ZOLLEGE

CUET 2024 Business Studies Set A
Question Paper with Solution

Total Time Allowed : 60 minutes	**Maximum Marks :** 200	**Total Questions :** 50	**Number of questions to be answered :** 40

1. Identify the Principle of Management where Taylor pioneered the introduction of the method of scientific inquiry into the domain of management practice.
(1) Science, not rule of thumb
(2) Harmony not discord
(3) Cooperation, not individualism
(4) Development of each and every person to the greatest efficiency and prosperity

Answer: (1) Science, not rule of thumb
Solution:
Frederick Winslow Taylor introduced the principle of using scientific methods to improve workplace efficiency. His approach replaced the traditional "rule of thumb" methods with systematic analysis and data-driven decision-making to optimize processes.

Quick Tip

Taylor's principle emphasizes the use of scientific methods to find the most efficient ways to complete tasks, removing guesswork and improving productivity through observation, measurement, and analysis.

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2. Match List-I with List-II on the basis of Management Principles:

List-I		**List-II**	
(A)	Obedience to organisational rules	(I)	Unity of direction
(B)	One boss for every individual employee	(II)	Remuneration of employees
(C)	One head and one plan	(III)	Discipline
(D)	Remuneration should be just and equitable	(IV)	Unity of command

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

Answer: (4) (A) - (III), (B) - (IV), (C) - (I), (D) - (II)
Solution:
Let's match the items from List-I with the corresponding principles from List-II:
(A) Obedience to organisational rules (III) Discipline: Discipline refers to the adherence to rules and regulations in an organization.
(B) One boss for every individual employee (IV) Unity of command: This principle ensures that each employee should receive instructions from only one superior to avoid confusion.
(C) One head and one plan (I) Unity of direction: Unity of direction ensures that all efforts are aligned toward a single organizational goal or plan.
(D) Remuneration should be just and equitable (II) Remuneration of employees: This principle stresses fair and reasonable compensation for employees.
Thus, the correct matching is (A) - (III), (B) - (IV), (C) - (I), (D) - (II).

> Quick Tip
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> Fayol's 14 principles of management guide managerial decisions and actions. Familiarizing yourself with these principles will help in understanding the core concepts of management.

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3. The aim of which technique given by F.W. Taylor is to reduce a given line or a product to fixed types, sizes and characteristics?
(1) Method study
(2) Time study
(3) Standardisation of work
(4) Functional foremanship

Answer: (3) Standardisation of work
Solution:
Standardisation of work is a technique developed by F.W. Taylor in scientific management, which involves establishing fixed procedures, sizes, and types to reduce variations in tasks and improve efficiency. By standardizing processes, the company can achieve consistency and minimize waste.

Quick Tip

Standardization minimizes variations in processes and products, ensuring uniformity and higher efficiency. It is a key principle of scientific management.

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4. Match List-I with List-II on the basis of Management Principles:

List-I (Meaning)		List-II (Term)	
(A)	Employees turnover should be minimised	(I)	Stability of personnel
(B)	Emphasises kindness and justice	(II)	Equity
(C)	Chain of authority and communication from top to bottom	(III)	Esprit de corps
(D)	Promotes team spirit	(IV)	Scalar chain

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

Answer: (3) (A) - (I), (B) - (II), (C) - (IV), (D) - (III)
Solution:
Let's match each concept from List-I with the appropriate management term from List-II:
(A) Employees turnover should be minimised (I) Stability of personnel: Minimizing employee turnover ensures a stable and committed workforce.
(B) Emphasises kindness and justice (II) Equity: The principle of equity emphasizes fair and just treatment for all employees.
(C) Chain of authority and communication from top to bottom (IV) Scalar chain: The scalar chain represents the formal line of authority and communication in an organization.
(D) Promotes team spirit (III) Esprit de corps: Esprit de corps refers to fostering a sense of unity and teamwork among employees.
Thus, the correct matching is (A) - (I), (B) - (II), (C) - (IV), (D) - (III).

Quick Tip

Understanding key management principles, such as equity, stability, and communication, is vital for effective organizational leadership and team coordination.

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5. Under which dimension of business environment is "Online Booking of Air Tickets" included?
(1) Legal dimension
(2) Economic dimension
(3) Technical dimension
(4) Social dimension

Answer: (3) Technical dimension
Solution:
The "Online Booking of Air Tickets" falls under the technical dimension of the business environment as it involves the use of technology, such as the internet and software systems, to facilitate and streamline booking processes in the travel industry.

Quick Tip

The technical dimension encompasses the role of technology, including innovations in IT systems, automation, and e-commerce, which significantly impact business operations.

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6. Which of the following is an example of the economic environment?
(1) Money supply in economy
(2) Constitution of the country
(3) Life expectancy
(4) Population shifts

Answer: (1) Money supply in economy
Solution:
The money supply affects inflation, interest rates, and business investments, making it a crucial aspect of the economic environment that influences the overall health of an economy.

