

CUET-UG Business Studies Paper-3

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 of the following is NOT an element of directing?

- (A) Supervision
- (B) Motivation
- (C) Communication
- (D) Planning

Q2. The process of choosing the best alternative is called:

- (A) Planning
- (B) Decision making
- (C) Organising
- (D) Controlling

Q3. Which leadership style involves complete control by leader?

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

Q4. The primary objective of business is:

- (A) Social welfare only



- (B) Profit maximization
- (C) Employment only
- (D) Charity

Q5. Which of the following is a quantitative technique of management?

- (A) Motivation
- (B) Break-even analysis
- (C) Leadership
- (D) Communication

Q6. The term "Span of Management" refers to:

- (A) Number of employees under a manager
- (B) Salary structure
- (C) Market share
- (D) Profit margin

Q7. Which is NOT a financial decision?

- (A) Investment decision
- (B) Financing decision
- (C) Dividend decision
- (D) Production decision

Q8. Which is a characteristic of formal organization?

- (A) Unwritten rules
- (B) Social relationships
- (C) Defined authority structure
- (D) Informal communication

Q9. The process of ensuring right person for right job is:



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

Q10. Which is NOT a function of marketing?

- (A) Promotion
- (B) Pricing
- (C) Production
- (D) Distribution

Q11. Economic environment includes:

- (A) Laws
- (B) Technology
- (C) Income and employment level
- (D) Culture

Q12. Which of the following is a strategic plan?

- (A) Short-term plan
- (B) Long-term plan
- (C) Daily plan
- (D) Routine plan

Q13. Responsibility means:

- (A) Right to command
- (B) Duty to perform task
- (C) Power to hire
- (D) Authority to decide



- Q14.** Which is NOT a principle of Fayol?
- (A) Discipline
 - (B) Unity of command
 - (C) Scientific analysis
 - (D) Equity
- Q15.** The main purpose of coordination is:
- (A) Conflict creation
 - (B) Integration of efforts
 - (C) Increasing cost
 - (D) Reducing employees
- Q16.** Which is a non-financial incentive?
- (A) Bonus
 - (B) Salary
 - (C) Promotion
 - (D) Profit sharing
- Q17.** The technique used to study cost and profit relationship is:
- (A) Ratio analysis
 - (B) Break-even analysis
 - (C) Trend analysis
 - (D) Budgeting
- Q18.** Which is NOT a type of communication?
- (A) Formal
 - (B) Informal
 - (C) Vertical



(D) Physical

Q19. The concept of "Globalization" means:

- (A) Local trade only
- (B) Expansion of trade across countries
- (C) Government control
- (D) Restriction of trade

Q20. Which body regulates stock markets in India?

- (A) RBI
- (B) SEBI
- (C) IRDAI
- (D) NABARD

Q21. The process of comparing actual performance with standards is:

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

Q22. Which is NOT a feature of business environment?

- (A) Dynamic
- (B) Complex
- (C) Static
- (D) Interrelated

Q23. The concept of "delegation" improves:

- (A) Workload only
- (B) Efficiency and accountability



- (C) Cost only
- (D) Salary only

Q24. Which is NOT a type of business organisation?

- (A) Sole proprietorship
- (B) Partnership
- (C) Company
- (D) Employment exchange

Q25. The main aim of controlling is:

- (A) Increasing sales
- (B) Ensuring organisational goals are achieved
- (C) Hiring employees
- (D) Expanding market

Q26. Which of the following is NOT a managerial skill?

- (A) Technical skill
- (B) Human skill
- (C) Conceptual skill
- (D) Physical skill

Q27. The principle of "scalar chain" relates to:

- (A) Authority flow
- (B) Finance flow
- (C) Product flow
- (D) Market flow

Q28. Which is a disadvantage of formal organization?

- (A) Clear authority



- (B) Strict rules
- (C) Flexibility
- (D) Discipline

Q29. The process of guiding employees is called:

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

Q30. Which of the following is NOT a source of business finance?

