

# 428

QUESTION PAPER BOOKLET CODE : **A**

Question Paper Booklet No.

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Time allowed : 3 hours

Maximum marks : 100

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## PART—I

1. Find the correct statement regarding the profit maximisation :
  - (A) Profit maximization considers the firm's risk level.
  - (B) Profit maximization will not lead to increasing short-term profits at the expense of lowering expected future profits.
  - (C) Profit maximization does consider the impact on individual shareholder's EPS.
  - (D) Profit maximization is concerned more with maximizing net income than the stock price.
2. From which of the following, Economic Value Added (EVA) will not increase :
  - (A) Operating profits grow without employing additional capital
  - (B) Unproductive capital is liquidated
  - (C) Cash flow generated by a business equal to the cost of the capital
  - (D) Additional capital is invested in the projects, that give higher returns than the cost of procuring new capital
3. .... is the most appropriate goal of the firm.
  - (A) Shareholder wealth maximization
  - (B) Profit maximization
  - (C) Stakeholder maximization
  - (D) EPS maximization
4. Earnings per share can be calculated as :
  - (A) Use the income statement to determine earnings after taxes (net income) and divide by the previous period's earnings after taxes. Then subtract 1 from the previously calculated value.
  - (B) Use the income statement to determine earnings after taxes (net income) and divide by the number of common shares outstanding if no preference shares are outstanding.
  - (C) Use the income statement to determine earnings after taxes (net income) and divide by the number of common and preferred shares outstanding.
  - (D) Use the income statement to determine earnings after taxes (net income) and divide by the forecasted period's earnings after taxes. Then subtract 1 from the previously calculated value.

5. Investment Decision in Financial Management does not include :
- (A) Dividend Payout Decision  
(B) Capital Budgeting Decision  
(C) Working Capital Management  
(D) Re-allocation of Capital
6. The main function of a financial manager include the following except :
- (A) Asset Management  
(B) Capital Structure Planning  
(C) Fund Management  
(D) Internal Control and Audit
7. The present value of ₹ 1,000 to be received after one year at the rate of 8% per annum is ₹ 926, if discounted half yearly, the present value would be :
- (A) ₹ 924.55  
(B) ₹ 930.00  
(C) ₹ 600.96  
(D) ₹ 934.00
8. What is the present value of the maturity value of ₹ 10,000 which has been given on 15% interest for five years while required rate of return is 10% ? (FV @ 15% after 5 years is 2.01136, FV @ 10% after 5 years is 1.61051)
- (A) ₹ 12,488.94  
(B) ₹ 12,494.88  
(C) ₹ 21,494.88  
(D) ₹ 21,488.94
9. MNP Ltd. is considering purchasing of an Asset costing ₹ 80,000 and having a useful life of 4 years. During the first 2 years, the net incremental after-tax cash flows are ₹ 25,000 per annum and for the last two years ₹ 20,000 per annum. What is the Payback period for this investment ?
- (A) 3.2 years  
(B) 3.5 years  
(C) 4.0 years  
(D) Cannot be determined from this information
10. ABC project has the following cash inflows for 4 years as ₹ 34,444; ₹ 39,877; ₹ 25,000; and ₹ 52,800 respectively. The initial Investment is ₹ 1,04,000. Find the correct statement from the following :
- Present value of an annuity of rupee one on various discounting factor in 4th year is :
- |     |        |
|-----|--------|
| 9%  | 3.2397 |
| 13% | 2.9745 |
| 15% | 2.8550 |
| 16% | 2.7982 |
| 17% | 2.7432 |
| 18% | 2.6901 |
- (A) The IRR is less than 9%.  
(B) The IRR is greater than or equal to 9%, but less than 13%.  
(C) The IRR is greater than 16%, but less than 18%.  
(D) The IRR is greater than or equal to 17%.

