

XAT Decision Making

Sample Paper – 5

Duration: 48 Minutes

Maximum Marks: 21

Instructions

- This paper contains **21** Multiple Choice Questions (Single Correct Answer), modelled on the Decision Making section of **XAT** (Xavier Aptitude Test), conducted by XLRI.
- Each correct answer carries **+1 mark**, with **0.25 marks deducted** for every incorrect answer. (In the actual XAT you may leave up to **8** questions across Part 1 unattempted without penalty; thereafter each blank costs **0.10** marks.)
- The paper has **six caselets**, each describing a business or ethical situation and followed by a few questions.
- Choose the **most appropriate** option, that is, the action that is honest, fair to all stakeholders, and still workable. Decide **only** from the facts in the caselet; do not invent details.
- Attempt this practice paper in one timed sitting of about **48 minutes**. Use of mobile phones and electronic gadgets is prohibited.

Caselet I

Directions (Q1–Q4): Read the following situation and answer the questions that follow.

Dr. Kavya leads pricing at Nirvan Pharma, which has just developed a life-saving drug for a serious illness after years of costly research. The board must now set a price. A very high price would recover the research spending quickly and please investors, but would put the drug beyond the reach of many patients who need it. A very low price would help patients but may not cover the firm's costs or fund future research. Many of the patients who need this drug have modest incomes.

Q1. What is the most appropriate pricing decision for Dr. Kavya to recommend?



- (A) Set a price that recovers reasonable costs and a fair return, with a tiered discount so poorer patients can still afford the drug.
- (B) Price the drug as high as the market will bear so as to maximise profit for investors.
- (C) Give the drug away free to everyone, even though doing so would bankrupt the firm.
- (D) Delay the launch indefinitely until a price is found that upsets no one at all.

Q2. The central dilemma in this decision is best described as:

- (A) whether the drug actually works as well as the research claims.
- (B) the tension between earning a fair return on the research and keeping the drug affordable for the patients who need it.
- (C) whether the firm should employ research scientists at all.
- (D) which of the firm's investors should be repaid first.

Q3. Which of the following would be the **least** appropriate action?

- (A) Setting a fair price together with discounts for low-income patients.
- (B) Pricing the drug as high as possible while ignoring patients who cannot afford it.
- (C) Offering the drug at cost to public hospitals wherever that is possible.
- (D) Reviewing the price periodically as the research costs are recovered.

Q4. Setting the price as high as possible would mainly rest on the assumption that:

- (A) the research was in fact inexpensive to carry out.
- (B) every patient can easily afford any price at all.
- (C) no competitor will ever develop a similar drug.
- (D) the firm's only responsibility is to maximise profit, regardless of patients' access.



Caselet II

Directions (Q5–Q7): Read the following situation and answer the questions that follow.

Rohan must fill one senior team-lead position, and two people are in the running. Sunil has served the company loyally for eighteen years; he is dependable and well-liked, though his results are steady rather than outstanding. Tara joined only a year ago but is exceptionally talented and has already delivered excellent results. The new role demands strong leadership and up-to-date technical skill. Rohan wants the decision to be fair to both candidates and good for the team.

- Q5.** What is the most appropriate way for Rohan to decide?
- (A) Promote Sunil automatically because of his long and loyal service.
 - (B) Promote Tara automatically because she is the more brilliant of the two.
 - (C) Avoid deciding and leave the position unfilled so as to keep both happy.
 - (D) Assess both fairly against what the role actually demands, choose the better-suited candidate, and explain the decision openly.
- Q6.** Which principle best guides a fair promotion here?
- (A) The longest-serving employee should always be promoted first.
 - (B) The newest high performer should always be promoted first.
 - (C) The promotion should go to whoever best fits the role's real demands, judged on relevant merit.
 - (D) Promotions are best decided by drawing lots to avoid any argument.
- Q7.** Which approach would be the **least** appropriate?
- (A) Basing the decision only on length of service and ignoring the role's actual requirements.
 - (B) Comparing both candidates against the role's leadership and technical demands.
 - (C) Discussing the decision honestly with the person who is not chosen.



- (D) Considering each candidate's recent results as well as their experience.

Caselet III

Directions (Q8–Q11): Read the following situation and answer the questions that follow.

Neha is operations manager at a firm that makes electrical heaters for homes. A key supplier offers a fifteen per cent discount on components if the firm agrees to a faster production process that skips one safety-testing step, making the finished heaters slightly less safe. The saving is real and the firm is under cost pressure. The heaters are used by ordinary families, and the skipped test checks for a fault that could, rarely, cause a fire. Neha must decide whether to accept the offer.

