

CUET-UG Business Studies Sample Paper-7

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 level of management is primarily responsible for framing overall organizational goals and strategies?
- (A) Operative Management
(B) Middle Management
(C) Top Management
(D) Supervisory Management
- Q2.** A large IT company ensures that its software development team, marketing team, and sales team work collaboratively, sharing information and aligning their efforts to launch new products successfully. This synchronized effort across different departments is a prime example of which essential characteristic of management?
- (A) Management is a continuous process.
(B) Management is an all-pervasive function.
(C) Coordination is the essence of management.
(D) Coordination is a deliberate function.
- Q3.** According to Fayol, the principle which advocates that 'each group of activities having the same objective must have one head and one plan' is:
- (A) Esprit de Corps
(B) Unity of Command



- (C) Unity of Direction
- (D) Centralization and Decentralization

Q4. In 'Tech Solutions Ltd.', employees often report to two different managers for their daily tasks – a project manager for technical work and a functional manager for administrative duties. This frequently leads to confusion, conflicting instructions, and delays. Which of Fayol's principles is primarily being violated here, and what is its direct consequence on the employees?

- (A) Division of Work; reduced specialization.
- (B) Unity of Command; confusion and loss of efficiency.
- (C) Discipline; lack of adherence to rules.
- (D) Scalar Chain; breakdown in communication hierarchy.

Q5. Which of Taylor's techniques aims to determine the standard time required to perform a well-defined job?

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

Q6. To achieve maximum efficiency, a manufacturing company introduced a system where each worker would interact with eight different specialists, each providing guidance in a specific area (e.g., speed boss, gang boss, repair boss). This technique is a direct application of Taylor's:

- (A) Standardization and Simplification of Work
- (B) Differential Piece Wage System
- (C) Functional Foremanship
- (D) Mental Revolution



- Q7.** The demonetization policy announced by the Indian government in 2016 primarily impacted which dimension of the business environment?
- (A) Social Environment
 - (B) Political Environment
 - (C) Economic Environment
 - (D) Legal Environment
- Q8.** A new government regulation mandates that all food products must display comprehensive nutritional information, including allergen warnings, prominently on their packaging. What impact will this primarily have on food manufacturers, and under which dimension of business environment does this fall?
- (A) Increased competition; Economic Environment.
 - (B) Higher production costs and need for redesigned packaging; Legal Environment.
 - (C) Shift in consumer preferences; Social Environment.
 - (D) Technological upgrades in machinery; Technological Environment.
- Q9.** Which step in the planning process involves analyzing the existing plans and the external environment to foresee future conditions?
- (A) Setting Objectives
 - (B) Identifying Alternative Courses of Action
 - (C) Developing Premises
 - (D) Evaluating Alternatives
- Q10.** Arrange the following steps of the planning process in the correct chronological order: I. Evaluating Alternative Courses II. Setting Objectives III. Implementing the Plan IV. Developing Planning Premises V. Selecting an Alternative
- (A) II, IV, I, V, III
 - (B) IV, II, I, V, III
 - (C) II, I, IV, V, III



(D) I, II, IV, V, III

Q11. "All employees must report to work by 9:00 AM daily. Latecomers will face disciplinary action." This statement is an example of a:

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

Q12. A multinational company that operates in various countries and offers a diverse range of products like electronics, automobiles, and financial services would likely adopt which type of organizational structure?

- (A) Functional Structure
- (B) Divisional Structure
- (C) Matrix Structure
- (D) Network Structure

Q13. In which type of organizational structure would you typically find employees from different functional departments (e.g., marketing, finance, production) working together on specific time-bound projects, while also reporting to their respective functional heads?

- (A) Divisional Structure
- (B) Functional Structure
- (C) Matrix Structure
- (D) Flat Structure

Q14. The systematic process of pushing down authority to the lower levels of management across the organization is known as:

- (A) Delegation
- (B) Decentralization



- (C) Departmentalization
- (D) Span of Management

Q15. Which of the following statements is most accurate regarding the relationship between delegation and decentralization?

- (A) Decentralization is mandatory, while delegation is optional.
- (B) Delegation is the bedrock of decentralization.
- (C) Decentralization increases the workload of top management.
- (D) Delegation spreads authority throughout the entire organization, whereas decentralization is confined to specific tasks.

Q16. Which of the following is considered an external source of recruitment?

- (A) Promotions
- (B) Transfers
- (C) Advertisements
- (D) Lay-offs

Q17. A company requires a significant number of entry-level sales professionals with good communication skills but no prior experience, for a new branch opening in a remote area. Which external recruitment source would be most suitable and cost-effective for this mass hiring requirement?

- (A) Campus Recruitment
- (B) Placement Agencies
- (C) Employment Exchanges
- (D) Casual Callers

Q18. Which stage of the selection process involves a detailed discussion with the candidate about their background, experience, and suitability for the job?

- (A) Preliminary Screening
- (B) Selection Tests



- (C) Employment Interview
- (D) Background Checks

Q19. During the selection process for a senior leadership role, a candidate is given a simulated business challenge and asked to present their strategic solution to a panel. This type of assessment is most likely designed to evaluate the candidate's:

- (A) Intelligence Quotient (IQ)
- (B) Personality Traits
- (C) Problem-solving skills and leadership potential
- (D) Physical fitness

Q20. According to Maslow's Hierarchy of Needs, an employee seeking job security and safe working conditions is primarily focused on fulfilling which need?

- (A) Physiological Needs
- (B) Safety Needs
- (C) Social Needs
- (D) Esteem Needs

Q21. A company introduces an employee recognition program where outstanding performers are publicly acknowledged, given opportunities to lead projects, and offered mentorship by senior executives. These initiatives are primarily aimed at satisfying which two of Maslow's higher-order needs?

- (A) Physiological and Safety Needs
- (B) Safety and Social Needs
- (C) Social and Esteem Needs
- (D) Esteem and Self-actualization Needs

Q22. A leader who makes decisions independently without consulting subordinates and expects strict obedience is exhibiting which leadership style?



