

**ISC EXAMINATION PAPER-2024**  
**COMMERCE**  
**Class-12<sup>th</sup>**  
**(Solved)**

Maximum Marks: 80

Time allowed: Three hours

Candidates are allowed **Additional 15 minutes** for only reading the paper.

They must **NOT** start during this time

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

**Section A** consists of **objective/very short answer** questions

**Section B** consists of **short answer** questions

**Section C** consists of **long answer** questions

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

**SECTION A – 16 MARKS**

**Question 1**

- (i) Best Pest Control Services has seventy-five technicians who are experts in pest control. The management decides to train these technicians again in order to keep pace with the growing technological changes and improve pest control techniques. What type of training should the management impart to these technicians? [1]
- (a) Orientation Training  
(b) Job Training  
(c) Refresher Training  
(d) Safety Training
- (ii) A debenture issued by a company by creating a fixed or a floating charge on the company's assets is known as: [1]
- (a) Non-convertible Debenture  
(b) Mortgage Debenture  
(c) Redeemable Debenture  
(d) Unsecured Debenture
- (iii) With reference to Credit Card, which one of the following statements is **INCORRECT**? [1]
- (a) The cardholder makes payments after using the card.  
(b) Some incentives/gifts are made available to the cardholders.  
(c) The cardholder has to deposit some money in advance with the issuer bank.  
(d) In certain cases, the cardholder has to pay an annual fee for the credit card.
- (iv) A business firm should have extra funds to meet future emergencies. Identify the type of working capital indicated here. [1]
- (a) Special                      (b) Seasonal  
(c) Initial                        (d) Regular
- (v) Principles of Management are not as accurate as principles of Science because: [1]
- (a) they are absolute.  
(b) they deal with human behaviour which is unpredictable.  
(c) they are rigid  
(d) they are not universally accepted
- (vi) An awareness of business environment enables an enterprise to take advantage of early opportunities instead of losing them to competitors. Which benefit of understanding the business environment is highlighted in the above statement? [1]
- (a) Customer Focus  
(b) Early Warning Signal  
(c) First Mover Advantage  
(d) Public Image
- (vii) State whether the following are True or False: [4]
- (a) Recession is an inherent constraint' in almost all manufacturing organisations.  
(b) As a function of marketing, Warehousing creates time utility.  
(c) Directing initiates action in an organisation.  
(d) Customer orientation is a modern approach to marketing. [4]
- (viii) **Assertion:** Services cannot be standardised.  
**Reason:** Services are homogenous in nature. [1]
- (a) Both Assertion and Reason are true and Reason is the correct explanation of Assertion.  
(b) Both Assertion and Reason are true, but Reason is not the correct explanation of Assertion.  
(c) Assertion is true, but Reason is false.  
(d) Assertion is false, but Reason is true.
- (ix) \_\_\_\_\_ organisations are formed spontaneously as a result of social interaction among employees in an organisation. [1]
- (x) Management as a \_\_\_\_\_ refers to a systematised branch of knowledge and a separate field of study. [1]
- (xi) Organisation and development of financial market has created a surge in primary and secondary capital market. Which dimension of Macro environment is referred to in this statement? [1]
- (xii) Ms. Anamika visited a reputed dealer of electronic goods to buy a bluetooth headset. The salesman at the shop forced her to buy a particular brand of headset. Which consumer right of Anamika was violated? [1]

- (xiii) Which barrier to communication arises when the sender and receiver interpret a message differently? [1]

### SECTION B – 32 MARKS

**Question 2** [4]

- (i) Decentralisation of authority implies a systematic dispersal of authority at all levels of management for decision making.

In the light of the above statement, explain *any four* merits of Decentralisation in an organisation.

OR

- (ii) Though Planning is an important function of management, it may not always give desired results.

Justify this statement by explaining *any four* limitations of Planning.

**Question 3** [4]

JSW Co. purchased goods on credit from SDW Co. and paid the amount after two months. Name the short term source of finance used by the buyer and state *any three* features of this source.

