

SAMPLE PAPER 5

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 of the following statements is false?
 - (1) Functional foremanship is an extension of the principle of division of work and specialisation to the shop floor.
 - (2) Under planning incharge four personnel namely speed boss, gang boss, repair boss, and inspector would work.
 - (3) Time Study determines the standard time taken to perform a well-defined job.
 - (4) Cooperation, not individualism is an extension of the principle of harmony, not discord.
2. 'Service sector contributes to almost half of India's GDP but employs only one-third of its workforce.' Which of the following dimensions of Business Environment is stated in the above line?
 - (1) Economic (2) Social
 - (3) Political (4) Legal
3. Which of the following is a feature of Planning:
 - (1) Provides directions
 - (2) Reduces the risks of uncertainty
 - (3) Focuses on achieving objectives
 - (4) All of the above
4. An organisation is when decision-making authority is retained by higher management levels.
 - (1) Centralised (2) Decentralised
 - (3) Both (1) and (2) (4) None of these
5. Which of the following steps in the process of selection, helps the manager to eliminate unqualified or unfit job-seekers based on the information supplied in the application form?
 - (1) Preliminary Screening
 - (2) Employment Interview
 - (3) Reference and Background Checks
 - (4) Selection Decision
6. Which of the following qualities of a leader states that he should have the capacity to clearly explain his ideas and make the people understand his ideas?
 - (1) Knowledge (2) Motivation skills
 - (3) Initiative (4) Communication skills
7. Quick Foods Ltd. is a food delivery service application that has recently faced criticism for tampering of their products by their delivery boys. The company decided to put a hologram seal on the food packets in order to protect the contents from being tampered with along with a safety warning for the consumers to check the seal on delivery. concept of marketing has been discussed in this case which is not only performing an important function of communicating with the potential buyer but also promoting its sale.
 - (1) Labelling
 - (2) Product designing and development
 - (3) Branding
 - (4) Packaging
8. 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
9. Rishu's friend Devina works as a Finance Manager in Perfect Solutions Ltd. Devina in a meeting with the directors of the company came to know that the firm would soon be declaring a bonus issue which would lead to an increase in the price of shares. On this basis, Devina advised Rishu to purchase the shares of Perfect Solutions Ltd., who thus bought the shares. SEBI can control malpractices like these through which of the following functions:
- (1) Protective functions
(2) Regulatory functions
(3) Development functions
(4) All of the above
10. "Bhuvan, who was a vegetarian went to a snack bar for having French fries and later found out that it had non-vegetarian content. Neither the advertisement nor the packing of the product displayed that the product has non-vegetarian content." Which right of consumer is violated?
- (1) Right to Choose
(2) Right to be Informed
(3) Right to be Heard
(4) Right to Seek Redressal
11. Which of the following statements is incorrect with respect to the various aspects of Marketing Mix?
- (1) The advantage of registering Trade Mark is to get exclusive legal rights for its use and no other firm can use this mark to sell similar goods.
(2) Promotion mix refers to the decisions related to sales promotion tools used by an organisation to achieve its objectives.
(3) Product mix includes activities that are involved in transferring the ownership to customers and to make the product available at the right place at the right time.
(4) None of the above
12. Which of the following stands for SEBI?
- (1) Stock and Exchange Board of India
(2) Securities and Exchange Board of India
(3) Securities and Exchange Bank of India
(4) Stock and Exchange Bank of India
13. Which of the following statements is not applicable to the concept of 'Accountability'?
- (1) It implies being answerable for the final outcome.
(2) It cannot be denied once authority has been delegated and responsibility has been accepted.
(3) It cannot be delegated.
(4) It flows downward.
14. Selection is a process which involves a series of steps. Arrange the following steps in correct order.
- (i) Interview
(ii) References check
(iii) Preliminary screening
(iv) Selection test
- (1) (iii), (iv), (i), (ii) (2) (iv), (iii), (ii), (i)
(3) (i), (ii), (iii), (iv) (4) (ii), (iv), (iii), (i)
15. "Anyone can be called a manager irrespective of the educational qualification possessed." Identify the characteristic of the profession that Management does not fulfill in the statement being discussed above:
- (1) Ethical Code of Conduct
(2) Professional Association
(3) Restricted Entry
(4) Service Motive
16. What is the effect of motivation on all the employees of an organisation?
- (1) Invariable (2) Same
(3) Variable (4) Uniform
17. The most important function of a modern entrepreneur is _____
- (1) innovation (2) invention
(3) skill (4) creativity
18. principle of management is being violated if management does not fulfill its promise to increase wages of the workers after the mission is accomplished.
- (1) Order (2) Equity
(3) Discipline (4) Initiative
19. 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
20. Which of the following statement 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 these
21. implies being answerable for the final outcome.
- (1) Authority (2) Responsibility
(3) Accountability (4) None of these
22. Which of the following statements is false with respect to a leader?
- (1) Leader provides training to his subordinates.
(2) A leader maintains personal relations and helps followers in fulfilling their needs.
(3) Leader plays a key role in introducing required changes in the organisation.
(4) None of the above

