FDDI AIST Business Aptitude

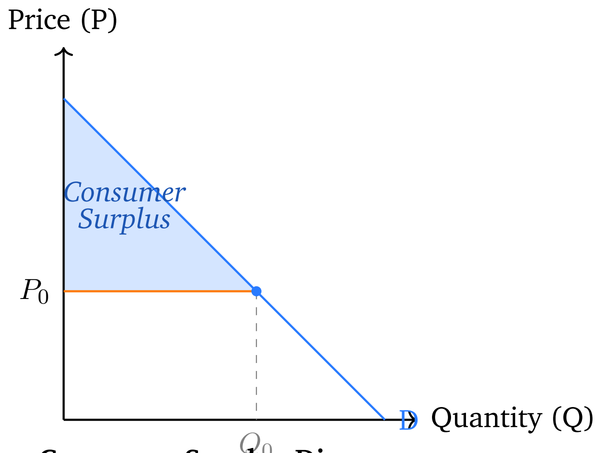
Sample Paper – 5

Duration: 30 Minutes **Maximum Marks: 50**

Instructions

- This paper contains **25** Multiple Choice Questions (Single Correct Answer), modelled on the Business Aptitude portion of **FDDI AIST** (BBA programme).
- Each correct answer carries **+2 marks**. There is **no negative marking** for incorrect or unattempted answers.
- Only **one** option is correct per question.
- Syllabus: Business organisations, economics, marketing, management, banking & finance, corporate GK.
- Use of mobile phones, calculators, or electronic gadgets is strictly prohibited. Rough sheets will be provided.

Q1. Which of the following statements **best defines Consumer Surplus** in economics?



Consumer Surplus Diagram

(A) The total expenditure a consumer makes when purchasing a good at the prevailing market price.

(B) The additional utility gained from consuming one extra unit of a good, known as marginal utility.

(C) The difference between the maximum price a consumer is **willing to pay** for a good and the **actual market price** paid — represented as the area above the price line and below the demand curve; it increases when price falls.

(D) The monetary gain a producer receives when the selling price exceeds the minimum supply price.

Q2. A cinema hall raises its ticket price from Rs. 150 to Rs. 180 — a **20% increase**. Daily admissions fall from 500 to 450 — a **10% decrease**. What is the Price Elasticity of Demand (PED), and what does it imply about demand?

(A) PED $= 2.0$; demand is price elastic (PED > 1), meaning the hall's total revenue will fall after the price rise.

(B) PED $= 0.5$; demand is price inelastic (PED < 1), meaning a 1% price rise causes only a 0.5% fall in admissions — total revenue rises with the price increase.

(C) PED $= 1.0$; demand is unit elastic, meaning total revenue remains exactly unchanged after the price rise.

(D) PED $= 0.2$; demand is perfectly inelastic, so admissions remain completely unaffected by the price change.

Q3. Which of the following **best describes** the concept of **Green GDP**?

(A) A measure of GDP that includes only the output of environmentally certified businesses and renewable energy companies.

(B) GDP calculated at constant base-year prices to remove the effect of inflation, also known as Real GDP.

(C) The GDP of developing nations that receive international grants specifically for environmental conservation and afforestation.

(D) GDP adjusted by **deducting** the economic cost of environmental degradation and the depletion of natural resources — providing a truer measure of a country's sustainable economic development beyond conventional GDP.

Q4. After a prolonged period of falling prices and reduced economic output, a government deliberately increases public expenditure and expands the money supply to revive the economy and raise the general price level. This policy measure is called:

(A) Reflation — a deliberate policy to stimulate economic activity and raise price levels after a recession or deflationary period, through increased government spending or money supply expansion.

(B) Disinflation — the gradual reduction in the *rate* of price inflation, not a reversal of deflation.

(C) Stagflation — a situation of simultaneously high inflation, high unemployment, and low growth, not a policy tool.

(D) Deflation — a sustained fall in the general price level; the opposite of what the government is trying to achieve.

Q5. Which of the following statements about the **South Asian Association for Regional Cooperation (SAARC)** is **correct**?

(A) SAARC was founded in 1990 at Colombo, Sri Lanka, with six founding member nations promoting maritime trade.

(B) SAARC currently has 10 full member nations, including China and Myanmar, following the 2005 Dhaka Summit expansion.

(C) SAARC was **founded in 1985 at Dhaka, Bangladesh**, and has **8 member nations**: India, Pakistan, Bangladesh, Sri Lanka, Nepal, Bhutan, Maldives, and Afghanistan — aiming to promote economic cooperation in South Asia.

(D) The permanent headquarters of SAARC is located in New Delhi, India, under the joint secretariat of member states.

Q6. A premium footwear brand is opening experiential retail stores staffed by trained sales professionals, with streamlined checkout processes and an elegant in-store ambience. The marketing manager argues that the traditional **4Ps** are insufficient for this service-retail experience. Which

three additional elements extend the 4Ps to the **7Ps of Services Marketing**?

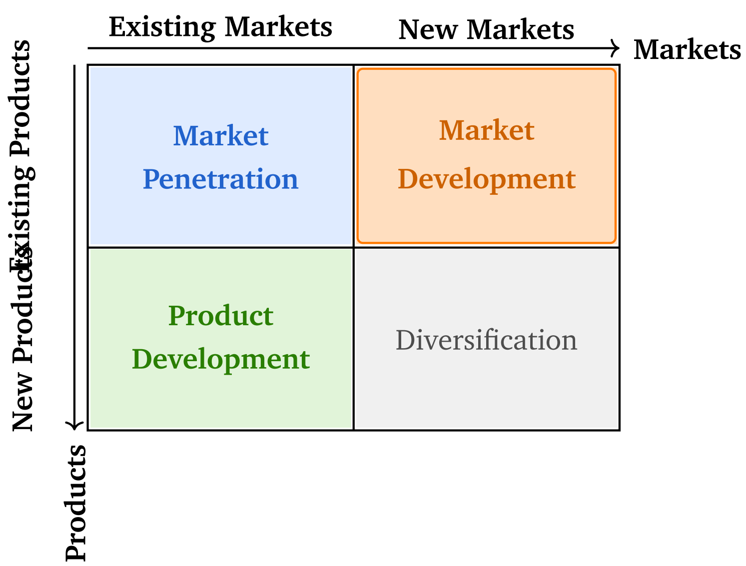
(A) Packaging, Positioning, and People — extending product differentiation to the service environment.

(B) **People, Process, and Physical Evidence** — the three Ps added to the traditional Product, Price, Place, and Promotion mix to address the unique characteristics of services.

(C) Publicity, Planning, and Premises — covering communication, strategy, and store infrastructure.

(D) Profit, Performance, and Presentation — measuring the financial and experiential outcomes of the retail strategy.

Q7. An established footwear brand with a **successful existing product range** decides to enter the **Southeast Asian market** — a completely new geography where it has no prior presence. According to the **Ansoff Matrix**, which growth strategy is the brand pursuing?



(A) Market Penetration — increasing sales of the existing product in the *same* existing markets.

(B) Product Development — creating or modifying products specifically for existing markets.

(C) Diversification — entering a new market simultaneously with a new product offering.

(D) Market Development — taking an **existing product** into a **new market** or new geographic segment where the brand has not previously operated.

Q8. A greeting-card company designs separate product lines for **birthdays**, **wedding anniversaries**, **festivals** (Diwali, Christmas, Eid), and **graduation ceremonies**. Consumers are grouped according to the specific occasion that triggers their purchase. Which type of market segmentation does this **best** illustrate?

(A) Occasion-based segmentation — a sub-type of **behavioural segmentation** where consumers are grouped by the purchase occasion, recognising that buying behaviour varies with the event or time of year.