**Question 4** [4]

The capital structure of XYZ Ltd. is highly geared. Explain *any four* factors that were considered by its Finance Manager while formulating such a capital structure for the company

**Question 5** [4]

From the statements given below, identify and briefly explain each principle of management by Henri Fayol.

- (i) A place for everything and everything in its place  
(ii) Absence of nepotism and favouritism

**Question 6** [4]

Ms. Jasdeep, the Production Manager in a reputed manufacturing company believes in *planning* to achieve the desired goals while Mr. Philips, the Sales Manager in the same company thinks that *controlling* is the best way to achieve the desired results.

Briefly explain the relationship between the two functions of management highlighted above.

**Question 7** [4]

Differentiate between Recruitment and Selection by giving *any four* points.

**Question 8** [4]

- (i) What is marketing research? State *any two* features of Marketing Research.

OR

- (ii) What is branding? State *any two* merits of Branding.

**Question 9**

Mr. Deepak purchased a washing machine from a renowned e-commerce platform for ₹ 25000. He ensured that he received a cash memo. Unfortunately, his clothes got damaged in the first wash due to a manufacturing defect in the machine's rotor.

- (i) Mr. Deepak can be called a responsible consumer. Give one reason to support this statement. [1]

- (ii) Which provision under Consumer Protection Act, 2019 enables Mr. Deepak to claim a compensation for the manufacturing defect in the washing machine? [1]

- (iii) Mention *any two* points of mandatory information which e-commerce platform must provide to a consumer. [2]

### SECTION C – 32 MARKS

**Question 10**

- (i) Explain *any five* external factors of Micro environment that influence a business organisation. [5]

- (ii) State *any three* components of Social environment. [3]

**Question 11**

- (i) Ms. Rubina, a first-time investor, does not understand the difference between securities with voting rights and securities without voting rights.

Give *any five* differences between the two types of securities to help her understand the difference. [5]

- (ii) Expand UPI and briefly discuss its meaning. [3]

OR

- (i) Rajiv's daughter has secured or seat in a Law college. The college has asked for the payment of admission fee through the financial instrument payable on demand

Identify and explain the financial instrument indicated above. Can it be issued online? List *any two* of its features. [5]

- (ii) Write a short note on Sweat Equity Shares [3]

**Question 12**

- (i) Motivation is a psychological phenomenon which arises from human needs and wants.

In the light of above statement, explain Maslow's theory on Motivation. [5]

- (ii) Explain method as a type of Plan. [3]

**Question 13**

**Read the case given below and answer the questions that follow.**

Pooja has started a small company that manufactures steel and aluminium rods used by construction firms. She has made a large capital investment in this venture and also hired an excellent sales team. Their marketing approach is to contact the buyers directly and explain the features of their product. They have a complete control over the distribution of their products.

- (i) Identify the type of product manufactured by Pooja's company. [1]

- (ii) Briefly explain *any two* features of the product identified in subpart (i). [2]

- (iii) State the channel of distribution used by the company in the above case. [1]

- (iv) Identify and briefly discuss *any three* objectives of the element of Promotion Mix used by the Sales team in the above case. [4]



# ANSWERS

## SECTION A – 16 MARKS

### Answer 1

(i) **Option (b) is correct.**

*Explanation:* Job training refers to the process of acquiring the skills, knowledge, and competencies necessary to perform specific tasks or functions within a job or profession. It can take various forms, including on-the-job training, classroom-based instruction, workshops, seminars, online courses, apprenticeships, and more.

(ii) **Option (b) is correct.**

*Explanation:* Mortgage debentures are a type of debenture that is secured by a mortgage or charge on the assets of the issuing company. When a company issues mortgage debentures, it pledges certain assets, such as land, buildings, or equipment, as collateral to secure the debenture holders' investment.

