FDDI AIST Business Aptitude

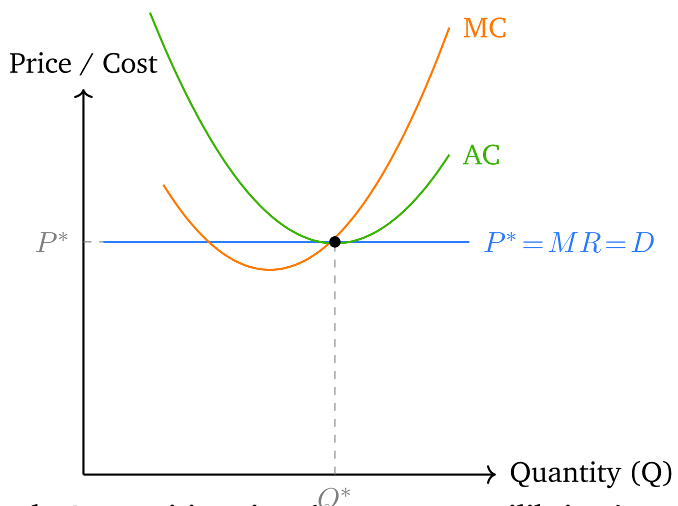
Sample Paper – 9

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 is **NOT** a characteristic of a perfectly competitive market?



Perfectly Competitive Firm (Long-Run Equilibrium)

(A) Many small buyers and sellers, each too small to influence the market price individually

(B) Homogeneous (identical) products sold by all firms, making brands irrelevant to buyers

(C) Each firm is a **price-maker** and can independently raise its price above the market level to earn higher profit

(D) Free entry and exit of firms in the long run, resulting in zero economic profit in equilibrium

Q2. When the price of a **normal** good falls, two effects operate simultaneously on the quantity demanded. Which of the following **correctly** describes the combined outcome?

(A) Both the substitution effect and the income effect **increase** quantity demanded: the good is now relatively cheaper (substitution effect) AND real purchasing power has risen (income effect), both pointing in the same direction.

(B) The substitution effect increases quantity demanded, but the income effect decreases it, making the net change ambiguous for normal goods.

(C) Only the substitution effect operates; the income effect is always zero for normal goods regardless of the price change.

(D) The income effect reduces quantity demanded because the consumer feels wealthier and upgrades to a superior substitute good.

Q3. Which of the following statements about the **Balance of Payments (BoP)** is **correct**?

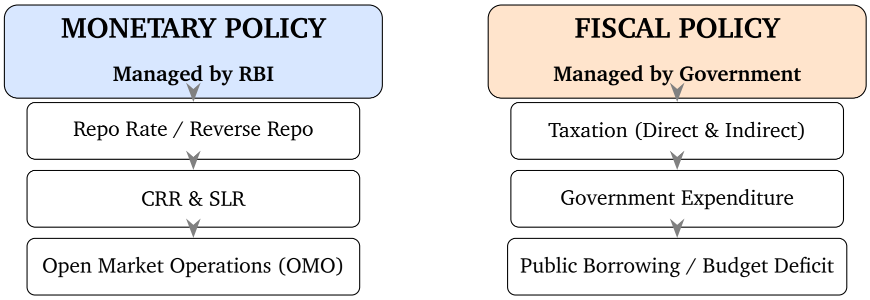
(A) The BoP records only visible trade (import and export of goods) and completely excludes transactions in services, income, and transfers.

(B) A surplus in the Current Account always guarantees an overall strong BoP position, irrespective of the Capital and Financial Accounts.

(C) The Capital Account records transactions in goods and services, while the Current Account records cross-border investments and loans.

(D) The BoP is a systematic and comprehensive record of all economic transactions between a country's residents and the rest of the world over a given period.

Q4. Which of the following **correctly** distinguishes Monetary Policy from Fiscal Policy?



Both aim to stabilise the economy — control inflation and promote growth

(A) Monetary Policy is implemented by the Finance Ministry through tax changes; Fiscal Policy is controlled by the RBI through interest rate adjustments.

(B) Monetary Policy is managed by the **RBI** using tools like repo rate, CRR, and OMO to control money supply; Fiscal Policy is managed by the **Government** through taxation and expenditure.

(C) Both Monetary and Fiscal Policy are managed jointly by the RBI; the Ministry of Finance only handles budget presentation and has no policy role.

(D) Monetary Policy affects only inflation while Fiscal Policy affects only unemployment; the two never interact with each other.

Q5. OPEC (Organisation of Petroleum Exporting Countries) was founded in 1960 in Baghdad. Which of the following countries is **NOT** a member of OPEC?

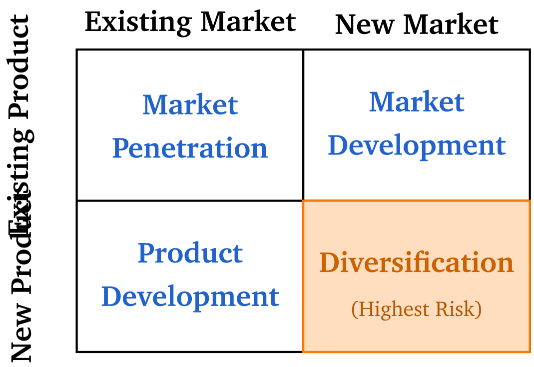
(A) Saudi Arabia, which is OPEC's largest oil producer and a founding member

(B) Nigeria, which joined OPEC in 1971 and is a major African oil exporter

(C) United States of America (USA), the world's largest oil producer

(D) Venezuela, a founding member of OPEC with one of the largest proven oil reserves

Q6. A footwear company decides to launch a range of **smart tech wearables** targeting urban professionals — a product the company has **never manufactured** before, for a market it has **never served** before. According to the **Ansoff Matrix**, which growth strategy does this represent?



Ansoff Product–Market Growth Matrix

(A) **Diversification** — entering a completely new market with a completely new product, the highest-risk Ansoff strategy requiring entirely new capabilities

(B) Product Development — introducing a new product to an existing, already-served market

(C) Market Development — taking an existing product into a new geographic or demographic market

(D) Market Penetration — increasing sales of existing products in existing markets, the lowest-risk strategy

Q7. FDDI sponsors a national footwear design competition at major colleges, setting up interactive booths where students can experience the brand and its products **first-hand**. Which type of marketing strategy is FDDI employing?

(A) Digital marketing, which primarily uses online platforms, social media, and search engines to create brand awareness

(B) Direct marketing, which involves one-to-one communication with potential customers via mail, telephone, or email

(C) Viral marketing, which encourages consumers to independently spread brand messages through their own social networks

(D) Event marketing, which creates memorable branded experiences through sponsored events that allow consumers to interact with the brand personally

Q8. A leading footwear brand designs and markets its products in three distinct ranges — one for **men**, one for **women**, and one for **children** — each with different styles, colours, and pricing strategies. Which type of market segmentation is the brand using?