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

Q23. In an organization undergoing rapid technological change, a leader who empowers employees to innovate, take ownership of their work, and learn from mistakes, while providing necessary resources and support, would be most effective. This describes which leadership style?

- (A) Autocratic Leadership
- (B) Democratic Leadership
- (C) Laissez-faire Leadership
- (D) Transformational Leadership

Q24. When a message is not properly encoded by the sender or decoded by the receiver due to lack of clarity, use of technical jargon, or ambiguity, it represents which type of communication barrier?

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

Q25. What is the initial step in the controlling process?

- (A) Measuring Actual Performance
- (B) Taking Corrective Action
- (C) Setting Performance Standards
- (D) Comparing Actual Performance with Standards

Q26. Which statement best encapsulates the interdependent nature of planning and controlling?



- (A) Planning is forward-looking, while controlling is backward-looking.
- (B) Planning sets the goals, and controlling ensures their achievement.
- (C) Planning is meaningful only in the absence of controlling.
- (D) Controlling begins where planning ends, making them sequential rather than related.

Q27. The decision to identify how funds will be invested in different assets, both fixed and current, is known as the:

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

Q28. A company is deciding whether to issue new equity shares or take a loan from a bank to fund its expansion project. This decision falls under which broad category of financial decisions, and what is its primary objective?

- (A) Investment Decision; maximizing sales.
- (B) Financing Decision; optimizing the capital structure.
- (C) Dividend Decision; maintaining investor relations.
- (D) Working Capital Decision; ensuring liquidity.

Q29. A company's capital structure primarily refers to the proportion of:

- (A) Current assets and current liabilities.
- (B) Equity and debt in its long-term financing.
- (C) Fixed assets and fixed liabilities.
- (D) Revenue and expenses.

Q30. If a company has a very high Debt-to-Equity ratio, what is a significant risk it might face, especially during periods of economic recession or rising interest rates?



- (A) Inability to attract new equity investors.
- (B) Increased financial risk and potential bankruptcy.
- (C) Reduced control for existing shareholders.
- (D) Higher taxation on profits.

Q31. Which of the following factors would generally *not* favor the use of debt over equity in a company's capital structure?

- (A) Low interest rates
- (B) Stable earnings
- (C) High operating leverage
- (D) Desire for greater financial risk

Q32. Which money market instrument is an unsecured promissory note issued by large and creditworthy companies to raise short-term funds?

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

Q33. A government requires short-term funds for a period of 91 days to meet its temporary liquidity needs. Which money market instrument, known for its zero-coupon nature and issuance at a discount, would be most suitable for this purpose?

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

Q34. Which of the following is a protective function of SEBI (Securities and Exchange Board of India)?



- (A) Regulating the business in stock exchanges.
- (B) Promoting fair practices and code of conduct in the securities market.
- (C) Undertaking research and publishing information useful to all market participants.
- (D) Prohibiting fraudulent and unfair trade practices.

Q35. SEBI recently mandated that all publicly traded companies must disclose any material event that could affect their share price within 24 hours. This action primarily falls under which category of SEBI's functions?

- (A) Developmental Function
- (B) Regulatory Function
- (C) Protective Function
- (D) Advisory Function

Q36. Before an investor can start trading in the stock market, which of the following is an essential prerequisite step?

- (A) Opening a bank account.
- (B) Submitting a physical share certificate.
- (C) Opening a Demat account.
- (D) Obtaining a trading license.

Q37. An investor places an order to buy 50 shares of Company Y, but specifies that the purchase should only happen if the share price drops to or below ₹ 200. If the price never reaches that level, the order will not be executed. This type of order is known as a:

- (A) Market Order
- (B) Limit Order
- (C) Stop Loss Order
- (D) Margin Order



- Q38.** An investor holds shares of Company Z but is concerned about a potential sharp decline in its price due to market volatility. To minimize potential losses, the investor instructs their broker to sell their shares automatically if the price falls below ₹ 150. This instruction is an example of a:
- (A) Market order
 - (B) Limit order
 - (C) Stop Loss order
 - (D) Margin order
- Q39.** Which element of the marketing mix involves decisions related to selecting channels of distribution for products?
- (A) Product
 - (B) Price
 - (C) Place
 - (D) Promotion
- Q40.** "GreenFoods Inc." launched a new line of organic snacks. They priced them at a premium, distributed them exclusively through high-end supermarkets and health food stores, and used social media influencers to promote their health benefits. This integrated approach to reaching their target market represents their:
- (A) Marketing Segmentation
 - (B) Marketing Environment
 - (C) Marketing Mix
 - (D) Marketing Strategy
- Q41.** A company that believes customers will favor products that are available and highly affordable, and therefore focuses on achieving high production efficiency and wide distribution, is following the:
- (A) Product Concept



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

Q42. "Global Innovations Co." constantly invests in R&D to develop groundbreaking technologies and superior quality products, believing that consumers will always seek out and prefer products with the most features and best performance, regardless of price. This aligns with which marketing philosophy?

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

Q43. What is the term for a word, symbol, design, or a combination of these, used to identify the goods or services of one seller or group of sellers and to differentiate them from those of competitors?

- (A) Packaging
- (B) Labeling
- (C) Branding
- (D) Trademark

Q44. "Tata" is a brand name used for a wide range of products including salt, tea, steel, and automobiles. This strategy of using the same brand name for different products is an example of:

- (A) Individual Branding
- (B) Family Branding
- (C) Private Branding
- (D) Co-Branding

Q45. Deciding on the color, size, material, and design of the wrapper for a chocolate bar falls under which aspect of the marketing mix?

- (A) Product (Packaging)
- (B) Price
- (C) Place
- (D) Promotion

Q46. A company offers its loyal customers a discount coupon for their next purchase, sends them personalized emails about new product launches, and invites them to exclusive preview events. These activities are part of which promotional tool?

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

Q47. During which stage of the Product Life Cycle (PLC) would a company typically face intense competition, strive to maintain market share, and potentially introduce product modifications or lower prices?

