



Study Material Based on the
Latest **CBSE** Syllabus and **NCERT** Textbooks

Together with[®]

OBJECTIVE TYPE QUESTIONS (BUSINESS STUDIES)

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CLASS
12
TERM 2

**RACHNA
SAGAR**

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Part-I

Multiple Choice Questions, Assertion-Reason Questions,
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Part A: Principles and Functions of Management

STAFFING

Multiple Choice Questions

1. Staffing is:

- (a) Setting goals for the organisation
- (b) translation of plans into action
- (c) putting right people in right job
- (d) filling and keeping filled positions in the organizational structure

[KVS]

Ans. (c)

2. This is not a part of recruitment process:

- (a) rejects applications of unqualified candidates
- (b) invites applications from potential candidates
- (c) identifies sources to find suitable candidates
- (d) None of these

Ans. (a)

3. _____ test is not a part of selection tests.

- (a) aptitude
- (b) personality
- (c) trade
- (d) medical

Ans. (d)

4. For fresh talent and wider choice _____ sources of recruitment are used.

- (a) External
- (b) Internal
- (c) Both of these
- (d) None of these

Ans. (a)

5. Which selection test aims at measuring the individuals potential to learn new skills?

- (a) Intelligence test
- (b) Aptitude test
- (c) Personality test
- (d) Interest test

[CBSE 2020 (C)]

Ans. (b)

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6. The process of staffing includes:

- (a) Estimating manpower requirements (b) Medical examination
(c) Employment interview (d) Selection decision

Ans. (a)

7. Which of the following is not an external source of recruitment?

- (a) Advertisement (b) Casual callers
(c) Promotion (d) Recommendation of employees

Ans. (c)

8. _____ is a career-oriented process.

- (a) Training (b) Development (c) Selection (d) None of these

Ans. (b)

9. The internal sources of recruitment are:

- (a) Transfer (b) Promotion
(c) Both (a) and (b) (d) Neither (a) nor (b)

Ans. (c)

10. _____ is the last step in the process of selection.

- (a) Selection decision (b) Job offer
(c) Contract of employment (d) Selection tests

Ans. (c)

11. Under which method of on the job training, a trainee is put under the guidance of a master worker.

- (a) Apprenticeship programme (b) Internship training
(c) Vestibule training (d) Job rotation

Ans. (a)

12. Which function of the management concentrates on employing the right person at the right position?

- (a) Organising (b) Staffing (c) Controlling (d) Directing

Ans. (b)

13. Which one of the following sources is most relevant to recruiting managerial personnel?

- (a) Direct recruitment (b) Employment exchange
(c) Advertisement (d) Casual callers

Ans. (c)

14. _____ test identify individual's likes and dislikes in relation to work.

- (a) Personality (b) Aptitude
(c) Intelligence (d) Interest

Ans. (d)

15. A situation of _____ somewhere would necessitate employee removal or transfer elsewhere.

- (a) understaffing (b) overstaffing (c) optimally staffed (d) All of these

Ans. (b)

16. _____ is a managerial decision making process as to predict which job applicants will be successful if hired.

- (a) Recruitment (b) Orientation
(c) Training (d) Selection

[DoE]

Ans. (d)

17. Sehaj is working as human resource manager in Flora Ltd. He is assigned the work to find out the number and type of personnel available so that he could decide and recruit the required number of persons for each department.

Identify the concept involved.

- (a) Recruitment (b) Workforce analysis
(c) Workload analysis (d) All of these

[DoE]

Ans. (b)

18. Which type of test comes under the process of selection test?

- (a) Intelligence test (b) Personality test (c) Aptitude test (d) All of these

Ans. (d)

19. Which of the following is a benefit of training to an organisation?

- (a) Systematic learning
(b) Reduces absenteeism and employee turnover
(c) Increases workload of employees
(d) Both (a) and (b)

Ans. (d)

20. A situation of _____ would necessitate the starting of the recruitment process.

- (a) understaffing (b) overstaffing
(c) optimally staffed (d) All of these

Ans. (a)

21. Which of the following is a benefit of training to the employees?

- (a) Minimises the need of supervision (b) Higher profits
(c) Better career options (d) Both (a) and (b)

Ans. (c)

22. After deciding what is to be done, how it is to be done and after creation of the organisation structure, the managerial function that follows is:

- (a) Staffing (b) Directing (c) Controlling (d) None of these

Ans. (a)

23. In an existing enterprise, staffing is a continuous process because:

- (a) it is common to all organisations whether economic, social or political.
(b) an organisation is a collection of diverse individuals with different needs.
(c) new jobs may be created and some of the existing employees may leave the organisation.
(d) different organisations have different goals.

Ans. (c)

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24. Which one of the following is not an importance of staffing?

- (a) Suitable division of work among employees
- (b) Developing skills in employees
- (c) Employee satisfaction
- (d) Efficient use of human resources

Ans. (a)

25. In staffing function, which combination of activities in sequential order is correct?

- (a) Recruitment, Selection, Training, Placement
- (b) Selection, Training, Recruitment, Placement
- (c) Recruitment, Selection, Placement, Training
- (d) Recruitment, Training, Selection, Placement

Ans. (c)

26. 'The information generated in the process of writing the job description and the candidate profile may be used for developing the 'situations vacant' advertisement.' The stage of staffing referred above is:

- (a) Estimating manpower requirements
- (b) Recruitment
- (c) Selection
- (d) Placement and Orientation

Ans. (b)

27. Aruna applied for the post of an art and craft teacher in a reputed school in Delhi. After successfully clearing the tests and the interview, she was offered an employment contract containing the terms and conditions, and the date of joining. Identify the step in the staffing process being described in the above lines.

- (a) Reference and background checking
- (b) Selection decision
- (c) Job offer
- (d) Contract of employment

Ans. (c)

28. Kunal joined a food processing unit as a factory worker. Since he was expected to work on sophisticated machinery, he was asked to undergo a special training. Identify the training method with reference to above lines.

- (a) Vestibule training
- (b) Apprenticeship training
- (c) Internship training
- (d) Induction training

Ans. (a)

29. Identify the correct sequence of the steps involved in the selection process.

- (a) Medical examination, Contract of employment, Reference and background checking, Selection decision, Job offer
- (b) Reference and background checking, Selection decision, Contract of employment, Medical examination, Job offer
- (c) Job offer, Reference and background checking, Selection decision, Medical examination, Contract of employment
- (d) Reference and background checking, Selection decision, Medical examination, Job offer, Contract of employment

Ans. (d)

30. When the Principal of Golden Bells Public School was on the verge of retirement, the management of the school contacted a specialised business firm in order to fill up the vacancy. Identify the source of recruitment being used by the management.

- (a) Labour contractors
- (b) Advertising
- (c) Placement agencies and management consultants
- (d) Direct recruitment

Ans. (c)

Assertion-Reason Questions

Note: In the following questions (Q.31 to Q.32), a statement of assertion followed by a statement of reason is given. Choose the correct answer out of the following choices.

- (a) Assertion (A) is incorrect and Reason (R) are correct
- (b) Assertion (A) is correct and Reason (R) is incorrect
- (c) Both Assertion (A) and Reason (R) are correct and Reason (R) is the correct explanation of Assertion (A)
- (d) Both Assertion (A) and Reason (R) are correct and Reason (R) is not the correct explanation of Assertion (A)

31. Assertion (A): The staffing function has assumed greater importance these days.

Reason (R): It is due to rapid advancement of technology, increasing size of organization and complicated behaviour of human beings.

Ans. (c)

32. Assertion (A): Staffing is a very important managerial function.

Reason (R): Staffing function must be performed efficiently by all organisations.

Ans. (d)

Statement-based Questions

Note: In the following questions (Q.33 to Q.34), two statements are given. For these, choose the correct answer out of the following choices.

- (a) Statement I is correct and Statement II is wrong
- (b) Statement II is correct and Statement I is wrong
- (c) Both the statements are correct
- (d) Both the statements are incorrect

33. Statement I: Staffing has been described as the managerial function of filling and keeping filled the positions in the organisation structure.

Statement II: The staffing function follows the planning but precedes organising functions.

Ans. (a)

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34. Statement I: It is the responsibility of all managers to directly deal with and select people to work for the organisation.

Statement II: The number of human resource specialists and size of this department gives an indication of the size of the business.

Ans. (c)

Case-based Questions

35. Read the given text and answer the questions that follow.

Mr. Vikas Goel is an H.R. Manager of “Sanduja Furniture Private Limited.” At the beginning of the new year he anticipated that the company will need 30 new additional persons to fill up different vacancies. He gave an advertisement in the newspaper inviting applications for filling up different vacant posts. As many as 120 applications were received. The same were scrutinized. Out of these, conditions of 15 applicants were not acceptable to the company. Letters of regret, giving reasons, were sent to them. Remaining candidates were called for preliminary interview. The candidates called for were asked to fill up blank application forms. Thereafter, they were given four tests.

The objective of the first test was to find out how much interest the applicant takes in his work.

The objective of the second test was to find out ‘specialisation’ of the applicant in any particular area.

Third test aimed at making sure whether the applicant was capable of learning through training or not.

The purpose of the fourth test was to find out how much capability a person has to mix-up with other persons, and whether he can influence other persons and get influenced by them.

[CBSE Question Bank]

- I. The purpose of the fourth test was to find out how much capability a person has to mix-up with other persons, and whether he can influence other persons and get influenced by them, Which tests is indicated in this situation.
 - (a) Personality Test
 - (b) Intelligent Test
 - (c) Aptitude Test
 - (d) Trade Test
- II. At the beginning of the new year he anticipated that the company will need 30 new additional persons to fill up different vacancies. Identify the first step of staffing.
 - (a) Placement and Orientation
 - (b) Training and Development
 - (c) Recruitment
 - (d) Estimating Manpower Requirement
- III. From the given lines, ‘Out of these, conditions of 15 applicants were not acceptable to the company. Letters of regret, giving reasons, were sent to them.’

Which aspect of staffing is highlighted in the statement?

 - (a) Recruitment
 - (b) Selection
 - (c) Training
 - (d) Education

IV. The applicants were given four tests like intelligent test to interest test after filling up blank application form. Identify which step of selection process was followed by the management.

- (a) Selection Decision (b) Selection Tests
(c) Job Offer (d) Medical Examination

Ans. I. (a) Personality Test II. (d) Estimating Manpower Requirement
III. (b) Selection IV. (b) Selection Tests

36. Read the given text and answer the questions that follow.

Vandana Public School had a vacancy of a Maths teacher. They were looking for a smart and creative teacher having a drive for excellence. An advertisement was given in all leading dailies. Since the response was huge, the school examined all the application forms and rejected the candidates who did not have the necessary qualifications. Thereafter, a test was conducted to measure the existing skills of the candidates. After that it was followed by a formal in-depth conversation with the Principal of the school and a panel of Maths experts.

I. 'Since the response was huge, the school examined all the application forms and rejected the candidates who did not have the necessary qualifications.' Which step of recruitment is reflected here?

- (a) Selection Decisions (b) Job Offer
(c) Preliminary Screening (d) Reference Checks

II. 'Thereafter, a test was conducted to measure the existing skills of the candidates.' What is the aim behind this test?

- (a) To eliminate unfit job seekers
(b) To measure certain characteristics of individuals
(c) To gain additional information about the candidate
(d) To ensure trustworthiness of the candidate

III. 'After that it was followed by a formal in-depth conversation with the Principal of the school and panel of Maths experts.' Which of the following statement is not true about this step of recruitment?

- (a) This step precedes selection test.
(b) The interviewer seeks information from the interviewee.
(c) It can be face to face or on phone.
(d) The interviewee also seeks information from interviewer.

Ans. I. (c) Preliminary Screening
II. (b) To measure certain characteristics of individuals
III. (a) This step precedes selection test.

37. Read the given text and answer the questions that follow.

'Newrange' is a chain of departmental stores in India with 56 outlets. It sells the best products at the lowest price. The Human Resource department takes care to select, train, motivate and retain the employees. Currently, it has 170 full time employees and 30 part time employees. For top-level management, employees are recruited through private consultants. These professional recruiters can entice the needed top executives from other companies by making the right offers. Employees appointed at the entry level are recruited through

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walk-in. For that, a notice is placed on the notice board specifying the details of the jobs available. 'Newrange' also encourages present employees or their friends and relatives to refer candidates. They also visit some of the reputed educational institutions to hire some of the most talented and promising students as its employees. 'Newrange' shifts workforce from surplus departments to those where there is shortage of staff instead of laying them off.