- (A) Equity shares
- (B) Debentures
- (C) Trade credit
- (D) Salary

Q31. The concept of "break-even point" is where:

- (A) Profit is maximum
- (B) Loss is maximum
- (C) Total revenue equals total cost
- (D) Sales are zero

Q32. Which is a feature of entrepreneurship?

- (A) Risk avoidance
- (B) Innovation
- (C) Fixed income
- (D) Job security

Q33. The first step in decision making is:



- (A) Evaluating alternatives
- (B) Identifying problem
- (C) Selecting alternative
- (D) Implementing decision

Q34. Which is NOT a financial market?

- (A) Money market
- (B) Capital market
- (C) Labour market
- (D) Foreign exchange market

Q35. The main objective of staffing is:

- (A) Production
- (B) Right person for right job
- (C) Marketing
- (D) Profit maximization

Q36. Which is an example of non-monetary incentive?

- (A) Salary
- (B) Bonus
- (C) Promotion
- (D) Commission

Q37. The concept of "unity of direction" means:

- (A) One head one plan
- (B) Many plans one goal
- (C) One employee many bosses
- (D) No coordination



- Q38.** Which is NOT part of marketing?
- (A) Production
 - (B) Promotion
 - (C) Pricing
 - (D) Distribution
- Q39.** Business ethics means:
- (A) Legal rules only
 - (B) Moral principles in business
 - (C) Government control
 - (D) Profit making only
- Q40.** Which is a feature of globalization?
- (A) Trade barriers increase
 - (B) International integration
 - (C) Local monopoly
 - (D) Reduced competition
- Q41.** The concept of "motivation" refers to:
- (A) Punishing employees
 - (B) Inspiring employees
 - (C) Controlling employees
 - (D) Hiring employees
- Q42.** Which is NOT a planning feature?
- (A) Futuristic
 - (B) Continuous
 - (C) Random



(D) Goal-oriented

Q43. The term "authority" refers to:

(A) Responsibility to work

(B) Right to give orders

(C) Salary structure

(D) Market control

Q44. Which is a macro environmental factor?

(A) Employees

(B) Customers

(C) Political system

(D) Suppliers

Q45. The controlling function is:

(A) Forward looking

(B) Backward looking

(C) Random process

(D) Optional process

Q46. Which is NOT a principle of management?

(A) Discipline

(B) Unity of command

(C) Trial and error

(D) Equity

Q47. The process of assigning authority is:

(A) Delegation

(B) Motivation



- (C) Communication
- (D) Coordination

Q48. Which is NOT a business objective?

- (A) Profit earning
- (B) Social responsibility
- (C) Customer satisfaction
- (D) Random activities

Q49. The role of SEBI is:

- (A) Banking regulation
- (B) Insurance control
- (C) Stock market regulation
- (D) Tax collection

Q50. Coordination is needed to:

- (A) Increase confusion
- (B) Integrate activities
- (C) Reduce employees
- (D) Limit production



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

Concept: Elements of Directing.

Explanation: Directing includes supervision, motivation, leadership, and communication. These elements help guide employees and ensure effective execution of plans. Planning, however, is a separate function of management.

Option Analysis:

- (A) Incorrect — Supervision is an element of directing
- (B) Incorrect — Motivation is an element of directing
- (C) Incorrect — Communication is an element of directing
- (D) Correct — Planning is NOT an element of directing

Final Answer: *Planning*

Answer: (D)

Q2.**Solution**

Concept: Decision Making.

Explanation: Decision making is the process of selecting the best alternative from among various available options. It is an essential part of planning and helps managers choose the most suitable course of action.

Option Analysis:

- (A) Incorrect — Planning involves setting objectives and strategies
- (B) Correct — Decision making is choosing the best alternative
- (C) Incorrect — Organising deals with structure and resource allocation
- (D) Incorrect — Controlling deals with performance evaluation

Final Answer: *Decision making*

Answer: (B)



Q3.