- (A) Introduction Stage
- (B) Growth Stage
- (C) Maturity Stage
- (D) Decline Stage

Q48. The right that allows a consumer to seek redressal against unfair trade practices or exploitation is known as the:

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

Q49. A consumer purchased a premium luxury car for ₹ 80 Lakhs, which developed a major engine fault within a month. To which level of consumer redressal



agency should the consumer primarily file their complaint under the Consumer Protection Act 2019?

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

Q50. If a consumer court finds that a seller has charged an excess price for a product, which of the following remedies can it typically order?

- (A) Discontinue the unfair trade practice.
- (B) Pay compensation for loss or injury suffered.
- (C) Refund the excess price paid.
- (D) All of the above.



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

Concept: Levels of Management and their specific roles.

Solution: In any formal organization, management is divided into three distinct levels: Top, Middle, and Supervisory (Lower). Top-level management consists of the senior-most executives, such as the Chairman, Chief Executive Officer (CEO), and Managing Director. Their primary role is to act as the "brain" of the organization. They are responsible for scanning the external environment to identify opportunities and threats, and based on this analysis, they formulate the overall organizational goals, long-term objectives, and broad strategies. Unlike middle management, which focuses on departmental goals, or operative management, which focuses on day-to-day tasks, top management is concerned with the survival, growth, and the ultimate direction of the entire enterprise.

Final Answer : “Top Management”

Answer: (C)

Q2.**Solution**

Concept: Coordination as the Essence of Management.

Solution: Coordination is often described as the "hidden force" or the "thread" that binds all other functions of management—planning, organizing, staffing, directing, and controlling. It is the process of achieving unity of action among interdependent activities. In this scenario, the IT company is synchronizing the efforts of the software, marketing, and sales departments. This ensures that the product designed by developers is marketed correctly and sold effectively. While coordination is indeed a "deliberate function" (meaning it doesn't happen by chance), the description of "synchronized effort" across departments to achieve a common goal is the defining characteristic of coordination being the "essence" of management. It prevents chaos and ensures that individual efforts contribute to the overall organizational success.

Final Answer : “Coordination is the essence of management”

Answer: (C)



Q3.

Solution

Concept: Fayol's Principle of Unity of Direction.

Solution: Henri Fayol proposed 14 principles of management to increase administrative efficiency. The principle of 'Unity of Direction' asserts that "there should be one head and one plan for a group of activities having the same objective." This means that all activities within a department or a specific project should be directed toward a single goal under the supervision of one manager. This principle is vital because it ensures that the efforts of the entire group are focused and unified, thereby preventing the duplication of work and the wastage of resources. It is distinct from 'Unity of Command,' which focuses on the reporting relationship of a single subordinate to a single superior.

Final Answer : "Unity off Direction"

Answer: (C)

Q4.

Solution

Concept: Fayol's Principle of Unity of Command and its Violation.

Solution: The principle of 'Unity of Command' states that each individual employee should receive orders and instructions from only one superior. This ensures clarity in responsibility and prevents conflict. In the case of 'Tech Solutions Ltd.', the employees are subjected to 'dual subordination' because they report to both a project manager and a functional manager. When two managers give instructions, they may overlap or contradict each other. This violation leads to several negative consequences: the employee becomes confused about whose orders to prioritize, the authority of the managers is undermined, and the overall discipline and efficiency of the organization suffer. Therefore, the direct consequence is confusion and a significant drop in operational efficiency.

Final Answer : "Unity of Command; confusion and loss of efficiency"

Answer: (B)



Q5.

Solution**Concept:** Taylor's Scientific Work Study – Time Study.

Solution: F.W. Taylor introduced 'Scientific Management' to replace the 'rule of thumb' with scientific methods. One of his core techniques is 'Time Study.' This involves using a stopwatch or other timing devices to record the time taken by a worker of reasonable skill to complete a specific task repeatedly. By taking the average of these timings, management determines the "standard time" for a job. The primary objective is to define a "fair day's work," which helps the organization calculate the required number of workers, determine labor costs, and design effective incentive systems that reward those who perform above the standard. It differs from Motion Study, which focuses on eliminating unnecessary movements.

Final Answer : "Time Study"**Answer:** (C)

Q6.

Solution**Concept:** Taylor's Technique of Functional Foremanship.

Solution: Functional Foremanship is a technique proposed by Taylor to bring the benefits of specialization to the shop floor. He believed that a single foreman could not possess all the qualities (like intelligence, energy, and special knowledge) required for comprehensive supervision. Thus, he divided the work of a foreman into eight specialized roles. Four bosses function in the 'Planning In-charge' department (Instruction Card Clerk, Route Clerk, Time and Cost Clerk, and Disciplinarian), and four function in the 'Production In-charge' department (Speed Boss, Gang Boss, Repair Boss, and Inspector). By having each worker interact with these eight specialists, the organization ensures that every aspect of the work is supervised by an expert, thereby maximizing technical efficiency.

Final Answer : "Functional Foremanship"**Answer:** (C)

Q7.

Solution

Concept: Dimensions of Business Environment – Economic Environment.

Solution: The business environment consists of several dimensions: Economic, Social, Technological, Political, and Legal. The 'Economic Environment' includes factors that have a direct impact on the economy and the financial health of businesses, such as interest rates, inflation, changes in disposable income, and the value of the currency. The 2016 demonetization policy in India involved the withdrawal of specific currency notes from circulation. This was a massive economic intervention that affected the money supply, liquidity in the market, interest rates, and banking operations. While the decision was taken by the government (Political), its primary impact and the nature of the change itself were fundamentally economic, as it altered the monetary system of the country.

Final Answer : “Economic Environment”

Answer: (C)

Q8.

Solution

Concept: Dimensions of Business Environment – Legal Environment.

Solution: The 'Legal Environment' of business encompasses the various legislations passed by the government, administrative orders, court judgments, and decisions rendered by various commissions and agencies. When a new government regulation mandates specific labeling requirements (like nutritional facts and allergen warnings), it becomes a legal obligation for all companies in that industry. Failure to comply can lead to legal penalties or the banning of products. For food manufacturers, this regulation forces them to redesign their packaging and update their testing processes, which directly increases production costs. This is a classic example of how the legal framework defines the boundaries within which a business must operate, impacting its costs and operational strategies.

