

428

QUESTION PAPER BOOKLET CODE : **A**

Question Paper Booklet No.

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Time allowed : 3 hours

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PART—I

1. Investment Decisions help in achieving which of the following long-term objectives of the company ?
 - (A) Survival and Growth
 - (B) Preserving Market Share
 - (C) Retaining Leadership in Activity
 - (D) All of the above
2. Liquidity of Receivables is assessed through which of the following :
 - (A) Average Collection Period
 - (B) Receivables Turnover Ratio
 - (C) Both (A) and (B)
 - (D) None of the above
3. Relationship between Liquidity and Profitability is :
 - (A) Direct
 - (B) Inverse
 - (C) Both are mutually exclusive
 - (D) None of the above
4. The present value of ₹ 1,00,000 to be received 3 years later when rate of return is 10% p.a. compounded annually is :
 - (A) ₹ 75,131
 - (B) ₹ 86,153
 - (C) ₹ 72,900
 - (D) ₹ 70,000
5. A deposited ₹ 1,00,000 in a bank for a period of 5 years and the rate of interest is 5% p.a. compounded annually. How much amount A will receive after 5 years ?
 - (A) ₹ 1,25,000
 - (B) ₹ 1,27,628
 - (C) ₹ 1,32,525
 - (D) ₹ 1,02,763
6. Capital Budgeting Decisions are of paramount importance for a business firm. Which of the following factors contributes significantly to this importance ?
 - (A) Impact on immediate future only
 - (B) Involves huge amount of scarce resources
 - (C) Reversibility
 - (D) All of the above
7. Which of the following techniques are traditional cash flow based techniques ?
 - (A) Accounting Rate of Return
 - (B) Pay Back Period
 - (C) Net Present Value
 - (D) All of the above

8. Which of the following are assumptions of Net Income Approach of Capital Structure Theory ?
- (A) Cost of equity is more than cost of debt.
- (B) Both cost of debt and cost of equity remain constant and increase in financial leverage does not affect the risk perception of investors.
- (C) There are no taxes.
- (D) All of the above
9. Capital Structure of A Ltd. comprises of the following :
- Equity Share Capital : ₹ 25 Lakh
10% Debentures : ₹ 10 Lakh
If EBIT is ₹ 6 lakh, degree of Financial Leverage is :
- (A) 1.3
(B) 1.2
(C) 2
(D) 1.5
10. In terms of difference between operating leverage and financial leverage, which of the following is incorrect ?
- (A) Operating Leverage is associated with investment activities of the company, whereas Financial Leverage is associated with financing activities of the company.
- (B) Operating Leverage consists of fixed operating expenses of the company, whereas financial leverage consists of fixed financial expenses of the company.
- (C) Operating Leverage represents the firm's ability to use the fixed operating cost, whereas financial leverage represents the firm's ability to use the fixed financial cost.
- (D) Operating Leverage is calculated as EBIT/EBT, whereas financial leverage is calculated as Contribution/EBIT.
11. A project requires a capital outlay of ₹ 400 Lakh. The required amount can be raised either by issuing equity shares of the face value of ₹ 400 Lakh, or by issuing equity shares to the extent of ₹ 200 Lakh and acquiring 15% debt of ₹ 200 Lakh. Assuming a tax rate of 40%, the indifference point of both the financing options will be :
- (A) ₹ 40 Lakh
(B) ₹ 50 Lakh
(C) ₹ 60 Lakh
(D) ₹ 70 Lakh
12. Based on the following financials of a company, what will be its combined leverage ?
- Turnover : ₹ 50 Lakh
Variable Cost : ₹ 30 Lakh
Fixed Cost : ₹ 10 Lakh
10% Debentures : ₹ 20 Lakh
Tax rate : 30%
- (A) 2 times
(B) 1.5 times
(C) 1.75 times
(D) 2.5 times

