

ISC

**Year 2019
Examination**

Analysis of Pupil Performance

COMMERCE



Pioneering Excellence in Education since 1958

Research Development and Consultancy Division
Council for the Indian School Certificate Examinations
New Delhi

Year 2019

Published by:

Research Development and Consultancy Division (RD CD)

Council for the Indian School Certificate Examinations

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This document of the Analysis of Pupils' Performance at the ISC Year 12 and ICSE Year 10 Examination is one of its kind. It has grown and evolved over the years to provide feedback to schools in terms of the strengths and weaknesses of the candidates in handling the examinations.

We commend the work of Mrs. Shilpi Gupta (Deputy Head) of the Research Development and Consultancy Division (RD CD) of the Council and her team, who have painstakingly prepared this analysis. We are grateful to the examiners who have contributed through their comments on the performance of the candidates under examination as well as for their suggestions to teachers and students for the effective transaction of the syllabus.

We hope the schools will find this document useful. We invite comments from schools on its utility and quality.

October 2019

Gerry Arathoon
Chief Executive & Secretary

The Council has been involved in the preparation of the ICSE and ISC Analysis of Pupil Performance documents since the year 1994. Over these years, these documents have facilitated the teaching-learning process by providing subject/ paper wise feedback to teachers regarding performance of students at the ICSE and ISC Examinations. With the aim of ensuring wider accessibility to all stakeholders, from the year 2014, the ICSE and the ISC documents have been made available on the Council's website www.cisce.org.

The documents include a detailed qualitative analysis of the performance of students in different subjects which comprises of examiners' comments on common errors made by candidates, topics found difficult or confusing, marking scheme for each question and suggestions for teachers/ candidates.

In addition to a detailed qualitative analysis, the Analysis of Pupil Performance documents for the Examination Year 2019 also have a component of a detailed quantitative analysis. For each subject dealt with in the document, both at the ICSE and the ISC levels, a detailed statistical analysis has been done, which has been presented in a simple user-friendly manner.

It is hoped that this document will not only enable teachers to understand how their students have performed with respect to other students who appeared for the ICSE/ISC Year 2019 Examinations, but also provide information on how they have performed within the Region or State, their performance as compared to other Regions or States, etc. It will also help develop a better understanding of the assessment/ evaluation process. This will help teachers in guiding their students more effectively and comprehensively so that students prepare for the ICSE/ ISC Examinations, with a better understanding of what is required from them.

The Analysis of Pupil Performance document for ICSE for the Examination Year 2019 covers the following subjects: English (English Language, Literature in English), Hindi, History, Civics and Geography (History and Civics, Geography), Mathematics, Science (Physics, Chemistry, Biology), Commercial Studies, Economics, Computer Applications, Economic Applications, Commercial Applications.

Subjects covered in the ISC Analysis of Pupil Performance document for the Year 2019 include English (English Language and Literature in English), Hindi, Elective English, Physics (Theory), Chemistry (Theory), Biology (Theory), Mathematics, Computer Science, History, Political Science, Geography, Sociology, Psychology, Economics, Commerce, Accounts and Business Studies.

I would like to acknowledge the contribution of all the ICSE and the ISC examiners who have been an integral part of this exercise, whose valuable inputs have helped put this document together.

I would also like to thank the RDCD team of Dr. M.K. Gandhi, Dr. Manika Sharma, Mrs. Roshni George and Mrs. Mansi Guleria who have done a commendable job in preparing this document.

October 2019

Shilpi Gupta
Deputy Head - RDCD

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INTRODUCTION

This document aims to provide a comprehensive picture of the performance of candidates in the subject. It comprises of two sections, which provide Quantitative and Qualitative analysis results in terms of performance of candidates in the subject for the ISC Year 2019 Examination. The details of the Quantitative and the Qualitative analysis are given below.

Quantitative Analysis

This section provides a detailed statistical analysis of the following:

- Overall Performance of candidates in the subject (Statistics at a Glance)
- State wise Performance of Candidates
- Gender wise comparison of Overall Performance
- Region wise comparison of Performance
- Comparison of Region wise performance on the basis of Gender
- Comparison of performance in different Mark Ranges and comparison on the basis of Gender for the top and bottom ranges
- Comparison of performance in different Grade categories and comparison on the basis of Gender for the top and bottom grades

The data has been presented in the form of means, frequencies and bar graphs.

Understanding the tables

Each of the comparison tables shows N (Number of candidates), Mean Marks obtained, Standard Errors and t-values with the level of significance. For t-test, mean values compared with their standard errors indicate whether an observed difference is likely to be a true difference or whether it has occurred by chance. The t-test has been applied using a confidence level of 95%, which means that if a difference is marked as 'statistically significant' (with * mark, refer to t-value column of the table), the probability of the difference occurring by chance is less than 5%. In other words, we are 95% confident that the difference between the two values is true.

t-test has been used to observe significant differences in the performance of boys and girls, gender wise differences within regions (North, East, South and West), gender wise differences within marks ranges (Top and bottom ranges) and gender wise differences within grades awarded (Grade 1 and Grade 9) at the ISC Year 2019 Examination.

The analysed data has been depicted in a simple and user-friendly manner.


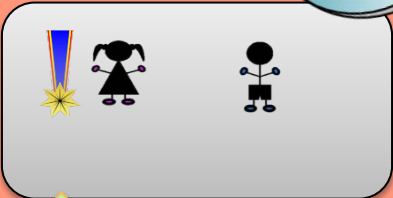
Given below is an example showing the comparison tables used in this section and the manner in which they should be interpreted.

Comparison on the basis of Gender

Gender	N	Mean	SE	t-value
Girls	2,538	66.1	0.29	
Boys	1,051	60.1	0.42	

*Significant at 0.05 level

Girls performed significantly better than boys.

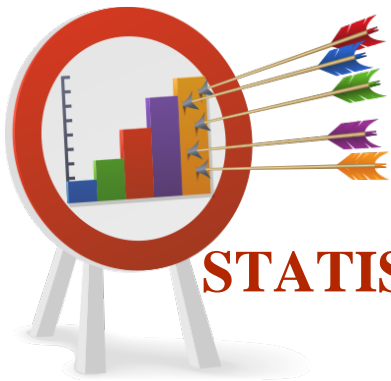
The table shows comparison between the performances of boys and girls in a particular subject. The t-value of 11.91 is significant at 0.05 level (mentioned below the table) with a mean of girls as 66.1 and that of boys as 60.1. It means that there is significant difference between the performance of boys and girls in the subject. The probability of this difference occurring by chance is less than 5%. The mean value of girls is higher than that of boys. It can be interpreted that girls are performing significantly better than boys.

The results have also been depicted pictographically. In this case, the girls performed significantly better than the boys. This is depicted by the girl with a medal.