(B) Demographic segmentation — grouping consumers by measurable characteristics such as age, gender, and income level.

(C) Psychographic segmentation — grouping consumers by their personality, values, and celebration-related lifestyle preferences.

(D) Geographic segmentation — dividing the market by the region or country in which particular festivals are celebrated.

Q9. Priya has purchased the same brand of leather shoes for over **10 years**. Even when competing brands offer significant discounts, she refuses to switch. This consumer behaviour pattern is **best described as**:

(A) Brand extension — when a company uses an established brand name to launch a product in a new category.

(B) Brand switching — when a consumer regularly changes from one brand to another, driven by promotions or variety.

(C) Brand loyalty — a consumer's consistent preference for and commitment to a particular brand, evidenced by long-term repeat purchases and **resistance to competitor offers**; a key component of brand equity.

(D) Brand parity — when consumers perceive no meaningful difference between competing brands and switch freely.

Q10. A fast-food company grants rights to local entrepreneurs to operate food outlets under its **brand name**, **operational standards**, and **support systems**, in exchange for an initial fee and an ongoing royalty on sales. Which type of business or distribution model does this represent?

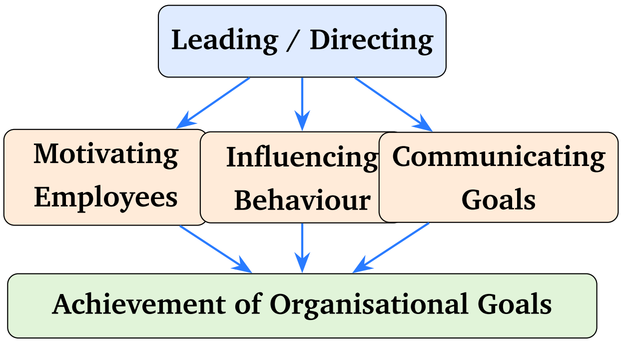
(A) Licensing, where the company permits another party to manufacture its proprietary products under a royalty arrangement.

(B) Franchise distribution — the **franchisor** grants **franchisees** the right to operate under its brand, systems, and support in exchange for fees and royalties; the franchisee bears the investment and operational risk.

(C) Joint venture, where two companies form a new separate legal entity to jointly invest in and operate a shared business.

(D) Agency, where independent agents sell the company's products or services on a commission basis without using the brand name.

Q11. Which of the following **best describes** the **Leading** (or **Directing**) function of management?



(A) Setting organisational objectives and deciding the best course of action to achieve them — the Planning function.

(B) Arranging and structuring tasks, resources, and responsibilities to accomplish organisational goals — the Organising function.

(C) Comparing actual performance against planned standards and implementing corrective action — the Controlling function.

(D) **Influencing, motivating, and communicating** with employees to channel their efforts towards organisational goals — the Leading function that bridges planning and organising with actual execution.

Q12. A company's HR department collects performance feedback about an employee from their **immediate supervisor**, **colleagues at the same level**, **subordinates** who report to the employee, and the **employee themselves**. Which method of performance appraisal is being used?

(A) **360-degree performance appraisal** — feedback is gathered from *all directions* (supervisors, peers, subordinates, and the employee via self-appraisal), giving a comprehensive, multi-source view of performance.

(B) Management by Objectives (MBO) — employees are evaluated against specific, mutually agreed individual targets set at the start of the appraisal period.

(C) Critical Incident Method — the appraiser maintains a log of unusually effective or ineffective behaviours throughout the rating period and uses these as the basis for evaluation.

(D) Ranking Method — all employees in a department are ordered from best to worst performer by the appraiser without multiple-source input.

Q13. In which leadership style does the leader **prioritise the needs and growth of team members** above their own authority and agenda, viewing leadership itself as an act of service? This style is associated with **Robert K. Greenleaf** and holds that organisations perform best when leaders empower and grow their followers.

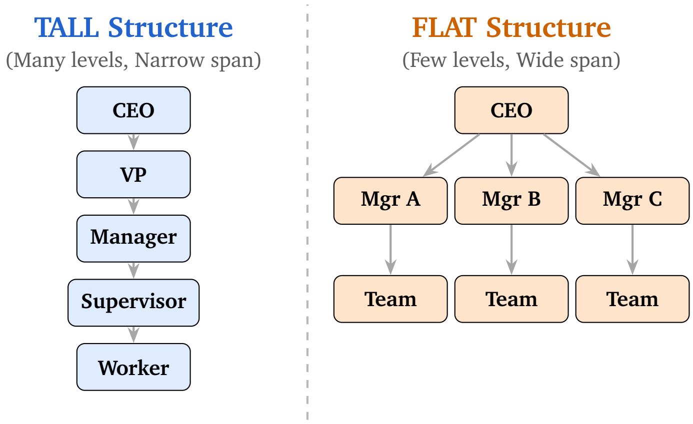
(A) Transactional leadership — focuses on exchange relationships, rewarding compliance and penalising non-compliance, with the leader's interests typically centred on targets and performance metrics.

(B) Charismatic leadership — followers are inspired by the leader's exceptional personal qualities, emotional appeal, and visionary rhetoric rather than by systemic follower empowerment.

(C) Servant leadership — the leader's **primary goal is to serve** the needs of followers, helping them grow, removing obstacles, and placing the team's welfare above the leader's personal status or agenda.

(D) Situational leadership — the leader adapts their style (directing, coaching, supporting, or delegating) according to the readiness level and task competence of different followers.

Q14. Which of the following **correctly contrasts** a **Tall** organisational structure with a **Flat** organisational structure?



(A) A tall structure has a *wide* span of control at each level; a flat structure has a *narrow* span of control.

(B) A tall structure has **many hierarchical levels** and a **narrow span of control**; a flat structure has **few levels** and a **wide span of control**, enabling faster communication and greater employee empowerment.

(C) A tall structure is better suited to small start-ups; a flat structure is preferred by large manufacturing conglomerates.

(D) In a tall structure, every employee reports directly to top management; in a flat structure, there are many layers of middle management between workers and senior leaders.

Q15. In the context of corporate governance for **listed companies** in India, which of the following **best describes** an **Audit Committee**?

(A) A committee of the company's statutory auditors that independently verifies the accuracy of published financial statements before submission to SEBI.

(B) A government-appointed body formed by SEBI to conduct periodic audits of all listed companies on a rotational basis.

(C) A committee of senior executives formed to oversee day-to-day financial transactions, cash flow management, and expense approvals.

(D) A **sub-committee of the Board of Directors**, comprising primarily **independent directors**, responsible for overseeing **financial reporting**, **internal audit**, and the appointment of the external auditor — mandatory for listed companies under SEBI (Listing Obligations and Disclosure Requirements) Regulations.

Q16. Before a company can raise capital from the public through an **Initial Public Offering (IPO)** in India, it must file a specific document with **SEBI** for review, ensuring accurate disclosures to protect investor interests. What is this document called?

(A) **Draft Red Herring Prospectus (DRHP)** — filed with SEBI before the IPO, containing all material disclosures about the company's business, financials, risks, and use of proceeds; SEBI reviews it to protect investor interests before approving the offering.

(B) Memorandum of Association (MoA) — a constitutional document describing the company's objects and the maximum share capital it is authorised to raise, not an IPO-specific filing with SEBI.

(C) Annual Report — a post-listing financial disclosure submitted to shareholders and regulators after the company is already listed.

(D) Letter of Intent (LoI) — a preliminary expression of interest sent to stock exchanges, not an investor disclosure document reviewed by SEBI before an IPO.

Q17. Which of the following correctly **distinguishes a Debenture from a Bond** in the context of corporate debt instruments in India?

