

SAMPLE PAPER 4

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. Rohan is manufacturing lunch boxes for school going children. To maximize the profits, he decided to improve their quality and added a hot case to the boxes. As a result of this improvement in the product, its sale increased gradually. Which of the following marketing philosophy was involved :
(1) Product (2) Prize
(3) Standard (4) None of the above
2. Which fund in an organisation possess finance for day to day operations
(1) Fixed capital (2) Working capital
(3) Retained earnings (4) None of the above
3. Directing takes place between who among the following:
(1) Superior-Superior
(2) Superior-Subordinate
(3) Subordinate-Subordinate
(4) All of the above
4. Staffing is a process which involves a series of steps. Arrange the following steps in correct order:
(i) Placement and Orientation
(ii) Recruitment
(iii) Selection
(iv) Estimating manpower requirement
(1) (iv), (ii), (iii), (i) (2) (iv), (iii), (ii), (i)
(3) (i), (ii), (iii), (iv) (4) (ii), (iv), (iii), (i)
5. Which of the following statements is true about the organizing function of management?
(1) Departmentalisation is the first step in the process of organising.
(2) Organising discourages creativity amongst the managers.
(3) Organising allows a business enterprise to accommodate changes in the business environment.
(4) All of the above
6. Design phase comprises of _____
(1) Input received (2) Output received
(3) Both (1) and (2) (4) None of the above
7. State the five dimensions that must be managed on a project
(1) Constraint, Quality, Cost, Schedule, Staff
(2) Features, Quality, Cost, Schedule, Staff
(3) Features, priority, Cost, Schedule, Staff
(4) Features, Quality, Cost, Schedule, customer
8. Which of the following is the feature of Business Environment?
(1) It is a relative concept since it differs from country to country and even region to region.
(2) It enables the firm to identify opportunities and getting the first mover advantage.
(3) It helps in tapping useful resources.
(4) All of the above
9. According to Fayol, the interests of an should take priority over the interests of an
(1) organization, individual
(2) individual, organization
(3) individual, group
(4) group, organization

- 10.** "The increase in the demand for many ayurvedic medicines, health products and services in the past few months, is related to the need for building immunity and an increased awareness for health care due to the spread of Corona Virus." Identify the feature of business environment being described above.
- Specific and general forces
 - Inter-relatedness
 - Relativity
 - None of the above
- 11.** At which level managers spend more time in planning and organising?
- Top level
 - Middle level
 - Lower level
 - All of these
- 12.** Which study is the study of movements?
- Method
 - Motion
 - Time
 - None of these
- 13.** plays a very important role in the organization as they act as a link between the top and lower level management.
- Supervisory level
 - Middle level
 - Operational level
 - First line managers
- 14.** Hiring of employees is done by :
- Top level
 - Middle level
 - Lower level
 - All of these
- 15.** The term 'Business Environment' means the sum total of:
- All individuals.
 - Institutions.
 - Other forces that are outside the control of a business enterprise.
 - All of the above
- 16.** In order to make the 'Annual Day' of the school a successful event, the Headmistress of the school segregated all the activities into task groups each one dealing with a specific area. For instance, decorations, refreshments, backstage support, etc. Each group was put under the charge of one teacher. Identify the function of management performed by the Headmistress by dividing the activities and assigning the duties?
- Planning
 - Organising
 - Staffing
 - Directing
- 17.** What does workforce analysis reveal?
- Number of human resources available.
 - Type of human resources available.
 - Both number and type of human resources available.
 - None of the above.
- 18.** Which of the following Maslow's needs refer to affection, sense of belongingness, acceptance and friendship?
- Esteem Needs
 - Self-Actualisation Needs
 - Affiliation/Belonging Needs
 - Safety/Security Needs
- 19.** "A popular brand of Hair Conditioners comes in different categories for different hair, say for normal hair and for other categories". Identify the function of labelling in the above example.
- Providing information required by law
 - Describe the product and specify its contents
 - Grading of products
 - Promotion of products
- 20.** While 'selecting an alternative' under the planning process, which of the following are considered?
- Combination of plans may be selected instead of one best course.
 - Subjectivity and manager's experience or judgment plays a role.
 - The most feasible, profitable plan with least negative consequences is chosen.
 - All of the above
- 21.** Identify an important principle of management control in which only significant deviations which go beyond the permissible limit should be brought to the notice of management.
- Management by control
 - Control by exception
 - Critical point control
 - (1) & (2)
- 22.** A company wants to replace manual production technique with mechanised techniques. Labour unions are resisting this change. Which function of management will help in the introduction of this change?
- Planning
 - Organising
 - Controlling
 - Directing
- 23.** It has been made compulsory to settle all trades within how many days of the trade date on a rolling settlement basis?
- One
 - Two
 - Three
 - Four
- 24.** How are the Management principles derived?
- Observation
 - Experimentation
 - Personal experiences
 - All of the above
- 25.** Match the STEPS in the process of organising in Column I with the appropriate EXPLANATION in Column II.