(A) Psychographic segmentation, where the market is divided based on lifestyle, values, and personality traits

(B) Demographic segmentation, specifically based on gender (and age for children), which are key measurable demographic variables

(C) Behavioural segmentation, where consumers are grouped by purchase frequency, occasion, or brand loyalty

(D) Geographic segmentation, where the market is divided based on region, climate, or urban/rural location

Q9. A well-known sportswear brand called "Apex" (famous for running shoes) launches "Apex Hotels" — a chain of premium fitness-themed hotels. What type of brand strategy is "Apex" using?

(A) Line extension, adding new variants (colours, materials, price points) within the existing running shoes category

(B) Co-branding, where "Apex" partners with an established hotel chain to jointly market a combined product

(C) Brand extension, where the existing "Apex" brand name is leveraged to enter a completely new product category (hotels)

(D) Rebranding, where the company changes its brand identity and logo to signal a fundamental shift in business direction

Q10. A footwear retailer connects all its channels — physical stores, website, mobile app, and social media store — so that customers can check in-store stock from the app, return online purchases in-store, and receive **consistent pricing and service** across every touchpoint. What distribution strategy is this?

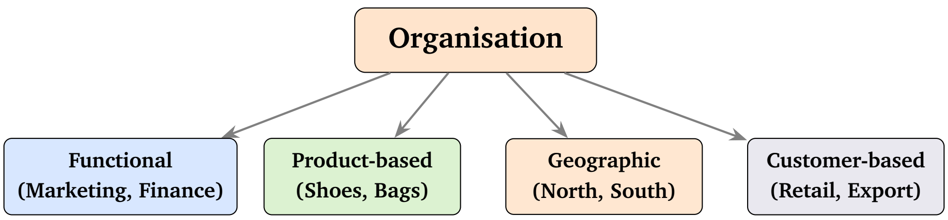
(A) Omni-channel distribution, integrating all physical and digital channels into a single, seamless, unified customer experience

(B) Multi-channel distribution, where the company uses several separate channels that each operate independently of one another

(C) Zero-level distribution, selling exclusively through the company's own channels with absolutely no intermediaries involved

(D) Selective distribution, choosing only a limited number of outlets to carry the product in a given market area

Q11. An organisation creates separate departments for Marketing, Finance, and HR based on the **nature of activities performed**. It also has separate product divisions for Shoes, Bags, and Accessories. What are these two **bases of departmentation** called, respectively?



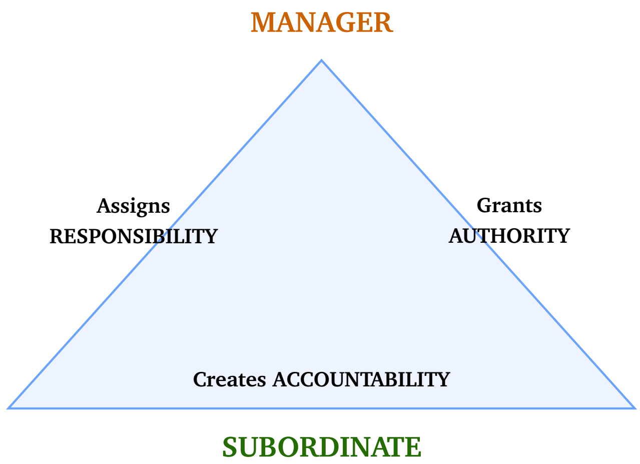
(A) Geographic departmentation and Customer-based departmentation

(B) Process-based departmentation and Time-based departmentation

(C) Matrix departmentation and Divisional departmentation

(D) Functional departmentation (departments created by type of work/activity) and Product-based departmentation (divisions created around distinct product lines)

Q12. A sales manager assigns client meetings to her team member and grants him authority to approve discounts up to 10%. However, if the team member makes poor decisions, the **manager remains answerable** to the General Manager. Which concept does this arrangement **best** illustrate?



Three Elements of Delegation

(A) Decentralisation, where authority is permanently and formally dispersed downward to many levels across the organisation

(B) Delegation of authority, which involves the assignment of responsibility, the granting of commensurate authority, and the creation of accountability — all three elements present here

(C) Empowerment, where the team member is given complete autonomy with no accountability or reporting obligation to the manager

(D) Span of control, which refers to the number of subordinates a manager can effectively and directly supervise

Q13. A team leader notices that a key employee seems stressed and disengaged. Instead of issuing a warning, the leader holds a private conversation, **acknowledges the employee's feelings**, and works collaboratively to address the root cause. This behaviour best demonstrates which leadership quality?

(A) Technical competence, as the leader uses deep job-specific knowledge to diagnose and solve the employee's performance issue

(B) Autocratic leadership, as the leader takes direct control of the situation and unilaterally decides the corrective outcome

(C) Emotional Intelligence (EI), specifically the components of **Empathy** (recognising others' emotions) and **Social Skills** (managing relationships effectively)

(D) Laissez-faire leadership, as the leader avoids intervention and allows the employee complete freedom to manage their own stress

Q14. Hindustan Unilever Limited (HUL) manages its Skin Care, Foods, and Homecare product divisions as **separate operating units**, each with its own management team, budget, marketing strategy, and set of competitors. What is each such independent division called in strategic management?

(A) Strategic Business Unit (SBU), a distinct operating division within a large organisation that has its own mission, objectives, competitive strategy, and portfolio analysed separately

(B) Cost Centre, a unit tracked separately only for the purpose of allocating and controlling costs, without strategic independence

(C) Profit Centre, a division responsible for tracking its own revenue streams and costs, but not independently formulating competitive strategy

(D) Subsidiary Company, a separate legal entity incorporated under company law and majority-owned by the parent holding company

Q15. A listed company proposes a special resolution to amend its Articles of Association. Under the **Companies Act, 2013**, a special resolution requires what minimum proportion of votes in favour?

(A) A simple majority — more than 50% of votes cast at the meeting, the same threshold required for an ordinary resolution

(B) A two-thirds majority — at least 66.67% of votes cast must be in favour of the resolution

(C) Unanimous consent — 100% of all shareholders on the register must vote in favour of the resolution

(D) At least **three-fourths (75%)** of votes cast by members entitled to vote and voting, in person or by proxy, at the meeting

Q16. Which of the following statements about **Pradhan Mantri Fasal Bima Yojana (PMFBY)** is **correct**?

(A) Under PMFBY, farmers are required to pay the full actuarial premium themselves, with no subsidy from Central or State governments.

(B) Under PMFBY, farmers pay a uniform maximum premium of **2% for Kharif crops** and **1.5% for Rabi crops**; the remaining premium is shared between the Central and State governments.

(C) PMFBY was launched in 2014 and covers only losses due to natural calamities, explicitly excluding damage caused by pests and diseases.

(D) PMFBY is administered by the Food Corporation of India (FCI) and provides coverage exclusively for rice and wheat crops.

Q17. Which of the following statements about **Demat (dematerialised) accounts** in India is **correct**?

(A) A Demat account holds physical share certificates that are stored in a secure vault maintained by the depository on behalf of the investor.

(B) India has only one depository — NSDL (National Securities Depository Limited) — which was promoted jointly by both NSE and BSE.

(C) India has **two depositories**: NSDL (promoted by NSE) and CDSL (promoted by BSE); both hold securities in electronic (dematerialised) form, eliminating physical certificates.

(D) A Demat account can be opened only by institutional investors; individual retail investors in India are required to hold physical share certificates.

