Subject : Business Studies (Online)

Total Time Allowed : 45 minutes	**Maximum Marks :** 200	**Total Questions :** 50	**Questions to be answered :** 40

Question 1: Identify the characteristic of Management from the given statement.
"An organization interacts with its external environment which consists of various social, economic, and political factors. In order to be successful, an organization must change itself and its goals according to the need of the environment."
(1) Management is a continuous process.
(2) Management is an intangible force.
(3) Management is a dynamic function.
(4) Management is multi-dimensional.

Correct Answer: (3) Management is a dynamic function.
Solution: Management is considered a dynamic function as it involves continuous adaptation to external changes like social, economic, and political factors. Organizations adjust goals and strategies based on these factors to remain relevant and achieve success.

Quick Tip

The dynamic nature of management reflects its ability to adapt to external conditions, ensuring flexibility and growth.

Question 2: Which of the following studies given by F.W. Taylor helps in deciding the amount and frequency of rest intervals?
(1) Time Study
(2) Fatigue Study
(3) Motion Study
(4) Method Study

Correct Answer: (2) Fatigue Study.
Solution: Fatigue Study, developed by F.W. Taylor, focuses on determining optimal rest intervals to prevent worker fatigue and maintain productivity. By analyzing rest needs, this study promotes consistent performance and efficiency.

Quick Tip

Fatigue Study emphasizes the role of rest intervals in sustaining worker productivity by reducing exhaustion.

Question 3: Which principle of Management stresses on Right place for everything and Right place for everyone?
(1) Equity
(2) Order
(3) Initiative
(4) Unity of Command

Correct Answer: (2) Order.
Solution: Henri Fayol's principle of Order highlights the importance of placing every resource, whether human or material, in its designated position. This organized structure improves efficiency and workflow within an organization.

Quick Tip

Orderliness ensures that people and resources are in the right places, enhancing coordination and productivity.

Question 4: Match List-I with List-II.

List-I (Characteristic)	List-II (Concept):
(A) More debt can be used if debt can be raised at a lower rate	(I) Cost of debt
(B) Since interest is a deductible expense, cost of debt is affected by the tax rate	(II) Risk Consideration
(C) If a firm's business risk is lower, its capacity to use debt is higher and vice-versa	(III) Tax Rate
(D) A public issue of equity may reduce the management's holding in the company	(IV) Control

Choose the correct answer from the options given below:
(1) (A)-(I), (B)-(III), (C)-(III), (D)-(IV)
(2) (A)-(I), (B)-(III), (C)-(II), (D)-(IV)
(3) (A)-(I), (B)-(II), (C)-(IV), (D)-(III)

(4) (A)-(III), (B)-(IV), (C)-(I), (D)-(II)

Correct Answer: (2) (A)-(I), (B)-(III), (C)-(II), (D)-(IV)
Solution: The correct matches are: - (A)-(I): More debt can be used if raised at a lower rate, related to the cost of debt. - (B)-(III): Interest deductions tied to tax rate relate to the tax rate concept. - (C)-(II): Business risk and debt usage correspond to risk considerations. - (D)-(IV): Public equity issuance impacts control.

Quick Tip

Understanding debt, tax, risk, and control relations aids in capital structure decisions.

Question 5: Match List-I with List-II on the basis of Techniques of Scientific Management given by Taylor.

List-I (Explanation)	List-II (Concept)
(A) Benchmarks which must be adhered to during production	(I) Fatigue Study
(B) Separation of planning and execution functions	(II) Method Study
(C) Rest intervals are decided	(III) Standardization
(D) Finding out one best way of doing the job	(IV) Functional Foremanship

Choose the correct answer from the options given below:
(1) (A)-(I), (B)-(II), (C)-(III), (D)-(IV)
(2) (A)-(II), (B)-(IV), (C)-(I), (D)-(III)
(3) (A)-(III), (B)-(IV), (C)-(I), (D)-(II)
(4) (A)-(III), (B)-(II), (C)-(IV), (D)-(I)

Correct Answer: (3) (A)-(III), (B)-(IV), (C)-(I), (D)-(II)
Solution: The correct matches are: - (A)-(III): Production benchmarks relate to standardization. - (B)-(IV): Planning and execution separation is functional foremanship. - (C)-(I): Rest intervals pertain to fatigue study. - (D)-(II): Finding the best job method is linked to method study.

Quick Tip

Taylor's management techniques, like standardization and fatigue study, aim to enhance efficiency.

Question 6: Controlling is a systematic process involving sequential steps. Choose the correct sequence of Steps of Controlling Process.
(A) Analysing deviations
(B) Measurement of actual performance
(C) Setting performance standards
(D) Comparison of actual performance with standards

Choose the correct answer from the options given below:
(1) (A), (B), (C), (D)
(2) (A), (C), (B), (D)
(3) (B), (A), (D), (C)
(4) (C), (B), (D), (A)

Correct Answer: (4) (C), (B), (D), (A)
Solution: The correct sequence in the controlling process is: - (C) Setting performance standards. - (B) Measuring actual performance. - (D) Comparing actual performance with standards. - (A) Analyzing deviations.

