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ICSE 2009 : COMMERCIAL APPLICATIONS

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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.

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

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

SECTION - A (40 MARKS)

(Attempt ALL Questions)

Question 1.

Give one difference each between :

- (a) Receipt and Income. [2]
- (b) Promotion and Transfer. [2]
- (c) Normal Cost and Abnormal Cost. [2]
- (d) Central Bank and Commercial Bank [2]
- (e) Product Cost and Period Cost. [2]

Question 2.

- (a) What is brand ? How is it different from branding ? [2]
- (b) Give two uses of Receipts and Payments Account. [2]
- (c) Give two differences between recruitment and training. [2]
- (d) With the help of an example, explain the clearing house function of R.B.I. [2]
- (e) On the basis of ownership, distinguish between a Product and a Service. [2]

Question 3.

- (a) Why is it said that Marketing is Pervasive ? [2]
- (b) Explain Promotion Mix. [2]
- (c) Give two features of Salesmanship. [2]
- (d) Describe the importance of Public Relations to a business enterprise. [2]
- (e) Give two differences between Direct Labour Cost and Indirect Labour Cost. [2]

Question 4.

Give two reasons either for or against each of the following :

- (a) Ethics has no place in public relation. [2]
- (b) Every transaction has four effects on accounting records. [2]
- (c) Training is very costly. [2]
- (d) Banking is a relationship oriented industry. [2]
- (e) Public relations is just a gimmick. [2]

SECTION - B (60 MARKS)

(Attempt any *FOUR* Questions)

Question 5.

- (a) How does open market operation help in credit control ? [5]
 (b) What is place mix ? State its components. [5]
 (c) What are the qualities of a good salesman ? Explain any three in detail. [5]

Question 6.

- (a) Mention two advantages and two disadvantages of cost plus pricing strategy of product life cycle. [5]
 (b) Explain Asset and Liability. Name the different types of liabilities. [5]
 (c) Distinguish between Advertising and Sales Promotion. [5]

Question 7.

- (a) Why are services becoming important ? Give three reasons. [5]
 (b) Explain Cash Reserve Ratio and Statutory Liquidity Ratio. [5]
 (c) Explain the present status of public relations by pointing out the reasons for its rapid growth. [5]

Question 8.

Write short notes on :

- (a) Importance of Human Resource Development in a commercial organization. [5]
 (b) Institutional Advertising and Persuasive Advertising. [5]
 (c) Role of balance sheet in decision making. [5]

Question 9.

CASE STUDY

Price cuts have enabled FMCG companies like HLL and P & G to increase the sales volume. The sale of major detergent brands have increased by 15-17 per cent. Analysis in fact expect Surf Excel to be a success story for HLL. The company expects more sale from the brand this year.

Launching sachets and positioning the brand in affordable category was necessitated by a number of highly competitive smaller brands in the market like Henko, Nirma and Ghari detergents. Friendly wash by many other smaller brands have challenged the giants by offering prices which attracted the value conscious Indian consumer. In fact unbranded players are offering packs which are twice the size of a branded product with similar or better quality at a cheaper price. Very clearly FMCG majors have to either maintain the plethora of freebees to push the brand or just simply cut prices.

The manufacturers attribute the price drops to internal cost efficiencies especially with the supply chain. Analysts say the FMCG companies will have to drop prices further to get the right value equation in the market. There is no other way to grow. The companies have tried innovations and relaunch. The fact is, there is a cut in the price and they cannot afford to overprice their product. The companies are just going to do what Nestle did some time back to get the price equation right.

- (a) How did sales volume of detergents increase ? [5]

- (b) In view of the fact that unbranded products have put up a challenge to branded items, do you think branding is useless? Give reasons for your answer. [5]
- (c) In addition to price cuts what other measures should FMCG firms take to grow in future? [5]

Question 10.

CASE STUDY

The Public sector banks are witnessing a period of transition in India. They are at the cross roads, where they, without giving up social responsibilities should remain healthy. They need to undertake risky experiments, yet to perform innovatively. They should make forays into new areas which are rarely taken up by them and lose no emerging opportunities. It should also be understood that absence of any bad advance is not a good sign of an efficient banking system. It only indicates immense conservatism. However, there is no guarantee for profit. There should be a balance between liquidity and risk. Past sins should be forgiven. Novel and pragmatic techniques should be adopted without which banks would be in danger.

- (a) Describe the importance of Public Sector Banks at present. [5]
- (b) What are the functions other than main and agency functions that should be performed by these banks to be socially responsible? [5]
- (c) Our Public Sector Banks have a strong base. Do you think that they have to follow the foreign Commercial Banks in granting loans? Yes or No. Give reasons. [5]