

# CUET-UG Business Studies Sample Paper-2

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 is an internal source of recruitment?

- (A) Advertisement
- (B) Campus recruitment
- (C) Promotion
- (D) Employment exchange

**Q2.** Which function ensures work is done as per plan?

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

**Q3.** Consumer Protection Act 2019 protects:

- (A) Producers
- (B) Sellers
- (C) Consumers
- (D) Government

**Q4.** First step in planning process is:



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

**Q5.** Delegation of authority means:

- (A) Transfer of responsibility
- (B) Transfer of authority
- (C) Transfer of ownership
- (D) Transfer of finance

**Q6.** Which is an internal source of recruitment?

- (A) Advertisement
- (B) Campus recruitment
- (C) Promotion
- (D) Employment exchange

**Q7.** Controlling function means:

- (A) Planning future work
- (B) Organising resources
- (C) Ensuring work as per plan
- (D) Hiring employees

**Q8.** Consumer Protection Act 2019 protects:

- (A) Producers
- (B) Consumers
- (C) Sellers
- (D) Government



- Q9.** A company introduces a new AI-based customer service system that automatically resolves customer queries without human intervention. This innovation primarily reflects which function of management?
- (A) Planning
  - (B) Organising
  - (C) Innovation in controlling
  - (D) Directing through technology
- Q10.** Delegation of authority means:
- (A) Transfer of responsibility
  - (B) Transfer of authority
  - (C) Transfer of ownership
  - (D) Transfer of finance
- Q11.** Fayol gave how many principles of management?
- (A) 10
  - (B) 12
  - (C) 14
  - (D) 16
- Q12.** Marketing mix consists of:
- (A) 2Ps
  - (B) 3Ps
  - (C) 4Ps
  - (D) 5Ps
- Q13.** Capital market deals with:
- (A) Short-term funds
  - (B) Long-term funds



- (C) Goods
- (D) Services

**Q14.** Organising involves:

- (A) Finance management
- (B) Establishing structure
- (C) Planning only
- (D) Controlling only

**Q15.** POS stands for:

- (A) Point of Sale
- (B) Price of Stock
- (C) Proof of Sale
- (D) Plan of Service

**Q16.** Stock exchange is:

- (A) Goods market
- (B) Securities trading market
- (C) Labour market
- (D) Service market

**Q17.** Business environment includes:

- (A) Only internal factors
- (B) Only external factors
- (C) Internal and external factors
- (D) Only government

**Q18.** Recruitment is:

- (A) Selecting employees



- (B) Training employees
- (C) Finding candidates
- (D) Promoting employees

**Q19.** Directing includes:

- (A) Leadership and motivation
- (B) Finance only
- (C) Planning only
- (D) Hiring only

**Q20.** Management is:

- (A) Science only
- (B) Art only
- (C) Getting work done through others
- (D) Production process

**Q21.** Planning reduces:

- (A) Profit
- (B) Risk
- (C) Uncertainty
- (D) Competition

**Q22.** Coordination means:

- (A) Separation of tasks
- (B) Integration of activities
- (C) Hiring employees
- (D) Marketing goods

**Q23.** Controlling helps in:



- (A) Increasing employees
- (B) Performance evaluation
- (C) Market expansion
- (D) Advertising

**Q24.** Branding means:

- (A) Selling product
- (B) Giving identity to product
- (C) Manufacturing product
- (D) Pricing product

**Q25.** Financial management is concerned with:

- (A) Production
- (B) Efficient use of funds
- (C) Marketing
- (D) HR only

**Q26.** Advertising is:

- (A) Free communication
- (B) Paid non-personal communication
- (C) Personal selling
- (D) Direct selling

**Q27.** Break-even point means:

- (A) Profit point
- (B) Loss point
- (C) No profit no loss
- (D) Maximum profit



**Q28.** Organisation structure refers to:

- (A) Salary structure
- (B) Work framework
- (C) Market structure
- (D) Finance structure

**Q29.** Authority means:

- (A) Responsibility
- (B) Right to take decisions
- (C) Duty only
- (D) Skill

**Q30.** Delegation improves:

- (A) Workload
- (B) Efficiency
- (C) Cost increase
- (D) Delay

**Q31.** Which of the following is NOT a feature of management?

- (A) Goal-oriented
- (B) Intangible
- (C) Multidisciplinary
- (D) Static

**Q32.** The principle of management "unity of command" means:

- (A) One employee reports to one boss
- (B) One employee reports to many bosses
- (C) Equal authority for all employees



