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## COMMERCIAL APPLICATIONS

(Two Hours)

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

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

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

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

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

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

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### SECTION A (40 Marks)

Attempt all questions from this Section

#### Question 1

Give one difference each between:-

- (a) Mail Order Shopping and Tele-shopping. [2]
- (b) Income and Expenditure Account and Receipts and Payments Account. [2]
- (c) Stale Cheque and Post-dated Cheque. [2]
- (d) Controllable Costs and Uncontrollable Costs. [2]
- (e) Internal and External Sources of Recruitment. [2]

#### Question 2

- (a) What is a savings deposit? [2]
- (b) Mention any two elements of Public Relations. [2]
- (c) What is vestibule training? [2]
- (d) What happens to a product in the decline stage of its life cycle? [2]
- (e) State one difference between cash credit and overdraft. [2]

#### Question 3

- (a) What is brand loyalty? [2]
- (b) 'Internal sources of recruitment restrict the choice available to the management.' Justify this statement giving one reason. [2]
- (c) Give one difference between products and services. [2]
- (d) How is discounting of a bill of exchange a form of bank lending? [2]
- (e) What is concept advertising? [2]

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#### Question 4

Give *one* reason either for or against each of the following:-

- X (a) Competition based pricing is ideal for unbranded products. [2]
- (b) A *Trading Account* reveals the financial position of an organization. [2]
- (c) Human Resource Management is a challenging function. [2]
- (d) Public Relations is a planned management function. [2]
- (e) Some costs are *semi-variable* in nature. [2]

#### SECTION B (60 Marks)

*Attempt any four questions from this Section.*

#### Question 5

- (a) What is a *Balance Sheet*? Explain any *three* of its uses. [5]
- (b) Name and explain the *Accounting Convention* which says *Record all anticipated losses but ignore all anticipated gains*. [5]
- (c) How does the Central Bank use the *Statutory Liquidity Ratio* and *Credit Rationing* to exercise credit control in a country? [5]

#### Question 6

- (a) Explain the *two* stages in the evolution of marketing. [5]
- (b) Explain the most appropriate *channel of distribution* to sell heavy industrial products. [5]
- (c) You are the Marketing Manager of a Fast Moving Consumer Goods (FMCG) Company and you find that one of your products, a washing detergent, is in its growth stage. Describe the steps that you would take to increase your sales at this stage. [5]

#### Question 7

Write short notes on:-

- (a) Importance of careful selection of employees. [5]
- (b) Any *two* P's of marketing. [5]
- (c) Industrial Banks and Agricultural Banks. [5]

### Question 8

- (a) What is a *Bank Draft*? Why is it a safe mode of money transfer? [5]
- (b) What is *Opportunity Cost*? Explain with the help of an example. [5]
- (c) Explain the *Money Measurement Principle* of accounting. [5]

### Question 9

#### CASE STUDY:

*Evergreen Cosmetics* is planning to launch a new range of 'anti wrinkle creams' in the Indian market. They conducted a market survey and found potential competition from *Remain Young*. Since they are targeting the higher strata of society, the cream is being priced much higher than their competitors. They plan to use the television as a media to advertise this anti wrinkle cream as opposed to print media which is largely used by them for their other products. Officials at *Evergreen Cosmetics* feel that with the correct style of promotion they could easily be successful in the market.

- (a) Identify and explain the pricing strategy that is being used by *Evergreen Cosmetics*. [5]
- (b) Describe any *two* qualities that a salesman selling this product should possess. [5]
- (c) Explain *any two* tools of sales promotion that can be used here. [5]

### Question 10

The file on Mr. Verma's (The Manager of Clairmont Hotel) desk containing customer complaints was bulging with letters received over the last few weeks. As he was short staffed, unsuitable recruits who could not be trained, were hired and asked to take on responsible jobs. The result – Hotel rooms were over-booked, cold food was being served by the waiters and cleanliness could not be maintained. The rate of labour turnover and absenteeism was also very high. Mr. Verma had suggested a year ago that a separate Human Resource Department had to be created. The owners however had tried to save additional costs and had not acted on his suggestion.

**In the light of the above case:-**

- (a) Highlight the importance of training. [5]**
- (b) Outline the procedure to be followed for the selection of waiters for the hotel. [5]**
- (c) How would a professional Human Resource Manager have tackled the situation? [5]**