

ISC SEMESTER 2 EXAMINATION
SAMPLE PAPER - 1
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) How does internal sources of recruitment reduce labour turnover in an organisation?
- (ii) **Assertion (A):** Divisional structure leads to creation of silos within an organisation.
Reasoning (R): Departments in the organisation are isolated from each other makes it difficult to communicate, share information or transfer skills.
 - (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) Leadership and management are different because :
 - (a) Leadership motivates/inspires while management offers incentive.
 - (b) Leadership influences people across all managerial functions while management involves all processes within all managerial functions.
 - (c) Leadership enables creativity while management limits creativity.
 - (d) All of the above.
- (iv) Which consumer right focuses on looking for quality marks like ISO?
 - (a) Right to be heard
 - (b) Right to Safety
 - (c) Right to Choose
 - (d) Right to Redress
- (v) Selling is _____ marketing.
- (vi) State whether the following statements are True or False:
 - (a) A good leader lacks foresight and adaptability.
 - (b) Internal source of recruitment is a time-consuming process.
- (vii) Customer satisfaction can be achieved through a suitable marketing strategy because:
 - (a) prices are always kept low and quality is always compromised.
 - (b) prices are kept reasonable with relevant market offerings, which enables organisations to retain existing customers and create new customer base.
 - (c) high price loses existing customers and attracts new customers.
 - (d) lower prices retains existing customers and loses new customers.

Section-B

Question 2.

How does controlling help in accomplishing organisational goals and judging accuracy of standards?

Question 3.

(i) State any two reasons why organisations prefer internal sources of recruitment.

OR

(ii) State any two functions of supervision.

Question 4.

What is line and staff organisational structure?

Question 5.

What are the differences between functional and divisional organisational structure?

Question 6.

Why was Consumer Protection Act, 2019 passed?

Question 7.

Does informal organisation arise from formal organisation? Justify the given statement.

Section-C

Question 8.

- (i) The Central Consumer Protection Authority (CCPA) has issued show-cause notice to 14 companies pertaining to various sectors such as water purifier, paints, floor cleaner, apparel, disinfectant, furniture for resorting to misleading claims such as immunity, COVID-19 virus protection, etc.

Which function of CCPA is highlighted in the statement? State three other functions of CCPA.

OR

- (ii) A marketing manager sets a sales target for two his team members. The first team member is an average worker and is given the target beyond his capacity while the second team member is given work as per her efficiency and achievable target. Which aspects of controlling are reflected in this example? What will the marketing manager do if the team members do not achieve the set sales targets?

Question 9.

Discuss the role of Central Consumer Protection Authority in the new Consumer Protection Act, 2019.

Question 10.

Briefly explain the meaning of the following terms:

- (i) Place mix
- (ii) Brand

Question 11.

What is a market? Discuss the types of market on the basis of time.

Question 12.

Read the given passage carefully and answer the following questions.

A 79 year old woman purchased a cup of takeout coffee from BacDonald's café. As she sat in her car to add sugar and milk, she accidently spilled it on her lap. The coffee was dangerously 'hot' and above the recommended temperature of 65-71 degree celsius. She sued BacDonald's café and won nearly \$3 million in punitive damages for the burns suffered. Since this case, BacDonald's serves coffee in cups which are labelled 'Caution : Contents Hot'

- (i) Which promotional tool was used by BacDonald's after losing the case to the 79 year old woman?
- (ii) In the context of the case, how will this tool be beneficial for BacDonald's?



Section-A

Answer 1.

- (i) When existing employees are absorbed in different departments through internal sources of recruitment, it reduces labour turnover as employees are retained or promoted to different responsibilities thus improving their morale.
- (ii) (a) Both Assertion and Reason are true, and Reason is the correct explanation of Assertion.

Explanation:

Creation of silos in a divisional organisational structure mean that business divisions/units operate independently and avoid sharing of information. Silos in such structures enable unwillingness to share knowledge or information between employees or across departments creating low morale, negatively impacting work flows and thus adversely affecting customer experience.