Q18. A firm evaluates two capital investment projects. **Project X** has an NPV of Rs. 5 lakh on an initial investment of Rs. 20 lakh. **Project Y** has an NPV of Rs. 8 lakh on an initial investment of Rs. 40 lakh. Using the **Profitability Index (PI)**, which project should be preferred?

(A) **Project X**, because its PI $= \frac{20+5}{20} = 1.25$ is higher than Project Y's PI $= \frac{40+8}{40} = 1.20$, meaning it creates more value per rupee invested — critical for capital rationing.

(B) Project Y, because its NPV of Rs. 8 lakh is higher in absolute rupee terms than Project X's NPV of Rs. 5 lakh.

(C) Project X, because its smaller initial investment of Rs. 20 lakh makes it inherently less risky, regardless of the return generated.

(D) Project Y, because a larger initial investment of Rs. 40 lakh signals a more ambitious project with greater long-term strategic value.

Q19. Which of the following **best** describes the **Securities Transaction Tax (STT)** in India?

(A) STT is a direct tax levied on the annual profits earned from investments in the stock market, paid by investors while filing their annual income tax return.

(B) STT is levied only on the purchase of equity mutual fund units and is not applicable to direct share transactions on recognised stock exchanges.

(C) STT is collected by SEBI and deposited into a dedicated Securities Market Development Fund to improve stock exchange infrastructure.

(D) STT is an **indirect tax** levied on transactions in equity shares, futures, and options traded on recognised stock exchanges, **deducted by the broker** at the time of the transaction itself.

Q20. Which of the following statements **correctly** distinguishes a Hindu Undivided Family (HUF) business from a Partnership firm?

(A) Both HUF and Partnership are created by a formal written agreement that must be registered with the Registrar of Firms to be legally valid.

(B) Membership in an HUF arises **by birth** under Hindu personal law (status-based), whereas a Partnership is created **by contract** (a voluntary agreement between consenting persons).

(C) In an HUF, all coparcenaries hold equal voting rights in daily management and can easily exit by giving one month's written notice.

(D) An HUF is restricted to a maximum of 20 members at any time, whereas a Partnership firm can have an unlimited number of partners.

Q21. Rajan and a group of 15 weavers wish to form a co-operative society to market their handloom products collectively. Under which legislation would they **register** their co-operative society in India?

(A) The Companies Act, 2013, which governs the registration and operation of all incorporated business entities in India

(B) The Indian Partnership Act, 1932, which covers all collective business arrangements involving two or more persons sharing profits

(C) The **Co-operative Societies Act, 1912** (Central Act) or the relevant State Co-operative Societies Act, administered by the Registrar of Co-operative Societies

(D) The Limited Liability Partnership Act, 2008, since co-operative societies share certain limited liability features with LLPs

Q22. Which of the following is a **right** that equity shareholders of a listed company are legally entitled to exercise?

(A) Voting at the **Annual General Meeting (AGM)** and Extraordinary General Meeting (EGM) on company resolutions, including election of directors and approval of accounts

(B) The right to directly appoint or dismiss the company's Chief Executive Officer (CEO) at any time, without requiring Board or court approval

(C) Unrestricted access to all internal management reports, confidential contracts, and non-public financial data on demand at any time

(D) A guaranteed fixed dividend payment every year, irrespective of the company's financial performance or profits

Q23. Payment Banks are a differentiated category of bank introduced by the RBI in 2015. Which of the following is **NOT** permitted for Payment Banks under RBI regulations?

(A) Accepting deposits from customers, subject to a maximum balance of Rs. 2 lakh per individual customer

(B) Providing internet banking, mobile banking, and digital payment services to customers

(C) Issuing prepaid payment instruments, debit cards, and facilitating domestic remittances

(D) Providing **loans, advances, overdraft facilities, or credit cards** to any category of customer

Q24. The **Make in India** initiative identifies 25 key sectors for manufacturing growth and investment. Which of the following sector groupings is **correctly** identified as being among the 25 focus sectors?

(A) Social media platforms, online gaming, and e-sports are among the 25 designated focus sectors of Make in India

(B) **Leather and footwear, textiles, defence manufacturing, railways, and renewable energy** are among the 25 focus sectors of Make in India

(C) Retail banking, insurance underwriting, and stock broking are listed as key manufacturing sectors under Make in India

(D) Agriculture, dairy, and fisheries are the primary focus sectors; industrial and goods manufacturing is explicitly excluded from Make in India

Q25. The **Unified Payments Interface (UPI)**, developed by NPCI to enable instant real-time bank-to-bank fund transfers using a mobile number or Virtual Payment Address (VPA), was officially launched in which year?

(A) 2014, as part of the Digital India initiative announced shortly after the new NDA government assumed office

(B) 2015, following the launch of the Pradhan Mantri Jan Dhan Yojana to extend financial inclusion to unbanked citizens

(C) 2016, when RBI Governor **Raghuram Rajan** officially launched UPI on **April 11, 2016**, enabling real-time inter-bank payments

(D) 2018, after UPI 2.0 was released with enhanced features such as overdraft facility and higher transaction limits

Detailed Solutions

Q1.

Solution

Concept — Perfect Competition: A perfectly competitive market is characterised by: (i) many small buyers and sellers; (ii) homogeneous products; (iii) perfect information; (iv) free entry and exit; and (v) firms are *price-takers* — no single firm can influence the market price.

Step 1 — Price-Taker vs. Price-Maker: In perfect competition, the market price P^* is determined by aggregate supply and demand. Each individual firm faces a perfectly horizontal (elastic) demand curve at P^* and must accept that price. It cannot charge above P^* without losing all customers to identical rivals.

Step 2 — Long-Run Equilibrium: As shown in the diagram, in long-run equilibrium the firm produces at Q^* where $P^* = MC = AC$ (minimum average cost), earning zero economic (supernormal) profit. If profit exists, new firms enter, expanding supply and driving P down until profit = 0.

Why other options are wrong:

- Option A: Correct feature — many buyers and sellers with no individual market power is a defining condition.
- Option B: Correct feature — homogeneous (identical) products mean no brand differentiation.
- **Option C: Correct answer (NOT a characteristic)** — perfectly competitive firms are price-*takers*, not price-*makers*. Only monopolists and oligopolists have price-making power.
- Option D: Correct feature — free entry and exit ensures zero economic profit in the long run.

Final Answer: Firms in perfect competition are price-TAKERS, not price-makers $\Rightarrow \boxed{\text{C}}$

Answer: (C) **Go Back to Q1**

Q2.

Solution

Concept — Substitution Effect and Income Effect: When the price of a good falls, two distinct effects operate on quantity demanded.

Step 1 — Substitution Effect: The good becomes relatively cheaper compared to substitutes, so rational consumers substitute away from other goods towards it. This *always* increases quantity demanded when price falls (for all goods).

Step 2 — Income Effect for Normal Goods: A price fall increases the consumer's real purchasing power (real income rises). For a *normal* good, higher real income leads to greater consumption — so quantity demanded increases further.

Step 3 — Combined Result: Both effects push quantity demanded upward together for a normal good, reinforcing each other.

