

CUET-UG Business Studies Sample Paper-20

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. The Chief Operating Officer (COO) of a company is responsible for the survival and welfare of the organization. At which level of management does the COO work?

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

Q2. Which characteristic of coordination is highlighted when it is described as a "deliberate function" rather than a matter of chance?

- (A) Coordination ensures unity of action
- (B) Coordination is an all-pervasive function
- (C) A manager has to coordinate the efforts of different people in a conscious manner
- (D) Coordination is a continuous process

Q3. In a garments factory, the "Instruction Card Clerk" prepares instructions for the workers. This is a part of which technique of Scientific Management?

- (A) Method Study
- (B) Standardization



- (C) Functional Foremanship
- (D) Fatigue Study

Q4. A manager insists that there should be a place for everything and everything should be in its place to ensure maximum efficiency. Identify the principle of Fayol.

- (A) Equity
- (B) Discipline
- (C) Order
- (D) Scalar Chain

Q5. Which principle of management suggests that if an employee is frequently transferred from one department to another, it will lead to inefficiency?

- (A) Division of Work
- (B) Stability of Personnel
- (C) Initiative
- (D) Unity of Direction

Q6. Under "Functional Foremanship," which specialist is responsible for ensuring that tools and machines are ready for use?

- (A) Speed Boss
- (B) Repair Boss
- (C) Gang Boss
- (D) Inspector

Q7. The "Beti Bachao Beti Padhao" initiative by the government has influenced the demand for educational services. This represents which dimension of the business environment?

- (A) Political
- (B) Legal



- (C) Social
- (D) Economic

Q8. Changes in the "Companies Act" or "Insolvency and Bankruptcy Code" represent which dimension of the business environment?

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

Q9. Identify the correct step in the Planning Process that follows "Evaluating Alternative Courses."

- (A) Identifying Alternatives
- (B) Selecting an Alternative
- (C) Developing Premises
- (D) Follow-up Action

Q10. Which type of plan serves as a "General Guide" to thinking and decision-making for a manager?

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

Q11. "No admission without permission" is an example of which type of plan?

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



- Q12.** A large enterprise with diverse product lines like Textiles, Beverages, and Electronics should ideally adopt which organizational structure?
- (A) Functional Structure
 - (B) Divisional Structure
 - (C) Informal Structure
 - (D) Matrix Structure
- Q13.** Which concept refers to the "Number of subordinates that can be effectively managed by a superior"?
- (A) Delegation
 - (B) Decentralization
 - (C) Span of Management
 - (D) Departmentalization
- Q14.** Accountability can be defined as:
- (A) The obligation of a subordinate to properly perform the assigned duty
 - (B) The right to command
 - (C) Being answerable for the final outcome of the assigned task
 - (D) The transfer of authority
- Q15.** Decentralization is considered an extension of delegation to the lowest level. It is best suited for organizations that want to:
- (A) Centralize all decision-making
 - (B) Foster autonomy and quick decision-making at the operational level
 - (C) Reduce the number of employees
 - (D) Increase the levels of hierarchy
- Q16.** Which selection test is designed to measure an individual's potential for learning new skills?



- (A) Intelligence Test
- (B) Aptitude Test
- (C) Trade Test
- (D) Personality Test

Q17. "Labor Contractors" and "Casual Callers" are examples of:

- (A) Internal sources of recruitment
- (B) External sources of recruitment
- (C) Methods of training
- (D) Steps in selection

Q18. Which step in the selection process involves checking the candidate's previous employer details and character?

- (A) Selection Decision
- (B) Medical Examination
- (C) Reference and Background Checks
- (D) Preliminary Screening

Q19. Which training method involves the trainee working under the guidance of a master worker for a specific period?

- (A) Vestibule Training
- (B) Internship
- (C) Apprenticeship Training
- (D) Induction Training

Q20. According to Maslow's Need Hierarchy, which need is satisfied by "Job security and stability of income"?

- (A) Basic Physiological Needs
- (B) Safety/Security Needs



- (C) Affiliation Needs
- (D) Esteem Needs

Q21. A leader who does not change the decisions made by the group and provides complete freedom to subordinates is following which style?

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

Q22. Which communication barrier is caused by the "Body language and gesture decoding" of the receiver?