11. A firm expects an NPV of ₹ 8,000 if the economy is exceptionally strong (30% probability), an NPV of ₹ 4,000 if the economy is normal (40% probability), and an NPV of ₹ 2,000 if the economy is exceptionally weak (30% probability). Expected Net present value is .....
- (A) ₹ 5,200  
(B) ₹ 6,000  
(C) ₹ 5,000  
(D) ₹ 4,600
12. Calculate the value of the firm MNP Ltd. according to the Net Income Approach. The company expects a net operating income of ₹ 80,000. It has ₹ 2,00,000, 8% Debentures. The equity capitalization rate of the company is 10%. (ignore the Income Tax).
- (A) ₹ 8,40,000  
(B) ₹ 8,60,000  
(C) ₹ 8,80,000  
(D) ₹ 8,90,000
13. ABC Ltd. expects a net operating income of ₹ 1,00,000. It has ₹ 5,00,000, 6% Debentures. The overall capitalization is 10%. Calculate cost of equity according to the Net Operating Income Approach.
- (A) 14%  
(B) 21%  
(C) 18%  
(D) 21.8%
14. Compute the average cost of capital by using market value as weights from the following information :
- Net Operating Income ₹ 2,00,000, Total Investment ₹ 10,00,000, if the firm uses 5% debenture of ₹ 4,00,000 and equity capitalization rate is 11%.
- (A) 20%  
(B) 9.9%  
(C) 9.82%  
(D) 11%
15. A company PQR Ltd. has EBIT of ₹ 2,00,000. Expected return on its Investment @ of 12%. What is the total value of the firm according to Miller-Modigliani theory ?
- (A) ₹ 16,66,667  
(B) ₹ 17,85,714  
(C) ₹ 20,00,000  
(D) ₹ 22,40,000
16. A firm has EBIT of ₹ 50,000. Market value of debt is ₹ 80,000 and overall capitalization rate is 20%. Market value of equity under NOI Approach is :
- (A) ₹ 1,70,000  
(B) ₹ 2,50,000  
(C) ₹ 30,000  
(D) ₹ 1,30,000

17. X company has sales of ₹ 12,00,000, Variable Cost is 50% and fixed cost ₹ 2,50,000. Operating leverage of the company is :
- (A) 1.33  
(B) 1.67  
(C) 1.71  
(D) 2
18. A Ltd. issues ₹ 50,000 8% debentures at a discount of 5%. The tax rate is 50%. The cost of debt capital is :
- (A) 5.42%  
(B) 5.1%  
(C) 4.42%  
(D) 4.21%
19. A company issues 10,000 10% Preference Shares of ₹ 100 each redeemable after 10 years at a premium of 5%. The cost of issue is ₹ 2 per share. The cost of preference capital is :
- (A) 10.14%  
(B) 10.34%  
(C) 10.74%  
(D) 10.54%
20. Number of existing equity share = 8 crore, Market value of existing share = ₹ 55, Net earnings = ₹ 80 crore. Cost of equity on basis of Earning-price Ratio approach is :
- (A) 5.55%  
(B) 5.15%  
(C) 18.18%  
(D) 18.02%
21. ABC Ltd. has the following capital structure :
- Equity share capital ₹ 10,00,000, 10% preference share capital ₹ 5,00,000, 8% Debenture ₹ 15,00,000. Cost of equity is estimated to be 15%. Calculate the Weighted Average Cost of Capital, assuming tax rate is 50%.
- (A) 6.67%  
(B) 8.67%  
(C) 9.67%  
(D) 7.67%
22. Find the correct statements regarding the risk-adjusted discount rate (RADR) approach ?
- (A) Under the RADR approach, we should accept a project if its net present value (NPV) calculated using a risk-adjusted discount rate is positive.  
(B) Adjusting the firm's overall cost of capital upward is required if the project or group are of higher than average risk.  
(C) Under the RADR approach, we would still compare a project's internal rate of return (IRR) to the firm's overall weighted-average cost of capital in order to decide acceptance/rejection.  
(D) Adjusting the firm's overall cost of capital downward is required if the project or group are of lower than average risk.