(D) No hierarchy

**Q33.** Which stage comes after recruitment in staffing process?

- (A) Training
- (B) Selection
- (C) Promotion
- (D) Transfer

**Q34.** Which one is a formal communication channel?

- (A) Grapevine
- (B) Oral rumor
- (C) Organizational hierarchy
- (D) Friends discussion

**Q35.** The main objective of financial management is:

- (A) Maximum sales
- (B) Wealth maximization
- (C) Employee satisfaction
- (D) Product quality

**Q36.** Which is a fixed cost?

- (A) Raw material
- (B) Salary of permanent staff
- (C) Commission
- (D) Fuel cost

**Q37.** Consumer rights do NOT include:

- (A) Right to safety
- (B) Right to choose



- (C) Right to monopoly
- (D) Right to be informed

**Q38.** Which of the following is an external business environment factor?

- (A) Employees
- (B) Management
- (C) Political environment
- (D) Company policies

**Q39.** The process of dividing work into small units is called:

- (A) Delegation
- (B) Specialisation
- (C) Coordination
- (D) Motivation

**Q40.** Which is NOT a type of plan?

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

**Q41.** Marketing refers to:

- (A) Selling only
- (B) Buying only
- (C) Exchange of goods and services
- (D) Manufacturing only

**Q42.** The time horizon of tactical planning is generally:

- (A) Long term



- (B) Very long term
- (C) Medium term
- (D) Very short term

**Q43.** Which function of management deals with motivating employees?

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

**Q44.** Stock exchange is regulated by:

- (A) RBI
- (B) SEBI
- (C) SBI
- (D) NITI Aayog

**Q45.** Which is NOT a part of marketing mix?

- (A) Product
- (B) Price
- (C) Promotion
- (D) Process

**Q46.** Human resource management mainly deals with:

- (A) Machines
- (B) Money
- (C) People
- (D) Products

**Q47.** Which is a characteristic of entrepreneurship?



- (A) Risk-taking ability
- (B) Avoiding innovation
- (C) Fixed income
- (D) Government job

**Q48.** Controlling function involves:

- (A) Setting objectives only
- (B) Comparing actual with planned performance
- (C) Hiring employees
- (D) Marketing goods

**Q49.** Which is NOT a principle of scientific management?

- (A) Science, not rule of thumb
- (B) Harmony, not discord
- (C) Maximum output
- (D) Individual judgment only

**Q50.** The legal form of business organization includes:

- (A) Sole proprietorship only
- (B) Partnership only
- (C) Company only
- (D) All of the above



**Detailed Solutions****Q1.****Solution****Concept:** Internal source of recruitment.**Explanation:** Internal recruitment refers to filling job positions from within the organization.**Option Analysis:**

- (A) Incorrect — External source.
- (B) Incorrect — External source.
- (C) Correct — Promotion is internal source.
- (D) Incorrect — External source.

**Final Answer:** *Promotion***Answer:** (C)**Q2.****Solution****Concept:** Controlling function.**Explanation:** Controlling compares actual performance with planned performance.**Option Analysis:**

- (A) Incorrect — Planning is future action.
- (B) Incorrect — Organising arranges resources.
- (C) Correct — Ensures work as per plan.
- (D) Incorrect — Staffing is recruitment.

**Final Answer:** *Controlling***Answer:** (C)

Q3.

**Solution****Concept:** Consumer Protection Act 2019.**Explanation:** The Consumer Protection Act 2019 is designed to protect the rights and interests of consumers. It provides a mechanism for redressal of consumer grievances and ensures fair trade practices in the market.**Option Analysis:**

- (A) Incorrect — Producers are regulated, not protected
- (B) Incorrect — Sellers are regulated under the act
- (C) Correct — The Act protects consumers
- (D) Incorrect — Government enforces the act, not the beneficiary

**Final Answer:** 

Q4.

**Solution****Concept:** Planning Process.**Explanation:** The first step in the planning process is setting objectives. Objectives define what an organization wants to achieve and provide the basis for further steps like identifying alternatives and evaluating them.**Option Analysis:**

- (A) Incorrect — Alternatives are identified after objectives are set
- (B) Correct — Setting objectives is the first step
- (C) Incorrect — Evaluation comes later in the process
- (D) Incorrect — Implementation is the final step

**Final Answer:** 

Q5.