Why other options are wrong:

- **Option A: Correct** — for normal goods, both the substitution effect and income effect increase quantity demanded when price falls.
- Option B: A negative income effect occurs only for inferior goods, not normal goods.
- Option C: The income effect is never zero (for a finite price change, real income does change); it is simply very small for goods that take a tiny share of the budget.
- Option D: A rising real income causes MORE consumption of a normal good, not less; switching to a superior substitute describes an inferior good scenario.

Final Answer: Both effects increase quantity demanded for a normal good when price falls $\Rightarrow \boxed{\text{A}}$

Answer: (A) Go Back to Q2

Q3.

Solution

Concept — Balance of Payments (BoP): The Balance of Payments is a systematic statistical record, compiled for a specific period (usually one year), of all economic transactions between residents of a country and the rest of the world.

Step 1 — Structure of BoP: The BoP comprises three main accounts:

- *Current Account*: trade in goods (visible trade) + trade in services (invisible trade) + income + current transfers.
- *Capital Account*: capital transfers and acquisition/disposal of non-produced, non-financial assets.
- *Financial Account*: foreign direct investment, portfolio investment, and other financial flows.

Step 2 — Current Account Deficit: A current account deficit means the country imports more goods and services than it exports. This does not automatically imply a weak overall BoP — a capital/financial account surplus can offset it.

Why other options are wrong:

- Option A: The BoP covers services, income, and transfers in addition to visible goods trade. Restricting it to goods only describes only the merchandise trade balance.
- Option B: A current account surplus does not guarantee a strong overall BoP; capital outflows could still result in an overall deficit.
- Option C: This option reverses the definitions of Current Account and Capital Account, which is factually incorrect.
- **Option D: Correct** — the BoP is a comprehensive record of ALL economic transactions between a country's residents and non-residents over a given period.

Final Answer: BoP records all economic transactions between residents and rest of world $\Rightarrow \boxed{\text{D}}$

Answer: (D) Go Back to Q3

Q4.

Solution

Concept — Monetary Policy vs. Fiscal Policy: These are the two major macroeconomic policy tools available to a government to manage the economy.

Step 1 — Monetary Policy: Managed by the **Reserve Bank of India (RBI)**, monetary policy controls the money supply and credit conditions in the economy. Key tools include:

- Repo rate / Reverse Repo rate (short-term lending/borrowing rates).
- Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR).
- Open Market Operations (OMO) — buying/selling government securities.

Step 2 — Fiscal Policy: Managed by the **Central Government** (Ministry of Finance), fiscal policy uses public revenue (taxation) and public expenditure to influence economic activity, as illustrated in the diagram in Q4.

Step 3 — Complementarity: Both policies work together to control inflation, stimulate growth, and maintain employment. Neither operates in isolation.

Why other options are wrong:

- Option A: This option reverses the institutions — the Finance Ministry does NOT control monetary policy, and the RBI does NOT set tax rates.
- **Option B: Correct** — RBI manages monetary policy; Government manages fiscal policy, consistent with the diagram.
- Option C: The Ministry of Finance independently formulates fiscal policy; the RBI is constitutionally independent in monetary matters.
- Option D: Both policies affect inflation and growth simultaneously; they interact significantly (e.g., fiscal stimulus can trigger inflationary pressure that monetary policy must counteract).

Final Answer: Monetary Policy = RBI; Fiscal Policy = Government $\Rightarrow \boxed{\text{B}}$

Answer: (B) Go Back to Q4

Q5.

Solution

Concept — OPEC Membership: OPEC (Organisation of Petroleum Exporting Countries) was founded on September 14, 1960, in Baghdad by five founding members: Saudi Arabia, Iraq, Iran, Kuwait, and Venezuela. Its headquarters is in Vienna, Austria.

Step 1 — OPEC's Purpose: OPEC coordinates the petroleum policies of member nations to stabilise oil markets, secure fair returns for producers, and ensure regular supply to consumers. It controls approximately 40% of global crude oil production.

Step 2 — Non-Members and OPEC+: The USA, Russia, Canada, and Norway are major oil producers that are NOT members of OPEC. Russia participates in the *OPEC+* alliance (a broader cooperation group) but is not an OPEC member.

Why other options are wrong:

- Option A: Saudi Arabia is a founding OPEC member and the largest producer within the group.

- Option B: Nigeria joined OPEC in 1971 and is a significant OPEC member in sub-Saharan Africa.
- **Option C: Correct** — the USA is NOT a member of OPEC; despite being the world's largest oil producer, it operates outside the cartel.
- Option D: Venezuela is a founding member of OPEC with one of the world's largest proven crude oil reserves.

Final Answer: The USA is NOT a member of OPEC $\Rightarrow \boxed{\text{C}}$

$\boxed{\text{Answer: (C)}}$ Go Back to Q5

Q6.

Solution

Concept — Ansoff Matrix: The Ansoff Product–Market Growth Matrix (Igor Ansoff, 1957) is a strategic planning tool that maps four growth strategies based on whether the product and market are new or existing.

Step 1 — Four Strategies:

- *Market Penetration*: Existing product + Existing market (lowest risk).
- *Market Development*: Existing product + New market.
- *Product Development*: New product + Existing market.
- *Diversification*: New product + New market (highest risk, as shown in the highlighted quadrant in Q6).

Step 2 — Application: The footwear company enters the tech wearables market (new product) for urban professionals (new market). Both dimensions are new — this is unambiguously Diversification.

Step 3 — Why it is High Risk: Diversification requires entirely new production capabilities, new distribution channels, and new customer relationships. The company has no existing expertise in either the product or the market.

Why other options are wrong:

- **Option A: Correct** — new product + new market = Diversification, the highest-risk Ansoff strategy.
- Option B: Product Development = new product in an *existing* market (e.g., a new shoe design for current customers).
- Option C: Market Development = existing product in a new market (e.g., exporting current shoes to a new country).

- Option D: Market Penetration = existing product in the existing market (e.g., increasing advertising for current shoes to existing customers).

Final Answer: New product + New market = Diversification (Ansoff Matrix) $\Rightarrow$ $\boxed{\text{A}}$

Answer: (A) Go Back to Q6

Q7.

Solution

Concept — Event Marketing: Event marketing is a promotional strategy in which a company creates or sponsors live events, competitions, trade shows, sports, or cultural activities to promote its brand. The distinguishing feature is the *experiential* nature — consumers personally interact with the brand in a live setting rather than passively receiving an advertisement.

Step 1 — Key Characteristics of Event Marketing:

- Direct, personal brand interaction (experiential engagement).
- Sponsorship of events relevant to the target audience.
- Creates memorable associations and emotional connections with the brand.
- Examples: FDDI's college design competition, Red Bull extreme sports events, Nike Run Clubs.

Step 2 — FDDI's Strategy: FDDI sets up interactive booths where students physically experience products. This is live, in-person brand engagement — the hallmark of event marketing.

Why other options are wrong:

- Option A: Digital marketing operates through online channels (websites, SEO, social media); FDDI's competition is a physical, in-person event.
- Option B: Direct marketing targets individuals one-to-one via post, email, or phone; this is a mass-participation event.
- Option C: Viral marketing relies on consumers themselves voluntarily spreading content; FDDI is actively creating and sponsoring the event.
- **Option D: Correct** — event marketing involves branded experiences through sponsored events allowing personal interaction.

