

CUET (UG) Exam Paper 2025

National Testing Agency

BUSINESS STUDIES

(Solved)

[This includes Questions pertaining to Domain Specific Subject only]

Time Allowed: 60 Mins.

Maximum Marks: 250

General Instructions :

- (i) This Test contains 50 questions.
- (ii) Five (5) marks will be given for each correct answer.
- (iii) One (1) mark will be deducted for each incorrect answer.
- (iv) If more than one option is chosen, then it will be considered as an incorrect answer.
- (v) Unanswered questions will be given no mark.

1. Arrange the following steps of Planning Process in a correct sequence.

- (A) Evaluation of alternatives
- (B) Search for alternative
- (C) Determining planning premises
- (D) Selection of an alternative

Choose the **correct** answer from the options given below:

- (1) (C), (B), (A), (D) (2) (A), (B), (C), (D)
- (3) (B), (A), (D), (C) (3) (C), (B), (D), (A)

Ans. Option (1) is correct.

Explanation: The correct sequence of the planning process is: (C) Determining Planning Premises, (B) Search for Alternatives, (A) Evaluation of Alternatives, and (D) Selection of an Alternative. First, assumptions and conditions are identified, followed by exploring possible options. These alternatives are then evaluated based on feasibility and outcomes, and finally, the most suitable one is selected for implementation.

2. Identify from the options given below which is not a function of marketing?

- (1) Analysing Market Information
- (2) Marketing Planning
- (3) Capital Structuring
- (4) Promotion

Ans. Option (3) is correct.

Explanation: Capital Structuring is not a function of marketing. Marketing primarily focuses on activities that help identify and satisfy customer needs, such as analysing market information, planning marketing strategies and promoting products or services. These functions aim to boost sales, build brand awareness and create customer value. On the other hand, capital structuring involves

decisions related to the financial management of a business, particularly the mix of debt and equity used to finance operations. This falls under the domain of finance, not marketing.

3. _____ bridges the gap from where we are, to where we want to go by deciding in advance what to do, when to do, and who it to do it

- (1) Management (2) Organising
- (3) Planning (4) Controlling

Ans. Option (3) is correct.

Explanation: Planning bridges the gap between where we are and where we want to be by deciding in advance what is to be done, when it is to be done, how it is to be done, and who is to do it. It involves setting objectives and outlining the steps or strategies required to achieve them. Planning provides direction, reduces uncertainty and helps in the efficient use of resources, making it a foundational function of management.

4. Which of the following does not represent the nature of management?

- (1) Management is a group activity
- (2) Management involves decision making
- (3) Management is dynamic activity
- (4) Management is a tangible force

Ans. Option (4) is correct.

Explanation: Management is not a tangible force; rather, it is considered an intangible force. It cannot be seen or touched, but its presence can be felt through the results it produces, such as improved productivity, efficient operations and goal achievement. On the other hand, the statements that management is a group activity, involves decision-making, and is dynamic in nature correctly represent the true nature of management.

5. Which organisational structure consists of separate business units?

(1) Divisional Structure (2) Functional Structure
(3) Vertical Structure (4) Informal Structure

Ans. Option (1) is correct.

Explanation: A Divisional Structure is an organisational structure where the company is divided into separate business units or divisions, each responsible for its own operations and performance. These divisions are typically based on products, services, geographic locations, or markets, and each functions like a semi-autonomous unit—with its own resources and objectives. In contrast, a Functional Structure groups employees based on specialised functions, Vertical Structure refers to levels of hierarchy, and Informal Structure arises from social and personal relationships, not formal business units.

6. Which of the following are correct statements regarding leadership?

(A) Influences behaviour of people
(B) Helps in handling conflicts
(C) Conforms that actual performance meets standards.
(D) Helps in introduction of required changes

Choose the **correct** answer from the options given below:

(1) (A), (B) and (D) only (2) (A), (B) and (C) only
(3) (A), (B), (C) and (D) (4) (B), (C) and (D) only

Ans. Option (1) is correct.