(iii) **Option (c) is correct.**

*Explanation:* A credit card does not require the cardholder to deposit money in advance with the issuer bank. Instead, the cardholder is granted a credit limit based on factors such as creditworthiness and income, and they can use the card to make purchases up to that limit. The cardholder is then expected to repay the borrowed funds, typically with interest, according to the terms of the credit card agreement.

(iv) **Option (a) is correct.**

*Explanation:* Special working capital refers to the portion of working capital that a business sets aside specifically to address future contingencies or unforeseen circumstances. These funds act as a buffer to ensure the smooth functioning of operations during times of uncertainty or unexpected events.

(v) **Option (b) is correct.**

*Explanation:* Principles of management are often based on empirical evidence and practical experience rather than the precise laws of science. While management principles aim to provide guidelines for effective leadership and organizational behavior, they may not always yield universally applicable results like scientific principles. Management involves dealing with human behavior, which can be complex and unpredictable, unlike the natural laws governing scientific phenomena.

(vi) **Option (c) is correct.**

*Explanation:* Being the first to recognize and exploit these opportunities allows an enterprise to establish itself as a market leader, capitalize on emerging trends, and build brand loyalty. By staying proactive and agile in their approach, businesses can position themselves to seize opportunities before competitors do, thereby

maximizing their chances of success and long-term growth.

(vii) **(a) False**

*Explanation:* Recessions are a part of the broader economic cycle and can impact various sectors, including manufacturing, but they are not a fundamental constraint that manufacturing organizations face at all times.

**(b) True**

*Explanation:* Warehousing allows businesses to store inventory and stockpile goods until they are needed. By doing so, warehousing helps to bridge the gap between the time of production and the time of consumption.

**(c) True**

*Explanation:* Directing helps an organization to progress. With the help of directing, other managerial functions get initiated and operational. It helps the management to supervise, exchange information, guide and encourage people at work to perform in the desired way to achieve organizational aims and objectives.

**(d) True**

*Explanation:* Consumer orientation in marketing prioritizes understanding and meeting customer needs, fostering long-term relationships, and continuously adapting strategies based on customer feedback and market dynamics, representing a modern, customer-centric approach to business.

(viii) **Option (c) is correct.**

*Explanation:* Services are heterogeneous, meaning they vary due to factors like the provider's skills, customer preferences, and the specific context of service delivery. Each interaction is unique, making it challenging to standardize the service experience across different situations and individuals. This heterogeneity underscores the complexity of managing and delivering services effectively.

(ix) Informal

(x) Discipline

(xi) Economic environment

(xii) Right to choice

(xiii) Semantic or Language barriers

## SECTION B – 32 MARKS

### Answer 2

Decentralization offers several merits due to its dispersal of power, authority, and decision-making at various levels:

- (i) **Relief to top management:** It gives relief on the top management as, when the subordinates are given the freedom to act, the top management gets more time to devote on important policy decisions rather than handling operational decisions.
- (ii) **Develop initiative amongst subordinates:** It develops initiative amongst subordinates by

promoting self-reliance and confidence among them. This is because when lower managerial levels are given the freedom to make their own decisions they learn to depend on their own judgement.

- (iii) **Develops managerial talent for future:** It develops managerial talent for the future by giving the subordinates a chance to prove themselves, thus, creating a reservoir of qualified manpower to fill up challenging positions in the future.
- (iv) **Facilitates Growth:** It facilitates growth by fostering competition amongst the departments leading to increase in productivity, thereby generating higher profits which can be used for growth and expansion.
- (v) **Quick decision making:** It helps in quick decision making as there is no requirement for approval from many levels. There are also fewer chances of information getting distorted as it doesn't have to go through many levels.
- (vi) **Better control:** It leads to better control by evaluating performance at each level of management. The departments can be held accountable for their results. **(Any four)**