Quick Tip

The economic environment includes factors like inflation, interest rates, economic policies, and monetary supply, all of which impact business activities and decisions.

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7. Which of the following is an example of legal environment?
(1) Death/Birth Ratio
(2) Trade Union Act
(3) Prevailing Political System

(4) Public Debt

Answer: (2) Trade Union Act
Solution:
The Trade Union Act is a law that regulates labor relations and affects business operations. It is an example of the legal environment, which includes laws, regulations, and policies that govern business practices.

> Quick Tip
>
> The legal environment consists of rules and regulations, such as labor laws, environmental protection laws, and business regulations, that businesses must comply with.

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8. Which of the following does *not* characterise business environment?
(1) Inter-related
(2) External forces
(3) Market orientation and product
(4) Relativity

Answer: (3) Market orientation and product
Solution:
The business environment is characterized by inter-related external forces and relativity. However, market orientation and product focus are specific to business strategy rather than the environment itself.

> Quick Tip
>
> The business environment is dynamic and influenced by internal and external factors, such as economic conditions, technological advancements, and legal regulations.

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9. Identify the correct sequence of steps under the Planning function:
(A) Setting objectives
(B) Identifying alternative courses of action
(C) Developing premises
(D) Evaluating alternative courses of action

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)

Answer: (2) (A), (C), (B), (D)
Solution:
The correct sequence for the planning function is: **(A) Setting objectives** (define goals), **(C) Developing premises** (establish assumptions), **(B) Identifying alternative courses of action** (explore options), and **(D) Evaluating alternative courses of action** (choose the best option).

Quick Tip

Planning involves defining objectives, making assumptions, evaluating options, and selecting the best path forward. It is an ongoing process that adapts to new information.

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10. Identify the correct sequence of Selection process:
(A) Selection decision
(B) Employment interview
(C) Selection tests
(D) Reference checking

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)

Answer: (4) (C), (B), (D), (A)
Solution:
The selection process typically follows these steps: **(C) Selection tests** (assess candidate skills), **(B) Employment interviews** (evaluate further), **(D) Reference checking** (verify candidate claims), and finally, **(A) Selection decision** (choose the best candidate).

Quick Tip

The selection process is designed to identify the most suitable candidate by evaluating their qualifications, skills, and background through a series of assessments.

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11. "It is a joint programme of training in which educational institutions and

business firms cooperate." Identify the method of training.
(1) Vestibule training
(2) Apprenticeship training
(3) Internship training
(4) Job rotation

Answer: (3) Internship training
Solution:
Internship training is a collaborative program where educational institutions and businesses work together to offer students real-world experience in their field of study. This approach combines academic learning with practical exposure.

Quick Tip

Internships are a valuable way to gain practical experience and bridge the gap between theoretical knowledge and real-world application.

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12. Match List-I with List-II on the basis of meaning and name of the concept:

List-I		List-II	
(A)	Choosing the most appropriate candidate	(I)	Selection
(B)	Candidate is given an introduction to superiors	(II)	Orientation
(C)	Learning the skills related to a job	(IV)	Training
(D)	Searching for prospective employees	(III)	Recruitment

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

Answer: (3) (A) - (I), (B) - (II), (C) - (IV), (D) - (III)
Solution:
Let's match the descriptions in List-I with the corresponding HR concepts in List-II:
(A) Choosing the most appropriate candidate (I) Selection: Selection refers to the process of selecting the most suitable candidate for a job from a pool of applicants.
(B) Candidate is given an introduction to superiors (II) Orientation: Orientation is a process that helps new employees become familiar with their role, workplace, and superiors.

(C) Learning the skills related to a job (IV) Training: Training is the process of developing the necessary skills for performing a specific job effectively.
(D) Searching for prospective employees (III) Recruitment: Recruitment is the process of attracting potential candidates for job openings.
Thus, the correct matching is (A) - (I), (B) - (II), (C) - (IV), (D) - (III).

Quick Tip

Recruitment, selection, orientation, and training are fundamental processes in human resource management. Understand the function and sequence of each for effective HR management.

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13. Which of the following is a process of incitement or inducing subordinates to act in a desired manner to achieve organisational goals?
(1) Motivation
(2) Supervision
(3) Leadership
(4) Communication

Answer: (1) Motivation
Solution:
Motivation refers to the process of encouraging and stimulating individuals to take actions that align with the organization's goals. It involves creating an environment that drives individuals to perform at their best.

Quick Tip

Motivation is central to organizational success. It helps employees stay focused and committed to achieving goals by providing incentives and fostering a positive work environment.

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14. Find the correct sequence of needs as given by Maslow in his Need Hierarchy Theory.
(A) Belongingness needs
(B) Safety and Security needs
(C) Self-actualisation needs
(D) Esteem needs

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)

Answer: (3) (B), (A), (D), (C)
Solution:
According to Maslow's hierarchy, the needs follow this order: **(B) Safety and Security needs**, followed by **(A) Belongingness needs**, then **(D) Esteem needs**, and finally **(C) Self-actualisation needs**. This hierarchy suggests that individuals must satisfy lower-level needs before moving on to higher-level needs.