Final Answer: Sponsoring events for personal brand interaction = Event Marketing $\Rightarrow$ $\boxed{\text{D}}$

Answer: (D) Go Back to Q7

Q8.

Solution

Concept — Demographic Segmentation (Gender): Market segmentation divides a heterogeneous market into homogeneous subgroups. Demographic segmentation is the most widely used basis, grouping consumers by measurable variables including age, gender, income, education, occupation, family size, and life-cycle stage.

Step 1 — Gender as a Demographic Variable: Dividing a product range into men's, women's, and children's categories is explicitly based on *gender* (and *age* for children) — both demographic variables. The brand designs distinct products, marketing messages, and pricing for each group.

Step 2 — Application in Footwear: Almost all major footwear brands (Nike, Bata, Woodland) maintain separate product lines and marketing for men, women, and children — a classic example of demographic (gender/age) segmentation.

Why other options are wrong:

- Option A: Psychographic segmentation divides by lifestyle, values, and personality — not gender or age. The question gives no information about consumers' attitudes or values.
- **Option B: Correct** — dividing the market by gender and age (men, women, children) is demographic segmentation.
- Option C: Behavioural segmentation groups by usage rate, occasion, or loyalty — the question describes product range design, not consumer behaviour patterns.
- Option D: Geographic segmentation divides by location (region, city, climate) — no geographic variable is mentioned in the question.

Final Answer: Dividing market by gender (men/women/children) = Demographic segmentation $\Rightarrow \boxed{B}$

Answer: (B) Go Back to Q8

Q9.

Solution

Concept — Brand Extension: Brand extension occurs when a company uses an established brand name to launch products in a *completely different product category* from the brand's original category. This leverages the equity (trust, awareness, loyalty) built in the original category to reduce the risk of entering a new market.

Step 1 — Distinguishing Brand Extension from Line Extension:

- *Brand Extension*: Same brand name $\rightarrow$ **New product category**. (e.g., Armani: clothing $\rightarrow$ hotels; Virgin: music $\rightarrow$ airlines).
- *Line Extension*: Same brand name $\rightarrow$ New variant **within the same category**. (e.g., Nike adding a new running shoe colourway).

Step 2 — Application: "Apex" is known for running shoes (sportswear category). Launching "Apex Hotels" (hospitality category) uses the same brand name to enter a fundamentally different product category — this is a brand extension.

Why other options are wrong:

- Option A: Line extension would mean adding more shoe variants (trail running, speed shoes) within sportswear — not hotels.
- Option B: Co-branding involves two separate brands collaborating on a single product; no second brand is mentioned here.
- **Option C: Correct** — using the "Apex" brand name to enter the hotel category is a brand extension into a new product category.
- Option D: Rebranding involves changing the brand's name, logo, or identity; "Apex" retains its brand name, merely extending it to hotels.

Final Answer: Using existing brand name to enter a new product category = Brand Extension $\Rightarrow \boxed{\text{C}}$

Answer: (C) Go Back to Q9

Q10.

Solution

Concept — Omni-Channel vs. Multi-Channel Distribution: Modern distribution strategies can be categorised by how channels are integrated.

Step 1 — Omni-Channel Distribution: All channels (physical stores, website, mobile app, social media, call centres) are *integrated* into a single, unified customer experience. Data is shared across channels, enabling features like:

- Checking in-store stock availability from a mobile app.
- Returning products purchased online to a physical store.
- Consistent pricing, loyalty points, and customer history across all touchpoints.

Step 2 — Multi-Channel vs. Omni-Channel: Multi-channel means the company *uses several channels*, but they operate as *silos* (separately, with no data sharing or seamless integration). The customer experiences each channel independently.

Why other options are wrong:

- **Option A: Correct** — integrating all physical and digital channels into a seamless, unified customer experience is omni-channel distribution.
- Option B: Multi-channel distribution uses several channels that operate separately — the scenario describes integration, not independent silos.
- Option C: Zero-level (direct) channel means no intermediaries between manufacturer and consumer; the question describes a complex, integrated multi-channel setup.
- Option D: Selective distribution refers to choosing a limited number of retail outlets in a market; it is about outlet choice, not channel integration.

Final Answer: Seamless integration of all physical and digital channels = Omni-channel distribution $\Rightarrow \boxed{A}$

Answer: (A) Go Back to Q10

Q11.

Solution

Concept — Bases of Departmentation: Departmentation is the process of grouping activities and employees into departments. There are four main bases, as illustrated in the diagram in Q11.

Step 1 — Four Bases of Departmentation:

- *Functional*: Departments created by type of work (Marketing, Finance, HR, Production). Most common in smaller or single-product firms.
- *Product*: Divisions created around distinct product lines (Shoes, Bags, Accessories). Each division manages all functions for its product.
- *Geographic*: Units created by region (North India, South India, Export). Used by firms with geographically dispersed operations.
- *Customer*: Units created for different customer segments (Retail, Wholesale, Export, Government).

Step 2 — Identifying the Answer: "Marketing, Finance, HR" departments = grouped by nature of activity = **Functional departmentation**. "Shoes, Bags, Accessories" divisions = grouped around product lines = **Product-based departmentation**.

Why other options are wrong:

- Option A: Geographic and Customer-based departmentation are two valid bases, but they do not match the scenario described (no regions or customer types are mentioned).
- Option B: Process-based and Time-based departmentation are less common bases; neither fits the scenario.
- Option C: Matrix and Divisional are organisational structures, not strictly "bases of departmentation" in the classic sense; matrix refers to dual reporting, not the grouping criterion.
- **Option D: Correct** — by activity type = Functional; by product line = Product-based departmentation.

Final Answer: Marketing/Finance/HR = Functional; Shoes/Bags/Accessories = Product-based departmentation $\Rightarrow \boxed{\text{D}}$

Answer: (D) Go Back to Q11

Q12.

Solution

Concept — Delegation of Authority: Delegation is the process by which a manager assigns work to subordinates and grants them the authority necessary to accomplish it. As shown in the triangle diagram in Q12, delegation has three essential and inseparable elements.

Step 1 — Three Elements of Delegation:

- *Assignment of Responsibility*: The manager assigns tasks (e.g., handling client meetings) to the subordinate.
- *Granting of Authority*: The manager gives the subordinate the power/right to act (e.g., approve discounts up to 10%) to fulfil the responsibility.
- *Creation of Accountability*: The subordinate becomes answerable for the results; however, the manager remains *ultimately* accountable to higher management (accountability cannot be fully delegated).

Step 2 — Delegation vs. Decentralisation: Delegation is a specific act between a manager and a subordinate. Decentralisation is a broader organisational philosophy of dispersing authority permanently throughout the organisation.

Why other options are wrong:

- Option A: Decentralisation is a systematic, organisation-wide dispersal of authority; delegation is a targeted act by one manager to one subordinate.
- **Option B: Correct** — the scenario exhibits all three elements: task assignment (responsibility), authority to approve discounts, and the manager's continued accountability to the GM.
- Option C: Empowerment implies greater autonomy and trust; here the manager retains accountability and the authority is explicitly capped at 10% — this is structured delegation.
- Option D: Span of control refers to how many subordinates one manager oversees; it is a structural concept, not a process of assigning work.