Final Answer : “Higher production costs and need for redesigned packaging; Legal Environment”

Answer: (B)



Q9.

Solution

Concept: Steps in the Planning Process: Developing Premises.

Solution: Planning is essentially a forward-looking function, and since the future is uncertain, it cannot be based on mere guesswork. 'Developing Premises' is the critical second step in the planning process where management establishes the assumptions upon which the plans will be built. These premises are the "boundaries" of planning. They involve a two-pronged analysis:

(1) External Environment: Predicting changes in government policies, tax laws, technological advancements, and competitor strategies.

(2) Internal Environment: Assessing the availability of resources, existing capital, and labor efficiency. By accurately "foreseeing" these future conditions through environmental scanning, managers can ensure that their objectives are realistic and achievable within the predicted landscape.

Final Answer : "Developing Premises"

Answer: (C)



Q10.

Solution

Concept: Chronological Sequence of the Planning Process.

Solution: The planning process must follow a logical and systematic order to be effective. The sequence is as follows:

Setting Objectives (II): Defining what the organization wants to achieve.

Developing Planning Premises (IV): Making assumptions about the future environment (constraints/opportunities).

Identifying Alternative Courses: Listing various ways to reach the goals.

Evaluating Alternative Courses (I): Weighing the pros and cons of each alternative against objectives and premises.

Selecting an Alternative (V): Choosing the most profitable or feasible plan.

Implementing the Plan (III): Putting the chosen plan into action by organizing resources and directing people.

Follow-up Action: Monitoring the plan's progress.

Based on the options provided, the sequence II, IV, I, V, III represents the correct logical flow from goal-setting to execution.

Final Answer : "II, IV, I, V, III"

Answer: (A)



Q11.

Solution**Concept:** Types of Standing Plans – Rules.

Solution: In the hierarchy of plans, a 'Rule' is the most rigid and specific type of standing plan. Unlike a 'Policy,' which is a general guide for decision-making and allows for some discretion, a 'Rule' is a definitive statement that specifies what must be done or what must not be done. It leaves no room for personal interpretation. The statement "Latecomers will face disciplinary action" is a rule because it prescribes a specific behavioral standard (reporting by 9:00 AM) and mentions a clear consequence for non-compliance. Rules are essential for maintaining organizational discipline, ensuring safety, and creating a predictable working environment across the entire workforce.

Final Answer : “Rule”**Answer: (B)**

Q12.

Solution**Concept:** Organizational Structure – Divisional Structure.

Solution: When an organization becomes large and diversified, dealing with multiple unrelated product lines (like electronics, automobiles, and finance) or disparate geographical areas, a 'Functional Structure' becomes too complex and slow. In such cases, the company adopts a 'Divisional Structure.' Under this design, the organization is split into several autonomous units or divisions based on the product or region. Each division has its own set of functions (Production, HR, Marketing) and is headed by a Divisional Manager who is responsible for the profit or loss of that specific unit. This structure promotes flexibility, allows for faster decision-making tailored to specific markets, and makes it easier to evaluate the performance of each individual business line.

Final Answer : “Divisional Structure”**Answer: (B)**

Q13.

Solution

Concept: Matrix Organizational Structure and Dual Authority.

Solution: A Matrix Structure is a sophisticated organizational design that attempts to gain the benefits of both functional and product-based structures simultaneously. It is characterized by a "grid" of authority where employees report to two different managers: a Functional Manager (who manages the employee's professional development and technical standards) and a Project/Product Manager (who manages the employee's work on a specific time-bound project). This structure is highly effective in project-intensive industries like aerospace, construction, or high-end IT services, as it allows for the flexible allocation of specialized talent across various projects while ensuring that functional expertise is maintained within the organization.

Final Answer : "Matrix Structure"

Answer: (C)

Q14.

Solution

Concept: Decentralization as an Organizational Philosophy.

Solution: Decentralization is much more than just a managerial act; it is a fundamental philosophy of management. It refers to the systematic and consistent distribution of decision-making authority down to the lowest levels of the hierarchy. While 'Delegation' is a 1-to-1 process where a superior gives authority to a subordinate, 'Decentralization' is a 1-to-all policy that applies to the whole organization. In a decentralized setup, lower-level managers are given the autonomy to make decisions regarding their specific areas of operation. This reduces the burden on top management, develops the skills of junior executives, and allows the organization to be more responsive to local conditions and customer needs.

Final Answer : "Decentralization"

Answer: (B)



Q15.

Solution

Concept: The Interrelationship between Delegation and Decentralization.

Solution: Delegation and decentralization are two ends of the same continuum. Delegation is the process of entrusting responsibility and authority to a subordinate; it is a necessity for any manager to function. Decentralization, on the other hand, is the result of a policy that ensures authority is delegated systematically to all levels. Therefore, "Delegation is the bedrock of decentralization." Without the basic act of delegating, decentralization cannot exist. Key differences include:

(1) Scope: Delegation is narrow (between two people), while decentralization is broad (across the organization).

(2) Purpose: Delegation is to lessen the burden of a manager, while decentralization is to empower the lower levels.

(3) Nature: Delegation is an essential act, whereas decentralization is a discretionary policy choice made by top management.

Final Answer : "Delegation is the bedrock of decentralization"

Answer: (B)

Q16.

Solution

Concept: External Sources of Recruitment – Advertisements.

Solution: Recruitment is the "positive" process of building a pool of potential candidates. External recruitment involves looking outside the organization to find fresh talent. 'Advertisements' in newspapers, professional journals, or online job portals are a powerful external source. The primary advantage of advertisements is their "reach"—they allow the company to cast a wide net and attract a diverse range of applicants from across the country or even globally. This brings in "new blood" with fresh ideas and creates a competitive environment within the organization. In contrast, promotions and transfers are internal sources, while lay-offs are a method of workforce reduction, not recruitment.

Final Answer : "Advertisements"

Answer: (C)



Q17.

