



BUSINESS STUDIES Class XII
Objective Type Questions
MCQs/Fill in the Blanks/True or False
(With Answers)

1. Nature and Significance of Management

MCQs

- Which one of the following statements is not correct?
(a) Management is a goal-oriented process. (b) Management is a continuous process.
(c) Management is a dynamic process. (d) Management is a rigid process.
 - Which one of the following is not an importance of management?
(a) Integrating various interest groups (b) Developing society
(c) Disciplining employees (d) Inculcating creativity
 - Management is not
(a) an applied science. (b) a pure science.
(c) an art. (d) an art and science both.
 - In which category does management fall?
(a) Well-established profession (b) Semi-profession
(c) Emerging profession (d) Marginal profession
 - Top management is concerned with formulation of
(a) guidelines for supervisors. (b) long-term plans.
(c) short-term plans. (d) None of these.
 - Coordination is
(a) a management function. (b) the essence of management.
(c) an objective of management. (d) a social objective.
- Ans. 1 – (d), 2 – (c), 3 – (b), 4 – (c), 5 – (b), 6 – (b)

Fill in the Blanks

- The element that aims at integrating group efforts to achieve group objectives is called _____.
(a) Cooperation (b) Coordination
(c) Management (d) Directing
- Managing Director is the position of _____ level of management in a large company.
(a) Top (b) Middle
(c) Lower (d) Middle and Lower
- Management is multidimensional because it has _____ dimension(s).
(a) One (b) Two
(c) Three (d) Four

4. Management is a _____ directed process as it aims at achieving specified goals.
- (a) Continuously (b) Future
(c) Goal (d) Deliberately
5. _____ is a systematised body of knowledge that explains certain general truths or operation of general laws.
- (a) Science (b) Art
(c) Profession (d) Art and Profession both

Ans. 1 – (b), 2 – (a), 3 – (c), 4 – (c), 5 – (a)

True or False

State with reasons whether the following statements are True or False.

1. "Management principles can be applied to all types of activities."
Ans. True; management is pervasive.
2. "Coordination is required at all levels of management in all management functions."
Ans. True; coordination is pervasive.
3. "Management involves the decisions by a manager and it is not a group activity."
Ans. False; management is a group activity because it unites individual efforts in common direction.
4. Top management level is responsible for implementing plans and strategies of the organisation.
Ans. False; it is the responsibility of the middle management level.

2. Principles of Management

MCQs

1. Principles of management are not
- (a) behavioural. (b) absolute.
(c) universal. (d) flexible.
2. Principles of management provide
- (a) readymade solutions to problems. (b) general guidelines.
(c) methods and procedures. (d) rules and regulations.
3. Management principles differ from pure science principles because management principles are
- (a) vague. (b) situation-bound.
(c) rigid. (d) easy to learn.
4. Principles of management are significant because these result in
- (a) taking initiative. (b) adapting to new technology.
(c) employee satisfaction. (d) optimum utilisation of resources.
5. Which one of the following is not a principle of scientific management?
- (a) Functional foremanship (b) Development of personnel
(c) Harmony, not discord (d) Maximum, not restricted output
6. Management should find 'one best way' to perform a task. Which technique of scientific management is defined in this sentence?
- (a) Time Study (b) Method Study
(c) Fatigue Study (d) Motion Study

7. Unity of command is related to
 (a) superiors and subordinates. (b) management and workers.
 (c) planned actions. (d) cooperation among employees.
8. Gang plank is related to
 (a) communication. (b) motivation.
 (c) supervision of workers. (d) incentives to workers.
- Ans. 1 – (b), 2 – (b), 3 – (b), 4 – (d), 5 – (a), 6 – (b), 7 – (a), 8 – (a)