Final Answer: Assignment of responsibility + authority + accountability = Delegation $\Rightarrow \boxed{\text{B}}$

Answer: (B) Go Back to Q12

Q13.

Solution

Concept — Emotional Intelligence (EI) in Leadership: Daniel Goleman's model of Emotional Intelligence (1995) identifies the ability to recognise, understand, manage, and use one's own emotions and those of others as a critical leadership competence.

Step 1 — Five Components of EI (Goleman):

- *Self-Awareness*: Recognising one's own emotions and their impact.
- *Self-Regulation*: Managing one's emotions and impulses constructively.
- *Motivation*: Inner drive to achieve beyond external rewards.
- *Empathy*: Recognising, understanding, and considering others' emotions.
- *Social Skills*: Managing relationships, building networks, and influencing others effectively.

Step 2 — Application: The leader (i) notices the employee's stress (Empathy — recognising others' emotions) and (ii) has a collaborative conversation to address the root cause (Social Skills — managing relationships). Both components are central to EI.

Why other options are wrong:

- Option A: Technical competence relates to domain expertise (e.g., knowing shoe manufacturing or accounting). The leader's response is interpersonal, not technical.
- Option B: Autocratic leadership centralises decision-making with no subordinate input; the leader here acts *collaboratively*, the opposite of autocratic.
- **Option C: Correct** — acknowledging feelings (Empathy) and collaboratively resolving the issue (Social Skills) are key EI components.
- Option D: Laissez-faire leadership means *minimal intervention* and full employee autonomy; the leader here actively engages and intervenes.

Final Answer: Recognising feelings + collaborative resolution = Emotional Intelligence (Empathy + Social Skills) $\Rightarrow \boxed{\text{C}}$

Answer: (C) Go Back to Q13

Q14.

Solution

Concept — Strategic Business Unit (SBU): An SBU is a self-contained operating unit within a large, diversified corporation that serves a distinct market, has its own set of competitors, and formulates its own competitive strategy relatively independently of other units.

Step 1 — Key Features of an SBU:

- Distinct mission, objectives, and competitive strategy.
- Identifiable set of external competitors.
- Separate management team and allocated budget.
- Analysed independently for portfolio planning (e.g., using the BCG Growth–Share Matrix or GE–McKinsey Matrix).

Step 2 — HUL Application: HUL's Skin Care division competes with Nivea and L'Oréal; its Homecare division competes with Reckitt; its Foods division competes with Nestlé. Each has separate brand management, R&D, and P&L — classic SBUs.

Why other options are wrong:

- **Option A: Correct** — an SBU is a distinct operating division with its own mission and strategy within a large organisation.
- Option B: A cost centre is tracked for cost control purposes and has no independent strategy or revenue generation focus.
- Option C: A profit centre tracks revenue and costs but typically does not have the full strategic independence of an SBU.
- Option D: A subsidiary is a *separate legal entity*; an SBU is an *internal operating unit* within the same legal entity — they are legally and structurally different.

Final Answer: A distinct operating division with its own mission and strategy = Strategic Business Unit (SBU) $\Rightarrow \boxed{\text{A}}$

Answer: (A) Go Back to Q14

Q15.

Solution

Concept — Special Resolutions under the Companies Act, 2013: Company resolutions are formal decisions made by shareholders. The Companies Act, 2013 distinguishes between ordinary and special resolutions based on the majority required.

Step 1 — Ordinary vs. Special Resolution:

- *Ordinary Resolution*: Passed by a **simple majority** (more than 50% of votes cast). Used for routine matters like adoption of accounts, appointment of directors.
- *Special Resolution*: Requires at least **three-fourths (75%)** of votes cast by members present and voting (in person or by proxy). Used for significant changes: altering Memorandum/Articles of Association, reducing share capital, voluntary winding up.

Step 2 — Voting Mechanism: For listed companies, e-voting (electronic voting) is mandatory, allowing shareholders to vote remotely before the AGM. Postal ballot is available for certain resolutions.

Why other options are wrong:

- Option A: A simple majority (50%+) is sufficient only for ordinary resolutions; amending the Articles requires a special resolution.
- Option B: Two-thirds (66.67%) is not the prescribed threshold under the Companies Act, 2013; the Act specifies three-fourths (75%).
- Option C: Unanimity is not required for a special resolution; 75% of votes cast is sufficient.
- **Option D: Correct** — a special resolution under the Companies Act, 2013 requires at least three-fourths (75%) of votes cast.

Final Answer: Special resolution requires at least 75% of votes cast $\Rightarrow \boxed{\text{D}}$

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

Q16.

Solution

Concept — Pradhan Mantri Fasal Bima Yojana (PMFBY): PMFBY is India's flagship crop insurance scheme, launched in **February 2016** by the Government of India, replacing earlier schemes (NAIS and MNAIS). It aims to provide financial support to farmers suffering crop loss or damage due to unforeseen events.

Step 1 — Premium Structure:

- Kharif crops: Farmer pays a maximum of **2%** of Sum Insured.
- Rabi crops: Farmer pays a maximum of **1.5%** of Sum Insured.
- Annual commercial/horticultural crops: Farmer pays a maximum of **5%** of Sum Insured.
- The remaining actuarial premium is shared equally between the Central and State governments.

Step 2 — Coverage: PMFBY covers losses due to natural calamities (drought, flood, cyclone, hailstorm), pest attacks, and diseases — a comprehensive coverage.

Why other options are wrong:

- Option A: PMFBY was specifically designed to shield farmers from full actuarial premium burden; the government subsidy is a defining feature.
- **Option B: Correct** — 2% for Kharif, 1.5% for Rabi, remainder borne by Central and State governments.
- Option C: PMFBY was launched in February 2016 (not 2014), and it covers pests and diseases in addition to natural calamities.
- Option D: PMFBY is implemented by the Agriculture Insurance Company (AIC) and other empanelled private insurers — not FCI. It covers all notified crops, not just rice and wheat.

Final Answer: PMFBY: 2% (Kharif), 1.5% (Rabi), rest shared by governments $\Rightarrow$ $\boxed{\text{B}}$

Answer: (B) Go Back to Q16

Q17.

Solution

Concept — Demat Accounts and Depositories: A Demat (dematerialised) account holds shares, bonds, mutual fund units, and other securities in electronic form, eliminating the need for physical share certificates.

Step 1 — Two Depositories in India:

- **NSDL** (National Securities Depository Limited): Established 1996, promoted by the NSE (National Stock Exchange), IDBI Bank, and UTI. India's first and largest depository.
- **CDSL** (Central Depository Services Limited): Established 1999, promoted by the BSE (Bombay Stock Exchange) and leading banks. India's second depository.

Step 2 — How Demat Accounts Work: Investors open a Demat account with a Depository Participant (DP) such as a broker or bank. When shares are bought, they are credited electronically; when sold, they are debited. SEBI regulates both depositories.

