

17 May 2024

Question 1

Identify the Principle of Management where Taylor pioneered the introduction of method of scientific inquiry into the domain of management practice.

Options:

- A. Science, not rule of thumb
- B. Harmony not discord
- C. Cooperation, not individualism
- D. Development of each and every person to the greatest efficiency and prosperity

Answer: A

Solution:

The correct answer is - Science, not rule of thumb

Key Points

- **Science, not rule of thumb**
 - Frederick Winslow **Taylor** is known as the father of scientific management.
 - He introduced the principle of using **scientific methods** to determine the best way to perform a job.
 - This principle emphasizes the replacement of traditional **rule of thumb** methods with methods based on scientific studies and research.
 - The main objective is to increase **efficiency** and productivity through systematic and empirical analysis.

Additional Information

- **Harmony, not discord**
 - This principle focuses on fostering **cooperation** and mutual understanding between management and workers.

- It aims to create a harmonious working environment to boost **morale** and productivity.
 - **Cooperation, not individualism**
 - Encourages **teamwork** and collaborative efforts among employees.
 - Stresses the importance of joint efforts for achieving **organizational goals**.
 - **Development of each and every person to the greatest efficiency and prosperity**
 - Focuses on the **training and development** of employees to ensure they reach their full potential.
 - Emphasizes continuous improvement and skill enhancement for both **personal growth** and organizational success.
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Question 2

Match List-I with List-II on the basis of Management Principles :

List - I		List - II	
(A)	Obedience to organisational rules	(I)	Unity of direction
(B)	One boss for every individual employee	(II)	Remuneration of employees
(C)	One head and one plan	(III)	Discipline
(D)	Remuneration should be just and equitable	(IV)	Unity of command

Choose the correct answer from the options given below :

Options:

- A. (A) - (I), (B) - (II), (C) - (III), (D) - (IV)
- B. (A) - (I), (B) - (III), (C) - (II), (D) - (IV)
- C. (A) - (I), (B) - (II), (C) - (IV), (D) - (III)
- D. (A) - (III), (B) - (IV), (C) - (I), (D) - (II)

Answer: D

Solution:

The correct answer is - **(A) - (III), (B) - (IV), (C) - (I), (D) - (II)**.



Key Points

- **(A) - (III) Discipline**
 - Obedience to organizational rules is a fundamental aspect of **discipline**, ensuring that employees follow the established guidelines and procedures.
- **(B) - (IV) Unity of command**
 - One boss for every individual employee reflects the principle of **unity of command**, meaning each employee should receive orders from only one superior to avoid confusion and conflicts.
- **(C) - (I) Unity of direction**
 - One head and one plan for a group of activities having the same objective highlights the principle of **unity of direction**, ensuring all efforts are aligned towards the same goal.
- **(D) - (II) Remuneration of employees**
 - Remuneration should be just and equitable represents the principle of **remuneration of employees**, ensuring fair compensation for their work.

Additional Information

- **Discipline**
 - Discipline involves adherence to rules and regulations, and it is essential for maintaining order and efficiency within an organization.
- **Unity of Command**
 - This principle states that each employee should have only one direct supervisor, to whom they are accountable. This helps in avoiding confusion and ensures clear communication.
- **Unity of Direction**
 - Unity of direction ensures that all members of the organization are moving towards the same objectives, with a single plan guiding their efforts.
- **Remuneration of Employees**
 - Fair and equitable remuneration is crucial for employee satisfaction and motivation, directly affecting their performance and productivity.

Question 3

The aim of which technique given by F.W. Taylor is to reduce a given line or a product to fixed types, sizes and characteristics ?

Options:

- A. Method study
- B. Time study
- C. Standardisation of work
- D. Functional foremanship

Answer: C

Solution:

The correct answer is - Standardisation of work

Key Points

- **Standardisation of work**
 - The concept involves reducing a given line or product to fixed types, sizes, and characteristics.
 - It aims to ensure that tasks are performed in a uniform and consistent manner.
 - This technique helps in improving efficiency and productivity in the workplace.
 - By standardising work, it becomes easier to measure performance and maintain quality.

Additional Information

- **Method study**
 - Involves analyzing the methods used to perform a task.
 - Aims to find the most efficient way to complete a job.
- **Time study**
 - Focuses on determining the time required to complete a task.
 - Helps in setting standard times for tasks to improve efficiency.
- **Functional foremanship**
 - Involves having multiple foremen, each responsible for a specific function.
 - Aims to improve supervision and expertise in various aspects of work.

Question 4

Match List-I with List-II on the basis of Management Principles :

List - I		List - II	
(Meaning)		(Term)	
(A)	Employees turnover should be minimised	(I)	Stability of personnel
(B)	Emphasises kindliness and justice	(II)	Equity
(C)	Chain of authority and communication from top to bottom	(III)	Espirit de corps
(D)	Promotes team spirit	(IV)	Scalar chain

Choose the correct answer from the options given below :

Options:

A. (A) - (I), (B) - (II), (C) - (III), (D) - (IV)

B. (A) - (I), (B) - (III), (C) - (II), (D) - (IV)

C. (A) - (I), (B) - (II), (C) - (IV), (D) - (III)

D. (A) - (III), (B) - (IV), (C) - (I), (D) - (II)

Answer: C

Solution:

The correct answer is - ~~(A) - (I), (B) - (II), (C) - (IV), (D) - (III)~~.

Key Points

- **Stability of personnel**
 - Employees turnover should be minimized to maintain **stability of personnel**.
- **Equity**
 - **Equity** emphasizes kindness and justice towards employees.
- **Scalar chain**
 - The **scalar chain** represents the chain of authority and communication from top to bottom.
- **Espirit de corps**
 - **Espirit de corps** promotes team spirit among employees.

Additional Information

- **Fayol's 14 Principles of Management**
 - Henri Fayol proposed 14 principles of management to improve administrative efficiency.
 - These principles serve as guidelines for decision-making and organizational management.
- **Importance of Stability of Personnel**
 - Minimizing employee turnover ensures consistency and improves overall organizational performance.
 - High turnover rates can disrupt workflow and increase recruitment and training costs.
- **Equity in the Workplace**
 - Fair treatment of employees fosters a positive work environment and boosts morale.
 - Equity helps in maintaining a just and ethical organizational culture.
- **Scalar Chain and Communication**
 - A clear scalar chain ensures effective communication and proper delegation of authority.
 - It defines the line of command and helps in resolving issues promptly.
- **Espirit de Corps**
 - Fostering team spirit enhances collaboration and boosts productivity.
 - Encouraging unity among employees leads to a more cohesive and supportive work environment.

Question 5

Under which dimension of business environment is "Online Booking of Air Tickets" included ?

Options:

- A. Legal dimension
- B. Economic dimension
- C. Technological dimension
- D. Social dimension

Answer: C

Solution:

The correct answer is - Technological dimension

Key Points

- **Technological dimension**
 - The **technological dimension** of the business environment encompasses advancements in technology that impact business operations.
 - Online booking of air tickets is a result of advancements in **information technology** and the **internet**.
 - This includes **software development** for booking platforms, **digital payment systems**, and **real-time data processing**.
 - The integration of technology in the airline industry has **simplified** and **streamlined** the ticket booking process for consumers.

Additional Information

- **Legal dimension**
 - This dimension involves laws and regulations that businesses must comply with.
 - Examples include labor laws, consumer protection laws, and industry-specific regulations.
 - **Economic dimension**
 - This dimension covers economic factors that impact businesses, such as inflation, interest rates, and economic growth.
 - It determines the overall economic health and stability of the market.
 - **Social dimension**
 - This dimension includes societal and cultural factors that affect consumer behavior and business operations.
 - Examples include demographics, lifestyle changes, and social values.
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Question 6

Which of the following is an example of economic environment ?

Options:

- A. Money supply in economy
- B. Constitution of the country
- C. Life expectancy
- D. Population shifts

Answer: A

Solution:

The correct answer is - Money supply in economy.

Key Points

- **Money supply in economy**
 - The **economic environment** refers to all external economic factors that influence buying habits of consumers and businesses and thus affect the performance of a company.
 - **Money supply** is a crucial component of the economic environment as it represents the total amount of monetary assets available in an economy at a specific time.
 - Changes in the **money supply** can influence interest rates, inflation, and overall economic growth, making it a key factor for businesses and policymakers.
 - Other elements of the economic environment include inflation rates, fiscal policy, foreign exchange rates, and economic cycles.

Additional Information

- **Constitution of the country**
 - The constitution is a fundamental legal document that establishes the framework of a government and its relationship with the governed. It is part of the **political** rather than the economic environment.
 - While it indirectly impacts the economic environment by shaping the political stability and governance structure, it is not a direct component of the economic environment.
- **Life expectancy**
 - This is a demographic indicator that measures the average number of years a person can expect to live. It falls under the **social environment**.
 - Life expectancy affects the economic environment indirectly through its influence on the labor force and healthcare costs.
- **Population shifts**
 - Population shifts refer to changes in the distribution of people across different regions. This is a part of the **demographic environment**.
 - While population shifts can affect the economic environment by influencing labor markets and consumer demand, they are not direct components of it.