Explanation: Statements (A), (B) and (D) are correct regarding leadership. Leadership influences the behaviour of people (A) by guiding, motivating and inspiring them to achieve goals. It also helps in handling conflicts (B) by promoting understanding and resolving disagreements among team members. Additionally, leadership facilitates the introduction of required changes (D) by convincing and preparing people for change. However, statement (C)—"Conforms that actual performance meets standards"—refers to the function of controlling, not leadership.

7. Management has to adapt itself to the changing environment. Which feature of management is discussed here?

(1) Intangible (2) Pervasive
(3) Continuous (4) Dynamic

Ans. Option (4) is correct.

Explanation: The feature of management being discussed here is its dynamic nature. Management is considered dynamic as it must continuously adapt to changes in the external environment, such as technological advancements, social trends, economic shifts, and government policies. A dynamic management approach ensures that an organisation remains effective and competitive by responding flexibly and pro-actively to these changes.

8. Match List-I with List-II

List-I		List-II	
A.	Brand	I.	Provides legal protection against its use by other firms.
B.	Brand Name	II.	Used for identification of the product.
C.	Brand Mark	III.	It is the verbal component which is spoken to identify the product.
D.	Trade Mark	IV.	It is recognized from a symbol or design but can not be spoken.

Choose the **correct** answer from the options given below:

(1) (A) - (IV), (B) - (II), (C) - (III), (D) - (I)
(2) (A) - (III), (B) - (II), (C) - (I), (D) - (IV)
(3) (A) - (I), (B) - (II), (C) - (IV), (D) - (III)
(4) (A) - (II), (B) - (III), (C) - (IV), (D) - (I)

Ans. Option (4) is correct.

Explanation: A Brand is used for the identification of a product and helps in differentiating it from others in the market. The Brand Name is the verbal or spoken part of the brand, such as the name "Nike" or "Pepsi". In contrast, the Brand Mark refers to a visual element like a symbol, logo or design that is recognised but cannot be spoken—for example, the Nike swoosh. A Trade Mark is a legal term that provides protection to the brand or brand mark against unauthorised use by other firms.

9. _____ can be defined as a process that initiates implementation of plans by clarifying jobs and coordinating human efforts.

(1) Planning (2) Organising
(3) Directing (4) Controlling

Ans. Option (2) is correct.

Explanation: Organising is the management function that comes after planning. It involves defining roles, grouping tasks, assigning duties, and coordinating human efforts to ensure that the organisational goals are met effectively. Through organising, managers clarify what work is to be done, who is to do it, how it is to be grouped, and who reports to whom. It lays the foundation for implementation by creating a structure of authority and responsibility relationships. Thus, it is rightly described as the process that initiates the implementation of plans by clarifying jobs and coordinating efforts.

10. Match List-I with List-II

List-I		List-II	
A.	Right to be heard	I.	To be protected against hazardous goods.
B.	Right to Consumer Education	II.	Setting up a consumer grievance cell for the redressal of consumer complaints.

C.	Right to seek redressal	III.	Being aware about the rights and reliefs available in case of problems with a product or service.
D.	Right to Safety	IV.	Providing relief to consumers in the form of replacement of a product or in the form of compensation.

Choose the **correct** answer from the options given below:

- (1) (A) - (III), (B) - (II), (C) - (I), (D) - (IV)
 (2) (A) - (II), (B) - (III), (C) - (IV), (D) - (I)
 (3) (A) - (I), (B) - (II), (C) - (IV), (D) - (III)
 (4) (A) - (III), (B) - (IV), (C) - (I), (D) - (II)

Ans. Option (2) is correct.

Explanation: The **Right to be heard** ensures that consumers have a platform to voice their complaints, which is supported by **setting up a consumer grievance cell** (II). The **Right to Consumer Education** emphasises the importance of making consumers aware of their rights and responsibilities, which aligns with **being aware of rights and reliefs** in case of issues (III). The **Right to seek redressal** allows consumers to claim compensation or remedy when a product or service fails to meet expectations, which is matched with **providing relief in the form of replacement or compensation** (IV). Lastly, the **Right to Safety** protects consumers from goods that may harm health or life, corresponding to **protection against hazardous goods** (I).

