SAMPLE PAPER 3

Maximum Marks : 200 **Time : 45 Minutes**

General Instructions:

(i) *This paper consists of 50 MCQs, attempt any 40 out of 50.*
(ii) *Correct answer or the most appropriate answer: Five marks (+5).*
(iii) *Any incorrect option marked will be given minus one mark (–1).*
(iv) *Unanswered/Marked for Review will be given no mark (0).*
(v) *If more than one option is found to be correct then Five marks (+5) will be awarded to only those who have marked any of the correct options.*
(vi) *If all options are found to be correct then Five marks (+5) will be awarded to all those who have attempted the question.*
(vii) *If none of the options is found correct or a Question is found to be wrong or a Question is dropped then all candidates who have appeared will be given five marks (+5).*
(viii) *Calculator / any electronic gadgets are not permitted.*

1. Which statement is correct regarding division of work?

(1) Intent is to produce more and better work from the same effort.
(2) Work is divided into small tasks.
(3) Trained specialists are required to perform each jobs.
(4) All of the above

2. Match the FEATURES of Business Environment in Column I with the appropriate EXPLANATION in Column II.

	Column I		Column II
(a)	Complexity	(i)	Very difficult to predict future happenings
(b)	Specific forces	(ii)	Easier to understand in parts but difficult to grasp in its totality
(c)	Uncertainty	(iii)	Affect individual enterprises directly and immediately

(1) (ii), (iii), (i) **(2)** (iii), (ii), (i)
(3) (ii), (i), (iii) **(4)** (iii), (i), (ii)

3. Entrepreneurship Development Program provides ______

(1) Unemployment **(2)** Employment
(3) Dishonesty **(4)** Corruption

4. Management is a/an .... process as it is an ongoing and never-ending process.

(1) Continuous **(2)** Non-continuous
(3) Frequent **(4)** Alter

5. Indian Entrepreneurship Development Institute is situated in _____

(1) In Ahmedabad **(2)** In Mumbai
(3) In New Delhi **(4)** In Chennai

6. Name the function of management which helps in the formulation of future plans, in the light of the problems that were identified and thus, helps in better planning in the future period.

(1) Planning **(2)** Organising
(3) Directing **(4)** Controlling

7. Financial planning usually begins with the preparation of a ....

(1) Sales forecast **(2)** Profit forecast
(3) Business cycle **(4)** None of these

8. Arrange the phases of Project Management Life Cycle in correct order.

(i) Design
(ii) Marketing
(iii) Analysis and evaluation
(iv) Inspection, testing and delivery

(1) (iii)-(ii)-(i)-(iv) **(2)** (i)-(ii)-(iii)-(iv)
(3) (ii)-(iii)-(i)-(iv) **(4)** (iv)-(iii)-(ii)-(i)

9. The last step in the selection process is ....

(1) Selection decision
(2) Medical examination
(3) Job offer
(4) Contract of employment

10. The organisation/institution which provides scope for speculation is:

(1) Stock exchange
(2) SEBI
(3) Brokers
(4) None of the above

11. Which of the following statements is true?
(1) Asserting oneself to ensure that one gets a fair deal is the right of a consumer.
(2) Right to seek redressal entitles the consumer to get relief in case the product or service falls short of his expectation.
(3) Right to be heard empowers a consumer to have access to a variety of products and services.
(4) A case decided by the District Commission, can be appealed before the Supreme Court.

12. Which of the following statements is true regarding marketing?
(1) It is a process whereby people exchange goods and services for money.
(2) It has been referred to as performance of business activities that direct the flow of goods and services from producers to consumers.
(3) It includes many activities that are performed even before goods are actually produced and continue even after the goods have been sold.
(4) All of the above

13. Mr. X purchased a car for ₹ 15 lakhs but he is not satisfied with the quality and performance of the car. The company of the car did not provide any remedy to him. Under which authority of Consumer Protection Act, 2019 can he file an appeal?
(1) District Commission
(2) State Commission
(3) National Commission
(4) None of the above

14. .... is used extensively for all types of activities and mainly for taking charge of different activities in any enterprise.
(1) Planning (2) Management
(3) Coordination (4) Staffing

15. NSE and BSE are types of ....
(1) Depositories
(2) Depository Participants
(3) Stock Exchanges
(4) Banks

16. .... takes into consideration the growth, performance, investments and requirement of funds for a given period.
(1) Business cycle (2) Financial planning
(3) Organising (4) Working capital