	Column I		Column II
(a)	Identification and division of work	(i)	Dividing work into manageable activities

(b)	Departmentalisation	(ii)	Establishing a hierarchical structure
(c)	Assignment of duties	(iii)	Grouping similar activities together
(d)	Establishing authority and reporting relationships	(iv)	Allocating jobs to the members of each department

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

- 26.** Match the FEATURES of Planning in Column I with the appropriate EXPLANATION in Column II.

	Column I		Column II
(1)	Mental exercise	(i)	Involves looking ahead and is regarded as a forward looking function.
(2)	Futuristic	(ii)	An intellectual activity of thinking rather than doing.
(3)	Continuous	(iii)	Need for a new plan on the basis of new requirements and future conditions.

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

- 27.** Detailed plans of action are prepared under financial planning. What benefits does this result in?

- (1) Reducing waste
 (2) Reducing duplication of efforts
 (3) Reducing gaps in planning
 (4) All of the above

- 28.** For an enterprise, staffing is the function in the series of management functions?

- (1) First (2) Second
 (3) Third (4) Fourth

- 29.** Creams and medicines are the examples of products.

- (1) Convenience (2) Shopping
 (3) Speciality (4) None of the above

- 30.** Mahindra Bank wants short-term finance for only one or two days. What option should it pick?

- (1) Treasury bills
 (2) Call Money
 (3) Commercial Paper
 (4) None of the above

- 31. Assertion (A):** The controlling function measures progress towards the organisational goals.

Reason (R): Controlling guides the organisation and keeps it on the right track so that organisational goals might be achieved.

- (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):** Controlling creates an atmosphere of order and discipline in the organisation.

Reason (R): Controlling helps to minimise dishonest behaviour on the part of the employees by keeping a close check on their activities.

- (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.** Which of the following is not the element of Directing?

- (1) Delegation (2) Leadership
 (3) Motivation (4) Communication

- 34.** Management principles are contingent or dependent upon the situations prevailing in the organization. Which is the correct explanation associated with this statement?

- (1) Application of principles is suitable in similar situations in a large number of cases.
 (2) Application of principles has to be changed as per requirements.
 (3) Principles of management can be modified.
 (4) None of the above.

- 35.** Which of the following dimensions of Business Environment includes legislations passed by the government administrative orders issued by government authorities?

- (1) Technological Environment
 (2) Social Environment
 (3) Legal Environment
 (4) Economic Environment

- 36.** Which of the following statements is false with respect to Planning?

- (1) It is one of the basic managerial functions.
 (2) Planning is closely connected with creativity and innovation.
 (3) It requires taking decisions.
 (4) None of the above

- 37.** is a legally enforceable document and helps to settle disputes/claims between the investor and the broker. It contains details of the number of shares bought or sold, the price, the date and time of deal, and the brokerage charges.

- (1) Share (2) Contract Note
 (3) Registration Form (4) None of these

- 38.** Which of the following statements establishes a relationship between planning and controlling:

- (1) Planning and controlling are inseparable twins of management.
 (2) Planning is clearly a prerequisite for controlling.

