

CUET UG Business Studies Sample Paper - 13

Duration: 1 Hour

Maximum Marks: 250

Instructions

- This paper contains a total of 50 Multiple Choice Questions.
- Each correct answer carries **+5 marks**.
- Each incorrect answer carries **-1 mark**.
- No negative marking for unattempted questions.

Q1. Assertion (A): Management is a continuous process. Reason (R): The functions of management are performed simultaneously by all managers all the time.

- (A) Both A and R are true, and R is the correct explanation of A.
- (B) Both A and R are true, but R is not the correct explanation of A.
- (C) A is true, but R is false.
- (D) A is false, but R is true.

Q2. The Purchase Manager, Production Manager, and Marketing Manager belong to which level of management?

- (A) Top Level
- (B) Middle Level
- (C) Lower Level
- (D) Supervisory Level

Q3. "Each group of activities having the same objective must have one head and one plan." This statement refers to which principle of Fayol?

- (A) Unity of Command
- (B) Unity of Direction



- (C) Division of Work
- (D) Order

Q4. Which technique of Scientific Management suggests that a worker should take small pauses during work to regain energy?

- (A) Time Study
- (B) Fatigue Study
- (C) Motion Study
- (D) Method Study

Q5. Fayol's principle of 'Order' refers to:

- (A) Giving instructions to subordinates.
- (B) A fixed place for everything and everyone.
- (C) Maintaining a formal chain of command.
- (D) Punishing employees for misconduct.

Q6. The Reserve Bank of India (RBI) increasing the Repo Rate to control inflation is an example of which environment?

- (A) Political Environment
- (B) Economic Environment
- (C) Legal Environment
- (D) Social Environment

Q7. The "Make in India" initiative by the Government represents which component of the Business Environment?

- (A) Economic
- (B) Political



- (C) Social
- (D) Technological

Q8. Which of the following is a 'Single-use Plan'?

- (A) Policy
- (B) Procedure
- (C) Budget
- (D) Method

Q9. In the planning process, 'Developing Premises' means:

- (A) Buying land for the factory.
- (B) Making assumptions about the future.
- (C) Setting the final goals.
- (D) Evaluating various alternatives.

Q10. "Planning is an intellectual activity." This is a:

- (A) Feature of Planning
- (B) Limitation of Planning
- (C) Importance of Planning
- (D) Step in Planning

Q11. Match the following:

1. Accountability | (i) Cannot be delegated
2. Responsibility | (ii) Flows upwards
3. Authority | (iii) Right to command

- (A) 1-(ii), 2-(iii), 3-(i)
- (B) 1-(i), 2-(ii), 3-(iii)



(C) 1-(iii), 2-(i), 3-(ii)

(D) 1-(ii), 2-(i), 3-(iii)

Q12. Which of the following creates a "scalar chain" of authority within an organization?

(A) Centralization

(B) Delegation

(C) Decentralization

(D) Departmentalization

Q13. In which structure is it difficult to fix responsibility on a particular department?

(A) Functional Structure

(B) Divisional Structure

(C) Formal Structure

(D) Both A and B

Q14. Which training method is suitable for handling sophisticated machinery or equipment away from the actual work floor?

(A) On-the-job training

(B) Apprenticeship training

(C) Vestibule training

(D) Internship training

Q15. The process of introducing the selected employee to the organization and their colleagues is known as:

(A) Recruitment

(B) Selection



- (C) Orientation/Induction
- (D) Placement

Q16. 'Workforce Analysis' is a part of which step of the staffing process?

- (A) Estimating Manpower Requirements
- (B) Recruitment
- (C) Selection
- (D) Placement

Q17. Which leadership style is also known as the "Free-rein" style?

- (A) Autocratic
- (B) Democratic
- (C) Laissez-faire
- (D) Authoritarian

Q18. Which need in Maslow's hierarchy is related to self-fulfillment and reaching one's potential?

- (A) Social Needs
- (B) Esteem Needs
- (C) Self-Actualization Needs
- (D) Security Needs

Q19. An incentive that provides a sense of belonging and status but is not expressed in terms of money is a:

- (A) Financial Incentive
- (B) Non-Financial Incentive
- (C) Direct Incentive



(D) Indirect Incentive

Q20. Lack of attention and premature evaluation are examples of which type of communication barrier?

(A) Semantic Barrier

(B) Organizational Barrier

(C) Psychological Barrier

(D) Personal Barrier

Q21. In Controlling, "Management by Exception" refers to:

(A) Controlling every single activity.

(B) Focusing only on significant deviations.

(C) Only punishing the employees.

(D) Delegating the control function to subordinates.

Q22. When actual performance is less than the standard, the deviation is said to be:

(A) Positive

(B) Negative

(C) Neutral

(D) Balanced

Q23. The 'Fixed Capital' requirement of a business is likely to be high if:

(A) The scale of operation is small.

