

SAMPLE PAPER 2

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.
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1. In a cotton textile mill, various tasks viz. spinning, weaving, sizing, bleaching, etc. were divided to different groups of persons. Identify the principle of management stated here.
 - (1) Unity of command
 - (2) Division of work
 - (3) Stability of personnel
 - (4) Unity of direction
2. A good manager works through a combination of which of the following?
 - (1) Practice
 - (2) Creativity and imagination
 - (3) Initiative and innovation
 - (4) All of the above
3. Even though the political conditions vary from country to country, they impact the sentiment of an investor in the business, if the instability of the political conditions cause uncertainty and make it difficult for him to predict the future. Which feature of the business environment is being highlighted in the above statement?
 - (1) Specific and general forces
 - (2) Dynamic nature
 - (3) Relativity
 - (4) All of the above
4. Which of the following statements is incorrect?
 - (1) Through internal sources of recruitment employees may become lethargic if they are sure of time-bound promotions.
 - (2) A new enterprise cannot use internal sources of recruitment.
 - (3) Frequent transfers of employees improves the productivity of the organization.
 - (4) None of the above.
5. is the process of dividing work into manageable activities and then grouping the activities which are similar in nature.
 - (1) Coordination
 - (2) Departmentalisation
 - (3) Organisation structure
 - (4) Delegation of authority
6. To see whether plans are being implemented and activities are being performed according to the schedule, is a step of planning process. Identify the step.
 - (1) Selecting the best alternative
 - (2) Implementing the plan
 - (3) Follow up action
 - (4) Evaluating alternative courses of action
7. What should be the 'focus point' for a manager while controlling, as controlling at each and every step is not possible?
 - (1) Special area
 - (2) Key result area
 - (3) Normal area
 - (4) None of these
8. "Increase in the use of mobile phones and i-pods instead of papers and radio" refers to an example of key component of general environment of business. Identify the component of business environment.
 - (1) Technological
 - (2) Political
 - (3) Legal
 - (4) Economic

9. _____ risks is born by the entrepreneur
- (1) financial risks
 - (2) personal risks
 - (3) psychological risks
 - (4) all of these
10. Which of the following statements is incorrect?
- (1) Financial planning is the process of estimating the fund requirement of a business and specifying the sources of funds.
 - (2) The objective of financial planning is to ensure that enough funds are available at right time.
 - (3) Financial planning is a substitute of Financial Management.
 - (4) None of the above
11. Which of the following does not apply to Principles of Management?
- (1) Applicable in large firms
 - (2) Formed by practice and experience of managers
 - (3) Flexible
 - (4) Contingent
12. Which of the following statements is false with respect to training ?
- (1) Enhances employee productivity
 - (2) Equips the future manager
 - (3) Increases employee morale
 - (4) None of the above
13. R-Ox Ltd. wants to increase their market share by 4.5% in next two years. It spent a lot of money to hire specialized people for framing their plans, collecting important facts about environment who took lot of time to frame plans for the company. The competition has started increasing, and it is not able to beat its competitors because it has already spent a huge amount. The plan failed and company suffered a huge loss. Identify the limitation of planning stated in the given case.
- (1) Planning involves huge cost.
 - (2) Planning may not work in a dynamic environment.
 - (3) Planning is a time-consuming process.
 - (4) All of the above.
14. Full form of NSDL is;
- (1) National Securities Depository Limited
 - (2) National Share Depository Limited
 - (3) National Securities Development Limited
 - (4) National Share Development Limited
15. If a manager is not able to achieve the target production of 6,000 units but is able to reduce the costs significantly, then what will he be considered as?
- (1) Only efficient
 - (2) Only effective
 - (3) Both efficient and effective
 - (4) Neither efficient nor effective

16. Match the FUNCTIONS of Financial Markets in Column I with their correct MEANING in Column II.

	Column I		Column II
(a)	Allocated Function	(i)	Establish a price for the financial asset through interaction between house-holds and business firms.
(b)	Facilitating Price Discovery	(ii)	Easy purchase and sale of financial assets.
(c)	Financial Assets Liquidity	(iii)	Mobilization of savings and channelising them into the most productive use.