- (A) Semantic Barrier
- (B) Psychological Barrier
- (C) Organizational Barrier
- (D) Personal Barrier

Q23. "Job Enrichment" as a non-financial incentive aims at:

- (A) Giving more salary
- (B) Providing job security
- (C) Designing jobs that include a greater variety of work content
- (D) Offering stock options

Q24. The process of converting the message into communication symbols is known as:

- (A) Decoding
- (B) Encoding
- (C) Feedback
- (D) Media



- Q25.** Directing is called a "Management in Action" function because:
- (A) It involves planning for the future
 - (B) It initiates action in the organization
 - (C) It organizes resources
 - (D) It measures performance
- Q26.** "Controlling is a goal-oriented function." This means:
- (A) It focuses on the past
 - (B) It ensures that resources are used effectively to achieve pre-determined goals
 - (C) It is only required at the top level
 - (D) It is a one-time activity
- Q27.** In the controlling process, "Management by Exception" states that:
- (A) Every deviation should be corrected
 - (B) Only significant deviations that go beyond the permissible limit should be analyzed
 - (C) No deviations should be analyzed
 - (D) Only minor deviations should be checked
- Q28.** Which financial decision is concerned with the "Quantum of finance to be raised from various long-term sources"?
- (A) Investment Decision
 - (B) Financing Decision
 - (C) Dividend Decision
 - (D) Working Capital Decision
- Q29.** Shareholders' wealth maximization is achieved when:
- (A) Sales are high
 - (B) Profits are high



- (C) The market price of equity shares increases
- (D) Costs are low

Q30. Higher "Fixed Operating Costs" (like rent or insurance) lead to higher:

- (A) Financial Risk
- (B) Operating Risk
- (C) Investment Risk
- (D) Business Liquidity

Q31. The "Capital Structure" of a company refers to:

- (A) The mix between Current Assets and Fixed Assets
- (B) The mix between Debt and Equity
- (C) The total amount of cash in hand
- (D) The total number of shareholders

Q32. Which factor leads to a "Lower" requirement of Working Capital?

- (A) Long production cycle
- (B) High inventory turnover ratio
- (C) Liberal credit terms given to customers
- (D) High rate of inflation

Q33. Which money market instrument is also known as a "Zero Coupon Bond"?

- (A) Commercial Paper
- (B) Treasury Bill
- (C) Call Money
- (D) Certificate of Deposit

Q34. The "Primary Market" is the market where:

- (A) Existing securities are traded



- (B) New securities are issued for the first time
- (C) Only government bonds are traded
- (D) Only short-term instruments are traded

Q35. Which organization acts as the "Watchdog" of the Indian capital market?

- (A) RBI
- (B) SEBI
- (C) SBI
- (D) Ministry of Finance

Q36. The process of holding securities in an electronic form is called:

- (A) Rematerialization
- (B) Dematerialization
- (C) Listing
- (D) Underwriting

Q37. Which function of SEBI involves "Conducting enquiries and audits of stock exchanges"?

- (A) Protective Function
- (B) Development Function
- (C) Regulatory Function
- (D) Executive Function

Q38. "Call Money" is a method of raising funds for a very short period, usually:

- (A) 1 to 14 days
- (B) 1 month to 6 months
- (C) 1 year to 5 years
- (D) Over 10 years



- Q39.** Which marketing philosophy focuses on the "attainment of long-term well-being of the consumers and the society"?
- (A) Product Concept
 - (B) Selling Concept
 - (C) Marketing Concept
 - (D) Societal Marketing Concept
- Q40.** The "Marketing Mix" consists of 4Ps. Which "P" includes decisions regarding channels of distribution?
- (A) Product
 - (B) Price
 - (C) Place
 - (D) Promotion
- Q41.** A company offers "Buy 3 Get 1 Free" to clear its stock. This is an example of:
- (A) Advertising
 - (B) Personal Selling
 - (C) Sales Promotion
 - (D) Publicity
- Q42.** Which level of packaging refers to the "additional layers of protection that are kept till the product is ready for use"?
- (A) Primary Packaging
 - (B) Secondary Packaging
 - (C) Transportation Packaging
 - (D) Final Packaging
- Q43.** The "Product Concept" of marketing assumes that consumers will favor products that:



- (A) Are widely available and inexpensive
- (B) Offer the most quality, performance, and features
- (C) Are aggressively promoted
- (D) Satisfy their social needs

Q44. "Branding" helps a firm in:

- (A) Product differentiation
- (B) Differential pricing
- (C) Ease in introduction of new products
- (D) All of the above

Q45. Which promotion tool is a "paid form of non-personal presentation and promotion of ideas"?