- I. 'For top-level management, employees are recruited through private consultants. These professional recruiters can entice the needed top executives from other companies by making the right offers.' Which of the following is not true about this source of recruitment?
- (a) They are an external source of recruitment.
 - (b) They help to recruit technical, professional and managerial personnel.
 - (c) They give their services free of charge.
 - (d) They compile bio-data of a large number of candidates and recommend suitable names to their clients.
- II. 'Employees appointed at the entry level are recruited through walk-in. For that, a notice is placed on the notice board specifying the details of the jobs available.' Which source of recruitment is referred in these lines?
- (a) Labour Contractors
 - (b) Employment Exchange
 - (c) Web Publishing
 - (d) Direct Recruitment
- III. 'They also visit some of the reputed educational institutions to hire some of the most talented and promising students as its employees.' Which type of jobs can be easily filled by this source of recruitment?
- (a) Casual jobs
 - (b) Technical, professional or managerial jobs
 - (c) Top executive jobs
 - (d) All of these
- IV. 'Newrange' shifts workforce from surplus departments to those where there is shortage of staff instead of laying them off. Which type of recruitment is referred here?
- (a) Transfer
 - (b) Promotion
 - (c) Campus Recruitment
 - (d) Labour Contractor

- Ans.** I. (c) They give their services free of charge.
II. (d) Direct Recruitment
III. (b) Technical, professional or managerial jobs
IV. (a) Transfer

7

DIRECTING

Multiple Choice Questions

1. Choose the function of management responsible for motivating employees and giving instructing to them to perform the tasks assigned to them.
(a) Planning (b) Staffing (c) Directing (d) Controlling

Ans. (c)

2. It means the process of making subordinates to act in a desired manner to achieve certain organisational goals.
(a) Supervision (b) Communication (c) Leadership (d) Motivation

Ans. (d)

3. _____ needs are most basic in the hierarchy of motivation theory and correspond to primary needs.
(a) Self-actualisation needs (b) Basic physiological needs
(c) Security needs (d) Belongingness needs

Ans. (b)

4. The highest level need in Maslow need hierarchy theory is:
(a) Safety need (b) Self-actualisation need
(c) Belongingness need (d) None of these

Ans. (b)

5. Mohit recently got a raise in his salary due to annual increment. Which of his human needs is being satisfied through this?
(a) Security needs (b) Belongingness needs
(c) Self-actualisation needs (d) Basic physiological needs

Ans. (d)

6. The first need in the Maslow's need hierarchy theory of motivation is:
(a) Esteem need (b) Safety/security need
(c) Basic psychological need (d) Affiliation/belongingness need

Ans. (c)

7. _____ is a non-financial incentive.
(a) Bonus (b) Perquisites (c) Profit sharing (d) Status

Ans. (d)

8. _____ refers to all measures which are used to motivate people to improve performance.
(a) Leadership (b) Motivation (c) Incentives (d) Communication

Ans. (c)

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9. _____ refers to a process of influencing other people to work willingly for group objectives.

- (a) Leadership (b) Supervision (c) Communication (d) Motivation

Ans. (a)

10. 'Encouraging staff to be a part of the decision-making' is a feature of _____ style of leadership.

- (a) Autocratic (b) Democratic (c) Laissez-faire (d) None of these

Ans. (b)

11. Which of the following is not a feature of leadership?

- (a) It shows ability of an individual to influence others.
(b) It leads to achievement of organisational goals.
(c) Leadership is one-time process.
(d) It leads to desired change in the organization.

Ans. (c)

12. Which of the following is not a feature of motivation?

- (a) It is a continuous process. (b) It ensures issuing instructions.
(c) It is an internal feeling. (d) It can be either positive or negative.

Ans. (b)

13. Which of the following is an example of financial incentive?

- (a) Career advancement opportunity (b) Organisational climate
(c) Pay and allowances (d) Employees recognition programmes

Ans. (c)

14. Which one of these is a style of leadership?

- (a) Autocratic or Authoritarian (b) Democratic or Participative
(c) Neither (a) nor (b) (d) Both (a) and (b)

Ans. (d)

15. _____ refers to the process of instructing, guiding, counselling, motivating and leading people in the organisation to achieve their objectives.

- (a) Planning (b) Organising (c) Staffing (d) Directing

Ans. (d)

16. Which of the following is not an element of directing?

- (a) Motivation (b) Communication (c) Leadership (d) Inspection

Ans. (d)

17. Identify the correct sequence of steps involved in the communication process.

- (a) Sender, Message, Encoding, Media, Decoding, Receiver, Feedback
(b) Sender, Decoding, Receiver, Feedback, Message, Encoding, Media
(c) Sender, Encoding, Media, Decoding, Message, Receiver, Feedback
(d) Sender, Media, Decoding, Receiver, Message, Encoding, Feedback

Ans. (a)

18. Workers are always unwilling to take up any kind of work in Alpha Studios. Due to rise in demand, the firm wants them to cooperate to meet pending orders. Suggest which element of directing is suitable for this situation.
 (a) Supervision (b) Motivation (c) Leadership (d) Communication

Ans. (b)

19. Mehak has been an outstanding student throughout her life. She did her graduation from a very good college. When the placement started she decided to withdraw her name. A month later she started her own NGO which provided education to poor children. Her NGO sets targets of educating a definite number of poor students and she feels if she is able to achieve a goal of teaching 5,000 students by the end of 5 years she will be very successful. The Maslow's needs applicable here is:
 (a) Security Needs (b) Belongingness Needs
 (c) Self-actualisation Needs (d) Basic Physiological Needs

Ans. (c)

20. Ayasha Ltd. assured their employees that in spite of the recession, no worker will be retrenched from their jobs. The type of incentive offered to the employees is:
 (a) Job security (b) Perquisites and fringe benefits
 (c) Career advancement opportunity (d) Employee empowerment

Ans. (a)

21. Arun who is the departmental head of his organisation decides to improve the performance of his department. He decides to give some financial and non-financial incentives to his subordinates. He knows these incentives will satisfy their needs. Therefore, they will be stimulated to take actions from their side. The element of directing highlighted here.
 (a) Supervision (b) Communication (c) Leadership (d) Motivation

Ans. (d)

22. Divesh and Hitesh are working in same organisation but in different departments. One day at lunch time, Divesh came to Hitesh and informed him that many people are going to be retrenched soon from the organisation due to computerisation. Which type of communication is this?
 (a) Formal communication (b) Informal communication
 (c) Both (a) and (b) (d) None of these

Ans. (b)

23. Which of the following is not a non-financial incentive?
 (a) Status (b) Job enrichment (c) Bonus (d) Employee participation

Ans. (c)

24. Which of these indicate 'status' given to a manager?
 (a) Salary (b) Recognition (c) Prestige of job (d) Both (b) and (c)

Ans. (d)

25. Formal communication may take place between:
 (a) Superior and subordinate (b) Subordinate and superior
 (c) Two managers at the same level (d) All of these

Ans. (d)

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26. Identify the style of leadership in which the superior uses forces from within the groups in order to establish control.
- (a) Autocratic leadership (b) Democratic leadership
(c) Laissez-faire leadership (d) Authoritarian leadership

Ans. (b)

Assertion-Reason Questions

Note: In the following questions (Q.27 to Q.28), a statement of assertion followed by a statement of reason is given. Choose the correct answer out of the following choices.

- (a) Assertion (A) is incorrect and Reason (R) are correct
(b) Assertion (A) is correct and Reason (R) is incorrect
(c) Both Assertion (A) and Reason (R) are correct and Reason (R) is the correct explanation of Assertion (A)
(d) Both Assertion (A) and Reason (R) are correct and Reason (R) is not the correct explanation of Assertion (A)
27. **Assertion (A):** The directing function takes place at every level of management.
Reason (R): Every manager, from top executive to supervisor performs the function of directing.

Ans. (c)

28. **Assertion (A):** Directing facilitates introduction of needed changes in the organisation.
Reason (R): Directing is the process of guiding the efforts of employees and other resources to accomplish the desired objectives.

Ans. (d)

Statement-based Questions

Note: In the following questions (Q.29 to Q.30), two statements are given. For these, choose the correct answer out of the following choices.

- (a) Statement I is correct and Statement II is wrong
(b) Statement II is correct and Statement I is wrong
(c) Both the statements are correct
(d) Both the statements are incorrect
29. **Statement I:** Directing refers to the process of instructing, guiding, counselling, motivating and leading people in the organisation to achieve its objectives.
Statement II: Directing is a one-time functional managerial process.

Ans. (a)

30. **Statement I:** It is the responsibility of all managers to spot informal organisation and suppress it for effective directing.
Statement II: Managers should follow up his orders to review continuously whether they are being implemented accordingly or any problems are being encountered.

Ans. (b)

Case-based Questions

31. Read the following text and answer the questions that follow.

Three friends, Rajat, Raman and Ansh, after completing their MBA from a reputed business school at Mumbai, were discussing about the type of organisation they would like to join. Rajat was very clear that he would like to take up a government job as it gives stability about the future income and work which will help him to work with greater zeal. It will also provide him pension when he will retire from his service. Raman wanted to work in a company, which has appropriate skill development plans for its employees and helps the employees to grow to higher levels in the organisation. In addition to this, the company should also provide facilities like housing, medical aid, etc. Ansh said that he would prefer to work in an organisation, which has the culture of individual autonomy, is considerate to employees and provides the employees with opportunity for personal growth and a meaningful work experience.

- I. 'Rajat was very clear that he would like to take up a government job as it gives stability about the future income and work which will help him to work with greater zeal.' Which financial or non-financial incentive is being discussed here?
 - (a) Retirement Benefits
 - (b) Job Security
 - (c) Both (a) and (b)
 - (d) None of these
 - II. 'Raman wanted to work in a company, which has appropriate skill development plans for its employees and helps the employees to grow to higher levels in the organisation.' Which of the following incentive has been discussed here?
 - (a) Employee Participation
 - (b) Job Enrichment
 - (c) Career Advancement Opportunity
 - (d) Organisational Climate
 - III. 'In addition to this, the company should also provide facilities like housing, medical aid, etc.' Under which head this type of incentive come?
 - (a) Financial incentive
 - (b) Non-financial incentive
 - (c) Either (a) or (b)
 - (d) None of these
 - IV. 'Ansh said that he would prefer to work in an organisation, which has the culture of individual autonomy, is considerate to employees and provides the employees with opportunity for personal growth and a meaningful work experience.' The incentive referred here is:
 - (a) Employee Empowerment
 - (b) Job Enrichment
 - (c) Organisational climate
 - (d) All of these
- Ans.** I. (c) Both (a) and (b) II. (c) Career Advancement Opportunity
 III. (a) Financial incentive IV. (d) All of these

32. Read the following text and answer the questions that follow.

Huma is working in a company on a permanent basis. As per the job agreement, she had to work for eight hours a day and was free to work overtime. Huma worked overtime, due to which she fell ill and had to take leave from her work. No one showed concern and enquired about her health. She realised that she was fulfilling only some of her needs while some other needs still remained to be fulfilled.

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- I. 'Huma is working in a company on a permanent basis.' Which of the following needs of Huma is fulfilled by this?
(a) Safety and Affiliation need (b) Physiological and safety need
(c) Esteem and physiological need (d) None of these
- II. 'No one showed concern and enquired about her health.' This indicates non-fulfillment of _____ need.
(a) Self-actualisation needs (b) Esteem needs
(c) Affiliation needs (d) Security needs
- III. The need identified in (II) above, pertains to:
(a) Sense of belongingness (b) Recognition and attention
(c) Basic primary needs (d) Self respect and autonomy
- IV. Which is the next need of Huma higher than the need identified in (II) above?
(a) Esteem need (b) Safety need
(c) Self actualization need (d) None of these

Ans. I. (b) Physiological and safety need II. (c) Affiliation needs
III. (a) Sense of belongingness IV. (a) Esteem need

33. Read the following text and answer the questions that follow.

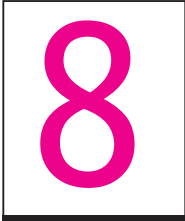
Mr. Sunil Diali is a safety officer in a reputed PSU sector ECL. He supervises the workers towards the predetermined goals of the organisation and directs how to eradicate unsafe practices of inundation, fire breakouts, existence of inflammable gases etc.

On one such instances there was huge fire breakout in the underground mines and the workers morale was down and demotivated because of several risk hazards. Mr. Diali observed the whole situation and consulted with all his workers and constantly monitored, guided and inspired them to integrate their efforts and accept the situation as a challenge and take adequate safety measures for fire extinguish and subsidizing its effects. Thereby, production turnover was outstanding and out performed other subsidiaries. Mr. Diali was recognised with Bravery Award from CIL.

[CBSE Question Bank]

- I. 'Mr. Diali worked towards predetermined goals of the organization'. Which important function of directing is addressed here?
(a) Means of motivation (b) Initiates action
(c) Facilitate change (d) Brings stability
- II. 'Mr. Diali consulted with all his workers, he listened to their opinions'. Which form of leadership is identified here?
(a) Laissez-faire (b) Autocratic
(c) Democratic (d) Free-rein
- III. Bravery award is _____ form of non-financial incentive.
(a) Status (b) Job security
(c) Career Advancement (d) Employee recognition
- IV. Under Maslow's hierarchy need theory which need of Mr. Diali has been met through respect and recognition among other employees?
(a) Self - Actualization need (b) Safety and security needs
(c) Esteem needs (d) Physiological needs.

Ans. I. (b) Initiates action II. (c) Democratic
III. (d) Employee recognition IV. (c) Esteem needs



CONTROLLING

Multiple Choice Questions

1. Identify the function of management which aims that activities conform to the standards set so that organisational goals are achieved.

- (a) Planning (b) Controlling
(c) Direction (d) None of these

Ans. (b)

2. _____ is the first step in the process of controlling.

- (a) Measurement of actual performance (b) Setting performance standards
(c) Analysing deviations (d) Taking corrective action

Ans. (b)

3. Which of the following is an importance of controlling?

- (a) Costly affair (b) Ensures order and discipline
(c) Both (a) and (b) (d) Neither (a) and (b)

Ans. (b)

4. Which of the following is a limitation of controlling?

- (a) Judging accuracy of standards (b) Little control on external factors
(c) Both (a) and (b) (d) Neither (a) nor (b)

Ans. (b)

5. In case, the deviation cannot be corrected through managerial action, what should be done?

- (a) Standards may have to be revised.
(b) Control through CCTVs should be ensured.
(c) Existing controlling process should be changed/modified.
(d) Sample checking should be done.

Ans. (a)

6. The last step in the controlling process is:

- (a) Analysing deviations
(b) Comparing actual performance with standards set
(c) Taking corrective action
(d) Measurement of actual performance

Ans. (c)

18 Objective Type Questions—12

7. The need for the controlling function is felt in:

- (a) Business organisations
- (b) Political organisations
- (c) Social organisations
- (d) All of these

Ans. (d)

8. Which of the following is not a feature of controlling?

- (a) Controlling is a positive process.
- (b) Controlling is a dynamic process.
- (c) Controlling improves employee's motivation.
- (d) Controlling is an all pervasive function.

Ans. (c)

9. In a marketing firm, the Financial Manager pays more attention towards an increase of 3% in the marketing cost as compared to a 15% increase in the courier expenses. Identify the concept being used by the manager.

