

# CUET-UG Business Studies Paper-19

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.** Which principle of Fayol states that there should be one plan for a group of activities having the same objective?

- (A) Unity of Command
- (B) Unity of Direction
- (C) Scalar Chain
- (D) Discipline

**Q2.** Which element of business environment involves customs, traditions, and values?

- (A) Economic environment
- (B) Social environment
- (C) Technological environment
- (D) Political environment

**Q3.** Which step of planning involves evaluating alternatives?

- (A) Setting objectives
- (B) Identifying alternatives
- (C) Evaluating alternatives
- (D) Implementing plan

**Q4.** Which organisational structure combines functional and divisional structures?



- (A) Functional structure
- (B) Divisional structure
- (C) Matrix structure
- (D) Line structure

**Q5.** Which of the following is NOT a feature of informal organisation?

- (A) Based on personal relations
- (B) Flexible structure
- (C) Officially recognised
- (D) No fixed rules

**Q6.** Which type of plan is designed for repeated use?

- (A) Single-use plan
- (B) Standing plan
- (C) Programme
- (D) Budget

**Q7.** Which financial decision involves determining the proportion of debt and equity?

- (A) Investment decision
- (B) Financing decision
- (C) Dividend decision
- (D) Working capital decision

**Q8.** Which is a limitation of planning?

- (A) Provides direction
- (B) Reduces uncertainty
- (C) Leads to rigidity
- (D) Improves efficiency



- Q9.** Which leadership style allows complete freedom to subordinates?
- (A) Autocratic
  - (B) Democratic
  - (C) Laissez-faire
  - (D) Bureaucratic
- Q10.** Which function of management bridges the gap between planning and controlling?
- (A) Staffing
  - (B) Directing
  - (C) Organising
  - (D) Coordination
- Q11.** Which marketing philosophy focuses on aggressive selling techniques?
- (A) Production concept
  - (B) Product concept
  - (C) Selling concept
  - (D) Marketing concept
- Q12.** Which is NOT a feature of coordination?
- (A) Continuous process
  - (B) Integrates activities
  - (C) Optional function
  - (D) Pervasive function
- Q13.** Which type of communication arises out of social relations?
- (A) Formal communication
  - (B) Informal communication
  - (C) Vertical communication



(D) Horizontal communication

**Q14.** Which of the following is NOT a money market instrument?

- (A) Treasury bills
- (B) Commercial paper
- (C) Shares
- (D) Certificate of deposit

**Q15.** Which element of promotion mix involves face-to-face interaction?

- (A) Advertising
- (B) Public relations
- (C) Personal selling
- (D) Sales promotion

**Q16.** Which level of management is responsible for tactical decisions?

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

**Q17.** Which is NOT a characteristic of a good control system?

- (A) Flexibility
- (B) Accuracy
- (C) Complexity
- (D) Timeliness

**Q18.** Which principle ensures proper arrangement of resources?

- (A) Discipline
- (B) Order



- (C) Equity
- (D) Initiative

**Q19.** Which function ensures availability of human resources?

- (A) Planning
- (B) Organising
- (C) Staffing
- (D) Directing

**Q20.** Which concept believes that customers prefer easily available products?

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

**Q21.** Which is NOT a source of long-term finance?

- (A) Equity shares
- (B) Debentures
- (C) Bank overdraft
- (D) Retained earnings

**Q22.** Which document specifies qualifications required for a job?

- (A) Job description
- (B) Job specification
- (C) Recruitment policy
- (D) Selection test

**Q23.** Which type of plan is quantitative in nature?

- (A) Policy



- (B) Rule
- (C) Budget
- (D) Strategy

**Q24.** Which function involves issuing instructions to employees?

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

**Q25.** Which is NOT a function of stock exchange?

- (A) Providing liquidity
- (B) Price determination
- (C) Capital formation
- (D) Production of goods

**Q26.** Which principle of Taylor emphasizes selecting the best worker for a task scientifically?

- (A) Science, not rule of thumb
- (B) Harmony, not discord
- (C) Cooperation, not individualism
- (D) Development of each person

**Q27.** Which dimension of business environment includes changes in technology and innovation?

- (A) Economic environment
- (B) Technological environment
- (C) Political environment
- (D) Legal environment