Quick Tip

Maslow's Need Hierarchy Theory emphasizes the importance of fulfilling basic needs first before moving on to more complex needs. The five levels are: Physiological, Safety, Belongingness, Esteem, and Self-actualization.

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15. "_______________ is a process of influencing the behaviour of people by making them strive voluntarily towards achievement of organisational goals."
(1) Motivation
(2) Supervision
(3) Leadership
(4) Communication

Answer: (3) Leadership
Solution:
Leadership is the ability to influence and guide others towards achieving organizational goals. While motivation is a part of leadership, leadership encompasses a broader range of strategies to inspire and direct teams toward success.

Quick Tip

Effective leadership is key to achieving organizational success. It involves inspiring others, creating a vision, and leading by example to achieve shared goals.

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16. Which of the following is *not* a limitation of Controlling?
(1) Costly affair
(2) Resistance from employees
(3) Ensure order and discipline
(4) Little control on external factors

Answer: (3) Ensure order and discipline

Solution:
Controlling is designed to ensure that organizational goals are achieved and that order and discipline are maintained. The other options—costs, employee resistance, and limited control over external factors—are common limitations of controlling.

> Quick Tip
>
> While controlling is essential for maintaining performance and accountability, it can face challenges such as cost, resistance, and the difficulty of managing external influences beyond the organization's control.

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17. Identify the correct sequence of Controlling process:
(A) Analysing deviations
(B) Measurement of actual performance
(C) Setting up 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)

Answer: (4) (C), (B), (D), (A)
Solution:
The controlling process begins with **(C) Setting up standards**, followed by **(B) Measurement of actual performance**. Next, **(D) Comparison of actual performance with standards** is done to identify any deviations. Finally, **(A) Analysing deviations** helps to identify the causes and take corrective actions.

> Quick Tip
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> Controlling is an iterative process. Deviations from the established standards prompt corrective measures, which may lead to updates in the standards to improve performance over time.

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18. "Only a 5% increase in labour cost may be more troublesome than a 15% increase in postal charges." Identify the concept pointed out in the statement.
(1) Deviation
(2) Critical point control
(3) Break-even analysis

(4) Critical path method

Answer: (2) Critical point control
Solution:
This statement illustrates the concept of critical point control, where certain factors—like labor costs—can have a disproportionate impact on operations compared to other factors—like postal charges. It emphasizes focusing on those factors that have the greatest potential impact.

> Quick Tip
>
> Critical point control is a technique used to identify and focus on key areas that, even with small variations, can significantly affect the overall performance of a business.

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19. Identify the function performed by Financial Market from the following statement:
"Holders of assets can readily sell their financial assets through the mechanism of the financial market."
(1) Reduce the cost of transactions
(2) Provide liquidity to financial assets
(3) Facilitate price discovery
(4) Mobilisation of savings and channellising them into the most productive uses

Answer: (2) Provide liquidity to financial assets
Solution:
The ability to easily sell financial assets indicates the provision of liquidity, which is the primary function of financial markets. Liquidity allows assets to be bought or sold quickly and at market prices without causing significant price changes.

> Quick Tip
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> Liquidity is a critical feature of financial markets, allowing investors to quickly convert assets into cash without losing substantial value. It helps maintain market stability and investor confidence.

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20. If any of the parties are not satisfied by the order of ____________, they can appeal against such order to the State Commission on the grounds of facts or law within a period of forty-five days from the date of order.
(1) District Commission
(2) State Commission

(3) National Commission
(4) Local Court

Answer: (1) District Commission
Solution:
In the consumer dispute redressal system, if a party is dissatisfied with a decision made by the District Commission, they can appeal to the State Commission within 45 days. The appeal process follows a structured hierarchy from District to State to National Commission.

Quick Tip

Understanding the hierarchical structure of consumer dispute redressal is essential. Each commission level serves as a platform for appeals, ensuring consumers have access to justice.

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21. Identify the importance of consumer protection discussed in the following lines — "Business organisations make money by selling goods and providing services to consumers. Thus, consumers form an important group among the many stakeholders of business and like other stakeholders, their interest has to be well taken care of."
(1) Moral justification
(2) Business uses society's resources
(3) Social responsibility
(4) Long-term interest of business

Answer: (3) Social responsibility
Solution:
This statement emphasizes that businesses have a responsibility towards their consumers, who are important stakeholders. This reflects the concept of social responsibility, where businesses must act ethically and ensure their actions benefit society, including consumers.

Quick Tip

Social responsibility involves businesses considering the broader impact of their actions on society. Consumer protection is a key element of this responsibility, ensuring that businesses operate in a fair and ethical manner.