23. PQR Ltd. keeps a perpetual fixed amount of debenture with coupon rate of 16% in its books. Debenture sells at par (face value ₹ 100) in the market and company pays 40% tax. What is the cost of debenture, if sold at 10% premium in the market ?
- (A) 8.82%  
(B) 8.72%  
(C) 8.27%  
(D) 9.10%
24. ANT Corporation common stock has a beta, ( $\beta$ ), of 1.5. The risk-free rate is 8%, and the market return is 12%. Determine the cost of equity shares using the CAPM.
- (A) 14%  
(B) 11%  
(C) 12%  
(D) 13%
25. MNP Ltd. has a target capital structure of 60 percent common stock, 10 percent preferred stock, and 30 percent debt. Its cost of equity is 15 percent, the cost of preferred stock is 7 percent, and the cost of debt is 10 percent. The relevant tax rate is 40 percent. What is its WACC ?
- (A) 11.3%  
(B) 11.5%  
(C) 11.7%  
(D) 12.1%
26. A company has currently 2,000 equity shares of ₹ 100 each and its earnings are ₹ 20,000. Its current market price is ₹ 110 and the growth rate of EPS is expected to be 5%. The cost of equity is .....
- (A) 10.94%  
(B) 9.55%  
(C) 9.95%  
(D) 11.60%
27. A firm provides the following information :  
Sold 2,00,000 units @ ₹ 30 per unit; Variable cost ₹ 15 per unit, fixed cost ₹ 10,00,000 and debt of ₹ 10,00,000 at 10% rate of interest. Calculate the degree of Financial leverage.
- (A) 1.5  
(B) 0.66  
(C) 1.053  
(D) Insufficient information
28. SKY Ltd. is considering three different financing alternatives — debt, preferred stock and common equity. The firm has created an EBIT-EPS chart that shows several indifference points. What does each indifference point show the firm ?
- (A) The level of EBIT that generates identical EPS under different alternative financing plans.  
(B) The level of sales that generates identical EBIT and EPS figures.  
(C) It shows the level of EBIT and EPS at which DFL is identical under different alternative financing plans.  
(D) None of the above

29. Which one is not a characteristics of Little-Mireless (L-M) approach ?
- (A) Domestic currency is used as numeraire  
 (B) Uncommitted social income is the measurement base  
 (C) At one place all SCBA objectives are fulfilled  
 (D) International price is used as numeraire
30. Different aspects of UNIDO approach of social cost benefit analysis are examined in how many stages ?
- (A) 2  
 (B) 3  
 (C) 4  
 (D) 5
31. The earning per share of a company is ₹ 10. It has an internal rate of return of 15% and the capitalization rate of the same risk class is 12.5%. If Walter's model is used, what should be the price of a share at optimum payout ?
- (A) 92  
 (B) 94  
 (C) 96  
 (D) 98
32. From the following information find the market value per share as per Walter's model :
- Earnings of the Company ₹ 5,00,000,  
 Dividend Payout ratio 60%, No. of shares outstanding 1,00,000, Equity capitalization rate is 12% and Rate of return on investment is 15%.
- (A) 45.83  
 (B) 48.53  
 (C) 49.27  
 (D) 47.19
33. Modigliani and Miller argue that the dividend decision .....
- (A) Is irrelevant as the value of the firm is based on the earning power of its assets  
 (B) Is relevant as the value of the firm is not based just on the earning power of its assets  
 (C) Is irrelevant as dividends represent cash leaving the firm to shareholders, who own the firm anyway  
 (D) Is relevant as cash outflow always influences other firm decisions

34. Determine the market price of a share of XYZ Ltd. as per Gordon's Model, given equity capitalisation rate = 11%, Expected Earning = ₹ 20, rate of return on investment = 10% and retention ratio = 30%.
- (A) ₹ 165  
(B) ₹ 175  
(C) ₹ 185  
(D) ₹ 195
35. A Company Ltd., has 50,000 shares outstanding. The current market price of the shares is ₹ 50 each. The company expects the net profit of ₹ 1,00,000 during the year and it belongs to a risk class for which the appropriate capitalisation rate has been estimated to be 25%. The company is considering dividend of ₹ 10 per share for the current year. What will be the price of the share at the end of the year, if the dividend is not paid ?
- (A) ₹ 60.5  
(B) ₹ 62.5  
(C) ₹ 72.5  
(D) ₹ 52.5
36. Which of the following statements is not true in the context of M-M's dividend theory ?
- (A) The firm operates in perfect capital markets  
(B) All investors are rational  
(C) There is no fixed investment policy of the firm  
(D) The dividend policy of the firm is irrelevant
37. The annual cash requirement of A Ltd. is ₹ 25 lakh. Cost of conversion of marketable securities per lot is ₹ 2,500. The company can earn 5% annual yield on its securities. What will be the economic lot size according to the Baumol Model ?
- (A) ₹ 1,00,000  
(B) ₹ 2,50,000  
(C) ₹ 5,00,000  
(D) ₹ 4,75,000