- Q28.** Which step in planning involves selecting the best course of action?
- (A) Identifying alternatives
  - (B) Evaluating alternatives
  - (C) Selecting alternatives
  - (D) Implementing plan
- Q29.** Which organisational structure is suitable for multi-product companies?
- (A) Functional structure
  - (B) Divisional structure
  - (C) Line structure
  - (D) Informal structure
- Q30.** Which concept refers to the number of subordinates a manager can effectively supervise?
- (A) Span of management
  - (B) Scalar chain
  - (C) Unity of command
  - (D) Authority
- Q31.** Which type of plan specifies a sequence of actions to achieve objectives?
- (A) Policy
  - (B) Procedure
  - (C) Rule
  - (D) Budget
- Q32.** Which financial decision relates to selection of assets in which funds will be invested?
- (A) Financing decision
  - (B) Dividend decision



- (C) Investment decision
- (D) Working capital decision

**Q33.** Which is a technique of scientific management related to standardisation?

- (A) Functional foremanship
- (B) Time study
- (C) Method study
- (D) Standardisation of tools

**Q34.** Which leadership style is also known as participative leadership?

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

**Q35.** Which function of management ensures that activities are performed as per plan?

- (A) Planning
- (B) Organising
- (C) Controlling
- (D) Staffing

**Q36.** Which marketing function involves physical movement of goods?

- (A) Storage
- (B) Transportation
- (C) Packaging
- (D) Branding

**Q37.** Which is NOT a feature of informal organisation?

- (A) Based on social interaction



- (B) Flexible
- (C) Officially structured
- (D) No fixed rules

**Q38.** Which component of promotion mix builds long-term image of company?

- (A) Advertising
- (B) Personal selling
- (C) Public relations
- (D) Sales promotion

**Q39.** Which type of plan is developed for future uncertainties?

- (A) Strategy
- (B) Policy
- (C) Rule
- (D) Budget

**Q40.** Which is NOT a function of stock exchange?

- (A) Providing liquidity
- (B) Price discovery
- (C) Capital formation
- (D) Production of goods

**Q41.** Which process involves comparing actual performance with standards?

- (A) Planning
- (B) Measurement
- (C) Controlling
- (D) Organising

**Q42.** Which is a feature of business environment?



- (A) Static
- (B) Dynamic
- (C) Predictable
- (D) Independent

**Q43.** Which concept emphasizes product quality and features?

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

**Q44.** Which is a short-term financial instrument?

- (A) Shares
- (B) Debentures
- (C) Treasury bills
- (D) Bonds

**Q45.** Which function ensures proper communication among employees?

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

**Q46.** Which principle of Fayol emphasizes obedience and respect?

- (A) Discipline
- (B) Equity
- (C) Order
- (D) Initiative



- Q47.** Which is NOT an objective of management?
- (A) Profit maximisation
  - (B) Social welfare
  - (C) Personal luxury
  - (D) Organisational efficiency
- Q48.** Which type of organisation is deliberately created?
- (A) Informal organisation
  - (B) Formal organisation
  - (C) Social group
  - (D) Friendship group
- Q49.** Which is an example of non-financial incentive?
- (A) Salary
  - (B) Bonus
  - (C) Recognition
  - (D) Commission
- Q50.** Which function of management deals with assigning duties and responsibilities?
- (A) Planning
  - (B) Organising
  - (C) Staffing
  - (D) Controlling



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

**Concept:** Unity of Direction is a principle of management given by Henri Fayol. It states that all activities having the same objective should be directed under one head and one plan. This ensures coordination, unity in action, and efficient use of resources. It avoids duplication of efforts and confusion among employees. The focus is on achieving organizational goals through a unified approach.

**Solution:** The question asks about a principle where one plan is followed for a group of activities. Unity of Direction ensures that similar activities are grouped and guided by a single plan and manager. Other options like Unity of Command focus on one boss, not one plan. Hence, Unity of Direction is correct.

**Final Answer:** *Unity of Direction*

**Answer: (B)**

**Q2.****Solution**

**Concept:** Social environment is a component of business environment that includes customs, traditions, values, beliefs, and culture of society. It influences consumer behavior, demand patterns, and business practices. Businesses must adapt to social changes to remain relevant and competitive in the market.