13. Which of the following is correct regarding cost of capital ?
- (A) When interest rates increases, cost of equity decreases, thereby decreasing cost of capital
- (B) When tax rate increases, cost of debt decreases, thereby increasing cost of capital
- (C) An increase in interest rate will affect the cost of debt and potentially the cost of capital
- (D) None of the above
14. A Ltd. issued 8% debentures (face value ₹ 10 each) worth ₹ 100 Lakh at par. A Limited falls in 30% tax bracket. The effective cost of debentures will be :
- (A) 5.5%
- (B) 5.6%
- (C) 6%
- (D) 8%
15. A Ltd. issued debentures worth ₹ 100 Lakh with coupon rate of 10% and realized ₹ 97.5 Lakh. The company falls in 30% tax bracket. These debentures are repayable at par after 5 years. The effective cost of debentures will be :
- (A) 8.55%
- (B) 8.44%
- (C) 7.55%
- (D) 7.44%
16. ABC Ltd. floated 20000 10% preference shares of ₹ 100 each redeemable after 10 years at face value. Floatation cost amounted to ₹ 2 per share. Applicable tax rate is 30%. Cost of preference shares will be :
- (A) 10.4%
- (B) 10.5%
- (C) 10.3%
- (D) 10.6%
17. A Ltd. issued equity shares of ₹ 10 Lakh comprising of 1 lakh shares of ₹ 10 each. The current market price per share is ₹ 50 and current dividend paid is ₹ 5 per share. The dividend is expected to grow @ 5% per annum. On the basis of dividend growth model, the cost of equity will be :
- (A) 15%
- (B) 15.2%
- (C) 15.5%
- (D) 16%
18. B Ltd. has equity shares of ₹ 25 Lakh comprising of 25000 shares of ₹ 100 each in its capital structure. The current market price per share is ₹ 110 and profit after tax is ₹ 5 Lakh. The expected growth rate in earnings is 10%. On the basis of Earnings Price Ratio approach, the cost of equity will be :
- (A) 25%
- (B) 15%
- (C) 20%
- (D) 12%

19. What will be the approx. present value of an annuity of ₹ 25,000 to be received at the end of each of the next 5 years, if the discount rate is 12% ?
- (A) ₹ 80,000
(B) ₹ 90,000
(C) ₹ 95,000
(D) ₹ 98,000
20. Which of the following is/are not a part of negative covenants in a Loan Agreement ?
- (A) Restrictions to pay commission to Promoters, Directors, Managers or any other person for furnishing the guarantee or indemnity for the undertaking
(B) Restrictions to pay dividend to the equity shareholders in case of default in payment of interest or repayment of principal
(C) Restrictions on creating a charge or lien on the assets of the undertaking
(D) None of the above
21. Which of the following is not a salient feature of a financial lease ?
- (A) It can be cancelled during the initial lease period
(B) The lease is more or less fully amortized during the primary lease period
(C) The lessee is responsible for maintenance, insurance and taxes
(D) The lessee generally enjoys the option of renewing the lease for future periods at substantially reduced lease rentals
22. Which of the following is not a merit of Regular Dividend Policy ?
- (A) It helps in creating confidence among the investors
(B) It does not assist in stabilizing market value of related securities
(C) It assists in maintaining goodwill of the company
(D) It gives a regular income to the shareholders
23. A bond carries a coupon rate of 12.4% p.a. compounded quarterly. What will be effective yield on the bond ?
- (A) 12.79%
(B) 12.89%
(C) 12.99%
(D) 13.09%
24. Which of the following is/are assumption(s) of Walter's Model of Equity Valuation ?
- (A) All the investments are routed through Retained Earnings only
(B) The firm's Internal rate of Return and Cost of Capital are constant
(C) All earnings are either distributed as dividend or reinvested internally immediately
(D) All of the above

25. The formula for Walter's Model of Equity

Valuation is :

$$P = \frac{D + r / ke (E - D)}{ke}$$

Which of the following is not correct explanation of abbreviations used in the formula ?

- (A) P-Market Price per share
- (B) D-Dividend per share
- (C) *r*-Rate of Interest
- (D) E-Earning per share

26. Which of the following is/are criticism of Walter's Model of Equity Valuation ?

- (A) It mixes dividend policy with investment policy
- (B) It is based on the unrealistic assumption that return on investment is constant
- (C) It assumes that firm's cost of capital or discount rate does not remain constant and changes directly with firm's risk
- (D) All of the above

27. The existing net working capital of a firm was ₹ 12,04,000. It repaid its creditors worth ₹ 1,40,000 by issuing them 3 year bonds and acquired a 5 year loan of ₹ 3 Lakh. Further, it redeemed its 8% debentures worth ₹ 2 Lakh by issuing 9% preference shares of equal amount. Which of the following is correct in the light of this information ?