**Solution****Concept:** Delegation of Authority.**Explanation:** Delegation of authority is the process in which a manager assigns responsibility and authority to subordinates to carry out specific tasks. It helps in effective workload distribution and improves efficiency.**Option Analysis:**

- (A) Incorrect — Responsibility is assigned along with authority, not only responsibility
- (B) Correct — Delegation means transfer of authority
- (C) Incorrect — Ownership is not transferred
- (D) Incorrect — Finance is not transferred through delegation

**Final Answer:** *Transfer of authority***Answer: (B)**

Q6.

**Solution****Concept:** Business Finance – Financial Management Decisions.**Explanation:** Financial management involves three major decisions: investment, financing, and dividend decisions. The dividend decision focuses on how much profit should be distributed to shareholders and how much should be retained for future growth and expansion of the business.**Analysis of Options:**

- Investment decision – Selection of long-term assets
- Financing decision – Deciding source of funds (debt/equity)
- Dividend decision – Profit distribution vs retention (Correct)
- Working capital decision – Management of short-term assets and liabilities

**Final Answer:** *Dividend decision***Answer: (C)**

Q7.

**Solution****Concept:** Controlling function of management.**Explanation:** Controlling is a managerial function that ensures that actual performance is in line with planned objectives. It involves measuring performance, comparing it with standards, and taking corrective action if needed.**Option Analysis:**

- (A) Incorrect — Planning deals with future goals
- (B) Incorrect — Organising deals with resource arrangement
- (C) Correct — Controlling ensures work as per plan
- (D) Incorrect — Hiring employees is part of staffing

**Final Answer:** *Ensuring work as per plan***Answer: (C)**

Q8.

**Solution****Concept:** Consumer Protection Act, 2019.**Explanation:** The Consumer Protection Act, 2019 is a law enacted to safeguard the interests of consumers. It protects consumers from unfair trade practices, defective goods, and deficient services, and provides a mechanism for grievance redressal.**Option Analysis:**

- (A) Incorrect — Producers are regulated, not protected
- (B) Correct — Act is designed to protect consumers
- (C) Incorrect — Sellers are also regulated under the Act
- (D) Incorrect — Government enforces the Act, not the beneficiary

**Final Answer:** *Consumers***Answer: (B)**

Q9.

**Solution****Concept:** Functions of Management.**Explanation:** Directing involves guiding, communicating, and supervising employees to ensure that work is carried out efficiently. With modern technology like AI-based systems, directing can also be performed through automated communication and customer interaction systems, which guide and respond to customers without human intervention.**Option Analysis:**

- (A) Incorrect — Planning involves setting objectives and strategies
- (B) Incorrect — Organising deals with structuring resources
- (C) Incorrect — Controlling focuses on comparing performance with standards
- (D) Correct — Directing through technology involves communication and guidance via automated systems

**Final Answer:** *Directing through technology***Answer: (D)**

Q10.

**Solution****Concept:** Delegation of Authority.**Explanation:** Delegation refers to the process in which a manager assigns tasks to subordinates along with the necessary authority to complete those tasks. However, ultimate responsibility remains with the manager. It helps in better distribution of work and increases efficiency.**Option Analysis:**

- (A) Incorrect — Responsibility alone is not transferred
- (B) Correct — Authority is transferred along with responsibility
- (C) Incorrect — Ownership is not transferred in delegation
- (D) Incorrect — Finance is not related to delegation

**Final Answer:** *Transfer of authority***Answer: (B)**

Q11.

**Solution****Concept:** Henri Fayol's Principles of Management.**Explanation:** Henri Fayol, a classical management thinker, proposed 14 principles of management. These principles provide guidelines for effective administration and are widely used in modern management practices.**Option Analysis:**

- (A) Incorrect — Not the correct number of principles
- (B) Incorrect — Fayol did not propose 12 principles
- (C) Correct — Fayol gave 14 principles of management
- (D) Incorrect — Not the correct number

**Final Answer:** 14**Answer:** (C)

Q12.

