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ICSE



SOLVED PAPER 2018



CLASS 10

COMMERCIAL APPLICATIONS



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LATEST SYLLABUS

Commercial Applications

CLASS 10

There will be one written paper of **two** hours duration carrying 100 marks and Internal Assessment of 100 marks.

The paper will be divided into **two** sections A and B.

Section A (Compulsory) will consist of compulsory short answer questions covering the entire syllabus.

Section B will consist of questions which will require detailed answers. There will be a choice of questions in this section.

THEORY – 100 Marks

1. Understanding the basics of Markets and Marketing

- (a) Definition of markets and marketing – with examples from consumer goods, consumer services.

A clear understanding of markets (wherever a buy and sell takes place is a market); examples of non-traditional markets such as catalogues, direct sales, tele-markets, etc. Definition and stages of marketing.

- (b) Difference between a product and a service (with examples).

With service becoming important, the distinctions between products and services must be clearly understood.

- (c) Understanding 4 'P's– Product, Price, Place and Promotion.

Product life-cycle, pricing strategies such as skimming, penetration, parity, cost plus, place - distribution channels, promotional strategies, concept of advertising, direct selling, publicity.

- (d) Advertising and brand promotion.

Definition, concept and types of advertising. Definition of brand, how to bring about brand promotion.

- (e) Sales and the selling process, including the difference between marketing and sales; qualities of a good salesman.

Self-explanatory.

2. Understanding Finance

- (a) Elementary understanding of Generally Accepted Accounting Principles (GAAP).

GAAP to be explained - Entity concept, duality concept, matching concept, money measurement concept, going concern concept.

- (b) Principles of Financial accounting and reporting - a simple understanding of receipt and payment account, income and expenditure account, balance sheet.

Concept of balance sheet.

- (c) Banking - functions of the Central Bank and

commercial banks, types of accounts and banking transactions.

Function of Commercial Banks and Central Bank.

- (d) Fundamental concept of Cost (direct, variable etc.).

Classification of cost according to nature (direct and indirect), behaviour (variable, fixed and semi-fixed).

3. Understanding Human Resources

- (a) Importance of Human Resource in a commercial organization.

Role of human resources in any organization. Functions of human resources.

- (b) Commonly used methods of recruitment, selection and training.

Definition, types and methods of recruitment, selection and training.

4. Development of Public Relations

- (a) Meaning, nature, scope of Public Relations.

Self-explanatory.

- (b) Elements of public relations - human relations, empathy, persuasion and dialogue.

The definition, nature and importance of empathy, persuasion and dialogue.

- (c) History of public relations and present status.

Self-explanatory.

- (d) Ethics in public relations.

Growing role of ethics in business and public relations.

- (e) Issues of the Environment

(i) Destruction of ecosystem due to industrialization, dwelling of business units, transport, tourism and mining.

(ii) Excessive consumption of minerals, raw materials and other non-renewable resources.

(iii) Energy crisis: Urban and rural sectors. Renewable and non-renewable energy, greenhouse effect and global warming, acid rain, and

(iv) Environmental values and ethics.

Fundamental duties and value education. Use of cloth bags, organic manure, clean surroundings, respect for other people's things, developing an ethical environmental consciousness e.g. refusing use of polybags, styrofoam containers, etc;



...contd.

reusing: plastic and glass containers; recycling: e.g. paper – this will reduce demand on wood and save trees.

Self-explanatory.

- (v) Consumer education - consumer rights, making correct choices while buying different items; food adulteration.

Understanding the importance of educating consumers of their rights - awareness of food adulteration and its harmful effects.

- (vi) Effects of pollution on environment, human, health.

Bhopal Gas Tragedy; Chernobyl Disaster.

- (f) *Community participation and public awareness programmes for ecological restoration and conservation like the Chipco Andolan (Movement).*

INTERNAL ASSESSMENT - 100 Marks

A minimum of four assignments to be completed during the year, as assigned by the teacher.

Suggested list of assignments

1. Design a marketing plan for the launch of a new soap in the price range of Rs.15-20.
2. Make a report on the new forms of markets and marketing such as tele-markets (marketing through phones), home-shopping (catalogues like Burlingtons, etc.), Direct Marketing (example Eureka-forbes). What according to you is their relevance in future and why?
3. Study the marketing strategies of a service sector company such as a courier service and a production company such as a pen manufacturer. Explain the differences and similarities in both the strategies. What do you think is the reason for these differences?
4. Study the product life cycle (PLC). Using Add-gel pens, explain in which part of the PLC they are giving valid justification.
5. Study five different advertisements in any one media (print, television, audio) of the FMCG (fast moving

consumer goods) such as Coke, Pepsi, Lux, Surf, Tide, etc. and explain their positive and negative points.

6. Study the annual report (balance sheet and profit and loss account) of any company and comment on its financial health.
7. Study the working of the commercial banks in India by studying the working of the branch office of any Public sector commercial bank such as Canara bank, SBI, Bank of Baroda, etc.
8. Write an essay on the role of the Central Bank (Reserve Bank of India) in any economy with special reference to the Indian scenario.
9. Study the human resource policies of an Information Technology firm (developing software or hardware or in IT training).
10. Study the working of the Public relations department of a mid-sized firm operating in the media sector.

EVALUATION

The project work is to be evaluated by the subject teacher and by an External Examiner. The External Examiner shall be nominated by the Head of the school and may be a teacher from the faculty, **but not teaching the subject in the relevant section/class**. For example, a teacher of Commerce of Class XI may be deputed to be the External Examiner for Class X Commercial Applications project work.

