

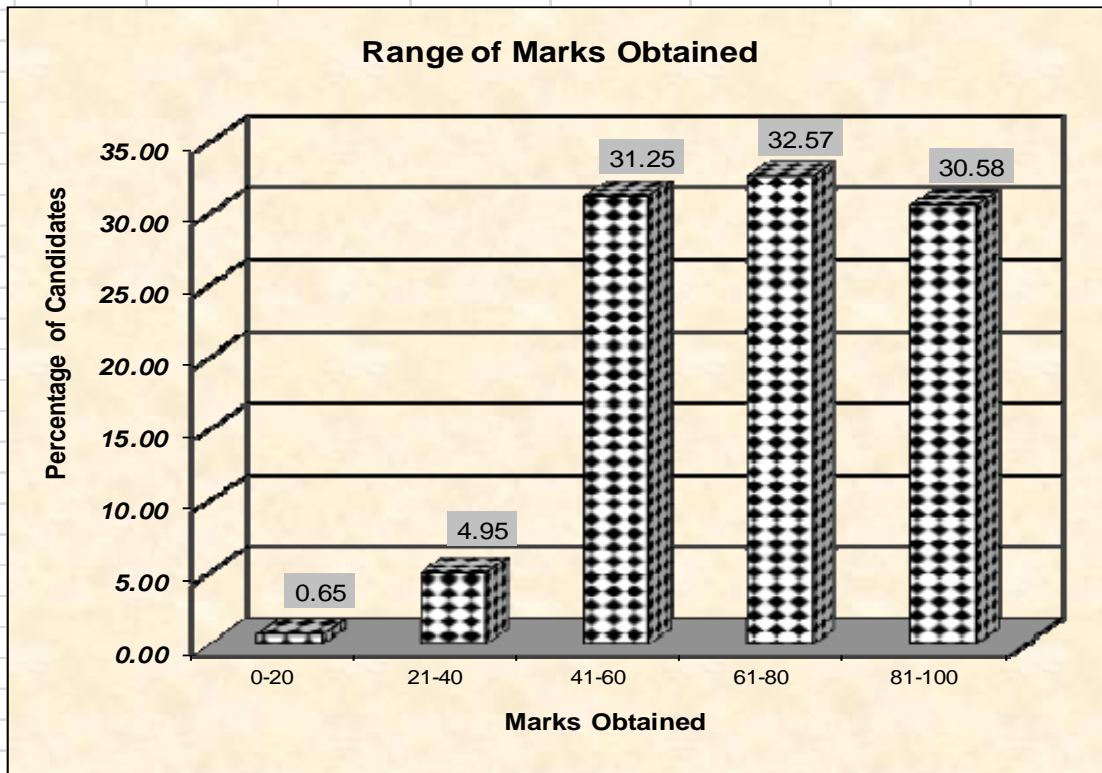
COMMERCIAL STUDIES

STATISTICS AT A GLANCE

Total Number of students who took the examination	10,596
Highest Marks Obtained	100
Lowest Marks Obtained	13
Mean Marks Obtained	69.16

Percentage of Candidates according to marks obtained

Details	Mark Range				
	0-20	21-40	41-60	61-80	81-100
Number of Candidates	69	525	3311	3451	3240
Percentage of Candidates	0.65	4.95	31.25	32.57	30.58
Cumulative Number	69	594	3905	7356	10596
Cumulative Percentage	0.65	5.61	36.85	69.42	100.00



COMMERCIAL STUDIES

ANALYSIS OF PERFORMANCE

Question 1

Distinguish between:

- (a) *Variable Cost* and *Semi-Variable Cost*. [2]
- (b) *Savings Account* and *Current Account*. [2]
- (c) *A Private Warehouse* and *a Public Warehouse*. [2]
- (d) *A Production Budget* and *a Sales Budget*. [2]
- (e) *A Brand* and *a Grade*. [2]

Examiners' Comments

- (a) Most candidates knew the correct differentiation between the two but the language used was inappropriate with examples quoted being incorrect in a few cases.
- (b) Most candidates answered the question correctly.
- (c) Most candidates answered the question correctly.
- (d) The question was answered correctly by most candidates.
- (e) Most candidates answered the question correctly.