OR

#### Limitations of Planning:

1. **Leads to Rigidity:** Well-defined plans can lead to rigidity, as managers may feel constrained to adhere strictly to the plan even when circumstances change. This lack of flexibility can hinder the organization's ability to adapt to new challenges or opportunities.
2. **Dynamic Environment:** The business environment is constantly changing, making it difficult to accurately predict future trends. Economic, political, and social factors can all impact the effectiveness of planning, as unforeseen events can disrupt the execution of planned strategies.
3. **Reduced Creativity:** Planning processes often involve top-down decision-making, limiting the involvement of middle management and other decision-makers. This can stifle creativity and innovation within the organization, as employees may feel discouraged from deviating from established plans or proposing new ideas.
4. **Involves huge costs:** Formulating detailed plans can incur significant costs in terms of time and resources. From conducting research and analysis to holding meetings and consultations, the expenses associated with planning may not always justify the benefits derived from the plans.
5. **Time-consuming process:** Planning can be a time-consuming process, leaving little time for actual implementation. This delay between planning and execution can further exacerbate the challenges of adapting to changing circumstances in dynamic environments.
6. **No Guarantee of Success:** Despite careful planning, success is not guaranteed. Plans may fail to account for all relevant factors, and past successes do not necessarily guarantee future outcomes. Relying too heavily on previous successes can lead to complacency and a false sense of security, ultimately increasing the risk of failure. **(Any four)**

#### Answer 3

##### Short-term source of finance used by the buyer

**Trade Credit:** Trade credit is the credit extended by one business firm to another as incidental to sale or purchase of goods and services. In other words, Trade credit is the credit extended by sellers to buyers at all levels of production and distribution process down to the retailer.

##### Features:

- (i) **Short-Term Nature:** Trade credit typically involves short-term credit arrangements, often ranging from a few days to a few months, allowing buyers to defer payment for goods or services received.
- (ii) **Credit Period:** While the credit period is usually short-term, businesses can customize it based on their needs and repayment capacity. Factors influencing the credit period include the nature of the goods, the size of the account, and the likelihood of payment default.
- (iii) **Interest-Free:** Unlike other forms of financing such as bank loans or overdrafts, trade credit usually does not involve explicit interest charges. However, suppliers may offer discounts for early payments or impose penalties for late payments.

#### Answer 4

##### Factors affecting of capital Structure:

1. **Cash Flow Position:** Before borrowing, a company must assess whether its projected cash flows are sufficient to cover fixed cash payment obligations, including normal business operations, investments in fixed assets, and debt service commitments like interest and principal repayment. Having a buffer is essential to ensure financial stability.
2. **Interest Coverage Ratio (ICR):** This ratio measures the number of times a company's earnings before interest and taxes (EBIT) cover its interest obligations. A higher ratio indicates lower risk regarding meeting interest payments. However, it's not the sole measure as a company might have high EBIT but low cash reserves, impacting its ability to fulfill repayment obligations.
3. **Debt Service Coverage Ratio (DSCR):** DSCR compares a company's cash profits generated by operations with the total cash required for servicing debt and preference share capital. A higher DSCR indicates a better ability to meet cash commitments, suggesting the potential for increased debt in the capital structure.
4. **Return on Investment (RoI):** A higher RoI indicates better profitability and potentially allows a company to leverage debt to increase its earnings per share (EPS) through trading on equity. RoI is crucial for determining the optimal level of debt in the capital structure.
5. **Cost of Debt:** Lower borrowing costs increase a firm's capacity to employ higher levels of debt. Favourable borrowing rates enhance the attractiveness of debt financing.
6. **Tax Rate:** Since interest is tax-deductible, a higher tax rate reduces the after-tax cost of debt, making debt relatively cheaper compared to equity. This



influences the choice between debt and equity financing.