- (3) Planning is looking ahead while controlling is looking backward.
 (4) All of the above
- 39.** 'Even where members of a department willingly cooperate and work, a manager has to coordinate the efforts of different people in a conscious manner.' Identify the characteristic of coordination discussed above.
 (1) Coordination ensures unity of action.
 (2) Coordination is a deliberate function.
 (3) Coordination is a continuous process.
 (4) Coordination is an all-pervasive function.
- 40.** Which component of capital structure determines the overall financial risk ?
 (1) Debt (2) Equity
 (3) Both (1) and (2) (4) None of these
- 41.** Which of the following importance of delegation establishes superior-subordinate relationship?
 (1) Employee development
 (2) Facilitation of growth
 (3) Motivation of employees
 (4) Basis of management hierarchy
- 42.** 'It is that function of management which is considered as the base of all other functions.' Identify the function of management stated in the above lines.
 (1) Planning (2) Controlling
 (3) Organising (4) Staffing
- 43.** 'Workload Analysis' includes which of the following.
 (1) The number and type of human resources already available.
 (2) The number and type of human resources necessary in future.
 (3) Both (1) and (2)
 (4) Neither (1) nor (2)
- 44.** Tractors Pvt. Ltd. producing 2,00,000 trucks and generating revenue of ₹ 2,000 crores annually, has recently acquired the world's second largest truck manufacturing company. After this acquisition, Tractors Pvt. Ltd. will become the world's largest truck manufacturer. For financing the acquisition, the company had to arrange about ₹ 1,00,000 crores through debt and equity. _____ function is being performed by the company for arranging the funds through debt and equity.
 (1) Investment (2) Financing
 (3) Dividend (4) All of these
- 45.** Which of the following statements is incorrect regarding Financial Markets?
 (1) The process by which allocation of funds is done is called financial intermediation.
 (2) Money market instruments are close substitutes for money.
 (3) The difference between the price at which the treasury bills are issued and their redemption value is the interest receivable on them and is maturity value.
 (4) Treasury Bills are issued at a price which is lower than their face value and repaid at par.
- 46.** Project performance incorporates _____
 (1) Time (2) Cost
 (3) Quality (4) All of the above
- I. Read the following text and answer the following questions on the basis of the same :**
 Piyali purchased an ISI marked Heater from Bharti Appliances. She made cash payment, but failed to get a Cash Memo. While making use of the heater she observed that it was not working properly. She contacted the shopkeeper immediately and told him the problem. Shopkeeper paid no heed to her complaint. Rather he marked that the good in question was not bought from his shop. Piyali had no evidence of proving that the heater was purchased from his shop only. She discussed the problem with her friend Sohini who advised her to approach Consumer Forum and lodge the complaint. Piyali was convinced with the idea of lodging the complaint against the shopkeeper but due to lack of cash memo it was difficult for her to proceed.
- 47.** Identify the right of the consumer as referred to in the above paragraph.
 (1) Right to be Informed
 (2) Right to be Protected
 (3) Right to be Heard
 (4) Right to Choose
- 48.** Identify the responsibility of the consumer referred in the above case.
 (1) Quality Conscious
 (2) Must Obtain Cash Memo
 (3) Cautious Consumer
 (4) Ready to Lodge Complaint
- 49.** Piyali cannot lodge a complaint against the shopkeeper. Why?
 (1) She do not have the right.
 (2) She was aware of the fact.
 (3) She do not have the cash memo.
 (4) She was happy with the product.
- 50.** Under which Act Piyali can seek to protect her rights being a consumer?
 (1) Consumer Protection Act, 2019
 (2) Consumer Protection Act, 1986
 (3) The Indian Contract Act, 1872
 (4) The Competition Act, 2002



SOLUTIONS

1. Option (1) is correct.

Explanation: Product improvement became the key to profit maximisation of a firm, under the concept of product orientation. With the increase in the supply of the products, customers started looking for products which were superior in quality, performance and features. Therefore, the emphasis of the firms shifted from quantity of production to quality of products.