The Internal Examiner and the External Examiner will assess the candidate's work independently.

Award of marks (100 marks)

Subject Teacher (Internal Examiner) : 50 marks
External Examiner : 50 marks

The total marks obtained out of 100 are to be sent to the Council by the Head of the School.

The Head of the School will be responsible for the entry of marks on the mark sheets provided by the Council.



INTERNAL ASSESSMENT IN COMMERCIAL APPLICATIONS - PROPOSED GUIDELINES FOR MARKING WITH GRADES

Criteria	Planning	Organisation	Observation	Understanding	Presentation	Marks
Grade I	The candidate chooses the right model. The collection of information and relevant data is very appropriate.	The candidate does comprehensive reference work. Shows ability to analyze and assemble the material collected.	The candidate can make excellent deductions from the data collected. The deductions thus made are recorded very appropriately.	The candidate shows remarkable ability to comprehend the complexities of various commercial functions. Can analyze the data and construct a suitable model.	Methodical, precise and clarity of expression. Neat and tidy presentation. Optimum utilization of skills.	4 marks for each criterion
Grade II	The candidate chooses a suitable model. The information and data collected is appropriate.	The candidate does sufficient reference work. Requires guidance to analyze and assemble the material collected.	The candidate makes adequate deductions from data collected. Is able to record the same with clarity.	The candidate displays the ability to understand but cannot fully correlate it with practical applications.	Work - neat and tidy. Presented clearly and methodically. Techniques appropriate.	3 marks for each criterion
Grade III	The candidate selects an appropriate model but the information and data collected is inadequate.	The candidate displays limited reference work. Poor ability to analyze and assemble the material collected.	The candidate makes deductions with help and guidance. Recording is appropriate.	The candidate shows limited capacity to grasp the intricacies of various commercial functions.	Standard presentation of work but disorganised in places. Writing untidy in places. Reasonably -clear.	2 marks for each criterion
Grade IV	The candidate requires guidance to select a model and gather relevant information pertaining to it.	The candidate has done very little reference work and is unable to organise the material collected.	The candidate has minimum ability to analyze the data collected.	The candidate is able to understand the complexities of various commercial issues with guidance.	Sequence of work acceptable. Not very neat. Presentation poor.	1 mark for each criterion
Grade V	The candidate is unable to select a model or gather relevant information pertaining to it.	The candidate is unable to do any reference work at all. Information collected is too meagre to do any meaningful assignment.	The candidate is unable to analyze the data collected or make any observations.	The candidate is unable to understand the complexities of various commercial issues even with guidance.	Data presented is untidy and disorganised. Effort and initiative lacking.	0 marks for each criterion

...contd.



ICSE Solved Paper, 2018

Class-X

Commercial Applications

(Maximum Marks : 80)

(Time allowed : Two hours)

Answers to this Paper must be written on the paper provided separately

You will **not** be allowed to write during the first 15 minutes.

This time is to be spent in reading the question paper.

The time given at the head of this Paper is the time allowed for writing the answers.

Section A is compulsory. Attempt any four questions from Section B.

The intended marks for questions or parts of questions are given in brackets [].

SECTION - A

(40 Marks)

Attempt all questions from this Section

Question 1

State one **difference** between each of the following :

- (a) Spot Market and Future Market. [2]
- (b) Institutional Advertising and Product Advertising. [2]
- (c) Fixed Deposit Account and Recurring Deposit Account. [2]
- (d) Fixed Cost and Variable Cost [2]
- (e) Recruitment and Selection [2]

Question 2

- (a) Mention any two essentials of a Brand. [2]
- (b) State any two uses of Income and Expenditure Account. [2]
- (c) Mention any four elements of Price Mix. [2]
- (d) Mention any two harmful effects of global warming. [2]
- (e) What is meant by Vestibule Training ? [2]

Question 3

- (a) Mention any two merits of external sources of recruitment. [2]
- (b) What is a Bank Draft ? [2]
- (c) What do you mean by business ethics ? [2]
- (d) Give two reasons for the growing importance of Public Relations to business enterprises. [2]
- (e) Give two General Utility functions of Commercial Banks. [2]

Question 4

Justify a reason either *for* or *against* each of the following :

- (a) A Receipts and Payments Account is a nominal account. [2]
- (b) Some costs are semi-variable in nature. [2]
- (c) Human Resource is the most valuable asset to business enterprises. [2]
- (d) A company needs to pay for its publicity to the media owners. [2]
- (e) With reference to the concept of accounting only those transactions are recorded in accounts which can be expressed in terms of money. [2]

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SECTION - B

(60 Marks)

*Attempt any four questions from this Section***Question 5**

- (a) Distinguish between 'Product' and 'Services'. [5]
- (b) Explain the strategies to be adopted during the Introduction Stage and the Growth Stage of Product Life Cycle. [5]
- (c) Explain 'Accounting Period Concept' with reference to concept of accounting. [5]

Question 6

- (a) What is direct selling ? Mention four circumstances where direct distribution is more suitable than indirect channels of distribution. [5]
- (b) Explain any five qualities of a good salesman. [5]
- (c) Explain Matching Principle of Accounting. [5]

Question 7

- (a) Write short notes on : [5]
- (i) Consumer Rights
- (ii) Direct and Indirect Labour cost
- (b) Explain any two functions of a central bank of a country. [5]
- (c) Explain any two methods of On-The-Job Training. [5]