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

Q46. "Grading" in marketing refers to:

- (A) Giving a brand name to the product
- (B) Classifying products into different groups based on quality/size
- (C) Designing the package
- (D) Fixing the price

Q47. Under the Consumer Protection Act 2019, a consumer has the right to be protected against the marketing of goods which are hazardous to life. This is the:

- (A) Right to be Informed
- (B) Right to Safety
- (C) Right to Choose



(D) Right to be Heard

Q48. What is the "Pecuniary Jurisdiction" of the District Commission under the Consumer Protection Act 2019?

(A) Up to 20 Lakh

(B) Up to 50 Lakh

(C) Up to 1 Crore

(D) Above 10 Crore

Q49. If a consumer is not satisfied with the order of the National Commission, they can appeal to the Supreme Court within:

(A) 15 days

(B) 30 days

(C) 45 days

(D) 60 days

Q50. Which consumer right is violated when a company does not provide complete information about the ingredients and expiry date on its product label?

(A) Right to Safety

(B) Right to be Informed

(C) Right to Seek Redressal

(D) Right to Consumer Education



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

Concept: Top-level management consists of executives like CEO, COO, and Board of Directors who are responsible for overall direction, survival, and welfare of the organization.

Solution: The Chief Operating Officer (COO) is a senior executive who plays a crucial role in strategic decision-making and ensuring the long-term survival and growth of the company. Such responsibilities are characteristic of top-level management.

Other options are incorrect because:

- Middle-level managers implement plans made by top management.
- Lower and supervisory levels focus on day-to-day operations.

Final Answer: Top Level

Answer: (B)

Q2.**Solution**

Concept: Coordination as a deliberate function means it is not automatic but requires conscious and purposeful effort by managers.

Solution: Managers must intentionally coordinate the activities of different individuals and departments to achieve organizational goals. It does not happen by chance but through planned and conscious action.

Other options represent different characteristics:

- Unity of action – result of coordination
- All-pervasive – applicable at all levels
- Continuous process – ongoing nature

Final Answer: A manager has to coordinate the efforts of different people in a conscious manner

Answer: (C)



Q3.

Solution

Concept: Functional Foremanship is a technique of Scientific Management given by F.W. Taylor, where planning and execution are separated and specialized supervisors are appointed for different tasks.

Solution: Under Functional Foremanship, there are different specialists in the planning department such as:

- Instruction Card Clerk
- Route Clerk
- Time and Cost Clerk
- Disciplinarian

The **Instruction Card Clerk** prepares detailed instructions for workers regarding how a particular task should be performed. Since this role exists only under Functional Foremanship, the correct answer is this technique.

Other options are incorrect because:

- Method Study focuses on finding the best way to perform a job.
- Standardization ensures uniformity in processes and materials.
- Fatigue Study deals with reducing worker fatigue.

Final Answer: Functional Foremanship

Answer: (C)

Q4.

Solution

Concept: Henri Fayol's principle of *Order* states that there should be a proper place for every person and every material in the organization.

Solution: The manager emphasizes that everything should be kept in its designated place to avoid confusion and inefficiency. This directly reflects the principle of maintaining systematic arrangement in the workplace.

Other options are incorrect because:

- Equity relates to fairness in treatment.
- Discipline relates to obedience and respect for rules.
- Scalar Chain refers to the chain of authority.

Final Answer: Order

Answer: (C)



Q5.

Solution

Concept: The principle of *Stability of Personnel* emphasizes that employees should have job security and should not be frequently transferred.

Solution: Frequent transfers disrupt work continuity, reduce efficiency, and prevent employees from gaining expertise in a particular role. Stability allows employees to develop skills and perform efficiently.

Other options are incorrect because:

- Division of Work focuses on specialization.
- Initiative encourages employees to take actions.
- Unity of Direction ensures one plan and one head for a group.

Final Answer: Stability of Personnel

Answer: (B)

Q6.

Solution

Concept: Under Functional Foremanship (a technique of Scientific Management by F.W. Taylor), different specialists are assigned specific supervisory roles in the factory.

Solution: Among the shop-floor specialists:

- **Speed Boss** ensures that work is completed on time.
- **Gang Boss** arranges machines, tools, and materials before the work begins.
- **Repair Boss** is responsible for maintenance and ensuring that tools and machines are in proper working condition.
- **Inspector** checks the quality of work.