- (A) Net Working capital will increase by ₹ 1,40,000
- (B) Net Working capital will decrease by ₹ 1,40,000
- (C) There will be no change in Net Working Capital
- (D) None of the above

28. Which of the following is indicative of Aggressive Approach of Working Capital Management ?

- (A) Holding low level of inventory
- (B) Following Liberal Credit Policy
- (C) Maintaining high cash balance
- (D) All of the above

29. Which of the following methods is/are used to determine the working capital needed ?

- (A) Current Asset Holding Period
- (B) Ratio to Sales
- (C) Both (A) and (B)
- (D) None of the above

30. Following financials pertain to ABC Ltd. for the year ended 31/03/2021 :
- (i) Raw Material Inventory-Average outstanding amount : ₹ 40,000
 - (ii) W-I-P Inventory-Average outstanding amount : ₹ 1,08,000
 - (iii) Finished Goods Inventory-Average outstanding amount : ₹ 1,80,000
 - (iv) Sundry Debtors-Average outstanding amount : ₹ 2,00,000
 - (v) Sundry Creditors-Average outstanding amount : ₹ 1,20,000
 - (vi) Purchase of Raw Material-Average amount/day : ₹ 2,400
 - (vii) Cost of Sales-Average amount/day : ₹ 3,000
 - (viii) Sales-Average amount/day : ₹ 5,000
- Operating Cycle of ABC Ltd. is :
- (A) 190 days
 - (B) 185 days
 - (C) 186 days
 - (D) 195 days
31. Which one of the following will not help in lowering the cost of inventory ?
- (A) Entering into short-term arrangements for supply of materials at market driven prices
 - (B) Arranging for direct supply of Raw Materials at manufacturing locations
 - (C) Promoting ex-factory sales of finished goods
 - (D) Availing quantity discounts and spot payment discounts if carrying costs and financing costs are less than discounts
32. Jones, a HNI, wants to invest in shares of XYZ Ltd., a major component manufacturing company. Apart from looking into internal and external information about the company, Jones should look into which of the following tools, so that he can arrive at his investment decision ?
- (A) Earnings per share
 - (B) Price/Earnings Ratio
 - (C) Dividend Yield
 - (D) All of the above

33. Which of the following statements is correct ?
- (A) A Line chart is a basic type of chart used in financial analysis. It is generally created by connecting a series of past prices together with a line
 - (B) Line chart represents only the closing prices over a set period
 - (C) The line is formed by connecting the closing prices for each period over the time frame and intra-period highs and lows are ignored
 - (D) All of the above
34. Which of the following is correct ?
- (A) Systematic risk is uncontrollable by an organization and is micro in nature
 - (B) Systematic risk is controllable by an organization and is macro in nature
 - (C) Systematic risk is uncontrollable by an organization and is macro in nature
 - (D) None of the above
35. Which of the following is not a type of Systematic Risk ?
- (A) Interest Rate Risk
 - (B) Market Risk
 - (C) Business Risk
 - (D) Purchase Risk
36. A invested ₹ 2 lakh in equity shares of a limited company in the beginning of 2020. So far, he has received ₹ 1 Lakh as dividend income. The current market price of his holdings is ₹ 3 Lakh. His total return is :
- (A) 50%
 - (B) 100%
 - (C) 33.33%
 - (D) None of the above
37. Standard deviation is a measure of how each possible outcome deviates from the expected value. In this context, which of the following statements is correct ?
- (A) The higher is the value of deviation, the lower is the risk associated with portfolio
 - (B) The lower is the value of deviation, the lower is the risk associated with portfolio
 - (C) Value of deviation has nothing to do with portfolio risk
 - (D) None of the above
38. Which of the following is not considered as the assumption of Markowitz Model of Portfolio Analysis ?
- (A) Investors consider each investment alternative as being represented by a probability distribution of expected returns over some holding period
 - (B) Individuals do not estimate risk on the basis of variability of expected returns
 - (C) Individuals do not base decisions solely on expected returns and variance only
 - (D) Both (B) and (C)