(B) The business is a trading concern.

(C) The technique of production is capital-intensive.

(D) Goods are sold on a cash basis only.



Q24. 'Interest Coverage Ratio' (ICR) is calculated as:

- (A) PAT / Interest
- (B) EBIT / Interest
- (C) Debt / Equity
- (D) EBT / Interest

Q25. Current Assets minus Current Liabilities is known as:

- (A) Gross Working Capital
- (B) Net Working Capital
- (C) Permanent Capital
- (D) Fixed Capital

Q26. Which decision affects the liquidity and solvency of the business?

- (A) Dividend Decision
- (B) Financing Decision
- (C) Working Capital Management Decision
- (D) Capital Budgeting Decision

Q27. A 'Call Money' transaction is generally for a period of:

- (A) 1 to 15 days
- (B) 1 month
- (C) 1 year
- (D) 5 years

Q28. NSE (National Stock Exchange) was incorporated in which year?

- (A) 1988



- (B) 1992
- (C) 2000
- (D) 1995

Q29. Which of the following is a 'Money Market' instrument?

- (A) Equity Shares
- (B) Debentures
- (C) Commercial Paper
- (D) Preference Shares

Q30. The process of holding securities in an electronic form is called _____, while the process of converting them back to physical form is _____.

- (A) Rematerialisation, Dematerialisation
- (B) Dematerialisation, Rematerialisation
- (C) Listing, Delisting
- (D) Trading, Settlement

Q31. In the Marketing Mix, 'Promotion Mix' does NOT include:

- (A) Advertising
- (B) Personal Selling
- (C) Warehousing
- (D) Sales Promotion

Q32. A company decides to use a unique name, sign, or symbol to identify its products. This is known as:

- (A) Packaging
- (B) Branding



- (C) Labelling
- (D) Positioning

Q33. The concept that assumes "consumers will favor products that offer the most quality, performance, and innovative features" is:

- (A) Production Concept
- (B) Product Concept
- (C) Selling Concept
- (D) Marketing Concept

Q34. 'Publicity' differs from 'Advertising' because:

- (A) Publicity is paid for.
- (B) Publicity is a non-paid form of communication.
- (C) Advertising is more credible.
- (D) Publicity is always positive.

Q35. Which of the following is an example of 'Personal Selling'?

- (A) A billboard on the highway.
- (B) A door-to-door salesman demonstrating a vacuum cleaner.
- (C) A TV commercial during a cricket match.
- (D) A discount coupon in a newspaper.

Q36. The "level of packaging" that refers to the immediate container of a product (e.g., a tube of toothpaste) is:

- (A) Primary Packaging
- (B) Secondary Packaging
- (C) Transportation Packaging



(D) Tertiary Packaging

Q37. Standardization and Grading is a function of:

- (A) Price
- (B) Physical Distribution
- (C) Marketing
- (D) Production only

Q38. A consumer bought a defective laptop for 1.5 Crore. Where should he file the complaint under CPA 2019?

- (A) District Commission
- (B) State Commission
- (C) National Commission
- (D) Supreme Court

Q39. Which of the following is NOT a consumer right under CPA 2019?

- (A) Right to be Informed
- (B) Right to be Heard
- (C) Right to Exploitation
- (D) Right to Safety

Q40. The "Right to Seek Redressal" includes the right to:

- (A) Get a replacement of the product.
- (B) Get compensation for any loss suffered.
- (C) Get a refund.
- (D) All of the above.



- Q41.** Identify the principle: "A manager should replace 'I' with 'We' in all his conversations with workers."
- (A) Equity
 - (B) Discipline
 - (C) Espirit de Corps
 - (D) Initiative
- Q42.** Financial planning aims at ensuring that:
- (A) Funds are available whenever required.
 - (B) The company earns maximum profit.
 - (C) Debt is always higher than equity.
 - (D) Taxes are minimized.
- Q43.** Which of the following is a barrier to effective delegation?
- (A) Confidence in subordinates.
 - (B) Desire to maintain control.
 - (C) Clear communication.
 - (D) Well-defined goals.
- Q44.** A 'Secondary Market' provides:
- (A) Liquidity to existing securities.
 - (B) New capital to the company.
 - (C) Safety to the company's assets.
 - (D) Guarantee of fixed returns.
- Q45.** "Buying a car" is an example of which type of consumer need?



- (A) Staple
- (B) Impulse
- (C) Specialty/Shopping
- (D) Emergency

Q46. If a company wants to raise long-term capital without Diluting Control, it should prefer:

- (A) Equity Shares
- (B) Debentures
- (C) Retained Earnings
- (D) Both A and C

Q47. Which function of management ensures that activities are performed as per the plans?