Solution**Concept:** Leadership Styles.**Explanation:** Autocratic leadership is a style where the leader takes decisions independently and exercises complete control over subordinates. Employees have little or no participation in decision-making.**Option Analysis:**

- (A) Incorrect — Democratic involves participation of employees
- (B) Correct — Autocratic leadership involves complete control by leader
- (C) Incorrect — Laissez-faire gives full freedom to employees
- (D) Incorrect — Participative is similar to democratic style

Final Answer:

Q4.

Solution**Concept:** Objective of Business.**Explanation:** The primary objective of business is profit maximization. Profit is essential for the survival, growth, and expansion of a business. Other objectives like social welfare and employment are secondary.**Option Analysis:**

- (A) Incorrect — Social welfare is a secondary objective
- (B) Correct — Profit maximization is the primary objective
- (C) Incorrect — Employment is not the main objective
- (D) Incorrect — Charity is not a business objective

Final Answer: 

Q5.

Solution**Concept:** Quantitative Techniques in Management.**Explanation:** Quantitative techniques involve the use of mathematical and statistical methods for decision-making. Break-even analysis is a quantitative technique used to determine the level of sales at which total revenue equals total cost.**Option Analysis:**

- (A) Incorrect — Motivation is a behavioral concept
- (B) Correct — Break-even analysis is a quantitative technique
- (C) Incorrect — Leadership is a managerial skill
- (D) Incorrect — Communication is a process, not quantitative

Final Answer: *Break-even analysis***Answer: (B)**

Q6.

Solution**Concept:** Span of Management.**Explanation:** Span of Management refers to the number of subordinates that a manager can effectively supervise and control. It determines the width of the organizational structure and impacts communication and efficiency.**Option Analysis:**

- (A) Correct — It means number of employees under a manager
- (B) Incorrect — Salary structure is unrelated
- (C) Incorrect — Market share is a marketing concept
- (D) Incorrect — Profit margin is a financial concept

Final Answer: *Number of employees under a manager***Answer: (A)**

Q7.

Solution**Concept:** Financial Decisions.**Explanation:** Financial management involves three major decisions: investment decision, financing decision, and dividend decision. These are related to the procurement and utilization of funds. Production decision, however, relates to operations management and not finance.**Option Analysis:**

- (A) Incorrect — Investment is a financial decision
- (B) Incorrect — Financing is a financial decision
- (C) Incorrect — Dividend is a financial decision
- (D) Correct — Production decision is NOT a financial decision

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

Q8.

Solution**Concept:** Formal Organization.**Explanation:** A formal organization is deliberately created by management to achieve organizational goals. It has a clearly defined structure, authority relationships, rules, and responsibilities. Communication follows official channels.**Option Analysis:**

- (A) Incorrect — Unwritten rules are part of informal organization
- (B) Incorrect — Social relationships belong to informal organization
- (C) Correct — Formal organization has a defined authority structure
- (D) Incorrect — Informal communication is not a feature of formal organization

Final Answer: *Defined authority structure***Answer: (C)**

Q9.

Solution**Concept:** Staffing.**Explanation:** Staffing is the process of recruiting, selecting, training, and placing the right person in the right job. It ensures that competent employees are available to perform organizational tasks efficiently.**Option Analysis:**

- (A) Incorrect — Training is only a part of staffing
- (B) Correct — Staffing ensures right person for right job
- (C) Incorrect — Planning involves setting objectives
- (D) Incorrect — Controlling involves performance evaluation

Final Answer: *Staffing***Answer: (B)**

Q10.

Solution**Concept:** Functions of Marketing.**Explanation:** Marketing functions include activities like product planning, pricing, promotion, and distribution. These help in satisfying customer needs and achieving business objectives. Production, however, is a separate function related to manufacturing goods.**Option Analysis:**

- (A) Incorrect — Promotion is a marketing function
- (B) Incorrect — Pricing is a marketing function
- (C) Correct — Production is NOT a marketing function
- (D) Incorrect — Distribution is a marketing function

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

Q11.

Solution**Concept:** Economic Environment.**Explanation:** The economic environment consists of factors that affect the purchasing power and spending patterns of consumers. It includes income levels, employment levels, inflation, interest rates, and economic policies.**Option Analysis:**

- (A) Incorrect — Laws are part of legal environment
- (B) Incorrect — Technology is part of technological environment
- (C) Correct — Income and employment level are part of economic environment
- (D) Incorrect — Culture is part of social environment

Final Answer: *Income and employment level***Answer: (C)**

Q12.