(iii) (d) All of the above

Explanation:

Leadership involves leading people to perform tasks and activities while management means controlling these tasks and activities.

(iv) (b) Right to Safety

Explanation:

Right to safety is related to consumers' right to obtain appropriate information to protect themselves against marketing of goods/services which can be hazardous to life and property.

(v) a part of

Explanation:

Marketing refers to activities like advertising, selling and delivering products to consumers and other businesses.

(vi) (a) False

Explanation:

Foresight and adaptability are some of the major qualities of a good leader.

(b) False

Explanation:

Internal sources of recruitment can save time and money as it involves recruitment of employees within the organisation who are already on the payroll of the firm.

(vii) (b) Prices are kept reasonable with relevant market offerings, which enables organisations to retain existing customers and create new customer base.

Explanation:

Prices are kept reasonable with relevant market offerings, which enables organisations to retain existing customers and create new customer base. This marketing strategy ensures customer retention and make them repeat purchases for goods/services.

Answer 2.

1. **Accomplishing Organisational Goals :** Controlling identifies shortcoming or drawback of plans, which determine the difference between actual and desired performance levels and suggests means and approaches to improve them in the future as well as attempt to turn back to activities in an organisation leading to achieving their goals and objectives.
2. **Judging Accuracy of Standards :** Controlling can lead to changes in plans for an organisation and accordingly ensures that deviations leading to errors and mistakes are not repeated in the future.

Answer 3.

- (i) Organisations prefer internal sources of recruitment because of the following reasons:
1. Current employees can stay longer reducing labour turnover and reduces the cost of finding new candidates, training and induction.
 2. Employees within the organisation are familiar with the job and are motivated to perform productively and remain loyal to the organisation.

OR

- (ii) Functions of supervision are as follows:

1. **Work Allocation** : Supervision involves identifying all activities and allotting appropriate jobs to subordinates in accordance to their relevant interests and capabilities.
2. **Motivating Subordinates** : Supervisor guides, empowers and motivates the subordinates who are responsible and accountable for job completion to work diligently and efficiently.

Answer 4.

Line and staff organisation is a modification of line organisation with two lines of authority : Line groups and Staff groups. Line groups have the final decision-making authority in relation to the technical organisational process. Alternatively, staff groups are given tasks that provide support to the line groups and their work focuses on helping the organisation in analysing, researching, counselling, monitoring and in evaluating activities. Line groups work directly towards the organisational goals while staff groups advise and assists the line groups. Line groups can concentrate on execution of plans while staff group can provide advisory and counselling.

Answer 5.

Basics	Functional	Divisional
Meaning	It involves grouping of employees into functional departments which have specialised and similar skills, expertise, work activities and resource use.	It involves transferring powers of decision-making and accountability across employees or business units that become separate businesses within a broad organisational framework.
Decision making	Top levels of management involved in decision making.	It involves decentralised decision making.
Use of resources	Resources are used optimally; there is no overlapping or duplication of work.	Resources are over-utilised leading to duplication and overlapping of work.
Performance of tasks	It involves sequential tasks leading to bureaucracy.	It involves separate tasks conducted in separate divisions and different businesses.
Communication	It is easier to manage people with similar training/skills.	Conflicts and rivalries can occur between divisions.
Accountability and profits	Top management takes decisions regarding profits, losses, revenues.	Organisation's respective divisions take decisions regarding profits, losses, revenues.

Answer 6.

The Consumer Protection Act of 2019 was enacted to improve or amend the limitations of Consumer Protection Act, 1986, which caused delays in consumer courts. Also, change or shift in the consumers' mind-set and development of technology necessitated the need for provisions to check on consumer frauds and develop a robust mechanism, which could dispense justice to digitised-modern-consumers.

Answer 7.