Question 8

- (a) Briefly explain the elements of public relations. [5]
- (b) Explain : [5]
- (i) Campus Recruitment
- (ii) Placement agencies as external sources of recruitment.
- (c) What is energy crisis ? Discuss any two renewable energy sources that would help meet this crisis. [5]

Question 9

Flipkart, a Bengaluru based company, which started in the year 2007 as an online book store is now India's largest e-retailer. It is popular in the books and electronics segment but it now sells products across categories including fashion ; consumer durables, home decor and furniture. Flipkart is doing very good business and it acquired 100% of Myntra, but Myntra will operate as an independent entity. Mobile Brand 'Motorola' is selling their new launches in India through Flipkart. The company aims at becoming leader in every segment. [5]

India's e-commerce market has seen growth in the past few years as more people log on to the Internet to shop online. Goods can be bought on 'cash on delivery'. Various banks like HDFC, Axis and ICICI tied up with the reputed e-sellers so as to convert online purchases into convenient equated monthly installments. Amazon, the world's largest e-retailer entered India and in few months the company has aggressively gained market share by expanding its product range and introducing the one day delivery system. Soon after Flipkart also introduced one day delivery and the same day delivery in selected town and cities. With reference to the above :

- (a) What is online shopping ? [5]
- Name any three companies do online trading in India. [5]
- (b) What are the reasons for the increase in online shopping in India ? [5]
- (c) Identify the distribution channel adopted by Motorola in selling its new launches. Briefly explain few other distribution channels adopted by marketers. [5]

Question 10

The oldest India confectionery company wants people to know that their cookies and biscuits are from the "House of Parle". The company finds it important to reinstate the credibility and familiarity of the brand. From now onwards, the company will advertise its products under the tagline "From the House of parle".

Parle is sitting on a strong pedigree of many individual brands. With reference to brand equity, while the flagship Parle-G is worth ₹ 5,000 Crore. Plus and by far the biggest brand in the portfolio combining nearly 30% of overall share, others like Parle 20-20 and Parle Magix Cream and among ₹ 1,000 crore and Crack Jack, Monaco and Hide & Seek around ₹ 500 crore.

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The fact that Parle is strongly associated with Parle-G, the World's largest biscuit brand, is both a strength and a weakness. The company today suffers an image deficit compared to Britannia and ITC's Sunfeast. With this latest campaign, Parle is careful enough not to take either of the two extreme routes—harping multiple brands or shifting focus on the corporate brand alone. Instead, it has opted for a more judicious mix.

Researchers are comparing the current Parle strategy to the Titan strategy. The watch brand, in its early days, used the tagline “From the house of Tatas”. However, when it became a big brand itself, various sub-brands like Rega, Nebula, Edge, etc. all started using the tagline “From Titan”. In the same way, Parle is trying to bring forth the main brand in the mindscape of consumers and make the sub-brands its subordinate.

With reference to the above :

- (a) Explain the brand policy Parle has taken to advertise its products. [5]
- (b) What is brand equity ? Explain the brand equity Parle products are measured in and mention the sub-brand which has the highest brand equity. [5]
- (c) What is brand promotion ? Explain two methods of brand promotion. [5]

□□□

ANSWERS

SECTION - A

Answer 1

(a) **Different between Spot Market & Future Market :**

Basis	Spot Market	Future Market
Meaning	Spot market is a cash market which represents a marketplace for the immediate settlement for the financial instruments that are transacted.	Futures market is a market where market participants buy and sell contracts in financial instruments for delivery on a specified date in the future.
Trade Settlement	Spot market is a marketplace where trades are settled immediately.	Futures market is a marketplace where trades are settled on a specific date in the future.

(b) **Difference between Product Advertising & Institutional Advertising :**

Basis	Product Advertising	Institutional Advertising
Meaning	Promotion of a specific product to boost sales	Promotion of the brand as a whole
Uses	It is routinely used to attract customers to a product and increase their perception of its value.	It is used to develop the distinct brand image of your company.
Advantages	Increased profits, attracting potential customers	Improve and maintain a brand's image, and put forward a subtle sales pitch.
Disadvantages	Misleads customers, may tarnish company image	Is an added cost to the company without immediate returns

(c) **Difference between Fixed Deposit Account & Recurring Deposit Account :**

Basis	Fixed Deposit Account	Recurring Deposit Account
Purpose	To enable investors to mobilize idle savings and earn with a higher rate of interest than regular savings bank accounts.	To inculcate a regular habit of savings among the public.
Tenure	Fixed amount is to be deposited for long tenure	Small amount be deposited for every opted session

(d) **Difference between Fixed Cost & Variable cost :**

Basis	Fixed Cost	Variable Cost
Meaning	The cost which remains same, regardless of the volume produced, is known as fixed cost.	The cost which changes with the change in output is considered as a variable cost.
Behavior	It remains constant for a given period of time.	It changes with the change in the output level.
Example	Depreciation, Rent, Salary, Insurance, Tax etc.	Material Consumed, Wages, Commission on Sales, Packing Expenses, etc.

(e) **Difference between Recruitment & Selection :**

Basis	Recruitment	Selection
Meaning	Recruitment is an activity of searching candidates and encouraging them apply for it.	Selection refers to the process of selecting the best candidates and offering them job.
Process	Vacancies are notified by the firm through various sources and application form is made available to the candidate.	The firm makes applicant pass through various levels like submitting form, written test, interview, medical test and so on.
Method	Economical	Expensive

Answer 2

Brand is an identification mark, symbol, name, design or a combination of all these to uniquely identify a product that differentiate itself from others. Brands have certain recognizable elements that differentiate a brand from its competitors. These are :

- **Brand Name** : Brand name is the verbal part of a branding strategy because of which customers recall and remember a product. Company uses this name in all promotional events and communications.
- **The Logo** : A 'logo' is a recognizable word, graphic element or symbol that represents a company. It is usually in a distinctive way to create uniqueness.