Fill in the Blanks

1. Management principles are flexible whereas _____ principles are rigid.
 (a) Pure Science (b) Employment
 (c) Scientific Management (d) Art
2. _____ denotes concentration of authority at the top level.
 (a) Decentralisation (b) Centralisation
 (c) Coordination (d) Delegation
3. _____ is the technique in which each worker is supervised by eight supervisors.
 (a) Functional foremanship (b) Unity of action
 (c) Centralisation (d) Simplification of work
4. _____ principle of management puts emphasis on judicious application of penalties by the management.
 (a) Esprit de corps (b) Order
 (c) Division of work (d) Discipline
5. _____ principle of management states that there should be a place for everything and everything should be in its place.
 (a) Equity (b) Discipline
 (c) Order (d) Esprit de corps
6. _____ means one plan, one boss.
 (a) Unity of direction (b) Unity of command
 (c) Centralisation (d) Gang Plank
7. _____ involves harmony and team spirit among employees.
 (a) Discipline (b) Esprit de corps
 (c) Order (d) Standardisation
- Ans. 1 – (a), 2 – (b), 3 – (a), 4 – (d), 5 – (c), 6 – (a), 7 – (b)

True or False

State with reasons whether the following statements are True or False.

1. "Unity of command means one employee getting orders and instructions from one supervisor".
 Ans. True; in unity of command, one employee gets orders/instructions from only one supervisor.
2. Time study involves analysing movements involved in performing an activity.
 Ans. False; motion study involves analysing these movements.

3. Scalar chain involves direct communication between two employees at horizontal level.
 Ans. False; Gang plank involves such direct communication.
4. Discipline principle of management leads to development of team spirit.
 Ans. False; Esprit de corps leads to development of team spirit.

3. Business Environment

MCQs

1. Which one of the following is not a feature of business environment?
 (a) Uncertainty (b) Interdependence
 (c) Complexity (d) Stability
 2. Which one of the following is a part of economic environment?
 (a) Public debt (b) Lifestyle of people
 (c) Technological changes (d) Level of education
 3. Proper understanding of business environment is not a prerequisite for
 (a) tapping of useful resources. (b) identification of opportunities and threats.
 (c) formulation of strategies. (d) better coordination of employee efforts.
 4. Globalisation means
 (a) reduced role of public sector. (b) integration of economies.
 (c) lowering interest rates. (d) control of inflation.
 5. Which one of the following is the impact of Government policy changes on business and industry?
 (a) Increase in agricultural productivity (b) Increase in product prices
 (c) Increase in competition (d) Increase in urbanisation
- Ans. 1 – (d), 2 – (a), 3 – (c), 4 – (b), 5 – (c)

Fill in the Blanks

1. _____ nature of business environment suggests that environment keeps on changing.
 (a) Dynamic (b) Pervasive
 (c) Continuous (d) Multidimensional
 2. _____ is the integration of world economy into a single market through removal of trade barriers between countries.
 (a) Privatisation (b) Liberalisation
 (c) Globalisation (d) Both (a) and (b)
 3. _____ feature of business environment states that various factors of business environment affect each other.
 (a) Pervasive (b) Continuous
 (c) Dynamic (d) Interrelatedness
 4. Legal rules and regulations relevant to business are included in _____ environment of business.
 (a) Legal (b) Political
 (c) Economic (d) Technological
- Ans. 1 – (a), 2 – (c), 3 – (d), 4 – (a)

True or False

State with reasons whether the following statements are True or False.

1. Investors and customers are the two components of specific forces of business environment.
Ans. True; investors and customers are the two components.
2. Dynamic nature of business environment suggests that it is pervasive.
Ans. False; dynamic nature of business environment suggests that it keeps on changing.
3. Privatisation involves freedom of doing business.
Ans. False; liberalisation involves freedom of doing business.
4. Political environment consists of political system and its working.
Ans. True; political environment includes political conditions, working and political system.
5. Business environment consists of factors which are certain by nature.
Ans. False; there is uncertainty in business environment.