Question 7

Which of the following is an example of legal environment ?

Options:

- A. Death/Birth Ratio
- B. Trade Union Act
- C. Prevailing Political System
- D. Public Debt

Answer: B

Solution:

The correct answer is - Trade Union Act

Key Points

- **Trade Union Act**
 - The **Trade Union Act** is a legal framework that governs the formation, regulation, and rights of trade unions.
 - This Act is part of the **legal environment** as it sets out the legal norms and procedures within which trade unions operate.
 - Understanding this Act is essential for businesses and employees to ensure compliance with labor laws and safeguard workers' rights.

Additional Information

- **Legal Environment**
 - The **legal environment** includes all laws, regulations, and standards that influence business operations.
 - Examples of legal environment factors:
 - **Employment Laws**: Regulations such as minimum wage laws, workplace safety standards, and anti-discrimination laws.
 - **Environmental Regulations**: Laws that govern pollution control, waste management, and sustainability practices.
 - **Consumer Protection Laws**: Legislation aimed at safeguarding consumer rights and ensuring product safety.
 - Compliance with the legal environment is crucial for businesses to avoid legal penalties and enhance their reputation.

Question 8

Which of the following does not characterise business environment ?

Options:

- A. Inter-related
- B. External forces
- C. Market orientation and product
- D. Relativity

Answer: C

Solution:

The correct answer is - **Market orientation and product**

Key Points

- **Market orientation and product**
 - Business environment generally refers to the external forces and factors that influence a company's ability to operate effectively.
 - Market orientation and product focus on internal strategies and operational aspects, not on external environmental factors.
 - Hence, **Market orientation and product** do not characterize the business environment.

Additional Information

- **Inter-related**
 - The business environment consists of multiple factors that are often interlinked and can influence each other.
 - For example, changes in economic policies can impact market conditions, which in turn affect business operations.
- **External forces**
 - The business environment is primarily shaped by external forces like economic conditions, legal regulations, and social trends.
 - These forces are beyond the control of individual businesses but significantly impact their performance.
- **Relativity**
 - The business environment is relative, meaning it can differ based on geographical location, industry, and market conditions.
 - This relativity indicates that what affects one business environment may not necessarily affect another in the same way.

Question 9

Identify the correct sequence of steps under the Planning function :

(A) Setting objectives

(B) Identifying alternative courses of action

(C) Developing premises

(D) Evaluating alternative courses of action

Choose the correct answer from the options given below :

Options:

A. (A), (B), (C), (D)

B. (A), (C), (B), (D)

C. (B), (A), (D), (C)

D. (C), (B), (D), (A)

Answer: B

Solution:

The correct answer is - (A), (C), (B), (D)

Key Points

- **Setting objectives**
 - The first step in the planning process is to determine the goals and objectives that the organization aims to achieve.
 - These objectives provide direction for the planning process and act as a benchmark for measuring success.
- **Developing premises**
 - This involves identifying the assumptions and conditions under which the plans will operate.
 - Developing premises helps in understanding the internal and external environment that can affect the plan.
- **Identifying alternative courses of action**
 - This step involves brainstorming and listing all possible ways to achieve the objectives.
 - It is essential to consider multiple alternatives to be prepared for any uncertainties and to choose the best possible course of action.
- **Evaluating alternative courses of action**
 - Each alternative is assessed for its feasibility, advantages, and disadvantages.
 - This evaluation helps in selecting the most suitable course of action that aligns with the objectives and premises.

Additional Information

- **Importance of Objectives**
 - Objectives act as the foundation for all managerial activities, providing clarity and purpose.
 - They help in coordinating activities and directing efforts towards a common goal.
 - **Role of Premises**
 - Premises include forecasts and assumptions about future conditions, which are essential for making realistic plans.
 - They help in anticipating potential challenges and opportunities.
 - **Decision-Making**
 - Identifying and evaluating alternatives is a critical part of the decision-making process.
 - Effective decision-making requires a thorough understanding of available options and their potential impacts.
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Question 10

Identify the correct sequence of Selection process :

(A) Selection decision

(B) Employment interview

(C) Selection tests

(D) Reference checking

Choose the correct answer from the options given below :

Options:

A. (A), (B), (C), (D)

B. (A), (C), (B), (D)

C. (B), (A), (D), (C)

D. (C), (B), (D), (A)

Answer: D

Solution:

The correct answer is - ~~(C)~~, ~~(B)~~, ~~(D)~~, ~~(A)~~.

Key Points

- (C) Selection tests
 - The first step in the selection process usually involves **selection tests** to assess the candidate's abilities and skills relevant to the job.
- (B) Employment interview
 - After passing the selection tests, candidates typically go through an **employment interview** to evaluate their suitability for the position.
- (D) Reference checking
 - Once the interview is successful, the next step is **reference checking** to verify the candidate's background and previous employment history.
- (A) Selection decision
 - After all the previous steps are completed, the final step is making the **selection decision** to choose the most suitable candidate for the job.

Additional Information

- Importance of Selection Tests
 - Selection tests help in identifying candidates with the right skills and aptitude for the job.
 - They ensure a fair and objective assessment process.
- Purpose of Employment Interviews
 - Interviews provide an opportunity to assess the candidate's communication skills and cultural fit.
 - They allow employers to clarify any doubts arising from the candidate's application or test results.
- Reference Checking Process
 - Reference checks validate the information provided by the candidate.
 - They help in identifying any potential red flags from the candidate's past employment.
- Making the Selection Decision
 - This step involves evaluating all gathered information to make a final hiring decision.
 - It is crucial to ensure the selected candidate aligns with the organizational goals and values.

Question 11

"It is a joint programme of training in which educational institutions and business firms cooperate." Identify the method of training.

Options:

- A. Vestibule training
- B. Apprenticeship training
- C. Internship training
- D. Job rotation

Answer: C

Solution:

The correct answer is - Internship training

Key Points

- **Internship training**
 - This method involves a **joint programme** of training where educational institutions and business firms collaborate.
 - It allows students to gain practical **work experience** while still in their academic programs.
 - Internship training provides a real-world experience that **complements** the theoretical knowledge acquired in educational settings.
 - It is a temporary position that focuses on on-the-job training rather than merely employment.

Additional Information

- **Vestibule training**
 - Involves training sessions conducted in a simulated environment that mimics the actual workplace.
 - Focuses on **learning specific tasks** and skills in a controlled setting before performing them on the job.
- **Apprenticeship training**
 - Typically involves a long-term training program under the guidance of a skilled professional.
 - Combines **on-the-job training** with classroom instruction.
- **Job rotation**
 - Involves moving employees between different jobs to learn a variety of skills and gain broad experience.
 - Aims to **enhance employee versatility** and prepare them for future roles.

Question 12

Match List-I with List-II on the basis of meaning and name of the concept :

List - I		List - II	
(A)	Choosing the most appropriate candidate	(I)	Selection
(B)	Candidate is given an introduction to superiors	(II)	Orientation
(C)	Learning the skills related to a job	(III)	Recruitment
(D)	Searching for prospective employees	(IV)	Training

Choose the correct answer from the options given below :

Options:

- A. (A) - (I), (B) - (II), (C) - (III), (D) - (IV)
- B. (A) - (I), (B) - (III), (C) - (II), (D) - (IV)
- C. (A) - (I), (B) - (II), (C) - (IV), (D) - (III)
- D. (A) - (III), (B) - (IV), (C) - (I), (D) - (II)

Answer: C

Solution:

The correct answer is - **(A) - (I), (B) - (II), (C) - (IV), (D) - (III)**

Key Points

- **Choosing the most appropriate candidate**
 - This process is referred to as **Selection**.
 - Selection involves evaluating and deciding on the best candidate from a pool of applicants.
- **Candidate is given an introduction to superiors**
 - This process is known as **Orientation**.
 - Orientation helps new employees to understand their roles, responsibilities, and organizational hierarchy.
- **Learning the skills related to a job**
 - This is identified as **Training**.
 - Training is essential for employees to acquire job-specific skills and improve their performance.
- **Searching for prospective employees**
 - This activity is termed **Recruitment**.
 - Recruitment involves identifying and attracting potential candidates to fill job vacancies.

Additional Information

- **Recruitment vs. Selection**
 - **Recruitment** is the process of attracting a pool of qualified candidates to apply for job vacancies.
 - **Selection** is the process of choosing the most suitable candidate from those recruited.
 - **Importance of Orientation**
 - Orientation helps new employees acclimate to the organizational culture.
 - It provides essential information regarding policies, procedures, and workplace norms.
 - **Effective Training**
 - Effective training programs are crucial for employee development and organizational success.
 - They should be designed to address specific skills and knowledge gaps.
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Question 13

Which of the following is a process of incitement or inducing subordinates to act in a desired manner to achieve organisational goals ?

