Training equips individuals with the necessary knowledge, skills, and competencies to excel in their roles. It assists employees in acquiring new skills, improving existing ones, and staying up-to-date on industry trends, technologies, and best practices.
2. **Performance Improvement:** Training enhances employee performance and productivity by addressing skill gaps, inefficiencies, and areas for improvement. It provides employees with the necessary tools and resources to overcome obstacles, fulfil job expectations, and reach organisational objectives.
3. **Employee Engagement and Motivation:** Training showcases an organization's commitment to the growth and development of its employees, promoting a culture of learning and ongoing enhancement. When employees are engaged and motivated, they demonstrate a higher level of commitment to their jobs. They feel valued by their employers and are more inclined to make positive contributions to the overall success of the organisation.

4. **Adaptation to Change:** Training is essential for individuals and organisations to stay up-to-date with technological advancements, market changes, and evolving industry standards. It empowers employees to gain fresh knowledge and skills, embrace innovation, and navigate organisational transitions with ease, ensuring business agility and competitiveness.
5. **Talent Retention and Succession Planning:** Training programmes play a crucial role in retaining talent as they offer employees the chance to advance their careers, grow professionally, and develop personally. Training is essential for succession planning as it helps identify and develop employees with high potential for future leadership positions in the organisation.

Q6.

6.1. Distinguish between Advertising and Sales promotion.

Solution

Point of Distinction	Sales Promotion	Advertising
1. Meaning	Marketing activities which stimulate consumer buying and dealer effectiveness.	Any paid form of impersonal presentation and promotion of a product, service or idea by an identified sponsor.
2. Time horizon	Short-term perspective.	Long-term perspective.
3. Aim	To increase immediate sales or dispose of old stock.	To build image of producer and his product.
4. Media	Free samples, coupons, contests, premium offers, displays, exhibitions, etc.	Newspapers, magazines, TV, radio, posters, films and other media.
5. Nature	Limited period, non-recurring.	Regular and recurring.
6. Emphasis	Supplement to advertising and personal selling; pushes product towards buyers.	Informs, persuades and reminds buyers, attracts customers towards the product.
7. Scope	Individual communication	Mass communication

6.2. Explain any two Lending Money functions of Commercial Banks.

Solution

The two lending functions of Commercial Bank are:

1. **Providing Loans and Advances:** Commercial banks have a vital role in the provision of loans and advances to individuals, businesses, and other entities. They provide a wide range of loan options to cater to the different financial requirements of borrowers. These options include personal loans, business loans, mortgages, and term loans. When evaluating loan applications, commercial banks carefully consider various factors, including the borrower's income, credit history, collateral, and repayment capacity. This thorough assessment helps determine the creditworthiness of potential borrowers. Commercial banks play a crucial role in supporting economic growth and development by providing loans and advances to finance investments, working capital requirements, asset purchases, and other expenses.
2. **Overdraft Facilities:** Commercial banks provide overdraft facilities to their customers, enabling them to withdraw funds that exceed their account balance, up to a predetermined limit. Overdraft facilities offer account holders the flexibility and convenience of accessing extra funds temporarily. This allows them to meet short-term cash flow needs or unexpected expenses. Customers can enjoy the benefit of paying interest only on the amount they use through the overdraft facility. This makes it a cost-effective financing option when compared to traditional loans. Overdraft facilities can be quite handy when it comes to managing fluctuations in cash flows and quickly addressing liquidity challenges.

6.3. (a) Write a short note on Chernobyl disaster.

Solution

The Chernobyl disaster took place on April 26, 1986, at the Chernobyl Nuclear Power Plant in the city of Chernobyl, Ukraine, which was then part of the Soviet Union. The nuclear accident that occurred was the most severe in history, caused by a flawed reactor design, operator errors, and safety protocol violations during a routine safety test. An explosion and subsequent fire resulted in the release of significant amounts of radioactive material into the atmosphere, leading to the contamination of extensive areas in Ukraine, Belarus, and neighbouring countries. The Chernobyl

disaster resulted in extensive environmental harm, leading to illnesses caused by radiation, birth defects, and enduring health consequences for both the local population and wildlife. Following the disaster, there was a global push to enhance nuclear safety standards, improve emergency preparedness, and reduce the risks associated with nuclear power plants.

