

**SEMESTER 1 EXAMINATION**  
**COMMERCE**  
**PAPER 1**  
**(THEORY)**

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*Maximum Marks: 80*

*Time allowed: One and a half hours*

*(Candidates are allowed additional 10 minutes for only reading the paper.)*

**ALL QUESTIONS ARE COMPULSORY**

*Each question/subpart of a question carries 1 mark.*

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*Select and write the correct option for each of the following questions.*

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*Choose the correct option to answer the following questions.*

[40]

**Question 1**

In India, nuclear families have been increasing in number. Which dimension of business environment is reflected in this statement?

- (a) Social environment
- (b) Political environment
- (c) Economic environment
- (d) Legal environment

**Answer:** \_\_\_\_\_

**Question 2**

During the COVID-19 pandemic, many businesses started selling goods online and flourished. For such firms, the pandemic situation was:

- (a) A Strength
- (b) A Weakness
- (c) A Threat
- (d) An Opportunity

**Answer:** \_\_\_\_\_

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This paper consists of 24 printed pages and 2 blank pages.

**Question 3**

Compact discs are becoming obsolete, due to the advent of portable mp3 players and USB. Which dimension of business environment is evident here?

- (a) Social environment
- (b) Technological environment
- (c) Political environment
- (d) Legal environment

**Answer:** \_\_\_\_\_

**Question 4**

Due to voltage fluctuation in some parts of India, washing machines made by multinational companies for Indian consumers have internal voltage stabilizers. Which importance of understanding the business environment is highlighted in this case?

- (a) Customer focus
- (b) First mover advantage
- (c) Early warning signal
- (d) Top management structure

**Answer:** \_\_\_\_\_

**Question 5**

Which of the following is **NOT** an internal factor of micro environment?

- (a) Employees and human resources
- (b) Government policy
- (c) Corporate culture
- (d) Mission and objectives of the company

**Answer:** \_\_\_\_\_

**Question 6**

Which feature of business environment shows that the environment differs from country to country?

- (a) Non controllable
- (b) Relativity
- (c) Mutual dependence
- (d) General and specific forces

**Answer:** \_\_\_\_\_

**Question 7**

Passing of the Company's Act of 2013 is a component of:

- (a) Legal environment
- (b) Technological environment
- (c) Economic environment
- (d) Social environment

**Answer:** \_\_\_\_\_

**Question 8**

Which of the following is a threat to the firm?

- (a) Entry of rivals in the market.
- (b) Expansion of rural market
- (c) Large financial resources
- (d) Strong brand portfolio

**Answer:** \_\_\_\_\_

**Question 9**

It is a type of working capital which acts as cushion in times of emergencies.

- (a) Initial Working Capital
- (b) Permanent Working Capital
- (c) Special Working Capital
- (d) Seasonal Working Capital

**Answer:** \_\_\_\_\_

**Question 10**

The shares issued by a company to its directors or employees for consideration other than cash, having a lock in period of three years are called:

- (a) Bonus shares
- (b) Equity shares
- (c) Preference shares
- (d) Sweat Equity shares

Answer: \_\_\_\_\_

**Question 11**

Which type of preference shareholders are entitled to get a share in the surplus profits of the company?

- (a) Cumulative Preference shares
- (b) Convertible Preference shares
- (c) Participating Preference shares
- (d) Redeemable Preference shares

Answer: \_\_\_\_\_

**Question 12**

Unsecured long term source of loan raised by a company can be termed as:

- (a) Naked debentures
- (b) Bearer debentures
- (c) Registered debentures
- (d) Irredeemable debentures

Answer: \_\_\_\_\_

**Question 13**

The credit extended by one business firm to another incidental to sale or purchase of goods and services is called:

- (a) Factoring
- (b) Instalment credit
- (c) Customer advance
- (d) Trade credit

Answer: \_\_\_\_\_

**Question 14**

The electronic transfer of funds done in batches is:

- (a) E-banking
- (b) EFTS
- (c) NEFT
- (d) RTGS

Answer: \_\_\_\_\_

**Question 15**

NEFT transactions cannot be used to receive \_\_\_\_\_ remittance.