23. Financial planning takes into consideration which of the following:

- (1) Growth (2) Performance
- (3) Investments (4) All of these

24. '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

25. _____ type of entrepreneurs utilizes a chance to introduce a new technique or new product.

- (1) Innovative entrepreneur
- (2) Instigated entrepreneur
- (3) Initiative entrepreneur
- (4) Fabian entrepreneur

26. 'The current government initiated Make in India Programme which is good for the manufacturing sector.'

Out of the following, identify the component of Business Environment quoted in the above lines.

- (1) Economic (2) Political
- (3) Legal (4) Technological

27. Samara Ltd. has Debt Equity ratio of 3:1 whereas Gehlot Ltd. has Debt Equity ratio of 1:1. Name the advantage Samara Ltd. will have over Gehlot Ltd., when the rate of interest is lower than the rate of return on investment of the company.

- (1) Trading on equity (2) Low risk
- (3) Low cost of equity (4) Greater flexibility

28. The basic purpose of SEBI is to create an environment to facilitate efficient mobilisation and allocation of resources through the securities markets. Who are the constituents of this market for whom SEBI aims at creating a conducive environment?

- (1) Issuers of securities
- (2) Investors
- (3) Market intermediaries
- (4) All of the above

29. 'The consumer has the right to acquire knowledge and to be a well-informed consumer throughout life.' State what type of knowledge is required by the consumer in the above stated 'Right'.

- (1) Right to Seek Redressal
- (2) Right to be Heard
- (3) Right of Consumer Awareness
- (4) Right to Choose

30. Which of the following statements is incorrect?

(1) A low Debt Service Coverage Ratio indicates better ability to meet cash commitments and consequently, the company's potential to increase debt component in its capital structure.

(2) Use of higher debt increases the cost of equity.

(3) Low interest rates increase a firm's capacity to employ higher debt.

(4) None of the above

31. Assertion (A): Planning is a primary function of management.

Reason (R): Planning is required at all levels of management as well as in all departments of the organisation.

(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): Planning is a time-saving process.

Reason (R): The success of an enterprise is possible only when plans are properly drawn up and implemented.

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

(2) Both (A) and (R) are true, but (R) is not the correct explanation of (1).

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

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

33. Real Tech Builders has to deliver the flats to its buyers for possession on time. Due to this, there is a sudden increase in workload. Therefore, the company needs to arrange workers to work at the sites at a short notice. The source of recruitment which may be used by the company to tap the casual vacancy is:

- (1) Direct recruitment
- (2) Advertisement
- (3) Recommendation of employees
- (4) Employment exchange

34. Prateek took his nephew Raman for shopping to 'Hamleys' to buy him a toy car for his birthday. Raman was delighted when on payment of the bag, he got a school bag along with the toy car free of cost. Identify which technique of sales promotion is being used by the company.