- Q8.** What should Neha most appropriately do?
- (A) Accept the discount, since the added risk is only small.
 - (B) Accept it but keep the change quiet so that customers do not worry.
 - (C) Decline the less-safe process, keep the full safety testing, and look for other legitimate ways to cut costs.
 - (D) Accept it for now and restore the testing only if a problem is ever reported.
- Q9.** Why is accepting the faster process a problem even though it saves money?
- (A) Because discounts offered by suppliers are illegal everywhere.
 - (B) Because the supplier can certainly never be trusted again.
 - (C) Because it trades a real safety risk to families for a cost saving, which is not an acceptable exchange.
 - (D) Because the components would in fact arrive more slowly.
- Q10.** If a safety failure occurred, which stakeholder would be most affected?
- (A) The firm's advertising agency.
 - (B) The families who use the heaters and could be harmed by a fault.
 - (C) The supplier's delivery drivers.
 - (D) The firm's distant shareholders alone.



- Q11.** Accepting the less-safe process would mainly rest on the assumption that:
- (A) the safety risk is small enough that the cost saving justifies it.
 - (B) the heaters will never actually be switched on by anyone.
 - (C) customers prefer cheaper products no matter how unsafe they are.
 - (D) safety testing serves no useful purpose in the first place.

Caselet IV

Directions (Q12–Q14): Read the following situation and answer the questions that follow.

Anjali directs the Ummeed Foundation, which has received a single donation of five lakh rupees. Three needs compete for the money. New school supplies would reach 200 children. A set of clean-water filters would give safe drinking water to 1,000 villagers. A one-time medical camp would treat 400 people. The full donation can fund only one of these in a meaningful way. Anjali wants to use the gift where it does the most good, and she has promised the donor a clear account of how the money is spent.

- Q12.** What is the most appropriate way for Anjali to allocate the donation?
- (A) Split it equally three ways, so each cause gets something regardless of impact.
 - (B) Spend it all on the cause she personally finds most interesting.
 - (C) Give it to whichever project team asked for it first.
 - (D) Direct it where it does the most good per rupee, weighing urgency, and report the choice honestly to the donor.
- Q13.** Based only on the figures given, which single use reaches the most people for the fixed donation?
- (A) School supplies, reaching 200 children.
 - (B) The medical camp, reaching 400 people.
 - (C) An equal split across all three needs.
 - (D) The clean-water filters, reaching 1,000 villagers.

- Q14.** Which principle should most guide the Foundation's decision?



- (A) A donation should go wherever it creates the least paperwork.
- (B) The loudest project team should decide how the funds are used.
- (C) The donation should be directed where it does the greatest good for those in need, honestly and transparently.
- (D) Donor money should be spread thinly so that no cause is ever left out.

Caselet V

Directions (Q15–Q18): Read the following situation and answer the questions that follow.

Vikram founded a young technology start-up that is close to raising its next round of funding. One of his early investors is pressing him to publish exaggerated user-growth figures, well above the real numbers, to make the company look more attractive to new investors. The investor argues that everyone stretches the truth and that honest numbers will slow the fundraising. Vikram knows the real figures are respectable but modest, and that new investors and customers will rely on whatever he reports.

Q15. What is the most appropriate action for Vikram?

- (A) Report the honest figures, refuse to inflate them, and keep pursuing growth through legitimate means even if it is slower.
- (B) Publish the exaggerated figures once, since everyone is said to do it.
- (C) Inflate the numbers now and quietly correct them after the funding closes.
- (D) Report whatever figure the investor demands so as to keep the investor happy.

Q16. The central dilemma Vikram faces is best described as:

- (A) whether his product is technically good enough to sell.
- (B) which bank the start-up should keep its money in.
- (C) whether to hire more engineers this quarter.
- (D) the tension between pleasing the investor with fast growth and staying honest with future investors and customers.



- Q17.** Going along with the investor's tactic would mainly rest on the assumption that:
- (A) the real figures are actually zero.
 - (B) the deception is unlikely to be discovered and short-term growth outweighs the risk.
 - (C) new investors never look at any numbers at all.
 - (D) honesty has no value under any circumstances whatsoever.
- Q18.** Which principle best guides Vikram's decision?
- (A) Whatever attracts money the fastest is always the right choice.
 - (B) An investor's wishes must override every other consideration.
 - (C) Long-term trust and honest dealing matter more than a short-term boost gained by deceiving others.
 - (D) Numbers reported to investors need not be accurate.