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22. Identify the Consumer Right – "The consumer has the freedom to access a variety of products at competitive prices. This implies that the marketers should offer a wide variety of products in terms of quality, brand, prices, size, etc."

(1) Right to Safety
(2) Right to Seek Redressal
(3) Right to be Assured
(4) Right to Consumer Education

Answer: (3) Right to be Assured
Solution:
The statement refers to the consumer's right to access a variety of products at competitive prices, which directly corresponds to the Right to be Assured. Let's look at why the other options are not applicable: Right to Safety: This right ensures that products are safe to use and free from harm.
Right to Seek Redressal: This right pertains to seeking compensation for faulty products or services.
Right to Consumer Education: This right focuses on educating consumers about their rights and responsibilities.

The correct answer is the Right to be Assured, as it guarantees consumers the availability of diverse choices in products, ensuring fair access to competitive pricing and variety.

Quick Tip

Consumer rights focus on different aspects of consumer protection. Pay attention to the specific aspect mentioned in the description to identify the correct right.

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23. Identify the method of flotation in the Primary Market wherein a company sells securities en bloc at an agreed price to a broker.
(1) Rights issue
(2) Offer for sale
(3) e-IPOs
(4) Offer through Prospectus

Answer: (2) Offer for sale
Solution:
The description matches the process of an "Offer for Sale," where a company sells its securities in bulk ("en bloc") to a broker at an agreed price. Let's review the other options:
Rights Issue: In this method, additional shares are offered to existing shareholders, not sold to brokers.
e-IPOs: These are initial public offerings made electronically, allowing the public to invest.
Offer through Prospectus: This involves a public offer of securities, accompanied by a detailed document about the company.
In contrast, the "Offer for Sale" method involves a private sale to an intermediary, like a broker, without a public offering or detailed prospectus, making it the correct answer.

Quick Tip

Different methods of raising capital in the primary market have distinct features. The key to identifying an "Offer for Sale" is the bulk sale of securities to a broker at a pre-arranged price, without a public offering.

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24. Match List-I with List-II on the basis of meaning and the term:

List-I (Meaning)		**List-II (Term)**	
(A)	Right to command	(I)	Answerability
(B)	Obligation to perform task	(II)	Delegation
(C)	Accountability	(III)	Authority
(D)	Basis of management hierarchy	(IV)	Responsibility

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

Answer: (4) (A) - (III), (B) - (IV), (C) - (I), (D) - (II)
Solution:
Let's match the meanings from List-I with the corresponding terms from List-II:
(A) Right to command: This matches with Authority (III), as authority refers to the right to give orders and expect compliance.
(B) Obligation to perform task: This corresponds to Responsibility (IV), as responsibility entails the duty to carry out tasks.
(C) Accountability: This is related to Answerability (I), as accountability means being answerable for one's actions and decisions.
(D) Basis of management hierarchy: The foundation of a management hierarchy is Delegation (II), which involves assigning tasks and authority to subordinates.

Thus, the correct matching is (A) - (III), (B) - (IV), (C) - (I), (D) - (II).

Quick Tip

Understanding the fundamental principles of management, such as authority, responsibility, and accountability, is essential when matching terms with their meanings. These concepts are central to effective organizational structure.

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25. Identify the correct sequence of Organizing function of management.

(A) Establishing authority and reporting relationships
(B) Departmentalisation
(C) Identification and division of work
(D) Assignment of duties

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)

Answer: (4) (C), (B), (D), (A)
Solution:
The organizing function in management unfolds in a specific sequence. Here's the step-by-step process:
1. The first step is to identify and break down the work into smaller tasks, which is represented by option (C).
2. Next, these tasks are grouped into different departments or units, which corresponds to departmentalization (B).
3. After forming departments, specific duties are assigned to individuals within these departments (D).
4. Finally, the authority and reporting structure are set up to establish who is accountable to whom (A).

Thus, the correct order is (C), (B), (D), (A).

Quick Tip

The organizing process in management is a logical flow: first, define and divide work, then group tasks into departments, assign duties, and finally, set up authority and reporting relationships.

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26. The formal organisation can be better understood by a study of its features which are as follows:
(A) It specifies the relationships among various job positions and the nature of their inter-relationship. This clarifies who has to report to whom.
(B) It is a means to achieve the objectives specified in the plans, as it lays down rules and procedures essential for their achievement.
(C) Independent channels of communication without specified direction of flow of information are developed by group members.
(D) It is deliberately designed by the top management to facilitate the smooth functioning of the organisation.

Which of the following options are correct?

(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: (1) (A), (B) and (D) only
Solution:
Let's evaluate each statement to determine which accurately represents a formal organization:
(A) This is correct, as formal organizations define clear relationships and reporting structures among job positions.
(B) This is true as well, as formal organizations establish rules and procedures to ensure that objectives are met systematically.
(C) This is incorrect. Independent communication channels without a defined flow of information are a characteristic of informal organizations, not formal ones.
(D) This statement is correct, as formal organizations are deliberately designed by top management to ensure efficient operations.
Therefore, the correct answer is (A), (B), and (D).

