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ICSE 2011 : 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 from this section)

Question 1.

Give one difference between each of the following :

- | | |
|---|-----|
| (a) Mail order shopping and Teleshopping. | [2] |
| (b) Product Mix and Promotion Mix | [2] |
| (c) Shut Down Cost and Sunk Cost. | [2] |
| (d) Savings Account and Current Account. | [2] |
| (e) Advertising and Personal Selling. | [2] |

Question 2.

- | | |
|---|-----|
| (a) Name four types of market on the basis of area. | [2] |
| (b) Mention any two objectives of advertising. | [2] |
| (c) Explain two main differences between recruitment and selection. | [2] |
| (d) Give four elements of public relations. | [2] |
| (e) Explain two main methods of training. | [2] |

Question 3.

- | | |
|--|-----|
| (a) Briefly list two qualities of a good salesman. | [2] |
| (b) What is meant by Persuasive Advertising ? | [2] |
| (c) What is Marketing Mix ? | [2] |
| (d) Give two differences between Fixed Cost and Variable Cost. | [2] |
| (e) Give two differences between a stale cheque and a post-dated cheque. | [2] |

Question 4.

Justify either *for* or *against* by giving two reasons for each of the following :

- | | |
|--|-----|
| (a) Parity pricing is not relevant under the present marketing conditions. | [2] |
| (b) Advertising is a social waste. | [2] |

- (c) Accounts should disclose all material information.
(with reference to the concept of accounting) [2]
- (d) The Central Bank of a country is the banker's bank. [2]
- (e) Recruitment is a positive process. [2]

SECTION - B (60 MARKS)

(Attempt any four questions from this Section)

Question 5.

- (a) What is the role of marketing in a commercial organisation ? [5]
Explain with reference to the Indian economy.
- (b) Marketing has gone through three distinct stages. Explain them in brief. [5]
- (c) Distinguish between *products* and *services* with examples. [5]

Question 6.

- (a) What is a *Receipts and Payments* Account ? Describe its uses. [5]
- (b) Explain any *two* Generally Accepted Accounting Principles (GAAP). [5]
- (c) Explain the importance of selection of employees. [5]

Question 7.

Write short notes on :

- (a) Overdraft facility. [5]
- (b) Brand Promotion. [5]
- (c) *Empathy* as one of the elements of public relations. [5]

Question 8.

- (a) Explain in brief the external sources of recruitment. [5]
- (b) Explain any *two* functions of the Human Resource Development. [5]
- (c) What is a Balance Sheet ? State its main features. [5]

Question 9.

Case Study

Hindustan Lever Ltd.'s (HLL) much-talked-about foray into the water business is not about water per se. It is about a small device called *Pureit*, which can be attached to the kitchen tap to purify potable water at a minimum cost. If sources are to be believed, HLL's main aim is to make the product extremely affordable so that it remains attractive to all income groups.

Sources said if HLL manages to sell the idea to consumers who are conscious about both price and health, companies selling 20-litre water jars to the residential segment may run into rough weather. Sources also pointed out that companies in the ₹ 9,000-15,000 price band (AquaGuard and Pentair) will not be affected much as they operate in a different segment

altogether. "HLL plans to take the small metros, towns and cities so that it does not remain an urban phenomenon," sources said.

When contacted, the HLL spokesperson said, "HLL is not going to enter water, the way other companies have entered. We have a very different framework. HLL's venture involves new patented technology solution and creation of a new business model. We hesitate to say anything further on the venture because of competitive reasons. The company has a fixed target and is exactly on course with that target. HLL is very excited with the opportunity, because of its growth potential and huge benefit to the consumer." Industry sources said HLL stayed away from foraying into bottled water as speculated because the market is crowded and Lever as a late entrant would not enjoy the early mover advantage. The segment operates on wafer-thin margins and requires a distribution network of a different kind. Very few players are making money and Nestle pulled out completely two years ago.

On the other hand, water purifiers (residential segment) are growing at 22%-25% annually. It is a ₹ 550 crore industry with AquaGuard cornering more than 50% of the market. The rest is divided among Kent RO, Pentair, Ion Exchange and others.

"We have experienced healthy growth rates. The industry as a whole is growing too. Our study showed that in Delhi alone, the demand for packaged water is 60,000 litres a remaining 30,000 litres is not guaranteed. There is lot of scope for the organized industry," said Gautam Khanna, Managing Director, Pentair Water.

- (a) What is the sole objective of Hindustan Lever Ltd. entering the water purifier business ? [5]
- (b) In which segment does HLL's competitors sell their product? Will Hindustan Lever Ltd. be able to affect the business of its rivals ? [5]
- (c) How will Hindustan Lever Ltd. maintain its identity and why has Hindustan Lever Ltd. not entered into the bottled water segment ? [5]

Question 10.

Case Study

Like many other US-head-quartered IT companies, Symphony Services, a leading provider of technology-based business transformation out-sourcing services, plans to build a 4,00,000 sq ft campus in Bangalore. With current staff strength of a 1,000 people, Symphony expects to grow to a 2,000 strong workforce by the end of 2010. "We want to leverage the tremendous intellectual capital that exists in India while we replicate a Silicon Valley environment in our organisation which nurtures innovation and entrepreneurship," said Mr. Ajay Kela, President India Operation.

In a study by Symphony Services on captive cost and productivity, the company found that pure captive, offshore centres do not reach cost and productivity parity with offshore services firms until they reach a manpower strength of at least 1,000. Leading industry analysts have also corroborated these findings. Further, the company found that captive

centres generally operate at low productivity levels for the first several years due to start-up inefficiencies and learning curves. Since offshore development is not their core business and because of lack of scale, captive centres generally operate at productivity levels of 70% to 80% of onshore teams.

The company's base of clients include companies like Siebel, Manugistics, Autodesk, Schering-Plough, Viacom, La Quinta and IRL, among others.

- (a) What are the major plans of Symphony ? [5]
- (b) Explain the strategies of the company for the year 2010. [5]
- (c) What are the findings of Symphony's studies with regard to captive cost and productivity? Name a few clients of the IT company Symphony services. [5]