Quick Tip
Controlling begins with setting standards, followed by measurement, comparison, and deviation analysis.

Question 7: Select the correct sequence of steps of the staffing process from the steps given below.
(A) Placement and Orientation
(B) Recruitment
(C) Estimating the Manpower Requirements
(D) Selection

Choose the correct answer from the options given below:
(1) (A), (B), (C), (D)
(2) (A), (C), (B), (D)
(3) (B), (A), (D), (C)
(4) (C), (B), (D), (A)

Correct Answer: (4) (C), (B), (D), (A)
Solution: The correct sequence of the staffing process is: - (C) Estimating the manpower requirements. - (B) Recruitment of candidates. - (D) Selection of suitable candidates. - (A) Placement and orientation of selected candidates.

> Quick Tip
>
> The staffing process involves estimating manpower needs, recruiting, selecting, and then placing and orienting employees.

Question 8: A company's target production is 5000 units in a year. Ram, the manager of the company, is able to produce 5000 units, but at a higher production cost. Then Ram is .

(A) Effective as he was able to attain the targeted production at minimum cost
(B) Efficient as he was able to attain the targeted production at a higher cost
(C) Effective as well as efficient
(D) Effective but not efficient because of high production cost
(E) Efficient but not effective

Choose the correct answer from the options given below:

(1) (D) only
(2) (A), (C), and (E) only
(3) (A), (B), (C), and (D) only
(4) (C) and (E) only

Correct Answer: (1) (D) only
Solution: Ram is considered ”effective but not efficient” because he met the production target, showing effectiveness. However, since he did so at a higher cost, he was not efficient. Efficiency is about achieving the target with minimal resources and cost, which was not the case here.

> Quick Tip
>
> Effectiveness means achieving targets, while efficiency means achieving them with minimal cost and maximum productivity.

Question 9: Identify the techniques of Scientific management which are specified by F.W. Taylor.

(A) Functional Foremanship
(B) Kanban
(C) Method Study
(D) Motion Study
(E) Kaizen

Choose the correct answer from the options given below:

(1) (A), (B), and (C) only

(2) (A), (C), and (E) only
(3) (A), (D), and (E) only
(4) (A), (C), and (D) only

Correct Answer: (4) (A), (C), and (D) only
Solution: The correct answer includes techniques developed by F.W. Taylor as part of Scientific Management:
(A) Functional Foremanship involves dividing managerial roles into specialized functions.
(C) Method Study aims to find the best way of performing tasks.
(D) Motion Study focuses on analyzing the movements involved in tasks to reduce inefficiency.
"Kanban" and "Kaizen" are modern management concepts and are not part of Taylor's contributions.

> Quick Tip
>
> Taylor's techniques, such as motion study and method study, aim to optimize workplace efficiency through systematic observation and planning.

Question 10: Identify the style of leadership discussed in the following paragraph.
Mr. Ashish, a Manager in Sahni Group of Companies, does not believe in the use of power unless it is absolutely essential. His followers are given a high degree of independence to formulate their own objectives and ways to achieve them. The group members work on their own tasks resolving issues themselves. Mr. Ashish is there only to support them and supply them the required information to complete the task assigned.
(1) Laissez faire style of leadership
(2) Democratic style of leadership
(3) Autocratic style of leadership
(4) We style of leadership

Correct Answer: (1) Laissez faire style of leadership
Solution: Laissez faire leadership allows subordinates high levels of independence in setting their own goals and resolving issues without interference. The leader acts mainly as a support system to provide resources and information.

> Quick Tip
>
> Laissez faire leadership emphasizes independence and self-direction, where the leader's role is minimal but supportive.

Question 11: Match List-I with List-II.

List-I (Dimensions)	List-II (Examples)
(A) Legal Environment	(I) Customs and Tradition
(B) Technological Environment	(II) Political conditions
(C) Political Environment	(III) Judgements
(D) Social Environment	(IV) Advancements in computers

Choose the correct answer from the options given below:
(1) (A)-(IV), (B)-(III), (C)-(II), (D)-(I)
(2) (A)-(I), (B)-(IV), (C)-(III), (D)-(II)
(3) (A)-(III), (B)-(II), (C)-(IV), (D)-(I)
(4) (A)-(II), (B)-(I), (C)-(IV), (D)-(III)

Answer: (2) (A)-(I), (B)-(IV), (C)-(III), (D)-(II)
Solution: The correct associations are:
(A)-(I): Legal Environment includes customs and traditions, which often influence regulations and laws.
(B)-(IV): Technological Environment is exemplified by advancements in computers, showing technological progress.
(C)-(III): Political Environment relates to judgements and policy decisions shaped by political actions.
(D)-(II): Social Environment involves political conditions, which are influenced by social norms and developments.

