

SIKKIM PUBLIC SERVICE COMMISSION

*Main Written Examination for the Post of Co-operative Inspector
and Co-operative Auditor*

Subject : Business Management

Time : 3 hrs.

Maximum Marks : 200

Note : All questions are divided into four sections.

Section - I

1. Objective type questions

All questions are compulsory (1 mark x 10 = 10 marks)

- i) The apple logo of the apple corporation is an example of :
- a) Copy right
 - b) Patent
 - c) Design right
 - d) Trademark
- ii) Where undue influence has been used to form the contract, the effect is that the contract :
- a) Void
 - b) A valid contract that binds both parties
 - c) Illegal
 - d) Voidable
- iii) What specific information can a complete organizational chart give?
- a) It shows what specific decisions are taken on different levels of the hierarchy
 - b) It shows the general logic for grouping the company into units on different levels.

- c) It gives us complete information about the degree of decentralization.
- d) None of the above
- iv) In relation to patents where an employee creates an invention during the normal course of employment and it relates to his / her duties at work, the intellectual property belong to which of the following
- a) The employee
- b) The board of directors of the company where the employee works
- c) The employer
- d) It depends on the specific nature of the employment contract.
- v) Which department is concerned with proper selection and training of workers :
- a) Production department b) personal department
- c) Purchase department d) None of these
- vi) Which of the following is not an element of the marketing mix?
- a) Distribution b) Product
- c) Target market d) Pricing
- vii) Objectives or goals of financial management are to maximize.
- a) Sales b) Profit
- c) Owner's wealth d) Total assets

viii) Mr. Y and Mr. Z are planning to share their capital to run a business. They are going to employ which of the following type of business :

- a) Sole - Proprietorship
- b) Partnership
- c) Corporation
- d) None of the above

ix) Which of the following is NOT an objective of MIS?

- a) Facilitate the decisions making process
- b) Provide requisite information at each level of management
- c) Support decision making
- d) Recruit people for system

x) Which of the following shows the process of creating something new?

- a) Business model
- b) Modeling
- c) Innovation
- d) Creative Flexibility

Section - II

2. Short answer type questions

Answer any twenty (5 marks x 20 = 100)

- i) How is educational Environment related to business?
- ii) What do you mean by span of management?
- iii) What is Capital Rationing?
- iv) Mention any three categories of Pricing Methods of a product?
- v) Define Linear Programming?

- vi) State any three ethical practices of business?
- vii) State five measures to overcome the barriers to communication?
- viii) In what time will a sum of money be double itself at 5% p.a. Compound interest? ($\log 2 = 0.3010$ and $\log 1.05 = 0.0212$)
- ix) Write short notes on SWOT Analysis?
- x) Explain stages and evaluation of Product Life Cycle?
- xi) What are the elements of Project Feasibility Analysis?
- xii) C Ltd. produces a product which has a monthly demand of 4000 units. The product requires a component X which is purchased at Rs. 20. For every finished product, one unit of the component is required. The ordering cost is Rs. 120 per order and the holding cost is 10% p.a.? Calculate the Economic Order Quantity.
- xiii) Differentiate between Line and Staff Authority.
- xiv) H Ltd. wishes to calculate its cost of capital using the Capital Asset Pricing Model. It is found that the risk-free rate of return = 10%, the firm's beta equals 1.5 and the return on the market portfolio equals 12.5%. Compute the cost of equity capital?
- xv) How can we denote and read the union of two sets A and B?
- xvi) What is meant by business informatics?
- xvii) Briefly explain the three major skills that a manager should possess.
- xviii) State the problems in the measurement of national income.
- xix) Briefly discuss the concept of workers' participation in management.
- xx) Define negotiable instruments.

- xxi) State the difference between gross national income and net national income.
- xxii) Define marketing and distinguish it from selling.
- xxiii) State the differences between sale and agreement to sale.
- xxiv) Explain service-driven logistics systems.
- xxv) State the difference between previous year and assessment year as per the Income Tax Act.
- xxvi) Briefly describe the steps in project management.
- xxvii) Briefly explain the concept of activity-based costing.
- xxviii) What do you mean by market segmentation? How does it help a firm to compete in the market?
- xxix) Briefly discuss the 'going concern' concept in accounting.
- xxx) State the advantages and disadvantages of a cooperative organization.

Section - III

3. Paragraph answer type questions

Answer any six

(10 marks x 6 = 60)

- i) Find the Mean and Median of the following frequency distribution:
X : 1 2 3 4 5 6
F : 7 12 17 19 21 24
- ii) "All agreements are not contracts, but all contracts are agreements". Discuss the statement explaining essential elements of a valid contract.

- iii) Calculate the NPV for Project "A" which initially costs Rs. 3000 and generates annual cash inflow of Rs. 1,000, Rs. 900, Rs. 800, Rs. 700 and Rs. 600 in five years. The discount rate is assumed to be @ 10%.
- iv) Enumerate the nature and scope of marketing in modern business organizations.
- v) State the different types of management information systems and explain any two of them.
- vi) Briefly explain the importance and the need for business ethics in contemporary business organisations.
- vii) Discuss the barriers in the communication process.
- viii) Analyse how business economics is related to mathematics, statistics and accountancy.
- ix) Enumerate the nature and scope of human resource management in modern business organisations.

Section - IV

4. Long answer type questions

Answer any two

(15 marks x 2 = 30)

- i) What is feed forward control? What are the steps involved in the controlling function of management.
- ii) Distinguish between an entrepreneur and a manager and explain the functions of an entrepreneur.
- iii) Describe the nature and characteristics of entrepreneurship and analyse the factors affecting entrepreneurial growth in India.

- iv) Prepare Trading and profit and loss account and balance sheet of Kiran Thapa as at 31st December, 2014 from the following trial balance and additional information :

| Particulars | Dr. | Cr. | Particulars | Dr. | Cr. |
|-------------------|----------|----------|-------------------------|----------|----------|
| Opening Stock | 50,000 | | Sundry Creditors | | 30,000 |
| Purchases | 1,25,000 | | Income Tax | 900 | |
| Bills Receivable | 13,200 | | Cash and Bank | 5,000 | |
| Sales | | 2,60,000 | Furniture and Fittings | 5,000 | |
| Sales Returns | 2,000 | | Bad Debts | 2,000 | |
| Purchase Returns | | 1,200 | Plant and Machinery | 80,000 | |
| Discounts | 300 | 250 | Freight and Duty | 1,500 | |
| Carriage Outwards | 500 | | Wages | 15,000 | |
| Salaries | 10,000 | | Provision for Bad Debts | | 1,750 |
| Insurance | 1,200 | | Capital | | 71,400 |
| Rent | 3,000 | | Drawings | 5,000 | |
| Sundry Debtors | 45,000 | | | | |
| | | | TOTAL | 3,64,600 | 3,64,600 |

- 1) Stock on 31st December 2014 was valued at Rs. 60,000.
- 2) The provision for bad debt is to be maintained at 5% on sundry debtors.
- 3) Total bad debts to be written off during the year were Rs. 3,200.
- 4) Outstanding liabilities were as under :
Salaries – Rs. 2,000
Wages – Rs. 3,000
- 5) Rent and Insurance paid during the year were for 15 and 18 months respectively.
- 6) Depreciate : Furniture & Fittings by 5%, Plant and Machinery by 10%.