7. **Cost of Equity:** Increasing debt raises financial risk for equity holders, potentially leading to a higher required rate of return. Beyond a certain point, increased debt can sharply increase the cost of equity, affecting shareholder wealth maximization.
8. **Floatation Costs:** The costs associated with raising funds, such as those related to public issues of shares and debentures, affect the choice between debt and equity financing and thus the capital structure.
9. **Risk Consideration:** The use of debt increases financial risk, which, when combined with operating risk, determines a firm's total risk. Lower business risk allows for higher debt capacity, while higher business risk suggests lower debt usage.
10. **Regulatory Framework:** Legal and regulatory requirements influence the choice of financing sources. Compliance with regulations affects the ease with which funds can be raised, impacting the choice between debt and equity financing.
11. **Capital Structure of Other Companies:** Comparing a company's debt-equity ratio to industry norms provides guidance, but deviations should be justified based on factors like business risk. Management must be aware of industry norms and justify their chosen capital structure accordingly.

(Any four)

#### Answer 5

- (i) **A place for everything and everything in its place:** This principle corresponds to Fayol's principle of "Order." According to Fayol, orderliness should prevail in the organization, meaning there should be a specific place for every employee, material, tool, and piece of equipment, and they should be kept in their designated place. This principle emphasizes the importance of organization and efficiency in the workplace, as it helps minimize the wastage of time and resources spent searching for items or information.
- (ii) **Absence of nepotism and favouritism:** This statement reflects Fayol's principle of "Equity." Henri Fayol emphasized the importance of treating employees with fairness, justice, and impartiality. In practice, this means that managers should avoid showing favoritism towards certain employees or groups, as well as refrain from practicing nepotism, where family members or friends are given preferential treatment in employment or advancement opportunities. By promoting equity in the workplace, managers can foster a positive organizational culture, enhance employee morale and motivation, and build trust and loyalty among the workforce.

#### Answer 6

Planning and controlling are inter-related to each other. They are the inseparable twins of management.

- (i) **Controlling is blind without planning:** Planning provides the basis for controlling as the standards

against which the actual performance is compared are laid down during the planning process only. Controlling is blind in the absence of planning.

- (ii) **Planning without controlling is meaningless:** Controlling makes sure that the performance adheres to the plans. It helps to measure, monitor and analyse the performance to find the deviations and take corrective steps.
- (iii) **Both are forward looking:** Planning involves looking ahead to make the plans for the future. Controlling involves taking corrective actions to prevent the deviations in future.
- (iv) **Both are backward looking:** The plans are guided by the problems identified in the past. Controlling involves scrutinizing the events of the past to find the deviations.

#### Answer 7

Difference between Recruitment and Selection:

Aspect	Recruitment	Selection
Meaning	Process of attracting and encouraging potential candidates to apply for job vacancies within an organization.	Process of choosing the most suitable candidate from the pool of applicants recruited for a particular job.
Nature	Positive because it aims at attracting a number of candidates to apply for the given job.	Negative because candidates have to be eliminated on the basis of several tests, to get the best candidate.
Purpose	Generate a pool of qualified candidates to ensure a competitive selection process.	Identify the candidate who best fits the requirements of the job and the organization.
Scope	Broader scope that includes attracting and sourcing candidates through various channels.	Narrower scope that focuses on evaluating and assessing candidates' suitability for a specific job role.
Contractual Relations	No contractual relationship is established.	Contractual relationship is established between employer and employee.
Sequence	Precedes selection in the hiring process.	Follows recruitment and involves activities such as screening resumes, conducting interviews, and making final hiring decisions.

(Any four)

**Answer 8**

Marketing research is the process of gathering, analyzing, and interpreting information about markets, consumers, competitors, and other relevant factors to support decision-making and strategic planning within an organization.