Quick Tip

[colback=white, colframe=black, colbacktitle=white, coltitle=black, title= Quick Tip, width=halign=left] Formal organizations are characterized by defined hierarchies, rules, and procedures. Informal organizations, on the other hand, arise spontaneously and lack structured communication channels.

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27. The informal organisation offers many benefits. Important among them are given below:
(A) Prescribed lines of communication are not followed. Thus, informal organisation leads to faster spread of information as well as quick feedback.
(B) It helps to fulfil the social needs of the members and allows them to find like minded people. This enhances their job satisfaction since it gives them a sense of belongingness in the organisation.
(C) It contributes towards fulfilment of organisational objectives by compensating for inadequacies in the formal organisation.
(D) Unity of command is maintained through an established chain of command.
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: (2) (A), (B) and (C) only
Solution:
(A) This is true. Informal organizations do not follow prescribed communication lines, leading to faster information spread and quicker feedback.
(B) This is also correct. Informal organizations help fulfill social needs, allowing members to find like-minded people and enhancing job satisfaction by fostering a sense of belonging.
(C) This is correct. Informal organizations help to compensate for the weaknesses of formal organizations, improving overall performance.
(D) This is incorrect. The concept of unity of command is a feature of formal organizations, not informal ones.
Therefore, the correct answer is (A), (B), and (C).

Quick Tip

[colback=white, colframe=black, colbacktitle=white, coltitle=black, title= Quick Tip, width=halign=left] Informal organizations often arise alongside formal structures and offer several benefits, including enhanced communication and fulfillment of social needs, but they do not follow the formal hierarchy or chain of command.

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28. Identify the correct sequence of trading & settlement procedure:
(A) The investor has to sign a broker client agreement.
(B) The investor has to open a 'Demat' Account.
(C) An order confirmation slip is issued to the investor by the broker.
(D) The broker will then go online and connect to the main stock exchange.

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)

Answer: (1) (A), (B), (C), (D)
Solution:
The correct sequence of the trading and settlement procedure is:
1. **(A) Broker Client Agreement:** The first step is for the investor to sign an agreement with the broker, establishing the terms of the trading relationship.
2. **(B) Demat Account Opening:** The investor must open a Demat account to hold securities electronically, which is essential before engaging in any trading activity.
3. **(D) Broker Connects to Exchange:** Once the account is set up, the broker connects to the stock exchange to execute the trade.
4. **(C) Order Confirmation:** After the trade is executed, the broker provides the investor with an order confirmation slip.

Therefore, the correct sequence is (A), (B), (D), (C).

Quick Tip

The trading and settlement procedure involves a logical sequence: first, establish the agreement, then open the Demat account, followed by connecting to the exchange and issuing the order confirmation slip after the trade.

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29. The market where existing securities are bought and sold is known as ____________.

(1) Primary market
(2) Secondary market
(3) Capital market
(4) Financial market

Answer: (2) Secondary market
Solution:
The primary market refers to the market where new securities are issued for the first time, either by companies or governments. In contrast, the secondary market is where existing securities are traded among investors after they have been issued.
Let's examine why the other options are incorrect:
Primary market: This market deals with the issuance of new securities.
Capital market: This term refers to both the primary and secondary markets dealing with long-term securities.
Financial market: This is a broader term encompassing markets for a variety of financial instruments, not just securities.

Quick Tip

Remember the key difference: the primary market handles new issues, while the secondary market is for the trading of existing securities.

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30. Qualities of successful entrepreneur do *not* include:
(1) Initiative
(2) Self-confidence
(3) Risk avoider
(4) Wealth creators

Answer: (3) Risk avoider
Solution:

Successful entrepreneurs are often distinguished by their willingness to take calculated risks. Being a ”risk avoider” is not a quality typically associated with entrepreneurial success, as entrepreneurship inherently involves taking risks. On the other hand, initiative, self-confidence, and the ability to create wealth are essential traits for successful entrepreneurs.

Quick Tip

[colback=white, colframe=black, colbacktitle=white, coltitle=black, title= Quick Tip, width=halign=left] Entrepreneurship thrives on risk-taking. While successful entrepreneurs aim to minimize unnecessary risks, they are rarely risk-averse.

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31. Identify the function performed by SEBI:
“It controls insider trading, takeover bids and imposes penalties for such practices.”
(1) Protective functions
(2) Regulatory functions
(3) Developmental functions
(4) Preventive functions

Answer: (2) Regulatory functions
Solution:
The actions described in the question – controlling insider trading, overseeing takeover bids, and imposing penalties – fall under the regulatory functions of SEBI (Securities and Exchange Board of India). SEBI’s role includes establishing and enforcing rules and regulations to maintain fairness and transparency in the securities market.