Options:

- A. Motivation
- B. Supervision
- C. Leadership
- D. Communication

Answer: A

Solution:

The correct answer is - **Motivation**

Key Points

- **Motivation**
 - The process of incitement or inducing subordinates to act in a desired manner to achieve organizational goals is known as **motivation**.
 - It involves encouraging employees to put in their best efforts to achieve the desired results.
 - **Motivation** can be achieved through various means such as rewards, recognition, and positive reinforcement.
 - This process is essential for enhancing employee performance and achieving organizational objectives effectively.

Additional Information

- **Supervision**
 - Supervision involves overseeing the work of subordinates to ensure that it meets the required standards and is completed on time.
 - It is more about monitoring and guiding rather than inciting or inducing actions.
- **Leadership**
 - Leadership is the ability to influence and guide others to achieve common goals.
 - While it involves motivation, it also encompasses broader aspects such as setting a vision, making decisions, and inspiring others.
- **Communication**
 - Communication is the process of sharing information, ideas, and messages between individuals or groups.

- Effective communication is essential for coordination and achieving organizational goals, but it is not specifically about incitement or inducing actions.
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Question 14

Find the correct sequence of needs as given by Maslow in his Need Hierarchy Theory.

(A) Belongingness needs

(B) Safety and Security needs

(C) Self-actualisation needs

(D) Esteem needs

Choose the correct answer from the options given below :

Options:

A. (A), (B), (C), (D)

B. (A), (C), (B), (D)

C. (B), (A), (D), (C)

D. (C), (B), (D), (A)

Answer: C

Solution:

The correct answer is - ~~(B)~~, ~~(A)~~, ~~(D)~~, ~~(C)~~.



Key Points

- **Maslow's Need Hierarchy Theory**
 - Maslow's theory proposes that human needs are arranged in a hierarchy.
 - The hierarchy is typically depicted as a pyramid, with the most basic needs at the bottom.
 - The sequence from the bottom to the top is: **Physiological needs, Safety and Security needs, Belongingness needs, Esteem needs, Self-actualisation needs.**
- **Order of Needs**

- **Safety and Security needs** (B): These are the needs for security and protection from physical and emotional harm.
- **Belongingness needs** (A): These involve the need for social interactions, friendships, and love.
- **Esteem needs** (D): These include the need for self-respect, self-esteem, and respect from others.
- **Self-actualisation needs** (C): These are the needs for personal growth, self-fulfillment, and the realization of one's potential.

Additional Information

- **Physiological needs**
 - These are biological requirements for human survival, such as air, food, drink, shelter, clothing, warmth, sleep.
 - If these needs are not satisfied, the human body cannot function optimally.
 - Maslow considered physiological needs the most important as all the other needs become secondary until these needs are met.
 - **Other Levels in Maslow's Hierarchy**
 - **Self-actualisation** needs represent the realization of personal potential, self-fulfillment, seeking personal growth, and peak experiences.
 - The higher levels of the hierarchy are more about psychological and self-fulfillment needs, while the lower levels are more about basic and safety needs.
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Question 15

"_____ is a process of influencing the behaviour of people by making them strive voluntarily towards achievement of organisational goals."

Options:

- A. Motivation
- B. Supervision
- C. Leadership
- D. Communication

Answer: C

Solution:

The correct answer is - **Leadership**

 **Key Points**

- **Leadership**
 - **Leadership** is the process of influencing the behaviour of people by making them strive voluntarily towards the achievement of organisational goals.
 - An effective leader motivates and directs their team to meet the company's objectives.
 - Strong leadership involves communication, motivation, supervision, and guidance.

Additional Information

- **Motivation**
 - **Motivation** refers to the internal and external factors that stimulate people to take actions that lead to achieving a goal.
 - It is a critical component of leadership but does not encompass all aspects of leading a team.
 - **Supervision**
 - **Supervision** involves overseeing the work of others to ensure that organizational goals are met.
 - While important, supervision is just one aspect of leadership.
 - **Communication**
 - **Communication** is the process of exchanging information and ideas between people.
 - Effective communication is vital for leadership but does not fully define it.
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Question 16

Which of the following is not a limitation of Controlling ?

Options:

- A. Costly affair
- B. Resistance from employees
- C. Ensure order and discipline
- D. Little control on external factors

Answer: C

Solution:

The correct answer is - Ensure order and discipline

Key Points

- **Ensure order and discipline**
 - This is an objective of controlling, not a limitation.
 - Controlling helps in maintaining **order** and **discipline** within an organization.
 - It ensures that the organizational activities are carried out as planned and standards are met.

Additional Information

- **Limitations of Controlling**
 - **Costly affair**
 - Implementing an effective control system can be **expensive** due to the need for sophisticated techniques and tools.
 - **Resistance from employees**
 - Employees may resist control measures as they might feel **monitored** or restricted, leading to **dissatisfaction**.
 - **Little control on external factors**
 - External factors such as economic changes, technological advancements, and legal regulations are often **beyond the control** of the organization.
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Question 17

Identify the correct sequence of Controlling process :

(A) Analysing deviations

(B) Measurement of actual performance

(C) Setting up standards

(D) Comparison of actual performance with standards

Choose the correct answer from the options given below :

Options:

A. (A), (B), (C), (D)

B. (A), (C), (B), (D)

C. (B), (A), (D), (C)

D. (C), (B), (D), (A)

Answer: D

Solution:

The correct answer is - (C) Setting up standards, (B) Measurement of actual performance, (D) Comparison of actual performance with standards, (A) Analysing deviations

Key Points

- **Setting up standards**
 - This is the first step in the controlling process where **benchmarks** or **standards** for performance are defined.
 - These standards serve as the basis for **comparison**.
- **Measurement of actual performance**
 - The second step involves **measuring** the actual performance of activities.
 - This measurement must be **accurate** and **reliable**.
- **Comparison of actual performance with standards**
 - The third step is to **compare** the actual performance against the set standards.
 - This helps in identifying any **deviations**.
- **Analysing deviations**
 - The final step involves **analyzing** the deviations and determining their causes.
 - This step is crucial for taking **corrective actions**.

Additional Information

- **Importance of Standards**
 - Standards are essential for **setting expectations** and **guiding efforts**.
 - They help in **evaluating** performance accurately.
 - **Accurate Performance Measurement**
 - Accurate measurement is crucial for **valid comparisons**.
 - It helps in identifying **genuine** deviations.
 - **Effective Analysis**
 - Effective analysis helps in **understanding** the root cause of deviations.
 - It is important for making **informed decisions** and implementing corrective actions.
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Question 18

"Only a 5% increase in labour cost may be more troublesome than a 15% increase in postal charges." Identify the concept pointed out in the statement.

Options:

- A. Deviation
- B. Critical point control
- C. Break-even analysis
- D. Critical path method

Answer: B

Solution:

The correct answer is - Critical point control

Key Points

- **Critical point control**
 - It refers to the identification and management of key areas or points in a process where even small changes or deviations can cause significant impacts.
 - In the context of the statement, a 5% increase in labour cost is identified as more critical than a 15% increase in postal charges, indicating that labour cost is a critical point.
 - By focusing on these critical points, organizations can better allocate resources and manage risks effectively.

Additional Information

- **Deviation**
 - Refers to any variation from a standard or expected value in a process.
 - While deviations are important to monitor, not all deviations are critical points.
 - **Break-even analysis**
 - Used to determine the point at which total revenues equal total costs, resulting in no net loss or gain.
 - It is important for understanding the financial viability of a product or service but is not directly related to critical point control.
 - **Critical path method**
 - A project management tool that identifies the longest sequence of tasks that must be completed on time for the entire project to be completed on schedule.
 - It focuses on task durations and dependencies, rather than the criticality of cost components.
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Question 19

Identify the function performed by Financial Market from the following statement :

"Holders of assets can readily sell their financial assets through the mechanism of the financial market."

Options:

- A. Reduce the cost of transactions
- B. Provide liquidity to financial assets

C. Facilitate price discovery

D. Mobilisation of savings and channelising them into the most productive uses

Answer: B

Solution:

The correct answer is - Provide liquidity to financial assets

Key Points

- **Provide liquidity to financial assets**
 - Financial markets enable the **quick and easy sale** of financial assets.
 - This helps in converting assets into cash rapidly, providing **liquidity** to the holders of these assets.
 - Liquidity is crucial for investors who may need to **access their funds** on short notice.
 - High liquidity in financial markets also ensures that assets can be traded with minimal **price volatility**.

Additional Information

- **Reduce the cost of transactions**
 - Financial markets help in lowering the **transaction costs** for trading financial assets.
 - This includes reducing costs related to **information**, **brokerage fees**, and **processing**.
- **Facilitate price discovery**
 - Markets play a key role in **determining the price** of financial assets based on supply and demand dynamics.
 - Price discovery ensures that assets are traded at their **fair market value**.
- **Mobilisation of savings and channelising them into the most productive uses**
 - Financial markets facilitate the **movement of savings** from individual savers to entities needing investment.
 - This ensures that savings are **efficiently allocated** to the most productive and profitable ventures.