**Features of Marketing Research:**

- (i) **Systematic Process:** Marketing research follows a structured approach, from defining objectives to collecting, analyzing, and interpreting data, ensuring that efforts are organized and focused on addressing specific business needs.
- (ii) **Objective and Unbiased:** Marketing research aims to provide impartial and accurate information by using rigorous methodologies, minimizing biases, and ensuring that findings are based on data rather than personal opinions.
- (iii) **Data Collection:** Marketing research involves gathering information from primary and secondary sources, such as surveys, interviews, observations, and existing data, to obtain insights into consumer behavior, market trends, and competitive dynamics.
- (iv) **Analysis and Interpretation:** Once data is collected, it is analyzed using statistical techniques or qualitative methods to uncover patterns, trends, and relationships that inform decision-making and strategy development.
- (v) **Actionable Insights:** The goal of marketing research is to provide actionable insights that guide business decisions, helping companies address challenges, capitalize on opportunities, and achieve their objectives effectively.
- (vi) **Continuous Process:** Marketing research is an ongoing and iterative process, with businesses regularly monitoring market dynamics and consumer behavior to stay informed, adapt to changes, and maintain a competitive edge in the marketplace. **(Any two)**

OR

Branding refers to the process of creating a unique identity, image, and perception for a product, service, or company in the minds of consumers. It involves strategically shaping the brand's name, logo, design elements, messaging, and overall experience to differentiate it from competitors and build positive associations with target audiences.

**Merits of Branding:**

- (i) **Brand Recognition and Recall:** Effective branding makes a product or service easily recognizable and memorable to consumers, increasing the likelihood of repeat purchases and fostering brand loyalty.
- (ii) **Differentiation:** Branding helps distinguish a product or service from its competitors by highlighting unique features, benefits, and attributes, giving the brand a competitive edge in the marketplace.
- (iii) **Customer Loyalty:** Strong branding builds emotional connections with customers, leading to increased loyalty and advocacy. Consumers are more likely to remain loyal to brands they trust and have positive associations with.
- (iv) **Perceived Quality and Value:** A well-established brand conveys a sense of quality, reliability, and trustworthiness to consumers. This perception of

quality and value can justify premium pricing and drive sales.

- (v) **Market Positioning:** Branding allows businesses to position themselves effectively within their target market, catering to specific consumer needs, preferences, and demographics. A strong brand identity helps businesses attract the right customers and stand out in a crowded marketplace. **(Any two)**

**Answer 9**

- (i) Mr. Deepak can be called a responsible consumer because he ensured that he received a cash memo for the purchase of the washing machine. This demonstrates his awareness of consumer rights and willingness to hold the seller accountable for the transaction.
- (ii) Under the Consumer Protection Act 2019, Mr. Deepak can claim compensation for the manufacturing defect in the washing machine under the provision of "Product Liability." This provision holds manufacturers, sellers, and service providers liable for any harm caused to consumers due to defects in their products.
- (iii) Two points of mandatory information that e-commerce platforms must provide to a customer are:
  - (a) Clear and accurate product descriptions, including features, specifications, dimensions, and any applicable warranties or guarantees.
  - (b) Transparent pricing information, including the total cost of the product, any additional charges such as taxes or shipping fees, and the accepted payment methods.

**SECTION C – 32 MARKS****Answer 10****(i) Factors of External Micro Environment:**

- (a) **Customers:** Customers are a critical aspect of the microenvironment. Their preferences, needs, and purchasing behaviour significantly influence a business's marketing strategies, product development, and overall success. Understanding customer demographics, behaviours, and preferences is essential for meeting their needs effectively.
- (b) **Suppliers:** Suppliers provide the resources, materials, and components necessary for a business's operations. The reliability, quality, pricing, and availability of these inputs can impact a company's production processes, costs, and ultimately, its ability to deliver goods or services to customers.
- (c) **Competitors** within the industry directly affect a business's market share, profitability, and strategic decisions. Monitoring competitors' strategies, products, pricing, and market positioning is crucial for maintaining a competitive edge and adapting to changes in the marketplace.
- (d) **Intermediaries:** Intermediaries such as distributors, wholesalers, retailers, and logistics providers play a vital role in the distribution and sale of products. Their efficiency, reach, and relationships with customers can impact a company's market reach, sales performance, and distribution channels.

(e) **Financers:** Financers provide capital to businesses in exchange for a return on investment, influencing business operations, growth, and financial stability. They play a crucial role in funding startups, expanding businesses, and driving innovation within the business environment.