6.3. (b) Write a short note on Bhopal Gas Tragedy.

Solution

In December 3, 1984, the Bhopal Gas Tragedy took place in Bhopal, India. It involved the leakage of Methyl Isocyanate (MIC) gas from a pesticide plant that was owned by Union Carbide Corporation (UCC). This incident stands out as a significant industrial disaster, caused by a series of equipment malfunctions, maintenance deficiencies, and safety lapses at the plant. The gas leak had a devastating impact on the community, resulting in numerous fatalities, injuries, and severe health issues for those affected. The Bhopal Gas Tragedy sparked significant worries regarding the safety of industrial operations, the accountability of corporations, and the supervision of hazardous industries by the government. It ignited a series of legal disputes, claims for compensation, and calls for the UCC and the Indian government to take responsibility, underscoring the importance of strict safety regulations and preparedness in industrial operations.

Q7.

7.1. Explain five uses of Balance Sheet.

Solution

1. **Financial Position Assessment:** The Balance sheet offers a glimpse into a company's financial status at a particular moment. It provides a comprehensive overview of the company's financial status, enabling stakeholders to evaluate its overall financial well-being and stability.
2. **Investment Analysis:** Investors commonly rely on the Balance Sheet to evaluate a company's financial performance and assess its investment potential. Through a careful analysis of the structure and patterns of assets, liabilities, and equity, investors can assess the company's capacity to generate profits, handle risks, and enhance shareholder value.

3. **Creditworthiness Evaluation:** Financial institutions rely on the Balance Sheet to evaluate a company's financial stability and decide whether it qualifies for loans, credit lines, or other types of financing. They assess the company's liquidity, leverage, and debt-to-equity ratio to evaluate its capacity to repay debts and fulfil financial obligations.
4. **Financial Reporting:** The Balance Sheet serves as a crucial financial statement utilised for external reporting purposes. It offers vital information to shareholders, regulators, creditors, and other stakeholders regarding the company's financial status, performance, and fluctuations in financial condition over time.
5. **Strategic Decision-making:** Company management relies on the Balance Sheet to inform their strategic decisions regarding capital allocation, investment priorities, and business expansion. Through careful analysis of asset composition, liquidity levels, and capital structure, management can uncover potential growth opportunities, optimise resource allocation, and improve long-term financial sustainability.

7.2. With reference to functions of Human Resource Management, explain procurement function.

Solution

Efficiently and effectively managing the organization's workforce is a crucial aspect of the procurement function in Human Resource Management (HRM). It involves tasks associated with finding, choosing, and bringing in new employees to fulfil the goals of the organisation. It focuses on ensuring that the organisation has the right individuals in the right positions to achieve its goals. It includes the following tasks:

1. **Recruitment Planning:** Procurement starts by recognising the organization's staffing needs and creating a recruitment strategy to meet both present and future workforce demands. As a marketing analyst, you'll be responsible for analysing job roles, skills gaps, and workforce demographics to determine recruitment priorities and strategies.
2. **Talent Sourcing:** Procurement entails the task of sourcing and attracting highly skilled individuals to fill open positions within the organisation. One strategy is to advertise job openings through different channels, such as job boards,

social media, career fairs, and employee referrals, in order to attract a wide range of candidates.