**Solution:** The question asks which environment deals with traditions and values. Economic relates to income and resources, technological to innovation, and political to government policies. Only social environment deals with customs and traditions. Therefore, it is the correct answer.

**Final Answer:** *Social environment*

**Answer: (B)**



Q3.

**Solution**

**Concept:** Planning involves several steps including identifying alternatives and evaluating them. Evaluation of alternatives means analyzing different possible courses of action and selecting the most suitable one based on feasibility, cost, and benefits.

**Solution:** The question asks which step includes evaluating alternatives. This is a direct step in the planning process where managers compare different options. Other steps like setting objectives or implementation do not involve comparison. Hence, evaluating alternatives is correct.

**Final Answer:** *Evaluating alternatives*

**Answer:** (C)

Q4.

**Solution**

**Concept:** Matrix structure is an organisational structure that combines features of both functional and divisional structures. Employees report to multiple managers, typically both functional and project managers, allowing flexibility and better coordination.

**Solution:** The question asks which structure combines functional and divisional forms. Functional and divisional structures are separate, but matrix integrates both. Hence, matrix structure is the correct answer.

**Final Answer:** *Matrix structure*

**Answer:** (C)

Q5.

**Solution**

**Concept:** Informal organisation arises from social interactions among employees. It is flexible, based on personal relations, and has no official recognition or formal rules.

**Solution:** The question asks which is NOT a feature of informal organisation. Informal organisations are not officially recognised. Therefore, “officially recognised” is incorrect and becomes the correct answer for the question.

**Final Answer:** *Officially recognised*

**Answer:** (C)



Q6.

**Solution**

**Concept:** Standing plans are those plans which are used repeatedly over time. They include policies, procedures, and rules, and provide guidance for recurring situations.

**Solution:** The question asks about plans designed for repeated use. Single-use plans are temporary, while standing plans are continuous. Programme and budget are types of single-use plans. Hence, standing plan is correct.

**Final Answer:** *Standing plan*

**Answer: (B)**

Q7.

**Solution**

**Concept:** Financing decision relates to determining the capital structure of a firm, i.e., the proportion of debt and equity used to finance business operations.

**Solution:** The question asks which decision determines debt and equity proportion. Investment deals with asset selection, dividend with profit distribution. Financing decision specifically deals with capital structure. Hence, it is correct.

**Final Answer:** *Financing decision*

**Answer: (B)**

Q8.

**Solution**

**Concept:** Planning has several limitations, one of which is rigidity. It may restrict flexibility as plans are fixed and may not easily adapt to changes in the environment.

**Solution:** The question asks for a limitation of planning. Providing direction and reducing uncertainty are advantages. Rigidity is a drawback because plans may become inflexible. Hence, the correct answer is rigidity.

**Final Answer:** *Leads to rigidity*

**Answer: (C)**



Q9.

**Solution**

**Concept:** Laissez-faire leadership style gives complete freedom to employees to make decisions and perform tasks independently with minimal supervision.

**Solution:** The question asks which leadership style allows full freedom. Autocratic is strict, democratic involves participation, but laissez-faire gives maximum freedom. Hence, it is the correct answer.

**Final Answer:** *Laissez – faire*

**Answer: (C)**

Q10.

**Solution**

**Concept:** Organising is the function that arranges resources and establishes relationships. It acts as a bridge between planning and controlling by implementing plans effectively.

**Solution:** The question asks which function connects planning and controlling. Organising ensures plans are executed through proper structure, enabling control later. Hence, organising is correct.

**Final Answer:** *Organising*

**Answer: (C)**

Q11.

**Solution**

**Concept:** Selling concept is a marketing philosophy that focuses on aggressive selling and promotional efforts to persuade customers to buy products. It assumes that consumers will not purchase enough unless they are convinced through advertising and sales techniques.

**Solution:** The question asks which philosophy emphasizes aggressive selling. Production focuses on availability, product on quality, and marketing on customer needs. Selling concept specifically promotes heavy advertising and persuasion. Hence, it is the correct answer.

**Final Answer:** *Selling concept*

**Answer: (C)**



Q12.

**Solution**

**Concept:** Coordination is a continuous and pervasive function of management that integrates the activities of different departments to achieve common goals. It ensures unity of action and avoids conflicts.