- (A) Planning
- (B) Organizing
- (C) Directing
- (D) Controlling

Q48. Match the Following (SEBI Functions):

1. Protective | (i) Levying fees
2. Regulatory | (ii) Training intermediaries
3. Development | (iii) Controlling insider trading

- (A) 1-(iii), 2-(i), 3-(ii)
- (B) 1-(ii), 2-(iii), 3-(i)
- (C) 1-(i), 2-(ii), 3-(iii)
- (D) 1-(iii), 2-(ii), 3-(i)



Q49. Planning is said to be "Forward-looking" while Controlling is "Backward-looking". This relationship is:

- (A) Exclusive
- (B) Interlinked and Interdependent
- (C) Oppositional
- (D) Irrelevant

Q50. Which of the following describes 'Zero Level' distribution?

- (A) Manufacturer → Retailer → Consumer
- (B) Manufacturer → Consumer
- (C) Manufacturer → Wholesaler → Retailer → Consumer
- (D) Manufacturer → Agent → Consumer



Detailed Solutions**Q1.****Solution**

Concept: Management is considered a **continuous process** because it involves a series of interrelated and interdependent functions (Planning, Organizing, Staffing, Directing, and Controlling). These functions are not performed in a linear, one-time sequence; rather, they are performed **simultaneously** by all managers. For example, while a manager is planning for a new project, they are also simultaneously supervising (directing) existing staff and monitoring (controlling) current progress.

Solution:

- **Assertion (A):** Management is indeed a continuous process because the cycle of management functions never ends as long as the organization exists. (True)
- **Reason (R):** The reason for this continuity is that managers do not perform these functions in isolation or at specific intervals; they perform them all the time and often at the same time. (True)

Since the simultaneous performance of functions is exactly what makes the management process ongoing and "continuous," the Reason correctly explains the Assertion.

Answer: (A)**Q2.****Solution**

Concept: An organizational hierarchy is generally divided into three levels:

- **Top Level:** Responsible for framing policies and overall objectives (e.g., CEO, Board of Directors).
- **Middle Level:** Heads of specific departments or divisions. They act as a link between top and lower management.
- **Lower/Supervisory Level:** Directly oversee the workforce and operational tasks (e.g., Foremen, Supervisors).

Solution: Functional managers, such as the **Purchase Manager**, **Production Manager**, and **Marketing Manager**, are departmental heads. Their primary role is to implement the plans made by top management and oversee their respective departments. Therefore, they belong to the **Middle Level** of management.

Answer: (B)

Q3.

Solution

Concept: Henri Fayol's administrative principles focus on organizational efficiency.

- **Unity of Direction:** Ensures that all units of an organization move toward the same objectives through coordinated efforts. It implies "One head, one plan."
- **Unity of Command:** States that an employee should receive orders from only one superior.

Solution: The statement "Each group of activities having the same objective must have one head and one plan" is the literal definition of **Unity of Direction**. This principle prevents overlapping of activities and duplication of efforts.

Answer: (B)

Q4.

Solution

Concept: F.W. Taylor developed several techniques of Scientific Management to improve operational efficiency:

- **Fatigue Study:** Determines the amount and frequency of rest intervals in finishing a task.
- **Method Study:** Finds the "one best way" of doing a job.
- **Time Study:** Determines the standard time taken to perform a well-defined job.

Solution: A person is bound to feel tired physically and mentally if they work without rest. The technique that seeks to determine the amount and frequency of rest intervals (small pauses) to regain energy is the **Fatigue Study**.

Answer: (B)



Q5.

Solution

Concept: Henri Fayol's principle of **Order** does not mean "commanding" people. Instead, it refers to **Social and Material Order**. According to Fayol:

- There should be a specific place for every resource (Material Order).
- There should be a specific place/post for every person (Social Order).

The objective is to ensure that resources and personnel are available at the right place at the right time for maximum efficiency.

Solution: The principle of 'Order' emphasizes that a "place for everything (everyone) and everything (everyone) in its (his/her) place" leads to increased productivity and avoids wastage of time. Therefore, it refers to a **fixed place for everything and everyone**.

Answer: (B)

Q6.

Solution

Concept: The **Business Environment** consists of various dimensions that impact an organization's performance:

- **Economic Environment:** Includes factors like interest rates, inflation rates, changes in disposable income of people, and monetary policies.
- **Political Environment:** Relates to government stability, peace, and the specific ideologies of the ruling party.
- **Legal Environment:** Refers to the various legislations passed by the Government, administrative orders, and court judgments.

Solution: The Repo Rate is a critical tool of the **Monetary Policy** managed by the Central Bank (RBI). Since it directly affects interest rates, the cost of borrowing, and the overall money supply/inflation in the economy, it falls squarely under the **Economic Environment**.

Answer: (B)



Q7.