3. **Selection Process:** Procurement involves creating and implementing selection processes to assess candidates' suitability for specific job roles. As part of the hiring process, it may be necessary to review resumes, conduct interviews, administer assessments, and conduct background checks to evaluate candidate's qualifications, skills, and compatibility with the organisation.
4. **Job Offer and Negotiation:** Procurement involves offering jobs to chosen candidates and discussing employment terms, including salary, benefits, and start date. HR professionals ensure that job offers are competitive, compliant with labour laws, and aligned with organisational policies and practices.
5. **Induction or Orientation:** Procurement includes the process of bringing new employees on board and helping them seamlessly integrate into the organisation. We offer a comprehensive onboarding programme that encompasses orientation sessions, training programmes, and mentorship opportunities. Our goal is to ensure that new hires are well-acquainted with our company policies, culture, and job responsibilities, enabling them to seamlessly transition into their roles.

7.3. Briefly explain any five benefits of consumer education.

Solution

1. Consumer education provides individuals with the knowledge and skills necessary to make well-informed decisions regarding products, services, and financial transactions. As a marketing analyst, it is important to provide consumers with the necessary information to empower them in make informed decisions. By understanding their rights, responsibilities, and options, consumers can make wise purchasing choices and protect themselves from scams or fraudulent practices.
2. Consumer education frequently covers financial literacy, providing consumers with the knowledge to effectively manage their personal finances, budget wisely, save money, use credit responsibly, and plan for the future.
3. Consumer education is crucial in increasing awareness regarding consumer rights and protections as outlined by applicable laws and regulations. It informs consumers about their rights regarding product quality, safety,

warranties, refunds, and dispute resolution mechanisms, empowering them to stand up for themselves and seek justice for unfair or deceptive practices.

4. Consumer education is crucial in improving product knowledge. It involves providing valuable information about product features, specifications, and performance. It assists consumers in evaluating product quality, comparing alternatives, and selecting products that best meet their needs, preferences, and budget constraints.
5. Consumer education promotes awareness of health and safety issues related to products, services, and consumption practices. It informs consumers about potential risks, hazards, and precautions associated with certain products, ingredients, or usage patterns, empowering them to make safer choices and protect their well-being.

Q8.

8.1. (a) Define the term GAAP.

Solution

Accounting principles refer to the concepts, conventions and standards which are widely accepted and adopted by accountants while recording and reporting financial information. According to Robert Anthony, "the rules and conventions of accounting are commonly referred to as principles."

8.1. (b) Explain the need for GAAP for accounting.

Why are accounting principles necessary for GAAP?

Solution

Need for GAAP in Accounting:

1. **Consistency:** GAAP ensures consistent guidelines and standards are followed when recording, summarising, and reporting financial transactions. Ensuring the consistent application of GAAP is crucial for preparing financial statements using standardised methods and principles. This promotes comparability across various time periods and companies.
2. **Transparency:** Following GAAP guidelines, companies are obligated to provide thorough and pertinent information in their financial statements, ensuring transparency and disclosure. This level of transparency allows investors,

creditors, regulators, and other stakeholders to gain a clear understanding of the entity's financial position, performance, and risks. This, in turn, empowers them to make well-informed decisions.

3. **Reliability:** GAAP places a strong emphasis on the use of accurate and unbiased measures for recording and reporting financial information. By following GAAP, companies can strengthen the credibility and reliability of their financial statements, minimising the potential for manipulation, fraud, or misrepresentation.
4. **Compliance:** GAAP is essential for maintaining compliance with the necessary legal and regulatory standards that govern financial reporting. Companies that adhere to GAAP guidelines showcase their commitment to following accounting standards and regulations, which helps minimise the risk of penalties, sanctions, or legal disputes.

8.2. Describe the five various internal sources of recruitment.

Explain the different sources of Internal Recruitment.

Explain any two internal sources of recruitment.

Solution

Internal sources of recruitment refer to the methods used by organisations to fill job vacancies from within their existing workforce.

Following are the methods of internal sources of recruitment.