11. Which of the following are the communication barriers?

- (A) Inverted U (B) Semantic
 (C) Psychological (D) Organisational

Choose the **correct** answer from the options given below:

- (1) (A), (B) and (D) only (2) (A), (B) and (C) only
 (3) (A), (B), (C) and (D) (4) (B), (C) and (D) only

Ans. Option (4) is correct.

Explanation: Communication barriers are obstacles that hinder the effective exchange of information between the sender and the receiver. In the given options, Semantic, Psychological, and Organisational are all valid types of communication barriers. Semantic barriers arise from language or word usage misunderstandings, such as technical jargon or ambiguous terms. Psychological barriers are related to the mental state of the communicator or listener, including stress, mistrust, or emotions that affect interpretation. Organisational barriers result from hierarchical levels, rigid rules, or a lack of communication channels within an organisation. On the other hand, the Inverted U is not a communication barrier.

12. Which of the following is not a function of management?

- (1) Planning (2) Controlling
 (3) Cooperating (4) Staffing

Ans. Option (3) is correct.

Explanation: Cooperating is not considered a primary function of management. Instead, functions like planning, controlling and staffing are recognised as core managerial activities.

13. Which of the following are the importance of Planning?

- (A) Planning provides direction
 (B) Planning reduces overlapping and wasteful activities
 (C) Planning promotes innovative ideas
 (D) Planning reduces the risk of certainty

Choose the **correct** answer from the options given below:

- (1) (A), (B) and (D) only (2) (A), (B) and (C) only
 (3) (A), (B), (C) and (D) (4) (B), (C) and (D) only

Ans. Option (2) is correct.

Explanation: Planning is important because it provides direction, reduces overlapping and wasteful activities, and promotes innovative ideas. Statement (D) is incorrect because planning reduces the risk of uncertainty, not certainty.

14. Sandhya, the Plant Supervisor, found that there were many unnecessary movements while doing a job which could be eliminated. Which technique can be used to solve the problem?

- (1) Motion Study (2) Method Study
 (3) Time Study (4) Fatigue Study

Ans. Option (1) is correct.

Explanation: Motion Study focuses on analysing the motions of workers to identify and eliminate unnecessary or redundant movements. This is the most appropriate technique to solve the problem of unnecessary movements.

15. Which of the following is not a characteristic of a good brand name?

- (1) Distinctive (2) Technical jargon
 (3) Short and Simple (4) Sufficiently versatile

Ans. Option (2) is correct.

Explanation: Technical jargon is generally not recommended for a good brand name. Using technical jargon can make the name difficult for the general audience to understand and connect with. A brand name should be easy to pronounce and recall.

16. "Just take the universe, subtract from it the subset that represents the organisation, and the remainder is:"

- (1) Environment (2) Management
 (3) Planning (4) Business

Ans. Option (1) is correct.

Explanation: The environment represents the external factors outside the organisation that continue to exist even after the organisation itself is removed. The environment impacts and influences the organisation's functioning, but it is not part of the organisation itself. Therefore, when we subtract the organisation from the universe, the remaining part is the environment.

17. What is the full form of EBIT?

- (1) Earning Before Income Tax
 (2) Earning Before Interest and Tax
 (3) Expense Before Income and Tax
 (4) Expenses Before Interest and Tax

Ans. Option (2) is correct.

Explanation: Earning Before Interest and Tax (EBIT) helps investors understand a company's operating profitability before the impacts of financing and tax costs are factored in.

18. Which of the following does not highlight the importance of controlling?

- (1) To verify whether the standards set are accurate and objective
- (2) To initiate action by people in the organisation towards attainment of desired objectives
- (3) To facilitate coordination in action
- (4) To ensure an environment of order and discipline

Ans. Option (2) is correct.

Explanation: The controlling function is about monitoring performance, comparing it with the established standards, and making corrective actions if needed, not necessarily about initiating actions. Initiating actions is more related to the directing or leading function of management.

19. Which of the following is a semantic barrier in communication?

- (1) Rules and Regulation
- (2) Distrust
- (3) Technical Jargon
- (4) Complex organisational structure

Ans. Option (3) is correct.