Yes, Informal organisation arises from formal structure because employees in an organisation frequently interact with each other and cannot be forced to continue being formal. The main aim of a formal organisation is to formally define relationships among employees to establish a chain of command along with defined rules and procedures to achieve organisational goals and objectives. Alternatively, it also sets the basis for employees to socialise informally that brings about a sense of belongingness and job satisfaction. Informal organisation thus arises from formal organisation to get necessary feedbacks and reactions and contain limitations like rigidity of a formal structure.

Section-B

Answer 8.

- (i) The statement highlights CCPA's function of instructing the 14 companies through a court order to justify and prove whether the claims made by them are true. Other functions of CCPA are as follows:

1. Passing order to recall or withdraw services.
2. Imposing penalties to companies who prove that their claims are false.
3. Issuing safety notices to consumers against unsafe goods and services.

OR

- (ii) The marketing manager is involved in the first step of controlling process which is establishing standards or sales targets for his team members based on their capabilities and efficiency. The marketing manager should try to understand the reasons for not achieving the targets and take corrective actions towards ensuring that his members achieve the sales targets.

Answer 9.

The Central Consumer Protection Authority (CCPA) aims at promoting, protecting and enforcing the rights of consumers. It will regulate matters related to violation of consumer rights, unfair trade practices, and misleading advertisements. The CCPA will have an investigation wing, headed by a Director-General, which may conduct inquiry or investigation into such violations.

CCPA will carry out the following functions, including: (i) inquiring into violations of consumer rights, investigating and launching prosecution at the appropriate forum; (ii) passing orders to recall goods or withdraw services that are hazardous, reimbursement of the price paid, and discontinuation of the unfair trade practices, as defined in the Bill; (iii) issuing directions to the concerned trader/ manufacturer/ endorser/ advertiser/ publisher to either discontinue a false or misleading advertisement, or modify it; (iv) imposing penalties for misleading advertisement on a manufacturer or endorser could be up to ₹ 10 lakh and imprisonment for up to two years for a false or misleading advertisement. In case of a subsequent offence, the fine may extend to ₹ 50 lakh and imprisonment of up to five years; (v) issuing safety notices to consumers against unsafe goods and services.

Answer 10.

- (i) **Place mix** : Place mix is one of the main components of marketing mix. Place means a channel or route or a means of distribution for movements of products from producers to the end-customers. Correspondingly, place mix involves decisions on selecting suitable distribution channels, storage facilities, location for sale, inventory levels, means of transportation, warehousing, etc.
- (ii) **Brand** : The American Marketing Association defines a brand as the name, term, symbol or design or a combination of them that attempts to identify the products/services of one seller or group of sellers and differentiates itself from the competitors' products/services.

Answer 11.

Market is an area or a place (physical/virtual) where products and services are purchased, which are produced and/or sold by several businesses to various customers. The types of market on the basis of time are as follows:

1. **Very short period market** : This type of market exists for a few hours or a day at a particular time and place. For example, perishable goods like vegetables, milk, etc. are sold in this market.
2. **Short period market** : This type of market exists for a few days like during festivals, market fairs, etc. For example, perishables and semi-durable (home appliances, tools, etc.) goods are sold in this market.
3. **Long period market** : This type of market exists for more than few days. For example, non-perishable and durable goods (televisions, washing machines, etc.) are sold in this market.

Answer 12.

- (i) The promotional tool used by BacDonald's after losing the case to the 79 year old woman was labelling.
- (ii) The benefits of labelling for BacDonald's are as follows:
1. **Description of the product** : The cups labelled 'Caution : Contents Hot' describes the nature of the product inside the cup as a safety measure while consuming coffee.
 2. **Protection of customers** : By providing suitable information about the contents in the cup, labelling attempt to protect customers to make appropriate decisions and use the cup judiciously.
 3. **Identification** : The label can also help popularise the product along with BacRonald's brand name by specifying it on the coffee cups.