(b) Two uses of Income & Expenditure A/c are :

- It shows the surplus of deficit of the non-commercial organizations during the accounting year.
- It serves as the basis for preparing the balance sheet at the end of the accounting year.

(c) Four elements of Price Mix are :

1. Determining product development costs.
2. Determining manufacturing (variable and fixed) costs of the product.
3. Studying pricing policies and strategies of the close competitors.
4. Identifying and analyzing of various relevant factors influencing pricing decisions.

(d) Two harmful effects of global warming are :

Agriculture : While CO₂ is essential for plant growth, all agriculture depends also on steady water supplies, and climate change is likely to disrupt those supplies through floods and droughts.

Health : Warmer winters would mean fewer deaths, particularly among vulnerable groups like the aged. However, the same groups are also vulnerable to additional heat, and deaths attributable to heatwaves are expected to be approximately five times as great as winter deaths prevented.

(e) The Vestibule Training is one of the methods of training, where the technical staff, especially those who deal with the tools and machinery, are given the job education training in the workplace other than the main production plant.**Answer 3****(a) The two merits of external sources of recruitment are :**

- Fresh talent and skill comes into the organization.
- Highly qualified and experienced employees may help the organization to come up with better performance.

(b) A bank draft is a payment on behalf of a payer that is guaranteed by the issuing bank. Banks will review the bank draft requester's account to see if sufficient funds are available, for the check to clear. Once it has been confirmed that sufficient funds are available, the bank effectively sets aside the funds from the person's account to be given out when the bank draft is used.**(c) Business ethics is the study of proper business policies and practices regarding potentially controversial issues, such as corporate governance, insider trading, bribery, discrimination, corporate social responsibility and fiduciary responsibilities. Law often guides business ethics, while other times business ethics provide a basic framework that businesses may choose to follow to gain public acceptance.****(d) Two reasons for the growing importance of Public Relations to business enterprises are:**

- **To raise awareness** : People trust established brands. One way to make your business known and compete with established brands is to send out your message by a third party such as a popular magazine in your industry, a high-traffic website, a respected influencer or social media superstar.
- **Build credibility** : Unlike advertising, a magazine mention of your product or a product review is not a direct sell so it comes out as a recommendation from a person that could be an authority in your niche like a celebrity beauty blogger with thousands of followers.

(e) General utility function of Commercial Banks are :

- **Accepting Deposits** : Commercial banks are mainly dependent on public deposits.
- **Advancing Loans** : The public deposits are used by commercial banks for the purpose of granting loans to individuals and businesses. Commercial banks grant loans in the form of overdraft, cash credit, and discounting bills of exchange.

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Answer 4

- (a) Receipts and Payment Account as the name suggests contains details of cash received (CAPITAL OR REVENUE) and cash payments made (CAPITAL OR REVENUE) during an accounting period.

It is similar to a CashBook of a Non Profit making Organization.

It basically records the inflows and outflows of cash and bank balances which infact are themselves REAL in nature.

Just take the example of Profit and Loss Account. It closes all the Nominal Accounts at the end of the year and thereby acquires the nature of a NOMINAL ACCOUNT.

The same logic applies to receipts and payments account as well.

- (b) Yes, some cost are semi variable in nature. A semi-variable cost is a cost that contains both fixed and variable cost elements. The fixed element of the cost will be incurred repeatedly over time, while the variable element will only be incurred as a function of activity volume. Thus, a base-level cost will always be incurred, irrespective of volume, as well as an additional cost that is based only on volume. This concept is used to project financial performance at different activity levels.
- (c) The human resources are the most important assets of an organization. The success or failure of an organization is largely dependent on the caliber of the people working therein. Without positive and creative contributions from people, organizations cannot progress and prosper. In order to achieve the goals or the activities of an organization, therefore, they need to recruit people with requisite skills, qualifications and experience. While doing so, they have to keep the present as well as the future requirements of the organization in mind.
- (d) Company need to pay for its publicity to the media owners as to get certain information across to as many people as possible within the shortest time frame. For you to record any sale of your products or services, your prospects have to be aware of those products and services, and they also have to know the attached benefits. Suffice it to say that the number of sales is directly dependent on the number of people who got to know about the product. Through media channels company getting feedback from the recipients of the required information. It provides means or platform for sending feedback or any other form of response from those who got the message being disseminated.
- (e) The money measurement concept states that a business should only record an accounting transaction if it can be expressed in terms of money. This means that the focus of accounting transactions is on quantitative information, rather than on qualitative information. Thus, a large number of items are never reflected in a company's accounting records, which means that they never appear in its financial statements. Examples of items that cannot be recorded as accounting transactions because they cannot be expressed in terms of money include:
- Employee skill level
 - Employee working conditions
 - Expected resale value of a patent
 - Value of an in-house brand
 - Product durability

SECTION - B**Answer 5**

- (a)

Basis	Product	Service
Tangibility	A product is tangible, it is physical and can be held, seen and movable	A service is intangible, can only be felt and not touched
Value	Product value is derived by the customer	Value of service is offered by the service provider
Customer	Customer care of the product is limited	Customer care forms critical component of marketing a service
Uses	A product can be stored for future use	A service is perishable and cannot be stored for later use or sale