17. .... refers to producing goods of predetermined specifications, which helps in achieving uniformity and consistency in the output.
(1) Standardisation (2) Packaging
(3) Labelling (4) Grading

18. Which of the following importance of organising stimulates creativity amongst the managers?
(1) Development of personnel
(2) Optimum utilization of resources
(3) Expansion and growth
(4) None of the above

19. .... is an institution or organisation, which holds securities in electronic form, in which trading is done.
(1) Stock Exchange (2) SEBI
(3) Depository (4) None of the above

20. .... is an inner state that energises, activates or moves and directs behaviour towards goals.
(1) Motivation (2) Motive
(3) Motivators (4) All of the above

21. Art can be acquired through which of the following:
(1) Study (2) Observation
(3) Experience (4) All of the above

22. The principles of management are significant because of :
(1) Providing managers with useful insights into reality.
(2) Optimum utilization of resources and effective administration.
(3) Meeting changing environment requirements.
(4) All of the above.

23. Which of the following is true regarding Organisational Structure?
(1) Grouping of jobs of similar nature under functional structure and organising these major functions as separate departments creates a divisional structure.
(2) Span of Management determines the levels of management in the organisation structure.
(3) Divisional structure makes training of employees easier as the focus is only on a limited range of skills.
(4) All of the above

24. Security Agents Ltd. provides security services. They gave an advertisement in newspaper for hiring males for the post of Security Guard who are reliable and keep client information confidential. 75 candidates approached them and Security Agents Ltd. finalized 10 candidates to be selected after conducting required test and interview. Out of the following, identify the next step to be followed by Security Agents Ltd.
(1) Medical examination
(2) Job offer

(3) Reference and background check

(4) Selection decision

25. Which of the following Maslow's needs include factors such as self-respect, autonomy status, recognition and attention?

(1) Esteem Needs

(2) Self-Actualisation Needs

(3) Affiliation/Belonging Needs

(4) Safety/Security Needs

26. Controlling means ensuring that activities in an organisation are performed as per the ....

(1) Plans (2) Goals

(3) Resources (4) None of these

27. "The shift of demand from soft drinks to juices is an opportunity for juice companies and threat for soft drink companies." Identify the feature of business environment:

(1) Relativity (2) Complexity

(3) Uncertainty (4) Dynamic

28. Nature of .... is said to be a systematic body of knowledge which explains certain general truths.

(1) Management as a Science

(2) Management as an Art

(3) Management as a Profession

(4) All of the above

29. Which of the following statements is false regarding financial management?

(1) Aims at ensuring availability of enough funds whenever required.

(2) Aims at reducing the cost of funds procured.

(3) Is concerned with optimal procurement as well as usage of finance.

(4) Facilitates price discovery for securities of company.

30. **Assertion (A):** Internal recruitment simplifies the process of selection and placement.

Reason (R): Filling vacancies in higher jobs from within the organisation motivates the employees to improve their performance through learning and practice.

(1) Both (A) and (R) are true, and (R) is the correct explanation of (A).

(2) Both (A) and (R) are true, but (R) is not the correct explanation of (A).

(3) (A) is true, but (R) is false.

(4) (A) is false, but (R) is true.

31. **Assertion (A):** Direct method of recruitment is very inexpensive as it does not involve any cost of advertising for the vacancies.

Reason (R): Under direct recruitment, a notice is placed on the notice-board of the enterprise specifying the details of the jobs available.

(1) Both (A) and (R) are true, and (R) is the correct explanation of (A).

(2) Both (A) and (R) are true, but (R) is not the correct explanation of (A).

(3) (A) is true, but (R) is false.

(4) (A) is false, but (R) is true.

32. State the year in which Securitites Board of India was established?

(1) 1988 (2) 1990

(3) 1992 (4) 1994

33. CPA Services CEO, Abhishek Nigam's compensation includes salary, commission and other allowances. The company also pays for his insurance and vacations. Identify one indirect payment being made by the company to the CEO.

(1) Employer paid insurance

(2) Salary

(3) Commission

(4) All of the above

34. The money market is a market for short-term funds which deals in monetary assets whose period of maturity is:

(1) Upto one year (2) Upto six months

(3) Upto three months (4) None of these

35. .... is the obligation of a subordinate to properly perform the assigned duty.

(1) Authority (2) Responsibility

(3) Accountability (4) None of these

36. Which of the following is not an element of social environment?

(1) Birth and death rate

(2) Constitution of the country

(3) Population shifts

(4) Life expectancy

37. "Employee know well in advance what they are expected to do and what are the standards of performance on the basis of which they will be appraised, which in turn help them to give better performance."