4. Planning

MCQs

1. Pervasiveness of planning indicates that planning
(a) is a top management function. (b) extends throughout the organisation.
(c) is a future-oriented activity. (d) is the first element of management process.
 2. Which one of the following is an importance of planning?
(a) Reducing uncertainty (b) Identifying alternatives critically
(c) Developing leadership (d) Selecting the most appropriate plan
 3. Which one of the following is not a limitation of planning?
(a) Dynamic environment (b) Costly process
(c) Rigidity (d) Top management approach
 4. Which one of the following is a step of planning?
(a) Analysis of organisation structure (b) Analysis of environment
(c) Analysis of employee behaviour (d) Analysis of employee morale
 5. The basic role of strategy is to provide
(a) setting procedures. (b) direction for action.
(c) direction for motivation. (d) direction for control.
 6. Which one of the following plans prescribes chronological steps for performing activities?
(a) Procedure (b) Rule
(c) Policy (d) Method
 7. Which one of the following is a single-use plan?
(a) Strategy (b) Rule
(c) Budget (d) Method
- Ans. 1 – (b), 2 – (a), 3 – (d), 4 – (b), 5 – (b), 6 – (a), 7 – (c)

Fill in the Blanks

1. Decision-making is the case of _____.
(a) Planning (b) Organising
(c) Staffing (d) Directing
2. _____ is a statement of expected results in numerical terms.
(a) Forecast (b) Budget
(c) Plan (d) Estimate

3. _____ is a feature of planning also referred to as primacy of planning.

(a) Pervasive	(b) Primary function of management
(c) Continuous	(d) Integrating
4. _____ is a comprehensive plan for achieving its objectives.

(a) Strategy	(b) Method
(c) Rule	(d) Policy
5. _____ is the type of plan which is time-bound and linked with measurable outcome.

(a) Strategy	(b) Policy
(c) Rule	(d) Budget
6. _____ is a standardised way or manner of performing a routine activity considering its objectives.

(a) Procedure	(b) Method
(c) Rule	(d) Programme
7. _____ specifies the end to be achieved.

(a) Objective	(b) Strategy
(c) Policy	(d) Method
8. _____ are relevant to recurring activities.

(a) Single-use plans	(b) Standing plans
(c) Objectives	(d) Programmes

Ans. 1 – (a), 2 – (b), 3 – (b), 4 – (a), 5 – (d), 6 – (b), 7 – (a), 8 – (b)

True or False

State with reasons whether the following statements are True or False.

1. Rule is a specific statement that prescribes what is to be done or not to be done.
Ans. True; rule sets the conditions which must be observed in performing various activities.
2. Rule is the prescribed way or manner in which a task has to be performed considering its objectives.
Ans. False; method is the prescribed way.
3. Identifying alternative courses of action is a step in organising process.
Ans. False; it is a step in the planning process.
4. Method is a chronological sequence in which an activity should be performed.
Ans. False; procedure is the chronological sequence in which an activity should be performed.
5. The last step in the process of planning is “Plan Implementation.”
Ans. False; follow-up action is the last step.
6. Planning premises are the actual plans about the future organisational resources.
Ans. False; planning premises are the assumptions about future environmental scenario and organisational resources.

5. Organising MCQs

1. Organising process includes one of the following:

(a) Grouping of activities	(b) Prescribing disciplinary action
(c) Determining objectives	(d) Prescribing work schedule
2. One of the following is not an importance of organising:

(a) Role clarity	(b) Performance appraisal
(c) Adaptation to change	(d) Growth and expansion

3. Organisation structure establishes relationships between

(a) organisation and environment.	(b) people, work and resources.
(c) organisation and society.	(d) suppliers and customers.
 4. One of the following is an advantage of functional structure:

(a) Responsibility for end results	(b) Flexibility
(c) Personalised attention	(d) Easier employee learning
 5. Divisional structure leads to conflict in

(a) resource allocation.	(b) marketing management.
(c) motivation.	(d) planning process.
 6. In which respect does formal organisation differ from informal organisation?

(a) Production process	(b) Structuring
(c) Financial procedure	(d) Purchasing
 7. Which one of the following does not follow scalar chain?

(a) Informal organisation	(b) Functional structure
(c) Formal organisation	(d) Divisional structure
 8. Degree of decentralisation indicates

(a) degree of authority delegation.	(b) degree of responsibility.
(c) degree of power delegation.	(d) degree of accountability.
- Ans. 1 – (a), 2 – (b), 3 – (b), 4 – (d), 5 – (a), 6 – (b), 7 – (a), 8 – (a)

Fill in the Blanks

1. _____ involves giving authority and responsibility to subordinates.