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Ownership	A product can be owned	A service cannot be owned by the consumer once payment has been made
Quality	The quality of a product depends its nature	Quality of a service depends on the service provider who shapes it
Return	A product can be returned to the seller	A service cannot be returned to the seller
Billing	The billing process of a service is a once off transaction	Billing process can be continuous in the form of subscriptions for services rendered
Compare	It is easy to compare quality of products	It is difficult to compare the quality of services offered
Quantity	Products can be quantified numerically	Services cannot be quantified in terms of numbers

(b) Marketing Strategies for Introduction Stage :

Introduction stage is marked with slow growth in sales and a very little or no profit. Note that product has been newly introduced, and a sales volume is limited; product and distribution are not given more emphasis. Basic constituents of marketing strategies for the stage include price and promotion. Price, promotion or both may be kept high or low depending upon market situation and management approach.

Marketing Strategies for Growth Stage :

This is the stage of rapid market acceptance. The strategies are aimed at sustaining market growth as long as possible. Here the aim is not to increase awareness, but to get trial of the product.

Following Strategies to be adopted during Introduction & Growth stage

Basis	Introduction	Growth
Product	Offer a basic product	Offer product extensions, service, warranty
Price	Use cost-plus	Price to penetrate market
Distribution	Build selective distribution	Build intensive distribution
Advertising	Build product awareness among early adopters and innovators	Build awareness and interest in the mass market
Sales Promotion	Use heavy sales promotion to entice trial	Reduce to take advantage of heavy consumer demand

(c) An accounting period, in book keeping is the period with reference to which accounting books of any entity are prepared.

It is the period for which books are balanced and the financial statements are prepared. Generally, the accounting period consists of 12 months. However the beginning of the accounting period differs according to the jurisdiction. For example, one entity may follow the regular calendar year, i.e. January to December as the accounting year, while another entity may follow April to March as the accounting period.

If a company prepares monthly financial statements, there needs to be adjusting entries as of the last day of every month to:

- Accrue expenses and liabilities that occurred but have not yet been recorded. Examples include maintenance, repairs, wages of hourly paid employees, utilities used, property taxes, interest, etc.
- Record the depreciation for the 30 days of the month.
- Adjust prepaid expenses for the amounts that have expired and to defer the expenses that have not expired as of the end of the month.

Answer 6**(a) Direct selling is the action of marketing and selling products directly to the consumer in a non-retail environment. Instead, sales occur at home, work or other non-store location. This system often eliminates several of the middlemen involved in product distribution, such as the regional distribution center and wholesaler. Instead, products go from manufacturer to the direct sales company, to the distributor or rep, and to the consumer.****Four circumstances when direct selling is more suitable than indirect selling are**

- When, to enter new market with relatively low cost, especially providing unique products or services and does not require high capital investment.
- When organization wants to gaining the initial interest and attention of prospective customer – personal touch.

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- When organization allows avoid additional intermediaries in distribution.
- Requires no specially educated workers

(b) Good Qualities of a good salesman :

Personality : A good salesman should possess a good personality. What fragrance is to a flower is personality to an individual. It is the ability to impress others. A charming personality always creates a good impression. He should possess good health, attractive appearance and impressive voice. He should not suffer from physical handicaps like stammering and limping etc.

Cheerful Disposition : He should have a smiling face. It is rightly said that 'a man without a smiling face must not open a shop. In order to impress upon the customers he should always be cheerful and sweet tempered. He should be properly dressed as the dress greatly enhances the personality.

Mental Ingredients : An individual cannot be a successful salesman unless he possesses certain mental qualities like imagination, sound judgment, presence of mind, foresightedness, initiative and strong memory. These qualities are of great help to a salesman in dealing with customers having different nature and temperament. He can successfully tackle the customers. The mental qualities are very helpful in creating permanent customers for the product.

Courtesy : A salesman should always be polite and courteous towards his customers. It costs nothing but wins permanent customers for the product. He should help the customers in making the right choice or in selecting the products. This will definitely help in winning over the confidence of the customers.

Patience and Perseverance : A salesman comes across different type of customers. Some of them purchase nothing but waste time by asking irrelevant questions about the products. Under such circumstances, he should not loose temper but give patient hearing to the customers.

(c) The matching principle is an accounting principle which states that expenses should be recognized in the same reporting period as the related revenues

The matching principle combines accrual accounting (wherein revenues and expenses are recorded as they are incurred, no matter when cash is received) with the revenue recognition principle (which states that revenues should be recognized when they are earned, no matter when cash is received).

The matching principle is not used in cash accounting, wherein revenues and expenses are only recorded when cash changes hands.

The matching principle a basic accounting principle that is adhered to in order to ensure consistency in a company's financial statements : *i.e.* the income statement, balance sheet, etc.

If expenses are recognized at the wrong time, the financial statements may be greatly distorted: in turn jeopardizing the quality of the statements and providing an inaccurate representation of the financial position of the business.

For example :

- If you recognize an expense earlier than is appropriate, this results in a lower net income.
- If you recognize an expense later than is appropriate, this results in a higher net income.

Benefits of the matching principle :

Certain business financial elements benefit from the use of the matching principle. Assets (specifically long-term assets) experience depreciation and the use of the matching principle ensures that matching is spread out appropriately to balance out the incoming cash flow.

The matching principle allows an asset to be distributed and matched over the course of its useful life in order to balance the cost over a given period.