Question 20

If any of the parties are not satisfied by the order of _____, they can appeal against such order to the State Commission on the grounds of facts or law within a period of forty-five days from the date of order.

Options:

A. District Commission

B. State Commission

C. National Commission

D. Local Court

Answer: A

Solution:

The correct answer is - **District Commission**

Key Points

- **District Commission**
 - The **District Commission** is the first level of the consumer dispute redressal forum under the Consumer Protection Act.
 - If any party is dissatisfied with the order of the **District Commission**, they can appeal to the State Commission.
 - This appeal must be made within **forty-five days** from the date of the order, based on facts or points of law.

Additional Information

- **State Commission**
 - The State Commission is the second level of the consumer dispute redressal forum.
 - It handles appeals against the orders of the District Commission and has original jurisdiction for claims exceeding a specified monetary limit.
- **National Commission**
 - The National Commission is the apex consumer dispute redressal forum in India.
 - It handles appeals against the orders of the State Commission and has original jurisdiction for claims exceeding a higher specified monetary limit.
- **Local Court**
 - Local courts are not part of the structured consumer dispute redressal system under the Consumer Protection Act.
 - Consumer disputes are specifically handled by the District, State, and National Commissions.

Question 21

Identify the importance of consumer protection discussed in the following lines - "Business organisations make money by selling goods and providing services to consumers. Thus, consumers form an important group among the many stakeholders of business and like other stakeholders, their interest has to be well taken care of."

Options:

- A. Moral justification
- B. Business uses society's resources
- C. Social responsibility
- D. Long-term interest of business

Answer: C

Solution:

The correct answer is - Social responsibility.

Key Points

- **Social responsibility**
 - The statement emphasizes that business organizations must take care of consumer interests as consumers are an essential stakeholder.
 - It aligns with the concept of **social responsibility**, where businesses are expected to act in the best interests of society, including protecting consumer rights.
 - By highlighting the importance of consumers, the statement indicates that businesses have a duty to ensure that consumers' needs and interests are safeguarded.
 - This aligns with the broader view of corporate **social responsibility** (CSR), which entails ethical and transparent business practices that contribute to the welfare of society.

Additional Information

- **Moral justification**
 - This relates to the ethical obligation of businesses to do what is right, just, and fair, beyond profit-making.
 - Moral justification is often about adhering to ethical standards and principles, which is broader than just focusing on consumer protection.
- **Business uses society's resources**
 - This concept highlights the fact that businesses utilize resources from society and thus owe a duty to contribute positively to it.
 - While related to CSR, it does not specifically focus on consumer protection.
- **Long-term interest of business**
 - This refers to the strategic perspective that maintaining good consumer relationships ensures sustained business success.
 - Though important, it is a secondary effect of social responsibility rather than the primary reason mentioned in the statement.

Question 22

Identify the Consumer Right – "The consumer has the freedom to access variety of products at competitive prices. This implies that the marketers should offer a wide variety of products in terms of quality, brand, prices, size, etc."

Options:

- A. Right to Safety
- B. Right to Seek Redressal
- C. Right to be Assured
- D. Right to Consumer Education

Answer: C

Solution:

The correct answer is - Right to be Assured



Key Points

- **Right to be Assured**
 - This right ensures that consumers have access to a wide variety of products and services at competitive prices.
 - It implies that marketers should offer a range of products in terms of quality, brand, prices, size, etc.
 - This right promotes healthy competition among businesses, leading to better choices and fair prices for consumers.



Additional Information

- **Consumer Rights**
 - **Right to Safety**
 - Ensures protection against goods and services that are hazardous to health or life.
 - **Right to Seek Redressal**
 - Provides the right to seek compensation or redressal against unfair trade practices or exploitation.
 - **Right to Consumer Education**
 - Ensures that consumers have the knowledge and skills to make informed decisions and choices about goods and services.
- **Importance of Competitive Prices**
 - Competitive prices ensure that consumers get the best value for their money.
 - Encourages businesses to improve product quality and innovation.

- Leads to a dynamic market environment where businesses strive to meet consumer needs effectively.
-

Question 23

Identify the method of floatation in Primary Market wherein a company sells securities enbloc at an agreed price to a broker.

Options:

- A. Rights issue
- B. Offer for sale
- C. e-IPOs
- D. Offer through Prospectus

Answer: B

Solution:

The correct answer is - Offer for sale

Key Points

- **Offer for sale**
 - This method involves a company selling its securities **en bloc** (i.e., in bulk) at an **agreed price** to a broker or intermediary.
 - The broker then resells these securities to the public, typically through a stock exchange.
 - This method helps the company avoid the complexities and costs associated with directly selling securities to the public.

Additional Information

- **Rights Issue**
 - Involves offering additional shares to existing shareholders at a discounted price, proportional to their current holdings.
 - It is used to raise capital while maintaining the ownership percentage of existing shareholders.
- **e-IPOs**
 - Stands for **Electronic Initial Public Offerings**, where the process of issuing shares is conducted online.
 - It simplifies the IPO process by making it more accessible and efficient for investors.
- **Offer through Prospectus**
 - Involves issuing a detailed document (prospectus) to the public, outlining the company's financials, operations, and risks.

- It is a direct method of raising capital from the public by selling shares or debentures.

Question 24

Match List-I with List-II on the basis of meaning and the term :

List - I		List - II	
(Meaning)		(Term)	
(A)	Right to command	(I)	Answerability
(B)	Obligation to perform task	(II)	Delegation
(C)	Accountability	(III)	Authority
(D)	Basis of management hierarchy	(IV)	Responsibility

Choose the correct answer from the options given below :

Options:

- A. (A) - (I), (B) - (II), (C) - (III), (D) - (IV)
- B. (A) - (I), (B) - (III), (C) - (II), (D) - (IV)
- C. (A) - (I), (B) - (II), (C) - (IV), (D) - (III)
- D. (A) - (III), (B) - (IV), (C) - (I), (D) - (II)

Answer: D

Solution:

The correct answer is - ~~(A) - (III), (B) - (IV), (C) - (I), (D) - (II)~~

Key Points

- ~~(A) - Right to command - (III) Authority~~
 - The **authority** is the right or power assigned to an individual to make decisions, enforce obedience, and command.
- ~~(B) - Obligation to perform task - (IV) Responsibility~~
 - **Responsibility** refers to the duty or obligation to complete a task assigned by someone in authority.
- ~~(C) - Accountability - (I) Answerability~~

- **Accountability** means being **answerable** for the outcomes of a task or decision to someone higher in authority.
- **(D) - Basis of management hierarchy - (II) Delegation**
 - **Delegation** is the process of assigning responsibility and authority to subordinates to ensure tasks are carried out effectively, forming the basis of management hierarchy.

Additional Information

- **Authority**
 - Derived from the organization's structure and is essential for ensuring command and control.
 - It is often depicted in organizational charts and defined in job descriptions.
- **Responsibility**
 - It is directly linked to the task assigned and must be fulfilled by the individual to whom it has been delegated.
 - Responsibility cannot be delegated, meaning the original owner remains accountable for the outcome.
- **Accountability**
 - Encourages performance and adherence to organizational goals by making individuals answerable for their actions.
 - Accountability is a critical aspect of performance management systems within organizations.
- **Delegation**
 - Involves transferring authority to subordinates while retaining responsibility for their actions.
 - Effective delegation allows managers to focus on higher-level tasks and strategic planning.

Question 25

Identify the correct sequence of Organising function of management.

(A) Establishing authority and reporting relationships

(B) Departmentalisation

(C) Identification and division of work

(D) Assignment of duties

Choose the correct answer from the options given below :

Options:

A. (A), (B), (C), (D)

B. (A), (C), (B), (D)

C. (B), (A), (D), (C)

D. (C), (B), (D), (A)

Answer: D

Solution:

The correct answer is - (C) Identification and division of work, (B) Departmentalisation, (D) Assignment of duties, (A) Establishing authority and reporting relationships

Key Points

- **Identification and division of work**
 - It is the first step in the organizing function of management.
 - Tasks are divided based on the skills and capabilities of employees.
 - This step ensures that every task is clearly defined and assigned.
- **Departmentalisation**
 - After dividing the work, similar tasks are grouped together.
 - This leads to the formation of departments or divisions.
 - Departments are created to achieve efficiency and specialization.
- **Assignment of duties**
 - Specific tasks are assigned to individuals within each department.
 - It ensures that every employee knows their responsibilities.
 - This step is crucial for accountability and performance measurement.
- **Establishing authority and reporting relationships**
 - The final step involves defining the hierarchy within the organization.
 - It clarifies who reports to whom and establishes lines of authority.
 - This step ensures that there is a clear structure for communication and decision-making.

