

**ISC SEMESTER 2 EXAMINATION**  
**SAMPLE PAPER - 3**  
**COMMERCE**

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*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.*

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

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**Section-A**

**Question 1.**

- (i) \_\_\_\_\_ function provide complete information on a wide range of products/services in different colours, textures, shapes and sizes.
- (ii) Which right enables the consumers to seek justice for being exploited by a trade practice?
- (iii) **Assertion (A):** Organisational structure is not affected by the span of management.  
**Reasoning (R):** The span of management is based on the scalar chain principle that identifies the inter-relationships and hierarchy in the organisation.
- (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.
- (iv) Sain Consulting conducted a recruitment drive in a college in Mumbai to interview students for entry-level positions in their organisation. Which recruiting source was used by Sain Consulting?
- (a) Casual calling (c) Transfers  
(b) Job Rotation (d) Campus recruitment
- (v) Barriers related to faulty translation is known as :
- (a) Psychological barriers (c) Economic barriers  
(b) Semantic barriers (d) Political barriers
- (vi) State whether the following statements are True or False.
- (a) Delegation of authority is based on the principle of division of labour.  
(b) Internal sources of recruitment is a time-consuming process.
- (vii) Marketing ensures consistent revenue generation by:
- (a) determining target markets and customers.  
(b) supervising production processes.  
(c) packaging and distributing the products to the end consumer.  
(d) both (a) and (c).

## **Section-B**

### **Question 2.**

Controlling is a coercive process. Do you agree or disagree? Give reasons.

### **Question 3.**

(i) Are training and education the same? Comment.

**OR**

(ii) Discuss the similarities between recruitment and selection.

### **Question 4.**

Functional organisational structure is meant for large firms. Do you agree or disagree?

### **Question 5.**

Vayra is a small business into producing organic plant based foods. The company writes blogs about health and nutritional value of their organic plant based foods to attract customers. They also make video logs and provide training in yoga, meditation and diet. Which marketing tool does Vayra use? State one feature of this tool.

### **Question 6.**

What would happen if consumers ignore defects or wrong doings of businesses?

### **Question 7.**

Physical distribution create time and place utility. Justify the given statement.

## **Section-C**

### **Question 8.**

- (i) There have been more than 5 lakh complaints registered against e-commerce companies between April 2019 to November 2021, according to the regulator of consumer protection. Maharashtra reported the highest complaints followed by Uttar Pradesh and Delhi.
- (a) Which regulation enabled registering complaints against e-commerce companies?
- (b) Name the regulator of consumer protection.
- (c) What are the three additional unfair trade practices added as per the regulation in question.

**OR**

- (ii) A logistics company purchased 10 new trucks for a total ₹5 crore from an automobile manufacturer, of which 4 trucks did not run smoothly. The owner of the logistics company complained to the auto company who refused to correct or replace the trucks. The owner decided to file a legal complaint. But the result of the complaint turned out to be in favour of the automobile company.
- (a) Where did the owner of the logistics company initially file the complaint?
- (b) What should the owner of the logistics company do after the unfavourable result?

### **Question 9.**

Briefly explain the linkages between communication, supervision, motivation and leadership.

### **Question 10.**

Briefly explain the meaning of the following terms:

- (i) Personal barriers of communication
- (ii) Training

### **Question 11.**

State any four internal factors that affect price fixing.

### **Question 12.**

Read the passage carefully and answer the following questions.

A producer has 4 machines producing 1000 door-knobs as per defined standards and specifications from each machine in 3 hours. But, lately there have been 900 door-knobs produced by one of the machines in 3 hours. The production manager needs to identify the reasons for the short-fall and rectify it.

- (i) Which management function is highlighted in the example?
- (ii) What are the possible steps the production manager can undertake to solve the problem?

## Section-A

### Answer 1.

- (i) Marketing

#### **Explanation:**

One of the functions of marketing involves providing information on the product design through packaging and labelling.

- (ii) The right which enable the consumers to seek justice for being exploited by a trade practice is Right to Seek Redressal. The Consumer Protection Act provides that in such case, the product must be repaired, replaced or taken back without any additional cost to the consumer.

- (iii) (d) Assertion is false but Reason is true.

#### **Explanation:**

The assertion contradicts one of the factors that affect the organisational structure is the span of management. The explanation of the reasoning is however true.

- (iv) (d) Campus recruitment

#### **Explanation:**

Campus recruitment is one of the external sources of recruitment which involves recruitment of fresh graduates with professional qualifications from colleges through a close liaison between organisations and educational institutions.

- (v) (b) Semantic barriers

#### **Explanation:**

Semantic barriers refer to misinterpretation of language or words used during communication due to faulty translation, badly expressed messages, technical jargons, etc.

- (vi) (a) True

#### **Explanation:**

Delegation of authority means granting authority by the superiors to the subordinates for the successful completion of their job or responsibility.

- (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) (d) both (a) and (c).

#### **Explanation:**

The functions of marketing includes market research for determining target markets and customers as well as packaging and distributing products to the end consumers to ensure consistent revenue generation for an organisation.

**Answer 2.**

Disagree. Controlling aims at maintaining discipline or a balance between implementation of plans and effective performance of plans in terms of the allocated resources. It is a continuous process that evaluates every step of managerial functions in an organisation and involves undertaking only preventive measures. It does not have control on human error, changes in technology or changes in tastes or social norms. Thus, we can say that controlling not a coercive process, but it is a process to minimise the deviations from actual standards for achieving organisational goals.

**Answer 3.**

- (i) Training and education are not the same. They are different because training focuses on developing specific skills in a person while education focuses on gaining theoretical knowledge in a classroom. Also, training is practical application of a narrow subject while education involve classroom teaching in a comparatively wider range of subjects.