Answer 7

(a) (i) Consumer Rights : Consumer rights are generally a reference to a body of law that pertains to things the producers of goods must do to protect customers from harm. These laws have come into existence through a series of legal disputes, and have been shaped by the results of those cases. In a few instances, some states have actually codified regulations that they refer to as "consumer rights" laws, but this is not yet the majority practice, and even these codifications may not cover all of the principles that are generally considered "consumer rights."

Generally accepted basic consumer rights are

- **Right to safety :** protection from hazardous goods.
- **Right to be informed :** availability of information required for weighing alternatives, and protection from false and misleading claims in advertising and labelling practices.

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- **Right to choose** : availability of competing goods and services that offer alternatives in terms of price, quality, service.
- **Right to be heard** : assurance that government will take full cognizance of the concerns of consumers, and will act with sympathy and dispatch through statutes and simple and expeditious administrative procedures.

(ii) **Direct and Indirect Labour Cost** : Direct labor cost is wages that are incurred in order to produce specific goods or provide specific services to customers. The total amount of direct labor cost is much more than wages paid. It also includes the payroll taxes associated with those wages, plus the cost of company-paid medical insurance, life insurance, workers' compensation insurance, any company-matched pension contributions, and other company benefits.

Direct labor costs are most commonly associated with products in a job costing environment, where the production staff is expected to record the time they spend working on various jobs. This can be a substantial chore if employees work on a multitude of different products.

In the services industries, such as auditing, tax preparation, and consulting, employees are expected to track their hours by job, so their employer can bill customers based on direct labor hours worked. These are also considered to be direct labor costs.

Indirect labor is the cost of any labor that supports the production process, but which is not directly involved in the active conversion of materials into finished products. Examples of indirect labor positions are:

- Production supervisor
- Purchasing staff
- Materials handling staff
- Materials management staff
- Quality control staff

The cost of these types of indirect labor are charged to **factory overhead**, and from there to the units of production manufactured during the reporting period. This means that the cost of indirect labor related to the production process ends up in either **ending inventory** or the **cost of goods sold**.

(b) A central bank, reserve bank, or monetary authority is an institution that manages a state's currency, money supply, and interest rates. Central banks also usually oversee the commercial banking system of their respective countries. The main function of a central bank is to act as governor of the machinery of credit in order to secure stability of prices.

It regulates the volume of credit and currency, pumping in more money when market is dry of cash, and pumping out money when there is excess of credit.

Two main function of central bank are :

- **Issue of Currency** : The central bank is given the sole monopoly of issuing currency in order to secure control over volume of currency and credit. These notes circulate throughout the country as legal tender money. It has to keep a reserve in the form of gold and foreign securities as per statutory rules against the notes issued by it.
- **Custodian of Foreign Exchange or Balances** : It has been mentioned above that a central bank is the custodian of foreign exchange reserves and nation's gold. It keeps a close watch on external value of its currency and undertakes exchange management control. All the foreign currency received by the citizens has to be deposited with the central bank; and if citizens want to make payment in foreign currency, they have to apply to the central bank. Central bank also keeps gold and bullion reserves.

(c) When an employee learns the job in actual working site in real life situation, and not simulated environment, it is called On-the-job Training. Employee learns while working. Take the instance of roadside mechanics.

For Example-A small boys working there as helpers learn while helping the head mechanic. They do not learn the defect analysis and engine repairing skills in any classroom on engine models.

This type of training, also known as job instruction training, is the most commonly used method. Under this method, the individual is placed on a regular job and taught the skills necessary to perform that job. The trainee learns under the supervision and guidance of a qualified worker or instructor.

On-the-job training allows employees to learn by actually performing a specific job or task. The employee will perform the job and learn as he goes. On-the-job training can be structured by using hands-on application supported by classroom-type instruction. It can also be unstructured using only hands-on application.

Two On-The-Job Training methods are :

- **Job rotation :** This training method involves movement of trainee from one job to another gain knowledge and experience from different job assignments. This method helps the trainee understand the problems of other employees.
- **Coaching :** Under this method, the trainee is placed under a particular supervisor who functions as a coach in training and provides feedback to the trainee. Sometimes the trainee may not get an opportunity to express his ideas.

Answer 8

(a) The elements of public relation are :

- **Know your target audience :** Understanding the target audience is the most important part of any successful public relations strategy. Do your research and identify the demographics of the ideal customer. Then you can tailor the PR elements of your campaign around these characteristics.
- **Set realistic goals :** Think about what you hope to achieve with your brand, and when. Be realistic, but also don't be afraid to be ambitious. You should have a clear vision of what you want your PR strategy to accomplish, whether it's increased social media presence, traditional media exposure, or thought leadership. Include these goals in your PR strategy and create an action plan with which to achieve them.
- **Develop a message :** Once you know who you're reaching and what you want to achieve, the next step is figuring out how to tailor your message to your audience to make your goals a reality. Because you've done your research and know your audience, you should know the most effective ways to reach them. Maybe you've identified a gap in the marketplace that you can fill with your products or services. Create a message that identifies these pain points and clearly outlines how your brand can improve their lives. Use language that best speaks to your audience, and reach them through the media they're likely to consume.
- **Know your competition :** The only way to stay ahead of the competition is to know everything about it. Make a list of your biggest threats and then take note of what they're doing. Monitor their PR activities and note their successes and missteps. If a strategy seems to be working for them, see if you can incorporate something similar into your own campaign. If you see them lacking in a certain area, there's an opportunity for you to fill the gap. Don't directly replicate your competition's PR strategies. Rather, learn from them to improve your own.
- **Stay relevant :** The only way to stay top-of-mind with the public is to remain a relevant force in the marketplace for as long as possible. Keep up with trends, and go where the people are. Experiment with different social media platforms as they fall in and out of favor with your target audience. Following long-term trends is always important, but also stay on top of viral crazes and current events. People will only talk about your brand if your brand is doing things worth talking about, so keep your ear to the ground and create buzz as often as possible.