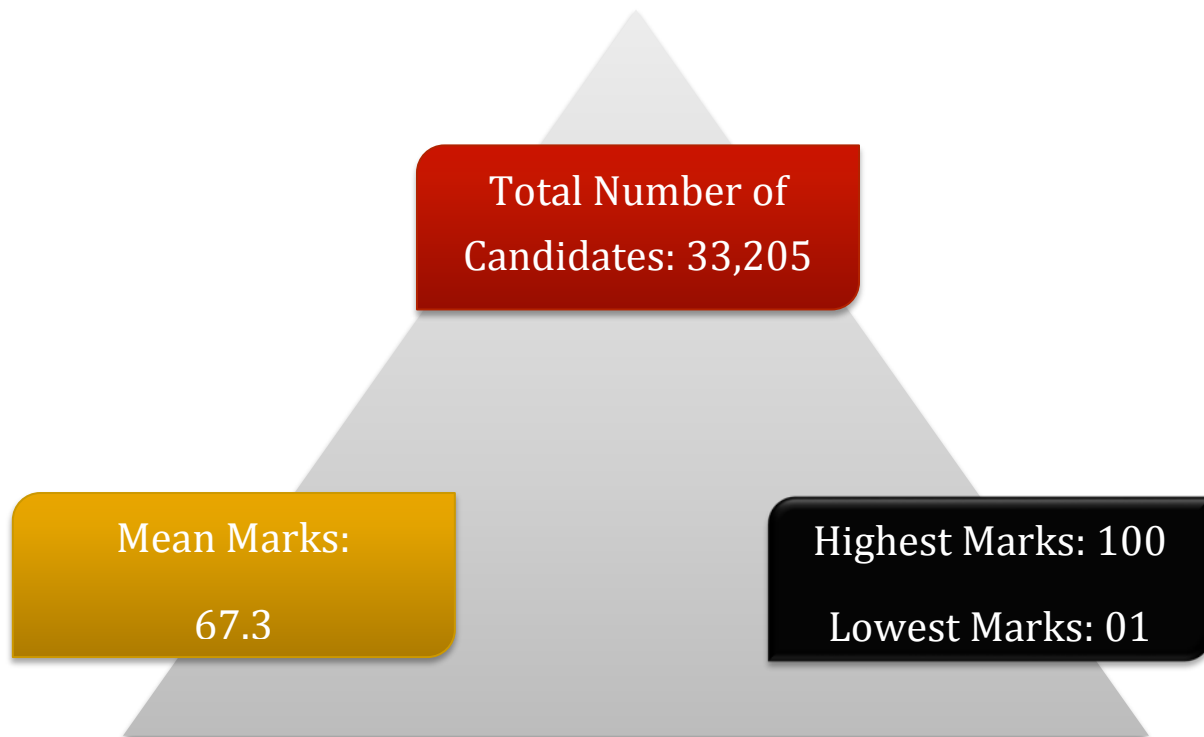
Qualitative Analysis

The purpose of the qualitative analysis is to provide insights into how candidates have performed in individual questions set in the question paper. This section is based on inputs provided by examiners from examination centres across the country. It comprises of question wise feedback on the performance of candidates in the form of *Comments of Examiners* on the common errors made by candidates along with *Suggestions for Teachers* to rectify/ reduce these errors. The *Marking Scheme* for each question has also been provided to help teachers understand the criteria used for marking. Topics in the question paper that were generally found to be difficult or confusing by candidates, have also been listed down, along with general suggestions for candidates on how to prepare for the examination/ perform better in the examination.

QUANTITATIVE ANALYSIS

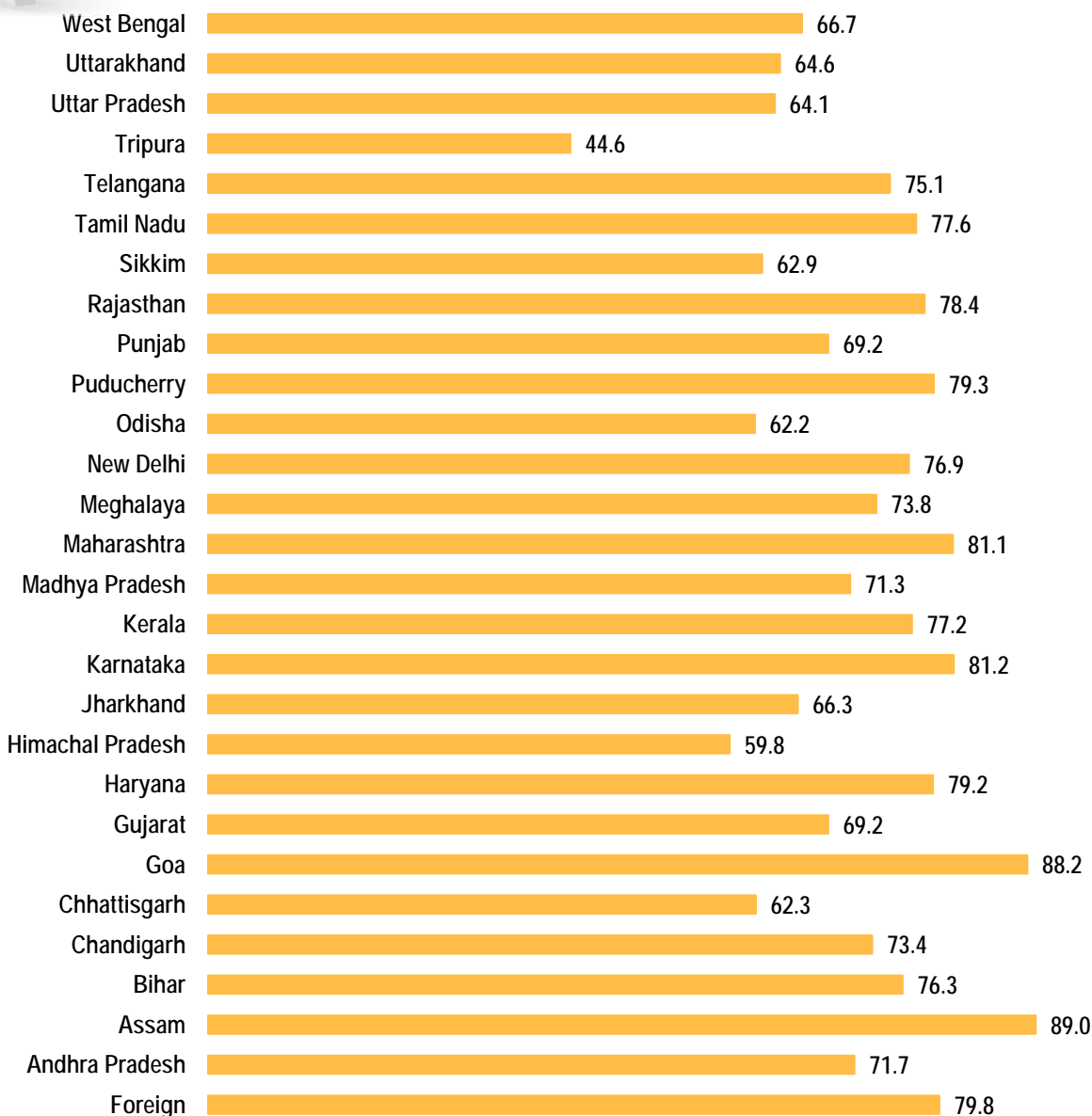


STATISTICS AT A GLANCE

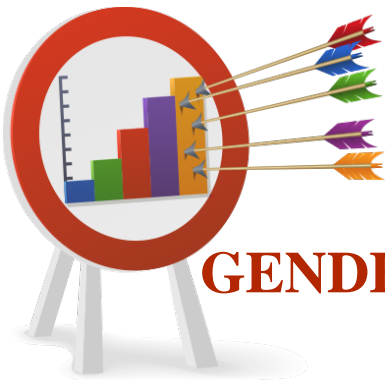




PERFORMANCE (STATE-WISE & FOREIGN)



The States of Assam, Goa and Karnataka secured highest mean marks. Mean marks secured by candidates studying in schools abroad were 79.8.



