

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. Which of the following does not fall within the ambit of investment decisions ?
 - (A) Inventory Management
 - (B) Strategic Investment
 - (C) Replacement Investment
 - (D) None of the above
2. Which of the following is/are key factors that influence investment decisions of a firm ?
 - (A) Capital Outlays and future earnings of the proposed project
 - (B) Availability of Capital and considerations of Cost of Capital
 - (C) A set of standards by which a project is selected for implementation and maximizing returns therefrom
 - (D) All of the above
3. Which of the following scholar commented : “Cost of Capital is the rate of return the firm required from investment in order to increase the value of the firm in the market place” ?
 - (A) Ezra Solomon
 - (B) John J. Hampton
 - (C) James C. Van Horne
 - (D) I.M. Pandey
4. Though the cost of retained earnings is generally as equal to the cost of equity capital, it is not to be adjusted for :
 - (A) Tax
 - (B) Floation cost
 - (C) Under-pricing
 - (D) All of the above
5. Which of the following statements is true ?
 - (A) There is no restriction on a company to be an all debt company. Debt can be raised even without any equity base in the company
 - (B) Debt can be raised by a company only on an adequate equity base which serves as a cushion for debt financing
 - (C) The component of debt and equity mix in capital structure has been prescribed by the Companies Act, and it is mandatory for companies to adhere to it.
 - (D) All the above are false.
6. Which of the following statements regarding liquidity ratios is true ?
 - (A) Higher the current ratio of a firm is, greater is its ability to pay off its current liabilities.
 - (B) Current ratio is a crude ratio and it does not take into account the differences amongst different categories of current assets.
 - (C) To assess the quick liquidity position (liquidity ratio) of the firm, inventory is excluded from the calculation.
 - (D) All the above are true
7. Which of the following is not a dimension of liquidity management of firms ?
 - (A) Management of Cash and Marketable Securities
 - (B) Credit Policy Decision
 - (C) Management and Control of Inventories
 - (D) Investment in Fixed Assets

8. Which of the following statements is false ?
- (A) There is an inverse relationship between Liquidity and Profitability and these two are competing goals for a finance manager
- (B) While the immediate survival of a firm depends on profitability, its long term survival depends on liquidity
- (C) Liquidity and Profitability both are important for a firm to survive
- (D) A firm should maintain a trade-off situation where it maintains its optimum liquidity for greater profitability, and the finance manager has to strike a balance between two conflicting objectives.
9. The total capital invested in Firm A is ₹ 500 Crore, including 40% of borrowed funds. The total capital invested in Firm B is ₹ 500 Crore, including 20% of borrowed funds. There are no preference shares in both the firms. If the rate of operating earnings (EBIT) for both the firms is 18%, applicable income tax rate is 30% and rate of interest is 12% p.a., which of the following statements is true in the light of this information ?
- (A) Return on Equity of firm A will be higher as compared to that of firm B
- (B) Return on Equity of firm B will be higher as compared to that of firm A
- (C) Both the firms are indifferent in terms of rate of return on equity
- (D) None of the above
10. Which of the following statements is False ?
- (A) A Finance Manager can take the financial decisions of the firm by considering the return dimension only
- (B) Usually, as the return from an investment increases, the risk associated with it also increases, and in his attempt to increase the return, the finance manager will also have to undertake greater degree of risk
- (C) At the time of taking financial decisions, the finance manager tries to achieve proper balance between consideration of risk and return to maximize the market value of the firm
- (D) All the above are true
11. Economic Order Quantity of a product is 3000 units. Its cost per unit is ₹ 1.50 and ordering cost is ₹ 18 per order. If the carrying cost per annum is 20% per annum for average inventory value, annual consumption in units is :
- (A) 50000 units
- (B) 60000 units
- (C) 75000 units
- (D) 90000 units
12. Which of the following is not an example of Systematic Risk ?
- (A) Changes in Laws/Regulations
- (B) Natural Disasters
- (C) Entry of a new competitor in market
- (D) Volatility in Currency Value