(a) Division of work	(b) Decentralisation
(c) Delegation	(d) Centralisation
 2. _____ is the process of grouping similar activities together and creating departments.

(a) Division of work	(b) Departmentalisation
(c) Delegation	(d) Centralisation
 3. _____ is the organisational structure in which activities are grouped on the basis of products.

(a) Divisional structure	(b) Functional structure
(c) Formal	(d) Informal
 4. _____ is the organisational structure in which no department is responsible for end results.

(a) Divisional structure	(b) Functional structure
(c) Formal	(d) Informal
 5. _____ is the duty for job performance.

(a) Authority	(b) Responsibility
(c) Accountability	(d) Both (a) and (c)
 6. _____ is the right to command.

(a) Authority	(b) Responsibility
(c) Accountability	(d) Both (b) and (c)
 7. _____ cannot be delegated.

(a) Authority	(b) Responsibility
(c) Accountability	(d) Both (a) and (b)
- Ans. 1 – (c), 2 – (b), 3 – (a), 4 – (b), 5 – (b), 6 – (a), 7 – (c)

True or False

State with reasons whether the following statements are True or False.

1. Delegation is the step of organising process through which departments and sections in an organisation are created.
Ans. False; departmentalisation is the step.
2. Divisional structure is the aspect of organising that establishes relationships between people, work and resources.
Ans. False; organisation structure is the aspect of organising.
3. Formal organisational structure is consciously and deliberately designed structure of well-defined jobs.
Ans. True; formal organisational structure is consciously and deliberately designed structure of well-defined jobs, each bearing a definite authority, responsibility and accountability.
4. Responsibility cannot be delegated at all.
Ans. False; accountability cannot be delegated at all.
5. Responsibility is the duty for job performance.
Ans. True; it originates from delegated authority.
6. Accountability originates from delegated authority.
Ans. False; responsibility originates from delegated authority.

6. Staffing

MCQs

1. In staffing function, which one of the following groups of managers is involved?
(a) Only top managers (b) Only human resource managers
(c) Only middle managers (d) All managers
 2. Which one of the following is not an importance of staffing?
(a) Suitable division of work among employees (b) Developing skills in employees
(c) Employee satisfaction (d) Efficient use of human resources
 3. In staffing function, which combination of activities in sequential order is correct?
(a) Recruitment, selection, training, placement
(b) Selection, training, recruitment, placement
(c) Recruitment, selection, placement, training
(d) Recruitment, training, selection, placement
 4. Which one of the following sources is most relevant to recruiting managerial personnel?
(a) Direct recruitment (b) Employment exchange
(c) Advertisement (d) Casual callers
 5. Which one of the following is an internal source of recruitment?
(a) Transfer (b) Employee recommendations
(c) Campus recruitment (d) Personal contacts
 6. Which type of learning is management development concerned with?
(a) Specific job skill development (b) Multi-skill development
(c) Manual skill development (d) Inventory development
 7. For which group of persons is vestibule training relevant?
(a) Operatives (b) Top management
(c) Middle management (d) Supervisory management
- Ans. 1 – (d), 2 – (a), 3 – (c), 4 – (c), 5 – (a), 6 – (b), 7 – (a)

Fill in the Blanks

1. _____ is a process of learning and growth.
 (a) Training (b) Development
 (c) Recruitment (d) Both (a) and (c)
2. Time perspective in training is _____.
 (a) Short term (b) Long term
 (c) Medium term (d) Medium or Long term
3. _____ leads to optimum use of resources.
 (a) Recruitment (b) Staffing
 (c) Development (d) Training
4. Web publishing is a/an _____ source of recruitment.
 (a) External (b) Internal
 (c) Campus (d) Both (b) and (c)
5. _____ is a limitation of internal source of recruitment.
 (a) Higher costs (b) Inbreeding
 (c) Lengthy process (d) Unreliability
6. _____ is the "On the Job Training" method used to train electricians.
 (a) Web publishing (b) Job rotation
 (c) Coaching (d) Apprenticeship

Ans. 1 – (b), 2 – (a), 3 – (b), 4 – (a), 5 – (b), 6 – (d)

True or False

State with reasons whether the following statements are True or False.