- (a) Management by exception
- (b) Critical point control
- (c) Corrective action
- (d) None of these

Ans. (b)

10. Yash runs a logistic company. The Tour Incharges of each trip in the company are expected to submit a report to the Event Manager on the completion of every trip. Identify the step in the controlling process being described in the above lines.

- (a) Setting of standards
- (b) Measurement of actual performance
- (c) Taking corrective action
- (d) Analysing the deviations

Ans. (b)

11. When the deviations between the actual performance and the planned performance are within the limits:

- (a) a limited corrective action is required
- (b) no corrective action is required
- (c) a major corrective action is required
- (d) none of these

Ans. (b)

12. Under which step of controlling process certain pieces are checked at random for quality as sample checking.

- (a) Measurement of actual performance
- (b) Comparing actual performance with standards
- (c) Analysing Deviations
- (d) Taking corrective action.

[DoE]

Ans. (a)

13. Cost at ₹ 100 per unit is an example of which standard?

- (a) Quantitative
- (b) Qualitative
- (c) Both
- (d) None of these

[KVS]

Ans. (a)

14. Strike is which type of cause of deviation?

- (a) Uncertain conditions
- (b) Human cause
- (c) Various hindrances
- (d) Defective standards

[KVS]

Ans. (b)

15. "Employees might object when they are kept under a strict watch with the help of CCTVs." Which limitation of controlling is indicated here?
- (a) Control through CCTVs is as costly affair.
 - (b) Organisation have little control on external factors.
 - (c) Selection of CCTVs instalation points is difficult and time consuming.
 - (d) Resistance from employees.

[DoE]

Ans. (d)

16. In case the deviation cannot be corrected through managerial action, what should be done?
- (a) Standards may have to be revised.
 - (b) Control through CCTVs should be ensured
 - (c) Existing controlling process should be changed/modified
 - (d) Sample checking should be done.

[DoE]

Ans. (a)

17. Which of the following qualities the standard should have?
- (a) Achievable
 - (b) Measurable
 - (c) Flexible
 - (d) All of these

[KVS]

Ans. (d)

18. Which technique is used for measurement of actual performance?
- (a) Personal observation
 - (b) Market survey
 - (c) Critical point control
 - (d) CCTV's footage

Ans. (a)

19. Which concept in the process of controlling focus on key result areas?
- (a) Corrective measure
 - (b) Measurement of actual performance
 - (c) Critical point control
 - (d) Management by exception

Ans. (c)

20. Which concept states that if you try to control everything you may end up controlling nothing?
- (a) Management by Exception
 - (b) Critical Point Control
 - (c) Budgetary Control
 - (d) All of these

Ans. (a)

21. Which area is identified under Critical Point Control while analysing deviations?
- (a) Key Failure Areas
 - (b) Key Result Areas
 - (c) Critical Area
 - (d) None of these

Ans. (b)

22. What is the last step in the controlling process?
- (a) Setting performance standards
 - (b) Taking corrective action
 - (c) Comparing actual performance with standards
 - (d) Measurement of actual performance

Ans. (b)

20 Objective Type Questions—12

23. Strike is a _____ cause of deviation
(a) human (b) uncertain conditions
(c) Various hindrances (d) defective standards

Ans. (a)

24. The comparison of actual performance with the planned performance becomes easier if the standards are set in:
(a) Qualitative terms (b) Quantitative terms
(c) Either of the above (d) None of these

Ans. (b)

25. Which of the following is a technique used for measuring actual performance?
(a) Random sampling (b) Personal observation
(c) Performance reports (d) All of the above

Ans. (d)

26. Which one of the following is not a feature of controlling?
(a) Continuous process (b) Action-oriented
(c) Keeping employees busy (d) Pervasive function

Ans. (c)

27. Which one of the following is not an importance of controlling?
(a) Better coordination (b) Better use of resources
(c) Better planning (d) Better grievance handling

Ans. (d)

28. Which one of the following is a step of controlling?
(a) Assessing personnel required (b) Taking corrective action
(c) Assessing environment (d) Taking disciplinary action

Ans. (b)

29. _____ is the focus point for a manager while controlling, as controlling at every step is not possible.
(a) Controlling (b) Coordinating
(c) Critical point control (d) Both (a) and (b)

Ans. (c)

Assertion-Reason Questions

Note: In the following questions (Q.30 to Q.31), a statement of assertion followed by a statement of reason is given. Choose the correct answer out of the following choices.

- (a) Assertion (A) is incorrect and Reason (R) are correct
(b) Assertion (A) is correct and Reason (R) is incorrect
(c) Both Assertion (A) and Reason (R) are correct and Reason (R) is the correct explanation of Assertion (A)
(d) Both Assertion (A) and Reason (R) are correct and Reason (R) is not the correct explanation of Assertion (A)

30. Assertion (A): By exercising control, a manager seeks to reduce wastage and spoilage of resources.

Reason (R): Control is often resisted by employees. They see it as a restriction on their freedom.

Ans. (d)

31. Assertion (A): Control system loses some of its effectiveness when standards are defined in qualitative terms.

Reason (R): This makes measurement of performance and their comparison with standards a difficult task.

Ans. (c)

Statement-based Questions

Note: In the following questions (Q.32 to Q.33), two statements are given. For these, choose the correct answer out of the following choices.

(a) Statement I is correct and Statement II is wrong

(b) Statement II is correct and Statement I is wrong

(c) Both the statements are correct

(d) Both the statements are incorrect

32. Statement I: Controlling is all pervasive function.

Statement II: The controlling function measures progress towards the organisational goals and brings to light the deviations.

Ans. (c)

33. Statement I: Once a plan becomes operational, controlling is necessary.

Statement II: Plans are prepared for future and are based on forecasts about future conditions.

Ans. (c)

Case-based Questions

34. Read the given text and answer the questions that follow.

‘AS Ltd.’ is a large company engaged in assembling of air-conditioners. Recently the company had conducted the ‘Time’ and ‘Motion’ study and concluded that on an average, a worker can assemble ten air-conditioners in a day. The target volume of the company in a day is assembling of 1,000 units of air-conditioners. The company is providing attractive allowances to reduce labour turnover and absenteeism. All the workers are happy. Even then the assembling of air-conditioners per day is 800 units only. To find out the reason, the company compared actual performance of each worker and observed through CCTV that some of the workers were busy in gossiping.

I. Which function of management is discussed here.

(a) Planning

(b) Directing

(c) Controlling

(d) Organising

22 Objective Type Questions—12

- II.** Which of the following statement is true about the function identified in (I) above?
- (a) It eliminates the need of future planning.
 - (b) It is the last function of management.
 - (c) It is an intellectual process.
 - (d) It presupposes the existence of certain standards.
- III.** ‘.....a worker can assemble ten air-conditioners in a day. The target volume of the company in a day is assembling of 1,000 units of air-conditioners.’ The step of the process of the function identified in (I) above discussed here is:
- (a) Setting standards of performance
 - (b) Measurement of actual performance
 - (c) Comparison of actual performance with the standards
 - (d) Analysing deviations
- IV.** ‘To find out the reason, the company compared actual performance of each worker and observed through CCTV that some of the workers were busy in gossiping.’ The steps in the process of the function identified in (I) is:
- (a) Setting standards of performance
 - (b) Measurement of actual performance
 - (c) Comparison of actual performance with the standards
 - (d) Analysing deviations

- Ans. I.** (c) Controlling
- II.** (d) It presupposes the existence of certain standards.
- III.** (a) Setting standards of performance
- IV.** (d) Analysing deviations

35. Read the given text and answer the questions that follow.

Gagan is trying to apply a function of management in his department. First, he lets his team perform according to their best potential. Then, in a meeting he calls ody and asks his team to check what they have performed. One day it was found that the total number of units produced were 20 less than the set target. It was decided that no worker will go home unless and until this gap of 20 units is overcome.

- I.** Which function of management is being performed by Gagan and his team?
- (a) Planning
 - (b) Directing
 - (c) Controlling
 - (d) Organising
- II.** What is ‘20’ in the above case?
- (a) Standard performance
 - (b) Actual performance
 - (c) Deviation
 - (d) None of these
- III.** At which stage of management do you think the target was set?
- (a) Planning
 - (b) Organising
 - (c) Directing
 - (d) Coordination
- IV.** The target must be set in _____ terms.
- (a) qualitative
 - (b) quantitative
 - (c) any of these
 - (d) None of these
- Ans. I.** (c) Controlling
- II.** (c) Deviation
- III.** (a) Planning
- IV.** (b) quantitative

36. Read the given text and answer the questions that follow.

Savita has been assigned the job of quantity controller. She knows this is a tough job but she also realises the importance of it. Her daily routine is to send alarm to the manufacturing department about the deviations in the number of units produced so that the target of the day could be achieved. This helps the whole department to focus towards its main plan of action. However, one day she realises that the number of units which are to be produced is 500 units which is very high and creates chaos at the shop floor. She discusses it with the management and the target is reduced to 450 units. This has helped the manufacturing department in maintaining quality of the work done. There are 10 workers at the shop floor where Savita does inspection. She divided the task into 45 units for each worker so that by the end of the day the target of the department is completed.

- I. 'Her daily routine is to send alarm to the manufacturing department about the deviations in the number of units produced so that the target of the day could be achieved.' Which importance of controlling function is highlighted here?
 - (a) Ensures order and discipline
 - (b) Judging accuracy of standards
 - (c) Making efficient use of resources
 - (d) Accomplishing organisational goals
 - II. 'However, one day she realises that the number of units which are to be produced is 500 units which is very high and creates chaos at the shop floor. She discusses it with the management and the target is reduced to 450 units.' Which importance of controlling function is highlighted here?
 - (a) Facilitating coordination in action
 - (b) Judging accuracy of standards
 - (c) Making efficient use of resources
 - (d) Accomplishing organizational goals
 - III. 'This has helped the manufacturing department in maintaining quality of the work done.' Which importance of controlling function is highlighted here?
 - (a) Ensures order and discipline
 - (b) Judging accuracy of standards
 - (c) Making efficient use of resources
 - (d) Facilitating coordination in action
 - IV. 'She divided the task into 45 units for each worker so that by the end of the day the target of the department is completed.' Which importance of controlling function is highlighted here?
 - (a) Facilitating coordination in action
 - (b) Judging accuracy of standards
 - (c) Making efficient use of resources
 - (d) Accomplishing organisational goals
- Ans.**
- I. (d) Accomplishing organisational goals
 - II. (b) Judging accuracy of standards
 - III. (c) Making efficient use of resources
 - IV. (a) Facilitating coordination in action

9

Part B: Business Finance and Marketing

FINANCIAL MANAGEMENT

Multiple Choice Questions

1. Which of the following is the primary aim of financial management?
- (a) Optimum utilisation of resources
 - (b) Link present with future
 - (c) Ensures availability of funds wherever required
 - (d) Wealth Maximisation

Ans. (d)

2. _____ is a factor affecting the capital structure of a company.
- (a) Cash flow position
 - (b) Flexibility
 - (c) Control
 - (d) All of these

Ans. (d)

3. The requirement for working capital will be more for a business concern manufacturing:
- (a) Bread
 - (b) Coolers
 - (c) Both (a) and (b)
 - (d) Neither (a) nor (b)

Ans. (b)

4. Which of the following is a factor affecting dividend decision?
- (a) Cash flow position
 - (b) Stability of earnings
 - (c) Contractual constraints
 - (d) All of these

Ans. (d)

5. _____ is a factor affecting working capital requirement of a business.
- (a) Scale of operations
 - (b) Business cycle
 - (c) Production cycle
 - (d) All of these

Ans. (d)

6. _____ refers to a situation when a company is not able to meet its fixed financial obligations.
- (a) Financial leverage
 - (b) Financial risk
 - (c) Financial planning
 - (d) None of these

Ans. (b)

7. 'Long-term growth' is the importance of _____.
- (a) Working capital
 - (b) Financial management
 - (c) Capital budgeting decision
 - (d) Financial planning

Ans. (c)

8. Financial leverage is called favourable if:
- (a) Return on investment is lower than the cost of debt.
 - (b) ROI is higher than the cost of Debt
 - (c) Debt is easily available.
 - (d) If the degree of existing financial leverage is low.

[KVS]

Ans. (b)

9. Higher debt equity ratio results in:
- (a) lower financial risk
 - (b) higher degree of operating risk
 - (c) higher degree of financial risk
 - (d) higher EPS.

[KVS]

Ans. (c)

10. Long-term investment decision is also known as _____ decisions.

- (a) Working Capital
- (b) Capital Budgeting
- (c) Financing
- (d) None of these

Ans. (d)

11. Short-term investment decision is also known as _____ decisions.

- (a) Working Capital
- (b) Capital Budgeting
- (c) Financing
- (d) None of these

Ans. (a)

12. Which of the following is not an importance of financial planning?

- (a) Optimum utilisation of resources
- (b) Profit maximisation
- (c) Avoid wastage of resources
- (d) Reduces financial uncertainty

Ans. (b)

13. 'Temptations' is a food joint in Imperial Mall in Bengaluru. It is becoming popular among students and working people due to healthy, on-the-go dishes on its menu like 'Paneer Wrap', 'Chickpeas Salad', 'Grilled Sandwiches', etc.

It has now decided to open two new branches in other parts of Bengaluru. Which financial decision has been discussed in the above case?

- (a) Long-term investment decision
- (b) Short-term investment decision
- (c) Dividend decision
- (d) Financing decision

[CBSE 2020 (C)]

Ans. (a)

14. Financial Management mainly concerned with _____.

- (a) all aspects of acquiring and utilising financial resources for firm's activities.
- (b) arrangement of funds.
- (c) efficient Management of every business.
- (d) profit maximisation.

Ans. (a)

15. Current assets are those assets which get converted into cash:

- (a) within six months
- (b) within one year
- (c) between one year and three years
- (d) between three and five years.