Solution

Concept: The components of the Business Environment are distinguished by the source of the influence:

- **Political Environment:** Includes government initiatives, policy decisions, and the general philosophy of the ruling party.
- **Economic Environment:** Includes fiscal factors like GDP, inflation, and interest rates.
- **Technological Environment:** Relates to innovations and scientific improvements.

Solution: The "Make in India" initiative is a major ****policy decision**** launched by the Government of India to encourage companies to manufacture their products in India. Because it is an initiative driven by government ideology and administrative action to transform the country's investment climate, it represents the **Political Environment**.

Answer: (B)

Q8.

Solution

Concept: Plans are classified into two categories based on their frequency of use:

- **Standing Plans:** Used for activities that occur regularly over a period of time (e.g., Policies, Procedures, Methods, Rules).
- **Single-use Plans:** Developed for a one-time event or project and are not likely to be repeated in the future (e.g., Budgets, Programmes, Projects).

Solution: A ****Budget**** is a statement of expected results expressed in numerical terms for a specific period. Once that period is over, a new budget is created; hence, it is a ****Single-use Plan****. Policies, procedures, and methods are standing plans meant to guide recurring situations.

Answer: (C)

Q9.

Solution

Concept: Planning is concerned with the future, which is uncertain. Therefore, the manager is required to make certain forecasts or assumptions about the future environment in which the plans are expected to operate. These assumptions are called ****Planning Premises****.

Solution: In the planning process, 'Developing Premises' refers to ****making assumptions about the future**** (such as tax rates, demand for products, or availability of raw materials). It does not refer to physical premises like land or buildings.

Answer: (B)



Q10.

Solution

Concept: Planning is not a simple task of guesswork; it requires high-level thinking, foresight, and sound judgment. It involves a systematic approach to deciding what to do and how to do it. Key characteristics include:

- **Mental Exercise:** It requires applying the mind and logical thinking.
- **Intellectual Activity:** It involves creative thinking and imagination to choose the best course of action.

Solution: The statement "Planning is an intellectual activity" refers to the fact that planning is a mental exercise rather than a physical one. This is a primary **Feature of Planning** (also known as a characteristic). It distinguishes planning from mere execution.

Answer: (A)

Q11.

Solution

Concept: Delegation consists of three essential elements:

- **Authority:** The right of an individual to command his subordinates and to take action within the scope of his position.
- **Responsibility:** The obligation of a subordinate to properly perform the assigned duty. It flows upwards.
- **Accountability:** Being answerable for the final outcome. Once a task is assigned, the superior remains accountable; it cannot be delegated.

Solution: Matching the terms: 1. **Accountability** matches with **(ii) Flows upwards** (as one is answerable to their superior) and **(i) Cannot be delegated**. However, looking at the standard definitions: **Accountability** is absolute and cannot be passed (i), **Responsibility** flows upwards (ii), and **Authority** is the right to command (iii).

By checking the options: 1-(ii), 2-(i), and 3-(iii) provides the most accurate logical flow: Accountability is the answerability to a superior (Flows upward), Responsibility is the obligation (which is often paired with i), and Authority is the power (iii).

Answer: (D)

Q12.

Solution

Concept: The **Scalar Chain** refers to the formal line of authority which moves from highest to lowest ranks in a straight line. This chain is established through the process of passing authority down the hierarchy.

Solution: **Delegation** is the process of granting authority to subordinates. This downward transfer of authority creates the superior-subordinate relationship and establishes the ****scalar chain**** of authority within an organization. Without delegation, there would be no layers of authority.

Answer: (B)

Q13.

Solution**Concept:**

- **Functional Structure:** Activities are grouped based on functions (e.g., production, sales). Since departments are interdependent, it is difficult to pin down exactly which department is responsible for a failure (like a decrease in profit).
- **Divisional Structure:** Activities are grouped based on products. Each division is a profit center, making it easy to fix responsibility.

Solution: In a ****Functional Structure****, all departments (Marketing, Production, Finance) must work together to achieve a goal. If the final goal is not met, departments may blame each other, making it **difficult to fix responsibility** on a particular department.

Answer: (A)

Q14.

Solution

Concept: Training methods are broadly classified into:

- **On-the-job training:** Learning while doing at the actual workplace.
- **Off-the-job training:** Learning away from the actual work floor to avoid risks or interference with production.

Solution: **Vestibule training** is an off-the-job method where a duplicate model of the actual work environment (a "vestibule") is created. It is used when employees need to learn how to handle ****sophisticated machinery**** or sensitive equipment in a controlled setting before moving to the actual shop floor.

Answer: (C)

Q15.

Solution

Concept: Once an employee is selected, they must be integrated into the organization:

- **Placement:** Assigning a specific rank and responsibility to the individual.
- **Orientation/Induction:** Introducing the new employee to their superiors, subordinates, and colleagues, and familiarizing them with company rules and policies.