**Solution****Concept:** Marketing Mix.**Explanation:** Marketing mix refers to the set of marketing tools that a firm uses to achieve its marketing objectives in the target market. The traditional marketing mix consists of 4Ps: Product, Price, Place, and Promotion.**Option Analysis:**

- (A) Incorrect — Too few elements
- (B) Incorrect — Not the standard model
- (C) Correct — Marketing mix consists of 4Ps
- (D) Incorrect — 5Ps is an extended concept in some cases, not standard CUET answer

**Final Answer:** 4P's**Answer:** (C)

Q13.

**Solution****Concept:** Capital Market.**Explanation:** The capital market is a financial market where long-term funds are raised and invested. It deals with instruments such as shares, debentures, and bonds, which are used for long-term financing of businesses.**Option Analysis:**

- (A) Incorrect — Short-term funds are dealt in money market
- (B) Correct — Capital market deals with long-term funds
- (C) Incorrect — Goods are not part of capital market
- (D) Incorrect — Services are not part of capital market

**Final Answer:** *Long-term funds***Answer: (B)**

Q14.

**Solution****Concept:** Organising function of management.**Explanation:** Organising is the process of identifying and grouping activities, assigning duties, and establishing a proper structure of authority and responsibility in an organization to achieve objectives effectively.**Option Analysis:**

- (A) Incorrect — Finance management is not organising
- (B) Correct — Organising involves establishing structure
- (C) Incorrect — Planning is a separate function
- (D) Incorrect — Controlling is a separate function

**Final Answer:** *Establishing structure***Answer: (B)**

Q15.

**Solution****Concept:** Marketing and Retail Terminology.**Explanation:** POS stands for Point of Sale. It refers to the place or system where a customer makes a payment for goods or services. It includes billing counters, billing software, and payment systems used in retail transactions.**Option Analysis:**

- (A) Correct — Point of Sale is the full form of POS
- (B) Incorrect — Not related to POS
- (C) Incorrect — Not a standard term
- (D) Incorrect — Not related to POS

**Final Answer:** *Point of Sale***Answer: (A)**

Q16.

**Solution****Concept:** Stock Exchange.**Explanation:** A stock exchange is a financial market where securities such as shares, debentures, and bonds are bought and sold. It provides a platform for trading of financial instruments and ensures liquidity and transparency in transactions.**Option Analysis:**

- (A) Incorrect — Goods market deals with physical products
- (B) Correct — Stock exchange is a securities trading market
- (C) Incorrect — Labour market deals with employment
- (D) Incorrect — Service market deals with services

**Final Answer:** *Securities trading market***Answer: (B)**

Q17.

**Solution****Concept:** Business Environment.**Explanation:** Business environment refers to all the factors and forces that influence a business. These include both internal factors (such as management, employees, resources) and external factors (such as economic, social, political, and technological environment).**Option Analysis:**

- (A) Incorrect — Only internal factors do not define complete environment
- (B) Incorrect — Only external factors are incomplete
- (C) Correct — Business environment includes both internal and external factors
- (D) Incorrect — Government is only one part of external environment

**Final Answer:** *Internal and external factors***Answer:** (C)

Q18.

**Solution****Concept:** Staffing – Recruitment.**Explanation:** Recruitment is the process of searching for prospective employees and encouraging them to apply for jobs in an organization. It is the initial step in the staffing process and focuses on finding suitable candidates.**Option Analysis:**

- (A) Incorrect — Selection comes after recruitment
- (B) Incorrect — Training is after selection
- (C) Correct — Recruitment means finding candidates
- (D) Incorrect — Promotion is an internal movement

**Final Answer:** *Finding candidates***Answer:** (C)

Q19.

**Solution****Concept:** Directing function of management.**Explanation:** Directing is the process of guiding, supervising, and motivating employees to achieve organizational goals. It includes leadership, motivation, communication, and supervision to ensure that work is performed effectively.**Option Analysis:**

- (A) Correct — Directing includes leadership and motivation
- (B) Incorrect — Finance is not part of directing
- (C) Incorrect — Planning is a separate function
- (D) Incorrect — Hiring is part of staffing

**Final Answer:** *Leadership and motivation***Answer:** (A)

Q20.

**Solution****Concept:** Nature of Management.**Explanation:** Management is defined as the process of achieving organizational goals by getting work done through and with the help of others. It involves planning, organizing, staffing, directing, and controlling resources effectively.**Option Analysis:**

- (A) Incorrect — Management is not only science
- (B) Incorrect — Management is not only art
- (C) Correct — Management means getting work done through others
- (D) Incorrect — Production process is only a part of business operations

**Final Answer:** *Getting work done through others***Answer:** (C)

Q21.