GENDER-WISE COMPARISON



GIRLS

Mean Marks: 70.9

Number of
Candidates: 15,612



BOYS

Mean Marks: 64.1

Number of
Candidates: 17,593

Comparison on the basis of Gender

Gender	N	Mean	SE	t-value
Girls	15,612	70.9	0.15	31.21*
Boys	17,593	64.1	0.15	

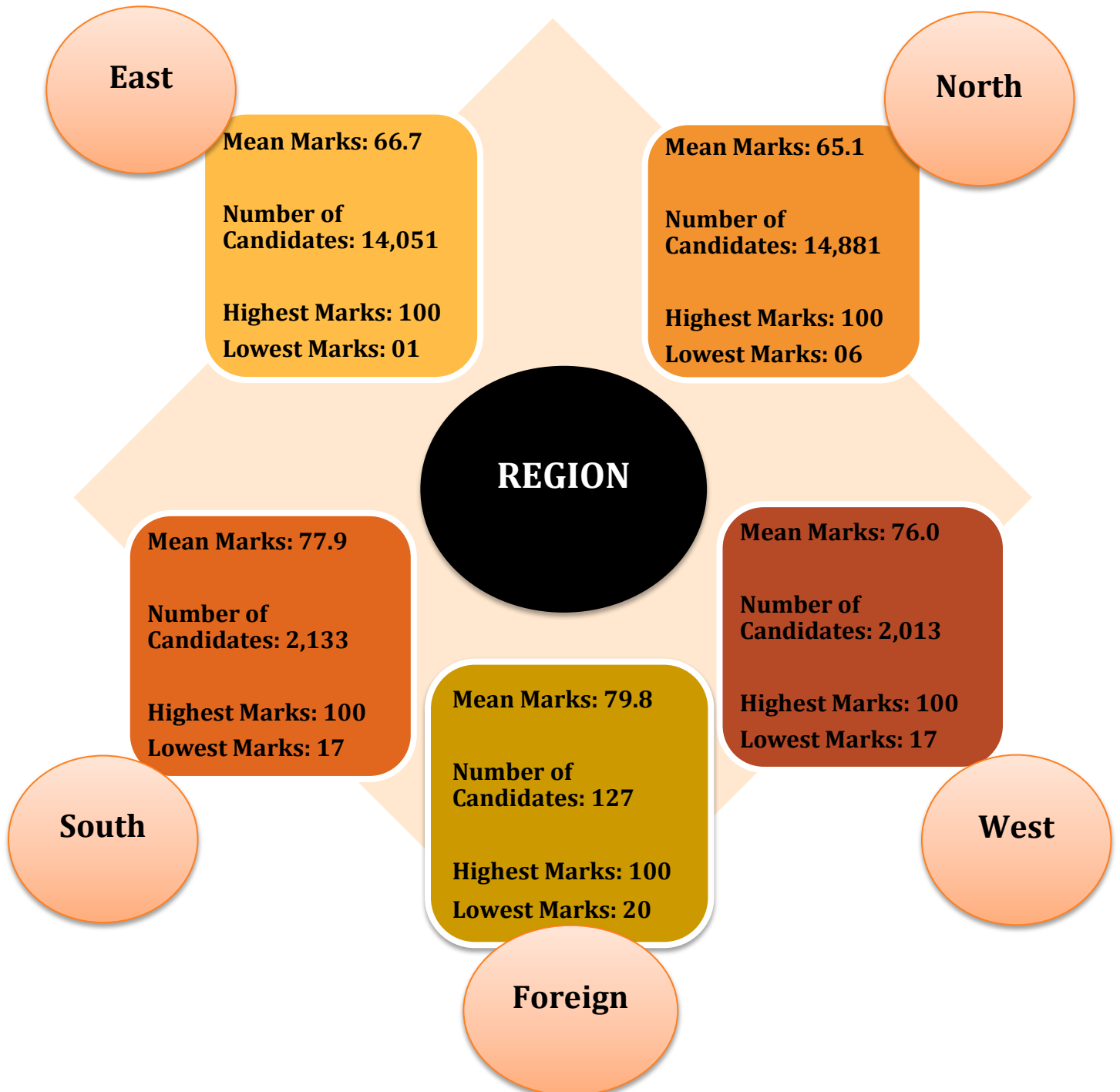
*Significant at 0.05 level

**Girls performed
significantly better than
boys.**

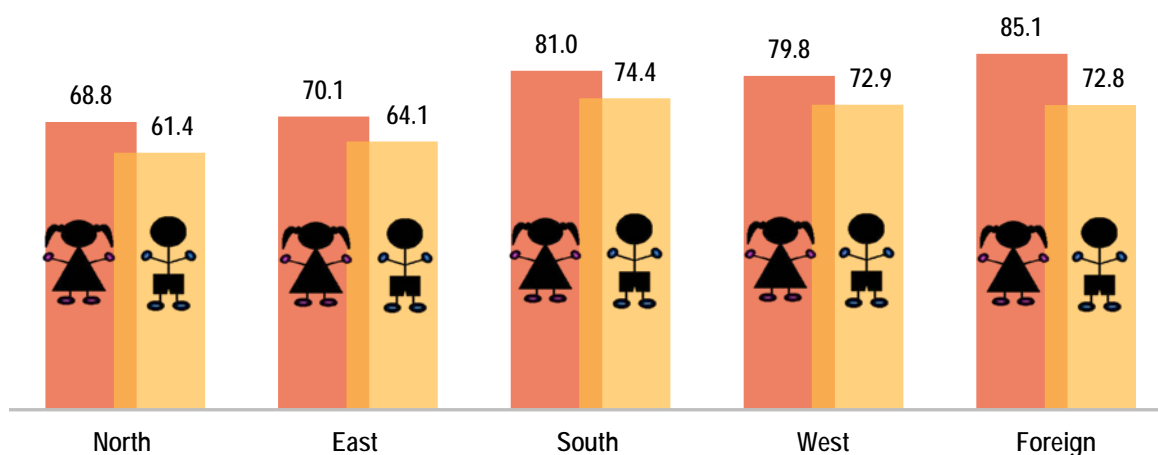




REGION-WISE COMPARISON



Mean Marks obtained by Boys and Girls-Region wise



Comparison on the basis of Gender within Region

Region	Gender	N	Mean	SE	t-value
North (N)	Girls	7,417	68.8	0.22	23.58*
	Boys	7,464	61.4	0.23	
East (E)	Girls	6,111	70.1	0.25	17.57*
	Boys	7,940	64.1	0.23	
South (S)	Girls	1,116	81.0	0.43	9.14*
	Boys	1,017	74.4	0.57	
West (W)	Girls	896	79.8	0.59	8.40*
	Boys	1,117	72.9	0.58	
Foreign (F)	Girls	72	85.1	1.68	4.25*
	Boys	55	72.8	2.38	

*Significant at 0.05 level

The performance of girls was significantly better than that of boys in all the regions.

REGION (N, E, S, W, F)





MARK RANGES : COMPARISON GENDER-WISE

Comparison on the basis of gender in top and bottom mark ranges

Marks Range	Gender	N	Mean	SE	t-value
Top Range (81-100)	Girls	5,807	90.2	0.07	3.60*
	Boys	4,458	89.8	0.08	
Bottom Range (0-20)	Girls	51	16.6	0.74	-0.94
	Boys	147	17.3	0.32	

*Significant at 0.05 level

Marks Range (81-100)

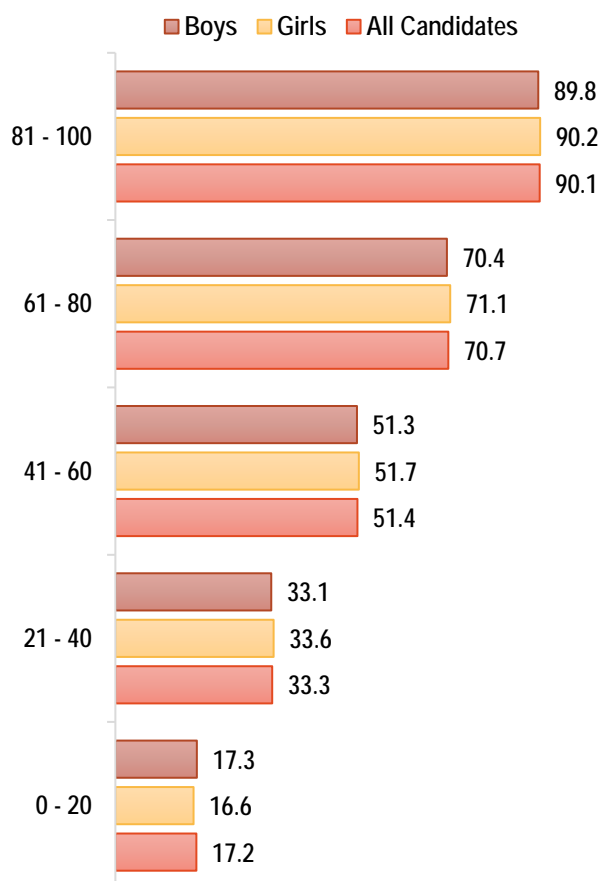
Performance of girls was significantly better than the performance of boys.