Explanation: Technical jargon directly refers to a semantic barrier. It occurs when specialised terms or language is used that can confuse or mislead the recipient of the message, leading to a communication breakdown.

20. Arrange the following stages of the communication process in the correct sequence.

- (A) The message that is intended to be communicated is converted into words.
- (B) A person wants to send a message to his friend.
- (C) The words that are to be conveyed in the message are converted into symbols.
- (D) The message is sent as SMS

Choose the **correct** answer from the options given below:

- (1) (B), (A), (C), (D) (2) (A), (B), (C), (D)
- (3) (B), (A), (D), (C) (4) (C), (B), (D), (A)

Ans. Option (1) is correct.

Explanation: In the communication process, the stages unfold in a specific sequence, starting from the sender's intent to communicate to the transmission of the message.

First, (B) **A person wants to send a message to his friend.** This is the initial stage where the sender decides to convey a message to the receiver. It represents the motivation behind communication.

Next, (A) **The message that is intended to be communicated is converted into words.** At this point, the sender thinks about the message they want to convey and translates their thoughts or ideas into words. This stage is known as encoding, where the message takes a form that can be understood by the receiver.

Then, (C) **The words that are to be conveyed in the message are converted into symbols.** This involves converting the words into a communicable form that can be transmitted. In the context of SMS, this means typing out the words in text form, which are then turned into symbols (letters and numbers).

Finally, (D) **The message is sent as SMS.** Once the message has been encoded and converted into text, it is transmitted through a medium, in this case, as an SMS (Short Message Service).

21. Which of the following is not an element of directing function of management?

- (1) Motivation (2) Supervision
- (3) Centralisation (4) Leadership

Ans. Option (3) is correct.

Explanation: Centralisation is related to the organisational structure and not directly involved in the process of directing, which focuses on motivating, leading, communicating and supervising employees.

22. Which of the following is NOT the suggested ways or means of consumer protection?

- (1) Self-regulation by Business
- (2) Consumer protest
- (3) Consumer Awareness
- (4) Government

Ans. Option (2) is correct.

Explanation: While consumer protests may arise as a response to issues with products or services, they are not a formal or pro-active means of consumer protection. Instead, they are reactions to perceived injustices or problems.

23. It is difficult to understand the impact of social, economic, political or legal factors on change in demand of a product in the market. Which feature of the business environment is indicated here?

- (1) Relativity (2) Uncertainty
- (3) Inter-relatedness (4) Complexity

Ans. Option (4) is correct.

Explanation: The complexity feature of business environment refers to the fact that it is influenced by numerous interconnected and dynamic factors, making it hard to analyse and predict changes accurately.

24. Which of the following statement does not represent a feature of leadership?

- (1) Leadership indicates ability of an individual to influence others.
- (2) Leadership indicates interpersonal relations between leaders and followers.
- (3) Leadership is a continuous process.
- (4) Leadership tries to restrict change in the behaviour of others.

Ans. Option (4) is correct.

Explanation: Leadership is about influencing and inspiring people to achieve goals and often involves encouraging positive change in behaviour, not restricting it.

25. Savitri is biased towards her female subordinates when it comes to solving the conflicts among the employees. Which principle is being violated here?

- (1) Order (2) Equity
(3) Discipline (4) Span of control

Ans. Option (2) is correct.

Explanation: The principle of Equity emphasises fairness and justice in the treatment of employees. Being biased, especially based on gender, violates this principle.

26. Which type of plan is a combination of objectives, policies, procedure, rules etc?

- (1) Budget (2) Programme
(3) Strategy (4) Method

Ans. Option (2) is correct.

Explanation: A programme is a comprehensive plan that includes a mix of objectives, policies, procedures, and rules. It outlines what is to be done, by whom, when and how.

27. Which among the following concept serves as a benchmark towards which an organisation strives to work?

- (1) Positive Deviation
(2) Negative Deviation
(3) Performance Standards
(4) Actual Performance

Ans. Option (3) is correct.

Explanation: Performance standards are the pre-defined criteria or goals that serve as benchmarks for measuring how well an organisation is doing. They guide efforts and allow comparisons with actual performance to identify deviations.