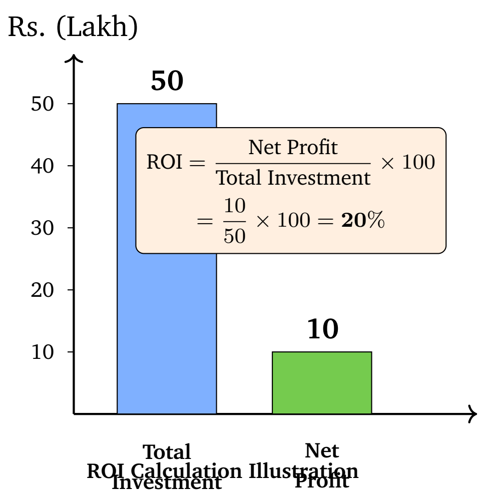
(A) A debenture is always secured against specific assets of the issuing company, while a bond is an unsecured instrument relying only on general creditworthiness.

(B) Debentures are issued exclusively by government bodies and public sector undertakings, while bonds are issued only by private sector companies.

(C) A **debenture** is typically an **unsecured debt instrument** issued by a company, backed only by the **issuer's creditworthiness** and general assets — not by any specific collateral; it is the most common term for company debt securities in India.

(D) Bonds and debentures are legally identical instruments with no distinction; the two terms are fully interchangeable in Indian corporate law.

Q18. A factory invests a total of **Rs. 50 lakh** in machinery, infrastructure, and working capital, and earns a **net profit of Rs. 10 lakh** at the end of the year. What is the **Return on Investment (ROI)**, and which formula correctly computes it?



(A) ROI $= 5\%$; calculated as $\dfrac{\text{Total Investment}}{\text{Net Profit}} \times 100 = \dfrac{50}{10} \times 100.$

(B) ROI $= \mathbf{20}\%$; calculated as $\dfrac{\text{Net Profit}}{\text{Total Investment}} \times 100 = \dfrac{10}{50} \times 100$ — measuring the **profitability earned per unit of capital invested**.

(C) ROI = Rs. 40 lakh; calculated as Total Investment − Net Profit = $50 - 10$.

(D) ROI = 60%; calculated as $\dfrac{\text{Net Profit} + \text{Total Investment}}{\text{Total Investment}} \times 100$.

Q19. Before the introduction of GST in India (2017), state governments levied a specific **indirect tax** on **cinema tickets**, live performances, amusement parks, and similar entertainment activities. This tax was collected by the exhibitor from patrons and remitted to the state government. What was this tax called?

(A) Service Tax — levied by the *Central* Government on services rendered by organised sector companies; it was a central (not state) levy and did not specifically target entertainment.

(B) Luxury Tax — levied by state governments on high-cost items and premium hotel accommodation, not specifically on cinema and public entertainment.

(C) Professional Tax — levied by state governments on individuals practising certain professions or employed in specific job categories; unrelated to entertainment.

(D) **Entertainment Tax** — a **state-level indirect tax** levied on cinema exhibitions, live events, and amusement services; the exhibitor collected it from ticket buyers and remitted it to the state government. It was subsequently **subsumed by GST in 2017**.

Q20. Which of the following is a key **advantage of a Sole Proprietorship** compared to other forms of business organisations, specifically in terms of **formation and start-up**?

(A) **Ease of formation** — a sole proprietorship can be started with **minimal legal formalities**, requiring no mandatory company registration and no complex documentation; only sector-specific licences (e.g., FSSAI, Shops & Establishments) may be needed.

(B) Perpetual succession — the business continues to exist independently even after the death or retirement of the owner, just as a company does.

(C) Limited liability — the owner's personal assets are fully protected from business creditors in a sole proprietorship, as in a private limited company.

(D) Large capital base — a sole proprietor can easily raise substantial funds by issuing shares to the general public on a stock exchange.

Q21. Under the **Indian Partnership Act, 1932**, on which of the following grounds does a **Court** have the power to order the **dissolution** of a partnership firm?

(A) A court may order dissolution only when all partners unanimously petition for it; the court cannot act unilaterally.

(B) The court can dissolve a partnership firm only when it has failed to file income tax returns for two or more consecutive years.

(C) The court may order dissolution on grounds such as a partner being **of unsound mind**, being **guilty of conduct prejudicial to the business**, or **persistent breach of the partnership agreement** — even against the wishes of the remaining partners.

(D) A court has no jurisdiction over partnership dissolution; dissolution can only occur by mutual consent of all partners or upon expiry of the partnership term.

Q22. What is the **minimum number of members (shareholders)** required to **form a Private Limited Company** under the **Companies Act, 2013** in India?

(A) One member — since even a One Person Company (OPC) functions under the Companies Act with a single shareholder.

(B) **Two members** — a Private Limited Company requires a **minimum of 2 shareholders** and can have a **maximum of 200 members**; it must also have at least 2 directors.

(C) Seven members — as required for the formation of a *Public* Limited Company, not a private limited company.

(D) Ten members — as notionally specified under older close-held company norms; not the current legal requirement under the Companies Act, 2013.

Q23. Which of the following statements **correctly describes** the **Export-Import Bank of India (EXIM Bank)**?

(A) EXIM Bank was established in 1969 as a wholly owned subsidiary of the Reserve Bank of India to regulate foreign exchange transactions and bilateral payment arrangements.

(B) EXIM Bank is a SEBI-regulated institution that underwrites equity shares during Initial Public Offerings of Indian companies seeking to list on global exchanges.

(C) EXIM Bank was established in 2005 to replace NABARD in financing rural and agricultural exports from India's farming communities.

(D) **EXIM Bank was established in 1982**, is **headquartered in Mumbai**, and provides **medium and long-term financing** to facilitate and promote India's **international trade** — offering credit to Indian exporters, overseas buyers, and export-oriented businesses.

Q24. The **Beti Bachao Beti Padhao (BBBP)** scheme, aimed at addressing the **declining child sex ratio** and promoting the welfare, education, and empowerment of the girl child, was launched on:

(A) **January 22, 2015**, in **Panipat, Haryana**, by Prime Minister Narendra Modi — a joint initiative of three ministries: Women and Child Development; Health and Family Welfare; and Education (formerly Human Resource Development).

(B) August 15, 2014, in New Delhi, as part of Independence Day announcements made by the Prime Minister from the Red Fort.

(C) March 8, 2016, on International Women's Day, at a national conclave on gender equity held in Mumbai.

(D) October 2, 2019, on Gandhi Jayanti, coinciding with the fifth anniversary of the Swachh Bharat Mission.

Q25. The **Aatmanirbhar Bharat** ('Self-Reliant India') economic initiative was announced by Prime Minister Narendra Modi as a comprehensive response to an economic emergency. Which of the following **correctly describes** this initiative?

(A) Aatmanirbhar Bharat was announced in January 2020 as a pre-emptive medium-term growth strategy for the manufacturing sector, before the onset of the COVID-19 pandemic.

(B) The initiative is built on four pillars — Demography, Demand, Infrastructure, and Diversity — and a total stimulus of Rs. 10 lakh crore.

(C) Announced on **May 12, 2020** in response to the **COVID-19 economic crisis**, Aatmanirbhar Bharat involves a **Rs. 20 lakh crore** package built on **five pillars**: Economy, Infrastructure, System, Vibrant Demography, and Demand — aiming to make India self-reliant across these dimensions.

(D) Aatmanirbhar Bharat is limited exclusively to the manufacturing and defence sectors and does not encompass financial sector reforms, agriculture, or social welfare.

Detailed Solutions

Q1.