Marks Range (81-100)



Marks Range (0-20)

No significant difference was found in the performance of girls and boys in the marks range of (0-20).



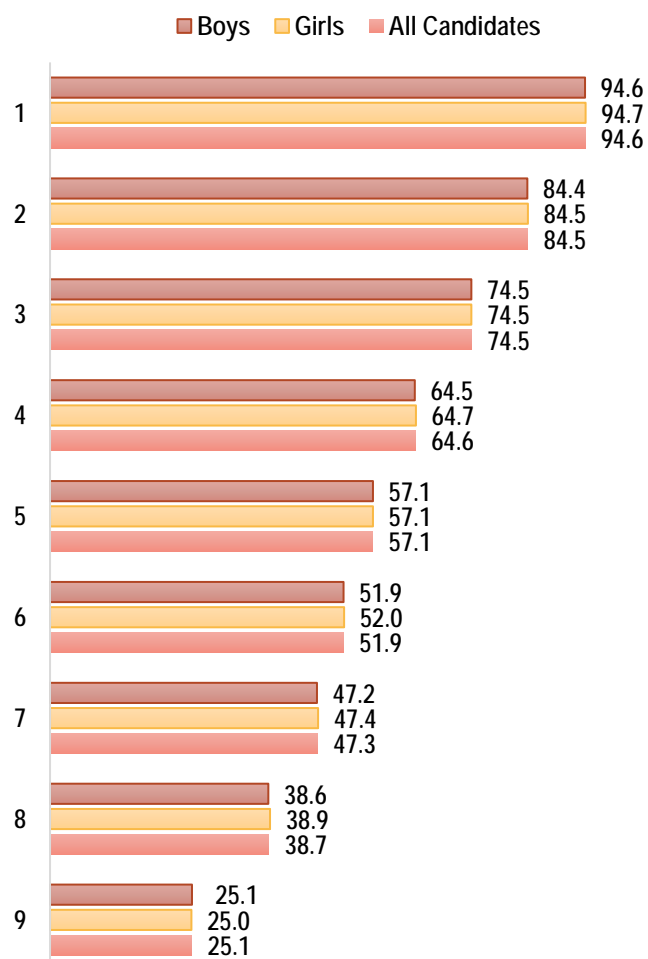


GRADES AWARDED : COMPARISON GENDER-WISE

Comparison on the basis of gender in Grade 1 and Grade 9

Grades	Gender	N	Mean	SE	t-value
Grade 1	Girls	3,147	94.7	0.06	1.42
	Boys	2,264	94.6	0.06	
Grade 9	Girls	445	25.0	0.21	-0.19
	Boys	1,060	25.1	0.13	

In Grade 1 and Grade 9 no significant difference was observed between the average performance of girls and boys.



QUALITATIVE ANALYSIS

PART I (20 Marks)

Answer all questions.

Question 1

[10 × 2]

Answer briefly each of the questions (i) to (x).

- (i) What is meant by the term *Business Environment*?
- (ii) State *any four* short-term sources of finance for a Joint Stock Company.
- (iii) Mention *any two* advantages of e-Banking to the customers.
- (iv) Differentiate between *Fixed Capital* and *Working Capital*.
- (v) “Management is universal”. Comment.
- (vi) State *any two* points of difference between *recruitment* and *selection*.
- (vii) Explain *feedback* as a part of the process of communication.
- (viii) Mention *any two* facilitating functions of marketing.
- (ix) Name *two* types of markets on the basis of nature of transactions.
- (x) Mr. Kappa has recently purchased a refrigerator from TUTU Enterprises, paying ₹ 30,000. After using it for a day or two, he found mechanical defects in the refrigerator. Immediately, he informed the dealer about the defect but there was no response from the dealer. Mr. Kappa decided to lodge a complaint against TUTU Enterprises.
 - (a) Which court should Mr. Kappa approach to file a complaint?
 - (b) State *any one* relief the concerned court may order in favour of Mr. Kappa.

Comments of Examiners

- (i) Some candidates restricted the meaning of business environment to *forces*, not having written that these forces have an impact on a business organization.
- (ii) Many candidates, instead of explaining the short-term sources of finance, explained the long-term sources of funds like shares and debentures. Some candidates mentioned funds like owned funds, loans from relatives and friends as a source of short-term funds, not realizing that these are raised by a *non-corporate form* of an organization and not by a Joint Stock Company.
- (iii) A number of candidates, instead of giving the merits of E-banking, wrote its meaning. Some candidates wrote the advantages of E-Banking from a bank's point of view, when the question clearly asked for merits from the customers' point of view. A few candidates wrote about the technological knowledge required by the bank as well as the customer.
- (iv) Some candidates wrote:
 - one-word answers without the basis.
 - differences in a paragraph format.
 - irrelevant differences like, risk and scope.
 - differences which did not correlate with each other.
 - meaning of fixed capital based on the capital methods taught in partnership accounts.
- (v) Many candidates wrote the literal meaning of *management* instead of explaining as to why management is considered universal. Several candidates did not mention the fact that management is required in all types of organizations and at all levels.

Suggestions for teachers

- Tell students to write both micro and macro factors influencing the working of the organization.
- Ensure that the students clearly understand the funds required by a corporate form of organization as well as a non-corporate form of organization.
- Ensure that the students, under the corporate form, are able to discern amongst the sources of long-term, medium-term as well as short-term funds.
- Explain advantages of E-banking by relating to real life situations.
- Explain the meaning of the term feedback as a part of the process of communication, laying stress on the keywords.
- Advise the students not to write one-word answers which give an incomplete meaning.
- Tell students to give sufficient explanation so as to differentiate properly between two terms.
- Inculcate the habit among the students of writing the differences in a tabular form along with the basis of differentiation. This will help in avoiding repetition of points.
- Explain the meaning of the term feedback as a part of the process of communication, laying stress on the keywords.

(vi) Some candidates wrote:

- recruitment takes place after selection.
- the *employee is recruited* while under the term 'selection', *they wrote that the employee is selected*, which gave the impression that the person seeking employment has already been employed by the organization.
- incorrect parallel distinctions.

A few candidates were confused with the terms *selection* and *recruitment*.

(vii) Majority of the candidates did not write key terms like the *reaction/response* of the receiver of the message. A number of candidates, instead of writing the meaning of feedback, wrote the meaning of *effectiveness*. Several candidates did not understand the question and gave a flowchart by the way of explanation. Some candidates mistook the term *feedback* as feedback of a product by the customer, to the seller of the product, and so wrote about feedback with reference to producer and consumer.

(viii) Majority of the candidates were confused between *facilitating functions*, *functions of physical supply* and *functions of exchange* and thereby wrote functions of exchange, like buying and selling, or functions of physical supply, like transportation and warehousing, instead of the facilitating functions.

(ix) Majority of the candidates were unable to understand the basis of classification. Some candidates wrote their answer based on the volume of business or on geographical basis. Different terms such as, spot payment and future payment, online and offline were substituted for *spot market* and *future market*, in a few answer scripts.

(x) Many candidates, instead of writing *district forum* or *consumer court*, wrote district commission. Several candidates wrote state forum/national commission in place of *consumer court*.