39. The assumptions of Capital Asset Pricing Model include :
- (A) Diversified portfolio and Single point transaction horizon
 - (B) Investors can borrow and lend at Risk-free rate of return
 - (C) Perfect Capital Market
 - (D) All of the above
40. Which of the following is not an advantage of Capital Asset Pricing Model ?
- (A) It considers only systematic risk reflecting a reality in which most investors have diversified portfolios from which unsystematic risk has been essentially eliminated
 - (B) Theoretically derived relationship between required return and systematic risk, which has been subjected to frequent empirical research and testing
 - (C) It is not superior to WACC in providing discount rate for being used in investment appraisals
 - (D) Much better method of calculating the cost of equity than the dividend growth model, in that it explicitly considers a company's level of systematic risk relative to stock market as a whole
41. Beta is a factor of which of the following :
- (A) Standard Deviation of security/portfolio
 - (B) Standard Deviation of market
 - (C) Correlation between security and market
 - (D) All of the above
42. Which of the following is/are features of Capital Market Line ?
- (A) Portfolio is assumed to be efficient
 - (B) It assumes no unsystematic risk
 - (C) It estimates the return for a portfolio based on the total risk route
 - (D) All of the above
43. High financial gearing will increase the earnings per share of the company if :
- (A) Earnings before Interest and Taxes are rising
 - (B) Earnings before Interest and Taxes are falling
 - (C) Earnings after Taxes are rising
 - (D) Earnings after Taxes are falling

44. A project requires an initial outlay of ₹ 5 Lakh. It is expected to generate annual CFAT of ₹ 1,25,000 through its useful life of years 1 to 5 excluding the scrap value of ₹ 1 Lakh to be realized at the end of 5th year. The Internal Rate of Return (IRR) of the project will be in the range of :
- (A) 10%-11%
 (B) 11%-12%
 (C) 12%-13%
 (D) 13%-14%
45. Pay-back Period with constant annual cash flows is calculated as :
- (A) Initial Investment/Annual Cash Flow
 (B) Initial Investment * Annual cash flow
 (C) Annual Cash Flow/Initial Investment
 (D) None of the above
46. Payback period method can be successfully employed in which of the following circumstances ?
- (A) Where the firm does not suffer from liquidity problem and is interested in analysing profitability
 (B) Where project is certain in terms of risk, and return is a serious concern
 (C) Where good returns have been estimated but uncertainty is high
 (D) None of the above
47. Net present value is generally preferred over Internal Rate of Return (IRR) method because :
- (A) It is comparatively simple to operate
 (B) It does not suffer from limitations of multiple rates
 (C) The reinvestment assumption under NPV method is more realistic
 (D) All of the above
48. The degree of financial leverage of a firm is 2 and degree of its operating leverage is 4. Fixed cost is ₹ 60,000 and variable cost as a percentage of sales is 60. Applicable tax rate is 30%. Earnings after tax (EAT) of the firm will be :
- (A) ₹ 8,400
 (B) ₹ 10,000
 (C) ₹ 7,000
 (D) ₹ 9,100
49. Which of the following is correct ?
- (A) Business Risk does not have an impact on the past operational profitability of the firm
 (B) Business Risk pertains to day-to-day operations of the firm
 (C) Both (A) and (B) are correct
 (D) Neither (A) nor (B) is correct

50. X Ltd., a leather manufacturing company, has a Sales turnover of ₹ 40 Lakh for the year ended 31/03/2021. Its variable cost for the year was ₹ 20 Lakh and fixed cost was ₹ 5 lakh. It issued debentures worth ₹ 10 Lakh on 01/10/2020 carrying an interest rate of 8% p.a. The financial leverage of the company will be :
- (A) 1.15
(B) 1.05
(C) 1.03
(D) 1.13
51. Which of the following is correct regarding cost of retained earnings ?
- (A) Since the company is not required to pay dividend on retained earnings, there is no cost associated to it
(B) Opportunity cost of foregone dividends must be considered as cost of retained earnings
(C) Both (A) and (B) are correct
(D) None of the above
52. The capital structure of A Ltd. comprises of the following :
- Equity Share Capital : ₹ 4 lakh
8% Debentures : ₹ 1 lakh
- Value of Beta is 2, associated risk-free rate of return and market risk premium are 5% and 4% respectively. A Ltd. falls in 30% tax bracket.
- The weighted average cost of capital of the company will be :
- (A) 11.12%
(B) 11.32%
(C) 11.52%
(D) 11.72%
53. Which of the following statements is/are correct ?
- (A) Weighted Average Cost of Capital using book value weights will be generally understated if the market value of shares is higher than book value
(B) The relationship of book value and market value of securities has nothing to do with calculation of weighted average cost of capital
(C) Both (A) and (B) are correct
(D) Both (A) and (B) are incorrect