1. **Transfers:** Transfers typically involve relocating employees to various departments, branches, or locations within the organisation. Transfers can happen for a variety of reasons, including changes in the organization's structure, the need to develop talent, the desire to utilise specific skills, or based on employee preferences. By transferring employees internally, organisations can tap into their existing talent pool, swiftly fill open positions, and offer employees chances for career advancement and personal growth, all without the need for external hiring.
2. **Promotions:** Promotions involve advancing employees to higher positions within the organisation, taking into account their performance, skills, experience, and potential. Promotions are a way to acknowledge and appreciate the valuable contributions of employees. They serve as a source of

motivation, encouraging individuals to strive for excellence. Additionally, promotions offer employees the chance to advance their careers and progress within the company.

3. **Demotion:** Demotion refers to the process of transferring employees from higher-level positions to lower-level positions within the organisation. This can occur for various reasons, such as performance concerns, organisational changes, or job modifications. Although demotions can be difficult for employees, they can be used as a way to address performance issues, match job roles with employee's abilities, or adapt to changes in business requirements. Demotions can also offer employees the chance to rebuild, acquire new skills, and strive to regain their previous positions or progress in different career paths within the organisation.
4. **Rehiring of Ex-Employees:** Rehiring of former employees involves the recruitment of individuals who were previously employed by the organisation but left for various reasons, such as pursuing other opportunities, personal reasons, or temporary layoffs. Rehiring former employees provides organisations with the opportunity to benefit from familiar talent, utilise their previous expertise and institutional knowledge, and minimise expenses related to recruiting and training new staff members.
5. **Internal Job Posting:** Internal job posting involves advertising job vacancies within the organisation and inviting current employees to apply for available positions. Internal job postings offer employees a valuable glimpse into the various career paths available within the company. They serve as a catalyst for career growth and encourage employees to explore new opportunities within the organisation. By promoting internal mobility, these postings also contribute to the retention of talented individuals. Internal job postings allow employees to explore different positions, develop new skills, and progress in their careers within the organisation. This contributes to higher employee engagement, satisfaction, and long-term dedication.

8.3. (a) What do you mean by the term Overheads?

Solution

Overheads refer to indirect costs or expenses incurred by a business that are not directly attributable to the production or sale of specific goods or services.

8.3. (b) Explain various types of Overheads.

Solution

Following are the three types of overhead commonly encountered in businesses:

1. **Factory Overhead:** Factory overhead encompasses the various indirect costs linked to the manufacturing process. These costs encompass multiple expenses associated with factory operations, including rent for factory space, utilities (electricity, water, gas), property taxes, factory buildings and machinery depreciation, and equipment maintenance and repairs. Factory overhead costs are necessary expenses that must be incurred to maintain the manufacturing facility's infrastructure, equipment, and support services. These costs are not dependent on the production volume and are crucial for the smooth functioning of the facility. Factory overhead costs are allocated to the Cost of Goods Manufactured (COGM) using predetermined allocation methods, such as direct labour hours, machine hours, or production volume. This helps determine the total cost per unit of production.
2. **Office and Administrative Overhead:** Office and administrative overhead includes indirect costs related to general management, administrative support, and office operations. These costs encompass various expenses associated with office facilities, including rent for office space, utilities (electricity, water, gas), property taxes, office equipment (computers, printers, furniture), and office supplies (stationery, postage, printing), among others. Office and administrative overhead costs are essential for efficiently managing day-to-day administrative functions, handling paperwork, facilitating communication, and providing crucial administrative support services to different departments within the organisation. Allocation of office and administrative overhead costs to cost centres or departments is usually based on usage or activity levels. This helps determine the overhead cost per department or business unit.
3. **Selling and Distribution Overhead:** The selling and distribution overhead includes indirect costs related to marketing, sales, and distribution activities. These costs are aimed at promoting and selling the company's products or services. These costs encompass various expenses associated with sales and marketing activities, such as salaries and commissions for sales personnel, advertising and promotional costs, travel and entertainment expenses for sales representatives, transportation expenses (freight, delivery, and shipping),

packaging costs, and more. Operating expenses are necessary to support sales and distribution efforts, reach target markets, build brand recognition, and efficiently deliver customer products or services. Allocation methods are used to determine the total selling and distribution overhead cost per unit of product sold or revenue generated. These methods can include percentage of sales, sales volume, or direct labour costs. The allocated costs are then added to the Cost of Goods Sold (COGS) or sales revenue.