- (a) intra state
- (b) inter state
- (c) foreign
- (d) local

Answer: \_\_\_\_\_

**Question 16**

IMPS stands for:

- (a) Immediate Money Paid Service
- (b) Immediate Payment Service
- (c) Indian Monetary Payment Service
- (d) Indian Money Payment Service

Answer: \_\_\_\_\_

**Question 17**

Deposits made by the public with Non - banking companies are termed as:

- (a) Equity capital
- (b) Preference share capital
- (c) Public deposits.
- (d) ESOP

**Answer:** \_\_\_\_\_

**Question 18**

Which of the following is **NOT** a source of Bank Credit?

- (a) Cash Credit
- (b) Retained Earnings
- (c) Loans and Advances
- (d) Discounting of Bills

**Answer:** \_\_\_\_\_

**Question 19**

Raising finance through sale of book debts is called:

- (a) Cash credit
- (b) Trade credit
- (c) Discounting of bills
- (d) Factoring

**Answer:** \_\_\_\_\_

**Question 20**

Under CBS system a customer becomes:

- (a) Customer of the branch of the bank
- (b) Customer of the bank
- (c) Customer of the business
- (d) Customer of the market

**Answer:** \_\_\_\_\_

**Question 21**

The shares which have a fluctuating rate of dividend are termed as:

- (a) Cumulative preference shares
- (b) Non cumulative preference shares
- (c) Equity shares
- (d) Irredeemable preference shares

Answer: \_\_\_\_\_

**Question 22**

A service used by banks to send a notification or an alert to the customer is:

- (a) IMPS
- (b) NEFT
- (c) RTGS
- (d) SMS

Answer: \_\_\_\_\_

**Question 23**

Fixed capital is also known as:

- (a) Block capital
- (b) Gross working capital
- (c) Revolving capital
- (d) Working capital

Answer: \_\_\_\_\_

**Question 24**

A current account holder can avail \_\_\_\_\_ facility.

- (a) Cash credit
- (b) Bank draft
- (c) Overdraft
- (d) Factoring

Answer: \_\_\_\_\_

**Question 25**

Management is an art because it has the feature of:

- (a) Creativity
- (b) Observation and experiments
- (c) Service motive
- (d) Cause and effect relationship

Answer: \_\_\_\_\_

**Question 26**

A manager encourages his subordinates to suggest new ways of doing the assigned tasks. Which principle of management is being followed in this case?

- (a) Stability of tenure
- (b) Scalar chain
- (c) Initiative
- (d) Equity

Answer: \_\_\_\_\_

**Question 27**

Management as an activity brings together five M's of management. Which of the following options is NOT one of the M's?

- (a) Mobility
- (b) Methods
- (c) Materials
- (d) Money

Answer: \_\_\_\_\_



**Question 28**

Every activity should be scientifically planned rather than doing it on trial and error basis or traditional methods. Which principle of scientific management states so?

- (a) Harmony not discord
- (b) Division of work and responsibility
- (c) Science, not rule of thumb
- (d) Maximum, not restricted output

**Answer:** \_\_\_\_\_

**Question 29**

The principle of *Espirit De Corps* was stated by:

- (a) Peter F Drucker
- (b) Henry Fayol
- (c) FW Taylor
- (d) Earnest Dale

**Answer:** \_\_\_\_\_

**Question 30**

The Principles of management have developed through:

- (a) Rule of thumb
- (b) Observation and experiments
- (c) Customers' experiences
- (d) Sellers' experience

**Answer:** \_\_\_\_\_

**Question 31**

Management is considered as:

- (a) An Art
- (b) A Science
- (c) An Art and a Science
- (d) Neither Art nor Science

**Answer:** \_\_\_\_\_

**Question 32**

One of the Objectives of management is:

- (a) Profitability
- (b) Contingency
- (c) Dynamism
- (d) Universality

**Answer:** \_\_\_\_\_

**Question 33**

Gang plank is considered as direct \_\_\_\_\_ communication.

- (a) Horizontal
- (b) Vertical
- (c) Diagonal
- (d) Downward

**Answer:** \_\_\_\_\_

**Question 34**

A budget is considered as:

- (a) A Single-use plan
- (b) A Standing Plan
- (c) A Single-use as well as a standing Plan
- (d) Neither a Single-use nor a Standing Plan

**Answer:** \_\_\_\_\_

**Question 35**

Since management deals with humans, it is considered as a \_\_\_\_\_ .

- (a) Physical science
- (b) Social science
- (c) Home science
- (d) Life science

**Answer:** \_\_\_\_\_

**Question 36**

Which principle of management will be violated if the tools of production are not in a proper place in the factory?