38. The following details are available in respect of a firm : Annual requirement of inventory 20,000 units, Cost per unit (other than carrying and ordering cost) is ₹ 10, Carrying cost are likely to be 10% per year, Cost of placing an order is ₹ 500 per order. The economic ordering quantity is :
- (A) 4472 Units  
(B) 4274 Units  
(C) 5270 Units  
(D) 4760 Units
39. What will be the operating cycle period if raw materials are in store for 2 months, processing time  $2\frac{1}{2}$  months finished goods remain in store for 15 days, debtors are allowed 60 days' credit and credit received from suppliers of raw material is 1 month :
- (A) 7 months  
(B) 6 months  
(C)  $6\frac{1}{2}$  months  
(D) 5 months
40. Current assets are twice the current liabilities. If the net working capital is ₹ 60,000, current assets would be :
- (A) ₹ 60,000  
(B) ₹ 1,00,000  
(C) ₹ 1,20,000  
(D) ₹ 1,10,000
41. Concept of Maximum Permissible Bank financial was introduced by :
- (A) Kannan Committee  
(B) Chore Committee  
(C) Nayak Committee  
(D) Tandon Committee
42. Reorder level + Reorder Quantity – (Minimum Consumption × Minimum delivery period) determines which stock level :
- (A) Reorder level  
(B) Maximum level  
(C) Minimum level  
(D) Average level

43. Efficiency of a credit control system does not get influenced by :
- (A) Timely billing
  - (B) Accurate billing
  - (C) Compliance with the specified credit policy
  - (D) Cash discount availed by the customers
44. Before taking investment decision, an investor makes a comparison of the ..... available from each avenue and elements of ..... involved in it.
- (A) Gross profit, Management
  - (B) Returns, Management
  - (C) Returns, Risk
  - (D) Risk, Returns
45. Speculator is a person :
- (A) Who acts in a risky financial transaction, in the hope of substantial profit
  - (B) Who acts in a less risky financial transaction, in the hope of substantial profit
  - (C) Who uses only his own fund to make profit
  - (D) Who analyse the performance of the company but does not make any transaction
46. An investor is holding 100 shares of PQR Ltd. The current rate of dividend paid by the company is ₹ 10 per share. The long-term growth rate is expected to be 10% and the expected rate of return is 20%. Current market price of the share is :
- (A) ₹ 110
  - (B) ₹ 112
  - (C) ₹ 120
  - (D) ₹ 111
47. According to ..... theory, it is futile to engage in Technical analysis.
- (A) Dow Jones theory
  - (B) Random Walk theory
  - (C) Efficient Market theory
  - (D) None of the above
48. Which of the following statement defines the efficient market ?
- (A) Information is fully reflected on the stock prices
  - (B) The stock exchange is fully automated
  - (C) The market is monitored by the regulation authorities
  - (D) Free entry and exit of the investors

49. .... focus more on past price movements of firm's stock than on the underlying determinants of future profitability.
- (A) Fundamental Analysts  
 (B) System Analysts  
 (C) Credit Analysts  
 (D) Technical Analysts
50. If the markets are efficient, the security price provides :
- (A) Inadequate return for taking up risk  
 (B) Normal return for the level of risk taken  
 (C) High return for the level of risk taken  
 (D) Both (B) and (C)
51. Consider a graph with standard deviation on the horizontal axis and expected return on the vertical axis. The line that connects the risk-free rate and the optimal risky portfolio is called :
- (A) The indifference curve  
 (B) The security market line  
 (C) The capital market line  
 (D) The characteristic line
52. If the standard deviation of a portfolio return is 15% and risk tolerance level for the investor is 40. What will be the risk penalty for the investor ?
- (A) 4.5%  
 (B) 2.67%  
 (C) 6.32%  
 (D) 5.625%
53. Which of the following is the equation of the Security Market Line (SML) ?
- (A)  $R_i + R_F(R_m - R_F)$   
 (B)  $R_i = R_F(R_m - R_F)$   
 (C)  $R_i = R_F + \beta_i(R_F - R_m)$   
 (D)  $R_i = R_F + \beta_i(R_m - R_F)$
54. Capital Asset Pricing Model (CAPM) Account for .....
- (A) Unsystematic risk  
 (B) Systematic risk  
 (C) Both (A) and (B)  
 (D) Not used for risk analysis