Suggestions for teachers

- Thorough revision of such topics, with examples, that require points of differentiation must be practised regularly.
- Additional practice and revision must be carried out to ensure confidence in answering questions related to concerned topics.
- Reference books may be referred to facilitate students to comprehend concerned topics
- Model test papers may be practised in class to clear all doubts and bring about clarity in answers.

MARKING SCHEME**Question 1.**

Basis of Distinction	Variable Cost	Semi-Variable Cost
Meaning	These are the costs which vary directly in proportion to changes in the volume of output.	These are the costs which do vary proportionately but do not remain constant also.
Example	Direct Material, Direct Labour, etc.	In Telephone cost-Basic Rental Charges, etc.

(a)

Basis of Distinction	Savings Account	Current Account
Beneficiary	General Public	Businessmen
Interest on Deposit	Interest is given on the deposit to the account holder.	No interest is given on the deposit to the account holder.

(b)

Private Warehouses	Public Warehouses
These warehouses are owned by manufactures and traders to store the goods produced or purchased by them until they are sold out. The expenses for constructing, maintenance and insurance of private warehouses are paid by the owners.	These warehouses are meant for use by businessmen in general. Any businessman can store his goods in these warehouses for some charge. Public warehouses may be owned by Government, public trusts and other public authorities.

(c)

Production Budget	Sales Budget
It is an estimate of the total volume of production based on sales budget.	It is essentially a forecast of sales to be achieved during a specific period in future. It lays down the revenue goals of the enterprises.

(d)

Basis of Distinction	Brand	Grade
Purpose	It indicates the brand of the product.	It is used to point out the quality of the product.
Example	Sony, Samsung, etc.	80% cotton, 100% pure, etc.

Question 2

- (a) Give any *two* methods used for *On-the-Job* training. [2]
- (b) Explain 'Indirect Cost'. [2]
- (c) Why is gratuity given by an employer to an employee? [2]
- (d) What is a Trademark? [2]
- (e) Give *two* examples of efficient and eco-friendly technology. [2]

Examiners' Comments

- (a) Most candidates wrote correct answers citing suitable examples.
- (b) Most candidates wrote incorrect answers that were vague in nature and quoted incorrect examples too.
- (c) Most candidates wrote on "what Gratuity is" rather than stating the reason why it is given to employees.
- (d) A few candidates answered correctly but lacked in using important key words and related terms.
- (e) Most candidates answered the question correctly.

Suggestions for teachers

- This topic demands a lot of practice hence adequate revision must be ensured.
- Additional practice and revision must be carried out to bring about clarity in concepts.
- Encourage students to understand and learn keywords that are related to concerned topics.

MARKING SCHEME

Question 2.

- (a) (i) Apprenticeship Training
(ii) Job Rotation
(iii) Internship training (Any two)
- (b) **Indirect Cost** – It refers to the expenses incurred on those items which are not directly chargeable to production. Indirect Cost is incurred for the concern as a whole rather than for a particular product. For eg : Salaries of Timekeeper, Storekeeper, Foremen, etc.
- (c) **Gratuity** is a terminal benefit to a worker when he leaves the employment after working for a certain number of years. Originally, Gratuity was a voluntary payment made by an employer to his employee who retired after a long and dedicated services.
- (d) A **Trade Mark** is a brand or part of a brand that is given legal protection registered. It protects the seller's exclusive right to use the brand name and/or brand mark.
- (e) **Examples of Efficient and Eco-Friendly Technology** –
(i) Use of a Solar Heater in place of LPG.
(ii) Use of a Pressure Cooker in place of an ordinary vessel

Question 3

- (a) State *two* expectations of Competitors or Associates from a business concern/enterprise. [2]
- (b) Give any *two* suggestions to draw the attention of viewers to an advertisement of a product/service marketed by your company. [2]
- (c) Briefly explain the concept 'Marketing Research'. [2]
- (d) What is meant by 'the Clearing House Function' of the Reserve Bank of India? [2]
- (e) Explain the term *Brand Equity*. [2]

Examiners' Comments

- (a) Most candidates answered this question correctly barring a few who wrote incorrect answers
- (b) Most candidates answered the question confidently and correctly.
- (c) Majority of candidates answered the question correctly and explained the concepts with clarity.
- (d) A few candidates who understood the topic related to the Clearing House function of the RBI answered correctly.
- (e) Most candidates answered the question correctly.