- Explain the functions of marketing by means of a flow chart with the basis of classification and the functions under each classification.
- Repeatedly discuss types of market and their classification.
- While teaching, stress upon the key terms for students to get conceptual clarity.
- Give adequate written practice to students.
- Emphasize on in-depth study of the subject.
- Ensure that the students understand the importance of time management so that they have some time left, after completing the paper, to revise what they have written.
- Advise students to read the questions carefully and write answers according to their requirements.
- Give case studies with application-based questions involving one answer. This will reinforce the concepts taught and ensure that students make correct usage of the terms.

MARKING SCHEME

Question 1

- (i) Business Environment:
- Business environment refers to the sum total of all individuals, institutions and other forces / external/internal/conditions/ events that lie outside a business enterprise but may influence its functioning and performance.
- Or
- Business environment is the sum total of all individuals, institutions and other forces that lie outside the control of a business organization and may affect its working.
- (Any other correct meaning)*

- (ii) Short-term sources of finance for a Joint Stock Company are:
- Public deposits
 - Commercial banks/Bank credit
 - Loans and advances
 - Cash credit
 - Discounting bills of exchange
 - Bank overdraft
 - Trade credit
 - Customer advances
 - Factoring
 - Inter-Corporate deposits
 - Installment credit/Hire Purchase/Deferred Payment System
- (Any four)*

- (iii) Advantages of E-Banking to the customers are:
- Customers get 24 hours and 365 days-a-year service.
 - Customers can make the permitted transactions from residence or office and even while travelling. They need not go to the bank/convenient.
 - Recording of each and every transaction inculcates a sense of financial discipline.
 - Customers feel a sense of security. They do not face the risk of carrying cash.
 - Unlimited access to the bank increases customer satisfaction.
 - Quick/fast transactions
- (Any two, self-explanatory points)*

- (iv) Differences between Fixed Capital and Working Capital are:

Basis	Fixed Capital	Working Capital
Purpose	It is used to generate income	It is used to meet day to day expenses
Utilisation or usage	It is invested in fixed assets like plant and machinery, land and building, etc.	It is required for investment in current assets like stock of goods, debtors, bills receivable, etc.

Time period or time span	It is invested for long time period.	It is invested for a short time period.
Change in form	It does not change its form.	It keeps on circulating or changing its form. / The capital changes from one current asset to another like cash to raw material to work in progress to cash again.
Source	It is generally raised through shares, debentures, long term loans, etc. (long term sources)	It is generally raised through public deposits, trade credit and banks, etc. (short term sources)
Another term	It is called block capital because it is blocked up in fixed assets for the life time of the enterprise.	It is called circulating or revolving capital because it keeps on circulating in business by changing its form from one current asset to another.

(Any two)

(v) Management is universal because:

It is required in all types of organisations, big or small, business or non-business. /Management is required at all the levels of the organization. The basic functions of management are performed at every level of authority – top, middle or lower.

(vi) Differences between recruitment and selection are:

Basis	Recruitment	Selection
Objective / aim / purpose	To create a large pool of candidates from which choice can be made.	To eliminate all unsuitable candidates. OR choose right person for every job.
Stage / order / sequence	It is done prior to selection. OR It is the second stage of Staffing process.	It is undertaken only after recruitment. OR It is the third stage of Hiring process and comes after recruitment.
Complexity	There is very low level of complexity. It is a simple process.	There is a complex process as it involves various selection tests.
Nature of process	It is a positive process because it involves attracting large number of candidates.	It is a negative process because it rejects unsuitable candidates.

	Number	No maximum limit or restriction upon the number of candidates.	Only limited number or according to vacancy; fixed number of candidates are selected.
	Time	Not time consuming	Time consuming
(vii)	<p>Feedback in the process of communication: It means the <u>reaction</u> / <u>reply</u> / <u>response</u> by the receiver.</p> <p style="text-align: center;">OR</p> <p>It represents the return flow of communication.</p>		
(viii)	<p>Facilitating functions of marketing are:</p> <ul style="list-style-type: none"> • Advertising • Salesmanship / personal selling • Sales promotion • Financing • Risk taking/ Insurance • Market research • Product planning and development • Standardization • Grading • Packaging • Branding • Labeling • Pricing • Packing <p style="text-align: right;"><i>(Any two)</i></p>		
(ix)	<p>Types of markets on the basis of nature of transactions:</p> <ul style="list-style-type: none"> • Spot market • Future market 		
(x)	(a)	Consumer Court / District Forum/District Forum Court/ Consumer Court	
	(b)	<p>Relief / Remedies available to Mr. Kappa:</p> <ul style="list-style-type: none"> • Removal of defect in working of the machine • Replacement of defective working machine with a new one. • Refund of price paid for the product. • Payment of compensation by the seller. • Withdrawal of hazardous goods from the market. • Discontinuance of unfair and restrictive trade practices <p style="text-align: right;"><i>(Any one)</i></p>	

PART II (60 Marks)

Answer any *five* questions.

Question 2

- (a) Explain *three* important characteristics of Management. [3]
- (b) Briefly explain *any four* external factors of Micro environment of business. [4]
- (c) What is meant by *barriers to communication*? Explain *three* suitable measures to overcome the barriers to effective communication. [5]

Comments of Examiners

- (a) Most of the candidates wrote either the importance or objectives of management, instead of characteristics of management. Several others wrote the characteristics of marketing or the objectives of marketing. Some candidates got confused between *characteristics of management* and *characteristics of principles of management*.
- (b) Many candidates, instead of writing the external factors of microenvironment, wrote the internal factors. Several candidates who wrote the external factors, did not give a proper explanation of the header. Some candidates wrote about the benefits of environmental scanning. A few candidates wrote the factors of business environment. The explanations lacked substantial points /words in a few answer scripts.
- (c) Majority of the candidates were unable to explain the core concept of barriers to communication as the essential keywords were missing in their explanation. Many candidates, instead of writing the meaning of *barriers of communication*, explained the different types of barriers, like semantic, etc. The suitable measures to overcome barriers to communication were however, correctly explained by most candidates.

Suggestions for teachers

- Ensure that the students understand the difference between the features, importance, objectives and characteristics of management.
- Regularly conduct oral and written tests, unit wise, which will help the students in retaining the concepts and contents of the answers.
- Emphasize on in-depth study of the subject as selective study results in the students making up their own answers, based on their limited understanding of the terms.
- Advise students not to explain the meaning of a term by just giving an example, rather, to use the example as an aid to bring out clarity in its meaning.
- Reinforce the learning of the students by frequently questioning them in different ways on the concepts taught.

MARKING SCHEME

Question 2

(a)	<p>Important characteristics of Management are:</p> <ul style="list-style-type: none"> • Management is goal-oriented • Management is universal/pervading/pervasive • Management is a group activity • Management is a social process • Management is a dynamic function • Management is a system of authority • Management is both an Art and a Science • Management is a distinct entity • Management is intangible • Management is an integrating force • Management is multi-disciplinary/ multi-dimensional • Management is creative • Management is a continuous process <p style="text-align: right;"><i>(Any three with explanation)</i></p>
(b)	<p>External factors of Micro environment of business are:</p> <ul style="list-style-type: none"> • Customers • Competitors • Suppliers • Marketing Intermediaries (Middlemen) • Financiers • Public/Media/NGO <p style="text-align: right;"><i>(Any four with explanation)</i></p>
(c)	<p>Meaning of Barriers to Communication: Certain <u>hurdles/ blockades/ obstructions/ bottlenecks</u>, hinder effective communication. These are called barriers to communication.</p> <p>Measures to overcome barriers to effective communication are:</p> <ul style="list-style-type: none"> • Well drafted message or clarity in ideas • Appropriate language • Two-way communication • Appropriate channel and media of communication • Feedback • Gestures and tones/facial expressions • Open door policy • Good listening • No contradiction between words and actions/consistency • Credibility in communication • Free from personal prejudice • Multiple channels – appropriate combination of formal and informal (grapevine) communication. • Usefulness of message for the receiver • Use of grapevine (informal communication). • Simple language <p style="text-align: right;"><i>(Any three with explanation)</i></p>

Question 3

- (a) Give *three* differences between *Shares* and *Debentures*. [3]
- (b) What is meant by *supervision*? Explain *three* functions of a Supervisor. [4]
- (c) Explain the importance of Delegation of Authority. [5]

Comments of Examiners

- (a) Majority of the candidates missed out on the key word *equity* in highlighting the differences between shares and debentures, as they wrote that *shares have voting rights* instead of *equity shares have voting rights*/ *Debentures cannot be converted into shares* instead of *debentures cannot be converted into equity shares*.
- (b) Many candidates were unable to explain the meaning of the term *supervision* as they simply expanded the term. The functions of supervisor were correctly answered by majority of the candidates. However, some candidates confused *functions of a supervisor* with *qualities of a good leader*.
- (c) Majority of the candidates wrote the meaning and elements of delegation of authority. A few candidates wrote the importance of decentralization instead of delegation of authority. In some cases, the answer was given in a paragraph form with points not being clearly demarcated.