28. Match List-I with List-II

List-I (Management Function)		List-II (Description)	
A.	Planning	I.	Supervising employees
B.	Organising	II.	Directly related to primary function
C.	Directing	III.	Primary Function
D.	Controlling	IV.	Assigning of work

Choose the **correct** answer from the options given below:

- (1) (A) - (III), (B) - (I), (C) - (II), (D) - (IV)
(2) (A) - (II), (B) - (III), (C) - (I), (D) - (IV)
(3) (A) - (I), (B) - (II), (C) - (IV), (D) - (III)
(4) (A) - (III), (B) - (IV), (C) - (I), (D) - (II)

Ans. Option (4) is correct.

Explanation: **Planning** is the foundational (primary) function of management. **Organising** involves assigning duties and structuring work. **Directing** includes supervising, motivating and leading employees. **Controlling** involves monitoring performance and is directly tied to the outcomes of the planning function.

29. Which of the following is NOT an importance of consumer protection?

- (1) Consumer ignorance
(2) Social responsibility
(3) Moral justification
(4) Organised consumers

Ans. Option (4) is correct.

Explanation: Consumer protection is important because of factors like consumer ignorance, social responsibility of businesses, and moral justification (protecting the rights and well-being of consumers).

However, "Organised consumers" is not a reason for consumer protection — in fact, the lack of organised consumer groups is often a challenge that makes protection necessary.

30. Match List-I with List-II

List-I (Fayol Principle)		List-II (Purpose)	
A.	Division of Work	I.	To produce more and secure better performance with the same effort.
B.	Order	II.	To emphasise the need for teamwork.
C.	Equity	III.	To ensure everything is at its appointed place.
D.	Esprit de Corps	IV.	To promote equality of treatment while dealing with people.

Choose the **correct** answer from the options given below:

- (1) (A) - (II), (B) - (III), (C) - (I), (D) - (IV)
(2) (A) - (I), (B) - (III), (C) - (IV), (D) - (II)
(3) (A) - (I), (B) - (II), (C) - (IV), (D) - (III)
(4) (A) - (III), (B) - (IV), (C) - (I), (D) - (II)

Ans. Option (2) is correct.

Explanation: According to Fayol's principles, Division of Work improves efficiency by specialisation, leading to better performance. Order ensures everything is in its proper place, increasing efficiency. Equity promotes fairness and equal treatment of employees. Esprit de Corps emphasises teamwork and unity to boost morale and cooperation.

31. Identify the concept which implies "a desire to accomplish something difficult"?

- (1) Need for Affiliation
(2) Need for Power
(3) Need for Achievement
(4) Need for Autonomy

Ans. Option (3) is correct.

Explanation: The Need for Achievement refers to an individual's desire to accomplish challenging goals, master tasks, and strive for excellence. It is part of McClelland's Theory of Needs and reflects a drive to succeed in difficult situations.

32. Who emphasized that there should be complete harmony between the management and the workers?

- (1) FW Taylor (2) Henry Fayol
(3) Abraham Maslow (4) Harold Koontz

Ans. Option (1) is correct.

Explanation: F.W. Taylor, the father of Scientific Management, emphasised harmony, not discord between management and workers. He believed that industrial efficiency could be achieved only when both worked in cooperation and mutual trust. This principle promotes teamwork over individualism.

33. _____ makes diverse elements and sub-systems of an organisation to work harmoniously towards the realisation of common objectives.

- (1) Cooperation (2) Coordination
(3) Directing (4) Controlling

Ans. Option (2) is correct.

Explanation: Coordination is the function of management that ensures all departments and individuals in an organisation work in sync. It integrates diverse activities and efforts of different units to achieve common organisational goals smoothly and efficiently.

34. Which of the following are the correct statements in the context of controlling?

- (A) Controlling is a function that brings back the management cycle back to the planning function.
(B) Controlling helps in the formulation of future plans.
(C) Controlling is only backward looking function.
(D) Controlling is a pervasive function.

Choose the **correct** answer from the options given below:

- (1) (A), (B) and (D) only (2) (A), (B) and (C) only
(3) (A), (B), (C) and (D) (4) (B), (C) and (D) only

Ans. Option (1) is correct.