1. Promotion is an external source of recruitment.
 Ans. False; it is an internal source.
2. Preliminary screening is a step in the selection process.
 Ans. True; preliminary screening is a step in the selection process. It involves eliminating unqualified or unfit candidates.
3. Development is the process of increasing knowledge and skills.
 Ans. False; that process is training.
4. Vestibule training is a method used in development of employees.
 Ans. False; vestibule training is a method used in training of employees.
5. Recruitment leads to optimum use of resources.
 Ans. False; staffing leads to optimum use of resources.
6. Staffing is searching for prospective candidates.
 Ans. False; searching for prospective candidates is recruitment.

7. Directing MCQs

1. Which one of the following is an element of directing?
 (a) Delegating authority (b) Designing organisation structure
 (c) Communication (d) Designing control system
 2. Motivation is not
 (a) a complex process. (b) related to satisfaction.
 (c) an easy process. (d) a goal-directed behaviour.
 3. Need hierarchy theory of motivation has been given by
 (a) Maslow. (b) Fayol.
 (c) Taylor. (d) Koontz.
 4. Which one of the following is not a financial incentive?
 (a) Bonus (b) Provident Fund
 (c) Co-partnership (d) Challenging job
 5. Which one of the following is a non-financial incentive?
 (a) Recognition (b) Perquisite
 (c) Retirement benefit (d) Stock option
 6. Leadership is based on a superior's
 (a) authority. (b) responsibility.
 (c) accountability. (d) persuasive communication.
 7. Encoding is related to
 (a) converting message into symbols. (b) converting symbols into message.
 (c) transmitting message. (d) receiving symbols.
 8. Grapevine is a form of
 (a) formal communication. (b) channel of communication.
 (c) informal communication. (d) barrier to communication.
 9. Which one of the following is a semantic barrier?
 (a) Organisational policy (b) Lack of attention
 (c) Technical jargon (d) Status
- Ans. 1 – (c), 2 – (c), 3 – (a), 4 – (d), 5 – (a), 6 – (d), 7 – (a), 8 – (c), 9 – (c)

Fill in the Blanks

1. _____ is the process of stimulating people to engage in goal-directed behaviour.
 (a) Communication (b) Motivation
 (c) Directing (d) None of these
2. The channel of communication which is transmitted through informal channels is called _____.
 (a) Horizontal communication (b) Formal communication
 (c) Grapevine (d) Gang plank
3. _____ aims at instructing, guiding, motivating people to achieve the desired results.
 (a) Communication (b) Directing
 (c) Motivating (d) Organising
4. _____ is the process of converting a message into symbols.
 (a) Encoding (b) Decoding
 (c) Coding (d) Both (b) and (c)

5. Directing flows in _____ direction.

(a) Upward	(b) Downward
(c) Diagonal	(d) Both (a) and (c)
6. _____ is the process of exchanging information and understanding between two or more persons.

(a) Directing	(b) Leadership
(c) Communication	(d) Motivation
7. Directing takes place at _____ levels of management.

(a) Top	(b) Middle
(c) Lower	(d) All

Ans. 1 – (b), 2 – (c), 3 – (b), 4 – (a), 5 – (b), 6 – (c), 7 – (d)

True or False

State with reasons whether the following statements are True or False.

1. Leadership and motivation are the two elements of directing.
Ans. True; leadership and motivation are the two elements of directing.
2. Directing takes place at the top, middle and bottom level of management.
Ans. True; directing takes place at all levels of management.
3. Encoding refers to converting symbols received by the receiver into meaning.
Ans. False; decoding is converting symbols received by the receiver into meaning.
4. Democratic leadership style involves giving orders by a superior to his subordinates and expecting that his orders will be obeyed by them.
Ans. False; the given leadership style is authoritative leadership style.
5. Formal and Informal communication flow through officially prescribed channels of communication.
Ans. False; only formal communication flows through officially prescribed channels of communication.