- (1) (ii), (iii), (i)
 - (2) (iii), (ii), (i)
 - (3) (ii), (i), (iii)
 - (4) (iii), (i), (ii)
17. State a remedy to solve the problems of women entrepreneurs.
- (1) Social attitude
 - (2) Finance cells
 - (3) Stiff Competition
 - (4) Supervision
18. "Even after opening up of the Indian economy in 1991 foreign companies found it extremely difficult to cut through the bureaucratic red tape to get permits for doing business in India, which created a negative impact on business."
Identify the dimension of the business environment which led to creation of the negative impact on business.
- (1) Social Environment
 - (2) Technological Environment
 - (3) Political Environment
 - (4) Legal Environment
19. Which of the following functions of marketing helps in building customer's loyalty and in promoting its sale?
- (1) Standardisation
 - (2) Branding
 - (3) Pricing of Products
 - (4) Grading
20. Which of the following statements is true for management as a science?
- (1) Existence of theoretical knowledge
 - (2) Based on practice and creativity
 - (3) Principles based on experimentation
 - (4) Professional association
21. _____ is short-term finance repayable on demand, with a maturity period of one day to fifteen days.
- (1) Call Money
 - (2) Treasury Bill
 - (3) Commercial Paper
 - (4) Commercial Bill
22. Match the PERSONNEL UNDER PLANNING INCHARGE in Column I with their RESPONSIBILITIES in Column II.

	Column I		Column II
(1)	Instruction card clerk	(i)	Specify the route of production
(2)	Route clerk	(ii)	Ensure discipline
(3)	Time and cost clerk	(iii)	Draft instructions for the workers
(4)	Disciplinarian	(iv)	Prepare time and cost sheet

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

- 23.** Which of the following are considered as the pillars of marketing?
 (1) Packaging
 (2) Labelling
 (3) Both (1) and (2)
 (4) None of these
- 24.** According to the union budget 2022, both centre and states government employee tax deduction limit has been increased from 10 percent to ____ -
 (1) 10 per cent (2) 12 per cent
 (3) 14 per cent (4) 18 per cent
- 25.** 'Planning is required in all organisations, at all levels and in all departments.'
 feature of Planning is stated in the above statement ?
 (1) Planning is futuristic.
 (2) Planning is pervasive.
 (3) Planning is a mental exercise.
 (4) None of the above
- 26. Assertion (A):** Controlling ensures that resources are used in the most effective and efficient manner.
Reason (R): In controlling, each activity is performed in accordance with predetermined standards and norms.
 (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.
- 27. Assertion (A):** A small enterprise cannot afford to install an expensive control system.
Reason (R): Control system loses some of its effectiveness when standards cannot be defined in quantitative terms.
 (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.
- 28.** Name the principle of Scientific Management which suggests the introduction of scientific investigation and analysis.
 (1) Science, not rule of thumb

- (2) Harmony not discord
 (3) Cooperation not individualism
 (4) Development of each person to her/his greatest efficiency and prosperity

- 29.** 'The consumer has the right to acquire knowledge and to be a well-informed consumer throughout life'. Identify the right stated in the above lines.
 (1) Right to Seek Redressal
 (2) Right to be Heard
 (3) Right of Consumer Awareness
 (4) Right to Choose
- 30.** method of training is suitable when employees are required to handle sophisticated machinery.
 (1) Apprenticeship Programmes
 (2) Internship Training
 (3) Vestibule Training
 (4) Induction Training
- 31.** Sandeep purchased a packet of biscuits from a nearby shop. He observed that the ingredients given on the label were not legible. He complained about it to the customer care of the company. The company sent a written apology besides stating that it will be ensured that the existing packets in the market will be withdrawn with immediate effect and new packets with legible labels will be made available. Which consumer right did Sandeep exercise?
 (1) Right to be Informed
 (2) Right to be Heard
 (3) Both (1) and (2)
 (4) Neither (1) nor (2)
- 32.** Yummy Foods Ltd. has its registered office in Lucknow, manufacturing unit in Kanpur and marketing department in Chandigarh. type of organisational structure should be adopted by the company to achieve its objectives.
 (1) Functional
 (2) Divisional
 (3) Both (1) and (2)
 (4) Neither (1) nor (2)
- 33.** Which type of organisational structures is the most suitable when the size of the organisation is large and is producing one line of product?
 (1) Functional (2) Divisional
 (3) Both (1) and (2) (4) None of these
- 34.** Samay wanted to purchase a car with the latest standards and possessing features to minimize pollution. He saw an advertisement and subsequently visited the showroom of the company where the car was displayed. In his discussion, the marketing manager told Samay that the company is providing credit facilities, maintenance services and many other useful services on account of which the company is experiencing repeat sales

and has been able to develop brand loyalty. Thus, marketing function is being discussed between the marketing manager and Samay.