13. The total amount of shareholders' equity of a company is ₹ 1,50,00,000. It owns 20000 preference shares of ₹100 each and 5,00,000 equity shares of ₹ 20 each. The current market price of equity shares is ₹ 35 each and that of preference shares is ₹ 110. The Aggregate of "Market Value Added" of the company is :
- (A) ₹ 25,00,000
(B) ₹ 47,00,000
(C) ₹ 20,00,000
(D) ₹ 27,00,000
14. A wants to invest ₹ 10,000 for a period of 3 years. The rate of return on amount to be invested is 10% p.a. compounded annually. By how much amount the return will differ approximately, if the rate of return been 10% p.a. compounded quarterly ?
- (A) ₹ 130
(B) ₹ 140
(C) ₹ 150
(D) ₹ 160
15. What is the future value of an annuity amount of ₹ 2,000 payable at the beginning of each of the next 5 years, if the rate of return is 10% p.a. ?
- (A) ₹ 13,410 approx.
(B) ₹ 11,230 approx.
(C) ₹ 12,210 approx.
(D) ₹ 11,110 approx.
16. A company has invested ₹ 7,00,000 in a project, ₹ 5,00,000 initially and remaining at the end of first year. It also invested ₹ 2,00,000 in working capital at the end of 2nd year, which released back by the end of project life of 5 years. The scrap value realized from project at the end was ₹ 1,50,000. The project generated Cash inflows of ₹ 2,00,000 p.a. through years 1 to 5. If the required rate of return is 12% p.a., the approx. NPV of the project is :
- (A) ₹ 81,500
(B) ₹ 83,809
(C) ₹ 44,217
(D) The project has a negative NPV
17. Pay-back Period method of capital budgeting is not suitable in which of the following circumstances ?
- (A) Where the firm is more interested in quick recovery of funds than profitability
(B) Where the expected returns from the projects are highly uncertain
(C) Under conditions of political and economic pressures
(D) None of the above
18. A project has an outlay of ₹ 14,100 in the beginning. It generated annual cash flows of ₹ 4,500 during its useful life of 4 years. The Internal Rate of return of the project will be between :
- (A) 11% and 10%
(B) 12% and 13%
(C) 11% and 12%
(D) 13% and 14%

19. The capital outlay on a project was ₹ 75,000. Assuming that it generated NPV of ₹ 765 at discount rate of 12% and NPV of ₹ (1162) at discount rate of 13%, its IRR will be :
- (A) 12.4%
(B) 12.55%
(C) 12.61%
(D) Cannot be determined
20. A capital structure that has small component of equity capital, reasonable level of retained earnings and an ever increasing component of debt is termed as :
- (A) Vertical Capital Structure
(B) Inverted Pyramid Shaped Capital Structure
(C) Horizontal Capital Structure
(D) Pyramid Shaped Capital Structure
21. Which of the following statements is false ?
- (A) Financial structure refers to all the components of finance in an organization. It consists of all assets, all liabilities and capital of the firm
(B) The manner in which an organization's assets are financed is referred to as its financial structure. It consists of all the long-term and short-term sources of capital
(C) The entire left hand side of balance sheet including all the liabilities and equity is referred to as financial structure of the company
(D) All the above are true
22. Which of the following statements is true ?
- (A) Optimal capital structure means a particular arrangement of various components of the capital which is in tune with long-term objectives of the firm
(B) Optimal capital structure means a particular arrangement of various components of the capital which is in tune with short-term objectives of the firm
(C) Optimal capital structure means a particular arrangement of various components of the capital which is in tune with both, long-term and short-term objectives of the firm
(D) Optimal capital structure has nothing to do with objectives of the firm, and it is series of capital budgeting decisions that adheres the firm's objectives
23. The capital structure of a company consists of 9% ₹ 8,00,000 bank loan. It also has 50000 equity shares of ₹ 10 each. The company is expecting EBIT of ₹ 2,00,000 per annum. If the cost of equity capital of the company is 10%, what is the overall cost of capital of the firm on the basis of Net Income Approach ?
- (A) 9.52%
(B) 9.62%
(C) 9.72%
(D) 9.82%