[KVS]

Ans. (b)

26 Objective Type Questions—12

16. A fixed asset should be financed through: [KVS]
(a) a long-term liability (b) a short-term liability
(c) a medium-term liability (d) a mix of long and short-term liabilities

Ans. (a)

17. Capital budgeting decisions are related to investment in _____.
(a) Long-term assets (b) Short-term assets
(c) Fixed assets (d) Both (a) and (b)

Ans. (a)

18. Working capital means the portion of capital invested in:
(a) Long-term Assets (b) Short-term assets
(c) Fictitious assets (d) Intangible assets

Ans. (b)

19. If ROI is more than the rate of interest, in this case:
(a) Profit earned by the equity shareholders increases.
(b) Profit earned by the equity shareholder decreases.
(c) Interest earned by the debentureholders decreases.
(d) Interest earned by the debentureholders increases.

Ans. (a)

20. The requirement of working capital is affected by:
(a) Nature of business (b) Business cycle
(c) Seasonal factors (d) All of these

Ans. (d)

21. Capital structure refers to the proportion between:
(a) Fixed assets and current assets (b) Debts and equity
(c) Fixed assets and working capital (d) None of these

Ans. (b)

22. Mr. Anuj compared project A, B and C. He selected project C, after comparing that the series of cash receipts and payments over the life of an investment in it is maximum. Which factor affecting the capital budgeting decision is reflected here?
(a) Cash flow of the project (b) Rate of return
(c) Investment criteria involved (d) All of these

Ans. (a)

23. There are three projects, A, B and C. These projects are with the same risk involved and the rate of return of each of them is 12%, 18% and 15% respectively. Then under normal circumstance, _____ should be selected.
(a) Project A (b) Project B (c) Project C (d) All of these

Ans. (b)

24. _____ refer to the equity capital and the retained earnings.
(a) Borrowed funds (b) Shareholders' funds
(c) Working capital funds (d) All of these

Ans. (b)

25. _____ refers to the finance raised through debentures or other forms of debt.

- (a) Borrowed funds (b) Shareholders' funds
(c) Working capital funds (d) All of these

Ans. (a)

26. The risk of default on payment, financial risk, is mainly concerned with:

- (a) Borrowed funds (b) Shareholders' funds
(c) Working capital funds (d) All of these

Ans. (a)

27. The formula for calculating financial leverage is:

- (a) Current Assets– Current Liabilities (b) Debts– Equity
(c) Debts \ Equity (d) Equity \ Debts

Ans. (c)

28. Which of the following is not concerned with the Long - term investment decision?

- (a) Opening a new branch
(b) Replacing a old machine by a new one
(c) Acquiring a new asset
(d) Managing the inventories

Ans. (d)

29. _____ provides a link between investment and financing decisions on a continuous basis.

- (a) Financial decision (b) Financial Planning
(c) Dividend decision (d) None of these

Ans. (b)

30. The cheapest source of long-term finance is:

- (a) Equity (b) Debts (c) Bank overdraft (d) None of these

Ans. (b)

Assertion-Reason Questions

Note: In the following questions (Q.31 to Q.34), a statement of assertion followed by a statement of reason is given. Choose the correct answer out of the following choices.

- (a) Assertion (A) is incorrect and Reason (R) are correct
(b) Assertion (A) is correct and Reason (R) is incorrect
(c) Both Assertion (A) and Reason (R) are correct and Reason (R) is the correct explanation of Assertion (A)
(d) Both Assertion (A) and Reason (R) are correct and Reason (R) is not the correct explanation of Assertion (A)

31. **Assertion (A):** Amount of earning is a major determinant in dividend decision.

Reason (R): Dividends are paid out of current and past earnings.

Ans. (c)

36. Read the given text and answer the questions that follow.

Pinnacle Ltd deals in the sale of stationery and office furniture. They source the finished products from reputed brands who give them four to six months credit. Seeing the demand for electronic items, they are also planning to market these items by opening outlets throughout India. For this, they have decided to join hands with a Japanese electronic goods manufacturer.

- I. 'They source the finished products from reputed brands who give them four to six months credit.' What will be its effect on fixed capital requirement?
 - (a) Increase
 - (b) Decrease
 - (c) No effect
 - (d) None of these
- II. 'Seeing the demand for electronic items, they are also planning to market these items by opening outlets throughout India.' Which decision is involved here?
 - (a) Capital Budgeting decision
 - (b) Working Capital decision
 - (c) Dividend decision
 - (d) Financing decision
- III. Which of the following statement about the decision identified in (II) above is false?
 - (a) They affect liquidity and profitability of a business.
 - (b) They are irreversible except at a huge cost.
 - (c) They involve huge amount of investment.
 - (d) They affect the earning capacity of business in the long run.
- IV. 'For this, they have decided to join hands with a Japanese electronic goods manufacturer.' Which factor affecting the decision identified in (II) above is referred here?
 - (a) Financing Alternative
 - (b) Level of Collaboration
 - (c) Growth Prospects
 - (d) Diversification

- Ans.**
- I. (c) No effect
 - II. (a) Capital Budgeting decision
 - III. (a) They affect liquidity and profitability of a business.
 - IV. (b) Level of Collaboration

37. Read the given text and answer the questions that follow.

Rhino Ltd. was an established brand in the field of electronic toys. It has its operations spread out in three countries India, France and Australia. Due to high demand of its toys in international market, it decided to set up a manufacturing unit in Japan also. To start with, they had two options, i.e. to enter into a joint venture with an existing toy manufacturing company in Japan or to install their own plant. It also tried to find out the different financing alternatives available there, lease financing being one of them. Since, they would work on automated machines, so the requirement of labour would be relatively less for them.

- I. 'Due to high demand of its toys in international market, it decided to set up a manufacturing unit in Japan also.' Which type of decision is referred here?
 - (a) Capital budgeting decision
 - (b) Working capital decision
 - (c) Dividend decision
 - (d) Financing decision

30 Objective Type Questions—12

- II.** ‘To start with, they had two options, i.e. to enter into a joint venture with an existing toy manufacturing company in Japan or to install their own plant.’ These two options will make a difference in:
- (a) Fixed capital requirements (b) Working capital requirements
(c) Capital structure decision (d) All of these
- III.** ‘It also tried to find out the different financing alternatives available there, lease financing being one of them.’ How will this factor affect the decision identified in (II) above?
- (a) Increase (b) Decrease
(c) Unaffected (d) Can’t be determined
- IV.** ‘Since, they would work on automated machines, so the requirement of labour would be relatively less for them.’ How will this factor affect the decision identified in (II) above?
- (a) Increase (b) Decrease
(c) Unaffected (d) Can’t be determined

- Ans. I.** (a) Capital budgeting decision
II. (a) Fixed capital requirements
III. (b) Decrease
IV. (a) Increase

10

FINANCIAL MARKETS

Multiple Choice Questions

1. The membership of a stock exchange is well-regulated and its dealings are well-defined according to the existing legal framework. This gives investors the advantage of:
- (a) Liquidity of securities (b) Determination of pricing of securities
(c) Safety of transaction (d) None of these

Ans. (c)

2. Primary and secondary markets _____ .
- (a) Compete with each other (b) Complement each other
(c) Function independently (d) Control each other

[DoE]

Ans. (b)

3. Which of the following is not a function of SEBI?
- (a) Registration of brokers and sub-brokers
(b) Undertaking measures to develop financial markets
(c) Prohibition of insider trading
(d) Holding securities in electronic form.

[DoE]

Ans. (d)

4. Which of the following is not an advantage of Electronic trading system?
- (a) Transparency in dealing (b) Reduction in time, cost and risk of error
(c) Improving the liquidity of the market (d) Controls insider trading

Ans. (d)

5. The settlement cycle in NSE is
- (a) T+5 (b) T+3 (c) T+2 (d) T+1

[KVS]

Ans. (c)

6. National Stock Exchange in India was recognized as stock exchange in the year.
- (a) 1992 (b) 1993 (c) 1994 (d) 1995

[KVS]

Ans. (b)

7. Keshav, a holder of 5000 shares of Cello Ltd., is offered the proposal to buy one new share for every ten shares held by him. Which method of floatation new issue is discussed here?
- (a) Offer through Prospectus (b) Rights Issue
(c) Private Placement (d) Offer for Sale

Ans. (b)

32 Objective Type Questions—12

8. Which of the following is an objective of SEBI?
- (a) Training of intermediaries of securities market
 - (b) Protecting the rights and interest of investors
 - (c) Promotion of fair practices and code of conduct in securities market
 - (d) Levying fees/charges for carrying out the purpose of the Act

Ans. (b)

9. _____ is an unsecured promissory note, issued by a corporate with a fixed maturity period which varies from 15 days to 12 months.
- (a) Treasury bill
 - (b) Call money
 - (c) Commercial paper
 - (d) Trade Bills

Ans. (c)

10. Which of the following is a method of floatation in primary market?
- (a) Offer for sale
 - (b) Private placement
 - (c) Rights issue
 - (d) All of these

Ans. (d)

11. _____ is a link between the savers and the investors.
- (a) Financial market
 - (b) Capital market
 - (c) Primary market
 - (d) None of these

Ans. (a)

12. Which of the following is the first step in the trading procedure?
- (a) Placing an order
 - (b) Open a Demat Account
 - (c) Agreement with a broker
 - (d) Settlement of account

Ans. (c)

13. Which of the following is a regulatory function of SEBI?
- (a) Regulation of takeover bids by companies
 - (b) Controlling insider trading
 - (c) Taking steps for investors protection
 - (d) Conducting research and publishing information useful to all market participants

Ans. (a)

14. Which of the following is a function of Stock Exchange?
- (a) Pricing of securities
 - (b) Providing scope for speculation
 - (c) Safety of transactions
 - (d) All of these

Ans. (d)

15. _____ is the market for short-term funds meant for use for a period of upto 1 year.
- (a) Capital market
 - (b) Money market
 - (c) Financial market
 - (d) None of these

Ans. (b)

16. A company can raise capital through primary market in the form of:
- (a) Equity shares
 - (b) Preference shares
 - (c) Debentures
 - (d) All of these

Ans. (d)

17. Ownership securities are represented by _____.

- (a) Stock (b) Loan (c) Debt (d) Debentures

Ans. (a)

18. _____ are the business hours of stock exchange

- (a) 9:00 am to 4:00 pm (b) 9:55 am to 3.30 pm
(c) 9.15 am to 3.30 pm (d) 9.30 am to 4.30 pm

Ans. (c)

19. In which year was the SEBI established by the Government of India?

- (a) 1980 (b) 1988 (c) 1992 (d) 1993 [DoE]

Ans. (b)

20. Treasury Bills are basically

- (a) an instrument to borrow short-term funds
(b) an instrument to borrow long-term funds
(c) an instrument of capital market
(d) none of the above

[KVS]

Ans. (a)

21. Certain instruments of money market is short, self-liquidating and used to finance credit sales. Name the instrument:

- (a) Call Money (b) Certificate of Deposit
(c) Commercial Bill (d) Treasury Bill

[KVS]

Ans. (c)

22. Which of the following helps to eliminate the use of stock certificates by placing stock transactions on computers?

- (a) Demat account (b) Securities Exchange Commission
(c) Depository Trust Company (d) Federal Depository Insurance Corporation

Ans. (a)

23. The last step in the Trading Procedure on a Stock Exchange is:

- (a) Placing an order (b) Executing the order
(c) Settlement of account (d) Selection of a broker

Ans. (c)

24. The functions of SEBI are:

- (a) Regulatory functions (b) Development functions
(c) Protective functions (d) All of these

Ans. (d)

25. Elimination of problems on transfer of shares such as loss, theft and delay is the benefit of

- _____.
- (a) Contract note (b) Demat Account
(c) Current Account (d) Fixed Account

Ans. (b)

34 Objective Type Questions—12

26. What is the minimum amount of Treasury Bill?

- (a) ₹ 25,000 (b) ₹ 10,000 (c) ₹ 15,000 (d) ₹ 20,000

Ans. (a)

27. _____ is a process in which the investors are given an electronic number so that the securities can be held in an electronic form.

- (a) Dematerialisation (b) Depository
(c) Demutualisation (d) All of these

Ans. (a)

28. 'A stock exchange is the creation of a continuous market where securities are bought and sold.' Which of the following importance of stock exchange is referred here?

- (a) Pricing of securities
(b) Spreading of equity cult
(c) Providing liquidity and marketability to existing securities
(d) Safety of transaction

Ans. (c)

29. 'Through the process of disinvestment and reinvestment savings get channelised into their most productive investment avenues.' Which of the following importance of stock exchange is referred here?

- (a) Pricing of securities
(b) Contributes to economic growth
(c) Providing liquidity and marketability to existing securities
(d) Safety of transaction

Ans. (b)

30. 'All buying and selling of shares and debentures are done through a computer terminal.' This implies to:

- (a) Dematerialisation of securities (b) Screen based trading system
(c) Demutualisation of stock exchange (d) None of these

Ans. (b)

Statement-based Questions

Note: In the following questions (Q.31 to Q.34), two statements are given. For these, choose the correct answer out of the following choices.

- (a) Statement I is correct and Statement II is wrong
(b) Statement II is correct and Statement I is wrong
(c) Both the statements are correct
(d) Both the statements are incorrect

31. **Statement I:** Banks and financial markets are competing intermediaries in the financial system.

Statement II: Households can deposit their surplus funds with banks, who in turn could lend these funds to business firms.

Ans. (c)

32. Statement I: Money market has no physical location, but is an activity conducted over the telephone and through the internet.

Statement II: Money market instruments are close substitutes for money.

Ans. (c)

33. Statement I: Certificate of deposits are also known as Zero Coupon Bonds issued by the Reserve Bank of India on behalf of the Central Government.

Statement II: The original purpose of commercial paper was to provide short-term funds for seasonal and working capital needs.