**Solution****Concept:** Planning function of management.**Explanation:** Planning is the process of deciding in advance what to do, how to do it, and who will do it. It helps an organization anticipate future situations and prepare for them, thereby reducing uncertainty in business operations.**Option Analysis:**

- (A) Incorrect — Planning is not aimed at reducing profit
- (B) Incorrect — Risk may be managed but not directly eliminated
- (C) Correct — Planning reduces uncertainty
- (D) Incorrect — Planning does not directly reduce competition

**Final Answer:** 

Q22.

**Solution****Concept:** Coordination in Management.**Explanation:** Coordination is the process of integrating and synchronizing the efforts of different individuals and departments in an organization to achieve common goals effectively and efficiently.**Option Analysis:**

- (A) Incorrect — Coordination does not mean separation of tasks
- (B) Correct — Coordination means integration of activities
- (C) Incorrect — Hiring employees is part of staffing
- (D) Incorrect — Marketing goods is a business function, not coordination

**Final Answer:** 

Q23.

**Solution****Concept:** Controlling function of management.**Explanation:** Controlling is the process of measuring actual performance, comparing it with planned standards, and taking corrective action if necessary. It helps management evaluate performance and ensure that organizational goals are achieved effectively.**Option Analysis:**

- (A) Incorrect — Controlling does not focus on increasing employees
- (B) Correct — Controlling helps in performance evaluation
- (C) Incorrect — Market expansion is a strategic decision
- (D) Incorrect — Advertising is a marketing activity

**Final Answer:** *Performance evaluation***Answer: (B)**

Q24.

**Solution****Concept:** Branding in Marketing.**Explanation:** Branding refers to the process of giving a unique name, symbol, design, or identity to a product so that it can be easily recognized and differentiated from competitors' products in the market.**Option Analysis:**

- (A) Incorrect — Selling is part of sales function, not branding
- (B) Correct — Branding means giving identity to product
- (C) Incorrect — Manufacturing is production activity
- (D) Incorrect — Pricing is a separate marketing decision

**Final Answer:** *Giving identity to product***Answer: (B)**

Q25.

**Solution****Concept:** Financial Management.**Explanation:** Financial management is concerned with planning, organizing, directing, and controlling the financial activities of an organization. Its main objective is to ensure the efficient utilization of funds so that the business can achieve maximum profitability and value.**Option Analysis:**

- (A) Incorrect — Production is a separate function
- (B) Correct — Financial management focuses on efficient use of funds
- (C) Incorrect — Marketing is unrelated to finance function
- (D) Incorrect — HR is not the main focus of financial management

**Final Answer:** *Efficient use of funds***Answer: (B)**

Q26.

**Solution****Concept:** Advertising.**Explanation:** Advertising is a paid form of non-personal communication used by businesses to promote products, services, or ideas. It is done through various media such as television, radio, newspapers, and digital platforms to reach a large audience.**Option Analysis:**

- (A) Incorrect — Advertising is not free
- (B) Correct — Advertising is paid non-personal communication
- (C) Incorrect — Personal selling involves face-to-face interaction
- (D) Incorrect — Direct selling is different from advertising

**Final Answer:** *Paid non-personal communication***Answer: (B)**

Q27.

**Solution****Concept:** Break-even Point.**Explanation:** The break-even point is the level of sales or output at which total revenue equals total cost. At this point, the business neither earns profit nor suffers loss, meaning it is in a no-profit no-loss situation.**Option Analysis:**

- (A) Incorrect — Profit has not yet started
- (B) Incorrect — Loss is not incurred at this point
- (C) Correct — Break-even means no profit no loss
- (D) Incorrect — Maximum profit occurs after break-even

**Final Answer:** *No profit no loss***Answer: (C)**

Q28.

**Solution****Concept:** Organisation Structure.**Explanation:** Organisation structure refers to the framework of relationships among different positions and departments in an organisation. It defines how tasks are divided, grouped, and coordinated to achieve organizational goals efficiently.**Option Analysis:**

- (A) Incorrect — Salary structure relates to compensation
- (B) Correct — Organisation structure is the work framework of the organisation
- (C) Incorrect — Market structure relates to industry competition
- (D) Incorrect — Finance structure is not a standard term in this context

**Final Answer:** *Work framework***Answer: (B)**

Q29.