Since the question asks about ensuring tools and machines are ready for use (i.e., properly maintained and functional), this responsibility lies with the **Repair Boss**.

Final Answer: Repair Boss

Answer: (B)



Q7.

Solution

Concept: The social environment includes customs, traditions, values, beliefs, and social initiatives that influence society and business demand.

Solution: The "Beti Bachao Beti Padhao" initiative promotes education and changes societal attitudes toward girls' education. This leads to increased demand for educational services.

Since it reflects a change in social values and awareness, it belongs to the **social dimension** of the business environment.

Final Answer: Social

Answer: (C)

Q8.

Solution

Concept: The legal environment consists of laws, rules, and regulations that govern business operations.

Solution: Acts like the Companies Act and Insolvency and Bankruptcy Code are legal frameworks enacted by the government. Any changes in these laws directly affect how businesses operate.

Therefore, such changes represent the **legal environment**.

Other options are incorrect because:

- Social relates to customs and values.
- Political relates to government stability and policies.
- Technological relates to innovations and technology changes.

Final Answer: Legal Environment

Answer: (A)



Q9.

Solution

Concept: The planning process involves a sequence of steps such as setting objectives, developing premises, identifying alternatives, evaluating alternatives, and selecting the best course of action.

Solution: After evaluating different alternative courses of action, the next logical step is to choose the most suitable one. This step is known as **selecting an alternative**.

Other options are incorrect because:

- Identifying alternatives comes before evaluation.
- Developing premises is an earlier step in planning.
- Follow-up action comes after implementation.

Final Answer: Selecting an Alternative

Answer: (B)

Q10.

Solution

Concept: Policies are general statements that guide thinking and decision-making in an organization.

Solution: A policy acts as a broad guideline for managers, allowing flexibility while making decisions. It helps ensure consistency in decision-making across the organization.

Other options are incorrect because:

- Rules are rigid and leave no discretion.
- Procedures specify step-by-step actions.
- Strategies are long-term plans for achieving objectives.

Final Answer: Policy

Answer: (C)



Q11.

Solution

Concept: Plans can be of different types such as policies, procedures, methods, rules, and budgets. *Rules* are specific statements that clearly state what must or must not be done and do not allow any flexibility.

Solution: The statement "No admission without permission" is a strict instruction that must be followed without exception. It does not allow any discretion or judgment, which is the key characteristic of a rule.

Other options are incorrect because:

- Policies provide general guidelines and allow flexibility.
- Methods specify how a task is to be performed.
- Budgets are financial plans.

Final Answer: Rule

Answer: (B)

Q12.

Solution

Concept: A divisional structure is suitable for large organizations with multiple product lines, where each division operates independently.

Solution: In a company dealing with diverse products like textiles, beverages, and electronics, each product line has different markets, technologies, and management needs. A divisional structure allows each division to function as a separate unit with its own resources and objectives.

Other options are incorrect because:

- Functional structure is suitable for single-product organizations.
- Informal structure is not a formal organizational design.
- Matrix structure is more complex and used for dual authority systems.

Final Answer: Divisional Structure

Answer: (B)



Q13.

Solution

Concept: Span of Management (or span of control) refers to the number of subordinates that a manager can effectively supervise.

Solution: It determines how many employees report directly to a superior and affects organizational structure and efficiency.

Other options are incorrect because:

- Delegation is the transfer of authority.
- Decentralization is dispersal of decision-making.
- Departmentalization is grouping of activities.

Final Answer: Span of Management

Answer: (C)

Q14.

Solution

Concept: Accountability is one of the key elements of delegation. It refers to the obligation of a person to answer for the outcomes of the tasks assigned to them.

Solution: When a superior delegates authority and responsibility to a subordinate, the subordinate is expected to perform the task. However, accountability means being answerable for the final result of that task.

- Authority = right to take decisions
- Responsibility = duty to perform task
- Accountability = answerability for outcome

Thus, accountability specifically refers to being answerable for the results.

Final Answer: Being answerable for the final outcome of the assigned task

Answer: (C)



Q15.

Solution

Concept: Decentralization refers to the systematic delegation of authority to lower levels of management. It promotes autonomy and faster decision-making.

Solution: Organizations adopt decentralization to empower lower-level managers to take decisions independently. This leads to:

- Faster decision-making
- Greater flexibility
- Development of managerial skills

Thus, it is best suited for organizations that want autonomy at operational levels.