Ans. (b)

34. Statement I: Rights Issue is new issue of shares offered to existing shareholders in proportion to the number of shares they already possess.

Statement II: Rights Issue is a privilege given to all applicants to subscribe to a new issue of shares according to the terms and conditions of the company.

Ans. (a)

Case-based Questions

35. Read the given text and answer the questions that follow.

Financial market is not a usual market where you buy commodities but a special place where one can have all the necessary information about the different securities traded in the market. The buyers on the one hand get to know about the securities and they get a place where securities are sold helping reduce the wastage of time, effort and money. The financial experts say otherwise the job of the people involved in the securities transactions would have been really difficult. Securities get a buyer on the one hand and the seller on the other hand on a common platform—this helps in easy conversion of securities into cash. In the economies where there is no stock exchange the funds remain blocked. The money trapped in the houses should come out and flow in the economy and when they are invested in the shares of a company they have the capability to attain the maximum value. People would always like to sell securities on their own conditions. No government intervention can predict the price of securities. The stock market is a place which runs on the forces of demand and supply thus giving a security its price depending upon its demand. One wonders how the economy of a company can grow without the existence of financial market.

I. ‘The buyers on the one hand get to know about the securities and they get a place where securities are sold helping reduce the wastage of time, effort and money.’ Which advantage of financial market is indicated here?

- (a) Facilitates price discovery (b) Mobilises of savings
(c) Reduces the cost of transaction (d) Provides liquidity to financial assets

II. ‘Securities get a buyer on the one hand and the seller on the other hand on a common platform—this helps in easy conversion of securities into cash.’ This function of financial market ensure:

- (a) Liquidity to securities (b) Mobility to securities
(c) Both of these (d) None of these

36 Objective Type Questions—12

- III. 'The money trapped in the houses should come out and flow in the economy and when they are invested in the shares of a company they have the capability to attain the maximum value.' Which function of financial market is indicated here?
- (a) Mobilisation of saving and channeling them into the most productive uses
 - (b) Facilitating price discovery
 - (c) Reduces the cost of transaction
 - (d) Provides liquidity to financial assets
- IV. 'The stock market is a place which runs on the forces of demand and supply thus giving a security its price depending upon its demand.' Which function of financial market is indicated here?
- (a) Mobilisation of saving and channeling them into the most productive uses
 - (b) Facilitating price discovery
 - (c) Reduces the cost of transaction
 - (d) Provides liquidity to financial assets

- Ans.** I. (c) Reduces the cost of transaction
II. (a) Liquidity to securities
III. (a) Mobilisation of saving and channeling them into the most productive uses
IV. (b) Facilitating price discovery

36. Read the given text and answer the questions that follow.

'Ganesh Steel Ltd.' is a large and creditworthy company manufacturing steel for the Indian market. It now wants to cater to the Asian market and decides to invest in new hi-tech machines. Since the investment is large, it requires long-term finance. It decides to raise funds by issuing equity shares. The issue of equity shares involves huge floatation cost. To meet the expenses of floatation cost the company decides to tap the money market.

- I. Which money market instrument the company can use for its purpose?
- (a) Commercial papers
 - (b) Certificate of deposit
 - (c) Commercial Bills
 - (d) Any of these
- II. What is the duration for which the company can get funds through the instrument identified in (I)?
- (a) One to two years
 - (b) Three to five years
 - (c) 15 days to one year
 - (d) Three to six months
- III. For which of the following other purpose this instrument can be?
- (a) For fixed capital requirement
 - (b) For working capital requirement
 - (c) For providing long-term loans
 - (d) None of these
- IV. The institutional setup to provide liquidity to these instrument is:
- (a) SEBI
 - (b) DFHI
 - (c) CDSL
 - (d) NSE

- Ans.** I. (a) Commercial papers
II. (c) 15 days to one year
III. (b) For working capital requirement
IV. (b) DFHI

37. Read the given text and answer the questions that follow.

Harsh works as a manager in a software company. He opened a Demat account with a broking house in order to trade in securities with the money he received as his first performance bonus. Since then he has been very active in stock trading under the guidance of a stock broker. However, when he was hospitalised for a few days this year, his wife received several calls from the his stock broker for permission to transact on Harsh's behalf. Though she told him to wait till her husband had recovered, the stock broker went ahead and executed the transactions. When Harsh got home from hospital, he discovered that the unauthorised transactions had led to a loss for him.

Harsh complained to the broking house, but they claimed he had authorised the transactions. Keeping in view, the guidelines issued by the National Stock Exchange that he had read in the national newspaper Harsh demanded proof and threatened to file a complain. Since, the broking house had no evidence that the deals had been authorised they made good the loss that Harsh had incurred due to the transactions.

- I. 'He opened a demat account.' Which is the mandatory information to be furnished for opening a demat account?
 - (a) Bank account details
 - (b) Date of birth and address
 - (c) PAN number
 - (d) Depository account details
- II. Why was a demat account opened?
 - (a) due to dematerialisation of securities
 - (b) due to demutualisation of stock exchange
 - (c) due to screen based trading
 - (d) None of these
- III. Who is acting as the depository participant for Harish?
 - (a) The stock broker
 - (b) The broking house
 - (c) Both of them
 - (d) None of these
- IV. Which is the document that is legally enforceable and helps to settle the disputes between the investor and the broker?
 - (a) Contract note
 - (b) Trade confirmation slip
 - (c) Order confirmation slip
 - (d) None of these

- Ans.**
- I. (c) PAN number
 - II. (a) due to dematerialization of securities
 - III. (b) The broking house
 - IV. (a) Contract note

12

CONSUMER PROTECTION

Multiple Choice Questions

1. Who among the following is not considered a consumer under the Consumer Protection Act, 2019?
- (a) A person who buys any goods for a consideration which has been paid.
 - (b) A person who avails of any service for a consideration which has been promised.
 - (c) A person who avails of a service for a commercial purpose.
 - (d) Any user of goods when such use is made with the approval of the buyer.

Ans. (c)

2. Aarushi purchased a pack of biscuits. When she opened it, she felt the biscuits were stale. She carefully read the label on the pack of biscuits which mentioned:
- “If you are not satisfied with the product quality, write to our Customer Care Cell at Bell Foods Pvt. Ltd.
B/321, Jalandhar, Punjab.”

The biscuit company has set up its own consumer service and grievance cell to promote and protect the following right :

- (a) Right to Safety
- (b) Right to be Heard
- (c) Right to be Informed
- (d) Right to Consumer Education

[CBSE 2020C]

Ans. (b)

3. For quality certification, consumer must look, while purchasing Jewelry?
- (a) ISI
 - (b) FPO
 - (c) AGMARK
 - (d) HALLMARK

[DoE]

Ans. (a)

4. Consumer has the right to file a complaint in case of dissatisfaction with goods or services in grievance cell. Which consumer right is it?
- (a) Right to seek redressal
 - (b) Right to be heard
 - (c) Right to be informed
 - (d) None of these

[DoE]

Ans. (b)

5. The complaints filed in the State Commission are where the value of goods and services, along with the compensation claimed is:
- More than ₹ 20 lakhs but less than ₹ 1 crore
 - More than ₹ 1 crore but less than ₹ 10 crore
 - Less than ₹ 20 lakhs
 - More than ₹ 10 lakhs but less than ₹ 20 lakhs

Ans. (b)

6. The consumer organisation 'Consumer Guidance Society of India (CGSI)' is located in:
- Mumbai
 - Delhi
 - Chennai
 - Kolkata

Ans. (a)

7. The Consumer Protection Act, 2019 provides _____ consumer rights.
- 4
 - 5
 - 6
 - 7

Ans. (c)

8. To provide protection to the consumers against the improper behaviour of the producers and sellers is called .

- Consumers Ampathy
- Consumer Protection
- Consumer Welfare
- Consumer Education

[KVS]

Ans. (b)

9. When a single consumer fails to get his rights protected, he seeks the help of _____.

- Trade Union
- Consumer Association
- Labour Union
- None of these

[KVS]

Ans. (b)

10. Don't purchase in haste', this is an important _____ of the consumer.

- Responsibility
- Right
- Act
- All of these

[KVS]

Ans. (a)

11. A consumer can file a suit in _____, when the value of goods and service along with the compensation claimed does not exceed ₹ 1 crore.

- State Commission
- District Commission
- National Commission
- Supreme Court

Ans. (b)

12. A complaint before the appropriate consumer forum can be filed by:

- any registered consumer's association
- a legal heir or representative of a deceased consumer
- the Central Government or any State Government
- All of these

Ans. (d)

13. The electrical goods which are manufactured with substandard products can deprive a consumer of _____.

- Right to choose
- Right to safety
- Right to be heard
- None of these

Ans. (b)

40 Objective Type Questions—12

14. The machinery for settlement of consumer dispute is:

- (a) One-tier (b) Three-tier (c) Two-tier (d) None of these

Ans. (b)

15. A responsible consumer must:

- (a) exercise his/her rights (b) insist on cash memo
(c) be quality conscious (d) All of these

Ans. (d)

16. Caveat Venditor implies:

- (a) Let the buyer beware (b) Let the seller beware
(c) Let the producer beware (d) None of these

[DoE]

Ans. (b)

17. Which of the following aims at protecting and promoting the consumer's interest?

- (a) The Sale of Goods Act 1930 (b) The Trade Marks Act 1999
(c) The Consumer Protection Act 2019 (d) The Competition Act 2002

Ans. (c)

18. When the value of goods and services, along with compensation claimed is more than ₹ 1 crore but less than ₹ 10 crore, then the complaint can be filed in _____.

- (a) District Forum (b) State Commission
(c) National Commission (d) None of these

Ans. (b)

19. Consumer protection act is applicable on:

- (a) Immovable goods only (b) Movable goods only
(c) Services only (d) All goods and services

Ans. (d)

20. In case, the aggrieved party is not satisfied with the order of the district commission, he can appeal in:

- (a) State Commission (b) High Court
(c) National Commission (d) Supreme Court

Ans. (a)

21. Mrs. Jain should check the following standardisation mark while purchasing a gold ring for her daughter.

- (a) Agmark (b) Hallmark (c) ISI (d) FPO

Ans. (b)

22. If the market has enough qualities and varieties of product at competitive prices, then buyer have an opportunity of wise selection. Identify the consumer right discussed.

- (a) Right to choose (b) Right to safety
(c) Right to consumer education (d) Right to seek redressal

Ans. (a)

23. Sumitra filed a case against Mahindra Ltd. in the National Commission. But, she was not satisfied with the order of the National Commission. Name the authority where she can appeal against the decision of National Commission.

- (a) District Commission (b) Central Commission
(c) Supreme Court of India (d) None of these

Ans. (c)

24. Ms. Jeena wants to buy a mango drink. As a responsible customer she should check which mark on the label of the mango drink?

- (a) BIS mark (b) ISI mark
(c) FPO mark (d) AGMARK

Ans. (c)

25. The quality certification mark used to ensure safety for electrical goods is:

- (a) Agmark (b) FPO
(c) Hallmark (d) ISI

Ans. (d)

26. A case filed in State Commission, can be reappealed in:

- (a) National Commission and then to Supreme Court
(b) National Commission
(c) Nowhere
(d) Supreme Court

Ans. (b)

27. Which standardisation mark should be checked by Ms. Jain while buying gram flour?

- (a) ISI (b) Agmark
(c) FPO (d) Hallmark

Ans. (b)

28. Under the Consumer Protection Act, complainant means:

- (a) Consumer (b) State Government
(c) Central Government (d) All of these

Ans. (d)

29. Working Non-Government organization for consumer protection in India is:

- (a) VOICE (b) Common Cause
(c) Both (a) & (b) (d) None of these

Ans. (c)

30. Consumer dispute settlement agencies are:

- (a) District Commission (b) State Commission
(c) National Commission (d) All of these

Ans. (d)

Statement-based Questions

Note: In the following questions (Q.31 to Q.34), two statements are given. For these, choose the correct answer out of the following choices.

- (a) Statement I is correct and Statement II is wrong
- (b) Statement II is correct and Statement I is wrong
- (c) Both the statements are correct
- (d) Both the statements are incorrect

31. Statement I: The Consumer Protection Act 2019 seeks to protect and promote the consumers' interest through speedy and inexpensive redressal of their grievances.

Statement II: Consumer protection is significant for both consumers and business alike.

Ans. (c)

32. Statement I: It is necessary to educate the consumers about their rights.

Statement II: There is widespread ignorance of consumers about their rights and reliefs available to them.

Ans. (c)

33. Statement I: A 'consumer' is generally understood as a person who uses or consumes goods or avails of any service.

Statement II: It does not apply to online transactions through electronic means or by teleshopping.

Ans. (a)

34. Statement I: As per Consumer Protection Act, any article or goods or substance or raw material or any extended cycle of such product either in gaseous, liquid or solid state possessing intrinsic value capable of delivery either as assembled or a component produced or manufactured to trade is product.

Statement II: It also includes human tissues, blood, blood products and organs.

Ans. (a)

Case-based Questions

35. Read the given text and answer the questions that follow.

Piyali purchased an ISI marked Heater from Bharti Appliances. She made Cash Payment. But failed to get a Cash Memo. While making use of the heater she observed that it was not working properly. She contacted the shopkeeper immediately and told him the problem. Shopkeeper paid no heed to her complaint. Rather he marked that the good in question was not bought from his shop. Piyali had no evidence of proving that the heater was purchased from his shop only. She discussed the problem with her friend Sohini who advised her to approach Consumer Forum and lodge the complaint. Piyali was convinced with the idea of lodging the complaint against the shopkeeper but due to lack of cash memo it was difficult for her to proceed.