(b) (i) Campus Recruitment :

Campus recruitment refers to the process whereby employers undertake an organized program of attracting and hiring students who are about to graduate from schools, colleges, and universities.

Campus recruitment programs are widespread in most of the developed world. Employers commonly attend campuses to promote employment vacancies and career opportunities to students who are considering their options following graduation.

Campus recruitment includes specific advantages and disadvantages. Main advantage of campus placement is that it is possible for companies to select best, quality candidates within short time duration. Students can have the advantage of getting a reputed job even before completion of their academic course in college. Increased selection ratio, building company loyalty among students, etc is some other possible advantages. The main disadvantages of campus recruitment are incurred high expenses for companies (in recruitment and training).

(ii) Placement agencies as external sources of recruitment :

All organizations have to use external sources for recruitment to higher positions when existing employees are not suitable. More persons are needed when expansions are undertaken.

One of the important source for external recruitment are placement agencies.

Placement is the mediator in between organization requirement and candidate preference. In simple way, placement agency coordinate with candidates and organization to fulfill their needs, requirements and preferences.

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- (c) The energy crisis is the concern that the world's demands on the limited natural resources that are used to power industrial society are diminishing as the demand rises. These natural resources are in limited supply. While they do occur naturally, it can take hundreds of thousands of years to replenish the stores. Governments and concerned individuals are working to make the use of renewable resources a priority, and to lessen the irresponsible use of natural supplies through increased conservation.

The energy crisis is a broad and complex topic. Most people don't feel connected to its reality unless the price of gas at the pump goes up or there are lines at the gas station. The energy crisis is something that is ongoing and getting worse, despite many efforts. The reason for this is that there is not a broad understanding of the complex causes and solutions for the energy crisis that will allow for an effort to happen that will resolve it.

Causes of energy crisis are :

- over consumption
- overpopulation
- delay in commissioning of power plant
- poor infrastructure
- waste of energy
- Poor distribution system

The best possible solution is to reduce the world's dependence on non-renewable resources and to improve overall conservation efforts. Much of the industrial age was created using fossil fuels, but there is also known technology that uses other types of renewable energies – such as steam, solar and wind.

- **Solar energy** : Solar power systems derive clean, pure energy from the sun. Installing solar panels on your home helps combat greenhouse gas emissions and reduces our collective dependence on fossil fuel. Traditional electricity is sourced from fossil fuels such as coal and natural gas.
- **Wind energy** : The wind is a clean, free, and readily available renewable energy source. Each day, around the world, wind turbines are capturing the wind's power and converting it to electricity. This source of power generation plays an increasingly important role in the way we power our world.

Answer 9

- (a) **Online shopping** is the process of buying goods and services from merchants over the Internet. Since the emergence of the World Wide Web, merchants have sought to sell their products to people who spend time online. Shoppers can visit web stores from the comfort of their homes and shop as they sit in front of the computer.

Consumers can buy a huge variety of items from online stores, and just about anything can be purchased from companies that provide their products online. Books, clothing, household appliances, toys, hardware, software, and health insurance are just some of the hundreds of products consumers can buy from an online store.

Many people choose to shop online because of the convenience. For example, when a person shops at aEasy day or Reliance Mart, he/she has to drive to the store, find a parking place, and walk throughout the store until she locates the products she needs. After finding the items she wants to purchase, she may often need to stand in long lines at the cash register.

Three company do online trading in India are :

- **Snapdeal** is an Indian e-commerce company based in New Delhi, India. The company was started by Kunal Bahl and Rohit Bansal in February 2010.
- **AJIO** is an Indian e-commerce company in the fashion space, headquartered in Bangalore, Karnataka, India. AJIO was launched in 2016 by Reliance Retail, a subsidiary of Reliance Industries Ltd. led by Chairman Mukesh Ambani.
- **Shopclues** is an online marketplace owned by Clues Network Pvt. Ltd. It was established in July 2011 in Silicon Valley by Sanjay Sethi, Sandeep Aggarwal and Radhika Aggarwal.

- (b) **The following are the reasons that contribute to the growth of online shopping in India :**

- **Convenience** : A major factor for the popularity of online shopping in India is convenience. Without the need to go out and tackle the traffic, with just a few clicks consumers can save their too much time and effort. With e-commerce, you can hassle-free place the order from your place and get the items delivered to your doorstep. Furthermore, during the festive season and gazetted holidays, you can avail huge discounts and offers on plethora of product range. Rise in mobility- With the advent of hi-tech gadgets such as tablets and smartphones has resulted in online shopping in India. With the use of such gadgets, Shopaholics can buy from anywhere, anytime.