**(ii) Components of Social Environment:**

(a) **Culture:** This encompasses the beliefs, values, customs, traditions, and norms shared by members of a society. Culture influences social interactions, perceptions, and behaviours, providing a framework for understanding and interpreting the world.

(b) **Social Institutions:** These are established systems and structures within society that fulfill essential functions and roles. Examples include family, education, religion, government, economy, and healthcare. Social institutions contribute to the organization and functioning of society and shape individuals' roles and identities.

(c) **Population:** Population, including its size, composition, and distribution, profoundly influences societal dynamics. Demographic factors such as age, gender, and ethnicity shape social interactions, cultural norms, and economic structures within communities. Understanding population trends is crucial for addressing social challenges, promoting inclusivity, and fostering sustainable development.

**Answer 11**

(i) Difference between securities with voting rights and securities without voting rights:

Aspect	Shares (Securities with Voting Rights)	Debentures (Securities without Voting Rights)
Ownership	Shares represent ownership in the company, providing a stake in its assets and earnings.	Debentures do not signify ownership; holders are creditors lending money to the company.
Nature	Shares are classified as equity securities, entitling holders to a share of the company's ownership.	Debentures are categorized as debt securities, representing a loan to the company with fixed interest payments.
Voting Rights	Shareholders typically enjoy voting rights in company decisions, allowing them to influence corporate governance.	Debenture holders generally lack voting rights, as they are creditors rather than owners of the company.
Returns	Shareholders receive dividends as returns, which are a share of the company's profits.	Debenture holders receive fixed interest payments at regular intervals, providing a steady income stream.

Risk	Shareholders bear greater risk as they are exposed to fluctuations in the company's performance and market conditions.	Debenture holders carry lower risk compared to shareholders, as they are creditors and have priority in repayment.
Redemption	Shares are not redeemable, meaning they do not have a maturity date and can be held indefinitely.	Debentures are often redeemable at a predetermined date or have a maturity date, offering investors the option for repayment.

(Any five)

**(ii) UPI - Unified Payments Interface**

UPI is a real-time payment system developed by the National Payments Corporation of India (NPCI) to facilitate instant money transfers between bank accounts in India. UPI enables users to link multiple bank accounts to a single mobile application and make transactions using a unique identifier called a Virtual Payment Address (VPA), which is akin to an email address for payments. It simplifies the process of sending and receiving money by allowing users to bypass traditional payment methods like NEFT (National Electronic Funds Transfer) and IMPS (Immediate Payment Service), which often involve entering bank account details. Instead, with UPI, users can initiate transactions through their smartphones using various UPI-enabled apps, providing a seamless and convenient payment experience. UPI has gained significant popularity in India due to its ease of use, security features, and widespread adoption by banks and financial institutions. It has also fostered the growth of digital payments and contributed to India's push towards a cashless economy.

**OR**

**(i) Financial instrument: Demand draft**

A demand draft is a secure and widely accepted method of payment commonly used for transactions such as paying college fees, making investments, or conducting business transactions. It provides a guarantee of payment since the funds are prepaid by the purchaser to the bank before issuing the draft. Yes, demand drafts can be issued online through internet banking platforms provided by banks. Customers can request and generate demand drafts electronically, specifying the beneficiary details and the amount to be paid. The bank then issues the demand draft and delivers it to the specified address or allows the customer to download and print it.

**Features:**

(a) **Negotiable:** Demand drafts are negotiable instruments, meaning they can be transferred from one party to another by endorsement. The beneficiary can endorse the demand draft to someone else, enabling them to receive the payment specified in the draft.



**(b) No Need to Be a Bank Customer:** Unlike some other banking services that may require the purchaser to be a customer of the bank, demand drafts can typically be obtained by anyone, regardless of whether they have an account with the issuing bank. This accessibility makes demand drafts a convenient option for various financial transactions.