**Solution****Concept:** Authority in Management.**Explanation:** Authority refers to the legitimate right of a manager to make decisions, issue orders, and allocate resources to achieve organizational goals. It is formally granted by the organisation to perform assigned duties effectively.**Option Analysis:**

- (A) Incorrect — Responsibility is the obligation to perform a task
- (B) Correct — Authority means right to take decisions
- (C) Incorrect — Duty alone does not define authority
- (D) Incorrect — Skill is an individual capability, not authority

**Final Answer:** *Right to take decisions***Answer: (B)**

Q30.

**Solution****Concept:** Delegation of Authority.**Explanation:** Delegation is the process of assigning responsibility and authority to subordinates to perform specific tasks. It helps managers reduce their workload and enables subordinates to develop skills, thereby improving overall organisational efficiency.**Option Analysis:**

- (A) Incorrect — Delegation reduces workload, not increases it
- (B) Correct — Delegation improves efficiency
- (C) Incorrect — It reduces cost rather than increasing it
- (D) Incorrect — It reduces delays in decision-making

**Final Answer:** *Efficiency***Answer: (B)**

Q31.

**Solution****Concept:** Features of Management.**Explanation:** Management is a dynamic and continuous process that is goal-oriented, intangible, and multidisciplinary in nature. It continuously adapts to changes in the business environment and is not static.**Option Analysis:**

- (A) Correct — Management is goal-oriented
- (B) Correct — Management is intangible in nature
- (C) Correct — Management is multidisciplinary
- (D) Incorrect — Management is NOT static (it is dynamic)

**Final Answer:** 

Q32.

**Solution****Concept:** Principle of Management – Unity of Command.**Explanation:** Unity of command is a principle given by Henri Fayol which states that an employee should receive orders and instructions from only one superior. This helps in avoiding confusion, conflict, and overlapping of authority.**Option Analysis:**

- (A) Correct — One employee reports to one boss
- (B) Incorrect — Reporting to multiple bosses creates confusion
- (C) Incorrect — Authority is not equally distributed in this context
- (D) Incorrect — Hierarchy is an essential part of organisation

**Final Answer:** 

Q33.

**Solution****Concept:** Staffing Process.**Explanation:** The staffing process involves recruitment followed by selection. After candidates are recruited (i.e., applications are invited), the organization evaluates and chooses the most suitable candidates through the selection process.**Option Analysis:**

- (A) Incorrect — Training comes after selection
- (B) Correct — Selection is the next stage after recruitment
- (C) Incorrect — Promotion is an internal movement
- (D) Incorrect — Transfer is also an internal movement

**Final Answer:** *Selection***Answer: (B)**

Q34.

**Solution****Concept:** Communication in Management.**Explanation:** Formal communication refers to the flow of information through officially established channels in an organisation. It follows the organisational structure and includes communication through hierarchy, reports, and official instructions.**Option Analysis:**

- (A) Incorrect — Grapevine is informal communication
- (B) Incorrect — Rumors are part of informal communication
- (C) Correct — Organizational hierarchy is a formal communication channel
- (D) Incorrect — Friends discussion is informal communication

**Final Answer:** *Organizational hierarchy***Answer: (C)**

Q35.

**Solution****Concept:** Financial Management Objectives.**Explanation:** The main objective of financial management is wealth maximization. It aims to increase the value of the business for its shareholders by maximizing the market value of shares over the long term, ensuring better returns and financial stability.**Option Analysis:**

- (A) Incorrect — Sales maximization is not the primary financial goal
- (B) Correct — Wealth maximization is the main objective
- (C) Incorrect — Employee satisfaction is an HR objective
- (D) Incorrect — Product quality is a production/marketing objective

**Final Answer:** *Wealth maximization***Answer: (B)**

Q36.

**Solution****Concept:** Fixed Cost.**Explanation:** Fixed costs are those costs that do not change with the level of output in the short run. They remain constant even when production increases or decreases. Examples include rent, insurance, and salaries of permanent employees.**Option Analysis:**

- (A) Incorrect — Raw material is a variable cost
- (B) Correct — Salary of permanent staff is a fixed cost
- (C) Incorrect — Commission is a variable cost
- (D) Incorrect — Fuel cost is a variable cost

**Final Answer:** *Salary of permanent staff***Answer: (B)**

Q37.