Suggestions for teachers

- Make it clear to the students that both type of shares - equity and preference, must be taken into consideration while writing an answer involving shares.
- Explain shares and debentures with the help of a flow chart.
- Explain and reinforce certain essential key words which are mandatory to the concept.
- Advise students to include the mandatory terminology in their answers.
- Conduct group discussions, role plays which are very effective methods to help the students retain the subject matter effectively.
- Train students to write the answers in points which are clearly demarcated.
- Give adequate written practice to students.

MARKING SCHEME

Question 3

(a) Differences between Shares and Debentures are:

Basis	Shares	Debentures
Status	Shareholders are the owners of the company/owned funds	Debenture holders are the creditors of the company/borrowed funds
Returns	Equity Shareholders are paid fluctuating dividend out of the profits/ Appropriation of profits	Debenture holders are paid fixed interest irrespective of the profits/Charge against profits
Order of repayment	Shareholders are paid after the debenture holders.	Debentures holders are paid before the shareholders.
Voting rights	Equity shareholders get full voting rights.	Debenture holders get no voting rights.
Terms of repayment/ Redemption	Shares are usually irredeemable/ Shares are redeemable at the time of winding up.	Debentures are usually redeemable after a fixed period of time.
Risk to holders	Shares are not secured and carry high risk.	Debentures are generally secured and carry low risk.
Restrictions on issue	There are certain restrictions on the issue of shares.	There are no restrictions on the issue of debentures.
Convertibility	Shares cannot be converted into debentures.	Debentures may be converted into equity shares.
Taxation	Dividend paid on shares is not deductible from the profits of the organization.	Interest paid on Debentures is deductible from the profits of the organization.
Claim to rights	Dividends cannot be claimed as a right	Interest can be claimed as a right
Meaning	Capital divided into small units called shares	Acknowledgement of Debts

(b)	<p>Meaning of Supervision:</p> <p>Supervision means overseeing/guiding/observing/instructing employees at work to ensure that they are working in a desired manner. It also includes giving instructions to achieve goals /objectives/ tasks of the organisation. <i>(Any other correct meaning)</i></p> <p>Functions of a Supervisor:</p> <ul style="list-style-type: none"> • Scheduling the work • Issuing orders and Instructions • Guiding subordinates • Motivating workers • Maintaining Discipline • Handling Grievances • Monitoring Performance • Ensuring safety • Feedback • Serving as a Linking Pin <p><i>(Any three with explanation)</i></p>
(c)	<p>Importance of Delegation of Authority are:</p> <ul style="list-style-type: none"> • Relief to top executives • Scalar chain • Specialization • Quick decisions • Motivation of subordinates • Executive development/fixing responsibility • Growth and diversification <p><i>(Any five with explanation)</i></p>

Question 4

- (a) Explain *any three* disadvantages of issuing equity shares, from the Company's point of view. **[3]**
- (b) What is meant by NEFT? Give *any two* features of NEFT. **[4]**
- (c) Explain *five* factors that should be taken into consideration while determining the price of a product or service. **[5]**

Comments of Examiners

- (a) Many candidates, instead of writing the demerits of issuing equity shares, wrote the merits. Several candidates wrote the disadvantages from the shareholders point of view. The word *dividend* was substituted with the *interest* in some answer scripts.
- (b) Majority of the candidates did not write key terms such as *electronic transfer of funds, from one bank to another bank, transfer of funds in batches*. Some candidates limited their explanation to only the expansion of the abbreviation NEFT. Some candidates, in the expansion, wrote *Net* instead of *National*. A few candidates wrote the features of RTGS instead of features of NEFT.
- (c) Majority of the candidates wrote inadequate and inappropriate explanation with no correlation between the header and the explanation. Several candidates expanded the header by way of explanation. Some candidates correlated the concept with Economics.

Suggestions for teachers

- Clearly explain the merits and demerits of issuing equity shares, both from the point of view of the investor as well as the company.
- Explain the unique features of NEFT and RTGS so that it becomes easy for the students to differentiate between the two terms.
- Teach factors determining the price of a product or service with practical examples.
- Train students to write proper headings along with the explanation.
- Advise students not to simply expand the header by the way of explanation.
- Advise the students to read the questions carefully and write answers according to their requirements.

MARKING SCHEME

Question 4

- | | |
|-----|---|
| (a) | <p>Disadvantages of issuing equity shares from the Company's point of view are:</p> <ul style="list-style-type: none"> • Manipulation of control • Danger of over-capitalisation • Costly/non economical / expensive • Inflexible/ capital cannot be restructured once decided • Issue depends on market conditions (favourable or unfavourable) • No trading on equity <p style="text-align: right;"><i>(Any three with explanation)</i></p> |
| (b) | <p>Meaning of NEFT:</p> <p>It is a <u>nationwide</u> payment system under which an individual, firm and company can <u>electronically transfer funds</u> from <u>any bank branch</u> to <u>any individual</u>, firm or company <u>having account with any other branch</u> in the country. It operates in <u>half hourly batches</u>.</p> <p style="text-align: right;"><i>(Any four)</i></p> |

	<p>Features of NEFT are:</p> <ul style="list-style-type: none"> • There is no minimum or maximum amount that can be transferred through NEFT when one has bank account. However, the bank may restrict the amount one can transfer in a day. • It operates in hourly batches/ batches are settled every half hour • Individuals, firms, corporates maintaining accounts with a bank branch can transfer funds using NEFT. • Even such individuals, who do not have a bank account can use NEFT facility up to Rs. 49,999 • In order to receive funds through NEFT, one must have account with the NEFT enabled branch. • It cannot be used to receive foreign remittances. • The sender of funds has to pay charges for NEFT. • The receiver of funds has to pay no charges • NEFT is done via electronic messages • NEFT takes advantage of the core banking solution in India. <p style="text-align: right;">(Any two)</p>
(c)	<p>Factors that should be taken into consideration while determining the price of a product or service are:</p> <ul style="list-style-type: none"> • Cost of the production • Competition in the market • Quality of goods / services (value for money) • Promotional strategy • Buying motives of consumers • Government control • Pricing objectives of the firm/objectives of the firm • Customer demand • Risks – seasonal goods, fashion articles, liberal credit basis sales, bad debts, etc. <p style="text-align: right;">(Any five with explanation)</p>

Question 5

- (a) Explain *any three* objectives of Marketing. [3]
- (b) What are *Public Deposits*? Briefly explain *any two* merits of Public Deposits. [4]
- (c) What is *financial planning*? Explain *three* points of importance of financial planning for a business organisation. [5]

Comments of Examiners

- (a) Many candidates, instead of writing the *objectives* of marketing, wrote its *importance*. The explanations of the objectives of marketing written by several candidates lacked conceptual clarity.
- (b) Majority of the candidates confused *public deposits* with *bank deposits* and wrote the advantages based on the same. Several candidates did not write essential key words like *public* and *non-banking companies*. Some candidates wrote the advantages of public deposits from the investors point of view.
- (c) Some candidates gave the importance of *planning* instead of importance of *financial planning*. Some candidates wrote the advantages of having adequate finance. A few candidates wrote the role of business finance.