**Solution:** The question asks which is NOT a feature of coordination. Coordination is continuous, integrates activities, and is pervasive. It is not optional, as it is essential for management. Hence, “optional function” is the correct answer.

**Final Answer:** *Optional function*

**Answer:** (C)

Q13.

**Solution**

**Concept:** Informal communication arises from social relationships among employees. It is unofficial, flexible, and spreads information quickly through networks like grapevine communication.

**Solution:** The question asks which communication arises from social relations. Formal communication follows official channels, while informal communication is based on personal relations. Hence, informal communication is correct.

**Final Answer:** *Informal communication*

**Answer:** (B)

Q14.

**Solution**

**Concept:** Money market instruments are short-term financial instruments such as treasury bills, commercial paper, and certificates of deposit used for liquidity management.

**Solution:** The question asks which is NOT a money market instrument. Treasury bills, commercial paper, and certificates of deposit belong to money market. Shares are capital market instruments. Hence, shares is the correct answer.

**Final Answer:** *Shares*

**Answer:** (C)



Q15.

**Solution**

**Concept:** Personal selling is a component of the promotion mix that involves direct face-to-face interaction between seller and buyer to persuade customers.

**Solution:** The question asks which element involves face-to-face interaction. Advertising and public relations are impersonal, while personal selling involves direct communication. Hence, personal selling is correct.

**Final Answer:** *Personal selling*

**Answer: (C)**

Q16.

**Solution**

**Concept:** Middle-level management is responsible for tactical decisions and implementing policies framed by top-level management. They act as a link between top and lower levels.

**Solution:** The question asks which level takes tactical decisions. Top level takes strategic decisions, lower level handles operations, and middle level handles tactical planning. Hence, middle level is correct.

**Final Answer:** *Middle level*

**Answer: (B)**

Q17.

**Solution**

**Concept:** A good control system should be flexible, accurate, timely, and simple. It should not be overly complex, as complexity reduces effectiveness.

**Solution:** The question asks which is NOT a characteristic of a good control system. Flexibility, accuracy, and timeliness are desirable features. Complexity makes control difficult. Hence, complexity is the correct answer.

**Final Answer:** *Complexity*

**Answer: (C)**



Q18.

**Solution**

**Concept:** Order is a principle of management given by Fayol that emphasizes proper arrangement of resources and people in the organisation for smooth functioning.

**Solution:** The question asks which principle ensures proper arrangement. Discipline relates to rules, equity to fairness, initiative to creativity, while order ensures systematic arrangement. Hence, order is correct.

**Final Answer:** *Order*

**Answer: (B)**

Q19.

**Solution**

**Concept:** Staffing is a key function of management that ensures the organisation has the right number of employees with the required skills at the right time. It involves recruitment, selection, training, and placement of personnel.

**Solution:** The question asks which function ensures availability of human resources. Planning sets goals, organising arranges resources, and directing guides employees. Staffing specifically deals with hiring and maintaining workforce. Hence, staffing is correct.

**Final Answer:** *Staffing*

**Answer: (C)**

Q20.

**Solution**

**Concept:** Production concept is a marketing philosophy which assumes that consumers prefer products that are widely available and affordable. It focuses on large-scale production and efficiency.

**Solution:** The question asks which concept believes customers prefer easily available products. Production concept emphasizes availability and low cost. Other concepts focus on quality, selling, or customer needs. Hence, production concept is correct.

**Final Answer:** *Production concept*

**Answer: (A)**



Q21.

**Solution**

**Concept:** Long-term sources of finance are used for funding fixed assets and long-term investments. Examples include equity shares, debentures, and retained earnings. Short-term sources are used for working capital needs.

**Solution:** The question asks which is NOT a long-term source. Equity shares, debentures, and retained earnings are long-term. Bank overdraft is a short-term source used for temporary needs. Hence, bank overdraft is correct.

**Final Answer:** *Bank overdraft*

**Answer:** (C)

Q22.

**Solution**

**Concept:** Job specification is a document that outlines the qualifications, skills, experience, and abilities required for a particular job. It helps in selecting suitable candidates.

**Solution:** The question asks which document specifies qualifications. Job description explains duties, while job specification defines requirements. Therefore, job specification is correct.