Which importance of controlling is highlighted above?

(1) Facilitating coordination in action

(2) Making efficient use of resources

(3) Accomplishing organisational goals

(4) Improves employee motivation

38. Which of the following statements is false with respect to principles of management?

(1) The principles of management are formed by experience and collective wisdom of managers as well as experimentation.

(2) The principles of management are not rigid prescriptions, which have to be followed absolutely.

(3) Management principles aim at influencing behaviour of human beings.

(4) The application of principles of management is not possible in contingent situations.

39. 'Buy two get one free' is printed on the label of the package of toothpaste. Which labelling function is being performed by this statement ?

(1) Describe the product

(2) Identification of the brand

(3) Grading of product

(4) Sales promotion

40. Which of the following statements is incorrect?

(1) Business environment is a relative concept.

(2) Business environment is the sum total of all things internal to business firms.

(3) Opportunities refer to the positive internal trends or changes that will help a firm to improve its performance.

(4) None of the above

41. What should be the 'focus point' for a manager while controlling, as controlling at each and every step is not possible?

(1) Analysing deviations

(2) Measurement of actual performance

(3) Comparing actual performance with standards

(4) Setting performance standards

42. Ronit Raj, a marketing manager is a patient of diabetes for which he takes medicines regularly. One day, on his tour to Patna, he met with an accident and was hospitalised. Due to doctors' negligence a delicate nerve of his right leg was cut rendering him crippled throughout his life. Identify the consumer right that has been violated by the doctors under the Consumer Protection Act, 2019 in the above situation.

(1) Right to Choose

(2) Right to be Informed

(3) Right to be Heard

(4) Right to be Protected

43. Which of the following statements are true about 'Authority'?

(1) Authority can be official authority or personal authority.

(2) Authority can be formal or informal.

(3) Authority should be commensurate with responsibility.

(4) All of the above.

44. Suganya decided to start the business of selling dress materials. She did some research to find out about the preferences of prospective customers. Based on this, she prepared a detailed business plan. She then made important decisions about the features, quality, packaging, labelling and branding of the dress material. Which of the following elements of Marketing Mix is being discussed here?

(1) Promotion (2) Market

(3) Product (4) Place

45. Which of the following is a financial incentive?

(1) Productivity linked wage incentive

(2) Organisational climate

(3) Status

(4) Job enrichment

46. Which of the following is a disadvantage of divisional structure?

(1) Conflict may arise among different divisions with reference to allocation of funds.

(2) More emphasis on departmental objectives.

(3) Leads to inter-departmental conflict.

(4) Leads to inflexibility.

I. Read the following text and answer the following questions on the basis of the same:

Simplex Limited had been taken over by Mundhra Group immediately following India's independence. Since then it enjoys a rich record of industry presence and experience. In 2005, with the aim to accelerate growth the company had gone through several rounds of meetings and discussions before launching ERP system to attract large projects. The management had done effective forecast and critical thinking regarding allocation of resources to reduce wastage. For this purpose, the company had laid down multiple courses of action to meet the challenge of adverse situations. In 2008, the company suffered loss in many projects due to the great recession despite taking many cost cutting measures. The management had taken utmost care regarding the possible outcome and timely review of the plans to achieve the set target during that hard time. In 2010 the system implemented successfully which subsequently helped the company to execute numerous projects with precision and timeliness.

47. "In 2005, with the aim to accelerate growth the company had gone through several rounds of meetings and discussions." What is the objective mentioned here according to the process stated here?

(1) Developing Premises

(2) Growth and development

(3) Launching IT enabled system

(4) Cost cutting

48. "The management had done effective forecast and critical thinking regarding allocation of resources to reduce wastage." Identify the function of management mentioned here.

(1) Planning (2) Organising

(3) Controlling (4) Directing

49. "In 2008, the company suffered loss in many projects due to the great recession despite taking many cost cutting measures." Which limitation of the management process is indicated here?

(1) It fails to cope with sudden changes.

(2) It involves huge cost.

(3) It requires critical thinking.

(4) Need to construct multiple action plans.

50. "The management had taken utmost care regarding the possible outcome and timely review of the plans to achieve the set target during that hard time." Which is the last step of the process mentioned here?

(1) Implementation of plan

(2) Timely execution of projects

(3) Follow up

(4) To prepare alternative course of action

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SOLUTIONS

1. Option (4) is correct.

Explanation: Division of work means the separation of a work process into a number of task each performed by a separate person or group of persons.