Solution**Concept:** External Recruitment – Campus Recruitment.

Solution: For organizations needing a large workforce of fresh, entry-level professionals (such as a new branch opening), 'Campus Recruitment' is the most logical choice. Companies visit universities, management institutes, and technical colleges to recruit graduating students. This method is highly "cost-effective" for mass hiring because the company can find a large number of qualified candidates in one physical or virtual location, reducing the per-hire cost. Fresh graduates are also highly adaptable, energetic, and can be molded into the company's specific culture and work methods more easily than experienced hires. While placement agencies also provide candidates, they often charge high commissions, making campus recruitment better for high-volume, entry-level needs.

Final Answer : "Campus Recruitment"**Answer:** (A)

Q18.

Solution**Concept:** Selection Process – The Employment Interview.

Solution: The 'Employment Interview' is a crucial step that follows preliminary screening and selection tests. It is a formal, in-depth, face-to-face (or virtual) conversation between the candidate and the representatives of the employer. The primary goal is to evaluate aspects of the candidate that cannot be easily measured by written tests, such as their communication skills, poise, confidence, and overall personality. It is a "two-way exchange of information": the recruiter evaluates the candidate's suitability for the organizational culture and the job requirements, while the candidate gathers information about the company's work environment, career growth, and expectations. This detailed discussion helps in making the final selection decision.

Final Answer : "Employment Interview"**Answer:** (C)

Q19.

Solution

Concept: Advanced Selection Techniques – Simulation and Leadership Assessment.

Solution: When selecting for senior leadership roles, standard intelligence (IQ) tests or personality questionnaires are insufficient because they do not reflect the complexity of high-level management. Organizations often use 'Assessment Centers' or 'Simulation Exercises' (like the "In-basket" exercise or case study presentations). In this scenario, giving a candidate a simulated business challenge and requiring a strategic solution allows the selection panel to observe the candidate's analytical thinking, decisiveness, and ability to formulate a vision. This assessment is specifically designed to evaluate 'Problem-solving skills and leadership potential'—qualities that are essential for executives who must navigate the organization through real-world crises and long-term strategic changes.

Final Answer : “Problem-solving skills and leadership potential”

Answer: (C)

Q20.

Solution

Concept: Maslow's Hierarchy of Needs: Safety and Security Needs.

Solution: Abraham Maslow's Motivation Theory suggests that human needs follow a hierarchical pattern, starting from basic survival and moving toward self-fulfillment. Once an individual's basic physiological needs—such as food, water, and shelter—are reasonably satisfied, the next level of needs to emerge are 'Safety and Security Needs.' In an organizational context, this manifests as a desire for protection against physical and emotional harm, as well as economic instability. Seeking "job security" ensures a steady income for the future, while "safe working conditions" protect the employee's physical well-being. These factors provide the stability and predictability required before an individual can focus on higher-level social or ego-based needs.

Final Answer : “Safety Needs”

Answer: (B)



Q21.

Solution

Concept: Maslow's Hierarchy: Higher-Order Needs (Esteem and Self-actualization).

Solution: As employees progress professionally, they seek satisfaction for higher-order psychological needs. Public acknowledgement and recognition programs address 'Esteem Needs,' which include the desire for self-respect, autonomy, status, and recognition from peers and superiors. These initiatives make employees feel valued and respected. Furthermore, offering mentorship and the chance to lead major projects provides a platform for 'Self-actualization Needs.' This is the highest level of Maslow's hierarchy, representing the drive to reach one's full potential, seek personal growth, and achieve "peak experiences" in one's career. By combining recognition with growth opportunities, the company addresses both the ego and the need for self-fulfillment.

Final Answer : "Esteem and Self-actualization Needs"

Answer: (D)

Q22.

Solution

Concept: Leadership Styles: Autocratic Leadership.

Solution: An Autocratic (or Authoritarian) leadership style is characterized by individual control over all decisions and little input from group members. The leader typically makes choices based on their own ideas and judgments and rarely accepts advice from followers. In this setup, the leader gives direct orders and expects strict obedience and discipline. While this style is often criticized for stifling creativity and morale, it can be highly effective in situations where quick decision-making is vital, or when the leader is the most knowledgeable member of the group. However, it creates a one-way communication flow and relies heavily on the leader's constant presence and supervision.

Final Answer : "Autocratic"

Answer: (B)



Q23.

Solution**Concept:** Leadership Styles: Democratic Leadership.

Solution: Democratic (or Participative) leadership is built on the foundation of collaboration and mutual respect. In environments characterized by rapid technological change, a leader must rely on the collective intelligence of the team. This leader encourages employees to innovate, share ideas, and take ownership of their specific domains. By allowing for mistakes as part of the learning process and providing necessary support, the leader fosters a culture of trust and high engagement. Unlike the Laissez-faire style, where the leader is largely absent, the Democratic leader remains the final decision-maker but ensures that the team's input is integrated into the final strategy, making it the most effective style for modern, knowledge-based industries.

Final Answer : “Democratic Leadership”**Answer: (B)**

Q24.

Solution**Concept:** Barriers to Communication: Semantic Barriers.

Solution: Semantics is the study of meaning in language. Semantic barriers arise when the same words, symbols, or signals carry different meanings for the sender and the receiver. This typically occurs due to:

(1) Technical Jargon: Using specialized language that the receiver does not understand.

(2) Badly Expressed Messages: Using vague or ambiguous wording.

(3) Faulty Translations: Misinterpreting a message from one language to another. When a message is poorly encoded or decoded because of these linguistic issues, the communication fails to achieve its intended purpose. Since these problems relate directly to the "meaning" of the message rather than the personality of the individuals (Psychological) or the hierarchy (Organizational), they are classified as semantic barriers.

Final Answer : “Semantic Barrier”**Answer: (B)**

Q25.

Solution**Concept:** Steps in the Controlling Process: Setting Standards.