**Solution****Concept:** Consumer Rights.**Explanation:** Consumer rights are designed to protect consumers from unfair trade practices and ensure fair treatment in the marketplace. These include rights such as the right to safety, right to choose, right to be informed, and right to seek redressal.**Option Analysis:**

- (A) Incorrect — Right to safety is a valid consumer right
- (B) Incorrect — Right to choose is a valid consumer right
- (C) Correct — Right to monopoly is NOT a consumer right
- (D) Incorrect — Right to be informed is a valid consumer right

**Final Answer:** *Right to monopoly***Answer:** (C)

Q38.

**Solution****Concept:** Business Environment.**Explanation:** The business environment consists of all internal and external factors that affect the functioning of a business. External environment factors include political, economic, social, technological, and legal forces which exist outside the organization but influence its operations.**Option Analysis:**

- (A) Incorrect — Employees are internal
- (B) Incorrect — Management is an internal factor
- (C) Correct — Political environment is an external factor
- (D) Incorrect — Company policies are internal factors

**Final Answer:** *Political environment***Answer:** (C)

Q39.

**Solution****Concept:** Division of Work / Specialisation.**Explanation:** The process of dividing work into smaller, manageable tasks and assigning them to different individuals based on their skills is known as specialisation. It helps in improving efficiency, productivity, and quality of work.**Option Analysis:**

- (A) Incorrect — Delegation is assignment of authority and responsibility
- (B) Correct — Specialisation is division of work into small units
- (C) Incorrect — Coordination integrates activities
- (D) Incorrect — Motivation is encouraging employees to perform better

**Final Answer:** *Specialisation***Answer: (B)**

Q40.

**Solution****Concept:** Types of Plans in Management.**Explanation:** Planning involves different types of plans such as strategies, policies, procedures, rules, and programmes. These help guide managerial decision-making and actions in an organisation.**Option Analysis:**

- (A) Incorrect — Strategy is a type of plan
- (B) Incorrect — Policy is a type of plan
- (C) Incorrect — Rule is a type of plan
- (D) Correct — Production is NOT a type of plan

**Final Answer:** *Production***Answer: (D)**

Q41.

**Solution****Concept:** Marketing.**Explanation:** Marketing refers to all activities involved in the exchange of goods and services between buyers and sellers. It includes identifying customer needs, creating products, pricing, promoting, and distributing them to satisfy customers.**Option Analysis:**

- (A) Incorrect — Selling is only a part of marketing
- (B) Incorrect — Buying alone is not marketing
- (C) Correct — Marketing involves exchange of goods and services
- (D) Incorrect — Manufacturing is production activity

**Final Answer:** *Exchange of goods and services***Answer:** (C)

Q42.

**Solution****Concept:** Types of Planning.**Explanation:** Tactical planning is concerned with implementing the strategies set by top management. It is usually carried out by middle-level management and has a medium-term time horizon, focusing on how to achieve organizational goals efficiently.**Option Analysis:**

- (A) Incorrect — Long term is related to strategic planning
- (B) Incorrect — Very long term is not typical for tactical planning
- (C) Correct — Tactical planning is medium term
- (D) Incorrect — Very short term is related to operational planning

**Final Answer:** *Medium term***Answer:** (C)

Q43.

**Solution****Concept:** Functions of Management – Directing.**Explanation:** Directing is the managerial function that involves guiding, leading, motivating, and supervising employees to ensure that organizational goals are achieved effectively. Motivation is an essential part of directing as it encourages employees to perform better.**Option Analysis:**

- (A) Incorrect — Planning deals with setting objectives
- (B) Incorrect — Staffing deals with hiring and placement
- (C) Correct — Directing includes motivating employees
- (D) Incorrect — Organising deals with structure of work

**Final Answer:** DirectingAnswer: (C)

Q44.

**Solution****Concept:** Stock Exchange Regulation.**Explanation:** In India, the Securities and Exchange Board of India (SEBI) is the regulatory authority responsible for regulating stock exchanges and protecting the interests of investors. It ensures fair trading practices and prevents malpractices in the securities market.**Option Analysis:**

- (A) Incorrect — RBI regulates banking system, not stock exchanges
- (B) Correct — SEBI regulates stock exchanges
- (C) Incorrect — SBI is a commercial bank
- (D) Incorrect — NITI Aayog is a policy think tank

**Final Answer:** SEBIAnswer: (B)

Q45.