Other options are incorrect because:

- Decentralization reduces centralization.
- It does not aim to reduce employees.
- It may reduce unnecessary hierarchy instead of increasing it.

Final Answer: Foster autonomy and quick decision-making at the operational level

Answer: (B)

Q16.

Solution

Concept: Selection tests are used to assess different qualities of candidates. An *aptitude test* measures an individual's potential or capacity to learn new skills.

Solution: Aptitude tests are designed to evaluate a candidate's ability to acquire new knowledge or skills in the future. They are useful in predicting how well a person can perform after training.

Other options are incorrect because:

- Intelligence tests measure general mental ability and reasoning.
- Trade tests assess specific job-related skills already possessed.
- Personality tests measure traits like behavior, attitude, and emotional stability.

Final Answer: Aptitude Test

Answer: (B)



Q17.

Solution

Concept: Recruitment can be done through internal or external sources. External sources involve hiring candidates from outside the organization.

Solution: Labor contractors and casual callers are sources through which organizations recruit new employees from outside. These are not part of the existing workforce, hence they are external sources of recruitment.

Other options are incorrect because:

- Internal sources involve promotion or transfer of existing employees.
- They are not methods of training.
- They are not steps in the selection process.

Final Answer: External sources of recruitment

Answer: (B)

Q18.

Solution

Concept: The selection process includes various steps such as preliminary screening, tests, interviews, and verification of candidate information. Reference and background checks are used to verify past employment and character.

Solution: In this step, the employer contacts previous employers or references provided by the candidate to verify:

- Work experience
- Behavior and conduct
- Reliability and integrity

Thus, checking previous employer details and character is done during **reference and background checks**.

Other options are incorrect because:

- Selection decision is the final step.
- Medical examination checks physical fitness.
- Preliminary screening is the initial shortlisting stage.

Final Answer: Reference and Background Checks

Answer: (C)



Q19.

Solution

Concept: Training methods can be on-the-job or off-the-job. Apprenticeship training is an on-the-job method where trainees learn under the supervision of skilled workers.

Solution: In apprenticeship training, the trainee works with an experienced master worker for a fixed period to acquire practical skills and knowledge required for a trade.

Other options are incorrect because:

- Vestibule training is conducted in a simulated environment.
- Internship is usually for professional courses.
- Induction training introduces new employees to the organization.

Final Answer: Apprenticeship Training

Answer: (C)

Q20.

Solution

Concept: Maslow's Need Hierarchy classifies human needs into five levels: physiological, safety, social, esteem, and self-actualization.

Solution: Job security and stability of income provide a sense of protection and safety against uncertainties. These belong to **safety or security needs**, which come after basic physiological needs.

Other options are incorrect because:

- Physiological needs relate to food, shelter, etc.
- Affiliation needs relate to social relationships.
- Esteem needs relate to respect and recognition.

Final Answer: Safety/Security Needs

Answer: (B)



Q21.

Solution

Concept: Leadership styles differ based on the level of freedom given to subordinates. *Laissez-faire leadership* (also called free-rein leadership) provides complete freedom to employees in decision-making.

Solution: In this style, the leader does not interfere with decisions made by the group and allows subordinates to work independently. The leader acts only as a facilitator and provides minimal guidance.

Other options are incorrect because:

- Autocratic leaders make decisions themselves.
- Democratic leaders involve group participation but still guide decisions.
- Paternalistic leaders act like guardians with limited freedom.

Final Answer: Laissez-faire

Answer: (C)

Q22.

Solution

Concept: Communication barriers can arise due to personal factors such as attitudes, emotions, and interpretation of non-verbal cues like body language.

Solution: "Body language and gesture decoding" depends on how the receiver interprets non-verbal signals. Misinterpretation can lead to misunderstanding, which is a **personal barrier** in communication.

Other options are incorrect because:

- Semantic barriers relate to language and meaning of words.
- Psychological barriers relate to emotions and mental state.
- Organizational barriers arise due to structure or hierarchy.

Final Answer: Personal Barrier

Answer: (D)



Q23.

Solution

Concept: Job enrichment is a non-financial incentive that focuses on improving the content of a job by increasing responsibility, autonomy, and variety.

Solution: It involves redesigning jobs to make them more challenging and interesting by adding a greater variety of tasks and responsibilities. This enhances employee motivation and satisfaction.

Other options are incorrect because:

- Salary is a financial incentive.
- Job security ensures continuity of employment.
- Stock options are financial rewards.