2. Option (2) is correct.

3. Option (2) is correct.

Explanation: Every manager, from top executive to supervisor performs the function of directing. Directing takes place wherever superior-subordinate relations exist.

4. Option (1) is correct.

Explanation: The staffing process is a systematic attempt to implement the human resource plan by recruiting, evaluating and selecting qualified candidates for the job-positions in the organization.

5. Option (3) is correct.

Explanation: The process of organising allows a business enterprise to accommodate changes in the business environment. It allows the organisation structure to be suitably modified and the revision of inter-relationships amongst managerial levels to pave the way for a smooth transition.

6. Option (3) is correct.

7. Option (2) is correct.

8. Option (1) is correct.

Explanation: Business environment is a relative concept whose impact differs from country to country, region to region and firm to firm. Political conditions in the USA, for instance, differ from those in China or Pakistan. Similarly, demand for sarees may be fairly high in India whereas it may be almost non-existent in France.

9. Option (1) is correct.

Explanation: The interest of the organisation must prevail upon the personal interests of individuals. The standard rule for any organization is the work on the collective interest of the organization as a whole rather than personal interest of an individual.

10. Option (2) is correct.

Explanation: Different forces of business environment are interrelated to each other. One component of the business environment affects the functioning of other components.

11. Option (1) is correct.

Explanation: The top management is the ultimate source of authority and it manages goals and policies for an enterprise. It devotes more time on planning, organizing and coordinating functions.

12. Option (2) is correct.

Explanation: Motion study refers to the study of movements like lifting, putting objects, sitting and changing positions, etc., which are undertaken while doing a typical job.

13. Option (2) is correct.

Explanation: Middle level Management is the link between top and lower level managers. They are subordinate to top managers and superior to the first line managers.

14. Option (2) is correct.

Explanation: Middle level management participate in employment and training of managers so they are responsible for hiring of employees.

15. Option (4) is correct.

Explanation: The economic, social, political, technological and other forces which operate outside a business enterprise are part of its environment. So also, the individual consumers or competing enterprises as

well as the governments, consumer groups, competitors, courts, media and other institutions working outside an enterprise constitute its environment.

16. Option (2) is correct.

Explanation: Organising essentially implies a process which coordinates human efforts, assembles resources and integrates both into a unified whole to be utilised for achieving specified objectives.

17. Option (3) is correct.

Explanation: Workforce analysis also known as workforce planning is a process that uses both employees and Role data to inform decisions on recruitment, retention and staff management.

18. Option (3) is correct.

Explanation: Man is a social animal. He wants to live in the society honourably. Therefore, he wants friends and relatives with whom he can share his joys and sorrows. Social needs include need for love, affection, friendship, etc.

19. Option (3) is correct.

Explanation: Grading is the process of classification of products into different groups, on the basis of some of its important characteristics such as quality, size, etc.

20. Option (4) is correct.

Explanation: The best plan, which is the most profitable plan and with minimum negative effects, is adopted and implemented. In such cases, the manager's experience and judgement plays an important role in selecting the best alternative.

21. Option (2) is correct.

Explanation: 'Management by exception' states that managers should concentrate on important deviations rather than every activity and control point control means that focus on key Result Area should be done.

22. Option (4) is correct.

Explanation: Directing facilitates introduction of needed changes in the organisation. Generally, people have a tendency to resist changes in the organisation. Effective directing through motivation, communication and

leadership helps to reduce such resistance and develop required cooperation in introducing changes in the organisation.

23. Option (2) is correct.

Explanation: Cash is paid or securities are delivered on pay-in day, which is before the T+2 day as the deal has to be settled and finalised on the T+2 day. The settlement cycle is on T+2 day on a rolling settlement basis.

24. Option (4) is correct.

Explanation: The management principles are developed only after deep and thorough research work. They are not developed overnight or they are not the personal feelings of any person. Proper observations and experiments are conducted before developing them. These are the expressions of deep experiences of the leaders of management thoughts.