OR

- (ii) Recruitment and selection are major elements of the staffing or hiring process in an organisation. Both go hand-in-hand with recruitment preceding selection by determining a diverse set of potential candidates while selection involves selecting the right candidate from a shortlisted set from recruitment. Recruitment and selection help an organisation in choosing the right person for the right post in an organisation.

**Answer 4.**

Disagree. Fuctional organisational structure is meant for small firms which produce a standardised product and the employees have specialised expertise on only a specific area of the production process. Thus, it also has centralised setting wherein the control and decision-making lies at the top or senior management levels. This enables personal relationship especially during the early stages of a small business and harmoniously moves all tasks and activities towards a common organisational goal. It helps in quick decisions and imaginative actions for growth and handling emergency situation promptly and efficiently.

**Answer 5.**

Vayra uses advertising by writing blogs online and producing video logs to provide information about their organic plant based foods. It provides information and attempts to persuade target customers interested in health and nutrition.

**Answer 6.**

If consumers were to ignore defects or wrong doings of businesses, it will lead to the following consequences:

1. There will be loss of life and property especially if products/services are harmful to humans and the natural environment.
2. There will be lack of trust with the company in the society and within the organisation among employees.
3. Organisations would lose their credibility, morale and productivity.

**Answer 7.**

Physical distribution focuses on efficient movement of products from their producers to their consumers through interrelate intermediaries or channels of distribution. These channels are associated with providing the right products in right quantities in the right place at the right time. Physical distribution can create time and place utility by obtaining cost savings through low inventories, inexpensive forms

of transport and bulk transporting. It also leads to improved customer service levels with fast and reliable delivery systems, ensuring enough stock to cater to customer demand.

## **Section-B**

### **Answer 8.**

- (i) (a) Consumer Protection Act, 2019 enables registering complaints against e-commerce companies.
- (b) Central Consumer Protection Authority (CCPA) is the authority or regulator for consumer protection under Consumer Protection Act, 2019.
- (c) The three additional unfair trade practices added as per CPA 2019 are:
  1. Failure to issue a bill or receipt.
  2. Refusal to accept a good returned within 30 days.
  3. Disclosure of personal information given in confidence, unless required by law or in public interest.

**OR**

- (ii) (a) The owner of the logistic company initially filed the complaint to the State commission as the value of the defective trucks is ₹ 2 crore which lies between the pecuniary limit of ₹ 1 crore to ₹ 10 crore.
- (b) Due to unfavourable results, the owner of the logistics company can file a complaint in the National Commission to review the judgement given by the State Commission.

### **Answer 9.**

Communication, supervision, motivation and leadership are elements of directing. Directing involves leadership wherein a leader influences a group of individuals to achieve a common goal. The facts, ideas, information about policies and procedures are communicated by the leader to the employees to work efficiently in the organisation. The leaders themselves can act as supervisors or appoint a supervisor from the employees to get the work done. The leaders delegate a supervisor who has good knowledge and experience about the job and can make definitive decisions for effective implementation of planned activities by the subordinates. The supervisor acts as a mediator between the leaders and the employees. The supervisor divides the work suitably and optimally in accordance to the performance standards, rules and regulations, skills and capabilities of the employees. Supervisors communicate with the employees that include providing constructive feedback regarding their performance by correcting their mistakes through self-demonstration and boosting their confidence to take up initiatives on their own. Leaders motivate the supervisors and employees regularly by providing financial incentives like salaries, bonuses, retirement benefits, etc and non-financial incentives like status, recognition, job security, etc, thus creating an encouraging organisational climate.

### **Answer 10.**

- (i) Barriers which are directly and personally linked with the issuer/receptor of communication and the associated messages are called personal barriers. Personal barriers include:
  1. Fear of challenge to authority which means that employees are fearful of expressing their ideas or opinions freely due to their fear of being demoted or feeling demotivated.
  2. Lack of confidence among co-workers and employees lead to ignoring important information, views and suggestion.
  3. Unwillingness to communicate information which are negative in nature.
- (ii) Training is a process designed to maintain and improve current job performance. It aims at improving specialised skills related to a particular job in the short-term. It is a job-oriented process and is a subset

of development. It is a continuous process which introduces new technology. Procedures, ideas in accordance to changes in and around the organisation. It is necessary across all levels of management to keep the organisation up-to-date. It is an additional expense undertaken by an organisation to enable increased efficiency among employees.

**Answer 11.**

The internal factors that affect price fixing are as follows:

1. **Costs** : Pricing decisions depend on the variable and fixed costs associated with its production. Prices should correspondingly cover both variable and fixed costs.
2. **Predetermined objectives** : Marketer should consider the objectives of the firm in terms of their expected return on investment, or to capture a market share. For higher returns pricing can be higher and for a higher market share pricing can be lowered.
3. **Image of the firm** : Price of the good can be determined based on the image and reputation of the firm in the market.
4. **Product life cycle** : Product life cycle which is the amount of time a product goes from being introduced into the market till it is taken off the shelves can also determine the pricing. During introduction the pricing can be lower and when the product demand gains momentum, the pricing can be gradually increased.

**Answer 12.**

- (i) The management function highlighted in the example is controlling.
- (ii) The possible steps that the production manager can undertake to solve the problem are as follows:
  1. The production manager will check on the set or established standards and specifications of each machine producing door-knobs.
  2. He/she will measure the actual performance of each of the three machines.
  3. The actual performance of each of the three machines will be compared with the desired performance.
  4. The deviations from each machine will be analysed by checking the critical control points during production.
  5. The manager will take corrective actions by repairing the machine/s which are causing the deviations and resolve the problem.

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