Suggestions for teachers

- Thorough classroom discussions along with regular revision can help in strengthening the ability to answer topics related with banking.
- Functions of Commercial Banks and the RBI must be taught and revised citing differences between the two important banking concepts.
- Emphasise on clarity in answering questions associated with banking techniques.

MARKING SCHEME

Question 3.

- (a) **Two expectations of Competitor/Associate from a business concern :**
- Fair trade practice regarding price, quality and service.
 - An atmosphere of healthy competition and ethical behaviour.
- (b) (i) Using photos of celebrities
(ii) By using attractive slogan or words
(iii) Attractive margins (etc.)
- (c) **Marketing Research** refers to the systematic gathering, recording and analysis of data about marketing problems with the aim of providing information useful for decision-making in the field of marketing.
- (d) **The Clearing House Function:** The Central Bank provides clearing house facility to the Commercial Banks. In other words, it settles the claims of commercial banks through a process of book entries. The daily balances between the commercial banks can easily be adjusted by means of debit and credit entries in their respective accounts with the Central Bank. Let us take an example to explain this process. Suppose, the Bank of Baroda has to pay an amount of Rs.20 lakhs to the Punjab National Bank. To settle its due the Bank of Baroda will issue a cheque of Rs.20 lakhs to the Punjab National Bank. The Reserve Bank of India will debit the account of the 'Bank of Baroda' by Rs.20 lakhs and credit the account of the Punjab National Bank by the same amount.
- (e) **Brand Equity** means the marketing effect of a brand. It refers to the outcomes that result from the marketing of a particular product or service because of its brand name and that would not occur if the same product or service did not have the brand name.

Question 4

- (a) Distinguish between a *Debit Card* and a *Credit Card*. [2]
- (b) State any *two* rights of a Consumer. [2]
- (c) Write a short note on the Chipko Movement. [2]
- (d) What do you understand by Audio-Visual Communication? [2]
- (e) State *two* advantages of Road Transport over Air Transport. [2]

Examiners' Comments

- (a) Most candidates answered correctly however a few got confused and interchanged the headings, resulting in incorrect answers.
- (b) Most candidates answered the question correctly.
- (c) Most candidates answered correctly however a few lacked in using important key words and related terms.

Suggestions for teachers

- Encourage students to be aware of current issues relating to topics covered in the syllabus.
- Advise students to use keywords while answering questions that require them.
- A clear distinction should be made between different types of

- (d) Majority of candidates were unclear in their concepts about the topic and wrote incorrect answers.
- (e) Most candidates answered the question correctly, however a few failed to state the required advantages and wrote about features instead.

communication, citing suitable examples.

- Classroom discussions should involve active participation where questions need to be framed in ways that would lead to answering them with conviction.

MARKING SCHEME

Question 4.

Basis	Debit Card	Credit Card
Usage	Debit cards can be used as either a debit card or credit card	Credit cards can only be used as a credit card.
Limitation	The purchases made with a debit card cannot exceed the amount of money a person has in their bank account.	The purchases made with a credit card can exceed the amount of money a person has in their bank account.

(a) Rights of consumer:

- (i) Right to safety
- (ii) Right to information
- (iii) Right to hear
- (iv) Right to choose
- (v) Right to redeem.
- (vi) Right to consumer education. (Any two)

(b) The **Chipko movement** or **Chipko Andolan** is a movement that practised the methods of satyagraha and non-violent resistance, through the act of hugging trees to protect them from being felled. The modern Chipko movement started in the early 1970s with growing awareness towards rapid deforestation. The Chipko movement, though primarily a livelihood movement rather than a forest conservation movement, went on to become a rallying point for many future environmentalists, environmental protests and movements the world over and created a precedent for non-violent protest.