- (a) Equity
- (b) Initiative
- (c) Order
- (d) Stability of tenure

Answer: \_\_\_\_\_

**Question 37**

Which concept of management considers it a series of interrelated functions, to be performed sequentially?

- (a) Management as a discipline
- (b) Management as a process
- (c) Management as an activity
- (d) Management as a group

Answer: \_\_\_\_\_

**Question 38**

Despite changes in the environment, the management of a company continues with the existing plans. Which limitation of *planning* is highlighted in this case?

- (a) Human elements
- (b) Psychological barrier
- (c) Rigidity
- (d) Time consuming

Answer: \_\_\_\_\_

**Question 39**

Which function of management emphasises on thinking before taking an action?

- (a) Planning
- (b) Organizing
- (c) Staffing
- (d) Directing

**Answer:** \_\_\_\_\_

**Question 40**

One of the features of management as a profession, is:

- (a) Restricted entry
- (b) Creativity
- (c) Cause and effect relationship
- (d) Personal Skill

**Answer:** \_\_\_\_\_

*Choose the odd one out in the following questions*

[10]

**Question 41**

With reference to *strength* in SWOT analysis, choose the odd one out.

- (a) External environment
- (b) Strategic advantage.
- (c) Internal environment
- (d) Inherent capability

**Answer:** \_\_\_\_\_

**Question 42**

With reference to the elements of Macro Environment, choose the odd one out.

- (a) Economic
- (b) Time
- (c) Political
- (d) Social

**Answer:** \_\_\_\_\_

**Question 43**

With reference to the advantages of Registered debentures, to the debenture holders, choose the odd one out.

- (a) Regular returns
- (b) Voting rights
- (c) Safety of investment
- (d) Fixed returns

Answer: \_\_\_\_\_

**Question 44**

With reference to the facility of money transfer, choose the odd one out.

- (a) RTGS
- (b) NEFT
- (c) SMS
- (d) IMPS

Answer: \_\_\_\_\_

**Question 45**

With reference to the types of debentures, choose the odd one out.

- (a) Redeemable debentures
- (b) Convertible debentures
- (c) Secured debentures
- (d) Cumulative debentures

Answer: \_\_\_\_\_

**Question 46**

With reference to the disadvantages of Equity shares as a source of finance for a joint stock company, choose the odd one out.

- (a) Manipulation of control
- (b) Permanent burden
- (c) Inflexible
- (d) Costly

**Answer:** \_\_\_\_\_

**Question 47**

With reference to the concept of management as a group, choose the odd one out.

- (a) Board of Directors
- (b) Chief Executive
- (c) Head of Department
- (d) Workers

**Answer:** \_\_\_\_\_

**Question 48**

With reference to the effects of violation of Principle of Order, choose the odd one out.

- (a) Insecurity among employees
- (b) Wastage of resources
- (c) Increase in the cost of operation
- (d) Confusion and chaos

**Answer:** \_\_\_\_\_

**Question 49**

With reference to the need for principles of management, choose the odd one out.

- (a) To train manager
- (b) To spread knowledge
- (c) To increase efficiency
- (d) To increase flexibility

**Answer:** \_\_\_\_\_

**Question 50**

With reference to management as a process, choose the odd one out.

- (a) Staffing
- (b) Group activity
- (c) Organization
- (d) Planning

Answer: \_\_\_\_\_

*Select the correct answer.*

**Question 51**

For a manufacturing concern, finances are a part of:

- (a) Social environment
- (b) Internal factors of micro environment
- (c) External factors of micro environment
- (d) Economic environment

Answer: \_\_\_\_\_

**Question 52**

The term *environmental scanning* implies:

- (a) Gathering data relating to the organisation and its surrounding.
- (b) Collecting information relating to the employees
- (c) Collecting information about the shareholders
- (d) Gathering information relating to customers, suppliers and public.

Answer: \_\_\_\_\_

**Question 53**

One of the features of *preference shares* is:

- (a) Dividend on preference shares is a charge against the profits
- (b) Issue of preference shares involves charge on the assets
- (c) Dividend is payable prior to equity share holders
- (d) These shareholders have no preferential rights

**Answer:** \_\_\_\_\_

**Question 54**

With reference to fund transfer through RTGS, which of the following statements is correct?