25. Option (3) is correct.

26. Option (3) is correct.

27. Option (4) is correct.

Explanation: Financial planning helps in coordinating various business functions, e.g., sales and production functions, by providing clear policies and procedures and making detailed plans of action which reduces waste, duplication of efforts, and gaps in planning.

28. Option (3) is correct.

Explanation: After planning and organising of the organisation structure, the next step in the management process is to fill the various posts provided in the organisation. This is termed as the management of staffing function. Thus, it is the third function in the series of management functions.

29. Option (1) is correct.

Explanation: Those consumer products, which are purchased frequently, immediately and with least time and efforts are referred to as convenience goods.

30. Option (2) is correct.

Explanation: Call money is mainly used by the banks to meet their temporary requirement of cash. They borrow and lend money from each other normally on a daily basis. It is repayable on demand and its maturity period varies between one day to a fortnight.

31. Option (1) is correct.

Explanation: Controlling as a function of management refers to the evaluation of actual performance of work against planned or standard performance and taking the corrective action, if necessary.

32. Option (1) is correct.

Explanation: Through controlling, company can track dishonest employees by using tools such as computer monitoring as a part of their control system.

33. Option (1) is correct.

Explanation: The elements of directing are Supervision, Motivation, Leadership and Communication.

34. Option (2) is correct.

Explanation: The principles of management are not fixed or permanent. They are affected by situations or circumstances. Therefore, the decision to implement them or not is taken according to the situations or circumstances.

35. Option (3) is correct.

Explanation: Legal environment consists of rules and regulations, framed by the Parliament, under which business must operate. To exist and grow, business is required to follow all the rules and regulations that constitute this environment.

36. Option (4) is correct.

Explanation: Planning lays down the base for other functions of management. Planning involves setting targets and predicting future conditions, thus helping in taking rational decisions.

37. Option (2) is correct.

Explanation: Contract note contains details of the number of shares bought or sold, the price, the date and time of deal, and the brokerage charges. This is an important document as it is legally enforceable and helps to settle disputes/claims between the investor and the broker.

38. Option (4) is correct.

Explanation: Planning and controlling are inter-related to each other. Planning refers to the setting up of objectives for the organisation and controlling ensures their accomplishment. The actual performance is compared with the set plans and deviations are found out and corrected. Therefore, planning is a pre-requisite for controlling.

39. Option (2) is correct.

Explanation: A manager has to coordinate the efforts of different people in a conscious and deliberate manner. Even where members of a department willingly cooperate and work, coordination gives a direction to that willing spirit.

40. Option (1) is correct.

Explanation: Debt is cheaper but is more risky for a business because the payment of interest and the return of principal is obligatory for the business.

41. Option (4) is correct.

Explanation: Delegation of authority establishes superior-subordinate relationships, which are the basis of hierarchy of management. It is the degree and flow of authority which determines who has to report to whom.

42. Option (1) is correct.

Explanation: Planning precedes all other managerial functions and provides the very basis for organising, staffing, directing and controlling. Planning is deciding in advance what to do and how to do. It is one of the basic managerial functions. Before doing something, the manager must formulate an idea of how to work on a particular task. Thus, planning is closely connected with creativity and innovation.

43. Option (2) is correct.

Explanation: Workload analysis would enable an assessment of the number and types of human resources necessary for the performance of various jobs and accomplishment of organisational objectives. Workforce analysis would reveal the number and type available.

44. Option (2) is correct.

Explanation: Issue of more equity may lead to dilution of management's control over the business. Debt financing has no such implication. Companies afraid of a takeover bid would prefer debt to equity.

45. Option (3) is correct.

Explanation: The difference between the price at which the treasury bills are issued and their redemption value is the interest receivable on them and is called discount.

46. Option (4) is correct.

47. Option (2) is correct.

48. Option (2) is correct.

Explanation: The consumer should ask for a cash memo on purchase of goods or services. This would serve as a proof of the purchase made.

49. Option (3) is correct.

50. Option (1) is correct.

Explanation: The basic aim of the Consumer Protection Act, 2019 is to save the rights of the consumers by establishing authorities for timely and effective administration and settlement of consumers' disputes.