24. The EBIT of a firm is ₹ 1,25,000. It consist of 8% Bank loan of ₹ 5 Lakh, 10% Preference share capital of ₹ 2 Lakh and 30000 Equity shares of ₹ 10 each. If applicable income tax rate is 30%, Earning per share will be (₹) :
- (A) 1.25
(B) 1.32
(C) 1.98
(D) 1.56
25. When an investor wishes to magnify the impact of change in sales into a relatively larger change in earning per share, it shall use :
- (A) Operating Leverage only
(B) Financial Leverage only
(C) Both Operating and Financial Leverage
(D) Leverage won't help
26. A firm's fixed operating cost is ₹ 40,000. Its degree of operating leverage is 3. If its contribution is 20% of sales, the amount of variable cost will be (₹) :
- (A) 60,000
(B) 3,00,000
(C) 2,40,000
(D) 2,60,000
27. Which of the following statements is false ?
- (A) Indifference point is the point of sales at which different sets of debt ratios results in same earning per share
(B) Indifference point is that level of EBIT below which the benefits of financial leverage with respect to EPS exists
(C) Indifference point is that level of EBIT beyond which the benefits of financial leverage with respect to EPS extinguishes
(D) All of the above
28. A firm is considering investment in a project that requires ₹ 50 Lakhs. Either the firm can invest the entire amount through equity shares of ₹ 100 each (option A), or it can arrange 10% Bank Loan of ₹ 30 Lakhs and invest remaining amount equity shares of ₹ 100 each (option B). Assume a tax rate of 30%. The indifference point of these two options will be :
- (A) ₹ 3,50,000
(B) ₹ 5,00,000
(C) ₹ 6,00,000
(D) None of the above

29. Which of the following statements is false ?
- (A) As the financial leverage increases, the firm is required to sell more of its products/services in order to break even
 - (B) Higher financial leverage increases the risk to lenders due to increased probability of bankruptcy
 - (C) Increase in financial leverage increases the risk to stockholders because higher leverage will cause greater volatility in earnings and greater volatility in stock prices
 - (D) None of the above
30. Which of the following is false in respect to Non-convertible debentures ?
- (A) These are debt instruments carrying a fix rate of interest
 - (B) These instruments have a maturity period of 5-9 years
 - (C) There is a dilution of ownership when a company issue these securities
 - (D) If interest is accumulated on them, it is to be paid by company by liquidation of its assets
31. A company issued 1000 10% debentures of ₹ 100 each at par and spent 3% on account of floatation cost and commission to brokers. These debentures are redeemable at 5% premium at the end of 5 years. If the company falls in 30% tax bracket, the effective cost of debentures is :
- (A) 10%
 - (B) 7.35%
 - (C) 8.04%
 - (D) 10.5%
32. A company issued 20,000 9% preference shares of ₹ 100 each at 5% discount. Floatation cost amounted 2% of the face value of shares. These are redeemable after 7 years at par. Applicable income tax rate is 30%. Cost of preference shares is :
- (A) 10.36%
 - (B) 9.56%
 - (C) 9.97%
 - (D) 10.3%
33. A company has 20,000 equity shares of ₹ 200 each and its current earnings for equity shareholders is ₹ 3,60,000. The growth rate expected in EPS is 7%. The current market price of company's shares is ₹ 240 each. The approximate cost of equity capital of the company on the basis of Earnings-price Ratio approach is :
- (A) 15%
 - (B) 12%
 - (C) 8%
 - (D) 9%

34. A company has 1,00,000 outstanding equity shares of ₹ 100 each with current market price of ₹ 124, 50000 9% preference shares of ₹ 50 each with market price of ₹ 47.5 each and floatation cost of 3%. It also has 20000 8% debentures of ₹ 100 each, selling for ₹ 106 each presently. If the specific costs of equity shares, preference shares and debentures are 13.5%, 10% and 7.5% respectively, the WACC (%) of the company using book value weights is :
- (A) 12.06
(B) 13.31
(C) 11.78
(D) 13.81
35. A company has equity share capital of ₹ 50 Lakhs with specific cost of 13%, preference share capital of ₹ 30 Lakhs with specific cost of 11% and Bank Loan of ₹ 20 Lakhs with specific cost of 8% in its existing capital structure. The company is planning to raise additional ₹ 50 Lakh through equity that is expected to cost 12%. If this amount is raised, the approx. marginal cost of capital will be :
- (A) 0.23%
(B) 0.32%
(C) 0.19%
(D) 1.11%
36. The capital structure of a company consists of 12,000 equity shares of ₹ 100 each and 10% Bank Loan of ₹ 10 Lakhs. Its P/V ratio is 40% and annual fixed cost excluding interest is ₹ 1,50,000. If the applicable income tax rate is 40% and EPS is ₹ 20, what were the sales of company ?
- (A) ₹ 16,00,000
(B) ₹ 16,25,000
(C) ₹ 16,50,000
(D) ₹ 16,75,000
37. Which of the following is not a constituent of primary feasibility study conducted during primary stage evaluation of a project ?
- (A) Market Feasibility
(B) Technical Feasibility
(C) Social Feasibility
(D) Financial Feasibility
38. Which of the following statements is not true in respect to a project plan ?
- (A) A Project plan is the basis of all the efforts of the management in association with the project
(B) A Project plan is a document that is not expected to change over time
(C) A Project plan defines the objectives of the project, approach to be adopted, and the commitments being assumed
(D) All the above are true