- (1) Branding
 - (2) Customer support service
 - (3) Promotion
 - (4) Physical distribution
- 35.** "The components of business environment keep on changing due to changes in various circumstances." This shows that business environment is
- (1) Dynamic
 - (2) Uncertain
 - (3) Complex
 - (4) Relative
- 36.** Aman had 55 shares of Vani Ltd. He wanted to sell 30 shares, so he went for a specific market to sell them through online portal. He went for which of following markets?
- (1) Money Market
 - (2) Secondary Market
 - (3) Primary Market
 - (4) None of the above
- 37.** Pragya bought an iron of reputed brand for ₹ 1,500 but it caused an electric shock while it was being used. Pragya wants to exercise her 'Right'. Identify the right which she can exercise.
- (1) Right to Choose
 - (2) Right to be Informed
 - (3) Right to be Heard
 - (4) Right to be Protected
- 38.** comes under the top management.
- (1) Chief Executive Officer
 - (2) Operations Manager
 - (3) Foremen
 - (4) Supervisors
- 39.** _____ is a stage at which idea of new product is tested in potential consumers to determine consumer acceptance
- (1) Concept
 - (2) Product development
 - (3) Test marketing
 - (4) Commercialization
- 40.** An important project at AMB Consultants is running behind schedule by a month. This has upset their clients and might affect the reputation of the company in the long run. No managerial action like assigning more workers, equipment or giving overtime has been able to solve the problem. What managerial action may now be taken by the company to avoid such a situation from arising in future?
- (1) Revise the schedule
 - (2) Assigning additional workers and equipment to the project
 - (3) Get permission for further overtime work
 - (4) Both (2) and (3)

41. Which of the following marketing functions is concerned with informing the customers about the firm's products?

- (1) Physical Distribution
- (2) Promotion
- (3) Market Planning
- (4) Packaging and Labelling

42. are the anticipated environments in which plans are expected to operate.

- (1) Planning premises
- (2) Forecasting
- (3) Objectives
- (4) None of these

43. Which of the following statements is false regarding financial market?

- (1) Financial markets complicate the purchase and sale of financial assets.
- (2) Financial markets provide valuable information about securities being traded in the market.
- (3) They provide liquidity to financial assets.
- (4) None of the above.

44. The foremost objective of financial management is:

- (1) Maximisation of market share
- (2) Maximisation of shareholders' wealth
- (3) Maintenance of liquidity
- (4) Profit maximisation

45. An IT company currently employing 5,000 people, plans to expand its business through diversification. It aims to become a global leader. To achieve this goal, it has started shifting to a decentralised management system from a centralized one. Thus, function of management is being performed by the company to become a decentralised company.

- (1) Directing
- (2) Staffing
- (3) Organising
- (4) Planning

46. Which of the following steps in the process of staffing involves the process of searching for prospective employees and stimulating them to apply for respective jobs in the organization?

- (1) Recruitment
- (2) Selection
- (3) Training and Development
- (4) Placement and Orientation

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

Mr. Sunil Diali is a safety officer in a reputed PSU sector ECL. He supervises the workers towards the predetermined goals of the organisation and directs how to eradicate unsafe practices of inundation, fire breakouts, existence of inflammable gases, etc. On one such instances there was huge fire breakout in the underground mines and the workers morale was down and demotivated because of several risk hazards. Mr. Diali observed the whole situation and consulted with all his workers and constantly monitored, guided and inspired them

to integrate their efforts and accept the situation as a challenge and take adequate safety measures for fire extinguish and subsidizing its effects. Thereby, production turnover was outstanding and outperformed other subsidiaries. Mr. Diali was recognized with Bravery Award from CIL.

- 47.** Mr. Diali worked towards predetermined goals of the organization. Which important function of directing is addressed here?

(1) Means of motivation (2) Initiates action
(3) Facilitate change (4) Brings stability

- 48.** Mr. Diali consulted with all his workers, he listened to their opinions. Which form of leadership is identified here?

(1) Laissez-faire (2) Autocratic
(3) Democratic (4) Free-rein

- 49.** Bravery award is form of non-financial incentive.

(1) Status
(2) Job security
(3) Career advancement
(4) Employee recognition

- 50.** Under Maslow's hierarchy need theory which need of Mr. Diali has been met through respect and recognition among other employees?