[CBSE Question Bank]

- I. Identify the Right of the consumer as referred to in the above paragraph.
 - (a) Right to be Informed
 - (b) Right to Safety
 - (c) Right to be Heard
 - (d) Right to Choose
- II. Identify the responsibility of the consumer referred in the above case.
 - (a) Quality Conscious
 - (b) Must Obtain Cash Memo
 - (c) Cautious Consumer
 - (d) Ready to Lodge Complaint
- III. Piyali cannot lodge a complaint against the shopkeeper. Why?
 - (a) She donot have the right
 - (b) She was aware of the fact
 - (c) She donot have the Cash Memo
 - (d) She was happy with the product
- IV. Under which Act Piyali can seek to protect her rights being a consumer?
 - (a) Consumer Protection Act, 2019
 - (b) Consumer Protection Act, 1968
 - (c) The Indian Contract Act, 1872
 - (d) The Competition Act, 2002

- Ans.**
- I. (b) Right to Safety
 - II. (b) Must Obtain Cash Memo
 - III. (c) She donot have the Cash Memo
 - IV. (a) Consumer Protection Act, 2019

36. Read the given text and answer the questions that follow.

Pankaj purchased a car from Abhishek Motors for ₹ 50 lakhs. The company offered many attractive gifts to Pankaj like free insurance for first two years, free pick up and drop facilities for free servicing upto 20,000 km, etc. But after a few days Pankaj noticed that the pick-up of the car was not good and there was some problems in the engine. The company serviced the car free of cost but even then Pankaj was not satisfied with its performance. Abhishek Motors is not giving him the due response. So he filed a complaint in the District Commission but was not satisfied with its decision also. He was very much disturbed and after two months decided to appeal against it.

- I. Which right of Pankaj is violated by Abhishek Motors?
 - (a) Right to seek Redressal
 - (b) Right to be Heard
 - (c) Right to Safety
 - (d) Right to Choose
- II. 'So he filed a complaint in the District Commission...' A complaint when the value of goods and services along with the compensation claimed does not exceed _____ is filed in the District Commission.
 - (a) ₹ 1 crore
 - (b) ₹ 1.5 crore
 - (c) ₹ 20 Lakhs
 - (d) ₹ 50 Lakhs
- III. 'So he filed a complaint in the District Commission but was not satisfied with its decision also.' To which authority can Pankaj file an appeal against this decision?
 - (a) National Commission
 - (b) State Commission
 - (c) Supreme Court
 - (d) None of these

44 Objective Type Questions—12

- IV. 'He was very much disturbed and after two months decided to appeal against it.' Can Pankaj appeal against State Commission after two months? Where can he appeal?
- (a) Yes, in the Supreme Court
 - (b) Yes, in the District Commission
 - (c) Yes, in the National Commission
 - (d) No, appeal cannot be filed

Ans. I. (b) Right to be Heard

II. (a) ₹ 1 crore

III. (b) State Commission

IV. (d) No, appeal cannot be filed

37. Read the given text and answer the questions that follow.

Reena purchased one litre of pure desi ghee from a shopkeeper. After using it, she had doubts that it was adulterated. She sent it for a laboratory test which confirmed that the ghee was adulterated. She filed a case against the seller in the consumer court.

- I. 'Reena purchased one litre of pure desi ghee from a shopkeeper.' Which standardisation mark should Reena check before purchasing the product?
- (a) FPO
 - (b) ISI
 - (c) AGMARK
 - (d) Hallmark
- II. 'She sent it for a laboratory test which confirmed that the ghee was adulterated' Which consumer right is violated by the seller of adulterated product?
- (a) Right to safety
 - (b) Right to information
 - (c) Right to be heard
 - (d) Right to seek redressal
- III. 'She filed a case against the seller in the consumer court.' Which consumer right is exercised by Reena here?
- (a) Right to safety
 - (b) Right to information
 - (c) Right to be heard
 - (d) Right to seek redressal
- IV. The relief which can be issued by the consumer court on being satisfied about the genuineness of the complaint is:
- (a) To replace the defective product with a new one, free from any defect
 - (b) To withdraw the hazardous goods from sale
 - (c) To cease manufacture of hazardous goods
 - (d) All of these
- Ans. I.** (c) AGMARK
- II.** (a) Right to Safety
- III.** (d) Right to seek Redressal
- IV.** (d) All of these

Part-II

[Practice Papers]

1

PRACTICE PAPER

[Time Allowed: 90 minutes]

[Maximum Marks: 40]

General Instructions:

- (i) This question paper contains **60** questions out of which **50** questions are to be attempted. All questions carry **equal** marks.
- (ii) This question paper consists of **three** Sections – Section **A, B** and **C**.
- (iii) **Section - A** contains **24** questions. Attempt any **20** questions from Q.No. **1** to **24**.
- (iv) **Section - B** contains **24** questions. Attempt any **20** questions from Q.No. **25** to **48**.
- (v) **Section - C** contains **12** questions. Attempt any **10** questions from Q.No. **49** to **60**.
- (vi) The first **20** questions each in Section **A** & Section **B** and first **10** questions in Section **C** attempted by a candidate will be evaluated.
- (vii) There is only **one** correct option for every Multiple Choice Question (MCQ). Marks will not be awarded for answering more than one option.
- (viii) There is no negative marking.

Section A

1. Name the concept of financial management which increases the return to equity shareholders due to the presence of fixed financial charges.
 - (a) Optimal capital structure
 - (b) Wealth maximisation
 - (c) Trading on equity
 - (d) Financial leverage

Ans. (c)

2. This is a process where securities held by the investor in the physical form are cancelled and the investor is given an electronic entry or number so that she/he can hold it as an electronic balance in an account. This is:
 - (a) Depositories
 - (b) Private placement
 - (c) Offer for sale
 - (d) Dematerialisation

Ans. (d)

46 Objective Type Questions—12

3. Name the step of the controlling process where sample checking is done to see whether the products manufactured conforms to quality specifications laid down for it.

- (a) Measurement of actual performance (b) Analysing deviations
(c) Setting performance standards (d) Taking corrective action

Ans. (a)

4. Expenditure incurred by companies on acquisition, expansion, modernisation and replacement are the types of _____.

- (a) Working capital decision (b) Capital budgeting decision
(c) Capital structure decision (d) Dividend decision

Ans. (b)

5. From time to time, the Securities and Exchange Board of India (SEBI) undertakes the steps for controlling insider trading and imposing penalties for such practices.

Which function of SEBI is being referred to?

- (a) Protective function (b) Regulatory function
(c) Development function (d) Both (a) and (b)

Ans. (a)

6. A consumer can file a suit in _____, when the value of goods and services along with the compensation claimed does not exceed ₹ 1 crore.

- (a) State Commission (b) District Commission
(c) National Commission (d) Supreme Court

Ans. (b)

7. It ensures that activities conform to the standards set in advance. It is:

- (a) Coordination (b) Planning (c) Directing (d) Controlling

Ans. (d)

8. Darshit has been working with PQR Ltd. for past five years. The company recently offered him car allowance. Identify the kind of financial incentive offered by PQR Ltd. to Darshit.

- (a) Pay and allowance (b) Bonus
(c) Perquisites (d) Co-partnership

Ans. (c)

9. Ritz Ltd., a reputed automobile part manufacturer, needs ₹ 10 crore as additional capital to expand its business. Hemant, the CEO of the company wanted to raise funds through equity. On the other hand, the Finance Manager, Ritu is of the view that the public issue may be expensive on account of various mandatory and non-mandatory expenses. Therefore, it was decided to allot the securities to institutional investors.

Name the method through which the company decided to raise additional capital.

- (a) Offer for sale (b) Private placement
(c) Offer through prospectus (d) Rights issue

Ans. (b)

10. _____ test measures the existing skills of an individual.

- (a) Aptitude (b) Interest (c) Personality (d) Trade

Ans. (d)

11. Which of the following is not a function of Non-government Organisations (NGOs) for enhancing Consumer Protection?

- (a) Accelerating consumer awareness
- (b) Filing suits, complaints on behalf of consumers
- (c) Solving personal and marital problems of consumers
- (d) Collecting data on different products and testing them

Ans. (c)

12. _____ is the agency which facilitates the liquidity of money market instruments.

- (a) Depository Participant (DP)
- (b) National Stock Exchange (NSE)
- (c) Discount Finance House of India (DFHI)
- (d) None of these

Ans. (c)

13. Which source of fund(s) dilutes management's control?

- (a) Debentures
- (b) Equity
- (c) Both (a) and (b)
- (d) None of these

Ans. (b)

14. _____ refers to a process of influencing other people to work willingly for group objectives.

- (a) Leadership
- (b) Supervision
- (c) Communication
- (d) Motivation

Ans. (a)

15. _____ is a method through which commercial banks generally borrow from each other to be able to maintain the cash reserve ratio.

- (a) Commercial paper
- (b) Certificate of deposit
- (c) Call money
- (d) Commercial bill

Ans. (c)

16. The two major alternative mechanisms for allocation of funds are:

- (i) Banks
- (ii) Financial Market
- (iii) SEBI
- (iv) Depositories
- (a) (i) and (ii)
- (b) (ii) and (iii)
- (c) (iii) and (iv)
- (d) (i) and (iii)

Ans. (a)

17. 'The informal communication arises out of needs of employees to exchange their views, which cannot be done through formal channels.'

Which need as per Maslow's Need Hierarchy theory gets satisfied by informal communication?

- (a) Affiliation needs
- (b) Esteem needs
- (c) Safety needs
- (d) Physiological needs

Ans. (a)

18. The term 'caveat emptor' means:

- (a) Let the seller beware
- (b) Let the buyer beware
- (c) Let the seller and buyer beware
- (d) None of these

Ans. (b)

48 Objective Type Questions—12

19. By developing world class product testing facilities to test drugs, food, cars or any other consumable product that can otherwise prove to be a menace to life, which consumer right is being taken care of?

- (a) Right to education (b) Right to safety
(c) Right to information (d) Right to be heard

Ans. (b)

20. _____ is a joint programme of training in which educational institutions and business firms cooperate.

- (a) Apprenticeship training (b) Internship training
(c) Vestibule training (d) Induction training

Ans. (b)

21. _____ is the process of stimulating people to action to accomplish desired goals.

- (a) Supervision (b) Leadership (c) Motivation (d) Directing

Ans. (c)

22. Due to negligence of doctors, Mr. Lal passed away within a week after getting his spine surgery done. Which of the following parties cannot file a case before the appropriate consumer forum in this regard?

- (a) The consumer
(b) Any registered consumer association
(c) A legal heir or representative of the deceased consumer
(d) All of these

Ans. (a)

23. Big Dish Ltd., the online retailer of crockery items, aims to reduce its order processing time from 15 days to 10 days. Which step of controlling is being performed by Big Dish Ltd.?

- (a) Taking corrective action (b) Measurement of actual performance
(c) Analysing deviations (d) Setting performance standards

Ans. (c)

24. On Monika's birthday, her mother gave her a pair of gold ear-rings. After one month, Monika observed that the earrings are losing their shine. She checked the mark on the earrings and found that it was not a proper Hallmark and her mother had been cheated by the shopkeeper. So, she filed a complaint in the district commission which rejected it. Not satisfied by the decision of district commission, she was very much disturbed and after two months decided to appeal further.

Where can she reappeal?

- (a) State Commission (b) National Commission
(c) Supreme Court (d) None of these

Ans. (d)

Section B

25. _____ refers to an institution which keeps the securities of investors in the electronic form.

- (a) Demat (b) Depository (c) Stock exchange (d) Financial market

Ans. (b)

26. Which of the following financial instruments is not traded in the capital market?

- (a) Bonds (b) Equity (c) Debentures (d) Commercial paper

Ans. (d)

27. An aware customer should check for _____ standardisation mark while buying packed chilly powder.

- (a) ISI (b) Hallmark (c) FPO (d) AGMARK

Ans. (d)

28. 'XYZ Ltd. gives job security and career advancement opportunity to motivate its employees.' Identify the incentive given here.

- (a) Financial incentives (b) Non-financial incentives
(c) Both (a) and (b) (d) None of these

Ans. (b)

29. Goodyear Ltd. decided to discard its old plant and install a new one with latest technology in its factory. This type of financial decision is:

- (a) Financing decision (b) Working capital decision
(c) Capital budgeting decision (d) None of these

Ans. (c)

30. The Production Manager and the Marketing Manager while having tea during the lunch break, discussed about schedule of product delivery, product design, quality, etc. Which type of communication did they have?

- (a) Informal communication (b) Horizontal communication
(c) Vertical communication (d) None of these

Ans. (a)

31. A company can easily issue shares if the stock market is _____ .

- (a) Bullish (b) Bearish (c) Stagish (d) None of these

Ans. (a)

32. In the present-day work culture, both husband and wife are working full time. In such a situation, managing work and children may become a challenge. To cope up with this, many well-reputed companies provide child-care assistance in the form of dependent care onsite, either at a discount or for no cost at all. This helps them in retaining the young talented employees.

Which financial incentive is being referred to?

- (a) Pay and allowances (b) Perquisites
(c) Employee empowerment (d) Co-partnership

Ans. (b)

33. Which Financial Management decision is also known as residual decision?

- (a) Dividend decision (b) Capital budgeting decision
(c) Financing decision (d) Working capital decision

Ans. (a)

50 Objective Type Questions—12

- 34.** The major participants in the money market are:
 (a) Reserve Bank of India and Commercial Banks
 (b) Non-Banking Finance Companies
 (c) Large Corporate Houses and Mutual Funds
 (d) All of these

Ans. (d)

- 35.** Identify the statement that is not the correct explanation of autocratic style of leadership.
 (a) It assumes that reward or punishment both can be given depending upon the result.
 (b) This leader is dogmatic.
 (c) They exercise more control by using forces within the group.
 (d) Quick decision-making is facilitated.