Solution**Concept:** Strategic Planning.**Explanation:** Strategic planning is concerned with long-term objectives and overall direction of the organization. It is formulated by top-level management and focuses on major goals and policies to achieve future success.**Option Analysis:**

- (A) Incorrect — Short-term plans are operational
- (B) Correct — Strategic plans are long-term in nature
- (C) Incorrect — Daily plans are routine operational plans
- (D) Incorrect — Routine plans are short-term and repetitive

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

Q13.

Solution**Concept:** Responsibility in Management.**Explanation:** Responsibility refers to the obligation of a subordinate to properly perform the assigned duty. It arises from the assignment of authority and ensures accountability for the task.**Option Analysis:**

- (A) Incorrect — Right to command is authority
- (B) Correct — Responsibility means duty to perform task
- (C) Incorrect — Power to hire is not responsibility
- (D) Incorrect — Authority to decide is authority, not responsibility

Final Answer: *Duty to perform task***Answer: (B)**

Q14.

Solution**Concept:** Fayol's Principles of Management.**Explanation:** Henri Fayol proposed 14 principles of management such as discipline, unity of command, equity, and division of work. Scientific analysis, however, is associated with Taylor's scientific management, not Fayol's principles.**Option Analysis:**

- (A) Incorrect — Discipline is a Fayol principle
- (B) Incorrect — Unity of command is a Fayol principle
- (C) Correct — Scientific analysis is NOT a Fayol principle
- (D) Incorrect — Equity is a Fayol principle

Final Answer: *Scientific analysis***Answer: (C)**

Q15.

Solution**Concept:** Coordination in Management.**Explanation:** Coordination is the process of synchronizing and integrating the efforts of different individuals and departments to achieve organizational objectives effectively. It ensures unity of action and avoids conflicts.**Option Analysis:**

- (A) Incorrect — Coordination avoids conflicts, not creates them
- (B) Correct — Coordination integrates efforts of individuals
- (C) Incorrect — It helps in reducing cost, not increasing
- (D) Incorrect — It does not aim at reducing employees

Final Answer: *Integration of efforts***Answer: (B)**

Q16.

Solution**Concept:** Incentives in Management.**Explanation:** Non-financial incentives are those rewards that do not involve monetary benefits but help in motivating employees through recognition, status, job satisfaction, and growth opportunities. Promotion is a non-financial incentive as it provides higher status and responsibility.**Option Analysis:**

- (A) Incorrect — Bonus is a financial incentive
- (B) Incorrect — Salary is a financial incentive
- (C) Correct — Promotion is a non-financial incentive
- (D) Incorrect — Profit sharing is a financial incentive

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

Q17.

Solution**Concept:** Cost-Volume-Profit Analysis.**Explanation:** Break-even analysis is a technique used to study the relationship between cost, volume, and profit. It helps determine the level of sales at which total revenue equals total cost, and beyond which profit is earned.**Option Analysis:**

- (A) Incorrect — Ratio analysis studies financial statements
- (B) Correct — Break-even analysis studies cost and profit relationship
- (C) Incorrect — Trend analysis studies past data trends
- (D) Incorrect — Budgeting is planning future finances

Final Answer: *Break-even analysis***Answer: (B)**

Q18.

Solution**Concept:** Types of Communication.**Explanation:** Communication in an organization can be formal or informal, and it can flow in different directions such as vertical, horizontal, or diagonal. "Physical" is not recognized as a type of communication in management.**Option Analysis:**

- (A) Incorrect — Formal is a type of communication
- (B) Incorrect — Informal is a type of communication
- (C) Incorrect — Vertical is a direction/type of communication
- (D) Correct — Physical is NOT a type of communication

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

Q19.