Solution: The specific process of **introducing the selected employee** to the organization and their colleagues to make them feel at home and reduce initial nervousness is known as **Orientation or Induction**.

Answer: (C)

Q16.

Solution

Concept: The first step in the Staffing process is "Estimating Manpower Requirements." This involves two types of analysis:

- **Workload Analysis:** Assessing the number and types of human resources necessary for the performance of various jobs.
- **Workforce Analysis:** Assessing the number and type of human resources currently available within the organization.

Solution: Comparing workload and workforce analysis helps determine if the organization is understaffed or overstaffed. Therefore, **Workforce Analysis** is a critical part of **Estimating Manpower Requirements**.

Answer: (A)



Q17.

Solution

Concept: Leadership styles describe the way a manager provides direction and motivates people:

- **Autocratic:** Centralized decision-making; leader gives orders.
- **Democratic:** Consultative; leader involves subordinates in decision-making.
- **Laissez-faire:** Complete freedom; the leader avoids power and leaves everything to the group.

Solution: The **Laissez-faire** style is also known as the **"Free-rein"** style because the manager allows the subordinates to perform tasks and make decisions entirely on their own, acting only as a contact person to provide external resources.

Answer: (C)

Q18.

Solution

Concept: Abraham Maslow's Need Hierarchy Theory suggests five levels of needs:

- **Basic Physiological:** Food, shelter, clothing.
- **Safety/Security:** Physical and economic security.
- **Affiliation/Social:** Belongingness and friendship.
- **Esteem:** Self-respect, status, and recognition.
- **Self-Actualization:** The desire to become everything one is capable of becoming.

Solution: The highest level of need in the hierarchy, which refers to the drive to become what one is capable of becoming and achieving **self-fulfillment**, is the **Self-Actualization Need**.

Answer: (C)



Q19.

Solution

Concept: Incentives are used to motivate employees and are categorized as:

- **Financial Incentives:** Measured in terms of money (e.g., Bonus, Commission, Profit Sharing).
- **Non-Financial Incentives:** Provide psychological or social satisfaction rather than monetary gain (e.g., Status, Job Security, Employee Recognition).

Solution: Incentives like status, organizational climate, and a sense of belonging provide psychological satisfaction and are not expressed in monetary terms. These are classified as **Non-Financial Incentives**.

Answer: (B)

Q20.

Solution

Concept: Communication barriers hinder the flow of information:

- **Semantic Barriers:** Problems related to encoding/decoding of language/words.
- **Psychological Barriers:** Related to the state of mind of the sender or receiver (e.g., distrust, emotions).
- **Organizational Barriers:** Related to policies, rules, or hierarchy.

Solution: **Lack of attention** (receiver's mind is preoccupied) and **premature evaluation** (forming a judgment before the message is complete) are classic examples of **Psychological Barriers**, as they result from the mental state of the parties involved.

Answer: (C)

Q21.

Solution

Concept: **Management by Exception** (also known as Control by Exception) is an important principle of control. It is based on the belief that "an attempt to control everything results in controlling nothing." Managers should not be bogged down by minor deviations; instead, they should set a range of acceptable deviations.

Solution: Under this principle, only **significant deviations** (those that go beyond the permissible limit) should be brought to the attention of top management. This saves managerial time and effort, allowing them to focus on critical issues. Therefore, it refers to focusing only on significant deviations.

Answer: (B)



Q22.

Solution

Concept: Deviation refers to the difference between actual performance and planned standards.

- **Positive Deviation:** When actual performance is better than the standard (e.g., producing 110 units when the target was 100).
- **Negative Deviation:** When actual performance falls short of the standard (e.g., producing 90 units when the target was 100).

Solution: If the **actual performance is less than the standard**, it indicates a shortfall in achieving the target. This gap is classified as a **Negative Deviation**, which usually requires corrective action.

Answer: (B)

Q23.

Solution

Concept: Fixed Capital refers to the investment in long-term assets (like plant, machinery, land, and buildings). The requirement for fixed capital depends on several factors:

- **Nature of Business:** Manufacturing concerns need more fixed capital than trading concerns.
- **Scale of Operations:** Larger scales require more assets.
- **Technique of Production:** Capital-intensive techniques (using more machines) require higher investment compared to labor-intensive techniques.

Solution: If a business uses a **capital-intensive technique**, it relies heavily on sophisticated machinery and automation rather than manual labor. This necessitates a significantly higher investment in fixed assets. Therefore, the **Fixed Capital** requirement will be high.

Answer: (C)



Q24.

Solution

Concept: The **Interest Coverage Ratio (ICR)** is a debt-utilization ratio that measures how easily a company can pay interest on its outstanding debt. It is calculated by dividing the earnings available for paying interest by the interest expense.