- (a) Upper ceiling amount for an RTGS transaction is five lakhs
- (b) RTGS does not take place on gross basis
- (c) RTGS facility is provided only by CBS enabled bank branches
- (d) The RTGS transaction is revocable

**Answer:** \_\_\_\_\_

**Question 55**

The difference between *shares* and *debenture* is:

- (a) Debenture holders are paid interest and shareholders are paid dividend.
- (b) Debentures are issued without any charge on the assets, but shares are always issued against certain assets.
- (c) Debenture holders are the owners whereas shareholders are creditors of a company.
- (d) Debentures carry voting rights but shares do not.

**Answer:** \_\_\_\_\_



**Question 56**

An advantage of borrowing funds from financial institutions is:

- (a) Assets may have to be kept as security against loans taken
- (b) They may interfere in the management of the borrowing companies
- (c) Availability of funds at a low rate of interest
- (d) Thorough investigation of the borrowing company

**Answer:** \_\_\_\_\_

**Question 57**

The phrase 'management is all pervading' implies:

- (a) Management is required in all organisations.
- (b) Management is required at all levels of organisation.
- (c) Management is required at the top level of the organisation.
- (d) Management is required at all levels of authority and in all organisations.

**Answer:** \_\_\_\_\_

**Question 58**

According to Henry Fayol, the principle of Authority and Responsibility means:

- (a) Authority and responsibility go hand in hand.
- (b) Authority and responsibility do not coexist.
- (c) No parity between authority and responsibility
- (d) Authority does not require taking responsibility.

**Answer:** \_\_\_\_\_

**Question 59**

Which of the following is NOT correct with regard to the importance of management?

- (a) Management generates employment opportunities.
- (b) Management improves standard of living of people.
- (c) Management is a system of authority.
- (d) Management leads to development of nation.

**Answer:** \_\_\_\_\_

**Question 60**

Programme as a type of Plan is

- (a) A Single-use, comprehensive plan
- (b) An Action Plan to face environment uncertainties
- (c) Manner in which activities are to be performed
- (d) A penalty for violation laid down

**Answer:** \_\_\_\_\_

*Read the passages given below and answer the questions that follow by choosing the correct option.* [20]

**Question 61**

Super Enterprises has been a successful business enterprise in India. Recently, it found that there was dissatisfaction among the employees due to low pay and benefits. The company took timely action of assuring the employees an increase in their salary and productivity bonus. This was done to the satisfaction of the employees. The management of the company realised that the performance of the employees improved, and the company was able to maximise output at a competitive cost. However, there was a group of workers who did not want to cooperate with the organisation and the other employees. The manager Mr. R was worried that this would bring down the spirit of the whole team. So, he resolved this issue by having discussions with the group of workers and explaining to them the importance of cooperation among the employees.

- (i) The principle of management applied by Super Enterprises by taking 'timely action' is:
- (a) Stability of tenure
  - (b) Subordination of individual interest to general interest
  - (c) Remuneration
  - (d) Order

**Answer:** \_\_\_\_\_

- (ii) Which characteristic of management is highlighted in the 'timely action' taken by Super Enterprises?
- (a) Management is both Art and Science
  - (b) Management is universal
  - (c) Management is intangible
  - (d) Management is dynamic

**Answer:** \_\_\_\_\_

(iii) The manager Mr. R was worried about the violation of one of Fayol's principles of management. Identify the principle.

- (a) Esprit de corps
- (b) Initiative
- (c) Order
- (d) Equity

Answer: \_\_\_\_\_

(iv) Which principle of management states that all employees should be treated with justice and kindness without discrimination?

- (a) Unity of direction
- (b) Subordination of individual interest to group interest
- (c) Equity
- (d) Scalar chain

Answer: \_\_\_\_\_

(v) The knowledge on management is drawn from several subjects like Economics, Psychology, etc. Which characteristic of management is highlighted in this statement?

- (a) Management is multi-disciplinary.
- (b) Management is a distinct entity.
- (c) Management is both Art and Science.
- (d) Management is intangible.

Answer: \_\_\_\_\_

**Question 62**

SD Industries Ltd. has equity share capital worth ₹600 crores. It also has raised ₹300 crores through an issue of redeemable debentures. Its retained earnings amount to ₹500 crores. The management of the company plans to invest in modernisation of plant and replacement of machinery. The management of SD Industries Ltd. wants to utilise its funds in the best possible manner.