54. Which of the following are the main objectives of syndication of Euro-currency loans from the borrowers' point of view ?
- (A) Large sums are arranged without delay at low cost
- (B) Borrowers get better introduction to enter into international market without much difficulty
- (C) Funds are made easily available for meeting balance of payment deficit and for financing large industrial projects. Further, the borrower is also allowed to select the length of roll-over period
- (D) All of the above
55. Which of the following is not an assumption of EOQ Model ?
- (A) Total usage of the commodity for the given period is known with certainty and the usage is spreaded evenly throughout the period
- (B) There is sufficient gap between placing the order and receiving the supply
- (C) The cost per order of commodity is constant irrespective of the number of total orders
- (D) Carrying cost of the inventory is given as a percentage of the value of inventory and is fixed
56. DEF Ltd., a manufacturer of ball-point pens, is interested in knowing the Economic Order Quantity. It furnishes you the following information :
- Annual Requirement : 40000 units
 Cost per unit : ₹ 16
 Carrying Cost 15% p.a.
 Ordering Cost per order : ₹ 480
 What will be its EOQ ?
- (A) 6000 units
 (B) 5000 units
 (C) 4000 units
 (D) 3000 units
57. Which of the following factors determine the credit policy of a firm ?
- (A) Effect of credit period on volume of sales
- (B) Credit Terms
- (C) Cash Discount
- (D) All of the above
58. Which of the following is not a major requirement of Efficient Market Hypothesis ?
- (A) Prices must be efficient so that new inventions and better products will cause a firm's security prices to rise and motivate investors to buy stocks
- (B) Transaction costs such as brokerage on purchase and sell of securities is taken into consideration
- (C) Taxes are assumed to have no noticeable effect on investment policy
- (D) Every investor has similar access to investible funds at same terms and conditions
59. Economic Value added can be calculated as :
- (A) Gross Operating Profit – Taxes – Cost of Capital
- (B) Operating Profit – Taxes
- (C) Net Operating Profit – Taxes – Cost of Capital
- (D) None of the above
60. Which of the following is not an objective of portfolio management ?
- (A) Risk Reduction
- (B) Safety of Principal
- (C) Diversification of Risk
- (D) Stability of Income

PART—II

61. According to Scientific Management Theory of F.W. Taylor, which of the following is not a principle of scientific management ?
- (A) Each task should be studied to determine the most efficient way of doing the task
- (B) There should be complete harmony between Management and Workers
- (C) Workers should be given adequate freedom in their work
- (D) All of the above
62. Which of the following are important features of Human Relations Theory as propounded by Elton Mayo ?
- (A) A manager must have basic understanding of human behaviour in the context of work groups and organization
- (B) The informal groups have significant influence on morale and productivity of workers
- (C) Workers are motivated not only by money alone, but also by work situations including recognition, participation, etc.
- (D) All of the above
63. Establishment of Objectives is the initial important step in planning process. Which of the following is a merit of establishing objectives ?
- (A) It provides rationale for carrying a range of activities as well as indicates the direction of the efforts of the team
- (B) It focuses the attention of the managers on the end-results to be achieved
- (C) It forms the nucleus of the planning process
- (D) All of the above
64. Steps involved in Organizing function of management include :
- (A) Identification of Activities and organizing the same
- (B) Classification of Authority
- (C) Coordination between Authority and Responsibility
- (D) All of the above
65. Which of the following is not a feature of Controlling function of Management ?
- (A) It is a pervasive function
- (B) It is a forward looking function
- (C) It is a static function
- (D) It is related with planning