8. Controlling

MCQs

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

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

(a) Better coordination	(b) Better use of resources
(c) Better planning	(d) Better grievance handling
3. Which one of the following is a step of controlling?

(a) Assessing personnel required	(b) Taking corrective action
(c) Assessing environment	(d) Taking disciplinary action

Ans. 1 – (c), 2 – (d), 3 – (b)

Fill in the Blanks

- _____ is the process of ensuring that actual results are in accordance with planned results.
 (a) Controlling (b) Coordinating
 (c) Planning (d) Directing
- _____ is the focus point for a manager while controlling, as controlling at every step is not possible.
 (a) Controlling (b) Coordinating
 (c) Critical point control (d) Both (a) and (b)
- Controlling is _____.
 (a) Forward looking (b) Backward looking
 (c) Continuous process (d) All of these

Ans. 1 – (a), 2 – (c), 3 – (d)

True or False

State with reasons whether the following statements are True or False.

- Controlling helps in achieving organisational objectives.
 Ans. True; by suggesting corrective action, if required.
- Control by action involves reporting of exceptional deviation between actual performance and standard performance to top management.
 Ans. False; management by exception involves such reporting.
- Management by exception is controlling performance in key result areas.
 Ans. False; controlling performance in key result areas is critical point control.

9. Financial Management

MCQs

- Which one of the following is related to planning, organising, directing and controlling of financial activities?
 (a) Financial decision (b) Capital structure
 (c) Investment decision (d) Financial management
- Wealth maximisation depends on
 (a) market price per share. (b) market price of finished good.
 (c) market price of inventory. (d) market price of fixed assets.
- Investment decision involves
 (a) investment in fixed assets. (b) investment in current assets.
 (c) investment in fixed and current assets. (d) investment in Government securities.
- If dividend portion of total earnings is high, portion of retained earnings will be
 (a) high. (b) low.
 (c) moderate. (d) equal.
- Financial procedures are determined by
 (a) financial planning. (b) financial leverage.
 (c) financial decisions. (d) capital structure.

6. Capital structure shows
 (a) Debtor-creditor ratio. (b) Fixed assets-current assets ratio.
 (c) Debt-equity ratio. (d) Interest coverage ratio.
7. Fixed capital requirements are determined by
 (a) nature of business. (b) nature of business environment.
 (c) nature of Government control. (d) nature of marketing efforts.
8. Working capital requirements are low when an organisation has
 (a) high technology. (b) high debtors.
 (c) high inventory. (d) high creditors.
- Ans, 1 – (d), 2 – (a), 3 – (c), 4 – (b), 5 – (a), 6 – (c), 7 – (a), 8 – (d)

Fill in the Blanks

1. _____ is concerned with optimum procurement as well as usage of finance.
 (a) Financial Analysis (b) Financial Planning
 (c) Financial Management (d) Budgeting
2. _____ represents investment in current assets required for day-to-day operations of the business.
 (a) Long-term capital (b) Working capital
 (c) Capital Budgeting (d) Medium-term capital
3. _____ involves increasing the proportion of debt and preference shares in total capital.
 (a) Trading on equity (b) Capital Budgeting
 (c) Financing decision (d) Financial Analysis
4. _____ is the time span between acquisition of goods and realisation of sale proceeds.
 (a) Working capital (b) Payback Period
 (c) Operating Cycle (d) Account Receivables Period
5. Gross working capital represents the total investment in _____ assets.
 (a) Current (b) Fixed
 (c) Tangible (d) Intangible
6. _____ capital refers to investment in long-term assets.
 (a) Fixed (b) Variable
 (c) Working (d) Both (b) and (c)
- Ans, 1 – (c), 2 – (b), 3 – (a), 4 – (c), 5 – (a), 6 – (a)

True or False

State with reasons whether the following statements are True or False.

1. The primary objective of financial management is to arrange wealth for shareholders.
 Ans. False; the primary objective of financial management is to maximise shareholders' wealth.
2. Financing decision is the decision about dividend payment and retained earnings.
 Ans. False; dividend decision is such a decision.
3. Investment decision is the decision about investment, financing and dividend.
 Ans. False; financial decision is the decision about investment, financing and dividend.
4. Return on investment shows analysis of an investment.
 Ans. False; return on investment shows profitability of an investment.