**Final Answer:** *Job specification*

**Answer:** (B)

Q23.

**Solution**

**Concept:** Budget is a quantitative plan expressed in numerical terms. It shows expected income, expenses, and allocation of resources for a specific period.

**Solution:** The question asks which plan is quantitative. Policies and rules are qualitative guidelines, while budget provides numerical targets. Hence, budget is the correct answer.

**Final Answer:** *Budget*

**Answer:** (C)



Q24.

**Solution**

**Concept:** Directing is a management function that involves guiding, supervising, motivating, and instructing employees to achieve organisational goals.

**Solution:** The question asks which function involves issuing instructions. Planning sets goals, staffing hires employees, controlling monitors performance. Directing includes giving instructions and supervision. Hence, directing is correct.

**Final Answer:** *Directing*

**Answer: (B)**

Q25.

**Solution**

**Concept:** Stock exchange is an organised market where securities are bought and sold. Its functions include providing liquidity, price determination, and facilitating capital formation.

**Solution:** The question asks which is NOT a function of stock exchange. It does not produce goods; it only facilitates trading of securities. Therefore, production of goods is not its function.

**Final Answer:** *Production of goods*

**Answer: (D)**

Q26.

**Solution**

**Concept:** Taylor's Principle – Development of Each Person.

**Explanation:** This principle of scientific management focuses on selecting, training, and developing workers scientifically so that they perform tasks efficiently. It emphasizes matching the right person to the right job based on capability and then enhancing their skills through proper training. Instead of leaving workers to learn through trial and error, management must ensure systematic development. This improves productivity and job satisfaction. Scientific selection ensures that workers are chosen based on merit, skills, and suitability for the task, which ultimately leads to better performance and organizational efficiency.

**Final Answer:** *Development of each person*

**Answer: (D)**



Q27.

**Solution****Concept:** Technological Environment.**Explanation:** The technological environment includes all factors related to scientific improvements, innovations, and technological advancements that influence business operations. It determines how products are produced, marketed, and distributed. Rapid technological changes can create new opportunities while making existing methods obsolete. Businesses must adapt to innovations like automation, AI, and digital platforms to remain competitive. A strong technological environment enhances efficiency, reduces costs, and improves product quality. Therefore, it plays a crucial role in shaping modern business strategies and long-term growth.**Final Answer:** *Technological environment***Answer: (B)**

Q28.

**Solution****Concept:** Selection of Alternatives in Planning.**Explanation:** After evaluating different alternatives in the planning process, managers must choose the best course of action. This step is called selection of alternatives. It involves comparing various options based on feasibility, cost, risks, and expected outcomes. The objective is to select the most suitable strategy that helps achieve organizational goals effectively. This step is crucial because even well-evaluated options are useless unless a final decision is made. Proper selection ensures efficient utilization of resources and successful implementation of plans.**Final Answer:** *Selecting alternatives***Answer: (C)**

Q29.

**Solution****Concept:** Divisional Structure.**Explanation:** Divisional structure is suitable for large organizations dealing with multiple products or markets. Under this structure, activities are grouped based on product lines, regions, or customer segments. Each division operates semi-independently with its own resources and management. This allows better focus on specific products and quick decision-making. It also improves accountability as each division is responsible for its performance. However, it may lead to duplication of resources. Despite this, it is ideal for multi-product companies.**Final Answer:** *Divisional structure***Answer: (B)**

Q30.

**Solution****Concept:** Span of Management.**Explanation:** Span of management refers to the number of subordinates a manager can effectively supervise. A narrow span means fewer employees under one manager, allowing close supervision, while a wide span involves more employees with less direct control. The appropriate span depends on factors like nature of work, manager's capability, and organizational structure. Proper span ensures efficient communication, coordination, and control. If the span is too wide, supervision becomes difficult; if too narrow, it leads to higher costs.**Final Answer:** *Span of management***Answer:** (A)

Q31.

**Solution****Concept:** Procedure.**Explanation:** A procedure is a type of plan that specifies a chronological sequence of steps to be followed while performing a task. It ensures uniformity and consistency in operations. Procedures guide employees on how to carry out activities efficiently and reduce confusion or errors. They are especially useful in routine tasks where standardization is required. By clearly outlining the steps, procedures improve coordination and accountability within the organization. They are an important part of operational planning.**Final Answer:** *Procedure***Answer:** (B)

Q32.