**(ii)** A company may issue sweat equity shares as per section 54 of Companies Act, 2013. Sweat equity shares means equity shares issued by the company to its employees or directors at a discount or for consideration other than cash for providing know-how or making available intellectual property rights. Such shares cannot be resold by their holders within a period of 3 years. This is called lock-in period.

**Following conditions are prescribed for issue of sweat equity shares:**

- (i)** They must be of a class of shares already issued.
- (ii)** One year must have lapsed since company commenced business.
- (iii)** The issue must be authorised by a special resolution.
- (iv)** The share must be issued as per the SEBI Regulations.

#### Answer 12

**(i)** Abraham Maslow's theory of motivation, often depicted as the hierarchy of needs, is a fundamental framework in psychology that seeks to explain human motivation. Maslow proposed that human needs can be arranged in a hierarchical order, with basic needs forming the foundation and higher-level needs emerging once lower-level needs are satisfied.

**Maslow's Hierarchy of Needs:**

- 1. Physiological Needs:** These are the basic, biological needs required for survival, such as air, water, food, and shelter. Without satisfying these needs, individuals cannot function optimally. Once these needs are met, individuals can move on to higher levels of motivation.
- 2. Safety Needs:** After physiological needs are fulfilled, the need for safety and security becomes paramount. This includes physical safety as well as financial and health security. Examples include employment, health insurance, and a stable living environment.
- 3. Love and Belongingness Needs:** Once safety needs are met, individuals seek to fulfill their social needs for love, affection, and a sense of belonging. This involves forming meaningful relationships with family, friends, and communities.
- 4. Esteem Needs:** With social needs met, individuals strive for esteem and recognition from others as well as self-esteem. Esteem needs encompass both external validation, such as respect and admiration from others, and internal feelings of self-worth and accomplishment.
- 5. Self-Actualization Needs:** At the top of the hierarchy is self-actualization, representing the fulfillment of one's full potential and the desire to become the best version of oneself. This involves personal growth, self-discovery, and the pursuit of goals that align with one's values and interests.

Maslow's theory of motivation emphasizes that human behaviour is driven by a hierarchy of needs, with motivation arising from the desire to fulfill these needs in a progressive order, ultimately culminating in self-actualization.

**(ii)** Methods provide the prescribed ways or manner in which a task has to be performed considering the objective. It deals with a task comprising one step of a procedure and specifies how this step is to be performed. The method may vary from task to task. Selection of proper method saves time, money and effort and increases efficiency. For imparting training to employees at various level from top management to supervisory, different methods can be adopted. For example, for higher level management orientation programmes, lectures and seminars can be organised whereas at the supervisory level, on the job training methods and work-oriented methods are appropriate.

#### Answer 13

**(i)** Industrial products

**(ii) (a) Bulk Purchase:** Industrial goods are acquired in large quantities to meet the extensive needs of business operations. This bulk purchasing is driven by the necessity to sustain production or fulfill demand in a business-to-business (B2B) environment, where economies of scale and cost-efficiency are critical.

**(b) Purpose:** Industrial goods are primarily procured for production, resale, or business operations rather than personal consumption. These goods serve as inputs for manufacturing processes, components for resale, or assets to facilitate business activities. However, there are instances where industrial goods may also be purchased for consumption purposes within the organization, albeit less frequently than consumer goods.

**(iii)** Direct channel of distribution

**(iv)** Personal Selling

**Objective of Personal Selling:**

- 1. Increase Sales:** The primary goal of personal selling is to generate revenue by persuading customers to purchase products or services.
- 2. Introduce New Products:** Personal selling is utilized to introduce new products to the market and educate potential customers about their features and benefits.
- 3. Complete Selling Process:** Personal selling aims to guide customers through the entire sales process, from initial contact to closing the sale and providing after-sales support.
- 4. Address Customer Grievances:** Personal selling involves addressing customer concerns, objections, and grievances effectively to build trust and maintain positive relationships.
- 5. Convert Interest into Demand:** Personal selling works to translate customer interest and desire generated through advertising and other promotional efforts into actual demand and sales.

**(Any three)**