(1) Self-Actualization need
(2) Safety and security needs
(3) Esteem needs
(4) Physiological needs



SOLUTIONS

1. Option (2) is correct.

Explanation: Dividing work among the workforce helps improve the quality of the overall product. Henry Fayol said that specialization in work increases the productivity and improves efficiency. Division of labour also leads to the specialization, accuracy and speed of the workers.

2. Option (4) is correct.

Explanation: A good manager should practice his skills. He should be creative, innovative, imaginative and take initiative to perform the tasks of the organisation in order to achieve goals.

3. Option (4) is correct.

Explanation: Business environment includes both specific and general forces. 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. Business environment is a relative concept since it differs from country to country and even region to region.

4. Option (3) is correct.

Explanation: Transfer is a tool of training the employees to prepare them for higher jobs. Frequent transfers of employees may often reduce the productivity of the organisation.

5. Option (2) is correct.

Explanation: Once work has been divided into small and manageable activities, then those activities which are similar in nature, are grouped together. This process is called departmentalization. Departments can be created on the basis of products, functions and territory. This brings specialization in operation.

6. 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.

7. Option (2) is correct.

Explanation: Control should focus on key result areas (KRAs) which are critical to the success of an organisation. These KRAs are set as the critical points.

8. Option (1) is correct.

Explanation: Technological environment includes forces relating to scientific improvements and innovations which provide new ways of producing goods and services and new methods and techniques of operating a business.

9. Option (4) is correct.

10. Option (3) is correct.

Explanation: Financial planning is not equivalent to, or a substitute for, financial management. Financial management aims at choosing the best investment and financing alternatives by focusing on their costs and benefits. Its objective is to increase the shareholders' wealth. Financial planning on the other hand aims at smooth operations by focusing on fund requirements and their availability in the light of financial decisions.

11. Option (1) is correct.

Explanation: The principles of management are intended to apply to all types of organisations, business as well as non-business, small as well as large, public sector as well as private sector, manufacturing as well as the service sectors.

12. Option (4) is correct.

Explanation: Training refers to the process of enhancing the skills, capabilities and knowledge of employees for performing a particular job. This process molds the thinking of employees and leads to quality performance of employees.

13. Option (4) is correct.

Explanation: Planning requires a lot of time to collect information, its analysis and interpretation. So it is a time consuming

process. When plans are drawn up huge costs are involved in their formulation. The environment in which a business survives is dynamic as it keeps on changing. The dynamic environment may sometimes lead to failure of plans.

14. Option (1) is correct.

15. Option (1) is correct.

Explanation: Efficiency means doing the task correctly and with minimum cost. Efficiency is increased when for the same benefit or outputs, fewer resources are used and less costs are incurred.

16. Option (4) is correct.

17. Option (2) is correct.

18. Option (3) is correct.

Explanation: Political Environment means that the actions were taken by the government, which potentially affect the routine activities of any business or company on a domestic or at the global level.

19. Option (2) is correct.

Explanation: Branding means giving an attractive name, symbol or identity mark to the product to make a product different from others so that it is known by that name or symbol or mark.

20. Option (3) is correct.

Explanation: Scientific principles are first developed through observation and then tested through repeated experimentation under controlled conditions.

21. Option (1) is correct.

Explanation: Call money is a short-term finance repayable on demand, with a maturity period of one day to fifteen days, used for inter-bank transactions. Commercial banks have to maintain a minimum cash balance known as cash reserve ratio.

22. Option (2) is correct.

23. Option (3) is correct.

Explanation: Packaging and labelling have become so important in modern day marketing that these are considered as the pillars of marketing. Packaging is important not only for protection of the products but also serves as a promotional tool.

24. Option (3) is correct.

25. Option (2) is correct.

Explanation: Planning is required at all levels of management as well as in all departments of the organisation. It is not an exclusive function of top management nor of any particular department.

26. Option (1) is correct.

Explanation: A good control system enables management to verify whether the standards set are accurate and objective. By exercising control, a manager seeks to reduce wastage and spoilage of resources.

27. Option (2) is correct.

Explanation: Control is a costly affair as it involves a lot of expenditure, time and effort. A small enterprise cannot afford to install an expensive control system. It cannot justify the expenses involved. Managers must ensure that the costs of installing and operating a control system should not exceed the benefits derived from it.

28. Option (1) is correct.

Explanation: This rule focuses on increasing the efficiency of an organisation through scientific analysis of work and not with the 'Rule of Thumb' method.