Solution**Concept:** Globalization.**Explanation:** Globalization refers to the process of integrating economies and markets across the world through the expansion of trade, investment, and technology. It allows businesses to operate and compete internationally.**Option Analysis:**

- (A) Incorrect — Globalization is not limited to local trade
- (B) Correct — It involves expansion of trade across countries
- (C) Incorrect — It reduces excessive government control
- (D) Incorrect — It promotes trade, not restriction

Final Answer: *Expansion of trade across countries***Answer: (B)**

Q20.

Solution**Concept:** Stock Market Regulation in India.**Explanation:** The Securities and Exchange Board of India (SEBI) is the regulatory authority for stock markets in India. It ensures fair practices, protects investor interests, and regulates stock exchanges and securities markets.**Option Analysis:**

- (A) Incorrect — RBI regulates banking system
- (B) Correct — SEBI regulates stock markets
- (C) Incorrect — IRDAI regulates insurance sector
- (D) Incorrect — NABARD focuses on agriculture and rural development

Final Answer: *SEBI***Answer: (B)**

Q21.

Solution**Concept:** Controlling Function of Management.**Explanation:** Controlling is the process of measuring actual performance, comparing it with predetermined standards, and taking corrective actions if deviations are found. It ensures that organizational objectives are achieved as planned.**Option Analysis:**

- (A) Incorrect — Planning involves setting objectives
- (B) Incorrect — Organising deals with structure
- (C) Correct — Controlling involves comparison of actual and standard performance
- (D) Incorrect — Staffing deals with human resources

Final Answer:

Q22.

Solution**Concept:** Features of Business Environment.**Explanation:** Business environment is dynamic, complex, and interrelated in nature. It keeps changing due to various external forces and requires organizations to adapt continuously. Therefore, it is not static.**Option Analysis:**

- (A) Incorrect — Business environment is dynamic
- (B) Incorrect — It is complex in nature
- (C) Correct — It is NOT static
- (D) Incorrect — It is interrelated

Final Answer: 

Q23.

Solution**Concept:** Delegation of Authority.**Explanation:** Delegation involves assigning responsibility and authority to subordinates. It helps reduce managerial workload, improves efficiency, and ensures accountability as subordinates are responsible for the tasks assigned to them.**Option Analysis:**

- (A) Incorrect — Delegation reduces workload, not only increases it
- (B) Correct — Delegation improves efficiency and accountability
- (C) Incorrect — It does not focus only on cost
- (D) Incorrect — Salary is not related to delegation

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

Q24.

Solution**Concept:** Forms of Business Organisation.**Explanation:** Business organisations can take various legal forms such as sole proprietorship, partnership, and company. Employment exchange is not a form of business organisation; it is a government agency that helps in providing employment opportunities.**Option Analysis:**

- (A) Incorrect — Sole proprietorship is a type of business organisation
- (B) Incorrect — Partnership is a type of business organisation
- (C) Incorrect — Company is a type of business organisation
- (D) Correct — Employment exchange is NOT a type of business organisation

Final Answer: *Employment exchange***Answer: (D)**

Q25.

Solution**Concept:** Controlling Function of Management.**Explanation:** The main aim of controlling is to ensure that organizational activities are carried out according to plans. It helps in achieving organizational goals by comparing actual performance with standards and taking corrective actions.**Option Analysis:**

- (A) Incorrect — Increasing sales is a marketing objective
- (B) Correct — Controlling ensures achievement of organisational goals
- (C) Incorrect — Hiring employees is part of staffing
- (D) Incorrect — Market expansion is a strategic decision

Final Answer: *Ensuring organisational goals are achieved***Answer: (B)**

Q26.

Solution**Concept:** Managerial Skills.**Explanation:** Managers require three main types of skills: technical skills (knowledge of specific tasks), human skills (ability to work with people), and conceptual skills (ability to understand the organization as a whole). Physical skill is not considered a managerial skill.**Option Analysis:**

- (A) Incorrect — Technical skill is a managerial skill
- (B) Incorrect — Human skill is a managerial skill
- (C) Incorrect — Conceptual skill is a managerial skill
- (D) Correct — Physical skill is NOT a managerial skill

Final Answer: *Physical skill***Answer: (D)**

Q27.