Solution

Concept — Consumer Surplus: Consumer surplus is a fundamental concept in welfare economics. It measures the benefit a consumer receives when they are able to purchase a good at a market price *lower* than the maximum they were willing to pay. Graphically, it is the area lying **above** the market price line and **below** the demand curve, forming a triangle.

Step 1 — Definition: Consumer Surplus = (Willingness to Pay) − (Actual Price Paid). Each consumer on the demand curve has a different maximum willingness to pay; the total consumer surplus is the sum of these individual surpluses for all units purchased.

Step 2 — Effect of Price Change: When the market price *falls*, more consumers can now afford the good, and existing buyers get a larger surplus. The triangular shaded area in the diagram for Q1 grows as P_0 decreases, confirming that consumer surplus increases when price falls.

Why other options are wrong:

- Option A: Total expenditure at the market price is what the consumer *actually pays* — it is not the difference between willingness to pay and actual price.
- Option B: Marginal utility measures the extra satisfaction from one more unit; while related to demand theory, it is not the definition of consumer surplus.
- **Option C: Correct** — the difference between maximum willingness to pay and actual price paid, shown as the area above the price line and below the demand curve; increases when price falls.
- Option D: The monetary gain when selling price exceeds minimum supply price is *producer* surplus, not consumer surplus.

Final Answer: Consumer surplus = (max willingness to pay) − (actual price) ⇒ $\boxed{\text{C}}$

Answer: (C) Go Back to Q1

Q2.

Solution

Concept — Price Elasticity of Demand (PED) Numerical: PED measures the responsiveness of quantity demanded to a change in price. The formula is:

$$\text{PED} = \frac{\%\ \text{Change in Quantity Demanded}}{\%\ \text{Change in Price}}$$

Step 1 — Calculation:

- Price change: Rs. 150 $\rightarrow$ Rs. 180 $\Rightarrow \frac{30}{150} \times 100 = 20\%$ increase.
- Quantity change: 500 $\rightarrow$ 450 $\Rightarrow \frac{50}{500} \times 100 = 10\%$ decrease.
- $\text{PED} = \frac{10\%}{20\%} = 0.5$ (we use the absolute value).

Step 2 — Interpretation: Since $\text{PED} = 0.5 < 1$, demand is **price inelastic**. A 1% rise in price leads to only a 0.5% fall in admissions. This means **total revenue increases** with the price rise because the revenue gain from the higher price outweighs the revenue lost from fewer admissions.

Why other options are wrong:

- Option A: $\text{PED} = 2.0$ would require a 40% drop in admissions for a 20% price rise; the actual drop is only 10%.
- **Option B: Correct** — $\text{PED} = 0.5$, price inelastic, total revenue rises with the price increase.
- Option C: $\text{PED} = 1.0$ (unit elastic) would require a 20% drop in quantity; only a 10% drop occurred.
- Option D: $\text{PED} = 0.2$ would mean only a 4% drop in admissions for a 20% price rise; the actual drop is 10%, not 4%.

Final Answer: $\text{PED} = 10/20 = 0.5$; price inelastic; total revenue rises $\Rightarrow \boxed{\text{B}}$

Answer: (B) Go Back to Q2

Q3.

Solution

Concept — Green GDP / Environmental Accounting: Conventional GDP measures the total monetary value of goods and services produced in an economy but does not account for the costs of environmental damage or resource depletion incurred in generating that output. **Green GDP** adjusts this measure by subtracting environmental costs to reflect true sustainable development.

Step 1 — Formula:

$$\text{Green GDP} = \text{GDP} - \text{Economic Cost of Environmental Degradation} - \text{Cost of Natural Resource D}$$

Step 2 — Significance: Countries with rapid GDP growth achieved through mining, deforestation, or heavy pollution may have a significantly lower Green GDP. This measure aligns economic progress with the United Nations System of Environmental-Economic Accounting (SEEA) framework.

Why other options are wrong:

- Option A: Restricting GDP to renewable energy outputs is not Green GDP; it is a sector-level metric, not a national accounts concept.
- Option B: Adjusting for inflation gives *Real GDP*; Green GDP adjusts for environmental costs, not price levels.
- Option C: GDP of developing countries receiving environmental aid is not a recognised macroeconomic concept related to Green GDP.
- **Option D: Correct** — Green GDP deducts the cost of environmental degradation and resource depletion from GDP for a truer picture of sustainable development.

Final Answer: Green GDP = GDP minus environmental and resource depletion costs $\Rightarrow \boxed{\text{D}}$

Answer: (D) Go Back to Q3

Q4.

Solution

Concept — Reflation: Reflation is a specific macroeconomic policy tool used by governments or central banks to **stimulate economic activity** after a recession or period of deflation. It involves deliberately increasing the money supply or raising public expenditure to push price levels upward and revive aggregate demand.

Step 1 — Distinction from Related Terms:

- *Deflation*: A sustained fall in the general price level (the problem reflation is trying to reverse).
- *Reflation*: Deliberate stimulus to reverse deflation and restart growth.
- *Inflation*: If reflation goes too far, it can tip into excessive inflation — an unintended outcome.
- *Disinflation*: Slowing down inflation; operates in the opposite direction to reflation.

Step 2 — Policy Instruments of Reflation: Government increases public works spending, reduces taxes, or the central bank lowers interest rates and increases money supply — all designed to boost aggregate demand and reverse deflationary pressure.

Why other options are wrong:

- **Option A: Correct** — reflation is the deliberate policy to revive economic activity after deflation or recession through fiscal and monetary expansion.
- Option B: Disinflation is a reduction in the rate of inflation (still rising prices, but more slowly) — the opposite policy context.
- Option C: Stagflation is an adverse economic condition (simultaneous high inflation and unemployment), not a policy tool.
- Option D: Deflation is the problem being addressed; it describes falling prices, not the policy response to them.

Final Answer: Deliberate stimulus to revive economy after recession/deflation is Reflation $\Rightarrow \boxed{A}$

Answer: (A) Go Back to Q4

Q5.

Solution

Concept — SAARC (South Asian Association for Regional Cooperation): SAARC is a regional intergovernmental organisation established to promote economic and regional integration among South Asian nations.

Step 1 — Key Facts:

- **Founded**: December 8, 1985, at the **First SAARC Summit** in **Dhaka, Bangladesh**.
- **Member Nations (8)**: India, Pakistan, Bangladesh, Sri Lanka, Nepal, Bhutan, Maldives, and **Afghanistan** (admitted in 2007 at the 14th Summit).
- **Headquarters**: Kathmandu, Nepal (SAARC Secretariat).
- **Objective**: Promote economic growth, social progress, and cultural development in South Asia.

Step 2 — SAFTA: SAARC established the South Asian Free Trade Area (SAFTA) in 2006, aiming to reduce tariffs and promote intra-regional trade.

Why other options are wrong:

- Option A: SAARC was founded in 1985, not 1990; the venue was Dhaka, Bangladesh, not Colombo; and 7 nations were the original founders (Afghanistan joined later).
- Option B: SAARC has 8 members; China and Myanmar are not full members (China has observer status).
- **Option C: Correct** — SAARC founded 1985 in Dhaka, Bangladesh; 8 member nations including Afghanistan.
- Option D: The SAARC Secretariat is in Kathmandu, Nepal — not New Delhi, India.

Final Answer: SAARC founded 1985 in Dhaka, 8 member nations $\Rightarrow \boxed{C}$

Answer: (C) Go Back to Q5

Q6.

Solution

Concept — 7Ps of Services Marketing: The traditional **4Ps** marketing mix (Product, Price, Place, Promotion) was developed for tangible goods. Because services have unique characteristics (intangibility, inseparability, variability, perishability), Booms and Bitner (1981) extended it to the **7Ps** by adding three further elements.