Solution: The process of controlling is essentially a measurement and correction process. To determine if anything is "wrong," a manager must first know what is "right." Therefore, the initial step is 'Setting Performance Standards.' These standards serve as the benchmarks or yardsticks against which actual results are compared. Standards should be as precise and objective as possible. They can be quantitative, such as "achieving 15% sales growth," or qualitative, such as "improving the company's brand reputation." Without these pre-defined standards, the subsequent steps of measuring actual performance and comparing it to goals would have no basis, rendering the entire controlling function impossible.

Final Answer : "Setting Performance Standards"**Answer:** (C)

Q26.

Solution**Concept:** Interrelationship between Planning and Controlling.

Solution: Planning and controlling are inseparable functions of management. Planning is a prescriptive function that looks forward into the future to set goals and decide the course of action. Controlling is an evaluative function that looks back at performance to ensure it aligns with those plans. The statement "Planning sets the goals, and controlling ensures their achievement" perfectly captures this link. Planning provides the standards for controlling, and controlling provides the feedback for future planning. If you plan but do not control, you will never know if you reached your destination. If you control without planning, you have no destination to measure against. Thus, they are cyclical and interdependent rather than merely sequential.

Final Answer : "Planning sets the goals, and controlling ensures their achievement"**Answer:** (B)

Q27.

Solution

Concept: Financial Decisions: Investment Decision.

Solution: Investment decisions (also known as Capital Investment Decisions) relate to how a firm's scarce resources are allocated among different assets to generate the highest possible return for the investors. This decision has two parts:

(1) Long-term investment (Capital Budgeting): Spending money on fixed assets like machinery, land, or new technology.

(2) Short-term investment (Working Capital Management): Managing the levels of cash, inventory, and receivables. Because the question asks about identifying how funds will be invested across both fixed and current assets, it refers to the overarching category of the Investment Decision. These decisions are crucial because they affect the firm's long-term earning capacity and its short-term liquidity.

Final Answer : "Investment Decision"

Answer: (B)

Q28.

Solution

Concept: Financial Decisions: Financing Decision and Capital Structure.

Solution: The 'Financing Decision' is concerned with the quantum of finance to be raised from various long-term sources. A financial manager must decide whether to use 'Owners' Funds' (Equity, Retained Earnings) or 'Borrowed Funds' (Bank Loans, Debentures). Each source has a different cost and risk profile. Debt is generally cheaper but riskier because of fixed interest obligations. Equity is safer but more expensive. The primary objective of this decision is to create an "optimal capital structure" that maximizes the market value of the company's shares while minimizing the overall cost of capital. Deciding between a loan and equity for expansion is a fundamental financing choice.

Final Answer : "Financing Decision; optimizing the capital structure"

Answer: (B)



Q29.

Solution**Concept:** Capital Structure: Debt vs. Equity.

Solution: Capital structure refers to the permanent long-term financing of a company, represented by the proportion of debt and equity. Debt includes all borrowed funds (long-term loans, bonds, debentures), while equity includes share capital and accumulated reserves. The goal of managing capital structure is to find a "mix" that balances the benefits of financial leverage (using debt to increase returns to shareholders) against the risks of financial distress. It is distinct from the 'Financial Structure,' which includes all liabilities, as capital structure focuses strictly on the long-term sources that fund the core operations and assets of the business.

Final Answer : "Equity and debt in its long-term financing"**Answer: (B)**

Q30.

Solution**Concept:** Capital Structure Risk: Financial Risk and Leverage.

Solution: A very high Debt-to-Equity ratio means the company is highly leveraged. Debt comes with a "fixed financial charge"—the interest must be paid regardless of the company's revenue or profit levels. 'Financial Risk' is the risk that the company will not be able to meet these fixed payment obligations. During an economic recession, revenues typically decline. If the company also faces rising interest rates, its debt servicing costs will increase while its income decreases. This double pressure significantly increases the likelihood of default and can lead to insolvency or bankruptcy. While debt can amplify profits during good times, it creates severe financial vulnerability during downturns.

Final Answer : "Increased financial risk and potential bankruptcy"**Answer: (B)**

Q31.

Solution**Concept:** Factors Affecting Capital Structure: Operating Leverage.

Solution: When a company decides between debt and equity, it must look at its total risk profile. 'Operating Leverage' refers to the proportion of fixed operating costs (like rent, salaries, and insurance) in a company's cost structure. A company with high operating leverage has a high break-even point; a small drop in sales can lead to a large drop in operating profit. If such a company also takes on significant debt, it adds 'Financial Leverage' (fixed interest costs) on top of its already high fixed operating costs. This results in extremely high 'Combined Leverage.' Therefore, a company with high operating leverage should generally avoid high debt to keep its total risk at a manageable level. Low interest rates and stable earnings, conversely, would make debt more attractive.

Final Answer : "High operating leverage"**Answer:** (C)

Q32.

Solution**Concept:** Money Market Instruments: Commercial Paper (CP).

Solution: Commercial Paper is a short-term, unsecured money market instrument issued in the form of a promissory note. It was introduced in India in 1990 to enable highly rated corporate borrowers to diversify their sources of short-term borrowings. Because it is unsecured, it is only issued by large, financially sound, and creditworthy companies. The maturity period of CP typically ranges from a minimum of 15 days to a maximum of one year. One of its primary uses is "bridge financing," where companies raise short-term funds through CP to cover the "flotation costs" (expenses like brokerage and underwriting) required to issue long-term securities like equity shares or debentures.

Final Answer : "Commercial Paper"**Answer:** (B)

Q33.

Solution**Concept:** Money Market Instruments: Treasury Bills (T-Bills).

Solution: Treasury Bills, also known as T-Bills, are short-term debt instruments issued by the Government of India. They are issued by the Reserve Bank of India (RBI) on behalf of the Central Government to bridge temporary fiscal deficits and liquidity mismatches. T-Bills are unique because they are "zero-coupon" securities—they do not pay periodic interest. Instead, they are issued at a discount (a price lower than the face value) and redeemed at their full face value at maturity. The difference between the discounted purchase price and the face value is the return for the investor. They are highly liquid and carry zero default risk. They are issued for specific periods: 91 days, 182 days, or 364 days.