Solution**Concept:** Scalar Chain (Fayol's Principle).**Explanation:** Scalar chain refers to the formal line of authority from top management to the lowest level in the organization. It shows the flow of authority and communication within the organizational hierarchy.**Option Analysis:**

- (A) Correct — Scalar chain relates to flow of authority
- (B) Incorrect — Finance flow is unrelated
- (C) Incorrect — Product flow is part of operations/logistics
- (D) Incorrect — Market flow is not related to scalar chain

Final Answer: *Authority flow***Answer: (A)**

Q28.

Solution**Concept:** Formal Organization.**Explanation:** A formal organization has a defined structure with clear authority, rules, and discipline. However, one of its disadvantages is rigidity due to strict rules and procedures, which reduces flexibility.**Option Analysis:**

- (A) Incorrect — Clear authority is an advantage
- (B) Correct — Strict rules create rigidity (disadvantage)
- (C) Incorrect — Flexibility is not a feature of formal organization
- (D) Incorrect — Discipline is an advantage

Final Answer: *Strict rules***Answer: (B)**

Q29.

Solution**Concept:** Directing Function of Management.**Explanation:** Directing is the process of guiding, supervising, motivating, and leading employees to achieve organizational goals. It ensures that plans are effectively implemented through proper guidance.**Option Analysis:**

- (A) Incorrect — Planning involves setting objectives
- (B) Correct — Directing involves guiding employees
- (C) Incorrect — Organising deals with structure
- (D) Incorrect — Staffing deals with recruitment and selection

Final Answer:

Q30.

Solution**Concept:** Sources of Business Finance.**Explanation:** Business finance can be raised through various sources such as equity shares, debentures, and trade credit. These provide funds for business operations and expansion. Salary, however, is an expense, not a source of finance.**Option Analysis:**

- (A) Incorrect — Equity shares are a source of finance
- (B) Incorrect — Debentures are a source of finance
- (C) Incorrect — Trade credit is a source of short-term finance
- (D) Correct — Salary is NOT a source of business finance

Final Answer: 

Q31.

Solution**Concept:** Break-even Point.**Explanation:** The break-even point is the level of sales at which total revenue equals total cost. At this point, the business neither earns profit nor incurs loss.**Option Analysis:**

- (A) Incorrect — Profit is not maximum at break-even
- (B) Incorrect — Loss is not maximum
- (C) Correct — Total revenue equals total cost
- (D) Incorrect — Sales are not zero

Final Answer: *Total revenue equals total cost***Answer: (C)**

Q32.

Solution**Concept:** Entrepreneurship.**Explanation:** Entrepreneurship involves identifying opportunities, taking risks, and introducing innovation. Innovation is a key feature as entrepreneurs bring new ideas, products, or processes to the market.**Option Analysis:**

- (A) Incorrect — Entrepreneurs take risks, they do not avoid them
- (B) Correct — Innovation is a key feature of entrepreneurship
- (C) Incorrect — Income is not fixed in entrepreneurship
- (D) Incorrect — Job security is not guaranteed

Final Answer: *Innovation***Answer: (B)**

Q33.

Solution**Concept:** Decision Making Process.**Explanation:** The first step in decision making is identifying the problem. Before choosing among alternatives, a manager must clearly understand the issue or situation that requires a decision.**Option Analysis:**

- (A) Incorrect — Evaluation comes after identifying alternatives
- (B) Correct — Identifying problem is the first step
- (C) Incorrect — Selection happens later in the process
- (D) Incorrect — Implementation is the final step

Final Answer: *Identifying problem***Answer: (B)**

Q34.

Solution**Concept:** Financial Markets.**Explanation:** Financial markets deal with the creation and exchange of financial assets such as money market (short-term funds), capital market (long-term funds), and foreign exchange market (currency trading). Labour market deals with employment and workforce, not financial assets.**Option Analysis:**

- (A) Incorrect — Money market is a financial market
- (B) Incorrect — Capital market is a financial market
- (C) Correct — Labour market is NOT a financial market
- (D) Incorrect — Foreign exchange market is a financial market

Final Answer: *Labour market***Answer: (C)**

Q35.