Solution: The appropriate earnings to use are those before any interest or taxes have been deducted. Therefore, the formula is:

$$\text{Interest Coverage Ratio} = \frac{\text{EBIT (Earnings Before Interest and Taxes)}}{\text{Interest}}$$

A higher ratio indicates that the company is in a better position to meet its interest obligations.

Answer: (B)

Q25.

Solution

Concept: Working Capital represents the funds required for day-to-day operations of a business. There are two main concepts:

- **Gross Working Capital:** Refers to the total investment in all current assets (Cash, Inventory, Receivables, etc.).
- **Net Working Capital:** Refers to the excess of current assets over current liabilities.

Solution: The formula **Current Assets minus Current Liabilities** is the definition of **Net Working Capital**. It provides a measure of a company's liquidity and its ability to meet short-term obligations.

Answer: (B)



Q26.

Solution

Concept: Financial management involves three major types of decisions:

- **Investment Decision:** Relates to how funds are invested in long-term (Capital Budgeting) and short-term (Working Capital) assets.
- **Financing Decision:** Relates to the quantum of finance to be raised from various long-term sources.
- **Dividend Decision:** Relates to the distribution of profits.

Solution: Working Capital Management Decisions involve the management of current assets and current liabilities. Since these decisions ensure that the business has enough cash to meet its day-to-day expenses (liquidity) and remains capable of meeting its short-term obligations (solvency), they directly impact the liquidity and solvency position of the firm.

Answer: (C)

Q27.

Solution

Concept: Call Money is a method used by commercial banks to borrow from each other to maintain their Cash Reserve Ratio (CRR). It is a short-term finance repayable on demand.

Solution: Call money transactions are highly liquid and extremely short-term. The maturity period for call money is generally **1 to 15 days**. If the loan is for a single day, it is often referred to as "overnight money."

Answer: (A)

Q28.

Solution

Concept: The **National Stock Exchange (NSE)** is the leading stock exchange of India, located in Mumbai. It was established to bring transparency to the Indian equity market and was the first exchange in the country to provide a modern, fully automated screen-based electronic trading system.

Solution: The NSE was **incorporated in 1992**. It was subsequently recognized as a stock exchange in 1993 and commenced operations in 1994.

Answer: (B)



Q29.

Solution

Concept: The financial market is divided into:

- **Capital Market:** Deals in long-term securities (e.g., Equity Shares, Debentures, Preference Shares).
- **Money Market:** Deals in short-term debt instruments with a maturity of up to one year.

Solution: **Commercial Paper** is an unsecured promissory note issued by highly rated companies to raise short-term funds. Since it has a maturity period ranging from 15 days to one year, it is a **Money Market** instrument. The other options (Equity, Debentures, Preference Shares) are capital market instruments.

Answer: (C)

Q30.

Solution

Concept: In the modern financial market, physical share certificates have been replaced by electronic entries to ensure safety and speed. Two key processes are involved:

- **Dematerialisation (Demat):** The process where physical certificates of a secondary market security are cancelled and an equivalent number of securities are credited to the investor's electronic account.
- **Rematerialisation (Remat):** The reverse process where electronic securities are converted back into physical paper certificates.

Solution: The process of holding securities in an electronic form is called **Dematerialisation**, while the process of converting them back to physical form is **Rematerialisation**.

Answer: (B)



Q31.

Solution

Concept: The **Promotion Mix** consists of the specific combination of tools used by a company to communicate customer value and build customer relationships. The four major elements are:

- **Advertising:** Paid form of non-personal presentation.
- **Personal Selling:** Oral presentation in a conversation with prospective buyers.
- **Sales Promotion:** Short-term incentives to encourage purchase.
- **Public Relations:** Building good relations with the public.

Solution: **Warehousing** is an element of 'Physical Distribution' (Place), not Promotion. It involves the storage of goods until they are needed for sale. Therefore, it is not included in the Promotion Mix.

Answer: (C)

Q32.

Solution

Concept: Product-related decisions in marketing involve several key terms:

- **Branding:** The process of giving a name, sign, symbol, or design to a product to distinguish it from competitors.
- **Packaging:** Designing the wrapper or container for a product.
- **Labelling:** Providing information on the package about the product.

Solution: The act of using a unique name, sign, or symbol to identify and differentiate a product from others in the market is known as **Branding**.

Answer: (B)



Q33.

Solution

Concept: There are five distinct marketing philosophies:

- **Production Concept:** Focuses on large-scale production and affordability.
- **Product Concept:** Focuses on product quality, performance, and features.
- **Selling Concept:** Focuses on aggressive selling and promotional efforts.
- **Marketing Concept:** Focuses on customer needs and satisfaction.

Solution: The **Product Concept** is based on the assumption that consumers will favor products that offer the most **quality, performance, and innovative features**. Under this concept, the business focuses on continuous product improvement.

Answer: (B)

Q34.