**Solution****Concept:** Marketing Mix (4Ps).**Explanation:** The traditional marketing mix consists of four elements: Product, Price, Place, and Promotion. These are known as the 4Ps of marketing. Other elements like Process are part of the extended marketing mix (7Ps), mainly used in services marketing.**Option Analysis:**

- (A) Incorrect — Product is part of marketing mix
- (B) Incorrect — Price is part of marketing mix
- (C) Incorrect — Promotion is part of marketing mix
- (D) Correct — Process is NOT part of traditional 4Ps marketing mix

**Final Answer:** **Answer:** (D)

Q46.

**Solution****Concept:** Human Resource Management.**Explanation:** Human Resource Management (HRM) is the function of management that focuses on recruitment, selection, training, development, motivation, and retention of employees. It primarily deals with managing people in the organization to achieve organizational goals effectively.**Option Analysis:**

- (A) Incorrect — Machines are part of production resources
- (B) Incorrect — Money is managed under financial management
- (C) Correct — HRM deals with people
- (D) Incorrect — Products are part of production/marketing

**Final Answer:** **Answer:** (C)

Q47.

**Solution****Concept:** Entrepreneurship.**Explanation:** Entrepreneurship refers to the process of identifying opportunities, taking risks, and organizing resources to start and manage a business venture. A key characteristic of an entrepreneur is the willingness to take risks in uncertain business situations.**Option Analysis:**

- (A) Correct — Risk-taking ability is a key trait of entrepreneurship
- (B) Incorrect — Entrepreneurs encourage innovation, not avoid it
- (C) Incorrect — Income is not fixed in entrepreneurship
- (D) Incorrect — Government job is not related to entrepreneurship

**Final Answer:** *Risk-taking ability***Answer: (A)**

Q48.

**Solution****Concept:** Controlling Function of Management.**Explanation:** Controlling is the process of ensuring that organizational activities are performed according to plans. It involves setting standards, measuring actual performance, comparing it with planned performance, and taking corrective action if needed.**Option Analysis:**

- (A) Incorrect — Setting objectives is part of planning
- (B) Correct — Controlling involves comparing actual with planned performance
- (C) Incorrect — Hiring employees is part of staffing
- (D) Incorrect — Marketing is a separate business function

**Final Answer:** *Comparing actual with planned performance***Answer: (B)**

Q49.

**Solution**

**Concept:** Principles of Scientific Management (F.W. Taylor).

**Explanation:** Scientific management by F.W. Taylor focuses on applying scientific methods to management to improve efficiency. Its principles include science, not rule of thumb; harmony, not discord; cooperation; and maximum output through systematic work methods.

**Option Analysis:**

- (A) Incorrect — This is a principle of scientific management
- (B) Incorrect — This is also a principle of scientific management
- (C) Incorrect — Maximum output is a goal of scientific management
- (D) Correct — Individual judgment only is NOT a principle of scientific management

**Final Answer:**

**Answer: (D)**

Q50.

**Solution**

**Concept:** Forms of Business Organisation.

**Explanation:** The legal forms of business organisation include sole proprietorship, partnership, and company. These are recognized under law and have separate legal structures and rules governing their formation and operation.

**Option Analysis:**

- (A) Incorrect — Only one form is not complete
- (B) Incorrect — Partnership is only one form
- (C) Incorrect — Company is only one form
- (D) Correct — All of the above are legal forms of business organisation

**Final Answer:**

**Answer: (D)**



**Answer Key**

Q	Ans	Q	Ans	Q	Ans	Q	Ans	Q	Ans
1	C	2	C	3	C	4	B	106	B
6	C	7	C	8	B	9	D	10	B
11	C	12	C	13	B	14	B	15	A
16	B	17	C	18	C	19	A	20	C
21	C	22	B	23	B	24	B	25	B
26	B	27	C	28	B	29	B	30	B
31	D	32	A	33	B	34	C	35	B
36	B	37	C	38	C	39	B	40	D
41	C	42	C	43	C	44	B	45	D
46	C	47	A	48	B	49	D	50	D