55. When a portfolio comprises investment in three shares (Share A — 40%, Share B — 25% and Share C — 35%) whose beta factors are 1.3, 1.6 and 1.2, respectively, the portfolio beta is :
- (A) 1.34  
(B) 1.43  
(C) 1.24  
(D) 1.42
56. If the risk free rate of interest is 11% and expected return on market portfolio is 18%, ascertain expected return of the portfolio if  $\beta$  of portfolio is 0.90.
- (A) 17.1%  
(B) 17.2%  
(C) 17.3%  
(D) 18.1%
57. The unsystematic risk is explained :
- (A) By variance of the index  
(B) By unexplained variance of the index  
(C) By explained variance of the index  
(D) Not affected by variance
58. The standard deviation of market returns is 15. The return of stock X is 25%. The riskless rate of interest is 5%. The risk premium of the X stock is :
- (A) 1.33  
(B) 5  
(C) 15  
(D) 20
59. The Sharpe index assigns the high value to funds that have :
- (A) Low standard deviations  
(B) Higher returns  
(C) Higher risk adjusted returns  
(D) Higher risk premium
60. JP Limited has earned 10% return on total assets of ₹ 18,00,000 and has a net profit ratio of 8%. Find out sales of the company.
- (A) ₹ 14,40,000  
(B) ₹ 25,00,000  
(C) ₹ 27,50,000  
(D) ₹ 22,50,000

## PART—II

61. Generally in what order managers perform their managerial functions ?
- (A) Organising, planning, controlling, leading
- (B) Organising, leading, planning, controlling
- (C) Planning, organising, leading, controlling
- (D) Planning, organising, controlling, leading
62. The famous book “The Management Theory of Jungle” is written by :
- (A) Harold Koontz
- (B) Henri Fayol
- (C) Peter Drucker
- (D) George Terry
63. At what level of an organisation does a corporate manager operate ?
- (A) Functional
- (B) Operational
- (C) Middle level
- (D) Top level
64. Consider the following statements :  
Planning involves
- (1) Establishment of objectives
- (2) Choose of alternative courses of action
- (3) Delegation of authority
- (4) Decision only by production manager
- Out of these statements :
- (A) (1), (2), (3) and (4) are correct
- (B) (1), (3) and (4) are correct
- (C) (1) and (2) are correct
- (D) (2) and (3) are correct
65. When a manager monitors the work performance of workers in his department to determine if the quality of their work is ‘up to standard’, this manager is engaging in which function ?
- (A) Planning
- (B) Controlling
- (C) Organising
- (D) Leading

66. Following are controlling functions of the management ?
- (1) Analysis of variances
  - (2) Initiating corrective action
  - (3) Measurement of Actual performance
  - (4) Establishment of standards
- Correct sequence is :
- (A) (4), (2), (3), (1)
  - (B) (2), (3), (1), (4)
  - (C) (4), (1), (2), (3)
  - (D) (4), (3), (1), (2)
67. .... is a conscious attempt made by the executive to influence the role of individual and group behaviours.
- (A) Direction
  - (B) Motivation
  - (C) Leadership
  - (D) Controlling
68. What is the term for the action in which managers at an organisation analyse the current situation of their organisation and then develop plans to accomplish its mission and achieve its goals ?
- (A) Synergy planning
  - (B) Strategy formulation
  - (C) Functional planning
  - (D) SWOT analysis
69. Match the following Porter's five forces factors :
- |   |  |
|---|--|
| (a) Brand reputation and Government regulation            | (1) Buyer power                        |
| (b) Materials scarcity and Threat of integrating forward  | (2) Rivalry among existing competitors |
| (c) Price sensitivity and Threat of backward integration  | (3) Threat of new entry                |
| (d) Customer loyalty and Threat of horizontal integration | (4) Supplier power                     |
- The correct order is :
- (A) (a)-(2), (b)-(3), (c)-(1), (d)-(4)
  - (B) (a)-(3), (b)-(1), (c)-(4), (d)-(2)
  - (C) (a)-(3), (b)-(4), (c)-(1), (d)-(2)
  - (D) (a)-(2), (b)-(4), (c)-(1), (d)-(3)
70. In the business, Macro environment factor, what does PEST stand for ?
- (A) Political, environmental, strategic, testing
  - (B) Political, environmental, strategic, technological
  - (C) Political, economic, strategic, technological
  - (D) Political, economic, social, technological