Final Answer : "Treasury Bill"**Answer: (D)**

Q34.

Solution**Concept:** Functions of SEBI: Protective Functions.

Solution: The Securities and Exchange Board of India (SEBI) has the statutory duty to protect the interests of investors. Its 'Protective Functions' include:

- (1) Prohibiting fraudulent and unfair trade practices such as price rigging (manipulating prices to deceive investors) and making misleading statements.
- (2) Prohibiting 'Insider Trading,' where individuals use non-public, price-sensitive information to make personal gains.
- (3) Educating investors to help them make informed choices.
- (4) Promoting a code of conduct for intermediaries. While SEBI also regulates and develops the market, its most direct protective action is the active prohibition and punishment of fraudulent practices that could harm small investors.

Final Answer : "Prohibiting fraudulent and unfair trade practices"**Answer: (D)**

Q35.

Solution**Concept:** Functions of SEBI: Regulatory Functions.

Solution: Regulatory functions involve the setting of "rules of the game" for the capital market. SEBI's regulatory role includes the registration of brokers, sub-brokers, and other players, as well as the notification of rules and regulations for the proper functioning of stock exchanges. Mandating that companies disclose "material events" (like a merger, a large contract, or a change in leadership) within 24 hours is a regulatory requirement. By enforcing these disclosure norms, SEBI ensures that the market remains transparent and that no single group of investors has an unfair advantage over others. This falls under the broad category of regulating the business and conduct of participants in the stock exchange.

Final Answer : "Regulatory Function"**Answer:** (B)

Q36.

Solution**Concept:** Stock Market Trading Procedure: Dematerialization.

Solution: In the current Indian stock market system, all trades are settled in electronic form. The process by which physical share certificates are converted into electronic entries is called 'Dematerialization.' For an investor to buy or sell shares, they must open a 'Demat Account' with a Depository Participant (DP), who acts as an agent for the central depositories (NSDL or CDSL). Just as a bank account holds cash, a Demat account holds securities in electronic form. This is an essential prerequisite because physical certificates are no longer traded on the floor of the exchange; without this account, the transfer of ownership during the settlement process cannot occur.

Final Answer : "Opening a Demat account"**Answer:** (C)

Q37.

Solution

Concept: Trading Procedure: Types of Orders (Limit Order).

Solution: When placing a trade, an investor can choose between different types of orders. A 'Market Order' executes the trade immediately at whatever the current prevailing price is. A 'Limit Order,' however, allows the investor to specify a maximum price they are willing to pay (for a buy order) or a minimum price they are willing to accept (for a sell order). In this case, by specifying ₹ 200 as the maximum price, the investor ensures the broker only buys if the market conditions meet this specific "limit." This type of order protects investors from "slippage" and price volatility, though it carries the risk that the trade may never execute if the price never drops to the specified level.

Final Answer : “Limit Order”

Answer: (B)

Q38.

Solution

Concept: Trading Procedure: Types of Orders (Stop Loss Order).

Solution: A 'Stop Loss Order' is an order placed with a broker to buy or sell once the stock reaches a certain price. It is primarily used to "stop the loss" on an existing position. If an investor owns a stock currently priced at ₹ 180 and wants to protect against a crash, they set a stop-loss at ₹ 150. If the price falls to ₹ 150, the stop-loss order becomes a "market order" and the shares are sold immediately at the next available price. This automated instruction is vital for managing risk, especially for investors who cannot monitor the market in real-time, as it prevents a manageable loss from turning into a devastating financial blow.

Final Answer : “Stop Loss order”

Answer: (C)



Q39.

Solution

Concept: Marketing Mix: Place (Distribution).

Solution: The 'Place' element of the marketing mix, also known as physical distribution, is concerned with making the product available at the right place, in the right quantity, and at the right time. This involves two major types of decisions:

(1) Channels of Distribution: Choosing the intermediaries (wholesalers, retailers, agents) who will help move the product from the producer to the consumer.

(2) Physical Movement: Managing the logistics, including transportation, warehousing, inventory management, and order processing. Selecting the right distribution channel is critical because it affects the product's reach, the speed of delivery, and the final price paid by the consumer due to the margins taken by intermediaries.

Final Answer : "Place"

Answer: (C)

Q40.

Solution

Concept: The Marketing Mix (Integrated 4Ps).

Solution: The 'Marketing Mix' is the set of tactical marketing tools that a firm blends to produce the desired response from its target audience. It is a combination of four elements: Product, Price, Place, and Promotion. In the "GreenFoods Inc." case:

(1) The organic snacks represent the Product.

(2) The "premium" cost represents the Price.

(3) The distribution through high-end supermarkets represents the Place.

(4) The use of social media influencers represents the Promotion. By synchronizing these four variables to appeal to health-conscious, high-income consumers, the company has created a cohesive marketing mix. This integration is what allows a brand to successfully position itself in a competitive market.

Final Answer : "Marketing Mix"

Answer: (C)



Q41.

Solution

Concept: Marketing Management Philosophies: Production Concept.

Solution: The 'Production Concept' is a philosophy based on the assumption that consumers will favor products that are widely available and very inexpensive. Therefore, the primary focus of the management is on achieving high production efficiency, reducing per-unit costs through mass production, and ensuring mass distribution. This concept was prevalent during the early industrial revolution when demand far exceeded supply. While it helps in reaching a large customer base, it carries the risk of "Marketing Myopia," where a company becomes so focused on its internal operations and efficiency that it fails to notice shifting consumer preferences or improvements in product quality.

Final Answer : "Production Concept"

Answer: (B)

Q42.

Solution

Concept: Marketing Management Philosophies: Product Concept.

Solution: The 'Product Concept' is founded on the belief that consumers will always favor products that offer the highest quality, best performance, and most innovative features. Consequently, companies following this philosophy invest heavily in Research and Development (R&D) and continuous product improvement. The underlying assumption is that a "superior" product will naturally attract buyers regardless of high prices or minimal promotion. However, this focus can be problematic if the company ignores the actual needs of the customer (e.g., making the "best" manual typewriter when the customer wants a computer). It differs from the production concept by prioritizing "product excellence" over "price and availability."