29. Option (3) is correct.

Explanation: A consumer, who is well informed about his rights and the relief available to him, would be in a position to raise his voice against any unfair trade practices or unscrupulous exploitation. In addition to this, an understanding of his responsibilities would also enable a consumer to safeguard his interests.

30. Option (3) is correct.

Explanation: Employees learn their jobs on the equipment they will be using, but the training is conducted away from the actual work floor. Actual work environments are created in a class room and employees use the same materials, files and equipment. This is usually done when employees are required to handle sophisticated machinery and equipment.

31. Option (3) is correct.

Explanation: A consumer has a right to be informed about the quality, ingredients of the products. And also the grievance of the customer should be heard and solved at its earliest.

32. Option (1) is correct.

Explanation: An organisation structure formed by grouping together all activities into functional departments and putting each department under one coordinating head is called functional structure.

33. Option (1) is correct.

Explanation: A functional structure is most suitable when the size of the organisation is large, has a diversified activities and operations require a high degree of specialisation.

34. Option (2) is correct.

Explanation: A very important function of the marketing management relates to developing customer support services such as after sales services, handling customer complaints and adjustments, procuring credit services, maintenance services, technical services and consumer information. All these services aim at providing maximum satisfaction to the customers, which is the key to marketing success in modern days.

35. Option (1) is correct.

Explanation: Environmental change is concerned with the degree to which an organisation's environment is dynamic and ever-changing. Change in environment occurs in areas like product, market, law or technology. However, some environmental factors such as technological and competitive environmental factors are changing faster than the political environment.

36. Option (2) is correct.

Explanation: The secondary market is also known as the stock market or stock exchange. It is a market for the purchase and sale of existing securities. It helps existing investors to disinvest and fresh investors to enter the market.

37. Option (4) is correct.

Explanation: Right to be protected means the Right to safety against the marketing of goods and services, which are hazardous to life & property. The purchased goods and services availed of should fulfill long term interest of the customers.

38. Option (1) is correct.

Explanation: The top level management includes Board of Directors and the Chief Executive. This level determines the objectives of the business as a whole and lays down policies to achieve these objectives.

39. Option (3) is correct.

Explanation: Test marketing is a controlled experiment conducted by companies in a carefully selected market to test the viability of their new product and marketing strategy.

40. Option (1) is correct.

41. Option (2) is correct.

Explanation: Promotional activities include advertising, personal selling, sales promotion and publicity. All promotional activities involve communication with the existing and prospective customers whereby they are made aware of the product, its distinctive features, price, availability, etc. The objective of promotional activities is to motivate the customers to buy the product

42. Option (1) is correct.

Explanation: Premises include actual forecast data, policies and plans of the enterprise. Planning involves looking into the future which necessitates the enterprise to know how future conditions will affect its activities.

43. Option (1) is correct.

Explanation: Financial markets facilitate easy purchase and sale of financial assets. In doing so they provide liquidity to financial assets, so that they can be easily converted into cash whenever required. Holders of assets can readily sell their financial assets through the mechanism of the financial market.

44. Option (2) is correct.

Explanation: The primary aim of financial management is to maximise shareholders' wealth, which is referred to as the wealth maximisation concept.

45. Option (3) is correct.

Explanation: Organising facilitates growth and diversification of activities through clear division of work. It helps in developing a proper organisation structure and the extent and nature of decentralisation can be determined.

46. Option (1) is correct.

Explanation: Recruitment refers to searching for suitable candidates for the various job positions to be filled up from time to time in the organisation. It is the process of finding and attracting suitable applicants for employment.

47. Option (2) is correct.

Explanation: Directing is the starting point of action. It initiates action based on planning,

organising and staffing. Action is initiated when the managers provide direction to their subordinates for carrying out the task. Therefore, the directing function provides a set of guidelines to the employees on how to start working towards achieving the goals of the organisation.

48. Option (3) is correct.

Explanation: It refers to a style where the leader consults its subordinates before taking the final decision.

49. Option (3) is correct.

Explanation: Recognition means acknowledgement with a show of appreciation. When such appreciation is given to the work performed by employees, they feel motivated to perform at higher level.

50. Option (3) is correct.

Explanation: At the fourth level in Maslow's hierarchy is the need for appreciation and respect. When the needs at the bottom three levels have been satisfied, the esteem needs begin to play a more prominent role in motivating behaviour.