Ans. (c)

- 36.** ‘Encouraging staff to be a part of the decision-making’ is a feature of _____ style of leadership.
 (a) Autocratic (b) Democratic (c) Laissez-faire (d) None of these

Ans. (b)

- 37.** Which of the following is not a function of stock exchange?
 (a) Pricing of securities
 (b) Safety of transaction
 (c) Holding securities in electronic form
 (d) Providing liquidity to existing securities

Ans. (c)

- 38.** Match the terms in Column I with their correct meanings in Column II:

Column I	Column I
A. Performance appraisal	(i) It reveals the number and type of workers or employees available.
B. Workload analysis	(ii) It is an assessment of the number and types of human resources necessary for the performance of various jobs.
C. Workforce analysis	(iii) It refers to evaluating an employee’s current and/or past performance as against certain predetermined standards.

- (a) (i), (ii), (iii) (b) (i), (iii), (ii) (c) (iii), (i), (ii) (d) (iii), (ii), (i)

Ans. (d)

- 39.** Who cannot be a consumer?
 (a) A buyer of goods/services for considerations.
 (b) A buyer of goods/services for resale
 (c) A person who is purchasing goods for other
 (d) None of these

Ans. (b)

40. Mohit bought a packet of chips from a local shopkeeper and found that the ingredients given on the label were not legible. He complained about it to the company. The company sent a written apology stating that they will make sure that existing packets are withdrawn from the market and new packets with legible labels are soon made available. Which Consumer right has been exercised by Mohit here?

- (a) Right to be heard (b) Right to seek redressal
(c) Right to be informed (d) Right to consumer education

Ans. (b)

41. Read the following statements—Assertion (A) and Reason (R) and choose one of the correct alternatives given below:

Assertion (A): Abandoning a project after heavy investment is made is quite costly in terms of waste of funds.

Reason (R): Capital Budgeting decisions once taken, are not reversible without incurring heavy losses.

- (a) Assertion (A) is incorrect and Reason (R) are correct
(b) Assertion (A) is correct and Reason (R) is incorrect
(c) Both Assertion (A) and Reason (R) are correct and Reason (R) is the correct explanation of Assertion (A)
(d) Both Assertion (A) and Reason (R) are correct and Reason (R) is not the correct explanation of Assertion (A)

Ans. (c)

42. Short-term investment decisions are also called:

- (a) Capital budgeting decision (b) Working capital decision
(c) Financial decision (d) All of these

Ans. (b)

43. Read the following statements—Assertion (A) and Reason (R) and choose one of the correct alternatives given below:

Assertion (A): Private placement helps to raise capital more quickly than a public issue.

Reason (R): Various mandatory and non-mandatory expenses related to the access to the primary market can be avoided by private placement.

- (a) Assertion (A) is incorrect and Reason (R) are correct
(b) Assertion (A) is correct and Reason (R) is incorrect
(c) Both Assertion (A) and Reason (R) are correct and Reason (R) is the correct explanation of Assertion (A)
(d) Both Assertion (A) and Reason (R) are correct and Reason (R) is not the correct explanation of Assertion (A)

Ans. (d)

44. Upward communication refers to flow of communication from:

- (a) Subordinate to Superior (b) One departmental manager to another
(c) Superior to Subordinate (d) All of these

Ans. (a)

52 Objective Type Questions—12

45. Mr. Sarthak, the ex-director of Swaroop Ltd., built up his successor before retiring. Following the norms set up by himself, he handed over the rein of the company to the cofounder Mr. Sharvan, who had the potential to bring about change in the behaviour of others. Name the concept of management which was the reason why Mr. Sarthak choose Mr. Shravan to be his successor.

- (a) Workforce analysis (b) Communication
(c) Leadership (d) Selection

Ans. (c)

46. For the following two statements choose the correct option:

Statement I: The Consumer Protection Act 2019 seeks to protect and promote the consumers' interest through speedy and inexpensive redressal of their grievances.

Statement II: Consumer protection is significant for both consumers and business alike.

Choose the correct option from the options given below:

- (a) Statement I is correct and Statement II is wrong
(b) Statement II is correct and Statement I is wrong
(c) Both the statements are correct
(d) Both the statements are incorrect

Ans. (c)

47. XY Ltd. are manufacturers of sewing machines. Recently, they are facing intense competition in the market due to the entry of new entrants in the market. The effect will be:

- (a) Fixed capital requirement will increase.
(b) Working capital requirement will increase.
(c) Fixed and working capital requirement will decrease.
(d) Fixed and working capital requirement remain unaffected.

Ans. (b)

48. Which quality mark a consumer should look for while purchasing jewellery?

- (a) ISI mark (b) FSSAI (c) ISO 2009 (d) Hallmark

Ans. (d)

Section C

Read the following text and answer question numbers 49-54 on the basis of the same.

'A business that doesn't grow dies', says Mr. Sharma, the owner of Shrish Marble Ltd. with glorious 36 months of its grand success having a capital base of ₹ 80 crores. Within a short span of time, the company could generate cash flow which not only covered fixed cash payment obligations but also create sufficient buffer. The company is on the growth path and a new breed of consumers is eager to buy the Italian marble sold by Shrish Marble Ltd. To meet the increasing demand, Mr. Sharma decided to expand his business by acquiring a mine. This required an investment of ₹ 120 crores. To seek advice in this matter, he called his financial advisor Mr. Seth who advised him about the judicious mix of equity (40%) and Debt (60%). Mr. Seth also suggested him to take loan from a financial institution as the cost of raising funds from financial institutions is low. Though this will increase the financial risk but will also raise the return to equity shareholders.

He also apprised him that issue of debt will not dilute the control of equity shareholders. At the same time, the interest on loan is a tax deductible expense for computation of tax liability. After due deliberations with Mr. Seth, Mr. Sharma decided to raise funds from a financial institution.

49. 'To meet the increasing demand, Mr. Sharma decided to expand his business by acquiring a mine.' Identify the decision of Financial Management as advised by Mr. Seth in the above situation.

- (a) Investment decision (b) Dividend decision
(c) Financing decision (d) All of these

Ans. (a)

50. Which one of the following factors does not affect the decision identified in Q.49 above?

- (a) Cash flow of the project (b) Rate of return
(c) Interest Coverage Ratio (d) None of these

Ans. (c)

51. 'To seek advice in this matter, he called his financial advisor Mr. Seth who advised him about the judicious mix of equity (40%) and Debt (60%).' What is the ideal mix of debt and equity in the capital?

- (a) 1 to 1.5:1 (b) 2.5 to 3:1 (c) 6:1 (d) 8:1

Ans. (a)

52. 'Though this will increase the financial risk but will also raise the return to equity shareholders.' Which condition is necessary for the concept discussed here?

- (a) Cost of Debt = Return on Investment (b) Cost of Debt < Return on Investment
(c) Cost of Debt > Return on Investment (d) None of these

Ans. (b)

53. Why does financial risk increase with higher use of debt?

- (a) Because debt is a cheaper source of funds.
(b) Because interest on debt is a tax deductible expense.
(c) Because debts do not dilute control of the business.
(d) Because debt involves fixed commitment in terms of payment of interest and repayment of capital.

Ans. (d)

54. When the tax rate is higher, it makes debt relatively _____.

- (a) cheaper (b) costlier (c) less risky (d) None of these

Ans. (a)

55. Pooja purchased an air conditioner worth ₹ 8 lacs from a reputed company and found it defective. She filed a complaint in District Commission. But she was not satisfied with the orders of district forum and decided to appeal further. Which is the final highest authority where she could appeal if not satisfied again by the decision of the next highest authority?

- (a) State Commission (b) High Court
(c) National Commission (d) Supreme Court

Ans. (c)

54 Objective Type Questions—12

56. Sanjay's father has gifted her shares of a large cement company, with which he had been working. The securities were in physical form. Sanjay already has a bank account and does not possess any other forms of securities. He wished to sell the shares and approached a registered broker for the purpose. The mandatory detail which he will have to provide with the broker is:

- (a) Adhaar details (b) Educational qualification
(c) Bank Account number (d) Permanent Account Number (PAN)

Ans. (d)

57. Aruna applied for the post of an art and craft teacher in a reputed school in Delhi. After successfully clearing the tests and the interview, she was offered an employment contract containing the terms and conditions, and the date of joining. Identify the step in the staffing process being described in the above lines.

- (a) Reference and background checking (b) Selection decision
(c) Job offer (d) Contract of employment

Ans. (c)

58. Mehak has been an outstanding student throughout her life. She did her graduation from a very good college. When the placement started she decided to withdraw her name. A month later she started her own NGO which provided education to poor children. Her NGO sets targets of educating a definite number of poor students and she feels if she is able to achieve a goal of teaching 5,000 students by the end of 5 years she will be very successful. The Maslow's needs applicable here is:

- (a) Security Needs (b) Belonging Needs
(c) Self-actualisation Needs (d) Basic Physiological Needs

Ans. (c)

59. Identify the correct sequence of steps involved in the selection process.

- (a) Medical examination, Contract of employment, Reference and background checking, Selection decision, Job offer
(b) Reference and background checking, Selection decision, Contract of employment, Medical examination, Job offer
(c) Job Offer, Reference and Background checking, Selection Decision, Medical Examination, Contract of Employment
(d) Reference and background checking, Selection decision, Medical examination, Job offer, Contract of employment

Ans. (d)

60. Arun who is the departmental head of his organisation decides to improve the performance of his department. He decides to give some financial and non-financial incentives to his subordinates. He knows these incentives will satisfy their needs. Therefore, they will be stimulated to take actions from their side. The element of directing highlighted here.

- (a) Supervision (b) Communication (c) Leadership (d) Motivation

Ans. (d)

2

PRACTICE PAPER

[Time Allowed: 90 minutes]

[Maximum Marks: 40]

General Instructions:

- (i) This question paper contains **60** questions out of which **50** questions are to be attempted. All questions carry **equal** marks.
- (ii) This question paper consists of **three** Sections – Section **A, B** and **C**.
- (iii) **Section - A** contains **24** questions. Attempt any **20** questions from Q.No. **1** to **24**.
- (iv) **Section - B** contains **24** questions. Attempt any **20** questions from Q.No. **25** to **48**.
- (v) **Section - C** contains **12** questions. Attempt any **10** questions from Q.No. **49** to **60**.
- (vi) The first **20** questions each in Section **A** & Section **B** and first **10** questions in Section **C** attempted by a candidate will be evaluated.
- (vii) There is only **one** correct option for every Multiple Choice Question (MCQ). Marks will not be awarded for answering more than one option.
- (viii) There is no negative marking.

Section A

1. AB Ltd. has debt-equity ratio of 3:1 whereas XY Ltd. has debt-equity ratio of 1:1. The advantage AB Ltd. will have over XY Ltd., when rate of interest is lower than the rate of return on investment is:

- | | |
|------------------------|-------------------------|
| (a) Low financial risk | (b) Low cost of equity |
| (c) Trading on equity | (d) Greater flexibility |

Ans. (c)

2. Identify the right of a consumer under the Consumer Protection Act, 2019, which is protected “when a consumer strongly protest and take an action against unscrupulous, exploitative and unfair trade practices of sellers.”

- | | |
|---------------------------------|-----------------------|
| (a) Right to seek redressal | (b) Right to be heard |
| (c) Right to consumer education | (d) All of these |

Ans. (b)

3. Sachin, the manager of PY consultancy is in need of a personal secretary. He asked Vinay, his subordinate for the database of candidates who applied last year but could not make it to the organisation. The source of recruitment used here is:

- | | |
|------------------------|---------------------------------|
| (a) Direct recruitment | (b) Campus recruitment |
| (c) Casual caller | (d) Recommendation of employees |

Ans. (c)

56 Objective Type Questions—12

4. Which of the following is not an external source of recruitment?

- (a) Advertisement
- (b) Casual caller
- (c) Promotion
- (d) Recommendation of employees

Ans. (c)

5. It is the process of choosing from the pool of the prospective job candidates developed at the stage of recruitment. It is _____.

- (a) Selection
- (b) Training
- (c) Recruitment
- (d) Orientation

Ans. (a)

6. Which of the following is not a feature of motivation?

- (a) It is an internal feeling.
- (b) Reduces absenteeism
- (c) Complex process
- (d) Can be positive or negative

Ans. (b)

7. Which of the following is a regulatory function of SEBI?

- (a) Regulation of takeover bids by companies
- (b) Controlling insider trading
- (c) Taking steps for investors protection
- (d) Conducting research and publishing information useful to all market participants

Ans. (a)

8. Which of the following helped to eliminate the use of share certificate in physical form?

- (a) Dematerialisation of securities
- (b) Discount and Finance House of India
- (c) Demutualisation of exchanges
- (d) None of these

Ans. (a)

9. Which step of controlling involves training of employees, if the production target could not be met?

- (a) Analysing deviation
- (b) Taking corrective action
- (c) Critical point control
- (d) Comparing actual performance with the standard

Ans. (b)

10. Pranav, the manager in ABC Ltd. pays more attention towards increase in labour cost by 3% than a 15% increase in the stationery expenses. Identify the concept being used by Pranav.

- (a) Management by exception
- (b) Critical point control
- (c) Corrective action
- (d) None of the above

Ans. (b)

11. Anand has two projects, A and B in hand. Both of them involve the same amount of risk and the rate of return on them is 20% and 15% respectively. Under normal circumstance, which of the two projects is likely to be selected?

- (a) Project A
- (b) Project B
- (c) Both Project A and Project B
- (d) None of the above

Ans. (a)

12. After the trade has been executed, the broker issues a contract note to the investor within _____.

- (a) 52 hours (b) 24 hours
(c) 48 hours (d) 12 hours

Ans. (b)

13. A complaint can be filed against _____ who adopt(s) unfair trade practices.

- (a) Trader only (b) Manufacturer only
(c) Trader and Manufacturer (d) Consumer

Ans. (c)

14. Gopal bought a bottle of soft drink of a famous beverage company and found some impurities floating inside the bottle. He forwarded a legal notice to the company, accusing it of the deficiency in service that could cause health hazard to the consumer. Identify the right of consumer being violated here.