**Solution****Concept:** Investment Decision.**Explanation:** Investment decision involves deciding where to invest funds in order to earn maximum returns. It focuses on selecting the most profitable assets or projects, such as machinery, buildings, or securities. This decision is crucial because it determines the growth and profitability of a business. Poor investment decisions can lead to losses, while good decisions ensure efficient utilization of resources. It is also known as capital budgeting when it relates to long-term investments.**Final Answer:** *Investment decision***Answer:** (C)

Q33.

**Solution****Concept:** Scientific Management – Standardisation of Tools.**Explanation:** Standardisation of tools refers to using uniform equipment, methods, and work procedures for performing tasks efficiently. It ensures consistency in output and reduces wastage of time and resources. By adopting standard tools, workers can perform tasks in the best possible manner. It also improves quality control and coordination in the organisation. This technique helps in achieving higher productivity and cost efficiency, making it an essential part of scientific management.**Final Answer:** *Standardisation of tools***Answer: (D)**

Q34.

**Solution****Concept:** Democratic Leadership.**Explanation:** Democratic leadership is a participative style where managers involve employees in decision-making. It encourages sharing ideas, suggestions, and feedback from subordinates. This approach improves employee morale, motivation, and creativity. It leads to better-quality decisions due to diverse opinions. Although it may take more time, it builds trust and teamwork within the organisation. This leadership style is widely used in modern organisations that focus on employee satisfaction and innovation.**Final Answer:** *Democratic***Answer: (B)**

Q35.

**Solution****Concept:** Controlling Function.**Explanation:** Controlling is the process of ensuring that actual performance matches planned performance. It involves setting standards, measuring actual results, comparing them, and taking corrective actions. This function helps in identifying deviations and correcting them in time. It ensures efficiency, discipline, and achievement of organisational goals. Controlling also provides feedback for future planning and decision-making, making it an essential function of management.**Final Answer:** *Controlling***Answer: (C)**

Q36.

**Solution**

**Concept:** Transportation is an important function of marketing that deals with the physical movement of goods from one place to another. It ensures that products reach the right place at the right time. Efficient transportation helps in creating time and place utility and plays a key role in distribution.

**Solution:** The question asks which marketing function involves physical movement of goods. Transportation directly refers to moving goods from production centers to markets. Storage keeps goods safe, packaging protects goods, and branding creates identity. Therefore, transportation is the correct function involving physical movement.

**Final Answer:** *Transportation*

**Answer:** (B)

Q37.

**Solution**

**Concept:** Informal organisation is based on personal and social relationships among employees. It is flexible, has no fixed rules, and is not officially recognized by the organisation. It develops naturally and helps in communication and cooperation.

**Solution:** The question asks which option is NOT a feature of informal organisation. Informal organisations are not officially structured. Options like social interaction, flexibility, and lack of rules are correct features. However, “officially structured” belongs to formal organisation. Hence, it is the incorrect statement.

**Final Answer:** *Officially structured*

**Answer:** (C)

Q38.

**Solution**

**Concept:** Promotion mix includes advertising, personal selling, sales promotion, and public relations. Public relations focuses on building a positive image and long-term goodwill of the company among the public.

**Solution:** The question asks which element builds long-term image. Public relations aims at maintaining a favorable relationship with stakeholders and improving brand image over time. Advertising and sales promotion focus more on short-term sales, while personal selling involves direct interaction.

**Final Answer:** *Public relations*

**Answer:** (C)



Q39.

**Solution**

**Concept:** Strategy is a type of plan designed to deal with future uncertainties and dynamic business environments. It provides direction and helps organisations respond to changes effectively.

**Solution:** The question asks which plan is developed for future uncertainties. Strategy is used to face uncertain situations and competition. Policies provide guidelines, rules are rigid instructions, and budgets are numerical plans. Hence, strategy is the correct answer.

**Final Answer:** *Strategy*

**Answer: (A)**

Q40.

**Solution**

**Concept:** Stock exchange is a market where securities are traded. Its functions include providing liquidity, price discovery, and aiding capital formation. It does not involve production activities.