2. Option (1) is correct.

Explanation: All these are the features of Business environment which shows that the business environment is dynamic unpredictable and complex in nature.

3. Option (2) is correct.

4. Option (1) is correct.

Explanation: The process of management is a series of continuous, composite, but separate functions (planning, organising, directing, staffing and controlling). These functions are simultaneously performed by all managers all the time.

5. Option (1) is correct.

6. Option (4) is correct.

Explanation: Controlling means ensuring that activities in an organisation are performed as per the plans. Controlling also ensures that an organisation's resources are being used effectively and efficiently for the achievement of predetermined goals.

7. Option (1) is correct.

Explanation: The financial planning begins with determination of total capital requirement. For this the finance managers do the sales forecast and if the future prospects appear to be bright and expect increase in sale, then firm needs to increase its production capacity which means more requirement of long term funds.

8. Option (1) is correct.

9. Option (4) is correct.

Explanation: After the job offer has been made and candidate accepts the offer, certain documents need to be executed by the employer and the candidate.

There is also a need for preparing a contract of employment. Basic information that should be included in a written contract of employment will vary according to the level of the job.

10. Option (1) is correct.

Explanation: The stock exchange provides sufficient scope within the provisions of law for speculative activity in a restricted and controlled manner. It is generally accepted that a certain degree of healthy speculation is necessary to ensure liquidity and price continuity in the stock market.

11. Option (2) is correct.

Explanation: The consumers have been given the right of redressal of their grievances relating to the performance, grade, quality etc. of the goods and services. If required, the product must be repaired/replaced by the seller/ manufacturer. The Consumer Protection Act has duly provided for a fair settlement of genuine grievances of the consumers. It has also set up a proper mechanism for their redressal at district, state and national levels.

12. Option (4) is correct.

Explanation: Marketing refers to the process of ascertaining consumers' needs and supplying various goods and services to the final consumers or users to satisfy those needs. Basically, marketing is the performance of business activities that direct the flow of goods and services from producers to consumers or users.

13. Option (1) is correct.

Explanation: Under the Consumer Protection Act, 2019, the District CDRC will entertain complaints when the value of goods or service is upto ₹ 1 crore.

14. Option (2) is correct.

Explanation: The activities involved in managing an enterprise are common to all organisations whether economic, social or political.

15. **Option (3) is correct.**

Explanation: BSE is type of stock exchange which provides an efficient and transparent market for trading in equity, debt instruments, derivatives, and mutual funds. NSE is also a stock exchange that establishes a nationwide trading facility for all types of securities.

16. **Option (2) is correct.**

Explanation: Financial planning is essentially the preparation of a financial blueprint of an organisation's future operations. The objective of financial planning is to ensure that enough funds are available at right time.

17. **Option (1) is correct.**

Explanation: Standardisation refers to development of standards for production of goods with respect to shape, design, colour and other characteristics. If products are standardised, customers are able to identify a product and its characteristics very well.

18. **Option (1) is correct.**

Explanation: Organising stimulates creativity amongst the managers. Effective delegation allows the managers to reduce their workload by assigning routine jobs to their subordinates.

19. **Option (3) is correct.**

Explanation: Just like a bank keeps money in safe custody for customers, a depository is also like a bank and keeps securities in electronic form on behalf of the investor. It is a technology driven electronic storage system. It has no paper work relating to share certificates, transfer, forms, etc.

20. **Option (2) is correct.**

Explanation: A motive is an inner state that energises, activates or moves and directs behaviour towards goals. Motives arise out of the needs of individuals. Realisation of a motive causes restlessness in the individual which prompts some action to reduce such restlessness.

21. **Option (4) is correct.**

Explanation: In every art there is systematic and organized study material available to acquire theoretical knowledge of the art. Every artist must have personal skill and creativity to apply that knowledge.

22. **Option (4) is correct.**

Explanation: The application of principles of management helps the managers to take right decisions at the right time. By applying the management principles, the managers can focus on optimum use of available resources so as to achieve productive results at minimum cost and maximum profits. They also help managers to meet the changing requirements of the environment.

23. **Option (2) is correct.**

Explanation: Span of management refers to the number of subordinates that can be effectively managed by a superior. This determines the levels of management in the structure.

24. **Option (3) is correct.**

Explanation: After interview, reference and background of the employee is checked. Many employers request names, addresses, and telephone numbers of references for the purpose of verifying information and, gaining additional information on an applicant. Previous employers, known persons, teachers and university professors can act as references.