- (1) Quantity gift (2) Product combinations
- (3) Lucky draw (4) Sampling

35. Which of the following is not a Protective Function performed by SEBI?

- (1) Prohibition of fraudulent and unfair trade practices.
 - (2) Conducting research and publishing information useful to all market participants.
 - (3) Undertaking steps for investor protection.
 - (4) Promoting fair practices and code of conduct in securities market.
- 36.** Sumit has been using 'Smooth Shave', a famous shaving cream available in the market. On watching numerous advertisements in the television, he decided to try a new brand of shaving cream. When he went to the near-by store to purchase the same, he saw shaving creams by other producers making similar claims. Hence, he could not make up his mind as to which shaving cream to purchase. Which of the following objection to advertising is being discussed in this case?
- (1) Undermines social values
 - (2) Confuses the buyers
 - (3) Encourages sale of inferior products
 - (4) Adds to cost
- 37.** In which of the following external source of recruitment, applicants are introduced by the present employees :
- (1) Labour Contractors
 - (2) Recommendations of Employees
 - (3) Campus Recruitment
 - (4) Placement Agencies and Management Consultants
- 38.** Management is the process of designing and maintaining an environment in which work together, efficiently and effectively accomplishing selected aims.
- (1) groups, independently
 - (2) individuals, in groups
 - (3) individuals, independently
 - (4) None of the above
- 39.** 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 under which she can be protected.
- (1) Right to Choose (2) Right to be Informed
 - (3) Right to be Heard (4) Right to be Protected
- 40.** Mr. Raghav, Finance manager of Manav InfraTech Pvt. Ltd., prepared a detailed plan of financial needs of the firm in coming six months and the sources from where funds will be acquired to meet out these needs as company is planning to open a new branch in other states of India. Identify the financial concept discussed here:
- (1) Business cycle (2) Financial planning
 - (3) Capital structure (4) Working capital
- 41.** Which of the following statements is not true regarding Democratic Style of Leadership?
- (1) The leader exercises more control by using forces within the group.
 - (2) The leader encourages subordinates to participate in decision making.
 - (3) The leader gives orders and insists that they are obeyed.
 - (4) The leader supports and respects the subordinates' opinion.
- 42.** "It refers to the right of an individual to command his subordinate and to take action within the scope of his position." Which element of delegation is being referred to in the above statement?
- (1) Accountability (2) Responsibility
 - (3) Authority (4) None of these
- 43.** _____ can be defined as an attractive project idea which an entrepreneur accepts as a basis for his investment decision
- (1) Possibility (2) Business
 - (3) Opportunity (4) Notion
- 44.** Which of the following statements is true with respect to political environment?
- (1) It include the social forces like customs and traditions, values, social trends, society's expectations from business, etc.
 - (2) It includes forces relating to scientific improvements and innovations.
 - (3) It includes political conditions such as general stability and peace in the country.
 - (4) None of the above
- 45.** Which of the following principles of management by Fayol states that there should be one and only one boss for every individual employee?
- (1) Unity of direction (2) Order
 - (3) Unity of command (4) Division of work
- 46.** Identify the nature of management when it is practised as personal application of existing knowledge to achieve desired results.
- (1) Management as a Science
 - (2) Management as an Art
 - (3) Management as a Profession
 - (4) All of the above
- I. Read the following text and answer the questions given below:**
- Vinay was the Chief Operating Officer of 'Easy Solutions Ltd.', a company providing advanced

software solutions to Indian Defence Services. They had been carrying on business successfully for the last twelve years and earning enough profits. But from the last one year, they realised that though the business is getting big orders which are being fulfilled on time, even then the revenues kept on decreasing. Vinay was not able to find out where the problem was. He started keeping a close check on the progress of activities as he could sense that something was wrong. He wanted to take some action before any major damage could be done to the business. Vinay appointed a cyber security expert who monitored the company's processes and found out that the computer operator was deleting the entries from the computers and pocketing the revenues. He was caught and handed over to the police. This created an atmosphere of order and discipline in the organisation and helped in minimizing dishonest behaviour on the part of the employees.

47. Which management function proved helpful in creating an atmosphere of order and discipline in the organisation and helped in minimizing dishonest behaviour on the part of the employees?

- | | |
|---------------|-----------------|
| (1) Planning | (2) Organizing |
| (3) Directing | (4) Controlling |

48. What did the measurement of performance reveal?

- (1) The company was earning enough profits.
- (2) Declining revenues despite getting big orders which were being fulfilled on time.
- (3) The company was running successfully.
- (4) All of the above.

49. What did the analysis by Vinay reveal ?

- (1) Nothing was wrong.
- (2) The computer operator was deleting the entries from the computers and pocketing the revenues.
- (3) Vinay was not able to find out where the problem was.
- (4) None of the above.