Solution**Concept:** Staffing.**Explanation:** The main objective of staffing is to ensure that the organization has the right number of competent people placed in the right jobs. It involves recruitment, selection, training, and development of employees.**Option Analysis:**

- (A) Incorrect — Production is a separate function
- (B) Correct — Staffing ensures right person for right job
- (C) Incorrect — Marketing is unrelated to staffing
- (D) Incorrect — Profit maximization is a business objective

Final Answer: *Right person for right job***Answer: (B)**

Q36.

Solution**Concept:** Non-Monetary Incentives.**Explanation:** Non-monetary incentives are rewards that do not involve direct financial benefits but motivate employees through recognition, status, job satisfaction, or career growth. Promotion is a non-monetary incentive as it provides higher status and responsibility.**Option Analysis:**

- (A) Incorrect — Salary is a monetary incentive
- (B) Incorrect — Bonus is a monetary incentive
- (C) Correct — Promotion is a non-monetary incentive
- (D) Incorrect — Commission is a monetary incentive

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

Q37.

Solution**Concept:** Unity of Direction (Fayol's Principle).**Explanation:** Unity of direction means that all activities having the same objective should be directed by one manager using one plan. It ensures coordination and effective use of resources.**Option Analysis:**

- (A) Correct — One head and one plan for a group of activities
- (B) Incorrect — Multiple plans create confusion
- (C) Incorrect — This relates to unity of command
- (D) Incorrect — Coordination is essential in management

Final Answer: *One head one plan***Answer:** (A)

Q38.

Solution**Concept:** Functions of Marketing.**Explanation:** Marketing includes activities such as promotion, pricing, and distribution, which help in satisfying customer needs and facilitating exchange. Production is a separate function related to manufacturing goods.**Option Analysis:**

- (A) Correct — Production is NOT part of marketing
- (B) Incorrect — Promotion is a marketing function
- (C) Incorrect — Pricing is a marketing function
- (D) Incorrect — Distribution is a marketing function

Final Answer: *Production***Answer:** (A)

Q39.

Solution**Concept:** Business Ethics.**Explanation:** Business ethics refers to the moral principles and values that guide the behavior of individuals and organizations in business activities. It ensures fairness, honesty, and responsibility in dealings with stakeholders.**Option Analysis:**

- (A) Incorrect — Ethics go beyond legal rules
- (B) Correct — Business ethics means moral principles in business
- (C) Incorrect — Government control is regulatory, not ethical
- (D) Incorrect — Profit making alone does not define ethics

Final Answer: *Moral principles in business***Answer: (B)**

Q40.

Solution**Concept:** Globalization.**Explanation:** Globalization refers to the integration of economies across the world through trade, investment, and technology. It promotes international integration, increased competition, and free flow of goods and services across borders.**Option Analysis:**

- (A) Incorrect — Globalization reduces trade barriers
- (B) Correct — It leads to international integration
- (C) Incorrect — It discourages monopoly
- (D) Incorrect — It increases, not reduces, competition

Final Answer: *International integration***Answer: (B)**

Q41.

Solution**Concept:** Motivation in Management.**Explanation:** Motivation refers to the process of inspiring, encouraging, and stimulating employees to perform their tasks effectively and achieve organizational goals. It helps in improving performance and job satisfaction.**Option Analysis:**

- (A) Incorrect — Punishment does not define motivation
- (B) Correct — Motivation means inspiring employees
- (C) Incorrect — Controlling is a separate function
- (D) Incorrect — Hiring is part of staffing

Final Answer: *Inspiring employees***Answer: (B)**

Q42.

Solution**Concept:** Features of Planning.**Explanation:** Planning is a systematic and purposeful activity. It is futuristic (concerned with future), continuous (ongoing process), and goal-oriented (aimed at achieving objectives). It is not random in nature.**Option Analysis:**

- (A) Incorrect — Planning is futuristic
- (B) Incorrect — Planning is continuous
- (C) Correct — Planning is NOT random
- (D) Incorrect — Planning is goal-oriented

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

Q43.