Quick Tip

Recognizing how different environmental factors interact with examples can help identify their impact on organizations' decision-making and adaptability.

Question 12: The settlement cycle in NSE is days.
(1) T+5
(2) T+3
(3) T+1
(4) T+2

Answer: (4) T+2
Solution: The settlement cycle in the National Stock Exchange (NSE) follows a T+2 system, meaning that trades are settled within two business days after the trade date.

> Quick Tip
>
> T+2 settlement refers to ”Trade date plus two business days” and is a common global standard for stock exchange settlements.

Question 13: Which is the correct sequence of steps in the process of planning?
(A) Developing premises
(B) Implementing the plan
(C) Setting objectives
(D) Identifying alternative courses of action and evaluating them
(E) Selecting an alternative

Choose the correct answer from the options given below:
(1) (C), (A), (D), (E), (B)
(2) (D), (B), (C), (A), (E)
(3) (A), (B), (C), (D), (E)
(4) (A), (B), (D), (E), (C)

Answer: (1) (C), (A), (D), (E), (B)
Solution: The steps for planning are correctly sequenced as follows:
(C) Setting objectives: The first step involves establishing what the organization aims to achieve.
(A) Developing premises: Next, assumptions or premises are determined to guide planning.
(D) Identifying alternative courses of action and evaluating them: Identifying various possible ways to meet the objectives.
(E) Selecting an alternative: Choosing the most appropriate course of action.
(B) Implementing the plan: Putting the selected plan into action.

> Quick Tip
>
> Effective planning involves defining goals, evaluating alternatives, and implementing the chosen course of action to ensure organizational success.

Question 14: What is the correct sequence of steps in the process of organizing?
(A) Identification and division of work
(B) Assignment of duties
(C) Establishing reporting relationships
(D) Departmentalisation

Choose the correct answer from the options given below:

(1) (A), (B), (C), (D)
(2) (B), (C), (D), (A)
(3) (A), (D), (B), (C)
(4) (A), (D), (C), (B)

Answer: (3) (A), (D), (B), (C)
Solution: The correct steps for organizing are:
(A) Identification and division of work: First, the work required to achieve organizational goals is identified and divided into manageable tasks.
(D) Departmentalisation: Similar tasks are grouped into departments or units based on their nature.
(B) Assignment of duties: Specific tasks are assigned to individuals or teams based on their skills and expertise.
(C) Establishing reporting relationships: The structure of supervision and accountability is defined to ensure coordination.

Quick Tip

Organizing creates a structured framework by defining tasks, grouping them, assigning duties, and establishing accountability for effective coordination.

Question 15: What is the correct sequential order of needs according to Maslow's theory?
(A) Self-actualisation needs
(B) Esteem needs
(C) Affiliation needs
(D) Physiological needs
(E) Security needs

Choose the correct answer from the options given below:
(1) (A), (B), (C), (D), (E)
(2) (D), (C), (B), (E), (A)
(3) (D), (E), (C), (B), (A)
(4) (D), (A), (B), (C), (E)

Answer: (3) (D), (E), (C), (B), (A)
Solution: According to Maslow's Hierarchy of Needs, the order is as follows:
(D) Physiological needs: The most basic needs like food, water, and shelter.
(E) Security needs: Safety and stability needs come next.
(C) Affiliation needs: These involve social connections and belongingness.
(B) Esteem needs: Respect, recognition, and self-esteem.
(A) Self-actualisation needs: The desire to achieve one's full potential and personal growth.

> Quick Tip
>
> Maslow's theory emphasizes satisfying lower-level needs first before progressing to higher levels, culminating in self-actualization.

Question 16: Match List-I with List-II.

List-I (Function of Management)	List-II (Merit/Meaning)
(A) Planning	(I) Bridging the gap between where we are and where we want to go
(B) Motivation	(II) Process of instructing, guiding, and leading people to achieve organizational objectives
(C) Directing	(III) Inducement to act in a certain manner
(D) Controlling	(IV) Ensuring activities are performed as per plans

Choose the correct answer from the options given below:
(1) (A)-(I), (B)-(III), (C)-(II), (D)-(IV)
(2) (A)-(III), (B)-(I), (C)-(IV), (D)-(II)
(3) (A)-(IV), (B)-(II), (C)-(III), (D)-(I)
(4) (A)-(II), (B)-(IV), (C)-(III), (D)-(I)

Answer: (1) (A)-(I), (B)-(III), (C)-(II), (D)-(IV)
Solution: The correct matches are:
(A)-(I): Planning involves creating a roadmap from the current situation to a desired future state.
(B)-(III): Motivation entails encouraging individuals to act in a specific manner.
(C)-(II): Directing focuses on providing guidance and leadership to achieve organizational goals.
(D)-(IV): Controlling ensures tasks are carried out as planned.

> Quick Tip
>
> Effective management encompasses planning, motivating, directing, and controlling for smooth organizational functioning and goal attainment.