Additional Information

- **Importance of Organizing Function**
 - Ensures efficient utilization of resources.
 - Facilitates coordination among different departments.
 - Enhances the ability to adapt to changes in the environment.
 - **Principles of Organizing**
 - Unity of Command: Each employee should receive orders from only one superior.
 - Span of Control: There is a limit to the number of subordinates a manager can effectively manage.
 - Delegation of Authority: Authority should be delegated to the lowest level of management where decisions can be effectively made.
-

Question 26

The formal organisation can be better understood by a study of its features which are as follows :

(A) It specifies the relationships among various job positions and the nature of their inter-relationship. This clarifies who has to report to whom.

(B) It is a means to achieve the objectives specified in the plans, as it lays down rules and procedures essential for their achievement.

(C) Independent channels of communication without specified direction of flow of information are developed by group members.

(D) It is deliberately designed by the top management to facilitate the smooth functioning of the organisation.

Which of the following options are correct ?

Options:

A. (A), (B) and (D) only

B. (A), (B) and (C) only

C. (A), (B), (C) and (D)

D. (B), (C) and (D) only

Answer: A

Solution:

The correct answer is - (A), (B), and (D) only.



Key Points

- **Formal Organisation Features**

- Specifies the **relationships** among various job positions and the nature of their inter-relationship.
- Means to achieve **objectives** specified in the plans, laying down rules and procedures essential for their achievement.
- Deliberately designed by the **top management** to facilitate the smooth functioning of the organisation.
- The correct options (A), (B), and (D) align with these features.



Additional Information

- **Formal vs. Informal Organisation**
 - **Formal Organisation:**
 - Structured and designed by management.
 - Focuses on clear roles, relationships, and objectives.
 - Examples include departmental hierarchies and reporting lines.
 - **Informal Organisation:**
 - Arises spontaneously through social interactions.
 - Lacks formally defined roles and communication channels.
 - Can influence morale and culture within the formal structure.
 - **Importance of a Formal Organisation**
 - Provides a clear framework for operations.
 - Ensures accountability and responsibility.
 - Facilitates coordination and control.
-

Question 27

The informal organisation offers many benefits. Important among them are given below :

(A) Prescribed lines of communication are not followed. Thus, informal organisation leads to faster spread of information as well as quick feedback.

(B) It helps to fulfil the social needs of the members and allows them to find like minded people. This enhances their job satisfaction since it gives them a sense of belongingness in the organisation.

(C) It contributes towards fulfilment of organisational objectives by compensating for inadequacies in the formal organisation.

(D) Unity of command is maintained through an established chain of command.

Choose the correct answer from the options given below :

Options:

A. (A), (B) and (D) only

B. (A), (B) and (C) only

C. (A), (B), (C) and (D)

D. (B), (C) and (D) only

Answer: B

Solution:

The correct answer is - (A), (B), and (C) only

Key Points

- **Informal communication**
 - Unlike formal communication channels, the informal organisation does not follow prescribed lines of communication, resulting in **faster information spread** and **quick feedback**.
- **Social needs and job satisfaction**
 - It helps members **fulfil their social needs** and find **like-minded individuals**, enhancing **job satisfaction** and providing a sense of **belongingness**.
- **Compensating for formal organisational inadequacies**
 - The informal organisation aids in **fulfilling organisational objectives** by compensating for the **inadequacies** present in the formal structure.
- **Unity of command**
 - Unity of command is maintained through an established chain of command in a formal organisation, not in an informal organisation, making statement (D) incorrect.

Additional Information

- **Formal vs. Informal Organisation**
 - **Formal organisation** is a structured and official system of communication and authority.
 - **Informal organisation** is a network of personal and social relationships that arise spontaneously as people associate within the formal structure.
 - **Role of Informal Organisation**
 - It plays a crucial role in enhancing **communication** and **cooperation** among members.
 - It can significantly influence **employee morale** and **motivation**.
 - Informal groups often form around **common interests** or **friendships**.
-

Question 28

Identify the correct sequence of trading & settlement procedure :

(A) The investor has to sign a broker client agreement.

(B) The investor has to open a 'Demat' Account.

(C) An order confirmation slip is issued to the investor by the broker.

(D) The broker will then go online and connect to the main stock exchange.

Choose the correct answer from the options given below :

Options:

A. (A), (B), (C), (D)

B. (A), (C), (B), (D)

C. (B), (A), (D), (C)

D. (C), (B), (D), (A)

Answer: A

Solution:

The correct answer is - ~~(A)~~, ~~(B)~~, ~~(C)~~, ~~(D)~~.

Key Points

- **Broker-Client Agreement**
 - The first step involves signing a broker-client agreement to formalize the relationship and outline the terms of trading.
 - This agreement ensures both parties understand their rights and obligations.
- **Opening a 'Demat' Account**
 - The investor needs to open a Demat account to hold shares in electronic form.
 - This account is crucial for trading in securities as it allows for electronic settlement.
- **Order Confirmation**
 - Once an order is placed, the broker issues an order confirmation slip to the investor.
 - This slip serves as proof of the transaction and includes details such as the number of shares and price.
- **Broker Connects to Stock Exchange**
 - The broker connects to the main stock exchange online to execute the trade.
 - This step ensures that the transaction is completed efficiently and transparently.

Additional Information

- **Online Trading Platforms**
 - Modern trading often involves the use of online platforms provided by brokers.
 - These platforms offer real-time data, analysis tools, and ease of placing orders.
- **Settlement Process**
 - After the trade, the settlement process involves transferring the securities and funds between buyer and seller.

- The settlement cycle in India typically follows a T+2 format, meaning the transaction is settled two business days after the trade date.
 - **Regulatory Bodies**
 - The Securities and Exchange Board of India (SEBI) regulates the securities market to protect investor interests.
 - SEBI mandates various compliance requirements for brokers and investors to ensure market integrity.
-

Question 29

The market where existing securities are bought and sold is known as _____ .

Options:

- A. Primary market
- B. Secondary market
- C. Capital market
- D. Financial market

Answer: B

Solution:

The correct answer is - Secondary market

Key Points

- **Secondary market**
 - The **secondary market** is where investors buy and sell existing securities.
 - It includes **stock exchanges** like the New York Stock Exchange (NYSE) and NASDAQ.
 - Transactions in the secondary market do not involve the issuing company directly.
 - This market provides **liquidity** for investors, allowing them to easily buy and sell securities.

Additional Information

- **Primary market**
 - This is where **new securities** are issued and sold for the first time.
 - Companies raise capital by issuing **shares** or **bonds** directly to investors.
 - Examples include **Initial Public Offerings (IPOs)** and **private placements**.
- **Capital market**
 - This market deals with **long-term investments**, including both the primary and secondary markets.
 - It includes markets for **stocks** and **bonds**.

- **Financial market**
 - It is a broad term encompassing any marketplace where trading of **financial instruments** occurs.
 - It includes the capital market, money market, derivatives market, and forex market.
-

Question 30

Qualities of successful entrepreneur do not include :

Options:

- A. Initiative
- B. Self-confidence
- C. Risk avoider
- D. Wealth creators

Answer: C

Solution:

The correct answer is - **Risk avoider**

Key Points

- **Risk avoider**
 - Successful entrepreneurs are known for their ability to take **calculated risks** rather than avoiding them.
 - Avoiding risks is contrary to the entrepreneurial spirit which involves innovating and venturing into new markets.
 - Being a risk avoider implies a reluctance to make bold decisions, which can hinder the growth and success of a business.

Additional Information

- **Initiative**
 - Successful entrepreneurs demonstrate a strong proactive attitude and the ability to **seize opportunities**.
 - They often take the initiative to start new projects and pursue new business ideas.
- **Self-confidence**
 - Self-confidence allows entrepreneurs to trust their decisions and lead effectively.
 - It helps them to overcome challenges and convince others of their vision.
- **Wealth creators**
 - Entrepreneurs are often viewed as wealth creators for themselves and society.
 - They contribute to the economy by **creating jobs** and generating economic value.

Question 31

Identify the function performed by SEBI :

"It controls insider trading, takeover bids and imposes penalties for such practices."

Options:

- A. Protective functions
- B. Regulatory functions
- C. Developmental functions
- D. Preventive functions

Answer: B

Solution:

The correct answer is - Regulatory functions

Key Points

- **Regulatory functions**
 - SEBI (Securities and Exchange Board of India) performs regulatory functions to ensure that the securities market operates in a fair and transparent manner.
 - It controls **insider trading** which refers to the trading of a company's stock or other securities by individuals with access to non-public information.
 - SEBI also oversees **takeover bids** to ensure that such processes are conducted fairly.
 - Imposing penalties for unfair practices is a crucial regulatory function of SEBI to maintain market integrity.

Additional Information

- **Protective functions**
 - These functions are aimed at protecting the interests of investors.
 - They include promoting fair practices and code of conduct among market intermediaries and taking steps to prevent fraudulent activities.
- **Developmental functions**
 - These functions focus on the development of the securities market.
 - They include introducing innovative financial instruments and improving the market infrastructure.
- **Preventive functions**
 - These functions are designed to prevent market malpractices.