Solution**Concept:** Authority in Management.**Explanation:** Authority refers to the right of a manager to give orders and expect compliance from subordinates. It is essential for directing and coordinating activities within an organization.**Option Analysis:**

- (A) Incorrect — Responsibility means obligation to perform tasks
- (B) Correct — Authority is the right to give orders
- (C) Incorrect — Salary structure is unrelated
- (D) Incorrect — Market control is not related to authority

Final Answer: *Right to give orders***Answer: (B)**

Q44.

Solution**Concept:** Macro Environment.**Explanation:** Macro environmental factors are large external forces that affect all organizations, such as political, economic, social, and technological factors. The political system is an important macro factor influencing business decisions.**Option Analysis:**

- (A) Incorrect — Employees are internal factors
- (B) Incorrect — Customers belong to micro environment
- (C) Correct — Political system is a macro environmental factor
- (D) Incorrect — Suppliers are part of micro environment

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

Q45.

Solution**Concept:** Nature of Controlling.**Explanation:** Controlling is primarily a backward-looking function because it evaluates past performance by comparing it with predetermined standards. However, it also helps in improving future performance.**Option Analysis:**

- (A) Incorrect — Forward looking is mainly planning
- (B) Correct — Controlling is backward looking
- (C) Incorrect — It is a systematic process
- (D) Incorrect — It is an essential function

Final Answer: *Backward looking***Answer: (B)**

Q46.

Solution**Concept:** Principles of Management.**Explanation:** Principles of management given by Henri Fayol include discipline, unity of command, equity, etc. Trial and error is not a principle of management; it is an unscientific approach associated with early practices.**Option Analysis:**

- (A) Incorrect — Discipline is a principle of management
- (B) Incorrect — Unity of command is a principle
- (C) Correct — Trial and error is NOT a principle of management
- (D) Incorrect — Equity is a principle of management

Final Answer: *Trial and error***Answer: (C)**

Q47.

Solution**Concept:** Delegation of Authority.**Explanation:** Delegation is the process of assigning authority and responsibility to subordinates to carry out specific tasks. It helps in sharing workload and improving efficiency in an organization.**Option Analysis:**

- (A) Correct — Delegation involves assigning authority
- (B) Incorrect — Motivation encourages employees
- (C) Incorrect — Communication is exchange of information
- (D) Incorrect — Coordination integrates activities

Final Answer: *Delegation***Answer: (A)**

Q48.

Solution**Concept:** Business Objectives.**Explanation:** Business objectives include profit earning, customer satisfaction, and social responsibility. These are planned and purposeful goals of an organization. Random activities are not considered business objectives as they are unplanned and lack direction.**Option Analysis:**

- (A) Incorrect — Profit earning is a business objective
- (B) Incorrect — Social responsibility is a business objective
- (C) Incorrect — Customer satisfaction is a business objective
- (D) Correct — Random activities are NOT a business objective

Final Answer: *Random activities***Answer: (D)**

Q49.

Solution**Concept:** Role of SEBI.**Explanation:** The Securities and Exchange Board of India (SEBI) is the regulatory authority for the securities market in India. It protects investors' interests and ensures the smooth functioning of stock exchanges.**Option Analysis:**

- (A) Incorrect — Banking regulation is done by RBI
- (B) Incorrect — Insurance control is done by IRDAI
- (C) Correct — SEBI regulates the stock market
- (D) Incorrect — Tax collection is done by government tax authorities

Final Answer: *Stock market regulation***Answer:** (C)

Q50.

Solution**Concept:** Coordination in Management.**Explanation:** Coordination is the process of integrating the efforts and activities of different departments and individuals in an organization to achieve common objectives efficiently. It ensures unity of action and avoids duplication or confusion.**Option Analysis:**

- (A) Incorrect — Coordination reduces confusion, not increases it
- (B) Correct — Coordination integrates activities
- (C) Incorrect — It does not aim to reduce employees
- (D) Incorrect — It does not limit production

Final Answer: *Integrate activities***Answer:** (B)

Answer Key

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