Quick Tip

[colback=white, colframe=black, colbacktitle=white, coltitle=black, title= Quick Tip, width=halign=left] Regulatory bodies like SEBI ensure the smooth functioning of financial markets by enforcing laws and imposing penalties for non-compliance. Their primary goal is to safeguard market integrity.

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32. Financial management aims at choosing the best investment and financing alternatives by focusing on their costs and benefits. Its objective is to:
(1) Increase the shareholders’ wealth
(2) Decrease the shareholders’ wealth
(3) Increase the shareholders’ capital
(4) Decrease the shareholders’ capital

Answer: (1) Increase the shareholders’ wealth

Solution:
The main objective of financial management is to maximize the value of the company, which directly enhances shareholders' wealth. This goal is achieved by making optimal decisions regarding investment and financing alternatives that maximize the company's returns.

Quick Tip

[colback=white, colframe=black, colbacktitle=white, coltitle=black, title= Quick Tip, width=halign=left] Financial management's primary aim is to maximize shareholder wealth. All financial decisions should be evaluated based on their ability to increase this value.

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33. A proper matching of funds requirements and their availability is sought to be achieved by ________________.
(1) Financial planning
(2) Financial control
(3) Capital budgeting
(4) Investment decisions

Answer: (1) Financial planning
Solution:
Financial planning involves forecasting future financial needs and determining how to meet those needs by aligning available funds with expected requirements. This ensures that funds are used efficiently and are available when needed.

Quick Tip

Financial planning is a critical process in ensuring that the company has the right resources at the right time to meet its goals and obligations.

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34. Debt is ____________ but is more _____________ for a business because the payment of interest and the return of principal is obligatory for the business.
(1) Cheaper, risky
(2) Cheaper, safe
(3) Expensive, risky
(4) Expensive, safe

Answer: (1) Cheaper, risky
Solution:

Debt financing tends to be cheaper than equity financing because the interest on debt is tax-deductible. However, it comes with the risk of mandatory interest payments and principal repayment, which may put the business in financial distress if not managed properly.

Quick Tip
Debt financing provides cost benefits but also carries the risk of financial strain if the company is unable to meet its repayment obligations. Businesses must manage debt carefully to avoid financial trouble.

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35. "Coordination unifies unrelated interests into purposeful work activity." Identify the nature of coordination.
(1) Coordination is an all pervasive function
(2) Coordination is a continuous process
(3) Coordination ensures unity of action
(4) Coordination integrates group efforts

Answer: (4) Coordination integrates group efforts
Solution:
The statement emphasizes how coordination helps align different, unrelated interests into a collective effort towards achieving a common objective. This reflects how coordination integrates the efforts of different individuals or groups to work together efficiently.

Quick Tip
Coordination ensures that everyone in an organization works towards the same objectives, effectively integrating individual efforts for greater organizational success.

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36. Akash Industries has installed a waste recycling plant in its premises and does not dump their waste material anymore. This plant is providing employment to many people. Identify the objective of management which the company is achieving by doing the aforesaid activity.
(1) Social objective
(2) Economic objective
(3) Personal objective
(4) Growth

Answer: (1) Social objective
Solution:

By installing a waste recycling plant and providing employment while also focusing on reducing waste, Akash Industries is addressing a social objective. This involves contributing to the welfare of society by promoting environmental responsibility and creating job opportunities.

Quick Tip

Social objectives of management aim to benefit society, focusing on areas like environmental sustainability, social welfare, and community development, alongside economic goals.

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37. "Management always works by keeping an end result or aim of the organisation. All activities of managers are directed towards the end result." From the above statement, identify the feature of management.

(1) Management is multidimensional
(2) Management is continuous
(3) Management is intangible
(4) Management is a goal-oriented process

Answer: (4) Management is a goal-oriented process
Solution:
The statement highlights the goal-directed nature of management, emphasizing that all managerial activities are focused on achieving a specific end result. This characteristic defines management as a goal-oriented process, where every action is aligned with the organization's objectives.

Quick Tip

Management is always goal-driven. Every managerial decision and activity should contribute to the achievement of organizational objectives.

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38. The key position of top-level management is ________________.

(1) Managing Director
(2) Production Manager
(3) Marketing Manager
(4) Plant Supervisor

Answer: (1) Managing Director
Solution:
The Managing Director (MD) holds the highest position in the top-level management hierarchy. The MD is responsible for overseeing the overall strategic direction and op-

erations of the company, while production managers, marketing managers, and plant supervisors hold lower levels of responsibility.

Quick Tip

Top-level management includes positions like the Managing Director, responsible for overall strategy and leadership, while other managers focus on specific functional areas.

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39. Match List-I with List-II.