39. When it is determined that the project is not on track, project re-planning is considered. This is part and parcel of :
- (A) Project Start-up stage
 - (B) Project Execution stage
 - (C) Project Planning stage
 - (D) Project Close-out stage
40. Which of the following is not a principle on which bank lending must necessarily be based ?
- (A) Safety
 - (B) Liquidity
 - (C) Profitability
 - (D) Risk Neutralization
41. Which of the following effects is not calculated in course of Social Cost-Benefit Analysis of a project ?
- (A) Direct or Primary effects
 - (B) Indirect or Secondary effects
 - (C) Internal effects
 - (D) External effects
42. Which of the following is an important ingredient of project appraisal under normal conditions ?
- (A) Accuracy of methods and measurements planned to be adopted is well adhered to
 - (B) Objectivity of the proposal is highlighted so as to keep off from the bias and prejudices
 - (C) Ensure the reliability of the data and projected statements
 - (D) All of the above
43. Which of the following is not a category of private equity ?
- (A) Leveraged Buyout
 - (B) Management Buyout
 - (C) Venture Capital
 - (D) Growth Capital
44. Which of the following is not a pre-requisite condition to become a SEZ unit ?
- (A) The unit must be engaged in exports of goods and services from April 1, 2005 onwards
 - (B) The unit must be formed by splitting up or reconstruction of existing business
 - (C) The unit must not be formed by transferring a previously owned plant and machinery to the SEZ unit
 - (D) All the above are pre-requisite conditions

45. Which of the following forms of dividend is not prevalent in India ?
- (A) Property Dividend
 - (B) Stock Dividend
 - (C) Bond Dividend
 - (D) Cash Dividend
46. Which of the following theories of dividend is set on the premise of irrelevance of dividend in firm's valuation ?
- (A) Walter's Model
 - (B) Gordon's Model
 - (C) M.M. Approach
 - (D) All the above advocates relevance of dividend in firm's valuation
47. Consider the following information : Rate of Return on Investment of a firm is 15%. Cost of Equity Capital is 12%. Earnings Per Share is ₹ 5 and Dividend Per Share is ₹ 3. The market value of the firm's share as per Walter's model will be (₹) :
- (A) 40.83
 - (B) 50.28
 - (C) 45.83
 - (D) 42.85
48. The amount of working capital that is utilized at the time of contingencies is termed as :
- (A) Reserve Margin Working Capital
 - (B) Irregular Working Capital
 - (C) Temporary Working Capital
 - (D) None of the above
49. Which of the following statements is false ?
- (A) Assuming a constant level of fixed assets, a higher Current Assets to Fixed Assets Ratio indicates a conservative current asset policy
 - (B) A conservative current asset policy implies lower liquidity and higher risk
 - (C) A firm needs to strike off a balance between fixed assets and current assets so as to assure optimum liquidity and profitability
 - (D) All the above are true
50. Which of the following statements is false in respect of Working Capital Leverage ?
- (A) It refers to the impact of level of working capital on company's profitability
 - (B) It reflects the sensitivity of the return on capital employed in reference to the changes in level of current assets
 - (C) It expresses the relation of efficiency of working capital management with profitability of the firm
 - (D) All the above are correct