66. Environment Scanning is one of the four phases of Strategic Management Process. Which of the following is not an essential feature of Environment Scanning ?
- (A) It involves scanning the internal environment for strengths and weaknesses
 - (B) It involves scanning the external environment for opportunities and threats
 - (C) It involves deciding the best course of action for accomplishing the organizational objectives
 - (D) All of the above
67. Threats of New Entrants in industry will be high in which of the following circumstances ?
- (A) Capital required to make an entry is not huge
 - (B) Existing firms are neither quiet influential nor dominant to prevent new entrants, nor do they have patents, trade-marks or strong bond value
 - (C) There are no strict government regulations to prevent new entrants
 - (D) All of the above
68. In Porter's Five Force Model, Bargaining Power denotes to which of the following ?
- (A) Buying in high volumes or controlling many access points to the final customers
 - (B) Only few buyers in the market
 - (C) Switching cost to competitors is low
 - (D) All of the above
69. Which of the following is/are the function(s) of strategic leadership ?
- (A) Articulating the strategic vision for the organization
 - (B) Influencing organizational members and organizational change
 - (C) Generating an environment in which employees match the organizational needs in the context of their individual jobs
 - (D) All of the above
70. Which of the following is not a functional role of Company Secretary in Strategic Management ?
- (A) Advisory Role
 - (B) Communication with Stakeholders
 - (C) Compiling and Certifying Financial Statements
 - (D) Management of meetings of board and committees

71. Which of the following is/are limitation(s) of strategic planning ?
- (A) It can consume lot of time and money.
This can be wasteful if strategic planning turns out to be unsuccessful
 - (B) Faulty assumptions about the future, poor assessment of organizational capabilities, poor group dynamics and information overload can lead to the development of poor plans
 - (C) Both (A) and (B)
 - (D) None of the above
72. Situation Analysis is an essential component of strategy formulation. Timing of conducting Situation Analysis is very important. It should be conducted during which of the following time horizons ?
- (A) Before development of a strategy
 - (B) During development of a strategy
 - (C) After development of a strategy
 - (D) All of the above
73. Effectiveness of Situation Analysis can be assessed by which of the following approaches ?
- (A) Through its simplicity and practicality
 - (B) Through its clarity for even an outsider to understand
 - (C) Through its focus being on key factors that have an impact on business, both internally and externally, and through its identification of future goals of the business
 - (D) All of the above
74. In terms of SWOT analysis of Amazon, which of the following may be considered as threats ?
- (A) Loss of Profits due to low profit margins
 - (B) Patent Infringement and other aspects of litigation
 - (C) Cyber-security issues
 - (D) All of the above

75. Strategies that utilizes strengths to maximize the opportunities are represented by which cell of TOWS matrix ?
- (A) WT Cell
 - (B) ST Cell
 - (C) SO Cell
 - (D) WO Cell
76. Which of the following is a strategy of TOWS concept ?
- (A) Competitive Strategy
 - (B) Conducive Strategy
 - (C) Concrete Strategy
 - (D) Conflict Strategy
77. Limitations of PERT include :
- (A) Uncertainty about the estimate of time and resources as it is based on assumptions
 - (B) Costs may be higher than the conventional method of planning
 - (C) Not suitable for simple an repetitive processes
 - (D) All of the above
78. Effective implementation of a strategy in an organization needs multiple supporting factors. Which of the following is not included in the list of such factors ?
- (A) Action Planning
 - (B) Organizational Structure
 - (C) Budgeting
 - (D) Human Resource
79. Strategic Implementation involves a number of issues. Which of the following is not amongst issues concerning Strategic Implementation ?
- (A) Project Implementation
 - (B) Procedural Implementation
 - (C) Financing
 - (D) Organizational Structure and Strategies
80. Which of the following is not an important benefit of Mckinsey's 7-S Framework Model ?
- (A) It helps to guide organizational change
 - (B) It combines rationale and hard elements with emotional and soft elements
 - (C) Managers act only on selective Ss in parallel as all the Ss may not be interrelated
 - (D) All the above are benefits
81. Which of the following problems is not encountered in the process of resource allocation ?
- (A) Power Play
 - (B) Future Commitments
 - (C) Resistance to Change
 - (D) Past Commitments