Step 1 — The Three Additional Ps:

- **People**: All human actors involved in service delivery — employees, trainers, and customers. In a retail store, trained staff are a critical part of the service.
- **Process**: The procedures, mechanisms, and flow of activities through which the service is delivered — e.g., streamlined billing and customer flow in the store.
- **Physical Evidence**: The tangible environment where the service is delivered — e.g., store design, ambience, cleanliness, signage, uniforms.

Step 2 — Application: A premium footwear retail experience is defined by the quality of *People* (trained staff), the efficiency of *Process* (checkout), and the appeal of *Physical Evidence* (store ambience).

Why other options are wrong:

- Option A: "Packaging" and "Positioning" are not among the 7Ps; packaging belongs to Product (4Ps), and positioning is a strategic concept.
- **Option B: Correct** — People, Process, and Physical Evidence are the three additional Ps in the 7Ps framework.
- Option C: "Publicity", "Planning", and "Premises" are not official elements of the 7Ps.
- Option D: "Profit", "Performance", and "Presentation" are outcomes or metrics, not marketing mix elements.

Final Answer: The three additional Ps are People, Process, and Physical Evidence $\Rightarrow \boxed{\text{B}}$

Answer: (B) Go Back to Q6

Q7.

Solution

Concept — Ansoff Matrix (Market Development): The Ansoff Matrix (Igor Ansoff, 1957) is a strategic planning tool that maps four growth strategies based on whether the product and market are existing or new. Refer to the diagram in Q7.

Step 1 — The Four Strategies:

- *Market Penetration*: Existing product, Existing market (increase market share).
- *Market Development*: **Existing product, New market** (enter new geographies or segments).
- *Product Development*: New product, Existing market (innovate for current customers).
- *Diversification*: New product, New market (highest risk strategy).

Step 2 — Application: The footwear brand has an *existing* successful product range and is entering *Southeast Asia* — a completely new geography. This is clearly "**Existing Product + New Market**" = **Market Development**.

Why other options are wrong:

- Option A: Market penetration means selling more of the same product in the same market through promotions, pricing, or distribution improvements.
- Option B: Product development involves creating new or modified products for existing markets; the brand here is not launching a new product.
- Option C: Diversification requires both a new product and a new market simultaneously; the scenario uses an existing product.
- **Option D: Correct** — taking an existing product into a new geographic market is Market Development.

Final Answer: Existing product entering a new geographic market = Market Development $\Rightarrow \boxed{\text{D}}$

Answer: (D) Go Back to Q7

Q8.

Solution

Concept — Occasion-Based (Behavioural) Segmentation: Market segmentation divides a broad consumer market into subgroups with distinct needs. **Behavioural segmentation** divides consumers based on their knowledge of, attitude to, use of, or response to a product. *Occasion-based segmentation* is a specific sub-type where consumers are grouped by the occasion or event that triggers their purchase behaviour.

Step 1 — Identifying the Basis: The greeting-card company groups buyers by *occasion* — birthday, anniversary, festival, graduation. The trigger for purchase is the life event, not the buyer's age, income, region, or personality.

Step 2 — Other Common Behavioural Sub-types: Benefits sought, user rate (heavy/light/non-user), loyalty status, and readiness stage are other sub-types of behavioural segmentation. Occasion-based is particularly important for seasonal and event-driven products.

Why other options are wrong:

- **Option A: Correct** — occasion-based segmentation is a sub-type of behavioural segmentation; consumers are grouped by the purchase trigger occasion.
- Option B: Demographic segmentation uses age and gender; the greeting-card company is not grouping by who the buyer is, but by *why* they are buying.
- Option C: Psychographic segmentation uses lifestyle values and personality; festival preferences involve different psychological dimensions but the primary driver here is the specific occasion, not personality.
- Option D: Geographic segmentation divides by location; while festivals vary by region, the segmentation basis here is the occasion type, not geography.

Final Answer: Segmenting by purchase occasion is occasion-based (behavioural) segmentation $\Rightarrow \boxed{A}$

Answer: (A) Go Back to Q8

Q9.

Solution

Concept — Brand Loyalty: Brand loyalty is the extent to which a consumer consistently chooses and repurchases a particular brand over time, even when faced with competing alternatives. It is a core component of **brand equity** (the commercial value a brand name adds to a product). Loyal consumers exhibit **repeat purchase behaviour** and show **resistance to competitive offers**.

Step 1 — Indicators of Brand Loyalty: Priya's behaviour shows (i) long-term repeat purchase (10 years), (ii) exclusive preference for one brand, and (iii) resistance to discounts from rivals. All three are hallmarks of strong brand loyalty.

Step 2 — Brand Loyalty and Marketing: High brand loyalty reduces marketing costs (retained customers need less persuasion), provides a stable revenue base, and creates barriers for new entrants. It is measured by repeat purchase rate and Net Promoter Score (NPS).

Why other options are wrong:

- Option A: Brand extension is a brand management strategy where a company uses its established name in a new product category — completely unrelated to Priya's buying behaviour.
- Option B: Brand switching is the *opposite* of what Priya is doing; she explicitly refuses to switch brands.
- **Option C: Correct** — consistent long-term preference, repeat purchases, and resistance to competitor offers define brand loyalty.
- Option D: Brand parity means consumers see no difference between brands and switch freely — Priya's strong preference is the opposite of brand parity.

Final Answer: Consistent preference and resistance to competitor offers = brand loyalty $\Rightarrow \boxed{\text{C}}$

Answer: (C) Go Back to Q9

Q10.

Solution

Concept — Franchise Distribution: A franchise is a contractual business arrangement in which the **franchisor** grants the **franchisee** the right to operate a business under the franchisor's brand name, systems, and ongoing support, in exchange for an initial fee and ongoing royalties. The franchisee bears the investment and operational risk but benefits from the established brand and systems.

Step 1 — Key Elements of Franchising:

- Brand name usage (franchisor's trademark and identity)
- Standardised operating systems and quality standards
- Ongoing support (training, marketing, supply chain)
- Financial consideration: initial franchise fee + royalty on sales

Step 2 — Examples in India: McDonald's, Subway, Domino's Pizza, Patanjali, and many footwear brands operate on franchise models. The franchisor expands rapidly without investing its own capital in each outlet.

Why other options are wrong:

- Option A: Licensing allows use of intellectual property (patents, recipes, designs) but does not include operating systems, brand standards, or ongoing support — a narrower arrangement than franchising.
- **Option B: Correct** — the fast-food brand granting rights to operate under its brand and systems in exchange for fees and royalties is a franchise distribution model.
- Option C: A joint venture creates a new separate legal entity jointly owned by both parties; here the entrepreneur independently owns and operates their outlet.
- Option D: Agency involves agents selling products on commission without owning or operating a branded outlet under the principal's name and standards.

Final Answer: Granting rights to operate under brand and systems for fees and royalties = Franchise $\Rightarrow \boxed{\text{B}}$

Answer: (B) Go Back to Q10

Q11.

Solution

Concept — Leading/Directing Function of Management: Within the POLC framework (Planning, Organising, Leading, Controlling), the **Leading** function — sometimes called **Directing** — is the process by which managers **influence, guide, motivate, and communicate** with employees to achieve organisational goals. It is the function that transforms plans and structures into action.

Step 1 — Core Activities of Leading:

- *Motivating*: Understanding and fulfilling employees' needs to energise their effort.
- *Influencing / Guiding*: Shaping behaviour and attitudes towards organisational objectives.
- *Communicating*: Transmitting goals, feedback, and direction clearly and effectively.
- *Leadership style*: Choosing the right approach (autocratic, democratic, etc.) for the situation.

Step 2 — Bridge Function: As shown in the diagram for Q11, Leading bridges Planning and Organising (which set the direction and structure) with Controlling (which monitors outcomes). Without effective leading, even well-made plans remain unexecuted.