Question 17: Organisational barriers include:

(A) Status
(B) Rules and regulations
(C) Complexity in Organisation
(D) Lack of Attention

Choose the correct answer from the options given below:
(1) (A), (B) and (D) only
(2) (A), (B) and (C) only
(3) (A), (B), (C) and (D)
(4) (B), (C) and (D) only

Answer: (3) (A), (B), (C) and (D)
Solution: Organizational barriers to communication include:
(A) Status differences, where individuals of different ranks may experience a lack of openness.
(B) Excessive rules and regulations can complicate or slow down the communication process.
(C) Complex organizational structures may lead to delays and misinterpretation of messages.
(D) Lack of attention occurs when recipients are not fully engaged in communication.

Quick Tip

Organizational barriers can impede communication, but they can be minimized through simplification, engagement, and transparent communication practices.

Question 18: The external sources of recruitment are:
(A) Transfers
(B) Campus Recruitment
(C) Advertisements
(D) Web Publishing

Choose the correct answer from the options given below:
(1) (A), (B) and (D) only
(2) (A), (B) and (C) only
(3) (A), (B), (C) and (D)
(4) (B), (C) and (D) only

Answer: (4) (B), (C) and (D) only
Solution: External recruitment sources include:
(B) Campus Recruitment, which involves hiring directly from educational institutions.
(C) Advertisements in print and online platforms attract a broad pool of candidates.
(D) Web Publishing, such as job postings on company websites or online job boards.

Transfers, however, are an internal source of recruitment within an organization.

Quick Tip

External recruitment expands the talent pool by reaching out to a broader audience, while internal methods focus on promoting from within.

Question 19: The key aspects of motivation are:
(A) External feeling
(B) Improves performance
(C) Complex process
(D) Positive or negative

Choose the correct answer from the options given below:
(1) (A), (B) and (D) only
(2) (A), (B) and (C) only
(3) (A), (B), (C) and (D)
(4) (B), (C) and (D) only

Answer: (4) (B), (C) and (D) only
Solution: Key aspects of motivation include:
(B) Improving performance, as motivated individuals tend to achieve better results.
(C) Being a complex process influenced by many internal and external factors.
(D) It can be driven by both positive incentives like rewards or negative factors like fear of punishment.
(A) External feeling is not an essential component since motivation encompasses both internal and external drives.

Quick Tip

Motivation drives performance through complex interactions of internal desires and external stimuli, influencing actions positively or negatively.

Question 20: If any of the parties is not satisfied by the order of the District Commission, he can appeal against such order to the State Commission on the grounds of facts or law within a period of:
(1) 30 days
(2) 40 days
(3) 45 days
(4) 3 months

Answer: (1) 30 days
Solution: According to the Consumer Protection Act, if a party is dissatisfied with the order of the District Commission, they may appeal to the State Commission within 30 days from the date of the order. This ensures that grievances are addressed promptly and justice is delivered efficiently.

> Quick Tip
>
> Appeals to the State Commission must be timely, ensuring that dissatisfied parties can seek redress quickly and effectively.

Question 21: For the redressal of consumer grievances, the Consumer Protection Act 2019 provides for setting up of a three-tier enforcement machinery. Identify the Redressal Agency Under The Consumer Protection Act.
"It has a jurisdiction to entertain complaints where value of goods and services paid as consideration exceeds one crore but does not exceed ten crore rupees."
(1) District Commission
(2) State Commission
(3) National Commission
(4) Supreme Court
Answer: (2) State Commission
Solution: The State Commission under the Consumer Protection Act has jurisdiction over cases where the value of goods or services exceeds one crore rupees but does not exceed ten crore rupees. The District Commission deals with lower-value cases, and the National Commission handles cases above ten crore rupees.

> Quick Tip
>
> The State Commission deals with consumer disputes in the range of one crore to ten crore rupees.

Question 22: The informal organisation offers the benefit of:
(1) Prescribed lines of communication are not followed. This leads to faster spread of information as well as quick feedback.
(2) There is no ambiguity in the role that each member has to play as duties are specified. This also helps in avoiding duplication of effort.
(3) Unity of command is maintained through an established chain of command.
(4) Effective accomplishment of goals by providing a framework for the operations to be performed and ensuring that each employee knows the role he has to play.
Answer: (1) Prescribed lines of communication are not followed. This leads to faster spread of information as well as quick feedback.

Solution: Informal organizations do not follow rigid communication structures, allowing for faster information flow and more rapid feedback. This flexibility is beneficial for spreading information quickly.

> Quick Tip
>
> Informal communication within organizations often leads to quicker information dissemination and feedback.

Question 23: Interaction among people at work gives rise to a network of social relationships among employees called .
(1) Informal organisation
(2) Formal organisation
(3) Functional organisation
(4) Divisional organisation
Answer: (1) Informal organisation
Solution: An informal organization is formed naturally through social and personal relationships among employees at the workplace, arising from their interactions and mutual interests.

