SAMPLE PAPER 7

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

(1) Continuous (2) Non-continuous

(3) Frequent (4) Alter

2. Management principles are very ____________ whereas pure science principles are rigid.

(1) Flexible (2) Contingent

(3) Dependent (4) Absolute

3. The term 'Business Environment' means the sum total of:

(1) All individuals.

(2) Institutions.

(3) Other forces that are outside the control of a business enterprise.

(4) All of the above

4. 'It involves application of high order thinking skills and intellectual faculties, involving vision and foresightedness to decide the things to be done in the future.'

Which feature of Planning is stated in the above line? U

(1) Planning is futuristic

(2) Planning is pervasive

(3) Planning is a mental exercise

(4) None

5. Which of the following is true about development ?

(1) It increases executive's professional talent.

(2) It helps in tackling the complex management working problems.

(3) It is wider than training.

(4) All of the above

6. Which of the following statements is true about directing?

(1) Directing is necessary at planning stage.

(2) Directing is needed at every level of management in each department.

(3) Directing is initiated at lower level of management.

(4) Directing is the least important function of management.

7. An effort to control everything may end up in controlling nothing is related to:

(1) Critical Point Control

(2) Management by Exception

(3) Management by Information

(4) Key Result Areas

8. Which of the following is not an objective of financial planning?

(1) To ensure availability of funds whenever required.

(2) To choose the best investment and financing alternatives by focusing on their costs and benefits.

(3) To see that the firm does not raise resources unnecessarily.

(4) All are the objectives of financial planning.

9. _______ is not considered as one of the building blocks of the model entrepreneur.

(1) Technical skills

(2) Management competencies

(3) Business awareness
(4) Personal attributes

10. In which channel, manufactures sells the goods directly to the customer?
(1) Direct channel (2) One level channel
(3) Two level channel (4) Three level channel

11. .... is the time span between the receipt of raw material and their conversion into finished goods.
(1) Production cycle
(2) Business cycle
(3) Both (1) and (2)
(4) None of these

12. Which quality certification mark is used to ensure safety of electrical goods?
(1) Hallmark (2) AGMARK
(3) ISI (4) FPO

13. Decisions taken on the behalf of the enterprise by an entrepreneur are known as ________
(1) Organisational decisions
(2) Personal decisions
(3) Routine decisions
(4) Strategic decisions

14. Which concept of marketing emphasise on availability and affordability of the product?
(1) Marketing concept
(2) Product concept
(3) Sales concept
(4) Production concept

15. 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

16. '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

17. The quality of production is not as per standards. On investigation, it was observed that most of the workers were not fully aware of the proper operation of the machinery. What could be the way to improve the accuracy ?
(1) Training
(2) Development
(3) Both training and development
(4) Neither training nor development

18. "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

19. 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

20. Name the process of working with and through others to effectively achieve organisational objectives by efficiently using limited resources in a changing environment.
(1) Management (2) Planning
(3) Organising (4) Controlling

21. Match the ELEMENTS of Directing in Column I with their correct EXPLANATION in Column II

	Column I		Column II
(1)	Supervision	(i)	Process of influencing people to strive willingly for group objectives.
(2)	Motivation	(ii)	Process of stimulating people to action to accomplish desired goals of organisation.
(3)	Leadership	(iii)	Process of exchange of ideas between or among persons and create understanding.
(4)	Communication	(iv)	Process of overseeing the work.

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

22. Which of the following statement 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.

23. 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 dynamic environment

(3) Planning is a time-consuming process

(4) All of the above

24. "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

25. Solar Horse Ltd. decided to import new hi-tech machines from Korea to decrease the cost of production and increase quality of work. It decided to give one month training to 5 supervisors and 10 workers to provide technical knowledge and skills to operate those machines. For this, dummy models of machinery were provided to them to practice on it. Identify the type of training provided by Soler Horse Ltd.

(1) Internship Training

(2) Apprenticeship Training

(3) Induction Training

(4) Vestibule Training

26. Which of the following statements is true regarding Laissez Faire Style of Leadership?

(1) The leader gives complete freedom to the subordinates.

(2) The leader gives orders and insists that they are obeyed.

(3) The leader does not change or wish to be contradicted.

(4) All are true.

27. "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

28. Which of the following feature of management involved in managing an enterprise is common to all organisations whether economic, social or political :

(1) Management is a goal-oriented process

(2) Management is all pervasive

(3) Management is a continuous process

(4) Management is a group activity

29. ……………….. 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

30. Net working capital may be defined as the:

(1) Excess of current assets over current liabilities

(2) Excess of current liabilities over current assets

(3) Both **(1)** and **(2)**

(4) None of the above

31. **Assertion (A):** Certificates of Deposit (CD) are secured, negotiable, long-term instruments in bearer form.