Suggestions for teachers

- Emphasize that public deposits are deposits made with Non-Banking companies.
- Highlight the differences between the importance of business finance and financial planning.
- Ensure that the students understand the difference between the features, importance, objectives and characteristics of any topic.
- Adequate written practice and regular feedbacks will help the students retain the subject matter and avoid making mistakes between similar sounding terms.
- Reinforce the learning of the students by frequently questioning them in different ways on the concepts taught.

MARKING SCHEME

Question 5

(a)	<p>The objectives of marketing are:</p> <ul style="list-style-type: none"> • Consumer satisfaction/ satisfaction of human wants • Profitability • Coordination and integration • Service to society/ generate employment • Creation of demand/ awareness of product • Survival, growth and expansion of business • Creation of goodwill <p style="text-align: right;">(Any three with explanation)</p>
(b)	<p>Meaning of Public Deposits: These are <u>deposits</u> received by <u>non-banking companies</u> from <u>shareholders, employees and the general public</u> and are <u>unsecured</u> in nature. They are popular source of <u>short-term finance</u> primarily meeting the requirement of working capital.</p> <p style="text-align: right;">(Any correct meaning)</p> <p>Merits of Public Deposits are:</p> <ul style="list-style-type: none"> • Conveniences / simple procedure • Economical • No charge on assets • Flexibility

	<ul style="list-style-type: none"> • No trading on equity • Wide contacts • No interference / no dilution of shareholders control <p>(Any two with explanation)</p>
(c)	<p>Meaning of Financial Planning: It is the process of <u>estimating the financial requirements</u> of an organisation, choosing the <u>sources of funds</u> and deciding <u>how the funds are to be utilised</u>.</p> <p>(Any other correct meaning)</p> <p>Importance of financial planning for a business organisation:</p> <ul style="list-style-type: none"> • Sound financial management • Effective use of funds • Serves as a guide in developing balanced capital structure • Effective control of funds • Coordination in various functional areas • Meeting contingencies / shocks. <p>(Any three - self-explanatory)</p>

Question 6

- (a) Explain *any three* points of importance of Planning. [3]
- (b) Discuss *any four* features of Objectives, as a type of a Plan. [4]
- (c) Explain the various steps involved in the process of Controlling, as a function of Management. [5]

Comments of Examiners

- (a) Many candidates wrote the features of planning instead of the *importance of planning*. In several cases, the headers were not accompanied by proper explanation.
- (b) Majority of the candidates wrote vague answers or generalized answers without any proper substance as they were unable to understand this question. Several candidates repeated the same explanation under all the headings. Many candidates wrote planning as a type of plan. Some candidates wrote only the meaning of objectives.
- (c) While a number of candidates were able to answer this question well, a few candidates either wrote incorrect sequence of steps or wrote just a couple of steps.

Suggestions for teachers

- Clearly distinguish between the features and importance of planning.
- Explain the features of different types of plans.
- Organize an activity in a class in which students themselves plan, organize and control. This will help the students retain the subject matter related to management and also help them to retain the steps of various functions of management.
- Tell students that in long answers the heading and explanation must be relevant and adequate.
- Highlight the difference between *features* and *essentials* of every concept.

MARKING SCHEME

Question 6

(a)	<p>Importance of Planning:</p> <ul style="list-style-type: none"> • Focuses attention on objectives • Makes activities meaningful • Brings order in place of chaos • Reduces risks of uncertainty • Improves economy of operation • Provides basis for control • Promotes innovation and creativity • Facilitates decision making • Helps in coordination • Bridges the gaps between present and future. <p style="text-align: right;"><i>(Any three with explanation)</i></p>
(b)	<p>Features of Objectives, a type of a Plan:</p> <ul style="list-style-type: none"> • Objectives are the most basic types of plans and all other plans are based upon objectives. • Objectives can be arranged in order of importance/sequence. • Some objectives are long term while some are short term objectives/time bound. • Objectives of every department should contribute to meet the basic objectives of the organization as a whole/objectives are interrelated/ supportive coordination. • Objectives exists to achieve several rather than a single goal. • There may be multiple objectives in an organization • Objectives can be defined as broad or generalized objectives like growth objectives or specific like 20 percent growth on yearly basis/quantitative. • Objectives have a hierarchy beginning from top level {overall objectives} middle level (divisional/departmental) lower level (sectional objectives) and individual objectives. • Objectives are ends towards which organization runs. <p style="text-align: right;"><i>(Any four -self explanatory)</i></p>
(c)	<p>Steps involved in the process of Controlling, a function of Management, are:</p> <ul style="list-style-type: none"> • Setting of performance standards • Measuring actual performance • Comparing actual performance with standards • Analyzing deviations • Taking corrective actions. <p style="text-align: right;"><i>(All five steps in correct order/sequence with explanation)</i></p>

Question 7

- (a) Distinguish between *advertising* and *sales promotion*. [3]
- (b) Explain *any four* rights available to a consumer under the Consumer Protection Act, 1986. [4]
- (c) What is meant by *promotion mix*? Briefly explain the elements of promotion mix. [5]

Comments of Examiners

- (a) Many candidates mistook *sales promotion* to be *salesmanship* and wrote the difference between advertising and salesmanship. Some candidates confused the concept of sales promotion with promotion of an employee. In several cases, differences on the same parameters were found to be lacking, with the explanation of advertising being correct but the explanation of sales promotion not being corresponding to the one on advertising.
- (b) Responsibilities of consumers were stated instead of rights of the consumers by many candidates. Some candidates misunderstood and wrote about illiteracy while writing about right to education. Candidates seemed to have got confused between the right to be informed and consumer education. In many cases, the headers were not accompanied by proper explanation.
- (c) Majority of the candidates did not write that promotion mix persuades the customers to buy the product. Some candidates wrote the meaning of promotion of an employee. Some others wrote on elements of marketing mix.

Suggestions for teachers

- Make students do a project on marketing which uses all the promotional strategies. This will help students in retaining the subject matter.
- Explain different promotional strategies used by the companies by giving day today examples.
- Real life examples and application-based questions will help the students to distinguish between similar sounding terms.
- Encourage group discussions in the class.
- Conduct regular oral and written tests unit wise, which will help the students in retaining the concepts and contents of the answers.
- Instruct the students to utilize the reading time effectively.

MARKING SCHEME

Question 7

(a) Differences between Advertising and Sales Promotion are:

Basis	Advertising	Sales Promotion
Meaning	Any paid form of non-personal presentation by an identified sponsor	Refers to all those activities that stimulate purchasing and dealer effectiveness.
Objective	To create favourable image of the firm	To increase current sales
Time horizon	Long-term technique	Short-term technique
Availability/Nature	Regular and repetitive	Temporary and non-repetitive
Focus	Attracts customers	Pushes the product towards the buyer
Control	Less controllable	More controllable
Expenditure	Substantial	Limited
Scope	Includes print media Radio, TV, cinema/ wide coverage	Includes free samples, coupons, premiums, offers etc./limited coverage
Outside	Needs an outside agency	May not require outside agency

(Any three)

(b) Rights available to a consumer under the Consumer Protection Act, 1986, are:

- Right to safety
- Right to information
- Right to choice
- Right to be heard
- Right to seek redressal
- Right to education
- Right to healthy environment

(Any four with explanation)

(c) Meaning of Promotion Mix:

When a product is developed, its price is decided and its distribution channel is selected, the prospective customers must be informed of its availability and they need to be persuaded to buy it. All the activities involved in informing and persuading the customers are collectively known as Promotion in Marketing.