50. What corrective action did Vinay take?

- (1) He did not take any action as no major damage was done.
- (2) Computer operator was caught and handed over to the police.
- (3) Computer operator was warned with dire consequences.
- (4) None of the above.



SOLUTIONS

1. Option (2) is correct.

Explanation: Under planning incharge four personnel namely instruction card clerk, route clerk, time and cost clerk and a disciplinarian works. These four personnel would draft instructions for the workers, specify the route of production, prepare time and cost sheet and ensure discipline respectively.

2. Option (1) is correct.

Explanation: Economic environment consists of economic factors that influence the business in a country. It consists of the factors and forces concerning with means of production and distribution of wealth, e.g. Gross Domestic Product, inflation rate, money supply, etc.

3. Option (4) is correct.

4. Option (1) is correct.

Explanation: Centralization refers to that organizational structure where decision-making power is confined to the top management, and the subordinates need to follow the instructions of their seniors.

5. Option (1) is correct.

Explanation: Preliminary screening help reject misfits for reasons, which did not appear in the application forms.

6. Option (4) is correct.

Explanation: A leader should be a good communicator. He should have the capacity to clearly explain his ideas and make the people to understand his ideas. He should not only be a good speaker but a good listener, teacher, counsellor and persuader.

7. Option (1) is correct.

Explanation: Labels are useful in providing detailed information about the product, its contents, method of use, etc.

8. Option (4) is correct.

Explanation: A consumer must be aware of his 'Right to be protected' against the goods and services are hazardous to life and property. The purchased goods or services availed of should not only meet their immediate needs, but also fulfill long term interests.

9. Option (1) is correct.

Explanation: The protective function implies the role that SEBI plays in protecting the investor interest and also that of other financial participants. Prohibition of fraudulent and unfair trade practices like making misleading statements, manipulations, price rigging, etc. is the function of SEBI.

10. Option (2) is correct.

Explanation: The Right to be informed refers to the facts needed to make an informed decision. Consumers should be provided with adequate information. So that they can act wisely and responsibility.

11. Option (3) is correct.

Explanation: Product mix refers to the total number of product lives a company offers to its customers.

12. Option (2) is correct.

Explanation: SEBI stands for Securities and Exchange Board of India. SEBI regulates how the stock market and mutual funds function.

13. Option (4) is correct.

Explanation: Accountability element of delegation refers to the answerability of a subordinate to his superior for the job or task that is assigned. Accountability flows in an upward direction, which means the subordinate is accountable to the superior.

14. Option (1) is correct.

15. Option (3) is correct.

Explanation: The entry to a profession is restricted through an examination or through acquiring an educational degree. Whereas there is no legal restriction on appointment of a manager, anyone can become a manager irrespective of the educational qualification.

16. Option (3) is correct.

Explanation: Motivation increases the willingness of the employees to work thus increasing effectiveness but it may vary from person to person.

17. Option (1) is correct.

18. Option (3) is correct.

Explanation: Discipline is the obedience to organisational rules and employment agreement which are necessary for the working of the organisation. According to Fayol, discipline requires good superiors at all levels, clear and fair agreements and judicious application of penalties.

19. Option (4) is correct.

Explanation: Controlling is the management function of monitoring organisational performance towards the attainment of organisational goals.

20. Option (4) is correct.

21. Option (3) is correct.

Explanation: Accountability implies being answerable for the final outcome. Once authority has been delegated and responsibility accepted, one cannot deny accountability. It cannot be delegated and flows upwards, i.e., a subordinate will be accountable to a superior for satisfactory performance of work.

22. Option (4) is correct.

Explanation: A leader maintains personal relations and helps followers in fulfilling their needs. He provides needed confidence, support and encouragement and thereby creates congenial work environment. Leader plays a key role in introducing required changes in the organisation. He persuades, clarifies and inspires people to accept changes whole-heartedly.

23. Option (4) is correct.

Explanation: Financial planning takes into consideration the growth, performance, investments and requirement of funds for a given period. Financial planning includes both short-term as well as long-term planning. Long-term planning relates to long term growth and investment. It focuses on capital expenditure programmes. Short-term planning covers short-term financial plan called budget

24. Option (1) is correct.

Explanation: Planning involves setting objectives and determining a course of action which acts as a base for achieves the goal.