Reason (R): A rise in call money rates makes other sources of finance such as commercial paper and certificates of deposit cheaper in comparison as banks raise funds from these sources.

(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. **Assertion (A):** A commercial bill is a bill of exchange used to finance the working capital requirements of business firms.

Reason (R): Commercial bill is a short-term, negotiable, self-liquidating instrument which is used to finance the credit sales of firms.

(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.

33. Name the quality mark used for food products.

(1) AGMARK **(2)** FPO

(3) Hallmark **(4)** ISI

34. Which one is not an element of marketing mix?

(1) Product

(2) Promotion

(3) Protection of consumer

(4) Place

35. Agricultural products use a quality certification mark. Name the mark.

(1) ISI **(2)** FPO

(3) AGMARK **(4)** Hallmark

36. A cardboard box consisting of 10 packets of 1 Kg sugar, is an example of:

(1) Primary packaging

(2) Secondary packaging

(3) Transportation packaging

(4) None of the above

37. Fixed capital is financed through:

(1) Equity shares (2) Preference shares
(3) Debentures (4) All of these

38. "Many business firms have set up their own consumer service and grievance cells." Which right is being highlighted in the given statement?
(1) Right to Consumer Education
(2) Right to be informed
(3) Right to seek Redressal
(4) Right to be heard

39. Which is the apex statutory body of capital market to which customers can complain to redress their grievances ?
(1) SEBI (2) CDSL
(3) NSE (4) BSE

40. Planning means to look ahead while Controlling means to :
(1) Look straight (2) Look back
(3) Look side (4) None of the above

41. Which of the following statements is incorrect regarding Motivation?
(1) It is the process of stimulating subordinates to act in a desired manner to achieve certain organisational goals.
(2) It produces goal-directed behaviour.
(3) It is an external feeling of an individual
(4) It is mainly based on needs of individuals.

42. Graphical representation of the various activity and event relating to a project is known as ________
(1) Network (2) Scheduling technique
(3) Logical Model (4) Network Diagram

43. Meena, a proof reader in Akash Publications, has been given a target of reading at least 40 pages per day. She has a habit of doing things differently. While doing her work, an idea struck her that a summary of a chapter in the form of a map where all the concepts related to that chapter would be interlinked, should be given in starting of each chapter. It will give students a gist of chapter as well as provide a competitive edge over other publishers. But instead of appreciating her idea, her immediate boss scolded her and asked her to complete the work as per prescribed format. Out of the following, identify the limitation of planning stated in above paragraph :
(1) Planning reduces creativity
(2) Planning involves huge cost
(3) Planning is a time-consuming process
(4) Planning does not work in dynamic environment

44. Which of the following statement 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) All are correct

45. 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

46. .... 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

I. Read the following text and answer the questions given below:

'Pappu Sweets Makers' is a sweets making company which has turnover in crores. In order to manage the work in the organisation, the departments have been created on the basis of functions.

Examine the following situations of this organisation and give answers accordingly:

Situation 1: It is expected that employees who are performing similar tasks work under the same department. So the company now has HR, Marketing and Finance departments. The division is based on specific functions.

Situation 2: There are similarities in the tasks performed within the same department.

Situation 3: The profit is increasing month by month due to the success of this structure of the organisation.

Situation 4: There has been minimum duplication of efforts as the same department is taking care of single function.

47. Which type of organisation structure is discussed in the above case?
(1) Functional (2) Divisional
(3) Linear (4) None of these

48. What will be the outcome of Situation 2 ?
(1) Increase in control and coordination
(2) Quick decision-making
(3) More initiatives
(4) Flexibility

49. Why do you think the profit is increasing as given in Situation 3?
(1) Due to product specialisation
(2) Due to managerial and operational efficiency
(3) Due to flexibility
(4) Due to no repetition of tasks

50. What will be the result of Situation 4?
(1) Reduction in cost
(2) Increase in cost
(3) Stability to the organization
(4) None of the above

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SOLUTIONS

1. Option (1) is correct.

   Explanation: Management is a ongoing and never ending process as it is required at every stage of the business. The constant identifying the problem and solving them is the duty of the manager.

2. Option (1) is correct.

   Explanation: Principles of management are not rigid and can be modified as per the situation by the manager. The principles are universally applicable and can be modified as per the nature and requirement of the business.

3. Option (4) is correct.

   Explanation: Business environment includes all the external and internal forces that affect the working of an organisation.

4. Option (3) is correct.

   Explanation: Planning is a mental exercise as the plans are modified and changed according to the environment and changes in an organisation. The goals are set keeping all the resources is mind.

5. Option (4) is correct.

   Explanation: Development increases the professional talent and ability of tackling problems in an organsiation. Development much wider than training as it helps in overall development of an individual.

6. Option (2) is correct.

   Explanation: Directing takes place at every level of management: Every manager, from top executive to supervisor performs the function of directing.