Why other options are wrong:

- Option A: Setting objectives and deciding the best course of action describes the *Planning* function.
- Option B: Arranging resources and tasks to accomplish goals describes the *Organising* function.
- Option C: Comparing performance against standards and taking corrective action describes the *Controlling* function.
- **Option D: Correct** — influencing, motivating, and communicating with employees to channel efforts towards organisational goals is the Leading (Directing) function.

Final Answer: Influencing, motivating, and communicating to achieve goals = Leading function $\Rightarrow \boxed{\text{D}}$

Answer: (D) Go Back to Q11

Q12.

Solution

Concept — 360-Degree Performance Appraisal: Traditional performance appraisal is a top-down process where the supervisor rates the subordinate. The **360-degree** (or multi-source) appraisal overcomes the limitation of a single perspective by collecting feedback from **all directions** in the organisational hierarchy.

Step 1 — Sources of Feedback in 360-Degree Appraisal:

- **Supervisor**: Traditional downward evaluation.
- **Peers/Colleagues**: Feedback from people at the same hierarchical level.
- **Subordinates**: Upward feedback from those who report to the employee ("upward appraisal").
- **Self-appraisal**: The employee rates their own performance.
- Sometimes also customers or external stakeholders.

Step 2 — Benefits: Provides a comprehensive, balanced picture of an employee's competencies, reduces appraiser bias, and identifies development needs that a single appraiser might miss. Associated with Robert Greenleaf's servant leadership philosophy and modern HRM practices.

Why other options are wrong:

- **Option A: Correct** — 360-degree appraisal collects feedback from supervisors, peers, subordinates, and the employee themselves.
- Option B: MBO (Management by Objectives) evaluates performance against individually agreed targets set at the start of the period — it does not involve multi-source feedback.
- Option C: The Critical Incident Method focuses on specific notable (good or bad) incidents recorded by one appraiser, not a multi-source system.
- Option D: The Ranking Method orders employees from best to worst by a single rater — opposite in design to 360-degree appraisal.

Final Answer: Multi-source feedback from supervisors, peers, subordinates, and self = 360-degree appraisal $\Rightarrow \boxed{\text{A}}$

Answer: (A) Go Back to Q12

Q13.

Solution

Concept — Servant Leadership: Servant leadership is a philosophy and style introduced by **Robert K. Greenleaf** in his 1970 essay "The Servant as Leader." It inverts the traditional power pyramid: instead of the leader being served by followers, the leader **serves the followers** — prioritising their growth, well-being, and empowerment above personal status or organisational authority.

Step 1 — Core Principles:

- Listening and empathy: Understanding and addressing the needs of team members.
- Healing and stewardship: Supporting followers' personal and professional growth.
- Building community: Creating trust and collaboration rather than a hierarchy of command.
- Putting followers first: The leader removes obstacles so the team can perform.

Step 2 — Contrast with Other Styles: Servant leadership is distinguished from *transactional* (reward/penalty exchange), *charismatic* (personality-driven inspiration), and *situational* (style adapted to follower readiness) leadership by its consistent focus on follower service and growth above all else.

Why other options are wrong:

- Option A: Transactional leadership centres on reward-for-performance exchanges and compliance; it does not prioritise the growth and service of followers.
- Option B: Charismatic leadership derives its influence from the leader's personal magnetism and vision, not from placing followers' needs first.
- **Option C: Correct** — servant leadership (Greenleaf) holds that the leader's primary goal is to serve followers, helping them grow and removing barriers to their effectiveness.
- Option D: Situational leadership (Hersey and Blanchard) focuses on style adaptation based on follower readiness, not on consistently serving follower needs.

Final Answer: Leader's primary goal is to serve and grow followers = Servant Leadership (Greenleaf) $\Rightarrow \boxed{\text{C}}$

Answer: (C) Go Back to Q13

Q14.

Solution

Concept — Tall vs Flat Organisational Structure: The **span of control** (number of subordinates a manager directly supervises) and the **number of hierarchical levels** are inversely related. Refer to the diagram in Q14 for a visual comparison.

Step 1 — Tall Structure:

- **Many levels** of hierarchy (e.g., CEO → VP → Manager → Supervisor → Worker).
- **Narrow span of control** — each manager oversees few subordinates.
- Clear promotion paths but slow communication; high administrative cost.

Step 2 — Flat Structure:

- **Few levels** of hierarchy (e.g., CEO → Managers → Teams).
- **Wide span of control** — each manager oversees many subordinates.
- Faster communication, greater employee autonomy and empowerment; suits knowledge-based or creative environments.

Why other options are wrong:

- Option A: This reverses the correct relationship — *tall* structures have a *narrow* (not wide) span, and *flat* structures have a *wide* (not narrow) span.
- **Option B: Correct** — tall = many levels + narrow span; flat = few levels + wide span, enabling faster communication and empowerment.
- Option C: Tall structures are common in large organisations (military, banks); flat structures are found in start-ups and creative firms regardless of size.
- Option D: This description is internally contradictory and reverses the definitions; tall structures have many layers of middle management, not the other way round.

Final Answer: Tall = many levels, narrow span; Flat = few levels, wide span ⇒ $\boxed{\text{B}}$

Answer: (B) Go Back to Q14

Q15.

Solution

Concept — Audit Committee in Corporate Governance: An Audit Committee is a key instrument of corporate governance, ensuring the integrity of financial reporting and the independence of the audit process. It was made mandatory for listed companies in India through **SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI LODR)**, and is also required under the **Companies Act, 2013**.

Step 1 — Composition: The Audit Committee must have a **minimum of three directors**, with **at least two-thirds being independent directors**. The Chairman must be an independent director and financially literate.

Step 2 — Key Responsibilities:

- Overseeing the financial reporting process and disclosure of financial information.
- Recommending the appointment, remuneration, and removal of the **external (statutory) auditor**.
- Reviewing the adequacy and effectiveness of the **internal audit** function.
- Reviewing related-party transactions and whistle-blower complaints.

Why other options are wrong:

- Option A: Statutory auditors perform the external audit; they do not sit on the Audit Committee. The committee oversees and appoints auditors — it does not itself conduct audits.
- Option B: The Audit Committee is a Board-level committee of the company, not a government or SEBI-formed external body.
- Option C: Day-to-day financial oversight is a function of the Chief Financial Officer (CFO) and finance team, not the Audit Committee.
- **Option D: Correct** — the Audit Committee is a sub-committee of the Board, comprising primarily independent directors, overseeing financial reporting, internal audit, and external auditor appointment; mandatory under SEBI LODR.

Final Answer: Audit Committee = Board sub-committee of independent directors overseeing audit and financial reporting $\Rightarrow \boxed{\text{D}}$

$\boxed{\text{Answer: (D)}}$ Go Back to Q15

Q16.

Solution

Concept — SEBI's Role in IPO Regulation (DRHP): Before a company can access the primary capital market through an Initial Public Offering (IPO), it must comply with SEBI's disclosure requirements. The **Draft Red Herring Prospectus (DRHP)** is the central document in this process.

Step 1 — DRHP Process:

- The company prepares the DRHP with the help of lead managers (investment banks).
- The DRHP is filed with **SEBI** and also submitted to the stock exchange(s) for observation letters.
- SEBI issues its observations (not formal approval) typically within 30 days.
- The company then finalises the price band, files the Red Herring Prospectus (RHP) with ROC, and opens the IPO for subscription.

Step 2 — Contents: The DRHP contains details of the company's business, promoters, financials, risk factors, use of proceeds, and terms of the offering. The word "Draft" reflects that the price band has not been finalised.