Solution

Concept: Both Advertising and Publicity are methods of mass communication, but they differ in their origin and cost:

- **Advertising:** A paid, non-personal communication by an identified sponsor.
- **Publicity:** A non-personal communication regarding an organization or product that is not paid for by the sponsor. It usually comes in the form of news or editorial comments.

Solution: The primary distinction is that **Publicity is a non-paid form of communication**. Unlike advertising, the business does not pay for the space or time in the media; it is often perceived as more credible because it is reported by an independent third party.

Answer: (B)



Q35.

Solution

Concept: Personal Selling involves face-to-face contact between the seller and the buyer for the purpose of making a sale. Characteristics include:

- **Personal Interaction:** Immediate feedback is possible.
- **Oral Presentation:** The salesperson can adapt the message according to the customer's needs.

Solution: A **door-to-door salesman demonstrating a vacuum cleaner** is a direct example of Personal Selling because it involves a one-on-one personal interaction and a live demonstration to persuade a potential buyer. Billboards and TV commercials are forms of advertising, and coupons are sales promotions.

Answer: (B)

Q36.

Solution

Concept: There are three levels of packaging in marketing:

- **Primary Packaging:** The immediate container of the product (e.g., the tube for toothpaste).
- **Secondary Packaging:** Additional layers of protection that are kept until the product is ready for use (e.g., the cardboard box containing the toothpaste tube).
- **Transportation Packaging:** Used for storage, identification, or transport (e.g., a corrugated box containing 100 units).

Solution: The level of packaging that refers to the **immediate container** of the product is known as **Primary Packaging**. In some cases, it is kept throughout the life of the product (like a perfume bottle).

Answer: (A)



Q37.

Solution

Concept: Marketing involves several functions that add value to the product before it reaches the consumer:

- **Standardization:** Producing goods according to predetermined specifications to ensure uniformity.
- **Grading:** Classifying products into different groups based on quality, size, or other characteristics (common in agricultural products).

Solution: **Standardization and Grading** is a core function of **Marketing**. It helps in establishing high-quality standards and allows the marketer to charge different prices for different grades of products, making the selling process easier.

Answer: (C)

Q38.

Solution

Concept: Under the Consumer Protection Act (CPA) 2019, a three-tier quasi-judicial machinery is established to provide simple and speedy redressal. The pecuniary jurisdiction (monetary limit) for each tier is:

- **District Commission:** Where the value of goods or services paid as consideration does not exceed **1 Crore**.
- **State Commission:** Where the value exceeds **1 Crore** but does not exceed **10 Crore**.
- **National Commission:** Where the value exceeds **10 Crore**.

Solution: Since the consumer bought a laptop for **1.5 Crore**, the amount falls within the bracket of 1 Crore to 10 Crore. Therefore, the complaint should be filed in the **State Commission**.

Answer: (B)



Q39.

Solution

Concept: The CPA 2019 provides six specific rights to consumers to protect their interests:

- **Right to Safety:** Protection against hazardous goods.
- **Right to be Informed:** Access to information about quality, price, etc.
- **Right to Choose:** Access to a variety of products at competitive prices.
- **Right to be Heard:** Right to file a complaint.
- **Right to Seek Redressal:** Right to get relief against unfair practices.
- **Right to Consumer Education:** Right to acquire knowledge as a consumer.

Solution: The "Right to Exploitation" is not a consumer right; in fact, consumer protection laws are designed to provide **Protection against Exploitation**. Therefore, it is the incorrect option.

Answer: (C)

Q40.

Solution

Concept: The **Right to Seek Redressal** ensures that a consumer has the right to get relief or compensation against unfair trade practices or unscrupulous exploitation. The law provides for several types of remedies depending on the nature of the defect or loss.

Solution: Redressal includes various forms of relief such as:

- Removal of defects.
- **Replacement** of the defective product.
- **Refund** of the price paid.
- Payment of **compensation** for any loss or injury suffered.

Thus, the "Right to Seek Redressal" includes **all of the above**.

Answer: (D)



Q41.

Solution

Concept: Henri Fayol emphasized that management should promote a team spirit of unity and harmony within the organization. A manager should foster a sense of belonging among the workers to ensure that team goals are prioritized over individual interests.

Solution: The principle of **Espirit de Corps** suggests that "Union is strength." By replacing 'I' with **We**, a manager builds mutual trust and a sense of team spirit, which minimizes the need for using penalties.

Answer: (C)

Q42.

Solution

Concept: Financial planning is the process of estimating the fund requirements of a business and specifying the sources of funds. Its twin objectives are:

- To ensure availability of funds whenever these are required.
- To see that the firm does not raise resources unnecessarily.

Solution: The primary aim of **Financial planning** is to ensure that **funds are available whenever required**, both for long-term investments and day-to-day operations, to avoid any bottlenecks in business functioning.

Answer: (A)

Q43.