Final Answer : "Product Concept"

Answer: (B)



Q43.

Solution**Concept:** Product Mix: Branding and Identity.

Solution: Branding is one of the most important components of the product mix. It involves the use of a name, term, sign, symbol, design, or a combination of these to identify a product and distinguish it from the offerings of competitors. A 'Brand Name' is the part of the brand that can be spoken (e.g., Nike), while a 'Brand Mark' is the visual symbol (e.g., the Swoosh). Branding provides several benefits: it helps in product identification, ensures a certain level of quality, and enables the company to build "Brand Loyalty." When a brand is registered with the government and granted legal protection, it is called a 'Trademark,' which prevents others from using the same name or symbol.

Final Answer : "Branding"**Answer:** (C)

Q44.

Solution**Concept:** Branding Strategies: Family Branding (Umbrella Branding).

Solution: Family Branding is a strategy where a single brand name is used for several related or unrelated products. In the case of "Tata," the company leverages its strong corporate reputation and the trust associated with its name to sell products in entirely different markets—from salt and tea to steel and high-end automobiles. The major advantage of this strategy is that the "goodwill" of the existing brand is automatically extended to new products, significantly reducing the costs of advertising and market entry. However, the risk is that if one product under the family name suffers a major quality failure or scandal, it can negatively impact the reputation of all other products sharing that same brand name.

Final Answer : "Family Branding"**Answer:** (B)

Q45.

Solution**Concept:** Product Mix: Packaging and its Functions.**Solution:** Packaging is a fundamental component of the 'Product' element in the marketing mix. It refers to the set of activities involved in designing and producing the container or wrapper for a product. In the case of a chocolate bar, deciding on the color, size, material, and design of the wrapper involves creating the 'Primary Packaging' (the immediate container). Packaging serves four critical roles:

- (1) Protection: It shields the product from environmental factors like heat and moisture.
- (2) Identification: It helps the brand stand out on a shelf.
- (3) Convenience: It makes the product easier to carry and consume.
- (4) Promotion: A well-designed wrapper acts as a "silent salesman," using visual appeal to attract customers. Therefore, all these design decisions are categorized under the packaging aspect of the product mix.

Final Answer : "Product (Packaging)"**Answer:** (A)

Q46.

Solution**Concept:** Promotion Mix: Sales Promotion.**Solution:** Sales promotion consists of short-term incentives intended to stimulate immediate purchase or sale of a product. Unlike advertising, which is often used to build long-term brand image, sales promotion focuses on providing a direct "reason to buy now." The activities described—offering discount coupons, sending personalized product launch updates, and inviting customers to exclusive previews—are tactical tools used to boost sales and enhance customer loyalty. These are non-routine efforts that supplement other promotional elements. While emails might seem like direct marketing, the core of these activities (especially the coupons and exclusive access) is to provide an incentive that drives immediate consumer action, which is the hallmark of Sales Promotion.**Final Answer :** "Sales Promotion"**Answer:** (B)

Q47.

Solution**Concept:** Product Life Cycle (PLC): Maturity Stage.

Solution: The Product Life Cycle (PLC) describes the stages a product goes through from its launch to its eventual removal from the market. The 'Maturity Stage' is the period where sales growth slows down as the product has reached most potential buyers. This stage is characterized by high market saturation and intense competition from rivals. To survive, companies must shift their focus from gaining new customers to defending their current market share. Common strategies during this stage include:

- (1) Price reductions to remain competitive.
- (2) Product modifications (adding new features or flavors) to differentiate from competitors.
- (3) Market modification (finding new users). Since the question highlights intense competition and the need to maintain share through modifications, it refers specifically to the maturity stage.

Final Answer : "Maturity Stage"**Answer: (C)**

Q48.

Solution**Concept:** Consumer Rights: Right to Seek Redressal.

Solution: The Consumer Protection Act provides six basic rights to consumers to ensure they are not exploited in the marketplace. The 'Right to Seek Redressal' is the right to get compensation or a remedy against unfair trade practices, restrictive trade practices, or the unscrupulous exploitation of consumers. It is the practical application of the 'Right to be Heard.' While the right to be heard ensures that a consumer's complaint is acknowledged by a forum, the right to seek redressal ensures that the forum actually provides a solution—such as a refund, replacement, or financial compensation for damages. This right empowers consumers to take legal action against sellers or manufacturers who fail to meet quality standards.

Final Answer : "Right to Seek Redressal"**Answer: (D)**

Q49.

Solution**Concept:** Three-Tier Redressal Machinery: Pecuniary Jurisdiction.**Solution:** The Consumer Protection Act 2019 (updated by the 2021 rules) established specific monetary limits (pecuniary jurisdiction) for different commissions to ensure efficient handling of cases.

(1) District Commission: Handles cases where the value of goods or services paid does not exceed ₹ 50 Lakhs.

(2) State Commission: Handles cases where the value is above ₹ 50 Lakhs but does not exceed ₹ 2 Crores.

(3) National Commission: Handles cases exceeding ₹ 2 Crores. Since the car in the question was purchased for ₹ 80 Lakhs, it exceeds the limit of the District Commission but is well within the limit of the State Commission. Therefore, the consumer must primarily file the complaint at the state level.

Final Answer : “State Commission”**Answer: (B)**

Q50.**Solution****Concept:** Remedies Available to Consumers under the Act.**Solution:** When a consumer commission finds the allegations in a complaint to be true, it has the authority to grant one or more reliefs to the consumer. These legal remedies are designed to restore the consumer to the position they would have been in if the exploitation had not occurred. Common remedies include:

- (1) Refunding the excess price paid by the consumer.
- (2) Paying a reasonable amount of compensation for any loss or injury suffered due to the negligence of the seller.
- (3) Ordering the discontinuance of the unfair or restrictive trade practice.
- (4) Removing defects or replacing the product. Since the court can and often does order a combination of these measures to ensure total justice, all the options listed are valid remedies.

Final Answer : “All of the above”**Answer:** (D)

Answer Key

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