51. The per unit total cost of a company's product is ₹ 60 including Raw Materials ₹ 30, Direct Labour ₹ 7.5 and Overheads of ₹ 22.5. The company is planning to produce 4,00,000 units in the ensuing year. If the inventory policy of the company envisages that raw materials stock averages two months consumption, work-in-process investment averages half a month's production and finished goods inventory averages one month consumption, the average investment in inventory of the firm for the ensuing year will be :
- (A) ₹ 30,00,000
 (B) ₹ 25,00,000
 (C) ₹ 45,00,000
 (D) ₹ 50,00,000
52. The current assets of a firm include Inventory of ₹ 124 Lakh, Receivables (including bills with bankers) of ₹ 80 Lakhs and Cash and Bank Balance of ₹ 4 Lakhs. Its total current liabilities are ₹ 140 Lakhs including bank borrowings of ₹ 60 Lakhs. What is the additional amount that the firm can borrow from bank for working capital in the light of method II of Tandon Committee ?
- (A) ₹ 21.60 Lakh
 (B) ₹ 32 Lakh
 (C) ₹ 38.40 Lakh
 (D) None of the above
53. A firm is currently selling its goods on 30 days credit. It is selling 4 Lakh units @ ₹ 12.5 each. Variable cost is ₹ 10 per unit and average cost is ₹ 11.5 per unit. The firm is planning to double the credit period. It will increase the sales by 20% and bad debts by ₹ 20,000. If the pre-tax required rate of return of the company is 20%, what will be the impact on company's profit if the policy is changed ? Assume a 365 days' year.
- (A) Profit will increase by ₹ 98,000 approx.
 (B) Profit will increase by ₹ 78,000 approx.
 (C) Profit will increase by ₹ 70,000 approx.
 (D) Profit will decrease by ₹ 70,000 approx.
54. Which of the following is not an example of transactional motive of holding cash ?
- (A) Purchase of Raw Materials and Components
 (B) Payment of Salaries and Wages
 (C) Purchase of Fixed Assets
 (D) None of the above
55. Assume risk free rate of return and expected return on market portfolio to be 10% and 15% respectively. If the standard deviation of an asset is 2.8%, market standard deviation is 2.3% and co-relation coefficient of a portfolio with market is 0.8, the expected rate of return on the portfolio will be :
- (A) 14.85%
 (B) 15.87%
 (C) 16.63%
 (D) 17.83%

56. A company is contemplating investment in a project requiring ₹ 72 Lakh. For the same, two options are available. Option I is 100% equity option where equity shares of face value ₹ 100 each will be issued at 20% premium. Option II encompasses taking a bank loan of ₹ 50 Lakhs and raising remaining amount through equity shares at par. If the loan can be raised at 10% per annum, and applicable income tax rate is 30%, the approximate indifference point will be :
- (A) ₹ 7,98,474
(B) ₹ 6,98,450
(C) ₹ 7,89,474
(D) ₹ 6,89,450
57. X invested ₹ 21,000 in shares of a company five years back. During this tenure, he received dividend of ₹ 2,100 and ₹ 1,800 during 1st and 4th year. The current market value of his investment is ₹ 40,100. The total investment return of X is :
- (A) 18.57%
(B) 3.71%
(C) 109.52%
(D) 90.95%
58. An investor bought a share for ₹ 50. The company paid a dividend of ₹ 3 for the current period. Long-term growth rate is expected to be 12% and expected rate of return is 15%. The current market price of share on the basis of fundamental valuation approach will be :
- (A) ₹ 45
(B) ₹ 86
(C) ₹ 112
(D) ₹ 101
59. Who proposed the Portfolio Theory originally ?
- (A) Eliot Wave
(B) Kenneth Fisher
(C) Harry Markowitz
(D) Neil Woodford
60. An investment in a mutual fund has generated a return of 15% with a standard deviation of 5. The risk free rate of return in the market is 8% and standard deviation to security index is 12. What is the Sharpe Ratio for the fund ?
- (A) 1.4%
(B) 3.2%
(C) 1.6%
(D) 1.78%

PART—II

61. Which of the following is not a principle of Scientific Management theory propounded by F.W. Taylor ?
- (A) Each task should be studied to determine the most efficient way to do the task
 - (B) There should be complete harmony between workers and management towards each other
 - (C) Team work should be emphasized
 - (D) Managers should spend time training employees and planning for future needs
62. Bureaucratic theory of Management was propounded by :
- (A) Max Weber
 - (B) Douglas McGregor
 - (C) Ludwig
 - (D) George R. Terry
63. Which of the following leadership styles is rarely effective ?
- (A) Strategic Leadership
 - (B) Autocratic Leadership
 - (C) Laissez Faire Leadership
 - (D) Transactional Leadership
64. “Just as navigator continually takes reading to ensure whether he is relative to planned action, so should a business continually take reading to assure himself that his enterprise is on right course.” These words of Donnell are in respect of :
- (A) Strategic Planning
 - (B) Controlling
 - (C) Directing
 - (D) Motivation
65. “Building passion and commitment towards a common goal” is basic activity under which key strategic leadership roles ?
- (A) Mobilizer
 - (B) Talent Advocate
 - (C) Captivator
 - (D) Change Driver
66. Which of the following is not a phase in strategic management process ?
- (A) Strategy Scanning
 - (B) Strategy Formulation
 - (C) Strategy Implementation
 - (D) Strategy Evaluation