Why other options are wrong:

- **Option A: Correct** — the DRHP is filed with SEBI before the IPO, containing all material disclosures for investor protection.
- Option B: The Memorandum of Association (MoA) is a foundational company document filed at incorporation with the ROC — not an IPO disclosure to SEBI.
- Option C: The Annual Report is a post-listing annual disclosure; it is not filed before an IPO.
- Option D: A Letter of Intent (LoI) is a non-binding preliminary document; it is not the document filed with SEBI for IPO review.

Final Answer: The DRHP is filed with SEBI before an IPO for investor protection review $\Rightarrow \boxed{A}$

Answer: (A) Go Back to Q16

Q17.

Solution

Concept — Bond vs Debenture: Both bonds and debentures are **debt instruments** — the issuer borrows money from investors and promises to repay principal with interest. However, they differ in security and typical issuers.

Step 1 — Debenture:

- Issued by **companies** to raise long-term debt capital.
- Typically **unsecured** — backed only by the general creditworthiness and assets of the issuing company, not pledged against specific collateral.
- In India, the term "debenture" is commonly used for corporate debt instruments under the Companies Act, 2013.
- Can be convertible (into equity) or non-convertible.

Step 2 — Bond:

- Often issued by **governments** or large public sector entities and are typically **secured** against specific assets or sovereign backing.
- In practice, the terms overlap — some debentures are secured, and some bonds are unsecured. The key Indian corporate law distinction is that debentures are the standard term for company debt.

Why other options are wrong:

- Option A: This reverses the typical distinction; debentures are usually *unsecured* (backed by creditworthiness), while bonds are more often *secured*.
- Option B: Companies issue both debentures and bonds; the statement that debentures are only for governments is incorrect.
- **Option C: Correct** — a debenture is typically an unsecured corporate debt instrument backed by the issuer's general creditworthiness, not specific collateral.
- Option D: The two instruments are not legally identical; they differ in security, typical issuer, and regulatory treatment.

Final Answer: A debenture is typically unsecured corporate debt backed by creditworthiness $\Rightarrow \boxed{\text{C}}$

Answer: (C) Go Back to Q17

Q18.

Solution

Concept — Return on Investment (ROI): ROI is a profitability ratio that measures how much **net profit** is generated per unit of **total capital invested**. It is expressed as a percentage and is widely used to evaluate the efficiency of an investment.

Step 1 — Formula and Calculation:

$$\text{ROI} = \frac{\text{Net Profit}}{\text{Total Investment}} \times 100$$

$$\text{ROI} = \frac{\text{Rs. 10 lakh}}{\text{Rs. 50 lakh}} \times 100 = \frac{10}{50} \times 100 = \mathbf{20}\%$$

Step 2 — Interpretation: An ROI of 20% means that for every Rs. 100 invested, the factory earns Rs. 20 in net profit. This figure can be compared against the cost of capital, industry benchmarks, or alternative investment returns to judge whether the investment is worthwhile.

Why other options are wrong:

- Option A: Dividing Investment by Profit ($50 \div 10 = 5$) and multiplying by 100 gives 500%, which is not ROI; this formula is inverted.
- **Option B: Correct** — ROI $= \frac{10}{50} \times 100 = 20\%$, measuring profitability per unit of capital invested.
- Option C: Subtracting profit from investment gives residual capital (Rs. 40 lakh), which is an accounting identity, not ROI.
- Option D: Adding profit and investment before dividing ($\frac{10+50}{50} \times 100 = 120\%$) is not the ROI formula; this would be 1 + ROI, not ROI itself.

Final Answer: ROI $= \frac{\text{Net Profit}}{\text{Total Investment}} \times 100 = 20\% \Rightarrow \boxed{\text{B}}$

Answer: (B) Go Back to Q18

Q19.

Solution

Concept — Entertainment Tax (Pre-GST Indirect Tax): Before the rollout of the Goods and Services Tax (GST) on July 1, 2017, India had a complex multi-layered indirect tax system. Several taxes were levied by state governments under their constitutional powers, including the **Entertainment Tax**.

Step 1 — Entertainment Tax:

- Levied by **state governments** under Entry 62 of List II (State List) of the Seventh Schedule of the Indian Constitution.
- Applied to cinema ticket sales, live performances, amusement parks, gaming arcades, and cable TV subscriptions.
- The exhibitor (cinema hall, event organiser) collected it from patrons as part of the ticket price and remitted it to the state treasury.
- Being an **indirect tax**, its legal liability was on the exhibitor, but the economic burden was passed to the consumer.

Step 2 — Post-GST: Entertainment Tax was **subsumed into GST** from July 1, 2017. Cinema tickets are now taxed at applicable GST rates (18% for tickets above Rs. 100, reduced rates for lower-priced tickets, subject to GST Council updates).

Why other options are wrong:

- Option A: Service Tax was a *Central* Government tax on services; Entertainment Tax was a *state-level* tax specifically on entertainment activities.
- Option B: Luxury Tax covered high-cost goods and premium hotel accommodation, not entertainment activities.
- Option C: Professional Tax is levied on employed individuals based on their profession or salary; it has no connection to cinema or entertainment.
- **Option D: Correct** — Entertainment Tax was a state-level indirect tax on cinema, events, and amusement; subsumed by GST in 2017.

Final Answer: State-level indirect tax on entertainment subsumed by GST = Entertainment Tax $\Rightarrow \boxed{D}$

Answer: (D) Go Back to Q19

Q20.

Solution

Concept — Ease of Formation in Sole Proprietorship: A **sole proprietorship** is the simplest and most common form of business. Its key features include: ease of formation, sole ownership and control, unlimited liability, and lack of perpetual succession. The most significant advantage over other forms is the **minimal legal formality** required to start.

Step 1 — Ease of Formation: A person can start a sole proprietorship simply by commencing the business activity. There is **no mandatory registration** with the Registrar of Companies (unlike a private limited company or LLP). Only sector-specific permissions may be required:

- FSSAI licence for food businesses
- Shops and Establishments Act registration (state-level, procedurally simple)
- GST registration if turnover exceeds the threshold

Step 2 — Contrast with Other Forms: A Private Limited Company requires filing with MCA, a minimum of 2 directors and 2 shareholders, a Memorandum and Articles of Association, and Certificate of Incorporation — significantly more complex.

Why other options are wrong:

- **Option A: Correct** — ease of formation with minimal legal formalities is the hallmark advantage of a sole proprietorship.
- Option B: Perpetual succession (business continues beyond the owner's death) is a feature of companies, *not* sole proprietorships, which dissolve on the owner's death.
- Option C: Limited liability is a feature of private limited companies and LLPs; sole proprietors have *unlimited* liability.
- Option D: Raising capital via public issue of shares requires incorporation as a public limited company; a sole proprietor cannot issue shares.

Final Answer: Minimal legal formalities = ease of formation advantage of sole proprietorship $\Rightarrow \boxed{\text{A}}$

Answer: (A) Go Back to Q20

Q21.

Solution

Concept — Dissolution of Partnership by Court: Under the **Indian Partnership Act, 1932**, a partnership firm can be dissolved in several ways — by mutual agreement, by notice (in a partnership at will), compulsorily (on insolvency of all but one partner, or on an unlawful event), and **by Court order** under Section 44 of the Act.

Step 1 — Grounds for Court-Ordered Dissolution (Section 44): A court *may* (not must) order dissolution on the following grounds:

- A partner has become permanently **of unsound mind**.
- A partner has become permanently **incapable** of performing their duties.
- A partner is **guilty of conduct prejudicially affecting** the business.
- A partner **persistently breaches** the partnership agreement.
- A partner has **transferred their entire interest** to a third party.
- The business can only be carried on at a **loss**.
- The court considers it **just and equitable** to dissolve.