> Quick Tip
>
> Informal organizations are driven by social interactions and personal relationships, developing naturally among employees.

Question 24: XYZ company fails to achieve the target of 20% increase in sales. A meeting was called by the director of the company where the Marketing manager blamed the Production manager for not meeting the increased demand to supply, while the Production manager blamed the Finance manager for not procuring raw material on time. Identify the concept of management lacking here.
(1) Controlling
(2) Staffing
(3) Coordination
(4) Financial Planning
Answer: (3) Coordination
Solution: The described situation illustrates a lack of coordination between different departments. Effective coordination ensures all departments work harmoniously towards achieving common organizational goals without conflict.

Quick Tip

Coordination among departments is essential to ensure smooth workflow and goal achievement in any organization.

Question 25: National Stock Exchange was incorporated in .
(1) 1992
(2) 1993
(3) 2001
(4) 1947
Answer: (1) 1992
Solution: The National Stock Exchange (NSE) was established in 1992 and became operational in 1994. It introduced a modern, fully automated electronic trading system in India.

Quick Tip

The National Stock Exchange (NSE) was founded to modernize trading in India and remains one of the country's leading exchanges.

Question 25: National Stock Exchange was incorporated in .
(1) 1992
(2) 1993
(3) 2001
(4) 1947
Answer: (1) 1992
Solution: The National Stock Exchange (NSE) was established in 1992 and began operations in 1994. It introduced a modern, electronic screen-based trading system, making it India's first exchange to offer such technology, significantly improving market transparency and trading efficiency.

Quick Tip

The NSE was incorporated in 1992 and is a pioneer in electronic trading in India.

Question 26: Identify which of the following is not a merit of external sources of recruitment?
(1) Wider choice
(2) Simple process

(3) Fresh talent
(4) Qualified personnel
Answer: (2) Simple process
Solution: While external recruitment provides a broader range of candidates, fresh perspectives, and highly skilled personnel, it is often more complex and involves multiple stages, making it far from a simple process.

> Quick Tip
>
> External recruitment offers fresh talent but involves a more detailed and complex selection process compared to internal recruitment.

Question 27: A consumer registered his complaint to the nodal officer of the company's grievance cell. Which consumer right is being exercised by the consumer?
(1) Right to be Heard
(2) Right to Seek Redressal
(3) Right to be Informed
(4) Right to Safety
Answer: (1) Right to be Heard
Solution: The 'Right to be Heard' allows consumers to voice their complaints and concerns to relevant authorities or forums. By contacting the company's grievance cell, the consumer exercises this right to seek resolution and fair consideration.

> Quick Tip
>
> The 'Right to be Heard' ensures consumer complaints are acknowledged and given due consideration.

Question 28: "Planning helps the manager to look into the future and make a choice amongst alternative courses of action." Identify the importance of Planning in the above statement.
(1) Planning promotes New ideas
(2) Planning provides Direction
(3) Planning facilitates Decision Making
(4) Planning reduces Risk of Uncertainty
Answer: (3) Planning facilitates Decision Making
Solution: Planning helps managers evaluate different paths to achieve organizational objectives, allowing for a clear decision-making process. By comparing various alternatives, managers can make well-informed choices that benefit the organization.

Quick Tip

Effective planning enables managers to make sound decisions by comparing and evaluating different options.

Question 29: Which feature of the Planning function of Management is discussed in the statement – "All other Managerial functions are performed within the framework of plans drawn"?
(1) Planning is pervasive
(2) Planning is futuristic
(3) Planning is continuous
(4) Planning is the primary function of management
Answer: (1) Planning is pervasive
Solution: This statement underscores the pervasiveness of planning, meaning it affects all levels and functions of an organization. Planning provides a foundation and framework for the execution of other management functions like organizing, directing, and controlling.

Quick Tip

Planning permeates all levels and functions of an organization, guiding all managerial activities.

Question 30: Grouping of the activities on the basis of Products is related to:
(1) Functional Organisation
(2) Centralised Organisation
(3) Decentralised Organisation
(4) Divisional Organisation
Answer: (4) Divisional Organisation
Solution: A divisional structure groups activities around specific products or services, allowing each division to function semi-independently. This structure enhances focus on individual product lines, improving accountability and flexibility.

Quick Tip

Divisional structures enable organizations to focus efforts on product lines, enhancing flexibility and responsiveness to market demands.

Question 31: "Sometimes targets are set too high and can't be achieved in current

circumstances. Controlling helps in reviewing and revising them." Identify the importance of Controlling from the above statement.
(1) Controlling helps in accomplishing organisational goals
(2) Controlling helps in judging the accuracy of standards
(3) Controlling helps in efficient use of resources
(4) Controlling facilitates coordination in action
Answer: (2) Controlling helps in judging the accuracy of standards
Solution: The statement highlights how controlling ensures that the standards set by an organization are evaluated and adjusted when needed. It helps verify if the set targets are realistic and achievable under the present circumstances and make changes if necessary.