- SEBI issues guidelines and conducts inspections to ensure compliance with regulations.
-

Question 32

Financial management aims at choosing the best investment and financing alternatives by focusing on their costs and benefits. Its objective is to :

Options:

- A. Increase the shareholders' wealth
- B. Decrease the shareholders' wealth
- C. Increase the shareholders' capital
- D. Decrease the shareholders' capital

Answer: A

Solution:

The correct answer is - Increase the shareholders' wealth

Key Points

- Increase the shareholders' wealth
 - The main objective of financial management is to maximize the wealth of the shareholders.
 - This is achieved by making decisions that increase the market value of the shareholders' equity.
 - It involves careful planning and controlling of financial resources to generate higher returns on investment.

Additional Information

- Investment Alternatives
 - Financial management involves evaluating different investment opportunities to ensure the best possible returns.
 - Investments are chosen based on their potential to contribute to the overall value creation for shareholders.
- Financing Alternatives
 - Choosing the right mix of debt and equity financing is crucial.
 - The aim is to minimize the cost of capital while maximizing shareholders' wealth.
- Cost-Benefit Analysis
 - Decisions are made based on a thorough analysis of costs and benefits.

- This ensures that the chosen alternatives are financially viable and contribute positively to shareholders' wealth.
-

Question 33

A proper matching of funds requirements and their availability is sought to be achieved by _____.

Options:

- A. Financial planning
- B. Financial control
- C. Capital budgeting
- D. Investment decisions

Answer: A

Solution:

The correct answer is - **Financial planning**

Key Points

- **Financial planning**
 - It involves the **assessment** of funds required and the **identification** of sources for those funds.
 - Ensures that the **right amount** of funds is available at the **right time** to meet the operational and strategic needs of the organization.
 - Helps in **allocating** resources efficiently to achieve organizational goals and objectives.
 - Involves **budgeting**, **forecasting**, and **monitoring** financial performance.

Additional Information

- **Financial control**
 - Involves monitoring and managing the financial resources of the organization.
 - Aims to ensure that the organization is using its financial resources effectively and efficiently.
 - Includes techniques such as **variance analysis** and **financial reporting**.
- **Capital budgeting**
 - Refers to the process of planning and managing a company's long-term investments.
 - Involves evaluating potential investment projects to determine their feasibility and profitability.
 - Key techniques include **Net Present Value (NPV)** and **Internal Rate of Return (IRR)**.
- **Investment decisions**

- Concern the allocation of funds into different investment opportunities.
 - Involves choosing where to invest funds to maximize returns while minimizing risk.
 - Requires analysis of various financial assets such as stocks, bonds, and real estate.
-

Question 34

Debt is _____ but is more _____ for a business because the payment of interest and the return of principal is obligatory for the business.

Options:

- A. Cheaper, risky
- B. Cheaper, safe
- C. Expensive, risky
- D. Expensive, safe

Answer: A

Solution:

The correct answer is - Cheaper, risky.



Key Points

- **Cheaper**
 - Debt financing often has a lower cost compared to equity financing due to **lower interest rates**.
 - Interest payments on debt are **tax-deductible**, reducing the overall cost of borrowing.
- **Risky**
 - Debt requires **regular interest payments** and repayment of the principal, which can strain the company's cash flow.
 - High levels of debt increase financial risk, potentially leading to **bankruptcy** if the company cannot meet its debt obligations.



Additional Information

- **Equity Financing**
 - Involves selling shares of the company to raise capital.
 - Does not require regular payments, reducing financial risk.
 - Can dilute ownership and control of the original owners.
- **Leverage**
 - The use of debt to increase potential returns on investment.

- Can magnify both gains and losses.
 - Requires careful management to avoid excessive risk.
 - **Debt Covenants**
 - Conditions imposed by lenders to protect their interests.
 - May include restrictions on further borrowing or requirements to maintain certain financial ratios.
 - Failure to comply with covenants can lead to penalties or default.
-

Question 35

"Coordination unifies unrelated interests into purposeful work activity." Identify the nature of coordination.

Options:

- A. Coordination is an all pervasive function
- B. Coordination is a continuous process
- C. Coordination ensures unity of action
- D. Coordination integrates group efforts

Answer: D

Solution:

The correct answer is - Coordination integrates group efforts

Key Points

- **Coordination integrates group efforts**
 - Coordination plays a crucial role in **unifying** the diverse and unrelated activities of an organization into a cohesive and purposeful effort.
 - It ensures that all **departments** and **individuals** within the organization are working towards a common goal.
 - By integrating various efforts, coordination **enhances efficiency** and **effectiveness** in achieving organizational objectives.

Additional Information

- **Coordination is an all-pervasive function**
 - Coordination is necessary at all **levels** of management and in all **departments** of the organization.

- It is not limited to any single level or activity; it is required across the entire organization to ensure smooth operations.
 - **Coordination is a continuous process**
 - Coordination is not a one-time activity but an ongoing process that requires constant attention and adjustment.
 - It involves continuous monitoring and realignment of efforts to adapt to changing circumstances and goals.
 - **Coordination ensures unity of action**
 - Coordination ensures that various activities of an organization are **directed** towards achieving the common objectives.
 - It helps in aligning the actions of different departments and individuals to prevent conflicts and redundancies.
-

Question 36

Akash Industries has installed a waste recycling plant in its premises and does not dump their waste material anymore. This plant is providing employment to many people. Identify the objective of management which the company is achieving by doing the aforesaid activity.

Options:

- A. Social objective
- B. Economic objective
- C. Personal objective
- D. Growth

Answer: A

Solution:

The correct answer is - **Social objective**

Key Points

- **Social objective**
 - Focuses on **community welfare** and **environmental sustainability**.
 - Involves activities that benefit **society** such as waste recycling and employment generation.
 - Akash Industries' initiative to install a waste recycling plant aligns with **corporate social responsibility** (CSR) practices.

Additional Information

- **Economic objective**
 - Relates to the **financial performance** of the company.
 - Includes goals like **profit maximization** and **cost efficiency**.
 - **Personal objective**
 - Focuses on the **development** and **welfare** of **employees**.
 - Includes goals like **job satisfaction** and **career growth**.
 - **Growth**
 - Related to the **expansion** and **development** of the organization.
 - Includes increasing **market share** and exploring new **business opportunities**.
-

Question 37

"Management always works by keeping an end result or aim of the organisation. All activities of managers are directed towards the end result." From the above statement, identify the feature of management.

Options:

- A. Management is multidimensional
- B. Management is continuous
- C. Management is intangible
- D. Management is a goal oriented process

Answer: D

Solution:

The correct answer is - **Management is a goal oriented process**

Key Points

- **Management is a goal oriented process**
 - Management involves setting specific **goals** and directing all activities towards achieving these goals.
 - The primary aim is to ensure that all resources are utilized efficiently to accomplish the **desired end result**.
 - Managers plan, organize, lead, and control organizational resources to achieve specific **objectives**.
 - Every managerial activity, from planning to controlling, is directed towards achieving **predetermined goals**.

Additional Information

- **Management is multidimensional**
 - Management involves managing work, people, and operations, indicating its **multidimensional nature**.
 - It requires various skills and competencies to handle different aspects such as human resources, finance, and operations.
 - **Management is continuous**
 - Management is an ongoing process, where planning, organizing, leading, and controlling are performed continuously.
 - It does not stop after achieving a goal; new goals are set and the process continues.
 - **Management is intangible**
 - Management is not a physical entity; it is an abstract concept that can be felt through its results.
 - Its presence is evidenced by the successful achievement of organizational goals and the efficient functioning of processes.
-

Question 38

The key position of top-level management is _____.

Options:

- A. Managing Director
- B. Production Manager
- C. Marketing Manager
- D. Plant Supervisor

Answer: A

Solution:

The correct answer is - **Managing Director**

Key Points

- **Managing Director**
 - Holds the most senior executive position in a company.
 - Responsible for overall management and performance of the organization.
 - Makes strategic decisions and oversees the implementation of company policies.
 - Acts as the main point of communication between the board of directors and corporate operations.

Additional Information

- **Top-Level Management**
 - Includes positions like CEO, Managing Director, and President.
 - Responsible for setting company goals, policies, and strategies.
 - Ensures that the organization's resources are managed effectively to achieve its goals.
- **Roles of Other Management Positions**
 - **Production Manager**: Oversees the production process, manages production schedules, and ensures product quality.
 - **Marketing Manager**: Develops marketing strategies, manages marketing campaigns, and analyzes market trends.
 - **Plant Supervisor**: Manages day-to-day operations in a manufacturing plant, supervises workers, and ensures safety compliance.

Question 39

Match List-I with List-II.

List - I		List - II	
(A)	Intelligence test	(I)	Indicator of a person's capacity to develop
(B)	Aptitude test	(II)	Clues to a person's emotions, values, etc.
(C)	Personality test	(III)	Measure existing skills of the individual
(D)	Trade test	(IV)	Indicator of a person's learning ability and ability to make judgements

Choose the correct answer from the options given below :

Options:

- A. (A) - (I), (B) - (II), (C) - (III), (D) - (IV)
- B. (A) - (IV), (B) - (I), (C) - (II), (D) - (III)
- C. (A) - (II), (B) - (III), (C) - (I), (D) - (IV)
- D. (A) - (I), (B) - (III), (C) - (IV), (D) - (II)

Answer: B

Solution:

The correct answer is - (A) - (IV), (B) - (I), (C) - (II), (D) - (III).