- (i) Which of the following is an advantage gained by SD Industries Ltd. by issuing equity share capital?
- (a) Dividend is payable only if there are adequate profits.
  - (b) It is a costly source of capital.
  - (c) Shareholders may interfere in management.
  - (d) Possibility of over-capitalisation

**Answer:** \_\_\_\_\_

- (ii) Which one of the following is a suitable source of capital for modernisation of plant and replacement of machinery?
- (a) Public deposits
  - (b) Retained earnings
  - (c) Trade credit
  - (d) Inter corporate deposits

**Answer:** \_\_\_\_\_

- (iii) Which of the following is a benefit that the company will get by raising finance through debentures?
- (a) Mortgage of assets
  - (b) No interference in management
  - (c) Reduction in credit standing
  - (d) Interest has to be paid irrespective of profit or loss.

**Answer:** \_\_\_\_\_

(iv) Which one of the following is an internal source of finance for the company?

- (a) Debentures
- (b) Retained earnings
- (c) Preference shares
- (d) Bank loans

Answer: \_\_\_\_\_

(v) Which one of the following types of debentures are repayable on or before the maturity date?

- (a) Convertible debentures
- (b) Registered debentures
- (c) Irredeemable debentures
- (d) Redeemable debentures

Answer: \_\_\_\_\_

### Question 63

Ms. M was successfully running a catering service for weddings. But due to the pandemic situation, the government imposed restrictions on social gatherings. This had an adverse impact on her catering business. The future of the catering business seemed bleak. As the number of COVID positive cases increased, people were isolated at home. Seeing this situation, Ms. M started a food delivery service. She supplied simple and healthy home cooked food at reasonable price. The food was liked by her customers. Ms. M started using social media platforms to spread word about her business. She also accepted online payment, for the convenience and the safety of her customers and employees.

(i) In the given case, due to the pandemic the future of Ms. M's catering business seemed bleak. Which feature of business environment is highlighted in this case?

- (a) Uncertainty
- (b) Integral
- (c) Universality
- (d) Internal forces

Answer: \_\_\_\_\_

- (ii) Customers are a part of:
- (a) Internal factors of micro environment
  - (b) Economic environment
  - (c) External factors of micro environment.
  - (d) Macro environment

Answer: \_\_\_\_\_

- (iii) Online payment which was accepted in the given case, is an outcome of:
- (a) Legal environment
  - (b) Technological environment
  - (c) Economic environment
  - (d) Social environment

Answer: \_\_\_\_\_

- (iv) The quality and price of the food supplied by the entrepreneur in the given case is its:
- (a) Opportunity
  - (b) Threat
  - (c) Weakness
  - (d) Strength

Answer: \_\_\_\_\_

- (v) Which one of the following is a component of Economic environment?
- (a) Political stability of the country
  - (b) Customs and traditions
  - (c) Per capita income of people
  - (d) Use of automation in industry

Answer: \_\_\_\_\_

**Question 6d**

Mahesh was running a sweets shop for many years. But due to the change in the consumption habits of people, he shifted to chocolate business. On the eve of Diwali, he offered chocolates in attractive packages at reasonable prices. He anticipated huge demand and created a website chocolate.com for taking orders online. He got lot of orders online and earned huge profit by selling chocolates.

(i) Which components of macro environment have been discussed in the above case?

- (a) Political and Legal
- (b) Legal and Economic
- (c) Social and Technological
- (d) Economic and Social

Answer: \_\_\_\_\_

(ii) Which feature of business environment is highlighted in the above case?

- (a) Diversity
- (b) Dynamic
- (c) Complexity
- (d) Non- controllable

Answer: \_\_\_\_\_

(iii) Under which dimension of environment, does a supplier belong?

- (a) External element of micro environment
- (b) Internal element of micro environment
- (c) Legal environment
- (d) Political environment

Answer: \_\_\_\_\_

(iv) Which one of the following options highlights the importance of business environment in the above case?

- (a) First mover advantage
- (b) Public image
- (c) Continuous learning
- (d) Coping with the change

Answer: \_\_\_\_\_

(v) One of the external factors that constitutes microenvironment is:

- (a) Top management structure
- (b) Corporate culture
- (c) Competitors
- (d) Mission and objectives.

Answer: \_\_\_\_\_