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- **Better services** : Providing maximum customer satisfaction is what online retailers look for. Whether it is return policy or safety of payment, you will get the best services.
 - **Growth of social media** : More and more advertisements on Facebook and other social media sites has led to the growth of online shopping in India.
 - **Increasing time-poverty** : In their crunched schedules, consumers are finding less time to shop. Nowadays, most of the people are working from home, which results in the increasing growth rate in internet retailing.
 - **Easy Payment Options** : Instead of waiting in long lines at the cashiers, online payment options gives consumers the facility to pay online through secured payment gateway. All this has increased the demand of online shopping among the Indians.
 - **Discount Coupons and offers** : Indians love to buy products at the most discounted prices. Offering huge discounts and offers to customers results in attracting more customers to the store which leads to more popularity.
 - When it comes to shopping with ease and comfort, visit ADI Shopping. This is the best online shopping platform to buy an amazing assortment of products from various categories.
- (c) A distribution channel is a chain of businesses or intermediaries through which a good or service passes until it reaches the end consumer. It can include wholesalers, retailers, distributors and even the internet itself. Channels are broken into direct and indirect forms, with a "direct" channel allowing the consumer to buy the good from the manufacturer, and an "indirect" channel allowing the consumer to buy the good from a wholesaler or retailer.

Motorola sell its new launch products recently through online on Flipkart for wider the distribution at once, because online marketplaces are popular indirect sales channels utilized by businesses of all sizes. By selling through an online marketplace, Motorola can reach a wider net of potential clients who might otherwise not know they exist. As an added bonus, using this channel can help cut down on your marketing costs.

Of course, using an online marketplace comes with some disadvantages as well. Flipkart and other marketplaces can charge hefty fees to suppliers.

Few other distribution channels adopted by marketers are :

- **Distributors** : Distributors are mainly wholesale businesses that specialize in selling to retailers, not directly to consumers. Because they have an incentive to sell your products for you, distributors save you money on hiring and training a sales force to market your products to their customers. Additionally, having a distributor may mean you don't need to maintain a retail location, which is capital that can be reinvested into your business.

There are limitations that you should keep in mind. Because distributors mark up goods to make a profit, they may not be ideal for companies selling lower-value products. You will have to make sure that your product is priced sufficiently below its suggested retail price so that a distributor—and their retail partners—will be willing to carry it. Further, distributors may choose not to work with you if your target market is too small.

- **Foreign Distributors** : While domestic distributors sell goods within the U.S., foreign distributors specialize in sales overseas. There are various benefits of using a foreign distributor, including the opportunity to gain access to new customer bases around the world. Additionally, foreign distributors handle customs formalities and paperwork, leaving you more time to focus on operations.

Despite these benefits, using a foreign distributor is not without its drawbacks. Typically, businesses have to agree to sell to the distributor at a deep discount. As a result, this sales channel may not be ideal for low-price products or those with a limited audience.

- **Affiliate Sales** : Affiliates are individuals or companies that sell goods on other businesses' behalf. In exchange for their services, affiliates receive commissions on sales. While affiliates help businesses reach larger and more varied customer bases, they tend to charge high commissions for their services.

Moreover, some affiliates have been known to participate in fraudulent practices like false advertising. Evaluate any potential affiliate before choosing them to sell your product. The last thing you want is for customers to hold you responsible for the deceitful actions of an affiliate marketer.

Answer 10

- (a) Parle is one of the most widely distributed biscuit brands in India and has fantastic mass appeal. Many people love to have Parle with their evening tea or coffee. It is found in all nooks and corners of the country and is exported to several other countries as well. The turnover of Parle is the driving force behind all other products of Parle.

Heritage : Parle has a strong legacy of more than 70 years and its associations with people for such long time is helping the company in being competitively ahead of its competitors.

Pricing : Keeping price same from 1996-2006 without compromising on quality, Parle did this by adding more manufacturing locations, increasing efficiency of the factories and reducing transport cost which helped the company in emerging as the largest selling biscuits in the world by volume.

Economies of scale : Because Parle has become such a big brand, it enjoys fantastic economies of scale. A single Parle distributor can distribute many different products of Parle. The fixed costs remain the same whereas variable cost increases which is always good for a company.

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- (b) Brand equity is a marketing term that describes a brand's value. That value is determined by consumer perception of and experiences with the brand. If people think highly of a brand, it has positive brand equity. When a brand consistently under-delivers and disappoints to the point where people recommend that others avoid it, it has negative brand equity.

Positive brand equity has value. Companies can charge more for a product with a great deal of brand equity. That equity can be transferred to line extensions – products related to the brand that include the brand name – so a business can make more money from the brand. It can help boost a company's stock price.

- (c) Companies are always trying to promote the products and services they offer. In what's known as "brand promotion," the brand promotes itself. Shifting its focus to the brand as a whole, the company tries to drive awareness of what it is and what it does, with the overall idea that a more familiar brand is more successful than a brand no one has heard of.

Brand means a mark (symbol or sign) or design or some combination of these used to identify the products of one seller and to differentiate them from competitive products. A registered brand is known as trade mark.

Brand promotion is that element of marketing mix which is designed to inform, remind, persuade and influence the customers so that they purchase the brands of the advertiser company. Brand promotion is applied and persuasive communication used for informing and reminding the customers of the company's brands. It is primarily the responsibility of the manufacturer though wholesalers and retailers may also undertake it.

The main objectives of brand promotion are :

- To Promote Information
- To Differentiate the Product
- To Increase Demand
- To Build Brand Equity
- To Stabilize Sales
- To Offset Competitors' Marketing Efforts
- To Build Image

The two method of Brand Promotion are :

- **Organizing Contests :** To attract the consumers, various contests are organized for consumers without having them to purchase the product and giving away gifts or prizes.
- **Promotion on Social Media :** When the brand is promoted on social media, it is not perceived as "aggressively trying to sell", rather as being able to communicate at a more personal level.

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