(c) **Audio – Visual Communication** combines both sound (aural) and sight (visual) means. TV and Cinema are the main forms of Audio – Visual Communication.

(d) The Two **advantages of Road Transport over Air Transport** are :

- (i) Economical for short distance
- (ii) Flexibility to reach a destination (Any other related points)

Question 5

- (a) Differentiate between *Shareholders* and *Creditors* as Stake holders of a commercial organisation. [5]
- (b) Distinguish between *oral* communication and *written* communication. [5]

Examiners' Comments

- (a) Most candidates answered the question correctly.
- (b) The question was answered correctly by most candidates.

Suggestions for teachers

- Encourage students to have active sessions of role play involving various types of communication.

MARKING SCHEME

Question 5.

	Shareholders	Creditors
	They are internal stakeholders	They are external stakeholders
	They invest in the capital of the company	They only give loan to the company.
	They assume greater risk of loss of capital.	They assume lesser risk of loss of loan
	They share in the profits of the company in the form of dividends.	They do not share in the profits of the company and receive only interest on their loan.
	They are the members of the company.	They are not members of the company.

(b)

Oral Communication	Written Communication
It is face-to-face communication or through telephone, mike or loudspeaker, etc.	It may be through a letter, notice, note, circular, etc.
It takes almost no time – fast.	It takes long time - slow
It is most suitable in case of emergency.	It is not suitable for emergency.
It cannot be verified afterwards.	It can be verified
It cannot be used for reference in future – no legal document.	It can be used for reference in future – a legal document
It is not very reliable and precise.	It is highly reliable and precise.

Question 6

- (a) How can environmental values and ethics be protected? Give reasons to support your answer. [5]
- (b) Explain the different sources of Internal Recruitment. [5]

Examiners' Comments

- (a) Most candidates answered the first part of the question correctly but could not justify the sub part of the question that required reasons to be given and hence wrote incomplete answers.
- (b) Most candidates answered the question correctly with only a few being unable to write comprehensive answers.

Suggestions for teachers

- Instruct students to read the question carefully before making any attempts to answer. This would enable them to comprehend and understand what exactly is being questioned and this would result in accurate and correct answers being written.
- Additional information through reference books must be given to students to enable them to understand concepts and subsequently have the confidence to answer questions posed on concerned topics.

MARKING SCHEME

Question 6.

- (a) We can protect Environmental values and ethics by encouraging them to (i) use cloth/paper bags (ii) use organic manure (iii) respect other people's things (iv) reuse plastic and glass containers (v) recycle paper to save trees.
- (b) **Sources of internal recruitment :**
- (i) **Promotion** – Vacancies at higher level can be filled up by promoting persons working at lower levels.
- (ii) **Transfer**- Transfer means shifting an employee from one factory, branch or office to fill vacancy in other factory, branch or office of the company.

Question 7

- (a) Explain the Experimentation method of Marketing Research. [5]
- (b) 'Budgets are very useful in Management'. Justify. [5]

Examiners' Comments

- (a) Most candidates answered the question correctly but lacked in terms of using key words associated with the concerned topic.
- (b) Most candidates answered the question correctly however a few failed to mention the terms concerning a budget effectively.

Suggestions for teachers

- Thorough revision of these topics must be carried out to enhance the understanding of market related issues by students.
- Instructions must be given to students to write answers with correct headings and related points to be noted under each sub part of the concerned topic.

MARKING SCHEME

Question 7.