71. Profitability stemming from how well a firm positions itself in the market is a key feature of which writer's view on strategy ?
- (A) Peter Drucker  
(B) Jay Barney  
(C) Michael Porter  
(D) Henry Mintzberg
72. Porter's Value Chain is essentially a tool for :
- (A) Calculating what a firm is worth  
(B) Advising firms on how to price their products  
(C) Identifying the competitive forces within an industry  
(D) Diagnosing and enhancing sources of competitive advantage within an organisation
73. .... refers to key strategic leadership roles in which a leader quickly and clearly works through the complexity of key issues problem and opportunities to affect actions.
- (A) Navigator  
(B) Strategist  
(C) Captivator  
(D) Enterprise Guardian
74. The ..... answers the question "Where do we aim to be" ? Whereas ..... answers the questions "What we do ? What makes us different ?"
- (A) vision statement; mission statement  
(B) short-term objectives; long-term objectives  
(C) objectives; strategies  
(D) mission; vision
75. Large organizations create ....., which assume the role of a separate company and create their own strategies and plans in order to achieve their corporate goals and contribution to the overall organization.
- (A) marketing objectives  
(B) strategic business units  
(C) marketing activities  
(D) business development units
76. Guidelines developed by an organization to govern the actions of those who are a part of it, is known as :
- (A) Business Policy  
(B) Marketing strategy  
(C) Formulation strategy  
(D) Values

77. The ..... process commences at corporate level. Here the organization sets out its overall mission, purpose, and values.
- (A) Researching  
(B) Strategic planning  
(C) Controlling  
(D) Managing
78. The marketing strategy emphasises price as the key to good value; operations runs with tight cost control; development focuses on cost reduction. Which of the competitive strategies is illustrated here ?
- (A) Divisionalisation  
(B) Differentiation focus  
(C) Differentiation  
(D) Cost leadership
79. Which of the following statements are correct ?
- (1) Supply chain management is a narrower concept than logistics management.  
(2) Reduction of inventory is a key objective of logistics management.  
(3) Outbound logistics is also called upstream logistics.  
(4) Logistical Network includes various facilities like manufacturing plants, warehouses, distribution centres.
- Codes :**
- (A) (1), (2), (3) and (4) are correct  
(B) (1), (3) and (4) are correct  
(C) (2) and (3) are correct  
(D) (2) and (4) are correct
80. **Statement (I) :** Stars operate in low growth industries and maintain high market share.  
**Statement (II) :** “Dogs” have weak market share in high-growth market.
- Codes :**
- (A) Statement (I) is correct but (II) is incorrect  
(B) Statement (II) is correct but (I) is incorrect  
(C) Both the statements (I) and (II) are correct  
(D) Both the statements (I) and (II) are incorrect
81. Which of the following is the Strategy of TOWS ?
- (A) Competitive Strategy  
(B) Corporate Strategy  
(C) Business Strategy  
(D) Functional Strategy
82. The two internal elements of SWOT analysis are :
- (A) Weaknesses and threats  
(B) Opportunities and threats  
(C) Strengths and weaknesses  
(D) Strengths and threats