25. Option (1) is correct.

26. Option (2) is correct.

Explanation: Political Environment consists of forces such as political stability and peace in the country and attitude of the ruling party and its representatives towards business. These forces significantly affect the functioning of business.

27. Option (1) is correct.

Explanation: If the ROI of the company is higher, it can choose to use trading on equity to increase its EPS, i.e., its ability to use debt is greater.

28. Option (4) is correct.

Explanation: The basic purpose of SEBI is to create an environment to facilitate efficient mobilisation and allocation of resources through the securities markets. This environment aims at meeting the needs of the three groups which basically constitute the market, viz, the issuers of securities (companies), the investors and the market intermediaries

29. Option (3) is correct.

Explanation: Consumer awareness is an act of being conscious of having knowledge about the various products, goods, services and consumer rights.

30. Option (1) is correct.

Explanation: A higher DSCR indicates better ability to meet cash commitments and consequently, the company's potential to increase debt component in its capital structure.

31. Option (2) is correct.

Explanation: Planning lays down the base for other functions of management. All other managerial functions are performed within the framework of the plans drawn. Thus, planning precedes other functions.

32. Option (4) is correct.

Explanation: Planning is a time-consuming process. Sometimes plans to be drawn up take so much of time that there is not much time left for their implementation.

33. Option (1) is correct.

Explanation: Under the direct recruitment, a notice is placed on the notice-board of the enterprise specifying the details of the jobs available. It is suitable for filling casual vacancies when there is a rush of work or when some permanent workers are absent.

34. Option (2) is correct.

Explanation: Product combinations is offering another product as gift along with the purchase of a product, say offer of a pack of ½ kg of rice with the purchase of a bag of aatta (wheat flour).

35. Option (2) is correct.

Explanation: Conducting research and publishing information useful to all market participants is the development function of SEBI. Developmental function refers to the steps taken by SEBI in order to provide the investors with a knowledge of the trading and market function.

36. Option (2) is correct.

Explanation: So many products are being advertised which makes similar claims that the buyer gets confused as to which one is true and which one should be relied upon.

37. Option (2) is correct.

Explanation: Applicants introduced by present employees, or their friends and relatives may prove to be a good source of recruitment. Such applicants are likely to be good employees because their background is sufficiently known.

38. Option (2) is correct.

Explanation: Management unites the efforts of different individuals and create an environment to work in groups in the organisation towards achieving the goals.

39. Option (4) is correct.

Explanation: Right to be protected means right to safety against the marketing of goods and services, which are hazard does to life and property.

40. Option (2) is correct.

Explanation: Financial planning is broader in scope as it does not end by raising estimated finance. It includes long term investment decision. In financial planning finance manager analyses various investments plans and selects the most appropriate.

41. Option (3) is correct.

Explanation: An autocratic leader gives orders and expects his subordinates to obey those orders. If a manager is following this style, then communication is only one-way with the subordinate only acting according to the command given by the manager.

42. Option (3) is correct.

Explanation: Authority is the power to complete an assigned task. Without authority a subordinate is unable to execute the task perfectly. In order to complete the task as is expected by the manager, the manager has to provide authority of executing that task to the subordinate.

43. Option (3) is correct.

44. Option (3) is correct.

Explanation: Political environment is the outcome of a combination of various ideologies advocated by different political parties. It includes political conditions such as general stability and peace in the country and the political attitude of elected government towards business.

45. Option (3) is correct.

Explanation: The principle of unity of command states that each employee in an organisation should receive orders from one superior only and he should be responsible to only one superior. It prevents confusion regarding tasks to be done.

46. Option (2) is correct.

Explanation: Management is an art because it requires personal skill, creativity and practice to apply systematic and well-organised body of knowledge in the best possible way.

47. Option (4) is correct.

Explanation: Controlling creates an atmosphere of order and discipline in the organisation. It helps to minimise dishonest behaviour on the part of the employees by keeping a close check on their activities.

48. Option (2) is correct.

49. Option (2) is correct.

50. Option (2) is correct.