- (a) Under the **Experimentation method**, a control market is established in which all forces except those being tested are kept under check. Reactions are recorded under controlled conditions to test a theory. It can be used to test the effectiveness of an advertisement or sales promotion campaign before undertaking it on a National scale. This method provides lessons which can be used to make large scale marketing activity more effective and profitable. The method is realistic as it simulates the actual market situation.
- (b) **Utility of Budgets in management :**
 - (i) **Sound Planning** – Budgets makes planning purposeful and precise. Objectives and programs are expressed in physical or monetary units in budgets.
 - (ii) **Higher Efficiency** – Budgets bring more efficiency and economy to the working of the business firm.
 - (iii) **Sense of Responsibility** – Budgets help to establish divisional and departmental responsibility.
 - (iv) **Source of Motivation** – Budgets represent the milestones to be reached. Budgets become the goal or targets to be achieved.
 - (v) **Coordination** – Budgets force executives to think as a group. They are prepared in coordination with one another. They help in achieving co-ordination between different departments of the enterprise.

Question 8

- (a) Distinguish between the Principle of *Indemnity* and the Principle of *Insurable Interest*. [5]
- (b) Explain the role of Commercial Banks in the Economic Development of a country. [5]

Examiners' Comments

- (a) Only a few candidates answered the question correctly while many were confused in identifying the basis of distinction between the respective principles.
- (b) Candidates who were confused with the term "role" wrote the functions of Commercial Banks instead.

Suggestions for teachers

- A clear distinction on the Principles of Insurance should be taught, with suitable examples being quoted for understanding.
- A comprehensive and detailed discussion in class must be carried out during the teaching of Banking related concepts citing day to day examples.

MARKING SCHEME

Question 8.

(a) Principles of Insurance :

- (i) **Indemnity** – It means a promise to compensate in case of loss. The object of every insurance contract is to place the insured as nearly as possible in the same financial position after the loss as he was before the loss. The insured is entitled to recover from the insurer only the amount of loss actually suffered. The maximum amount of compensation will be up to the sum insured or the value of policy. The insured will not be allowed to make any profit out of the happening of any loss covered by insurance contract.
- (ii) **Insurable Interest** – Insurable interest means that the insured must be in such a position that he will suffer a primary loss by the happening of the event insured against. A person is said to have an insurable interest in the subject matter insured, if he is benefitted by its existence and suffers a loss by its destruction. For example, a trader has insurable interest in his goods and creditor has insurable interest in the life of the debtor till the loan is repaid. Thus insurable interest is the financial interest of the insured in the subject matter of insurance.

(b) Role of Commercial Banks in Economic Development

- (i) **Safety of Money** – Money deposited in Banks remain safe. Precious articles too can be kept safe in the custody of banks in lockers.
- (ii) **Increase in Credit** - Customers with Bank Accounts enjoy better creditworthiness in the business world.
- (iii) **Savings** – Banks encourage the habits of saving and thrift among people. They mobilize public savings and invest them in productive avenues.
- (iv) **Transfer of Money** – Banks provide a convenient and safe means of sending money from one place to another.
- (v) **Collection of Money** – Banks collect and realize the bills, interests, etc. on behalf of their customers.

Question 9

- (a) Briefly explain any *five* factors a businessperson would consider while selecting an appropriate media to advertise his/her product. [5]
- (b) What do you understand by 'Group Insurance'? State any *three* features of Group Insurance. [5]

Examiners' Comments

- (a) Most candidates answered the question correctly and points were expressed with conviction.
- (b) Most candidates answered the first part of the question correctly however they were unconvincing in stating the features of the concerned topic in the sub part of the question.

Suggestions for teachers

- Regular practice and revision through active class discussion supported with assignments must be done in order to achieve better performances.

MARKING SCHEME

Question 9.

(a) **Factors affecting choice of Media :**

- Nature of the product** – Consumer products like toothpaste, cold drinks, etc. are meant for masses and therefore, should be advertised through Newspapers, radio, films, outdoor displays , may be used for wide appeal.
- Nature and Size of the Market** – The geographical location or region, size of population and its purchasing power have an important bearing on advertising media.
- Objectives of Advertising** – The objectives of advertising campaign are very important in deciding the medium of advertising.
- Types of Audience** – The class of people to whom the message is addressed is an important consideration. Illiterate and poor people can be better approached through radio, films, etc.
- Type of Message** – Choice of advertising media also depends upon the length and life of the advertising copy.