Key Points

- (A) Intelligence test - Indicator of a person's learning ability and ability to make judgements (IV)
 - Intelligence tests are designed to measure a person's intellectual abilities, including reasoning, problem-solving skills, and the ability to acquire knowledge.
- (B) Aptitude test - Indicator of a person's capacity to develop (I)
 - Aptitude tests assess an individual's potential to learn new skills or perform tasks in the future, measuring abilities in specific areas such as verbal, numerical, or spatial reasoning.
- (C) Personality test - Clues to a person's emotions, values, etc. (II)
 - Personality tests evaluate characteristics and traits that reflect an individual's emotional responses, values, motivations, and interpersonal behaviors.
- (D) Trade test - Measure existing skills of the individual (III)
 - Trade tests are practical assessments that measure a person's current skills and competencies in a specific trade or profession, such as carpentry, plumbing, or electrical work.

Additional Information

- Types of Tests
 - Achievement Tests
 - Measure a person's level of skill or knowledge in a particular area, often used in academic settings.
 - Diagnostic Tests
 - Identify specific areas of weakness or strength, often used to diagnose learning disabilities or other conditions.
 - Interest Inventories
 - Assess a person's preferences and interests to help guide career or educational choices.
- Psychometric Properties
 - Reliability: Consistency of test results over time.
 - Validity: Accuracy in measuring what the test is intended to measure.
- Applications of Psychological Tests
 - In educational settings for student placement and curriculum development.
 - In employment settings for hiring and career development.
 - In clinical settings for diagnosis and treatment planning.

Question 40

Which of the following are advantages of functional structure of an organisation ?

- (A) Leads to occupational specialisation.
- (B) Places less emphasis on organisational objectives.
- (C) Promotes coordination and control within a department.

(D) Increases operational efficiency.

Choose the correct answer from the options given below :

Options:

- A. (A), (B) and (C) only
- B. (A) and (B) only
- C. (A), (C) and (D) only
- D. (C) and (D) only

Answer: C

Solution:

The correct answer is - (A), (C) and (D) only.

Key Points

- **Leads to occupational specialisation**
 - In a **functional structure**, employees are grouped based on their specific skills and knowledge.
 - This structure promotes **specialisation** and expertise within each function.
- **Promotes coordination and control within a department**
 - Functional departments facilitate **better coordination** within the same function.
 - It enhances **control** through clear lines of authority and communication.
- **Increases operational efficiency**
 - Specialisation and clear lines of authority contribute to **higher efficiency**.
 - Functional expertise leads to more **effective problem-solving** and decision-making.

Additional Information

- **Functional Structure**
 - It is one of the most common organizational structures.
 - Groups employees based on their roles, responsibilities, or functions.
 - **Disadvantages**
 - Can lead to **silos** where departments focus only on their own goals.
 - Might reduce **interdepartmental communication** and cooperation.
 - **Use Cases**
 - Best suited for **smaller** and **medium-sized** companies.
 - Effective in **stable** environments with a limited range of products or services.
-

Question 41

In the above case "Just Foodie" is using various variables of Marketing Mix. Identify the variable used in the following statement :

"To make their products available to customers at right time, right place, they are also selling their products to grocery stores in addition to their own outlets."

In the above case "Just Foodie" is using various variables of Marketing Mix. Identify the variable used in the following statement :

"To make their products available to customers at right time, right place, they are also selling their products to grocery stores in addition to their own outlets."

Options:

- A. Product
- B. Price
- C. Promotion
- D. Physical distribution

Answer: D

Solution:

The correct answer is **Physical distribution**

Key Points

- **Physical distribution:**
 - Refers to the activities involved in moving goods from the producer to the consumer, ensuring that products are available at the right place and the right time.
 - In the case of "Just Foodie," leveraging retail outlets and grocery stores helps in making their products widely available and easily accessible to customers, enhancing market reach and customer convenience.
 - This involves logistics, warehousing, inventory management, and transportation, all of which are critical for the effective delivery of products.
 - Ensuring proper physical distribution is essential for customer satisfaction, as it affects product availability and timely delivery.

Additional Information

- **Product:**
 - This option refers to the actual item being offered to the market, including its features, quality, and design. While important, this is not the key focus of the statement in the question.
 - **Price:**
 - Relates to the amount customers pay for a product. It includes strategies for pricing, discounts, and payment terms. The statement in the question focuses on availability, not pricing strategies.
 - **Promotion:**
 - Involves the methods used to communicate and persuade customers to purchase. This includes advertising, sales promotions, and public relations. The given statement does not address promotional activities.
-

Question 42

Identify the element of marketing mix in the following statement :

"The taste, quality and packing are given utmost care."

Identify the element of marketing mix in the following statement :

"The taste, quality and packing are given utmost care."

Options:

- A. Product mix
- B. Price mix
- C. Promotion mix
- D. Physical distribution mix

Answer: A

Solution:

The correct answer is **Product mix**

Key Points

- **Product mix:**
 - This refers to the set of all products and items that a particular seller offers for sale. It includes product quality, features, design, brand name, and packaging.
 - For "Just Foodie," taking utmost care of taste, quality, and packaging falls under the product mix, aiming to enhance the overall customer experience and satisfaction.

- Improving the product mix can lead to a stronger brand reputation and customer loyalty, giving the company a competitive edge in the market.
- This element is crucial as it directly influences customers' perception and their decision to purchase.



Additional Information

- **Price mix:**
 - This involves the various strategies and decisions about setting product prices, discounts, and payment terms. The statement in the case does not discuss any pricing aspects but focuses on product attributes.
 - **Promotion mix:**
 - Refers to the activities and strategies used to communicate with the target market, such as advertising, sales promotions, and public relations. The statement does not involve any promotional activities or communications.
 - **Physical distribution mix:**
 - Encompasses the logistics of moving products from the manufacturer to the consumer, including warehousing, transportation, and inventory management. The statement does not discuss the logistical aspects of product distribution.
-

Question 43

"They are able to charge higher price than their competitors." Which element of marketing mix is discussed in the statement ?

"They are able to charge higher price than their competitors." Which element of marketing mix is discussed in the statement ?

Options:

- A. Product mix
- B. Price mix
- C. Promotion mix
- D. Physical distribution mix

Answer: B

Solution:

The correct answer is **Price mix**

Key Points

- **Price mix:**
 - Refers to the strategy and decisions related to setting a product's price, discounts, payment terms, and overall pricing strategy.
 - "Just Foodie" is able to charge a higher price than competitors due to their focus on quality, taste, and packing. This enables them to position their products as premium offerings in the market.
 - In financial terms, setting the right price point is crucial for revenue generation and profitability, impacting the company's market positioning and competitive strategy.
 - Effective pricing strategies can help in covering costs, achieving financial milestones, and creating perceived value in the minds of consumers.

Additional Information

- **Product mix:**
 - This includes aspects related to the product itself, such as quality, features, design, and packaging. While the statement highlights their capability to charge a higher price, it does not directly refer to product attributes in this context.
 - **Promotion mix:**
 - Encompasses all the activities and strategies used to promote the product, including advertising, sales promotions, and PR. The statement does not delve into promotional strategies or efforts.
 - **Physical distribution mix:**
 - Covers the logistics and supply chain activities, ensuring products are available at the right place and time. The statement is focused on pricing, not on distribution logistics.
-

Question 44

"To increase their sales, they are using different offers like : Free gifts, Cash backs etc. They are offering discounts to customers on various occasions." Identify the marketing mix element from the above statement.

"To increase their sales, they are using different offers like : Free gifts, Cash backs etc. They are offering discounts to customers on various occasions." Identify the marketing mix element from the above statement.

Options:

A. Product mix

- B. Price mix
- C. Promotion mix
- D. Physical distribution mix

Answer: C

Solution:

The correct answer is **Promotion mix**

Key Points

- **Promotion mix:**
 - Refers to various strategies and tactics used to communicate with the target market to increase awareness, generate interest, and drive sales. This includes advertising, sales promotions, public relations, direct marketing, and personal selling.
 - "Just Foodie" uses offers like free gifts, cash backs, and discounts as part of their promotional strategy to attract and retain customers, enhance customer satisfaction, and ultimately boost sales.
 - Effective promotion strategies can play a significant role in creating demand for a product, differentiating it from competitors, and building customer loyalty.
 - In financial enterprises, promotions can help enhance market visibility and penetration, influencing customer purchasing behavior positively.