Quick Tip
Controlling enables the organization to assess, evaluate, and revise its standards to align with changing conditions and goals.

Question 32: Which instrument of the Money Market is also known as "Bridge Financing"?
(1) Commercial Paper
(2) Call Money
(3) Certificate of Deposit
(4) Commercial Bill
Answer: (4) Commercial Bill
Solution: A Commercial Bill serves as a form of short-term financing, often used as "bridge financing" in the money market. Companies use it to finance their immediate working capital needs, offering liquidity by borrowing against their receivables.

Quick Tip
Commercial Bills provide short-term liquidity for businesses, acting as a bridge for financing needs until more permanent solutions are secured.

Question 33: Match List-I with List-II.

List-I (Marks)	List-II (Product)
(A) ISI Mark	(I) Electrical goods
(B) FPO Mark	(II) Food Products
(C) Hallmark	(III) Jewellery
(D) Agmark	(IV) Agricultural Products

Choose the correct answer from the options given below:
(1) (A)-(I), (B)-(III), (C)-(II), (D)-(IV)

(2) (A)-(III), (B)-(I), (C)-(IV), (D)-(II)
(3) (A)-(II), (B)-(IV), (C)-(III), (D)-(I)
(4) (A)-(I), (B)-(II), (C)-(III), (D)-(IV)
Answer: (4) (A)-(I), (B)-(II), (C)-(III), (D)-(IV)
Solution: - ISI Mark indicates safety and quality standards for electrical goods.
- FPO Mark is used for processed food products to ensure quality.
- Hallmark certifies the purity of precious metals such as gold and silver jewellery.
- Agmark is a mark for agricultural products, ensuring they meet quality standards.

Quick Tip

Marks like ISI, FPO, Hallmark, and Agmark ensure product safety, quality, and adherence to standards across industries.

Question 34: "It may be difficult to know the extent of the relative impact of social, economic, political, technical or legal factors on change in demand for a product in the market." Identify the feature of Business Environment from the given statement.
(1) Complexity
(2) Relativity
(3) Uncertainty
(4) Inter-Relatedness
Answer: (3) Uncertainty
Solution: The uncertainty feature of the business environment arises due to unpredictable and rapid changes in external factors like social, economic, and political dynamics, making it challenging to predict their impact accurately.

Quick Tip

Uncertainty in the business environment is driven by rapidly changing external factors like political shifts and economic fluctuations.

Question 35: "The extent and nature of government intervention in business" is a Dimension of the business environment.
(1) Economic
(2) Social
(3) Legal
(4) Political
Answer: (4) Political
Solution: The political dimension of the business environment refers to the influence of government policies, stability, regulations, and political institutions on business operations, including interventions and policy-making.

💡 Quick Tip

The political dimension impacts businesses through policies, regulations, and the extent of government involvement in the economy.

Question 36: Which of the following is not a characteristic or quality of a successful Entrepreneur?
(1) Adaptability
(2) Translate ideas into commercial success
(3) Less risk taker
(4) Skilled individual
Answer: (3) Less risk taker
Solution: Successful entrepreneurs are characterized by their willingness to take calculated risks, adaptability, and ability to turn ideas into commercially viable ventures. Being risk-averse contradicts the nature of entrepreneurial success.

💡 Quick Tip

Entrepreneurs succeed by taking calculated risks, staying adaptable, and turning ideas into successful businesses.

Question 37: Planning requires application of mind involving foresight, intelligent imagination, and sound judgement. Which feature of planning is being highlighted in this statement?
(1) Planning involves decision making
(2) Planning is a primary function of management
(3) Planning is continuous
(4) Planning is a mental exercise
Answer: (4) Planning is a mental exercise
Solution: Planning demands a great deal of mental effort, involving critical thinking, foresight, and sound judgment. Managers must use their cognitive skills to anticipate future challenges, analyze alternatives, and make informed decisions for the organization.

💡 Quick Tip

Planning is inherently a mental process that involves evaluating options and using foresight to set the direction for achieving organizational goals.

Question 38: Match List-I with List-II.

List-I (Functional Areas)	List-II (Standards)
(A) Production	(I) Cost
(B) Marketing	(II) Sales Volume
(C) Human Resource Management	(III) Labour Relations
(D) Finance	(IV) Liquidity

Choose the correct answer from the options given below:
(1) (A)-(I), (B)-(II), (C)-(III), (D)-(IV)
(2) (A)-(I), (B)-(III), (C)-(II), (D)-(IV)
(3) (A)-(II), (B)-(I), (C)-(IV), (D)-(III)
(4) (A)-(III), (B)-(IV), (C)-(I), (D)-(II)
Answer: (1) (A)-(I), (B)-(II), (C)-(III), (D)-(IV)
Solution: - Production is measured by controlling costs to ensure efficiency.
- Marketing's performance is often assessed based on sales volume.
- Human Resource Management focuses on labour relations for employee management.
- Finance measures liquidity to maintain cash flow and operational stability.