Caselet VI

Directions (Q19–Q21): Read the following situation and answer the questions that follow.

Farhan runs a small electronics store known for good service. A customer, upset that a product he misused stopped working, has posted a harshly worded and exaggerated complaint online that is now being widely shared. The store's records show it followed its policy correctly and offered the customer help, which he refused. The post is unfair, but it is very public, and other customers are reading it. Farhan must decide how to respond in a way that is fair and protects the store's reputation.

- Q19.** What is the most appropriate way for Farhan to respond?
- (A) Reply publicly in a calm, factual and polite way, correct the record, and offer a fair resolution while staying respectful.
 - (B) Attack the customer publicly and call him a liar in order to defend the store.
 - (C) Ignore the complaint entirely and hope that it disappears on its own.
 - (D) Threaten the customer with legal action to force the post to be taken down.



- Q20.** What is the main challenge for the store in responding?
- (A) Protecting its reputation without being unfair to or aggressive toward the customer.
 - (B) Deciding whether electronics stores should exist at all.
 - (C) Working out which rival store secretly wrote the complaint.
 - (D) Finding a way never to receive any complaint again.
- Q21.** Which additional step would best support handling this well?
- (A) Paying the customer secretly to delete the post.
 - (B) Reviewing the facts of the interaction and, if the store erred, acknowledging it, and otherwise explaining politely with evidence.
 - (C) Posting fake five-star reviews to bury the complaint.
 - (D) Publicly sharing the customer's private details in order to shame him.



Detailed Solutions

Q1.

Solution

What is asked: the most appropriate pricing decision.

Reasoning: A fair and workable price recovers reasonable costs and a fair return while still reaching the patients who need the drug. Option A does both by adding a tiered discount for poorer patients. It keeps the firm viable and the drug accessible.

Why the other options are wrong:

- Option B: Charging the maximum ignores the patients who cannot afford it.
- Option C: Giving it away free bankrupts the firm and ends future research.
- Option D: Delaying indefinitely helps no patient and is not a decision at all.

Final Answer: Fair price with discounts for poorer patients \Rightarrow **A**

Answer: (A) [Go Back to Q1](#)

Q2.

Solution

What is asked: the central dilemma.

Reasoning: The firm is pulled between earning a fair return on costly research and keeping the drug affordable for those who need it. That balance is the real conflict. Option B names it exactly.

Why the other options are wrong:

- Option A: Whether the drug works is settled; the caselet says it was developed.
- Option C: Whether to employ scientists at all is far outside the situation.
- Option D: The order of repaying investors is not the core dilemma.

Final Answer: Fair return versus affordability for patients \Rightarrow **B**

Answer: (B) [Go Back to Q2](#)



Q3.

Solution

What is asked: the least appropriate action.

Reasoning: Pricing as high as possible while ignoring patients who cannot afford a life-saving drug is the one option that abandons a whole group in need. It fails both fairness and the firm's wider responsibility. So option B is least appropriate.

Why the other options are wrong:

- Option A: A fair price with discounts is exactly the right approach.
- Option C: Supplying public hospitals at cost widens access.
- Option D: Reviewing the price as costs are recovered is prudent and fair.

Final Answer: Maximum price ignoring those who cannot afford it ⇒

[Go Back to Q3](#)

Q4.

Solution

What is asked: the assumption behind pricing as high as possible.

Reasoning: Charging the maximum only makes sense if one believes the firm owes nothing beyond profit to the patients it serves. That belief is the hidden assumption. Option D states it.

Why the other options are wrong:

- Option A: The research was in fact costly, so this is not the assumption.
- Option B: Assuming everyone can afford any price contradicts the caselet.
- Option C: A pricing strategy need not assume no competitor ever appears.

Final Answer: Profit is the firm's only responsibility ⇒

[Go Back to Q4](#)



Q5.

Solution

What is asked: the most appropriate way to decide the promotion.

Reasoning: A fair decision weighs both candidates against what the role actually demands and picks the better-suited person, explained openly. Option D is fair to both and good for the team.

Why the other options are wrong:

- Option A: Promoting on loyalty alone ignores the role's real needs.
- Option B: Promoting on brilliance alone ignores experience and fit.
- Option C: Leaving the post unfilled dodges the decision and hurts the team.

Final Answer: Judge both against the role and decide openly ⇒ D

Answer: (D) [Go Back to Q5](#)

Q6.

Solution

What is asked: the principle that best guides a fair promotion.