List-I		List-II	
(A)	Intelligence test	(I)	Indicator of a person's capacity to develop
(B)	Aptitude test	(II)	Clues to a person's emotions, values, etc.
(C)	Personality test	(III)	Measure existing skills of the individual
(D)	Trade test	(IV)	Indicator of a person's learning ability and ability to make judgements

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

Answer: (2) (A) - (IV), (B) - (I), (C) - (II), (D) - (III)
Solution:
The correct matching of the tests with their descriptions is as follows:

- **(A) Intelligence test (IV) Indicator of a person's learning ability and ability to make judgments:** Intelligence tests measure cognitive abilities, such as reasoning and learning capacity.
- **(B) Aptitude test (I) Indicator of a person's capacity to develop:** Aptitude tests assess a person's potential to develop certain skills or abilities.
- **(C) Personality test (II) Clues to a person's emotions, values, etc.:** Personality tests provide insights into an individual's emotional traits and personal values.
- **(D) Trade test (III) Measure existing skills of the individual:** Trade tests evaluate an individual's proficiency in specific job-related skills.

Therefore, the correct answer is (2) (A) - (IV), (B) - (I), (C) - (II), (D) - (III).

Quick Tip

Psychological tests are designed to measure various aspects of a person's abilities, traits, and skills. Understanding the purpose of each test helps to match them with the correct description.

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40. Which of the following are advantages of functional structure of an organisation?
(A) Leads to occupational specialisation.
(B) Places less emphasis on organisational objectives.
(C) Promotes coordination and control within a department.
(D) Increases operational efficiency.

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

Answer: (3) (A), (C) and (D) only
Solution:
In a functional organizational structure, the following advantages apply:

- **(A) Leads to occupational specialization:** Employees within a function become specialists in their area, leading to higher expertise.
- **(C) Promotes coordination and control within a department:** Functions that are grouped together make it easier to manage and coordinate activities.
- **(D) Increases operational efficiency:** Specialization and clearer roles within a department contribute to more efficient operations.

However, **(B) Places less emphasis on organizational objectives** is incorrect, as a well-managed functional structure should always emphasize the overall goals of the organization.
Thus, the correct answer is (3) (A), (C) and (D) only.

Quick Tip

Functional organizational structures allow for specialized expertise and efficient operations. However, they must ensure that departmental goals align with the organization's broader objectives to prevent silos.

On the basis of the information given in the case, answer the next five questions.

"Just Foodie" is a food chain offering different snacks like chips, biscuits, chocochip cookies, cakes, etc. through their own retail outlets. To make their products available to customers at right time, right place, they are also selling their products to grocery stores in addition to their own outlets. The taste, quality and packing are given utmost care. They are offering good quality, so they are able to charge higher price than their competitors. To increase their sales, they are using different offers like : Free gifts, Cash backs, etc. They are offering discounts to customers on various occasions. All these considerations have made "Just Foodie" a complete success and they are able to win over different competitors in the market, and their market share is rising continuously.

41. In the above case "Just Foodie" is using various variables of Marketing Mix. Identify the variable used in the following statement:

"To make their products available to customers at right time, right place, they are also selling their products to grocery stores in addition to their own outlets."

(1) Product
(2) Price
(3) Promotion
(4) Physical distribution

Answer: (4) Physical distribution
Solution:

The statement highlights the physical distribution strategy used by "Just Foodie," which involves making their products accessible through different retail channels (both their own outlets and grocery stores). This is a key aspect of the physical distribution element in the marketing mix.

Quick Tip
Physical distribution refers to all the activities involved in delivering the product to the customer, such as transportation, storage, and choosing the appropriate distribution channels.

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42. Identify the element of the marketing mix in the following statement:

"The taste, quality, and packaging are given utmost care."

(1) Product mix
(2) Price mix
(3) Promotion mix
(4) Physical distribution mix

Answer: (1) Product mix
Solution:
This statement emphasizes key product features such as taste, quality, and packaging, which are all part of the product mix in the marketing strategy.

> Quick Tip
>
> The product mix refers to the full range of products a company offers, focusing on attributes such as quality, features, design, branding, and packaging.

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43. "They are able to charge a higher price than their competitors." Which element of the marketing mix is discussed in the statement?
(1) Product mix
(2) Price mix
(3) Promotion mix
(4) Physical distribution mix

Answer: (2) Price mix
Solution:
The statement focuses on the pricing strategy, specifically the ability to charge a premium price compared to competitors, which is part of the price mix in the marketing strategy.

> Quick Tip
>
> The price mix deals with how a product is priced based on factors such as costs, market competition, and perceived value to the customer.

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44. "To increase their sales, they are using different offers like free gifts, cash backs, etc. They are offering discounts to customers on various occasions." Identify the marketing mix element from the above statement.
(1) Product mix
(2) Price mix
(3) Promotion mix
(4) Physical distribution mix

Answer: (3) Promotion mix
Solution:
The statement describes various promotional activities like free gifts, cash backs, and discounts. These are all part of the promotion mix, which aims to boost sales and customer engagement.

Quick Tip

The promotion mix includes activities aimed at increasing customer awareness and encouraging purchases, such as advertising, sales promotions, and public relations.