Step 2 — Court Acts on Application: Any partner (even one) can apply to the court for dissolution on these grounds; the court does not act unilaterally or require unanimous consent.

Why other options are wrong:

- Option A: Section 44 allows *any* partner to apply to the court for dissolution; unanimous consent is not required for a court petition.
- Option B: Failure to file income tax returns is not a ground for dissolution under the Indian Partnership Act, 1932.
- **Option C: Correct** — the court can dissolve on grounds of unsound mind, misconduct, or persistent breach of the agreement, even against remaining partners' wishes.
- Option D: Section 44 explicitly grants courts the power to dissolve partnerships; dissolution by court order is a recognised legal mechanism under the Act.

Final Answer: Court may dissolve on grounds of unsound mind, misconduct, or persistent breach $\Rightarrow \boxed{C}$

Answer: (C) Go Back to Q21

Q22.

Solution

Concept — Private Limited Company: Minimum and Maximum Members: Under the **Companies Act, 2013**, a Private Limited Company (Pvt. Ltd.) has specific member requirements that distinguish it from other company structures.

Step 1 — Private Limited Company Requirements:

- **Minimum members**: 2 shareholders.
- **Maximum members**: 200 shareholders (excluding current and past employee-shareholders).
- **Minimum directors**: 2; **Maximum directors**: 15 (extendable by special resolution).
- Shares are **not freely transferable** (restricted by Articles of Association) and cannot be offered to the public.

Step 2 — Comparison with Related Structures:

- *One Person Company (OPC)*: Minimum 1 member (introduced by Companies Act, 2013).
- *Public Limited Company*: Minimum 7 members; no maximum.
- *Partnership (general)*: Minimum 2 partners; maximum 50.

Why other options are wrong:

- Option A: While an OPC has 1 member under the Companies Act, the question specifically asks about a *Private Limited Company*, which requires a minimum of 2.
- **Option B: Correct** — a Private Limited Company requires a minimum of 2 members and can have a maximum of 200.
- Option C: Seven members are required for a *Public* Limited Company, not a Private Limited Company.
- Option D: Ten members is not a legal requirement under the Companies Act, 2013, for a Private Limited Company.

Final Answer: Private Limited Company requires minimum 2 members, maximum 200 $\Rightarrow \boxed{\text{B}}$

Answer: (B) Go Back to Q22

Q23.

Solution

Concept — Export-Import Bank of India (EXIM Bank): EXIM Bank is a premier export finance institution of India, established to provide financial assistance and support to Indian exporters and overseas importers of Indian goods and services.

Step 1 — Key Facts:

- **Established**: January 1, 1982, under the Export-Import Bank of India Act, 1981.
- **Headquarters**: Mumbai, Maharashtra.
- **Ownership**: 100% owned by the Government of India.
- **Purpose**: To finance, facilitate, and promote India's **international trade** — provides medium and long-term financing to Indian exporters, overseas buyers, and joint ventures abroad.

Step 2 — Key Products: Buyers' credit, suppliers' credit, export project finance, Lines of Credit (LoC) to foreign governments for purchasing Indian goods, and support to Indian companies investing overseas.

Why other options are wrong:

- Option A: EXIM Bank was established in 1982 (not 1969), and it is not a subsidiary of the RBI; it operates under the Ministry of Finance.
- Option B: EXIM Bank is not regulated by SEBI and does not underwrite equity IPOs; its mandate is trade finance, not capital market activities.
- Option C: EXIM Bank was established in 1982 (not 2005) and has never replaced NABARD; NABARD remains the apex institution for agricultural and rural development finance.
- **Option D: Correct** — EXIM Bank established in 1982, headquartered in Mumbai, provides medium and long-term financing to promote India's international trade.

Final Answer: EXIM Bank: established 1982, Mumbai, promotes India's international trade financing $\Rightarrow \boxed{D}$

Answer: (D) Go Back to Q23

Q24.

Solution

Concept — Beti Bachao Beti Padhao (BBBP): Beti Bachao Beti Padhao (“Save the Daughter, Educate the Daughter”) is one of the most prominent social welfare schemes of the Government of India, launched in response to the alarming decline in the **Child Sex Ratio (CSR)** in many Indian states.

Step 1 — Launch Details:

- **Launched by**: Prime Minister Narendra Modi.
- **Date**: **January 22, 2015**.
- **Venue**: **Panipat, Haryana** — chosen because Haryana had one of the lowest child sex ratios in India (834 girls per 1000 boys in 2011 Census).
- **Joint initiative** of three ministries: Ministry of Women and Child Development; Ministry of Health and Family Welfare; Ministry of Education (formerly HRD).

Step 2 — Objectives: Prevent gender-biased sex selective elimination; ensure the survival and protection of the girl child; promote education and participation of girls in society and economy.

Why other options are wrong:

- **Option A: Correct** — BBBP launched on January 22, 2015, in Panipat, Haryana, jointly by three ministries.
- Option B: August 15, 2014 Independence Day announcements covered other schemes; BBBP was launched in January 2015.
- Option C: March 8, 2016 (International Women’s Day) post-dates the actual launch by over a year; BBBP was not launched in Mumbai.
- Option D: October 2, 2019 is associated with Swachh Bharat; BBBP was launched more than four years earlier.

Final Answer: BBBP launched January 22, 2015, Panipat, Haryana $\Rightarrow \boxed{\text{A}}$

$\boxed{\textbf{Answer: (A)}}$ **Go Back to Q24**

Q25.

Solution

Concept — Aatmanirbhar Bharat (Self-Reliant India): Aatmanirbhar Bharat is a comprehensive economic policy initiative announced by Prime Minister Narendra Modi to address the severe economic disruption caused by the **COVID-19 pandemic** and to build long-term self-reliance across critical sectors.

Step 1 — Key Announcement Details:

- **Announced**: **May 12, 2020** (national television address by PM Modi).
- **Package size**: **Rs. 20 lakh crore** (approximately 10% of India's GDP at the time).
- **Five Pillars**:
  1. **Economy** — quantum leaps, not incremental changes
  2. **Infrastructure** — world-class systems defining modern India
  3. **System** — technology-driven, 21st-century governance
  4. **Vibrant Demography** — India's youngest nation advantage
  5. **Demand** — supply chain and demand strengths of India

Step 2 — Scope: The package covered agriculture, MSMEs, migrant workers, power distribution, real estate, non-bank finance, tax relief, and structural reforms — far broader than just manufacturing.

Why other options are wrong:

- Option A: Aatmanirbhar Bharat was announced on *May 12, 2020* — after COVID-19 had already disrupted the economy; it was not a pre-pandemic January 2020 initiative.
- Option B: The initiative rests on *five* pillars (not four), and the correct pillars are Economy, Infrastructure, System, Vibrant Demography, and Demand — not "Diversity".
- **Option C: Correct** — announced May 12, 2020; Rs. 20 lakh crore package; five pillars: Economy, Infrastructure, System, Vibrant Demography, and Demand.
- Option D: The initiative explicitly covers agriculture, finance, MSMEs, power, and social welfare in addition to manufacturing and defence.

Final Answer: Aatmanirbhar Bharat: May 12, 2020; Rs. 20 lakh crore; five pillars $\Rightarrow \boxed{\text{C}}$

Answer: (C) Go Back to Q25

Answer Key

Q	Ans	Q	Ans	Q	Ans	Q	Ans	Q	Ans
1	C	2	B	3	D	4	A	5	C
6	B	7	D	8	A	9	C	10	B
11	D	12	A	13	C	14	B	15	D
16	A	17	C	18	B	19	D	20	A
21	C	22	B	23	D	24	A	25	C