10. Financial Markets

MCQs

1. Which one of the following is not a function of financial market?
 (a) Mobilisation of savings (b) Price determination of securities
 (c) Floating of companies (d) Lowering transaction cost
 2. Which one of the following is a money market instrument?
 (a) Unit of mutual fund (b) Debenture
 (c) Bond (d) Treasury bill
 3. Primary and secondary markets develop simultaneously because they
 (a) complement each other. (b) compete with each other.
 (c) control each other. (d) function independently.
 4. Secondary market is in the form of
 (a) stock exchange. (b) money market.
 (c) new issue market. (d) commercial exchange.
 5. SEBI is a regulator of
 (a) capital market. (b) money market.
 (c) commodity market. (d) overseas market.
- Ans. 1 – (c), 2 – (d), 3 – (a), 4 – (a), 5 – (a)

Fill in the Blanks

1. _____ is a short-term unsecured promissory note issued by reputed business organisations at a price lower than its face value and redeemable at par.
 (a) Treasury bill (b) Commercial paper
 (c) Certificate of deposit (d) Promissory note
 2. _____ is a source of financing to meet very short-term fund requirements of commercial banks with a provision of renewal.
 (a) Treasury Bill (b) Commercial Paper
 (c) Certificate of Deposit (d) Call Money
 3. _____ is the market which helps existing investors to sell their securities.
 (a) Primary market (b) Secondary market
 (c) Capital market (d) Commodity market
 4. _____ is the institution which provides a platform for trading of existing securities having long-term maturity.
 (a) SEBI (b) WTO
 (c) Stock exchange (d) RBI
- Ans. 1 – (b), 2 – (d), 3 – (b), 4 – (c)

True or False

State with reasons whether the following statements are True or False.

1. Providing liquidity is an important function of stock exchange.
 Ans. True; providing liquidity to securities is an important function of stock exchange.
2. Money Market is the market in which financial instruments having long-term maturity are dealt with.
 Ans. False; financial instruments having short-term maturity are dealt with in the money market.
3. Stock exchange regulates the capital market.
 Ans. False; SEBI (Securities and Exchange Board of India) regulates the capital market.

11. Marketing Management

MCQs

1. With which element is exchange mechanism related?
 (a) Publicity (b) Marketing
 (c) Advertising (d) Branding
 2. Which one of the following is a marketing management philosophy?
 (a) Societal marketing concept (b) Distribution concept
 (c) Direct marketing concept (d) Channel concept
 3. Which one of the following is not a marketing mix?
 (a) Product (b) Physical distribution
 (c) Product pricing (d) Production process
 4. Which one of the following factors is not relevant to price fixation?
 (a) Obtaining market leadership (b) Age of an organisation
 (c) Value for money (d) Product differentiation
 5. For heavy equipment, which of the following channels is more relevant?
 (a) Zero-level (b) One-level
 (c) Two-level (d) Three-level
 6. Which one of the following promotion tools has mass reach?
 (a) Advertising (b) Personal selling
 (c) Sales promotion (d) Public relations
- Ans. 1 – (b), 2 – (a), 3 – (d), 4 – (b), 5 – (a), 6 – (a)

Fill in the Blanks

1. Mail order selling is a _____ channel of distribution.
 (a) Direct (b) Indirect
 (c) Direct and Indirect (d) Sole
2. _____ is the deliberate action of an organisation for promoting goodwill between itself and the society.
 (a) Marketing mix (b) Advertising
 (c) Public relations (d) Selling
3. _____ ensures that products reach the ultimate customers from the manufacturers.
 (a) Selling (b) Marketing
 (c) Physical distribution (d) Sales promotion
4. _____ involves designing and producing container or wrapper of the product.
 (a) Marketing (b) Selling
 (c) Advertising (d) Packaging
5. Marketing is called a _____ process because it involves interaction of buyers and sellers.
 (a) Economic (b) Social
 (c) Legal (d) Political
6. _____ is the marketing function which is concerned with informing the customers about the firm's products.
 (a) Transportation (b) Selling
 (c) Advertising (d) Public Relations

7. Registering a trademark gives _____ to the users.
- | | |
|----------------|-----------------|
| (a) Finance | (b) Fame |
| (c) Protection | (d) Information |

Ans. 1 – (a), 2 – (c), 3 – (c), 4 – (d), 5 – (b), 6 – (c) 7 – (c)

True or False

State with reasons whether the following statements are True or False.