Final Answer: Designing jobs that include a greater variety of work content

Answer: (C)

Q24.

Solution

Concept: Communication involves encoding and decoding of messages. Encoding is the process of converting ideas into symbols.

Solution: Before sending a message, the sender translates thoughts into words, signs, or symbols. This process is called encoding.

Other options are incorrect because:

- Decoding is interpreting the message.
- Feedback is the response of the receiver.
- Media is the channel used.

Final Answer: Encoding

Answer: (B)



Q25.

Solution

Concept: Directing is a managerial function that involves guiding, supervising, motivating, and leading employees to achieve organizational goals.

Solution: It is called "management in action" because it activates plans and initiates actual work in the organization. Without directing, other functions remain ineffective.

Other options are incorrect because:

- Planning sets objectives.
- Organizing arranges resources.
- Controlling measures performance.

Final Answer: It initiates action in the organization

Answer: (B)

Q26.

Solution

Concept: Controlling is a goal-oriented function that ensures activities are aligned with planned objectives.

Solution: It focuses on achieving predetermined goals by comparing actual performance with standards and taking corrective action when necessary.

Other options are incorrect because:

- It focuses on both past and present for improvement.
- It is required at all levels of management.
- It is a continuous process, not a one-time activity.

Final Answer: It ensures that resources are used effectively to achieve pre-determined goals

Answer: (B)



Q27.

Solution

Concept: Management by Exception (MBE) is a principle of controlling which states that managers should focus only on significant deviations rather than all deviations.

Solution: In practice, it is not efficient for managers to analyze every small deviation. Instead, attention is given only to major deviations that exceed acceptable limits, as these require corrective action.

Other options are incorrect because:

- Not every deviation needs correction.
- Ignoring all deviations is impractical.
- Minor deviations are usually within acceptable limits.

Final Answer: Only significant deviations that go beyond the permissible limit should be analyzed

Answer: (B)

Q28.

Solution

Concept: Financial decisions include investment, financing, and dividend decisions. The financing decision deals with raising funds from different sources.

Solution: The financing decision determines how much finance should be raised and from which sources (equity, debt, etc.). Hence, it concerns the quantum of finance from long-term sources.

Other options are incorrect because:

- Investment decision relates to use of funds.
- Dividend decision relates to distribution of profits.
- Working capital decision deals with short-term funds.

Final Answer: Financing Decision

Answer: (B)



Q29.

Solution

Concept: The primary objective of financial management is to maximize shareholders' wealth, which is reflected in the market value of shares.

Solution: An increase in the market price of equity shares indicates higher returns and confidence of investors, thereby increasing shareholders' wealth.

Other options are incorrect because:

- High sales or profits do not always guarantee wealth maximization.
- Cost reduction alone is not sufficient.

Final Answer: The market price of equity shares increases

Answer: (C)

Q30.

Solution

Concept: Operating risk arises due to the presence of fixed operating costs in a firm's cost structure. These costs do not change with the level of output.

Solution: When a company has high fixed operating costs (such as rent, insurance, salaries), it must bear these costs regardless of production levels. This increases the risk of not covering costs when sales are low, leading to higher **operating risk**.

Other options are incorrect because:

- Financial risk arises due to use of debt.
- Investment risk relates to uncertainty of returns.
- Liquidity relates to ability to meet short-term obligations.

Final Answer: Operating Risk

Answer: (B)



Q31.

Solution

Concept: Capital structure refers to the composition of a company's long-term sources of funds.

Solution: It represents the proportion of debt and equity used to finance the company's operations and growth. The choice of capital structure affects cost of capital and financial risk.

Other options are incorrect because:

- Current vs fixed assets relate to financial structure, not capital structure.
- Cash in hand is a part of current assets.
- Number of shareholders does not define capital structure.

Final Answer: The mix between Debt and Equity

Answer: (B)

Q32.

Solution

Concept: Working capital refers to the funds required for day-to-day operations. Its requirement depends on factors like production cycle, credit policy, and inventory turnover.

Solution: A high inventory turnover ratio means goods are sold quickly and inventory is converted into cash faster. This reduces the need to hold large amounts of stock, thereby lowering the requirement of working capital.

Other options are incorrect because:

- Long production cycle increases working capital needs.
- Liberal credit terms delay cash inflow, increasing requirement.
- Inflation increases cost of operations, thus increasing working capital.