Quick Tip

Each functional area in an organization is evaluated by unique standards such as cost for production and liquidity for finance, ensuring effectiveness.

Question 39: Money supply in the economy and public debt are examples of one of the dimensions of the Business environment. Identify the dimension.
(1) Social Environment
(2) Legal Environment
(3) Political Environment
(4) Economic Environment
Answer: (4) Economic Environment
Solution: The economic environment includes factors that impact the economy's overall functioning, such as money supply, public debt, inflation, and fiscal policies. These elements play a crucial role in shaping the financial and business landscape.

Quick Tip

Economic factors like money supply and public debt significantly influence market conditions and business operations.

Question 40: Recruitment is considered to be a positive process because:
(1) There is an infusion of new blood

(2) Vacancies are filled from internal sources
(3) More and more prospective candidates are attracted to apply
(4) Vacancies are filled from outside the organization
Answer: (3) More and more prospective candidates are attracted to apply
Solution: Recruitment is termed a positive process as it focuses on attracting as many potential candidates as possible, providing a broad pool of talent from which to select the best fit for the organization.

> Quick Tip
>
> Recruitment aims to attract a diverse range of candidates, enhancing the chances of finding the right fit for a role.

Question 41: Consider the following passage and answer the questions.
Gen-X enterprises is the company producing and selling cell phones. After earning reasonable profits for a few years, the company planned to venture into the following areas to serve the existing customer in the same manner as it has been doing for the last decade.
(a) Computer education
(b) Organising elephant race
(c) Spreading information about family planning
(d) Organising mountaineering treks
"Gen-X enterprises is the company producing and selling cell phones." As per this statement, which aspect has been marketed by the company?
(1) Physical Product
(2) Services
(3) Events
(4) Information
Answer: (1) Physical Product
Solution: Gen-X enterprises markets physical products, specifically cell phones, making their primary focus on tangible goods that customers can purchase.

> Quick Tip
>
> Physical products are tangible items like phones, clothes, or furniture that are marketed and sold to consumers.

Question 42: Consider the following passage and answer the questions.
Gen-X enterprises is the company producing and selling cell phones. After earning reasonable profits for a few years, the company planned to venture into the following areas to serve the existing customer in the same manner as it has been doing for the last

decade.
(a) Computer education
(b) Organising elephant race
(c) Spreading information about family planning
(d) Organising mountaineering treks
Which aspect has been marketed by rendering computer education?
(1) Services
(2) Events
(3) Information
(4) Experience
Answer: (1) Services
Solution: Providing computer education involves offering a service that educates individuals, making it an intangible offering distinct from physical products.

> Quick Tip
>
> Services are intangible offerings, such as education or training, aimed at providing value through expertise or support.

Question 43: Consider the following passage and answer the questions.
Gen-X enterprises is the company producing and selling cell phones. After earning reasonable profits for a few years, the company planned to venture into the following areas to serve the existing customer in the same manner as it has been doing for the last decade.
(a) Computer education
(b) Organising elephant race
(c) Spreading information about family planning
(d) Organising mountaineering treks
Which aspect has been marketed by organising an elephant race?
(1) Events
(2) Experience
(3) Place
(4) Idea
Answer: (1) Events
Solution: Organising an elephant race is classified as an event since it involves hosting a public activity for entertainment or awareness.

> Quick Tip
>
> Events are organized activities, such as sports competitions or exhibitions, designed to engage participants and spectators.

Question 44: Consider the following passage and answer the questions.
Gen-X enterprises is the company producing and selling cell phones. After earning reasonable profits for a few years, the company planned to venture into the following areas to serve the existing customer in the same manner as it has been doing for the last decade.
(a) Computer education
(b) Organising elephant race
(c) Spreading information about family planning
(d) Organising mountaineering treks
Which aspect has been marketed by spreading information about family planning?
(1) Idea
(2) Experience
(3) Events
(4) Service
Answer: (1) Idea
Solution: Spreading information about family planning is about marketing an idea, aiming to influence people's thoughts and behaviors on an important social matter.

Quick Tip

Ideas are intangible concepts or messages marketed to create awareness, change behaviors, or promote understanding of societal issues.

Question 45: Consider the following passage and answer the questions.
Gen-X enterprises is the company producing and selling cell phones. After earning reasonable profits for a few years, the company planned to venture into the following areas to serve the existing customer in the same manner as it has been doing for the last decade.
(a) Computer education
(b) Organising elephant race
(c) Spreading information about family planning
(d) Organising mountaineering treks
Which aspect has been marketed by organising a mountaineering trek?
(1) Experience
(2) Events
(3) Ideas
(4) Information
Answer: (1) Experience
Solution: Organising a mountaineering trek provides an experience, focusing on creating memorable and adventurous moments for participants, rather than selling a product.