7. Option (2) is correct.

8. Option (2) is correct.

   Explanation: The main objectives of financial planning is to ascertain the amount of fixed capital as well as the working capital required in a given period, to determine the amount to be raised through various sources using a judicious debt-equity mix and to ensure that the required amount is raised on time at the lowest possible cost.

9. Option (3) is correct.

10. Option (1) is correct.

    Explanation: Direct channel does not include any middle men. In this channel manufacturer sells the goods directly to the customer.

11. Option (1) is correct.

    Explanation: Production cycle is the time span between the receipt of raw material and their conversion into finished goods. Some businesses have a longer production cycle while some have a shorter one. Duration and the length of production cycle, affects the amount of funds required for raw materials and expenses.

12. Option (2) is correct.

    Explanation: The Bureau of Indian standards, custodian of the ISI mark, has made certification of electrical appliances mandatory.

13. Option (1) is correct.

14. Option (1) is correct.

    Explanation: Marketing concept emphasise on availability and affordability of the product.

15. Option (1) is correct.

16. Option (2) is correct.

    Explanation: Planning is said to be pervasive as it is required everywhere in all organisations, at all levels and in all departments.

17. Option (1) is correct.

    Explanation: Training is any process by which the aptitudes, skills and abilities of employees to perform specific jobs are increased. It is a process of learning new skills and application of knowledge. It attempts to improve their performance on the current job or prepare them for any intended job.

18. Option (1) is correct.

19. Option (1) is correct.

    Explanation: In controlling the deviations are found by comparing the predetermined goals with the actual performance as analysis every step is not possible.

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

> *Explanation:* Management is the process of planning and organising the limited resources to achieve specific goals in most effective manner.

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

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

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

> *Explanation:* Planning is a time consuming process as all the internal and external process are analysed before formulating a plan may sometimes not work in changing environment.

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

> *Explanation:* Business Environment is said to be dynamic as it keeps changing with the change in different external forces.

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

> *Explanation:* In vestibule training, the workers are trained in a prototype environment on specific jobs in a special part of the plant. An attempt is made to create working condition similar to the actual workshop conditions.

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

> *Explanation:* It refers to a style where the leader gives his subordinates complete freedom to take the decisions. Such a leader does not believe in the use of power unless it is absolutely essential. The followers are given a high degree of independence to formulate their own objectives and ways to achieve them.

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

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

> *Explanation:* Management is required in all types of organisations whether it is political, social, cultural. Management is considered a universal phenomenon.

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

> *Explanation:* Departmentalization is a process of grouping similar activities into departments which leads to specialization.

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

> *Explanation:* Some part of current assets is usually financed through short-term sources, i.e., current liabilities. The rest is financed through long-term sources and is called net working capital. Thus, NWC = CA – CL (i.e. Current Assets – Current Liabilities.)

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

> *Explanation:* Certificates of Deposit (CD) are unsecured, negotiable, short-term instruments in bearer form, issued by commercial banks and development financial institutions.

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

> *Explanation:* Commercial bills are basically negotiable instruments accepted by buyers for goods or services obtained by them on credit. Such bills being bills of exchange can be kept upto the due date and encashed by the seller or may be endorsed to a third party in payment of dues owing to the latter.

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

> *Explanation:* The FPO mark guarantees that the product was manufactured in a hygenic 'food-safe' environment ensuring that the product is fit for consumption.

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

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

> *Explanation:* AGMARK is a quality certification mark used for agricultural products.

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

> *Explanation:* Secondary packaging refers to the exterior packaging of the primary packaging that protects the product.

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

> *Explanation:* Fixed capital be financed through long-term sources of capital such as equity or preference shares, debentures, long-term loans and retained earnings of the business. Fixed Assets should never be financed through short-term sources.

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

> *Explanation:* Grievance cells provide the assistance to the consumers and solve there grievances and complaint regarding the product or service.

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

> *Explanation:* SEBI was established to protect the interest of people in the stock market and provide a healthy environment for them. It is the supreme statutory body of capital market to which customers can complain to redress their grievances.

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

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

Explanation: Motivation is an internal feeling. The urge, drives, desires, aspirations, striving or needs of human being, which are internal, influence human behavior.

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

Explanation: Network diagram is a graphical presentation of the variables activities and events relating to a project.

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

Explanation: Creative thinking is a key capability that helps individuals and organisations deal with and manage change.

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

Explanation: Business environment suffers to the sum total all external and internal forces which affect the functioning of an enterprise.

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

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

Explanation: Management is pervasive in nature as it is required in every organisation and at all levels of organsiation. Management is said to be universal in nature.

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

Explanation: A functional structure leads to occupational specialisation since emphasis is placed on specific functions. This promotes efficiency in utilisation of manpower as employees perform similar tasks within a department and are able to improve performance.

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

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

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

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