Final Answer: High inventory turnover ratio

Answer: (B)



Q33.

Solution

Concept: A zero coupon bond is a financial instrument that is issued at a discount and does not pay periodic interest; instead, it is redeemed at face value on maturity.

Solution: Treasury Bills (T-Bills) are short-term money market instruments issued by the government at a discount and redeemed at face value. Since they do not pay interest separately, they are also known as zero coupon bonds.

Other options are incorrect because:

- Commercial Paper is unsecured and may involve interest.
- Call Money is short-term interbank borrowing.
- Certificate of Deposit pays interest.

Final Answer: Treasury Bill

Answer: (B)

Q34.

Solution

Concept: The financial market is divided into primary and secondary markets. The primary market deals with the issuance of new securities.

Solution: In the **primary market**, companies issue securities (shares, debentures, etc.) for the first time to raise capital from investors. This is also known as the new issue market.

Other options are incorrect because:

- Existing securities are traded in the secondary market.
- It is not limited to government bonds.
- It includes both short-term and long-term securities.

Final Answer: New securities are issued for the first time

Answer: (B)



Q35.

Solution

Concept: The capital market in India is regulated by a governing body that protects investor interests and ensures fair practices.

Solution: The Securities and Exchange Board of India (SEBI) acts as the watchdog of the Indian capital market. It regulates stock exchanges, protects investors, and prevents malpractices.

Other options are incorrect because:

- RBI controls monetary policy and banking.
- SBI is a commercial bank.
- Ministry of Finance frames policies but does not directly regulate the market.

Final Answer: SEBI

Answer: (B)

Q36.

Solution

Concept: Securities can be held either in physical form or electronic form. Converting physical certificates into electronic form is called dematerialization.

Solution: Dematerialization allows investors to hold shares and securities in electronic form, eliminating the need for physical certificates and reducing risks like theft, loss, or damage.

Other options are incorrect because:

- Rematerialization is the reverse process (electronic to physical).
- Listing means getting securities listed on a stock exchange.
- Underwriting involves guaranteeing subscription of securities.

Final Answer: Dematerialization

Answer: (B)



Q37.

Solution

Concept: The functions of SEBI (*Securities and Exchange Board of India*) are broadly classified into Protective, Developmental, and Regulatory functions. Regulatory functions include framing rules, conducting inspections, audits, and ensuring proper functioning of stock exchanges.

Solution: "Conducting enquiries and audits of stock exchanges" clearly falls under supervision and control activities. These are part of enforcing rules and maintaining discipline in the securities market, which is the essence of Regulatory functions.

Final Answer: Regulatory Function

Answer: (C)

Q38.

Solution

Concept: Call Money is a component of the money market used by banks and financial institutions to meet short-term liquidity requirements. It refers to funds borrowed for an extremely short duration, usually repayable on demand or within a few days.

Solution: Call money is typically used for maintaining cash reserve requirements and managing temporary mismatches in funds. The duration of call money ranges from overnight to a maximum of 14 days. Since it is meant for very short-term needs, longer durations like months or years are not applicable.

Final Answer: 1 to 14 days

Answer: (A)

Q39.

Solution

Concept: The Societal Marketing Concept extends the traditional marketing concept by emphasizing not only customer satisfaction but also the long-term welfare of society. It balances company profits, consumer wants, and societal interests.

Solution: The phrase "attainment of long-term well-being of the consumers and the society" directly reflects concern for both consumers and society at large. Among the given options, only the Societal Marketing Concept incorporates this broader perspective, whereas other concepts focus mainly on product quality, selling efforts, or customer satisfaction alone.

Final Answer: Societal Marketing Concept

Answer: (D)



Q40.

Solution

Concept: The Marketing Mix consists of 4Ps: Product, Price, Place, and Promotion. "Place" refers to distribution decisions, including channels, logistics, and availability of the product to customers.

Solution: Decisions regarding channels of distribution (such as wholesalers, retailers, and intermediaries) fall under "Place" in the marketing mix.

Final Answer: Place

Answer: (C)

Q41.

Solution

Concept: Sales Promotion refers to short-term incentives offered to encourage immediate purchase of a product or service. These include discounts, offers, coupons, and free goods.

Solution: The offer "Buy 3 Get 1 Free" is a limited-period incentive designed to boost sales and clear excess inventory quickly. It directly motivates customers to purchase more by offering additional value. This is not Advertising (which is paid communication), nor Personal Selling (which involves direct interaction), nor Publicity (which is unpaid promotion).