(b) **Group Insurance:** Group Insurance is a scheme which provides insurance cover on the lives of several persons under one insurance policy or contract. It is generally provided to the employees working under one employer. The insurance on each life is, however, independent of that on the other lives. The main features are:

- Insurance is provided to all employees without any evidence of insurability.
- It provides risk coverage to the employees as long as they remain in the service of the employer.
- Group Life Insurance is basically a contract between the insurance company and the employer. The policy issued to the employer is called master contract.
- The premium is generally paid jointly by the employee and the employer.
- The amount of premium is payable at a flat rate without any regard of the age and salary of the employees.

(vi) In case of injury or death to an employee, the claim received by the employer is paid to the employee or his nominee.

Question 10

From the following Trial Balance of Shri Rai Bahadur, prepare Trading, Profit & Loss Account for the year ending 31st March, 2012 and Balance Sheet as on that date. [10]

Trial Balance

Debit Balances	(₹)	Credit Balances	(₹)
Drawings	4240	Capital	32000
Purchase less returns	15610	Sales less Returns	34176
Rates & Taxes	388	Sundry Creditors	4422
Salaries	1612		
Lighting & Heating	164		
Electric Power	384		
Commission	414		
Insurance	206		
Advertising	214		
Bad Debts	62		
Postage, Telegrams, etc.	826		
Carriage	754		
Opening Stock	6160		
Wages	7962		
Land & Building	15840		
Plant & Machinery	4034		
Furniture & Fittings	378		
Sundry Debtors	6082		
Cash at Bank	5268		

The Closing Stock on 31st March was valued at ₹ 8760/-.

Examiners' Comments

Only a few candidates attempted and answered the question correctly.

Suggestions for teachers

- As part of the Accounting principles it is suggested that this topic be given due importance and students be encouraged to understand and attempt practical related numericals that would enhance their application based skills.

MARKING SCHEME**Question 10.**Trading and Profit and Loss Account of Shri Rai Bahadur for the year ending 31st March, 2009

Dr.

Cr.

Particulars	Amount (₹)	Particulars	Amount (₹)
To Opening Stock	6160	By Sales less Returns	34176
To Purchases less Returns	15610	By Closing Stock	8760
To Carriage	754		
To Wages	7962		
To Electrical Power	<u>384</u>		
To Gross Profit tfd to P&L A/C	12066		
	42936		42936
To Salary	1612	By G.P. tfd. From Trading A/C	12066
To Rates & Taxes	388		
To Lighting and Heating	164		
To Commission	414		
To Insurance	206		
To Advertising	214		
To Bad Debts	62		
To Postage, Telegrams, etc.	826		
To Net Profit tfd. To P & L A/C	9180		
	12066		12066

Balance Sheet of Shri Rai Bahadur as on 31st March, 2009

Liability	Amount (₹)	Asset	Amount (₹)
Sundry Creditors	4422	Land & Building	15850
Capital 32000 Add N.P. 9180 41180 Less drawings 4240	36940	Plant & Machinery	4034
		Furniture & Fittings	378
		Sundry Debtors	6082
		Cash at Bank	5268
		Closing Stock	8760
	41362		41362

Topics found confusing/difficult:

- Audio Visual Communication
- Variable & Semi Variable Costs and related examples.
- Social Security Schemes relating to Gratuity.
- Central Bank and its functions with relation to Clearing House.
- Distinction between Principle of Indemnity and Principle of Insurable Interest.
- Efficient and eco-friendly technology
- Preparation of Final Accounts.

Suggestions for candidates:

- Read questions carefully before answering them.
- Avoid selective study and concentrate on all topics covered in the syllabus.
- Regular practice and revision of significant topics on Banking, Insurance and Advertising must be conducted.
- The sub parts of questions must always be attempted and answered accordingly.
- Key terms involved in Basic topics must be stressed by way of adequate revision.