Reasoning: The post should go to whoever best fits the role's real demands, judged on relevant merit rather than loyalty or novelty alone. Option C captures this.

Why the other options are wrong:

- Option A: "Longest-serving always wins" ignores fitness for the role.
- Option B: "Newest high performer always wins" ignores experience.
- Option D: Drawing lots abandons judgement altogether.

Final Answer: Best fit for the role, judged on merit ⇒ C

Answer: (C) [Go Back to Q6](#)



Q7.

Solution

What is asked: the least appropriate approach.

Reasoning: Deciding only on length of service while ignoring what the role requires is the one approach that abandons the actual need. So option A is least appropriate.

Why the other options are wrong:

- Option B: Comparing both against the role's demands is exactly right.
- Option C: Being honest with the person not chosen is fair.
- Option D: Weighing recent results with experience is sound.

Final Answer: Seniority alone, ignoring the role's needs \Rightarrow

Answer: (A) [Go Back to Q7](#)

Q8.

Solution

What is asked: the most appropriate action on the discount offer.

Reasoning: The safe and honest choice is to refuse the less-safe process, keep full testing, and find other legitimate savings. Option C protects the families who use the heaters and does not gamble with their safety.

Why the other options are wrong:

- Option A: "The risk is small" still trades real safety for money.
- Option B: Accepting and hiding it adds concealment to the risk.
- Option D: Waiting for a problem means waiting for someone to be harmed.

Final Answer: Decline it and keep full safety testing \Rightarrow

Answer: (C) [Go Back to Q8](#)



Q9.

Solution

What is asked: why accepting the faster process is a problem despite the saving.

Reasoning: The process trades a genuine safety risk to families for a cost saving, and that is not an acceptable exchange. The wrong lies in gambling with people's safety, not in the discount itself. Option C states this.

Why the other options are wrong:

- Option A: Supplier discounts are not illegal everywhere; that is not the issue.
- Option B: The problem is the safety trade-off, not blanket distrust.
- Option C stands; Option D: Delivery speed is not the concern raised.

Final Answer: It trades real safety for a cost saving \Rightarrow

[Go Back to Q9](#)

Q10.

Solution

What is asked: the stakeholder most affected by a safety failure.

Reasoning: A fault in the heaters would directly endanger the families who use them in their homes. They bear the heaviest and most direct harm. Option B identifies them.

Why the other options are wrong:

- Option A: The advertising agency is barely affected by a product fault.
- Option C: Delivery drivers are not the ones exposed to the fault.
- Option D: Shareholders lose value, but families face the physical danger.

Final Answer: The families who use the heaters \Rightarrow

[Go Back to Q10](#)



Q11.

Solution

What is asked: the assumption behind accepting the less-safe process.

Reasoning: Someone would only accept it if they judged the safety risk small enough that the saving was worth it. That calculation is the hidden assumption. Option A states it.

Why the other options are wrong:

- Option B: Assuming the heaters are never used is absurd and unstated.
- Option C: The decision does not assume customers want unsafe goods.
- Option D: It need not assume testing is pointless, only that the risk is acceptable.

Final Answer: The risk is small enough to be worth the saving \Rightarrow

Answer: (A) [Go Back to Q11](#)

Q12.

Solution

What is asked: the most appropriate way to allocate the donation.

Reasoning: The gift should go where it does the most good per rupee, with urgency considered and the choice reported honestly to the donor. Option D is both effective and transparent.

Why the other options are wrong:

- Option A: An equal split ignores where the money helps most.
- Option B: Spending on a personal favourite is self-indulgent, not principled.
- Option C: First to ask is an arbitrary basis unrelated to need or impact.

Final Answer: Greatest good per rupee, reported honestly \Rightarrow

Answer: (D) [Go Back to Q12](#)



Q13.

Solution

What is asked: which single use reaches the most people, from the figures.

Reasoning: The figures give school supplies 200, the medical camp 400, and the clean-water filters 1,000. The largest number reached is 1,000, from the clean-water filters. Option D.

Why the other options are wrong:

- Option A: 200 children is the smallest of the three totals.
- Option B: 400 people is fewer than the 1,000 reached by filters.
- Option C: An equal split reaches no single group most and is not one use.

Final Answer: Clean-water filters reach 1,000 villagers ⇒

[Go Back to Q13](#)

Q14.

Solution

What is asked: the principle that should most guide the decision.

Reasoning: Donor money should go where it does the greatest good for those in need, handled honestly and transparently. Option C states this guiding principle.