Elements of promotion mix are:

1. Advertising
2. Sales Promotion
3. Personal Selling
4. Publicity

Question 8

- (a) Explain *three* features of goods, as an element of Product Mix. [3]
- (b) Discuss *any four* types of preference shares. [4]
- (c) State and explain the principles of management as laid down by F.W. Taylor. [5]

Comments of Examiners

- (a) Several candidates, instead of writing the features of *product mix*, wrote the features of *marketing mix*. Some candidates made up their own features. A number of candidates wrote about the features of services instead of features of a product mix. A few candidates gave elements of product mix.
- (b) A number of candidates discussed types of debentures instead of types of preference shares. Some candidates wrote the correct headers /types of preference shares but the explanations given under the headings were incorrect specially in case of participating and non-participating preference shares.
- (c) Many candidates wrote Henry Fayol's principles, instead of principles of F.W. Taylor. Several candidates wrote only *division of work* instead of *division of work and responsibility*. A few candidates wrote the correct principles but with incorrect explanation.

Suggestions for teachers

- Explain the meaning and features of product and services by giving examples of products commonly used in daily life.
- Explain clearly, the different types of preference shares.
- Clearly distinguish between Fayol's principles and Taylor's principles.
- Explain how one word can change the context of the answer, for example, Harmony *and* discord changes the meaning of the principle completely and is contradictory to Harmony *not* discord.
- Instruct the students to answer to the point and not in paragraphs.

MARKING SCHEME

Question 8

(a)	<p>Features of Goods, an element of Product Mix, are:</p> <ul style="list-style-type: none"> • Goods are tangible. • They have shape, size, weight, colour, etc. • Goods are separable from the producer and seller. • Goods can be stored for sale or use in future. • Factory made goods are homogenous / identical / similar in quality. • Goods are of several types, viz: <ul style="list-style-type: none"> - Consumer products - Shopping products - Specialty products - Industrial products • Goods have monetary value. • Every product has a life cycle with various stages. <p style="text-align: right;"><i>(Any three - self explanatory)</i></p>
(b)	<p>Types of preference shares are:</p> <ul style="list-style-type: none"> • Cumulative preference shares • Non-cumulative preference shares • Participating preference shares • Non-participating preference shares • Convertible preference shares • Non-convertible preference shares • Redeemable preference shares • Non-redeemable preference shares. <p style="text-align: right;"><i>(Any four with explanation)</i></p>
(c)	<p>Principles of management as laid down by F.W. Taylor are:</p> <ul style="list-style-type: none"> • Science, not rule of thumb • Harmony, not discord • Maximum, not restricted output • Division of work and responsibility • Scientific selection, training and development of workers • Standardisation • Mental Revolution <p style="text-align: right;"><i>(Any five with explanation)</i></p>

Question 9

Write short notes on the following:

- | | | |
|-----|-----------------------------------|-----|
| (a) | E.S.O.P. | [4] |
| (b) | Features of Management as an art. | [4] |
| (c) | Channels of distribution. | [4] |

Comments of Examiners

- (a) Majority of the candidates did not write key words such as, *employee*, *specified number of its shares*, *stipulated price* under market price, *specified eligibility conditions*. Several candidates did not write the demerits of E.S.O.P. Some candidates only expanded the abbreviation.
- (b) Majority of the candidates gave only three features of management as an art. A number of candidates wrote a paragraph on management without dividing it into appropriate points.
- (c) Many candidates were unable to explain *Channel of distribution*. Several candidates, instead of writing on direct and indirect channels, wrote the types of channels of distribution. Some candidates gave an explanation about physical distribution instead of writing about the channels of distribution.

Suggestions for teachers

- Train the students to include the meaning, objective, features, merits as well as demerits in short notes in order to have a complete answer. Emphasize to the students to write relevant explanations co-relating to the header.
- Tell the students that while writing a short note on channels of distribution, not only its meaning but also both direct and indirect channels must be explained.
- Make a flow chart showing the proper classification of different channels of distribution.
- Test the students by asking them questions in different ways on the same topic.

MARKING SCHEME

Question 9

- | | |
|-----|---|
| (a) | <p>Employee Stock Option Plans: It is a scheme under which an <u>employee of the company</u> is given a <u>right to purchase a specified number of its shares</u> at a stipulated price, <u>usually below market price</u>. The employees have to <u>fulfil the specified eligibility conditions</u>.</p> <p>Merits:</p> <ul style="list-style-type: none"> • This scheme can link compensation package closely to performance. • It enables a company to retain eligible employees and encourages them to work better. • It inculcates a sense of ownership and responsibility among employee and boosts their morale. • It helps the employees to become rich when the market price of the company's share rises. <p style="text-align: right;">(Any one)</p> |
|-----|---|

	<p>Demerits:</p> <ul style="list-style-type: none"> • This scheme can be used only by profit making companies. • Falling share prices may result in loss to employees. • Lack of transparency earns accusations of favoritism. • Unsound Stock Market condition causes inconvenience to employees in encashing their investment. • Lock in period is generally more than one year. <p style="text-align: right;"><i>(Any one)</i></p>
(b)	<p>Features of Management as an Art, are:</p> <ul style="list-style-type: none"> • <u>Practical knowledge</u>: As an art, management involves putting the available theoretical knowledge into practice so as to attain the predetermined goals. • <u>Personal skill</u>: Just as in art, management involves an individual's skill to tackle problems using his own thinking and understanding of the situation. • <u>Creativity</u>: Like art, management is result- oriented and uses its creativity to convert inputs into profitable outputs. • <u>Perfection through practice</u>: As in art, management involves regular practice. An efficient manager can convert a challenge into an opportunity through continuous decision – making and leadership. <p style="text-align: right;"><i>(Heading with explanation)</i></p>
(c)	<p>Channels of Distribution:</p> <p>Meaning:</p> <p>A channel of distribution is a <u>route /path/ way</u> along which products flow from the point of <u>production to the point of ultimate consumption or use</u>.</p> <p>The major types of channels are:</p> <ol style="list-style-type: none"> 1. Direct channel (Zero level): In this type of channel, the manufacturer directly makes goods available to consumers without involving any intermediary, e.g. Bata India Ltd., Eureka Forbes. 2. Indirect channels (One level/two level): In indirect channels one or more intermediary is employed to move goods from the point of production to the point of consumption. E.g. Big Bazar, Maruti Udyog. <p>Elements of Indirect Channel:</p> <ul style="list-style-type: none"> • Manufacturer-retailer-consumer (one level channel) • Manufacturer-wholesaler-retailer-consumer (two level channel) • Manufacturer-agent-wholesaler-retailer-consumer (three level channel) <p style="text-align: right;"><i>(direct channel with one example, indirect channel with one example/element)</i></p>

GENERAL COMMENTS

Topics found difficult by candidates

- Question 1(vii): Feedback as a part of the process of communication.
- Question 1(viii): Facilitating functions of marketing.
- Question 3 (c): Importance of delegation.
- Question 4 (c): Factors to be taken into consideration while determining the price of the product.
- Question 5 (b): Public deposits.
- Question 5 (c): Financial planning.
- Question 6 (b): Features of objectives as a type of plan.
- Question 9 (a): ESOP
- Question 9 (b): Management as an art.

Concepts in which candidates got confused

- Short term sources of finance.
- Management is universal.
- Important characteristics of management.
- NEFT and RTGS.
- Objectives of marketing.
- Financial planning and Planning.
- Promotion mix and marketing mix
- Sales promotion and salesmanship.

Suggestions for candidates

- Avoid selective study.
- Practice writing long answers.
- Identify the features, advantages and disadvantages of terms.
- Give equal importance to both, the meaning as well as explanation of every term.
- Read the financial section of newspapers to establish links between theory and the practical world scenario.
- Make flow charts, comparative charts and mind maps which will help in better retention of the subject matter.
- Divide the time proportionately between Part I and Part II while writing the exam.
- Write answers to the point and underline important terms Avoid repetition of points.
- Read, analyse, understand the requirement of the question before writing its answer.