Why other options are wrong:

- Option A: "Demat" means *dematerialised* (electronic) — physical certificates are explicitly converted to electronic records and no physical vault is involved.
- Option B: India has *two* depositories (NSDL and CDSL), not one. NSDL was promoted by NSE (not jointly by NSE and BSE).
- **Option C: Correct** — NSDL (promoted by NSE) and CDSL (promoted by BSE) both hold securities in electronic form.
- Option D: Any individual investor (retail or institutional) can open a Demat account; physical certificates are now almost entirely eliminated for listed securities in India.

Final Answer: India has two depositories: NSDL (NSE) and CDSL (BSE), both electronic $\Rightarrow \boxed{\text{C}}$

$\boxed{\textbf{Answer: (C)}}$ **Go Back to Q17**

Q18.

Solution

Concept — Profitability Index (PI): The Profitability Index (PI), also called the Benefit–Cost Ratio, is a capital budgeting tool used especially under *capital rationing* (when investment funds are limited). It measures value created *per rupee invested*.

Step 1 — Formula:

$$\text{PI} = \frac{\text{Present Value of Future Cash Flows}}{\text{Initial Investment}} = \frac{\text{NPV} + \text{Initial Investment}}{\text{Initial Investment}} = 1 + \frac{\text{NPV}}{\text{Initial Investment}}$$

Step 2 — Calculation:

$$\text{PI}_X = \frac{5+20}{20} = \frac{25}{20} = \mathbf{1.25} \qquad \text{PI}_Y = \frac{8+40}{40} = \frac{48}{40} = \mathbf{1.20}$$

Since $\text{PI}_X = 1.25 > \text{PI}_Y = 1.20$, **Project X** is preferred under capital rationing. Project X generates Rs. 1.25 of present value for every Re. 1 invested, versus Rs. 1.20 for Project Y.

Step 3 — Decision Rule: Accept projects with PI > 1 (NPV > 0). When comparing projects under capital rationing, rank by PI and choose the highest.

Why other options are wrong:

- **Option A: Correct** — Project X has PI = 1.25 vs. Project Y's PI = 1.20; Project X creates more value per rupee invested.
- Option B: Absolute NPV is a valid criterion for independent projects, but under capital rationing (limited funds), PI gives a better ranking by efficiency of capital use.
- Option C: Smaller investment does not inherently make a project better; a Rs. 20 lakh investment with poor returns is worse than a Rs. 40 lakh investment with excellent returns.
- Option D: Investment size alone is not a criterion for capital budgeting; returns relative to investment (PI) matter, not absolute size.

Final Answer: Project X has PI = 1.25 $>$ Project Y's PI = 1.20 $\Rightarrow \boxed{\text{A}}$

Answer: (A) Go Back to Q18

Q19.

Solution

Concept — Securities Transaction Tax (STT): STT is a tax levied on the purchase and/or sale of securities traded on recognised stock exchanges in India. It was introduced by the Finance Act, 2004 (effective from October 1, 2004), replacing the earlier system under which capital gains from equity were taxed at long-term capital gains rates.

Step 1 — Key Features of STT:

- Levied on transactions in equity shares (delivery and intraday), equity futures, equity options, and equity-oriented mutual fund units.
- Classified as an **indirect tax** — collected by the stock broker from the investor at the time of the transaction and remitted to the government.
- Applicable to transactions on recognised exchanges (BSE, NSE); not on off-market transfers.
- Rates vary: e.g., 0.1% on delivery-based equity trades, 0.025% on intraday equity trades.

Step 2 — Indirect Tax Nature: The broker (legal liability) deducts STT from the investor's account and pays it to the government. The economic burden falls on the investor. The mechanism is similar to TDS — deducted at source.

Why other options are wrong:

- Option A: STT is not based on profits; it is levied on transaction *value*, not gains. It is also not filed by investors at year-end — it is deducted at the point of transaction.
- Option B: STT applies to direct equity share transactions on exchanges; mutual fund units may also attract STT depending on type, but the restriction stated is factually wrong.
- Option C: STT is collected by the Central Government as part of general tax revenue, not by SEBI, and not for a market development fund.
- **Option D: Correct** — STT is an indirect tax on equity, futures, and options transactions on recognised exchanges, deducted by the broker at transaction time.

Final Answer: STT = indirect tax on stock exchange transactions, broker-deducted $\Rightarrow \boxed{\text{D}}$

Answer: (D) Go Back to Q19

Q20.

Solution

Concept — HUF Business vs. Partnership: The Hindu Undivided Family (HUF) is a unique form of business organisation recognised under Hindu personal law in India. It is fundamentally different from a Partnership in terms of how membership arises and how the entity is created.

Step 1 — How an HUF is Created: An HUF is created by *status* — it comes into existence automatically by the fact of *birth* into a Hindu family that holds joint family property. No agreement, deed, or registration is required. All persons born into the family (coparcenaries) become members automatically.

Step 2 — How a Partnership is Created: A Partnership is created by *contract* (a voluntary agreement between persons). The Indian Partnership Act, 1932 defines it as "the relation between persons who have *agreed* to share the profits of a business." Consent and agreement are essential.

Step 3 — Exit Differences: A coparcenar cannot simply walk out of an HUF; partition requires a formal legal process. A partner in a general partnership can retire by giving notice as per the partnership deed.

Why other options are wrong:

- Option A: A Partnership is created by agreement; an HUF is NOT created by agreement. The statement that both require a registered agreement is factually incorrect for HUF.
- **Option B: Correct** — HUF membership is by birth (status); Partnership is by contract (agreement) — the core distinguishing feature.
- Option C: Coparcenaries do not have equal voting rights in management (the Karta manages); nor can they exit simply with one month's notice.
- Option D: Neither the 20-member cap (which applies to partnerships under old law) nor unlimited partnership membership is accurately described; HUF membership is determined by family lineage, not a numerical cap.

Final Answer: HUF membership by birth (status); Partnership by contract (agreement) $\Rightarrow \boxed{\text{B}}$

$\boxed{\textbf{Answer: (B)}}$ Go Back to Q20

Q21.

Solution

Concept — Co-operative Society Registration: A co-operative society is a voluntary association of persons who come together to achieve a common economic goal through mutual help, on the principle of "each for all and all for each." In India, co-operative societies are governed by specific legislation.

Step 1 — Governing Legislation:

- **Central Act**: The Co-operative Societies Act, 1912 applies to co-operatives operating in Union Territories and where no state act exists.
- **State Acts**: Most states have their own Co-operative Societies Act (e.g., Maharashtra Co-operative Societies Act, 1960) that governs co-operatives within that state.
- **Multi-State Co-operatives**: The Multi-State Co-operative Societies Act, 2002 governs societies operating across multiple states.

Step 2 — Registration Requirements: A minimum of **10 persons** (all adults) are required to form a co-operative society. Registration is done with the *Registrar of Co-operative Societies* of the respective state.

Why other options are wrong:

- Option A: The Companies Act, 2013 governs companies (private limited, public limited, OPC) — not co-operative societies, which are a distinct legal form.
- Option B: The Indian Partnership Act, 1932 governs general partnership firms; a co-operative society has a different legal structure, liability profile, and governance mechanism.
- **Option C: Correct** — co-operative societies register under the Co-operative Societies Act, 1912 (Central) or the applicable State Act, with the Registrar of Co-operative Societies.
- Option D: The LLP Act, 2008 governs Limited Liability Partnerships, a different business form; co-operative societies have a separate regulatory framework with specific provisions for democratic management and limited liability.