Additional Information

- **Product mix:**
 - Encompasses various product attributes like quality, features, design, brand, and packaging. The statement focuses on promotional activities to increase sales rather than product attributes.
- **Price mix:**
 - Involves setting the product price and includes strategies related to pricing, discounts, and payment terms. While the statement mentions discounts, the primary focus is on promotional tactics to boost sales rather than overall pricing strategy.
- **Physical distribution mix:**
 - Includes the logistics of making the product available to the customer, such as warehousing, inventory management, and transportation. The statement is about promotional offers, not the logistics involved in delivering the product.

Question 45

"To increase their sales, they are using different offers like : Free gifts, Cash backs etc. They are offering discounts to

customers on various occasions." Which tool of the promotion mix is used in the given statement ?

"To increase their sales, they are using different offers like : Free gifts, Cash backs etc. They are offering discounts to customers on various occasions." Which tool of the promotion mix is used in the given statement ?

Options:

- A. Advertisement
- B. Sales promotion
- C. Personal selling
- D. Publicity

Answer: B

Solution:

The correct answer is **Sales promotion**



Key Points

- **Sales promotion:**
 - Involves short-term incentives to encourage the purchase or sale of a product or service.
 - "Just Foodie" uses offers like free gifts, cash backs, and discounts to attract more customers and boost sales.
 - Sales promotions can create urgency and provide additional value to customers, thereby enhancing sales volumes in the short term.
 - In financial enterprises, effective sales promotions can lead to increased revenue, improved cash flow, and a stronger market position by quickly generating additional sales.



Additional Information

- **Advertisement:**
 - Refers to paid, non-personal presentation and promotion of ideas, goods, or services by an identified sponsor. The statement does not mention any advertising activities.
- **Personal selling:**
 - Involves direct interactions between the salesperson and the customer to make a sale. The statement does not indicate any direct, personalized selling effort.
- **Publicity:**

- Involves generating favorable coverage and promotion through media and other channels not directly paid for by the firm. The statement describes specific sales promotion activities, not publicity.
-

Question 46

Identify the function of management highlighted in the above case.

Identify the function of management highlighted in the above case.

Options:

- A. Organising
- B. Staffing
- C. Directing
- D. Planning

Answer: D

Solution:

The correct answer is **Planning**



Key Points

- **Planning:**
 - Is the process of setting objectives and determining the best ways to achieve them. It involves making decisions about future activities and preparing for potential changes.
 - Indian Oil's initiative to invest ₹20,000 crore in acquisitions and expansion demonstrates long-term goal setting and preparation for future opportunities and challenges in the market.
 - Effective planning helps in systematically aligning the organization's activities with its vision and objectives, ensuring efficient utilization of resources and risk management.
 - In financial enterprises, planning is crucial for budgeting, forecasting financial needs, and ensuring alignment with organizational goals to optimize financial performance and market positioning.



Additional Information

- **Organising:**

- This function involves arranging resources and tasks to achieve objectives. The statement focuses on strategic planning rather than organizing resources.
 - **Staffing:**
 - Involves recruitment, selection, and placement of personnel. The statement does not mention activities related to staffing.
 - **Directing:**
 - Refers to guiding and motivating employees to achieve organizational goals. The statement discusses planning activities rather than directing or leading employees.
-

Question 47

"If the goals are well defined, employees are aware of what the organisation has to do and what they must do to achieve those goals." Identify the significance of managerial function highlighted in this statement.

"If the goals are well defined, employees are aware of what the organisation has to do and what they must do to achieve those goals." Identify the significance of managerial function highlighted in this statement.

Options:

- A. Facilitates decision making
- B. Reduces overlapping and wasteful activities
- C. Reduces risks of uncertainty
- D. Provides direction

Answer: D

Solution:

The correct answer is **Provides direction**



Key Points

- **Provides direction:**

- When management clearly defines goals and communicates them to employees, it provides a clear direction for all organizational activities.
- Employees understand their roles and responsibilities in achieving organizational objectives, which streamlines efforts and enhances productivity.
- This clarity helps in aligning individual and departmental goals with the larger strategic objectives of the organization.
- In financial enterprises, providing clear direction ensures that all financial strategies and operations are aligned with the overall business goals, leading to improved financial performance and strategic coherence.



Additional Information

- **Facilitates decision making:**

- This involves providing managers with the necessary information and framework to make informed decisions. The statement focuses on goal clarity rather than the decision-making process.

- **Reduces overlapping and wasteful activities:**

- This refers to streamlining processes and eliminating inefficiencies to ensure optimal use of resources. The statement highlights the importance of goal alignment, not resource optimization.

- **Reduces risks of uncertainty:**

- This focuses on identifying and mitigating potential risks. While planning can help reduce uncertainties, the statement specifically emphasizes providing direction based on clear goals.
-

Question 48

"Changes or events cannot be eliminated, but they can be anticipated and managerial responses to them can be developed." Identify the significance of managerial function highlighted in this statement.

"Changes or events cannot be eliminated, but they can be anticipated and managerial responses to them can be developed." Identify the significance of managerial function highlighted in this statement.

Options:

A. Provides direction

B. Reduces risks of uncertainty

C. Reduces overlapping and wasteful activities

D. Facilitates decision making

Answer: B

Solution:

The correct answer is **Reduces risks of uncertainty**

Key Points

- **Reduces risks of uncertainty:**
 - The statement emphasizes the inevitability of changes or events and highlights the importance of anticipating them and developing managerial responses.
 - By anticipating changes and preparing responses, management can mitigate the risks that uncertainties pose to the organization.
 - In financial enterprises, reducing risks of uncertainty involves analyzing market trends, economic indicators, and potential financial risks to develop strategies that safeguard the organization's financial health.

Additional Information

- **Provides direction:**
 - This involves giving clear instructions and guidelines to employees so they know what to do to achieve organizational goals. The statement focuses more on risk management rather than providing direction.
- **Reduces overlapping and wasteful activities:**
 - This refers to improving efficiency and optimizing resources by eliminating redundancies. The statement addresses risk anticipation and response, not resource optimization.
- **Facilitates decision making:**
 - This involves providing the necessary information and tools for managers to make informed decisions. While the statement implies proactive actions, its core focus is risk mitigation rather than decision making.

Question 49

"Policy formation serves as the basis of coordinating the activities and efforts of different divisions, departments and individuals. It helps in avoiding confusion and misunderstanding." Identify the significance of managerial function highlighted in this statement.

"Policy formation serves as the basis of coordinating the activities and efforts of different divisions, departments and individuals. It helps in avoiding confusion and misunderstanding." Identify the significance of managerial function highlighted in this statement.

Options:

- A. Facilitates decision making
- B. Reduces risks of uncertainty
- C. Provides direction
- D. Reduces overlapping and wasteful activities

Answer: D

Solution:

The correct answer is **Reduces overlapping and wasteful activities**

Key Points

- **Reduces overlapping and wasteful activities:**
 - By coordinating the activities and efforts of different divisions, departments, and individuals, policy formation ensures that there is no duplication of efforts.
 - It helps in streamlining processes and workflows which leads to efficient use of resources and time.
 - In financial enterprises, reducing overlapping and wasteful activities through effective policy formation can lead to significant cost savings and improved efficiency in financial operations and transactions.

Additional Information

- **Facilitates decision making:**
 - This involves providing necessary information and frameworks to make informed decisions. While policy formation aids decision making, the statement is primarily about coordinating activities to avoid confusion.
 - **Reduces risks of uncertainty:**
 - This focuses on anticipating and mitigating risks. The statement highlights avoiding confusion through coordination rather than addressing uncertainties.
 - **Provides direction:**
 - This refers to giving clear instructions and guidelines to achieve goals. While related to policy formation, the statement's main emphasis is on coordinating efforts to prevent confusion and misunderstanding, not solely on providing direction.
-

Question 50

"Manager can look into the future and make a choice from amongst various alternative courses of action." Identify the significance of managerial function highlighted in this statement.

"Manager can look into the future and make a choice from amongst various alternative courses of action." Identify the significance of managerial function highlighted in this statement.

Options:

- A. Provides direction
- B. Reduces risks of uncertainty
- C. Reduces overlapping and wasteful activities
- D. Facilitates decision making

Answer: D

Solution:

The correct answer is **Facilitates decision making**

Key Points

- **Facilitates decision making:**
 - The statement emphasizes the ability of managers to look into the future and make choices from various alternatives. This highlights the decision-making process within the managerial function.
 - Decision-making in financial enterprises involves analyzing financial data, market trends, and potential investment opportunities to choose the best course of action.
 - Effective decision-making ensures that financial resources are allocated wisely and that the organization can achieve its strategic objectives.

Additional Information

- **Provides direction:**
 - Providing direction involves setting clear goals and guidelines for employees. While decision-making may provide direction, the core focus of the statement is on the process of making choices

rather than giving instructions.

- **Reduces risks of uncertainty:**

- This involves anticipating potential risks and developing strategies to mitigate them. Although decision-making can reduce uncertainty, the statement's primary focus is on selecting from various alternatives.

- **Reduces overlapping and wasteful activities:**

- This refers to improving efficiency by eliminating redundant processes. The statement addresses making choices for the future rather than focusing on reducing redundancies.
-