Q9. CASE STUDY

British car maker MG has confirmed the launch of a new affordable Electric Vehicle (EV) in India in the first half of 2023. The brand also revealed that this newly developed EV will come with an affordable price tag of around Rs 7-8 lakh.

Although the firm has not yet disclosed the details of the EV's body style, this new pure-electric offering will most probably compete against the Tata Nexon EV. Besides this the MG's upcoming EV will utilise a new platform and could offer a sub-300 km of travel range on a single charge. MG Motor has also announced that it will invest in nurturing young talents through its initiatives like the MG Nurture program. The carmaker plans to collaborate with 50 institutes through the program to train one lakh students on the latest technologies regarding EVs.

Electric cars produce zero exhaust emissions, which means they do not emit any harmful exhaust gases into the air. This can benefit the environment as exhaust gases can negatively impact various health conditions and also have an impact on climate change. EVs are more efficient, and that combined with the electricity cost is cheaper than filling petrol or diesel for your travel requirements. Using renewable energy sources can make the use of EVs more eco-friendly. They mainly reduce noise levels which are hazardous to human health.

With reference to the case study answer the following questions:

- i. In which stage of product life cycle can Electric Vehicles be placed? Explain this stage briefly.
- ii. Which type of training can be undertaken by MG Motors to train its employees? Briefly explain.
- iii. Explain the effects of pollution on human health.

Solution

- i. Electric vehicles are at the growing phase of their product life cycle. Rising Sales, market acceptance, and increased customer interest define the growth stage. MG Motors' development of a cheap EV in India, competing with Tata Nexon, suggests an increasing demand for electric vehicles. MG Motors' investment in training programmes and collaborations to develop talent and educate students on EV technologies supports the company's growth strategy. During this stage, companies focus on increasing manufacturing capacity, boosting product features, and improving the customer experience. They use marketing and promotion to raise awareness and demand. Corporations may create new models and variants to meet diverse client needs and preferences as rivalry grows. Based on the facts supplied, electric vehicles can be classified as in the growth stage of their product life cycle.
- ii. MG Motors can provide refresher training to its employees. Refresher training updates and refreshes employees' knowledge and abilities related to their tasks and responsibilities. This training is beneficial for individuals who have previously undergone initial training but need to stay up-to-date with technological improvements and procedure modifications. To keep current with the fast expanding EV technological landscape, MG Motors staff in many departments, including R&D, manufacturing, sales, and after-sales support, require refresher training. This training could address battery technology breakthroughs, electric drivetrain updates, charging infrastructure changes, and EV-specific maintenance and repair methods.
- iii. Pollution can have several detrimental effects on human health, including respiratory problems, cardiovascular diseases, and adverse impacts on overall well-being.
 1. Respiratory Problems: Air pollution, especially from vehicle emissions and industrial pollutants, can aggravate respiratory disorders like asthma, bronchitis, and (COPD). Vehicle emissions of delicate particulate matter (PM 2.5) and nitrogen oxides (NO_x) can infiltrate the lungs, leading to inflammation, impaired lung function, and respiratory illnesses.
 2. Cardiovascular Diseases: Air pollution has been related to a higher risk of cardiovascular disorders, including heart attacks, strokes and hypertension. Pollutants like ozone (O₃) and carbon monoxide (CO) can

harm cardiovascular function, raise blood pressure, and cause blood clots, leading to complications.

3. Overall Well-Being: Pollution can harm mental health, causing tension, worry, and sadness. Noise pollution from traffic and industrial operations can interrupt sleep patterns, cause stress, and lead to weariness and cognitive impairment.
4. Long-term Health Effects: Long-term exposure to pollution can lead to a shortened life expectancy and increased mortality rates from respiratory and cardiovascular disorders. Pollution poses a higher risk to the health of children, the elderly, and those with pre-existing diseases.