25. **Option (1) is correct.**

Explanation: Esteem needs are of two types: internal esteem needs (self-respect, confidence, competence, achievement and freedom) and external esteem needs (recognition, power, status, attention and admiration).

26. **Option (1) is correct.**

Explanation: Once a plan becomes operational, controlling is necessary to monitor the progress, measure it, discover deviations and initiate corrective measures to ensure that events conform to plans. Thus, controlling ensures that the activities in an organisation are performed as per the plans.

27. **Option (4) is correct.**

Explanation: Business environment is dynamic, i.e., it keeps on changing whether in terms of technological improvement, shifts in consumer preferences or entry of new competition in the market.

28. **Option (1) is correct.**

Explanation: Science is a systematic body of knowledge. Its principles are based on a cause and effect relationship. Such systematized body of knowledge contains concepts, principles and theories which help to explain past events and to predict the outcome of specific actions.

29. **Option (4) is correct.**

Explanation: The main objective of financial management is to maximize the wealth of shareholders. This include a proper estimation of the funds required for different purposes such as for the purchase of long term assets or to meet day-to-day expenses of business, etc.

30. **Option (2) is correct.**

Explanation: Internal recruitment also simplifies the process of selection and placement. The candidates that are already working in the enterprise can be evaluated more accurately and economically. This is a more reliable way of recruitment since the candidates are already known to the organisation.

31. **Option (1) is correct.**

Explanation: Job seekers assemble outside the premises of the organisation on the specified date and selection is done on the spot. Certain workers present themselves at the factory gate every day for employment. Thus, it does not involve any cost of advertising for the vacancies.

32. **Option (3) is correct.**

33. **Option (1) is correct.**

Explanation: It is a benefit provided by an organization to its employees.

34. **Option (1) is correct.**

Explanation: The money market is a market for short-term funds which deals in monetary assets whose period of maturity is upto one year. These assets are close substitutes for money.

35. **Option (2) is correct.**

Explanation: Responsibility is the obligation of a subordinate to properly perform the assigned duty. It arises from a superior–subordinate relationship because the subordinate is bound to perform the duty assigned to him by his superior.

36. **Option (2) is correct.**

Explanation: Constitution of the country is an element of legal environment. Legal Environment includes various laws passed by the government, administrative orders issued by government authorities, court judgments as well as decisions rendered by the central, state or local governments.

37. **Option (4) is correct.**

Explanation: Controlling sets up some standard of employees and employees knows the standards against which their performance will be measured. It thus, increases employee motivation.

38. **Option (4) is correct.**

Explanation: The application of principles of management is contingent or dependent upon the prevailing situation at a particular point of time. The application of principles has to be changed as per requirements. The principles of management are not fixed or permanent. They are affected by situations or circumstances.

39. **Option (4) is correct.**

Explanation: An important function of label is to aid in promotion of the products. A carefully designed label can attract attention and give reason to purchase. Labels play an important role in sales promotional schemes launched by companies.

40. **Option (2) is correct.**

Explanation: The term 'business environment' means the sum total of all individuals, institutions and other forces that are outside the control of a business enterprise but that may affect its performance.

41. **Option (1) is correct.**

Explanation: Some degree of deviation in performance can be expected in all activities. Thus, it is essential to determine the permissible range these deviations.

42. **Option (4) is correct.**

43. **Option (4) is correct.**

Explanation: Managers require authority commensurate with their responsibility. There should be a balance between authority and responsibility. An organisation should build safeguards against abuse of managerial power. At the same time a manager should have necessary authority to carry out his responsibility.

44. **Option (3) is correct.**

Explanation: In marketing, product is a mixture of tangible and intangible attributes, which are capable of being exchanged for a value, with ability to satisfy customer needs.

45. **Option (1) is correct.**

Explanation: Several wage incentive plans aims at linking payment of wages to increase in productivity at individual or group level.

46. **Option (1) is correct.**

> *Explanation:* Conflict may arise among different divisions with reference to allocation of funds and further a particular division may seek to maximise its profits at the cost of other divisions.

47. **Option (2) is correct.**

48. **Option (1) is correct.**

49. **Option (1) is correct.**

50. **Option (3) is correct.**

> *Explanation:* To see whether plans are being implemented and activities are performed according to schedule is also part of the planning process. Monitoring the plans is equally important to ensure that objectives are achieved.

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