Final Answer: Sales Promotion

Answer: (C)

Q42.

Solution

Concept: Packaging has three levels: Primary Packaging (direct contact with the product), Secondary Packaging (additional protective covering), Transportation Packaging (used for bulk handling and shipping).

Solution: The phrase "additional layers of protection that are kept till the product is ready for use" refers to packaging that surrounds the primary package and protects it during storage and handling. This is removed before actual consumption or use, which defines Secondary Packaging.

Final Answer: Secondary Packaging

Answer: (B)



Q43.

Solution

Concept: The Product Concept in marketing assumes that consumers prefer products that offer superior quality, performance, and innovative features. Firms following this concept focus on continuous product improvement.

Solution: Among the given options, the statement that consumers will favor products with the most quality, performance, and features directly reflects the Product Concept.

Final Answer: Offer the most quality, performance, and features

Answer: (B)

Q44.

Solution

Concept: Branding refers to the process of giving a product a unique name, design, symbol, or identity to distinguish it from competitors. It plays a crucial role in marketing by creating recognition and building customer loyalty.

Solution: Branding helps a firm in multiple ways:

- **Product differentiation:** It distinguishes a product from competing products in the market.
- **Differential pricing:** Strong brands can charge premium prices due to perceived value and trust.
- **Ease in introduction of new products:** Established brands make it easier to launch new products under the same brand name (brand extension).

Since all the given options are valid benefits of branding, the correct answer is "All of the above."

Final Answer: All of the above

Answer: (D)

Q45.

Solution

Concept: Advertising is defined as a paid form of non-personal presentation and promotion of ideas, goods, or services by an identified sponsor.

Solution: The key terms "paid" and "non-personal" clearly describe Advertising. Other tools like publicity are unpaid, and personal selling involves direct interaction.

Final Answer: Advertising

Answer: (C)



Q46.

Solution

Concept: Grading in marketing refers to the process of sorting products into different categories based on quality, size, or other relevant characteristics. It helps standardize products and makes buying decisions easier.

Solution: Classifying products into different groups according to quality or size is the definition of grading. It is commonly used for agricultural and natural products.

Final Answer: Classifying products into different groups based on quality/size

Answer: (B)

Q47.

Solution

Concept: The Consumer Protection Act 2019 provides several rights to consumers. The Right to Safety ensures that consumers are protected against goods and services that are hazardous to life, health, and property.

Solution: The question states protection against the marketing of goods which are hazardous to life. This directly corresponds to the Right to Safety, as it focuses on safeguarding consumers from dangerous products.

Final Answer: Right to Safety

Answer: (B)

Q48.

Solution

Concept: Under the Consumer Protection Act 2019, pecuniary jurisdiction refers to the monetary limit up to which a consumer commission can entertain complaints. The District Commission handles cases involving consideration up to ₹ 1 Crore.

Solution: As per the Act, the District Commission has jurisdiction over cases where the value of goods or services paid as consideration does not exceed ₹ 1 Crore.

Final Answer: Up to ₹ 1 Crore

Answer: (C)



Q49.

Solution

Concept: Under the **Consumer Protection Act, 2019**, a three-tier quasi-judicial machinery (District, State, and National Commissions) is established to resolve consumer disputes. If a party is aggrieved by an order passed by any of these commissions, the law provides a provision for an appeal to the next higher authority to ensure justice.

Solution: If a consumer is not satisfied with the order passed by the **National Consumer Disputes Redressal Commission (NCDRC)**, they have the right to appeal to the **Supreme Court of India**. However, this appeal must be filed within a specific timeframe to be legally valid. As per the Act, the limitation period for filing this appeal is **30 days** from the date of the order.

Final Answer: 30 days

Answer: (B)

Q50.

Solution

Concept: The **Consumer Protection Act** grants several rights to consumers. One of the most fundamental rights is the **Right to be Informed**, which ensures that consumers have access to all the necessary details about a product before they make a purchase decision.

Solution: The **Right to be Informed** mandates that manufacturers provide complete and accurate information regarding the product's quality, quantity, potency, purity, standard, and price. This specifically includes details like **ingredients**, date of manufacture, **expiry date**, and instructions for use on the product label. When a company fails to provide these details, it denies the consumer the ability to make an informed choice, thereby violating this right.

Final Answer: Right to be Informed

Answer: (B)



Answer Key

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