82. Strategic Benchmarking is concerned with which of the following ?
- (A) It helps the companies to identify the winning strategies used by successful companies and thereafter adopt them in their own strategic process
 - (B) It looks at other companies that engage in similar activities and identifies the best practices that can be applied
 - (C) It compares other companies' financial performance
 - (D) It determines how strong a company's products are as compared to that of competitors
83. Generic Benchmarking approach deals with which of the following ?
- (A) It focuses on excellent work processes rather than on the business practice of a particular organization
 - (B) It compares the work of different teams or business units or divisions within the same organization
 - (C) It compares itself with the competitors inside the industry itself
 - (D) It compares the functional area of the organization with similar organizations
84. Which of the following is not a key principle of Total Quality Management ?
- (A) Management Commitment
 - (B) Periodic Improvement
 - (C) Fact-based Decision-making
 - (D) Employee Empowerment
85. The concept of Six Sigma was developed by :
- (A) General Electric Company
 - (B) General Motors
 - (C) Motorola
 - (D) Mitsubishi Corporation
86. For controlling function to be effective, which of the following steps are required ?
- (A) Establishment of Standards
 - (B) Measurement of Performance and comparison of Actual and Standard Performance
 - (C) Taking Remedial Actions
 - (D) All of the above
87. Staffing function of Management involves which of the following activities ?
- (A) Assessment of Manpower Requirements
 - (B) Recruitment and Selection
 - (C) Orientation, Training and Performance Evaluation
 - (D) All of the above

88. Which of the following are the benefits of Motivation ?
- (A) Managers can get the things done through others
 - (B) It inspires the subordinates to work with zeal and willingness and initiates to achieve enterprise goals
 - (C) It promotes team-work and can tap the human potential in the best possible manner
 - (D) All of the above
89. Which of the following is not a contributory factor for intense rivalry among the existing competitors ?
- (A) Exit barriers are stringent
 - (B) Products are differentiated
 - (C) Products can be easily substituted
 - (D) Customer Loyalty is Low
90. Which of the following is not a key strategic leadership role of a strategist ?
- (A) Navigator
 - (B) Global Thinker
 - (C) Change Driver
 - (D) None of the above
91. BCG Matrix is built around :
- (A) Industry Attractiveness and Business Strength
 - (B) Industry Growth and Market Share
 - (C) Industry Attractiveness and Relative Market Share
 - (D) Industry Growth-rate and Business Strength
92. Which of the following is not a growth option in Ansoff's Growth Matrix ?
- (A) Market Penetration Strategy
 - (B) Product Development Strategy
 - (C) Market Development Strategy
 - (D) None of the above
93. The strength of Market Development option of Ansoff's Growth Matrix is that :
- (A) It puts pressure on Marketing and Sales Function
 - (B) It puts pressure on Operations Function
 - (C) It puts pressure on Supply Function
 - (D) It puts pressure on Finance Function
94. Which of the following strategies of Ansoff's Growth Matrix is referred as Suicide Cell ?
- (A) Market Penetration
 - (B) Product Development
 - (C) Diversification
 - (D) Market Development

95. Which of the following is not an advantage of Divisional Structure of an organization ?
- (A) Management by Exception
 - (B) Liberal Financial Control
 - (C) Enhancement of Morale
 - (D) High Efficiency Level
96. Which of the following is not an advantage of Matrix Organization structure ?
- (A) Direct Relations
 - (B) Quality Decisions
 - (C) Single Channel of Authority and Responsibility
 - (D) Participative Management
97. Which of the following areas is not covered by Strategic Control ?
- (A) Setting Performance Standards
 - (B) Feedback for Future Actions
 - (C) Linking Performance and Rewards
 - (D) Measurement of Organizational Progress
98. Adoption of Six Sigma methodology helps in improving efficiency due to which of the following factors ?
- (A) It meticulously identifies defects and minimizes the variations in the process
 - (B) It takes a bird's eye view of the production process
 - (C) It relies on external agency to make assessment of the production process
 - (D) None of the above
99. Which of the following signifies a Six Sigma Green Belt individual ?
- (A) One who has the basic understanding of Six Sigma, Statistical Tools and DMAIC
 - (B) One who has the highest levels of training in the statistical tools of Six Sigma
 - (C) An individual who works on projects on part-time basis either as a team member for Complex Projects or as a Team Leader for simple Projects
 - (D) An individual who understands the theory of Six Sigma but does not yet have the quantitative skills to function as an active Six Sigma Project Team Member
100. Which of the following best describes the term Artificial Intelligence ?
- (A) Machine's ability to simulate Robotic Intelligence
 - (B) Machine's ability to simulate Human Intelligence
 - (C) Both (A) and (B)
 - (D) Neither (A) nor (B)

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Space for Rough Work