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45. "To increase their sales, they are using different offers like free gifts, cash backs, etc. They are offering discounts to customers on various occasions." Which tool of the promotion mix is used in the given statement?

(1) Advertisement
(2) Sales promotion
(3) Personal selling
(4) Publicity

Answer: (2) Sales promotion
Solution:
Free gifts, cash backs, and discounts are all examples of sales promotion techniques, which are used to encourage immediate purchases and stimulate short-term sales.

Quick Tip

Sales promotion involves using short-term incentives like discounts and free gifts to motivate immediate consumer action, unlike advertising, which is a broader communication tool.

On the basis of the information given in the case, answer the next five questions.
A Maharatna Company, Indian Oil
Indian Oil is India's largest commercial organisation. It is the top ranked Indian company in the Fortune "Global 500" listings (2017). Indian Oil's vision is driven by a group of dynamic leaders, who have made it a name to reckon with. With an over 34,000 strong workforce, a Maharatna Company, Indian Oil has been helping to meet India's energy demands and reaching petroleum products in every part of India for over five decades.
• It plans to increase its business operations all around the world.
• The company plans to invest 20,000 crore in 2017 -18 acquisitions and plans to expand overseas. The company is always believed to be ahead of the demand. Last year too, IOC had invested close to 20,000 crore, including around 16,000 crore in various Indian projects and on acquisition for upstream in Russia.
• The company believed that if the goals are well defined, employees are aware of what the organisation has to do and what they must do to achieve those goals.
• Changes or events cannot be eliminated, but they can be anticipated and managerial

responses to them can be developed. Policy formation serves as the basis of coordinating the activities and efforts of different divisions, departments and individuals.
• It helps in avoiding confusion and misunderstanding. Manager can look into the future and make a choice from amongst various alternative courses of action.

46. Identify the function of management highlighted in the above case.
(1) Organising
(2) Staffing
(3) Directing
(4) Planning

Answer: (4) Planning
Solution:
The case highlights Indian Oil's strategic initiatives such as global expansion and investment planning, indicating that the company is focused on the planning function of management. This includes defining goals, anticipating challenges, and formulating strategies to meet future demands.

> Quick Tip
>
> Planning involves setting objectives, developing strategies, and forecasting potential challenges, ensuring that the organization is prepared for future demands and opportunities.

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47. "If the goals are well defined, employees are aware of what the organisation has to do and what they must do to achieve those goals." Identify the significance of the managerial function highlighted in this statement.
(1) Facilitates decision making
(2) Reduces overlapping and wasteful activities
(3) Reduces risks of uncertainty
(4) Provides direction

Answer: (4) Provides direction
Solution:
Clear goals provide employees with a sense of direction and purpose, guiding their efforts towards achieving organizational objectives. This reflects the managerial function of providing direction.

> Quick Tip
>
> Providing clear direction is a crucial management function. It ensures that all employees are aligned with the organization's goals, resulting in focused efforts and better coordination.

48. "Changes or events cannot be eliminated, but they can be anticipated and managerial responses to them can be developed." Identify the significance of the managerial function highlighted in this statement.
(1) Provides direction
(2) Reduces risks of uncertainty
(3) Reduces overlapping and wasteful activities
(4) Facilitates decision making

Answer: (2) Reduces risks of uncertainty
Solution:
The statement highlights the importance of planning to mitigate uncertainty. By anticipating potential changes and developing responses, management can reduce risks and prepare for unforeseen events.

Quick Tip

Planning helps reduce uncertainty by forecasting potential changes, allowing the organization to be proactive rather than reactive to challenges.

49. "Policy formation serves as the basis of coordinating the activities and efforts of different divisions, departments, and individuals. It helps in avoiding confusion and misunderstanding." Identify the significance of the managerial function highlighted in this statement.
(1) Facilitates decision making
(2) Reduces risks of uncertainty
(3) Provides direction
(4) Reduces overlapping and wasteful activities

Answer: (4) Reduces overlapping and wasteful activities
Solution:
The statement emphasizes the role of policies in minimizing confusion and ensuring that resources are efficiently used. By providing a structured framework, policies help in reducing overlapping activities and wasteful efforts, leading to better coordination and use of resources.

Quick Tip

Policies help in streamlining processes by clearly defining roles and responsibilities, thus reducing the likelihood of duplication of efforts and minimizing waste.

50. "Manager can look into the future and make a choice from amongst various alternative courses of action." Identify the significance of the managerial function highlighted in this statement.

(1) Provides direction
(2) Reduces risks of uncertainty
(3) Reduces overlapping and wasteful activities
(4) Facilitates decision making

Answer: (4) Facilitates decision making
Solution:
The statement focuses on the decision-making process, which involves evaluating various alternatives and selecting the best course of action based on future projections and available information.

Quick Tip
Effective decision-making involves analyzing multiple options, forecasting outcomes, and selecting the best path forward based on sound judgment and available data.