Why the other options are wrong:

- Option A: Least paperwork is a convenience, not a principle for aid.
- Option B: Letting the loudest team decide ignores actual need.
- Option D: Spreading money thinly to please everyone wastes its impact.

Final Answer: Greatest good for those in need, transparently ⇒

[Go Back to Q14](#)

Q15.

Solution

What is asked: the most appropriate action on the inflated figures.

Reasoning: The honest choice is to report the real numbers, refuse to inflate them, and grow by legitimate means even if slower. Option A keeps Vikram truthful with the investors and customers who will rely on his figures.



Why the other options are wrong:

- Option B: “Everyone does it” does not make deception right.
- Option C: Inflating now and correcting later is still a deliberate lie.
- Option D: Reporting whatever the investor wants abandons honesty entirely.

Final Answer: Report honest figures and grow legitimately ⇒ **A**

Answer: (A) [Go Back to Q15](#)

Q16.

Solution

What is asked: the central dilemma.

Reasoning: Vikram is pulled between pleasing his current investor with impressive growth and staying honest with the future investors and customers who will trust his numbers. That tension is the heart of the caselet. Option D names it.

Why the other options are wrong:

- Option A: The product’s quality is not the issue in question.
- Option B: The choice of bank is unrelated.
- Option C: Hiring engineers is a side matter, not the dilemma.

Final Answer: Pleasing the investor versus staying honest ⇒ **D**

Answer: (D) [Go Back to Q16](#)

Q17.

Solution

What is asked: the assumption behind going along with the tactic.

Reasoning: One would only inflate the numbers if one believed the deception would not be caught and that the short-term growth was worth the risk. That is the hidden assumption. Option B states it.

Why the other options are wrong:

- Option A: The caselet says the real figures are modest, not zero.
- Option C: It need not assume investors never look at numbers.
- Option D: The tactic does not require believing honesty has no value ever.

Final Answer: The lie will not be caught and is worth the risk ⇒ **B**



Answer: (B) [Go Back to Q17](#)

Q18.

Solution

What is asked: the principle that best guides the decision.

Reasoning: Long-term trust and honest dealing are worth more than a short-term boost won by deceiving others. Option C states this balanced principle.

Why the other options are wrong:

- Option A: “Whatever attracts money fastest” licenses the very deception at issue.
- Option B: An investor’s wishes do not override honesty to others.
- Option D: Saying reported numbers need not be accurate is plainly wrong.

Final Answer: Long-term trust over a deceptive short-term gain \Rightarrow **C**

Answer: (C) [Go Back to Q18](#)

Q19.

Solution

What is asked: the most appropriate way to respond to the public complaint.

Reasoning: A calm, factual and polite public reply that corrects the record and offers a fair resolution defends the store without lowering itself to hostility. Option A protects the reputation and stays respectful.

Why the other options are wrong:

- Option B: Attacking the customer publicly looks aggressive and worsens things.
- Option C: Ignoring a viral complaint lets the unfair version stand unanswered.
- Option D: Threatening legal action is heavy-handed and damages the image further.

Final Answer: Reply calmly, correct the record, stay respectful \Rightarrow **A**

Answer: (A) [Go Back to Q19](#)



Q20.

Solution

What is asked: the main challenge in responding.

Reasoning: The store must defend its reputation while staying fair and non-aggressive toward the customer. Holding both of those together is the real challenge. Option A names it.

Why the other options are wrong:

- Option B: Whether stores should exist is far outside the situation.
- Option C: Guessing a rival wrote it is speculation, not the challenge.
- Option D: Never receiving a complaint again is impossible, not the point.

Final Answer: Protect reputation without being unfair to the customer ⇒ **A**

Answer: (A) [Go Back to Q20](#)

Q21.

Solution

What is asked: the step that best supports handling this well.

Reasoning: Reviewing the facts, admitting any error and otherwise explaining politely with evidence keeps the response honest and grounded. Option B is fair whether or not the store was at fault.

Why the other options are wrong:

- Option A: Secretly paying the customer to delete the post is a cover-up.
- Option C: Posting fake reviews is dishonest and worsens the harm.
- Option D: Sharing the customer's private details to shame him is a serious wrong.

Final Answer: Check the facts, admit any error, explain with evidence ⇒ **B**

Answer: (B) [Go Back to Q21](#)



Answer Key

Q	Ans	Q	Ans	Q	Ans	Q	Ans	Q	Ans
1	A	2	B	3	B	4	D	5	D
6	C	7	A	8	C	9	C	10	B
11	A	12	D	13	D	14	C	15	A
16	D	17	B	18	C	19	A	20	A
21	B								