💡 Quick Tip

Experiences involve engaging activities that leave a lasting impression on participants, often promoting adventure, learning, or leisure.

Question 46: Read the following passage and answer the questions.
A finance manager in an outlet raised Rs. 3.5 crore through a mix of debt and equity in a ratio of 4:3 to open a new outlet, but the actual amount required was Rs. 3 crore. The aim of the finance manager is to maximize the shareholder's wealth. Keeping this in mind, he reinvested the excess amount of Rs. 50 lakh in a fixed deposit carrying 6% interest p.a. while the cost of capital is 10% p.a.
To open a new outlet indicates which financial decision?
(1) Short-term investment decision
(2) Long-term investment decision
(3) Financing decision
(4) Dividend decision
Answer: (2) Long-term investment decision
Solution: The decision to open a new outlet represents a long-term investment decision because it involves committing substantial resources for a longer duration, aiming at future growth and profitability.

💡 Quick Tip

Long-term investment decisions, often known as capital budgeting, involve committing large sums of money for projects that impact the business for years.

Question 47: Read the following passage and answer the questions.
A finance manager in an outlet raised Rs. 3.5 crore through a mix of debt and equity in a ratio of 4:3 to open a new outlet, but the actual amount required was Rs. 3 crore. The aim of the finance manager is to maximize the shareholder's wealth. Keeping this in mind, he reinvested the excess amount of Rs. 50 lakh in a fixed deposit carrying 6% interest p.a. while the cost of capital is 10% p.a.
When ROI of the company is higher, it can choose to use to its EPS.
(1) Equity, increase
(2) Earning, increase
(3) Equity, decrease
(4) Debt, increase
Answer: (4) Debt, increase
Solution: When a company's return on investment (ROI) is higher than its cost of borrowing, it can use debt financing to boost earnings per share (EPS). This is because

debt has a fixed cost, which avoids diluting ownership of existing shareholders.

Quick Tip

Using debt strategically when ROI exceeds the cost of debt can increase profitability per share, optimizing shareholder returns.

Question 48: Read the following passage and answer the questions.
A finance manager in an outlet raised Rs. 3.5 crore through a mix of debt and equity in a ratio of 4:3 to open a new outlet, but the actual amount required was Rs. 3 crore. The aim of the finance manager is to maximize the shareholder's wealth. Keeping this in mind, he reinvested the excess amount of Rs. 50 lakh in a fixed deposit carrying 6% interest p.a. while the cost of capital is 10% p.a.
"The aim of the finance manager is to maximize the shareholder wealth." It is reflected as an aim of:
(1) Financial Management
(2) Marketing Management
(3) Financial Leverage
(4) Capital Structure
Answer: (1) Financial Management
Solution: The primary aim of financial management is to maximize shareholder wealth, which involves making strategic financial decisions to increase the value of the company's shares.

Quick Tip

Financial management focuses on maximizing shareholder wealth by enhancing the company's profitability and market value.

Question 49: Read the following passage and answer the questions.
A finance manager in an outlet raised Rs. 3.5 crore through a mix of debt and equity in a ratio of 4:3 to open a new outlet, but the actual amount required was Rs. 3 crore. The aim of the finance manager is to maximize the shareholder's wealth. Keeping this in mind, he reinvested the excess amount of Rs. 50 lakh in a fixed deposit carrying 6% interest p.a. while the cost of capital is 10% p.a.
To open an outlet, funds required was amounting to Rs. 3 crore, but the actual fund raised from the market was Rs. 3.5 crore. This situation is:
(1) Ideal Finance
(2) Idle Finance
(3) Debt Financing
(4) Equity Financing

Answer: (2) Idle Finance
Solution: Raising excess funds that are not needed immediately for a project results in idle finance, meaning the extra money remains unused and may not generate returns.

> Quick Tip
>
> Idle finance refers to surplus funds that are not efficiently utilized, potentially leading to lower overall returns.

Question 50: Read the following passage and answer the questions.
A finance manager in an outlet raised Rs. 3.5 crore through a mix of debt and equity in a ratio of 4:3 to open a new outlet, but the actual amount required was Rs. 3 crore. The aim of the finance manager is to maximize the shareholder's wealth. Keeping this in mind, he reinvested the excess amount of Rs. 50 lakh in a fixed deposit carrying 6% interest p.a. while the cost of capital is 10% p.a.
Finance manager raised through owner's fund and through borrowed fund.
(1) 15,00,000, 20,00,000
(2) 20,00,000, 15,00,000
(3) 1,50,00,000, 2,00,00,000
(4) 2,00,00,000, 1,50,00,000
Answer: (4) 2,00,00,000, 1,50,00,000
Solution: With a debt-to-equity ratio of 4:3, the finance manager raised Rs. 2 crore through equity (owner's funds) and Rs. 1.5 crore through debt (borrowed funds).

> Quick Tip
>
> A debt-to-equity ratio helps determine the proportion of borrowed funds to owner's funds, indicating a company's capital structure strategy.