**Solution:** The question asks which is NOT a function of stock exchange. Providing liquidity, determining prices, and helping in capital formation are valid functions. However, production of goods is a manufacturing activity, not related to stock exchange.

**Final Answer:** *Production of goods*

**Answer: (D)**

Q41.

**Solution**

**Concept:** Controlling is a management function that involves comparing actual performance with planned standards and taking corrective actions if needed.

**Solution:** The question asks which process involves comparison with standards. Controlling ensures that performance aligns with plans by measuring results and correcting deviations. Planning sets goals, while organising arranges resources. Therefore, controlling is correct.

**Final Answer:** *Controlling*

**Answer: (C)**



Q42.

**Solution**

**Concept:** Business environment refers to external forces affecting a business. It is dynamic, complex, and constantly changing due to economic, social, and technological factors.

**Solution:** The question asks which is a feature of business environment. It is not static or predictable; instead, it changes continuously. Therefore, “dynamic” correctly describes the nature of business environment.

**Final Answer:** *Dynamic*

**Answer: (B)**

Q43.

**Solution**

**Concept:** Product concept is a marketing philosophy which focuses on quality, performance, and features of a product. It assumes that consumers prefer products that offer superior quality and innovative features.

**Solution:** The question asks which concept emphasizes product quality and features. Under the product concept, firms concentrate on improving the product continuously. Other concepts like production focus on availability, while marketing focuses on customer needs. Hence, product concept is correct.

**Final Answer:** *Product concept*

**Answer: (B)**

Q44.

**Solution**

**Concept:** Short-term financial instruments are those which mature within one year. Treasury bills are issued by the government and are used to meet short-term financial requirements.

**Solution:** The question asks which is a short-term financial instrument. Treasury bills have a maturity period of less than one year, making them part of the money market. Shares, debentures, and bonds are long-term instruments.

**Final Answer:** *Treasury bills*

**Answer: (C)**



Q45.

**Solution**

**Concept:** Directing is a managerial function that involves guiding, supervising, motivating, and communicating with employees to achieve organisational goals effectively.

**Solution:** The question asks which function ensures proper communication. Communication is an essential element of directing, as it helps in transmitting instructions and feedback. Planning sets goals, while staffing deals with recruitment.

**Final Answer:** *Directing*

**Answer:** (B)

Q46.

**Solution**

**Concept:** Discipline is a principle of management given by Henri Fayol. It emphasizes obedience, respect for authority, and adherence to organisational rules and regulations.

**Solution:** The question asks which principle emphasizes obedience and respect. Discipline ensures smooth functioning by maintaining order and proper conduct among employees. Other principles like equity focus on fairness, not obedience.

**Final Answer:** *Discipline*

**Answer:** (A)

Q47.

**Solution**

**Concept:** Objectives of management include achieving organisational goals, profit maximisation, and social welfare. Personal luxury is not considered a legitimate objective of management.

**Solution:** The question asks which is NOT an objective of management. While profit and efficiency are valid goals, personal luxury is an individual desire and not related to organisational objectives.

**Final Answer:** *Personal luxury*

**Answer:** (C)



Q48.

**Solution**

**Concept:** Formal organisation is a structure that is deliberately created by management to achieve specific goals. It defines roles, responsibilities, and authority relationships.

**Solution:** The question asks which type of organisation is deliberately created. Formal organisation is planned and structured, unlike informal organisation which arises naturally from social relations.

**Final Answer:** *Formal organisation*

**Answer: (B)**

Q49.

**Solution**

**Concept:** Non-financial incentives are rewards that do not involve money but satisfy psychological and social needs, such as recognition, status, and appreciation.

**Solution:** The question asks for an example of non-financial incentive. Recognition motivates employees by fulfilling their esteem needs. Salary, bonus, and commission are financial incentives.

**Final Answer:** *Recognition*

**Answer: (C)**

Q50.

**Solution**

**Concept:** Organising is a management function that involves assigning duties, grouping tasks, and establishing authority relationships to achieve organisational objectives.

**Solution:** The question asks which function deals with assigning duties and responsibilities. Organising ensures proper allocation of work and clarity in roles. Planning sets goals, while staffing focuses on hiring employees.

**Final Answer:** *Organising*

**Answer: (B)**



**Answer Key**

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