- (a) Right to safety (b) Right to be heard
(c) Right to seek redressal (d) Right to consumer education

Ans. (a)

15. Vikrant joins his father's business of organic food after completing his MBA. In order to capture market share, he decided to sell the product in small attractive packages by using latest technology. For this, he has to install new technology in the business and procure funds for it. He made a detailed plan of action to link investment and financing decision. The concept being discussed here is:

- (a) Dividend decision (b) Financing decision
(c) Capital structure decision (d) Financial planning

Ans. (d)

16. A company uses a financial instrument for bridge financing. This instrument is short-term, low risk, unsecured and highly liquid. Identify the financial instrument being highlighted in the above case.

- (a) Commercial paper (b) Commercial bill
(c) Certificate of deposit (d) Zero coupon bonds

Ans. (a)

17. The source of external recruitment which can provide casual labourers within a short notice is:

- (a) Employment exchange (b) Advertisement
(c) Direct recruitment (d) All of these

Ans. (c)

18. The source of recruitment which bring a flood of response is:

- (a) Employment exchange (b) Promotion
(c) Advertisement (d) Placement agency

Ans. (c)

58 Objective Type Questions—12

19. Sunder, a welder is praised by the Production head in front of all his colleagues for his expertise and precision. Identify the need of Sunder being fulfilled here, as per Maslow's Need Hierarchy Theory.

- (a) Esteem need (b) Belongingness need
(c) Self-actualisation need (d) Basic Physiological need

Ans. (a)

20. Choose the correct sequential order for staffing function.

- (a) Recruitment, Selection, Training, Placement
(b) Selection, Training, Recruitment, Placement
(c) Recruitment, Selection, Placement, Training
(d) Recruitment, Training, Selection, Placement

Ans. (c)

21. Which of the following is not an assumption of Maslow's theory?

- (a) People's behaviour is based on their needs.
(b) Satisfaction of needs influences human behaviour.
(c) A satisfied need can motivate a person.
(d) A person moves to the next higher level of the hierarchy only when the lower need is satisfied.

Ans. (c)

22. _____ is risk of inability of a business to meet its fixed financial obligations, like payment of interest.

- (a) Business risk (b) Financial risk (c) Long-term risk (d) Market risk

Ans. (b)

23. _____ determines the size of assets, profitability and competitiveness of the enterprise.

- (a) Dividend decision (b) Capital budgeting decision
(c) Working Capital decision (d) Financing decision

Ans. (b)

24. Which one of the following is not a feature of controlling?

- (a) Continuous process (b) Action-oriented
(c) Keeping employees busy (d) Pervasive function

Ans. (c)

Section B

25. Which of the following is an example of financial incentive?

- (a) Career advancement opportunity (b) Organisational climate
(c) Pay and allowances (d) Employees recognition programmes

Ans. (c)

26. The process of selection does not include:

- (a) Medical examination (b) Employment interview
(c) Contract of employment (d) Estimation of manpower requirement

Ans. (d)

27. Reducing the workers' absenteeism by 30% in the coming month is an example of:

- (a) Qualitative standard
- (b) Quantitative standard
- (c) Organisational standard
- (d) None of these

Ans. (b)

28. Which of the following statements is false about Treasury bills?

- (a) They are also known as Zero Coupon Bonds.
- (b) They are highly liquid and have assured yield.
- (c) They have high risk of default.
- (d) They are available for a minimum amount of ₹ 25,000 and in multiples thereof.

Ans. (c)

29. Match the factors given in Column I with their effects given in Column II, and choose the correct alternative:

Column I	Column I
A. A high debt service coverage ratio	(i) Fixed capital requirement is low
B. Low growth prospects	(ii) Working capital requirement is high
C. Liberal credit policy	(iii) Potential to increase debt in its capital structure

- (a) (i), (ii), (iii)
- (b) (ii), (iii), (i)
- (c) (iii), (ii), (i)
- (d) (iii), (i), (ii)

Ans. (d)

30. For the following two statements choose the correct option:

Statement I: If any of the parties are not satisfied by the order of State Commission can appeal against such order to the District Commission within a period of thirty days of such order.

Statement II: For the redressal of consumer grievances, the Consumer Protection Act 2019 provides for setting up of a three-tier enforcement machinery at the District, State and the National levels.

Choose the correct option from the options given below:

- (a) Statement I is correct and Statement II is wrong
- (b) Statement II is correct and Statement I is wrong
- (c) Both the statements are correct
- (d) Both the statements are incorrect

Ans. (b)

31. The source of recruitment which is used for filling up the vacancies at the middle and top level management is:

- (a) Direct recruitment
- (b) Labour contractors
- (c) Advertising on television
- (d) Placement agencies and management consultants

Ans. (d)

60 Objective Type Questions—12

- 32.** Directors of Synergy Ltd. gave complete freedom to departmental heads to frame departmental policies and get the work done. Each of the departmental head consulted each other and took guidance and final approval from Managing Director. They framed their policies on their own.

Which leadership style is depicted by the Directors of Synergy Ltd.?

- (a) Autocratic Leadership (b) Democratic Leadership
(c) Laissez Faire Leadership (d) None of these

Ans. (c)

- 33.** The working capital requirement of a firm is low when it has:

- (a) high technology (b) high debtors
(c) high inventories (d) high creditors

Ans. (d)

- 34.** Which of the following statements is false with regard to stock exchange?

- (a) It provides a platform for buying and selling of existing securities.
(b) It provides the marketability to the securities.
(c) By providing a ready market, it extends liquidity to the securities.
(d) Securities are sold by the company to the investors through it.

Ans. (d)

- 35.** Which one of the following is not a consumer right?

- (a) Right to heard
(b) Right to seek redressal
(c) Right to get discount
(d) Right to consumer education

Ans. (c)

- 36.** Rahul's friend Amar works as a Chartered Accountant in Solutions Ltd. Amar got to know that the company would soon be declaring a bonus issue which would result in increase in the price of shares. Considering this, Amar advised Rahul to purchase the shares of Solutions Ltd. Which function of SEBI can control such malpractices?

- (a) Development functions (b) Protective functions
(c) Regulatory functions (d) All of these

Ans. (b)

- 37.** Which of the following motivators is the most basic need in Maslow's need hierarchy?

- (a) Safety (b) Belongingness
(c) Physiological (d) Esteem

Ans. (c)

- 38.** The style of leadership that takes into account other's views, opinions and ideas is _____ leadership.

- (a) Autocratic (b) Democratic
(c) Laissez faire (d) People-oriented

Ans. (b)

39. _____ is concerned with optimum procurement as well as usage of finance.

- (a) Financial Analysis (b) Financial Planning
(c) Financial Management (d) Budgeting

Ans. (c)

40. The most apt way of giving training to people for special skills such as, plumber, electrician, welder etc. is:

- (a) Web publishing (b) Job rotation (c) Coaching (d) Apprenticeship

Ans. (b)

41. Which of the following statements is false for money market?

- (a) Its instruments involve high capital outlay.
(b) It is situated at specific locations.
(c) It deals in unsecured and short-term debt instruments.
(d) The instruments traded are highly liquid.

Ans. (b)

42. Kiran has set up a small business unit for the manufacturing of detergent. She appointed a team of ten salesmen and each salesman is expected to sell at least 200 units of the detergent within a week's time. Identify the point of importance of controlling being highlighted in the above case.

- (a) It helps in judging accuracy of standards.
(b) It ensures efficient use of resources.
(c) It helps in improving employee motivation.
(d) It facilitates co-ordination in action.

Ans. (c)

43. For the following two statements choose the correct option:

Statement I: As per Consumer Protection Act, any article or good or substance or raw material or any extended cycle of such product either in gaseous, liquid or solid state possessing intrinsic value capable of delivery either as assembled or a component produced or manufactured to trade is product.

Statement II: It also includes human tissues, blood, blood products and organs.

Choose the correct option from the options given below:

- (a) Statement I is correct and Statement II is wrong
(b) Statement II is correct and Statement I is wrong
(c) Both the statements are correct
(d) Both the statements are incorrect

Ans. (a)

44. Which of the following is not a function of Consumer Protection Councils?

- (a) To create awareness of consumer rights among consumers
(b) To guide consumers on how to file cases in consumer courts
(c) To provide compensation to consumers when they are cheated by shopkeepers
(d) To represent consumers in Consumer Courts at times

Ans. (c)

62 Objective Type Questions—12

45. Pooja went to the grocery store to buy monthly grocery goods. She purchased items as per her requirement. She insisted the seller to give her a discount of 15% as every seller offers the same. Which consumer responsibility is fulfilled by her?

- (a) Buy only standardised goods
- (b) Read labels carefully
- (c) Assert yourself to ensure that you get a fair deal
- (d) Be honest in your dealings

Ans. (c)

46. _____ provides a link between investment and financing decisions on a continuous basis.

- (a) Financial decision
- (b) Financial Planning
- (c) Dividend decision
- (d) None of these

Ans. (b)

47. If the market has enough qualities and varieties of product at competitive prices, then buyer have an opportunity of wise selection. Identify the consumer right discussed.

- (a) Right to choose
- (b) Right to safety
- (c) Right to consumer education
- (d) Right to seek redressal

Ans. (a)

48. In the job application form for the post of Production Manager, Ketan had given details of his present employer. The company contacted the General Manager of his present company to establish Ketan's credibility. Identify the step in selection process being described in the above lines.

- (a) Selection test
- (b) Reference and background checking
- (c) Preliminary screening
- (d) Job offer

Ans. (b)

Section C

Read the following text and answer question numbers 49-54 on the basis of the same.

Rohit, who has graduated from a Management School, decided to start his career by a startup named 'Coffee Out', a café that will majorly cater to the needs of the young college going students. It will provide them a place to hang out with their friends. While the idea looks cool to him, but he also knows that he needs to put in the extra efforts to give it a concrete shape. 'Coffee Out' being a self-service outlet needed less of labour and more of equipment. As a start-up organisation, 'Coffee Out' will require a decent amount of equipments to begin its operations. These include convection oven, refrigeration unit, blender, food Processor, espresso machine and coffee maker. Once purchased, these equipments will be used by him for years to come as they don't get obsolete quickly, hence, he needs to spend a considerable time in making their selection. To begin with,

he would keep his level of activity low catering to the needs of the nearby areas only. To start his cafe, Rohit was lucky enough to obtain a shop on a lease of 10 years in a busy marketplace that also had a college in its vicinity.

49. 'Coffee Out' being a self-service outlet needed less of labour and more of equipment.' This can affect _____ decision of the business.

- (a) Investment decision (b) Financing decision
(c) Dividend decision (d) None of these

Ans. (a)

50. 'Once purchased, these equipments will be used by him for years to come as they don't get obsolete quickly, hence, he needs to spend a considerable time in making their selection.' The factor affecting the above identified decision as in Q49. referred in this line is:

- (a) Scale of operation (b) Choice of technology
(c) Technological upgradation (d) Diversification

Ans. (c)

51. 'To begin with, he would keep his level of activity low catering to the needs of the nearby areas only.' This will _____ fixed capital requirement and _____ working capital requirement.

- (a) reduce, increase (b) increase, increase
(c) increase, reduce (d) reduce, reduce

Ans. (d)

52. 'To start his café, Rohit was lucky enough to obtain a shop on a lease of 10 years in a busy marketplace that also had a college in its vicinity.' The factor affecting fixed capital requirement indicated here is:

- (a) Nature of business (b) Level of collaboration
(c) Financing alternative (d) None of these

Ans. (c)

53. How is operating cycle affect the requirement of working capital?

- (a) Longer operating cycle require less working capital
(b) Longer operating cycle require more working capital
(c) Shorter operating cycle require more working capital
(d) None of these

Ans. (b)

54. In deciding the appropriate level of current assets for the firm, management is confronted with _____.

- (a) A trade-off between liquidity and marketability
(b) A trade-off between equity and debt
(c) A trade-off between profitability and risk
(d) A trade-off between current assets and profitability

Ans. (c)

64 Objective Type Questions—12

55. Dipika Pallikal, the Padma Shri recipient, filed a petition in 2012 in which she said that she had faced humiliation and loss of reputation, as a transaction using a bank's debit card at a hotel in the Netherlands' Rotterdam failed, though she had a balance of more than 10 times the billed amount in her account. The bank claimed that the incident was a case of "force majeure" which means a natural and unavoidable catastrophe or an act of god, and was beyond its control. The consumer court in Chennai has directed the bank to pay a compensation of ₹ 5 lakh to Dipika Pallikal for "deficiency in service". The bank was also directed to pay her ₹ 5,000 as expenses.

The right of consumers being exercised in this case is:

- (a) Right to safety (b) Right to be heard
(c) Right to seek redressal (d) Right to consumer education

Ans. (c)

56. Dividends can only be paid out of _____ or accumulated profits.

- (a) estimated profits (b) current year's profit
(c) past year's profit (d) All of these

Ans. (b)

57. The day when the broker shall make payment or delivery of shares to the exchange is called _____.

- (a) Pay-in day (b) Pay-out day (c) Transaction day (d) None of these

Ans. (a)

58. Consumer Protection, not only includes educating consumers about their rights and responsibilities, but also helps in getting their grievances redressed. This implies:

- (a) It requires judicial machinery for protecting the interests of consumers.
(b) It requires the consumers to get together and form themselves into consumer associations.
(c) It has a wide agenda.
(d) None of these

Ans. (c)

59. How does taxation policy affect dividend decision?

- (a) If tax on dividend is higher, company will prefer to pay more by way of dividends
(b) If tax on dividend is higher, company will prefer to pay less by way of dividends
(c) The tax on dividend does not affect the amount of dividends to be paid
(d) None of these

Ans. (b)

60. Neha desperately wanted to watch the movie so purchased the tickets from a black marketer. Which consumer responsibility has not been fulfilled by her?

- (a) Learn about the risks associated with products and services
(b) Read labels carefully so as to have information about the product
(c) Assert yourself to ensure that you get a fair deal
(d) Be honest in your dealings

Ans. (d)