1. Advertising is the function of marketing which is concerned with the cost and location of target market.

Ans. False; transportation is the function of marketing.

2. There is personal communication in case of advertising.

Ans. False; there is impersonal communication.

3. There is no personal contact in personal selling.

Ans. False; there is personal contact.

4. Labelling involves putting identification marks on the package.

Ans. True; labelling involves putting identification marks on the package. A label may be a part of the package or it may be a tag attached to the product.

5. Marketing mix is a blend of multiple financial decisions.

Ans. False; marketing mix is a blend of product, price, physical distribution and promotion decisions.

6. The main focus of selling concept is production volume.

Ans. False; the main focus of selling concept is the existing product.

12. Consumer Protection

MCQs

- Which one of the following is not a reason for importance of consumer protection from the point of view of consumers?

(a) Consumer ignorance	(b) Consumer apathy
(c) Consumer exploitation	(d) Unorganised consumers
- From the point of view of business, which one of the following is a reason because of which consumer protection is important?

(a) Dynamic environment	(b) Fast technological development
(c) Government intervention	(d) Competitive market
- Which one of the following is not a consumer right?

(a) Right to safety	(b) Right to seek redressal
(c) Right to get discount	(d) Right to be heard
- In which year did Consumer Protection Act come into existence?

(a) 1986	(b) 1999
(c) 1991	(d) 1976
- A District Forum has jurisdiction to entertain a consumer complaint involving product value:

(a) Up to ₹ 20 lakh	(b) Up to ₹ 10 lakh
(c) Between ₹ 20 lakh and ₹ 1 crore	(d) Above ₹ 1 crore

Ans. 1 – (b), 2 – (c), 3 – (c), 4 – (a), 5 – (a)

Fill in the Blanks

- _____ mark is used for electrical products.
 (a) ISI (b) FPO
 (c) ISO (d) Agmark
- _____ is one of the redressal agencies for redressing consumer grievances.
 (a) COPRA (b) State Commission
 (c) Consumer Organisation (d) None of these
- A complaint can be filed against _____ who adopt(s) unfair trade practices.
 (a) Trader only (b) Manufacturer only
 (c) Trader and Manufacturer (d) Consumer
- Right to _____ is a right to be protected against products which are hazardous to life or health.
 (a) Information (b) Safety
 (c) Seek Redressal (d) Consumer Education
- _____ means any person who buys any goods for personal use or hires or avails of any services for a consideration.
 (a) Consumer (b) Manufacturer
 (c) Trader (d) Service Provider
- _____ implies safeguard against anti-consumer trade practices of producers and traders.
 (a) Consumer Protection (b) Redressal Forum
 (c) National Commission (d) None of these

Ans. 1 – (a), 2 – (b), 3 – (c), 4 – (b), 5 – (a) 6 – (a)

True or False

State with reasons whether the following statements are True or False.

- Right to be informed says that the consumer has the right to acquire knowledge and be well-informed throughout his life.
 Ans. False; Right to Consumer Education is the right of the consumer to acquire knowledge and be well-informed throughout his life.
- The Consumer Protection Act is applicable throughout India.
 Ans. False; The Consumer Protection Act is applicable throughout India except in Jammu and Kashmir.
- Buying standardised products is a consumer right.
 Ans. False; it is a consumer responsibility.
- The Central Government can file a complaint under the Consumer Protection Act.
 Ans. True; the complaint can be filed under Section 2(b) of the Consumer Protection Act.
- National Commission consists of a president and six other members.
 Ans. False; it consists of four other members.
- Consumer awareness is a campaign for protecting consumer interests.
 Ans. False; consumer awareness is making a consumer aware of his rights and liabilities.