Final Answer: Co-operative societies register under the Co-operative Societies Act, 1912 or State Act $\Rightarrow \boxed{\text{C}}$

Answer: (C) Go Back to Q21

Q22.

Solution

Concept — Rights of Equity Shareholders: Equity shareholders (ordinary shareholders) are the legal owners of a company. The Companies Act, 2013 and SEBI regulations vest several rights in equity shareholders to protect their interests.

Step 1 — Key Rights of Equity Shareholders:

- *Voting Rights*: Right to vote on resolutions at AGM and EGM, including election/removal of directors, approval of accounts, appointment of auditors, and special resolutions.
- *Right to Dividend*: Right to receive dividends if and when declared by the Board and approved at AGM; equity dividends are discretionary, not guaranteed.
- *Right to Inspect*: Right to receive and inspect annual accounts, directors' report, and auditor's report.
- *Right to NCLT Petition*: Right to approach NCLT against oppression and mismanagement.
- *Right to Notices*: Right to receive notice of AGM and EGM.

Step 2 — Voting at AGM: Shareholders vote on ordinary and special resolutions. Each equity share typically carries one vote (one share, one vote). For listed companies, e-voting is mandatory under SEBI regulations.

Why other options are wrong:

- **Option A: Correct** — voting at AGM/EGM is a fundamental statutory right of equity shareholders.
- Option B: Shareholders can remove directors by ordinary resolution (with special notice), but they cannot unilaterally dismiss the CEO without Board process. Day-to-day executive appointments are the Board's prerogative.
- Option C: Shareholders have a right to inspect *statutory* documents (annual accounts, registers); access to all internal management reports and confidential contracts is not a shareholder right.
- Option D: Equity dividends are *not* guaranteed; they depend on profitability and the Board's recommendation. Only preference shareholders have a preferential (but still not absolutely guaranteed) dividend right.

Final Answer: Voting at AGM/EGM is a statutory right of equity shareholders $\Rightarrow$ $\boxed{\text{A}}$

Answer: (A) Go Back to Q22

Q23.

Solution

Concept — Payment Banks (RBI Differentiated Licensing): Payment Banks are a category of "differentiated" or "niche" banks introduced by the RBI in 2015, based on the recommendations of the Nachiket Mor Committee. They are designed to widen financial inclusion by providing basic banking services.

Step 1 — What Payment Banks CAN Do:

- Accept demand deposits (savings and current accounts) up to Rs. 2 lakh per customer.
- Issue ATM/debit cards and prepaid payment instruments (PPIs).
- Provide internet banking, mobile banking, and domestic remittance services.
- Distribute financial products (mutual funds, insurance) as agents.

Step 2 — What Payment Banks CANNOT Do:

- Cannot extend loans, advances, or overdraft facilities to customers.
- Cannot issue credit cards.
- Cannot accept NRI deposits.

Examples of Payment Banks: Airtel Payments Bank, India Post Payments Bank, Jio Payments Bank.

Why other options are wrong:

- Option A: Accepting deposits up to Rs. 2 lakh is explicitly permitted for Payment Banks.
- Option B: Internet and mobile banking services are a core offering of Payment Banks.
- Option C: Issuing prepaid instruments and debit cards is permitted; Payment Banks are essentially prepaid instrument issuers with deposit-taking capability.
- **Option D: Correct** — Providing loans, overdrafts, or credit cards is strictly prohibited for Payment Banks; this distinguishes them from universal commercial banks.

Final Answer: Payment Banks CANNOT provide loans, overdrafts, or credit cards $\Rightarrow \boxed{\text{D}}$

Answer: (D) Go Back to Q23

Q24.

Solution

Concept — Make in India: 25 Focus Sectors: Make in India, launched on September 25, 2014, by Prime Minister Narendra Modi, targets **25 key sectors** to boost manufacturing, attract FDI, and create employment. The initiative uses the iconic lion logo made of industrial cogs.

Step 1 — The 25 Focus Sectors Include: Automobiles, Aviation, Biotechnology, Chemicals, Construction, Defence, Electrical Machinery, Electronic Systems, Food Processing, IT & BPM, **Leather & Footwear**, Media & Entertainment, Mining, Oil & Gas, Pharmaceuticals, Ports, Railways, Renewable Energy, Roads & Highways, Space, **Textiles & Garments**, Thermal Power, Tourism & Hospitality, Wellness, and others.

Step 2 — Relevance to FDDI: The Leather and Footwear sector is explicitly one of the 25 focus sectors, making Make in India directly relevant to FDDI's industry. India is one of the world's top footwear producers and exporters.

Why other options are wrong:

- Option A: Social media, online gaming, and e-sports are not among the 25 manufacturing focus sectors of Make in India; it focuses on goods production and industrial sectors.
- **Option B: Correct** — Leather & Footwear, Textiles, Defence, Railways, and Renewable Energy are all confirmed Make in India focus sectors.
- Option C: Retail banking, insurance, and stock broking are financial services, not manufacturing sectors; Make in India targets manufacturing and industrial growth.
- Option D: Agriculture is not listed as a focus sector under Make in India; the initiative specifically targets manufacturing and industrial sectors, not agriculture or fisheries.

Final Answer: Leather & Footwear, Textiles, Defence, Railways are among the 25 Make in India sectors $\Rightarrow \boxed{B}$

Answer: (B) Go Back to Q24

Q25.

Solution

Concept — UPI (Unified Payments Interface): UPI is a real-time payment system developed by the **National Payments Corporation of India (NPCI)** that enables instant fund transfers between bank accounts using a smartphone, without requiring bank account details — only a mobile number or Virtual Payment Address (VPA) such as `name@bankname`.

Step 1 — Launch Details:

- **Launch Date**: April 11, 2016.
- **Launched By**: RBI Governor Raghuram Rajan, along with NPCI Chairman and member banks.
- **Developer**: NPCI (National Payments Corporation of India), under guidance from RBI.
- **Initial Banks**: 21 member banks participated in the pilot launch.

Step 2 — UPI's Significance: UPI operates on the IMPS (Immediate Payment Service) infrastructure, enabling 24×7 real-time transfers. By 2023–24, UPI processes over $2 trillion in transactions annually, making India a global leader in digital payments.

Why other options are wrong:

- Option A: UPI was not launched in 2014; in 2014, the Digital India initiative was announced but UPI had not yet been developed.
- Option B: Jan Dhan Yojana was launched in August 2014; IMPS (the infrastructure underlying UPI) was launched in 2010; UPI itself was launched in 2016.
- **Option C: Correct** — UPI was officially launched on April 11, 2016 by RBI Governor Raghuram Rajan.
- Option D: UPI 2.0 was launched in August 2018 with added features, but the original UPI launch was in 2016; the question asks about the official launch.

Final Answer: UPI officially launched on April 11, 2016 by RBI Governor Raghuram Rajan $\Rightarrow \boxed{C}$

Answer: (C) Go Back to Q25

Answer Key

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