67. Organizations should not only keep a close watch on their rivals, but should also go beyond the boundaries of their competitors and make an assessment of other factors impacting the business environment. This viewpoint is reflected in :
- (A) Portor's Model
 - (B) Strategic Planning Cycle
 - (C) TOWS approach
 - (D) Six Sigma
68. Buyers exert poor bargaining power in which of the following conditions ?
- (A) When they buy in high volumes
 - (B) When they control many access points to the final consumers
 - (C) When there are plenty of buyers in market
 - (D) When they threaten to backward integration
69. Rivalry among competitors is poor when :
- (A) Exit barriers are high
 - (B) Products can be easily substituted
 - (C) Customer Loyalty is low
 - (D) None of the above
70. Which of the following is false in relation to "Pizza Hut" as seen from Porter's five force model perspective ?
- (A) Competitive Rivalry is very high
 - (B) Threat of Substitutes is low
 - (C) Power of Suppliers is low
 - (D) All the above are true
71. The evolution of the concept of Business Policy can be traced with :
- (A) American Assembly of Collegiate Schools of Business
 - (B) Gordon and Howell Report
 - (C) Harvard Business School
 - (D) Carnegie Foundation
72. Which of the following is correct sequence of components/stages of Strategic Management Framework ?
- (A) Business Assessment–Strategy Formulation–Translate Strategy to Action–Test, Learn Adapt
 - (B) Strategy Formulation–Translate Strategy to Action–Test, Learn, Adapt–Business Assessment
 - (C) Strategy Formulation–Translate Strategy to Action–Business Assessment–Test, Learn, Adapt
 - (D) Business Assessment–Test, Learn, Adapt–Strategy Formulation–Translate Strategy to Action

73. Which of the following may not be a purpose of Vision statement of the organization ?
- (A) Serving as foundation of broader strategic plan
 - (B) Motivating existing employees and attracting potential employees
 - (C) Identifying the goal of operations
 - (D) Facilitating creation of core competencies
74. Which of the following is false in respect of mission statement of an organization ?
- (A) It defines the basic reason for the existence of the organization
 - (B) It reflects the corporate philosophy, identity, character and image of an organization
 - (C) It communicates primarily to the people who make up the organization, giving them an understanding of the organization's intended direction
 - (D) It serves the purpose of stating what the organization wishes to achieve in long-run
75. Which of the following is not a generally acceptable principle for developing a mission statement ?
- (A) Make it memorable
 - (B) Make it unique to organization
 - (C) Make it realistic
 - (D) Make it as descriptive as possible
76. "To accelerate the world's transition to sustainable energy" is the mission statement of which of the following organizations ?
- (A) Tata Power
 - (B) Tesla
 - (C) Syska
 - (D) Tata Motors
77. Which of the following is not a level of an organization's strategies ?
- (A) Economy-level strategies
 - (B) Corporate Strategies
 - (C) Business Strategies
 - (D) Functional Strategies

78. Which of the following statements is false ?
- (A) Corporate Strategy is the essence of strategic planning process of an organization and it determines its growth objectives
 - (B) Business Level Strategy is applicable in those organizations which have different businesses and each business is treated as a Strategic Business Unit
 - (C) Though it deals with different subject matter, corporate strategy is sum total of business strategies of the organization
 - (D) All the above are true
79. Which of the following is not a step in efficient organizing ?
- (A) Identification of activities
 - (B) Delegating the authority
 - (C) Departmentally organizing the activities
 - (D) Classifying the Authority
80. Which of the following is not true regarding Business Strategy and Corporate Strategy ?
- (A) Business Strategy is a strategy designed by business managers to improve the overall performance of the organization, whereas Corporate Strategy is the strategy that describes the business type and ultimate goal of the organization
 - (B) Business Strategy is framed by middle level management, whereas Corporate Strategy is formulated by top level management
 - (C) The nature of business strategy is deterministic and legislative, whereas Corporate Strategy is executive and governing in nature
 - (D) All the above are true
81. Strategic gap develops as a result of difference in :
- (A) Deliberate Strategy and Inadvertent Strategy
 - (B) Strategy Planning and Strategy Implementation
 - (C) Strategic Planning and Strategic Policy
 - (D) Corporate Strategy and Functional Strategy