83. In SWOT analysis, situations in which firms could convert weaknesses into strengths and threats into opportunities, known as :
- (A) Conversion strategies
  - (B) Strategic leverage
  - (C) Strategic policy
  - (D) Vulnerability
84. Which can be termed as disadvantage of PERT ?
- (A) Compels managers to plan their projects critically in considerable detail from beginning to the end and analyse all factors affecting the progress of the plan
  - (B) Provides management a tool for forecasting the impact of schedule changes. The likely probable spots are located early enough to take preventive measures or corrective actions.
  - (C) A considerable amount of data may be presented in a precise manner.
  - (D) The costs may be higher than the conventional methods of planning and as it needs a high degree of planning skill and minute details resulting in rise in time and manpower resources.
85. What is the term used in Ansoff's matrix for increasing market share with existing products in new markets ?
- (A) Market development
  - (B) Market penetration
  - (C) Product development
  - (D) Diversification
86. Porter's generic strategies are :
- (A) Low price, differentiation, focus
  - (B) Cost leadership, differentiation, cost focus, differentiation focus
  - (C) Price leadership, differentiation, focus
  - (D) Low cost, differentiation, focus differentiation
87. A sudden increase in critical resources which may invite an immediate reassessment of the organization strategy is an example of :
- (A) Strategic Leap Control
  - (B) Implementation Control
  - (C) Strategic Surveillance
  - (D) Special Alert Control
88. Strategic changes that most of the companies pursue are the following except :
- (A) Re-engineering
  - (B) Restructuring
  - (C) Innovation
  - (D) Liquidation

89. If misinformation and lack of information create barriers in managing change, it can be managed by :
- (A) Participation
  - (B) Education and Communication
  - (C) Leadership
  - (D) Obtaining commitment
90. Important benefits of McKinsey's 7-S framework Model is/are as follows :
- (A) It is a diagnostic tool for understanding the organization which are non-effective
  - (B) It helps to guide organization change
  - (C) It combines rational and hard elements with emotional and soft elements
  - (D) All of the above
91. Restructuring and downsizing becomes necessary due to the following factors except :
- (A) Unforeseen changes in business environment
  - (B) New technological development
  - (C) Increase in demand
  - (D) Excess production capacity
92. In ..... structure, the activities are grouped according to the types of products manufactured or different market territories as the organizations began to grow by expanding variety of functions performed.
- (A) Divisional Structure
  - (B) Functional Structure
  - (C) Horizontal Structure
  - (D) Vertical Structure
93. What is the term for the monitoring of events both internal and external to the organisation that affects strategy ?
- (A) Operational control
  - (B) Strategic control
  - (C) Strategic surveillance
  - (D) Environmental scanning
94. Improving quality through small, incremental improvements is a characteristic of what type of quality management system ?
- (A) Just-in-time
  - (B) Six Sigma
  - (C) Total Quality Management
  - (D) Kaizen

95. Where was Total Quality Management first developed ?
- (A) USA  
(B) UK  
(C) Japan  
(D) Korea
96. Which of the following are key components of a Total Quality Management system ?
- (A) Individual responsibility, incremental improvement, use of raw data  
(B) Collective responsibility, continual improvement, use of raw data  
(C) Group responsibility, staged improvement, knowledge  
(D) Involves everyone, continual improvement, use of data and knowledge
97. Match the following benchmarking events with historical development :
- | <b>Benchmarking</b>          | <b>History Years</b> |
|------------------------------|----------------------|
| (a) Reverse Engineering      | (1) 1982-1986        |
| (b) Process benchmarking     | (2) 1976-1986        |
| (c) Strategic benchmarking   | (3) 1950-1975        |
| (d) Competitive benchmarking | (4) 1988+            |
- The correct order is :
- (A) (a)-(1), (b)-(3), (c)-(2), (d)-(4)  
(B) (a)-(3), (b)-(1), (c)-(4), (d)-(2)  
(C) (a)-(3), (b)-(1), (c)-(2), (d)-(4)  
(D) (a)-(3), (b)-(2), (c)-(1), (d)-(4)
98. In Six sigma, DMAIC stands for :
- (A) Do-Measure-Act-Implement-Check  
(B) Define-Measure-Act-Implement-Control  
(C) Define-Measure-Analyze-Improve-Control  
(D) Do-Measure-Analyze-Improve-Control
99. In TQM, which of the following is not classified as 'costs of non-conformance' ?
- (A) Testing equipment  
(B) Reworking  
(C) Warranty claims  
(D) Product design
100. "Six Sigma" management has several levels of certification. It does not include :
- (A) Yellow Belt  
(B) Green Belt  
(C) Champion  
(D) White Belt

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**Space for Rough Work**