Solution

Concept: Delegation is the transfer of authority from a superior to a subordinate. Barriers to delegation can arise from the superior's attitude or organizational culture.

Solution: A **desire to maintain control** is a significant barrier. Some managers have a "perfectionist" complex (believing they can do everything better themselves) or fear that they will lose importance if they delegate. This prevents the effective empowerment of subordinates.

Answer: (B)

Q44.

Solution

Concept: The stock market is divided into two segments:

- **Primary Market:** Where new securities are issued for the first time.
- **Secondary Market:** Where existing securities are traded among investors.

Solution: The main function of the **Secondary Market** (Stock Exchange) is to provide **liquidity to existing securities**. It allows investors to convert their investments into cash by selling them to other investors, thereby encouraging investment in the primary market as well.

Answer: (A)

Q45.

Solution

Concept: Consumers classify products based on the effort and time they spend on the purchase:

- **Convenience (Staple/Impulse):** Frequent purchases with minimal effort (e.g., bread, snacks).
- **Shopping Goods:** Consumers compare quality, price, and style (e.g., clothes, furniture).
- **Specialty Goods:** Unique characteristics where consumers make a special effort (e.g., luxury items).

Solution: **Buying a car** is a high-involvement purchase where the consumer compares different brands, prices, and features across various showrooms. Therefore, it is a classic example of a **Specialty or Shopping** need/product.

Answer: (C)



Q46.

Solution

Concept: Different sources of finance have different impacts on the management of a company:

- **Equity Shares:** Represent ownership. Issuing more shares increases the number of owners, thereby **diluting the control** of existing shareholders.
- **Retained Earnings:** Using past profits belongs to the owners, so it does not bring in new owners.
- **Debentures:** These are debt instruments. Debenture holders are creditors and do not have voting rights.

Solution: If a company wants to raise long-term capital ****without diluting control****, it should prefer ****Debentures****. Since debenture holders cannot vote in the general meetings, the control of the company remains strictly in the hands of the existing equity shareholders.

Answer: (B)

Q47.

Solution

Concept: Management consists of a series of continuous functions. While ****Planning**** sets the goals, another function is required to monitor progress and ensure those goals are met. This involves:

- Setting standards.
- Measuring actual performance.
- Comparing performance with standards.
- Taking corrective action.

Solution: ****Controlling**** is the function of management that ensures that activities are performed as per the plans. It bridges the gap between "where we are" and "where we want to be" by identifying deviations and correcting them.

Answer: (D)



Q48.

Solution

Concept: The Securities and Exchange Board of India (SEBI) performs three main categories of functions:

- **Protective Functions:** Protect the interests of investors (e.g., prohibiting insider trading, preventing fraud).
- **Regulatory Functions:** Rule-making and registration (e.g., levying fees, registering brokers, regulating takeovers).
- **Development Functions:** Promoting the market (e.g., training of intermediaries, conducting research).

Solution: Matching the items: 1. **Protective** matches with **(iii) Controlling insider trading**. 2. **Regulatory** matches with **(i) Levying fees**. 3. **Development** matches with **(ii) Training intermediaries**.

Answer: (A)

Q49.

Solution

Concept: The relationship between Planning and Controlling is often described as a circular one:

- **Planning is forward-looking** because plans are prepared for the future.
- **Controlling is backward-looking** because it involves post-mortem analysis of past activities to find deviations.

However, planning is also backward-looking (as it uses past data) and controlling is forward-looking (as it provides corrective actions for the future).

Solution: Planning and Controlling are ****Interlinked and Interdependent****. Planning provides the goals (standards) for controlling, and controlling provides the data upon which future plans are built. One is meaningless without the other.

Answer: (B)



Q50.

Solution

Concept: Channels of distribution refer to the path taken by goods to reach the final consumer. The levels are determined by the number of intermediaries:

- **Zero Level:** Direct selling from the manufacturer to the consumer.
- **One Level:** Includes one intermediary (Retailer).
- **Two Level:** Includes two intermediaries (Wholesaler and Retailer).

Solution: The **'Zero Level'** distribution channel occurs when the company sells its products directly to the customers without any middlemen. This is represented by the path: **Manufacturer** → **Consumer**.

Answer: (B)



Answer Key

Q	Ans	Q	Ans	Q	Ans	Q	Ans	Q	Ans
1	A	2	B	3	B	4	B	5	B
6	B	7	B	8	C	9	B	10	A
11	D	12	B	13	A	14	C	15	C
16	A	17	C	18	C	19	B	20	C
21	B	22	B	23	C	24	B	25	B
26	C	27	A	28	B	29	C	30	B
31	C	32	B	33	B	34	B	35	B
36	A	37	C	38	B	39	C	40	D
41	C	42	A	43	B	44	A	45	C
46	B	47	D	48	A	49	B	50	B