82. Which of the following is false in respect of a firm that is Market Nicher ?
- (A) The firm holds a considerable market share in the industry
 - (B) The objective of the firm is a build strong ties with the existing customer base and develop strong loyalty with them
 - (C) Tactical responses of such firm include improving product/service offering, leverage cross-selling opportunities, offer value for money, etc
 - (D) All of the above are true
83. Which of the following is not a component of Talent Life-cycle ?
- (A) Engage
 - (B) Deploy
 - (C) Lead
 - (D) Refrain
84. Which of the following is not a production strategy under 'competitive priorities' category of production strategies ?
- (A) Product Mix
 - (B) Flexible Response
 - (C) Service
 - (D) Eco-friendly products
85. is the set of guiding principles, driving forces and ingrained attitudes that help to coordinate goals, plans and policies between partners across a given supply chain.
- (A) Logistic Strategy
 - (B) Supply-chain Strategy
 - (C) Customer Service Strategy
 - (D) None of the above
86. Situation Analysis is conducted :
- (A) At the beginning of any program/project after developing a strategy
 - (B) At the beginning of any program/project before developing a strategy
 - (C) At the end of the program after implementing a strategy
 - (D) None of the above
87. The origin of SWOT analysis is supposed to be rooted in the concept of :
- (A) Force Field Analysis of K Levin
 - (B) Interactive Course in Management of Harvard Business School
 - (C) Gordon and Howell Report
 - (D) Five Force Model of Michel Porter

88. Which of the following is false in respect of various strategies of TOWS analysis ?
- (A) Strengths of the firm are used to maximise opportunities
 - (B) Strengths of the firm are used to minimise threats
 - (C) Weaknesses of the firm are overcome by using strengths
 - (D) Weaknesses of the firm are overcome by using opportunities
89. Which of the following is not a criticism of BCG Matrix ?
- (A) The market share of the matrix does not guarantee profitability
 - (B) Both axes have been assigned the same value
 - (C) The matrix does not show what the competition is doing
 - (D) The matrix may not simplify the assessments of facts at all
90. Which of the following is not a perspective of Balance Score Card ?
- (A) Financial Perspective
 - (B) Business Process Perspective
 - (C) Competitors Perspective
 - (D) Customers Perspective
91. Which of the following is not an important benefit of McKinsey's 7S framework ?
- (A) It is a diagnostic tool for understanding the organizations which are non-effective
 - (B) It helps to guide the organization change
 - (C) It combines rational elements with emotional elements
 - (D) None of the above
92. "Strict Financial Control" is an advantage of which of the following organizational structures ?
- (A) Line and Staff
 - (B) Divisional
 - (C) Functional
 - (D) Matrix
93. Under which strategic control technique, a system is designed to check that whether or not the assumptions set during strategy formulation and implementation process are valid ?
- (A) Strategic Momentum Control
 - (B) Strategic Leap Control
 - (C) Special Alert Control
 - (D) Premise Control

94. Which of the following may not be a strategy for managing change in organization ?
- (A) Education and Communication
 - (B) Participation
 - (C) Retrenchment
 - (D) Training and Psychological Counselling
95. Which of the following is not an example of “Support Processes” from the perspective of Business Process Reengineering ?
- (A) Information Technology
 - (B) Order Fulfilment Process
 - (C) Financial Systems
 - (D) Human Resource Systems
96. The correct sequence of steps of Business Process Reengineering is :
- (A) Identify-Define-Study-Formulate-Implement
 - (B) Define-Identify-Study-Formulate-Implement
 - (C) Identify-Define-Study-Implement-Formulate
 - (D) Define-Identify-Study-Implement-Formulate
97. Which of the following is not an approach of Benchmarking ?
- (A) Internal Benchmarking
 - (B) External Benchmarking
 - (C) Divisional Benchmarking
 - (D) Functional Benchmarking
98. Which of the following is not a component of Benchmarking Wheel ?
- (A) Plan
 - (B) Collect
 - (C) Implement
 - (D) Analyze
99. Which of the following is not a principle of Total Quality Management ?
- (A) Management Commitment
 - (B) Suppliers Empowerment
 - (C) Fact Based Decision Making
 - (D) Continuous Improvement
100. For a manufacturing company to be considered industry 4.0, it must not possess the feature of :
- (A) Interoperability
 - (B) Information Transparency
 - (C) Centralized Decision-making
 - (D) Technical Assistance

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Space for Rough Work