Explanation: Controlling is an essential function of management that ensures activities are carried out as planned. It brings the management cycle back to the planning function by comparing actual performance with set standards and suggesting corrective actions, making it both a backward-and forward-looking activity. It helps in the formulation of future plans based on performance evaluations and is applicable at all levels of management, making it a pervasive function.

35. Identify the importance of organising, from the options given below:

- (A) Facilitates Administration
(B) Facilitates Growth and Diversification
(C) Facilitates Optimum Use of Resources
(D) Facilitates Adaptation to Change

Choose the **correct** answer from the options given below:

- (1) (A), (B) and (D) only (2) (A), (B) and (C) only
(3) (A), (B), (C) and (D) (4) (B), (C) and (D) only

Ans. Option (3) is correct.

Explanation: Organising is a crucial function of management that brings structure to the organisation. It facilitates administration by clearly defining roles and responsibilities, ensures optimum use of resources through proper allocation, supports growth and diversification by enabling the formation of new departments, and helps in adapting to change by maintaining flexibility in the structure.

36. Which of the following factor do not affect the price determination of a product?

- (1) Product cost
(2) Extent of competition
(3) Utility and Demand of the product
(4) Sales of the product

Ans. Option (4) is correct.

Explanation: Sales of the product do not affect price determination as they are the result of the set price, not a factor in setting it. Price is determined by factors like product cost, competition, and demand.

37. Arrange the following in the correct sequence of controlling process.

- (A) Measurement of Actual Performance against Standards and their Comparison
(B) Establishment of Goals and Standards
(C) Corrective Action
(D) Using Critical Point Control and Management by Exception while analysing the deviations

Choose the **correct** answer from the options given below:

- (1) (A), (B), (D), (C) (2) (A), (B), (C), (D)
(3) (B), (A), (D), (C) (4) (C), (B), (D), (A)

Ans. Option (3) is correct.

Explanation: The controlling process in management begins with the establishment of goals and standards, as it is essential to define what needs to be achieved. Once standards are set, the next step is the measurement of actual performance and comparing it with the established benchmarks. After comparison, managers analyse the deviations using techniques like Critical Point Control and Management by Exception, which help in focusing on significant issues. Finally, based on the analysis, corrective actions are taken to address deviations and ensure that organisational goals are met effectively. This logical sequence ensures proper monitoring and improvement of performance.

38. _____ may be described as an attractive economic idea which could be implemented to create a business, earn profits and ensure further growth.

- (1) Creativity
(2) Business enterprise
(3) Business Opportunity
(4) Entrepreneurial Effort

Ans. Option (3) is correct.

Explanation: A business opportunity is an attractive economic idea that can be turned into a profitable and growing business.

39. Match List-I with List-II

List-I (Features of Business Environment)		List-II (Example)	
A.	Relative	I.	Difficult to comprehend which factor is responsible for the increase in demand of a product.

B.	Complex	II.	Difficult to predict future development in Information Technology.
C.	Dynamic	III.	Demand of Saree is more in South India than that of North India.
D.	Uncertain	IV.	Fast Technological upgradation and rising competition

Choose the **correct** answer from the options given below.

- (1) (A) - (III), (B) - (I), (C) - (IV), (D) - (II)
 (2) (A) - (I), (B) - (II), (C) - (III), (D) - (IV)
 (3) (A) - (I), (B) - (II), (C) - (IV), (D) - (III)
 (4) (A) - (III), (B) - (IV), (C) - (I), (D) - (II)

Ans. Option (1) is correct.

Explanation: The business environment is **relative** as it varies by region (e.g., saree demand differs in South vs. North India). It is **complex** due to multiple interrelated factors affecting decisions. It is **dynamic** because of constant changes like technological advancements, and **uncertain** as future developments (like in IT) are unpredictable.

40. Arrange the following in the correct sequence of the organising process.

- (A) Grouping the activities into workable units
 (B) Workers are placed under the charge of an individual
 (C) Identification and classification of activities
 (D) Establishing a hierarchical structure and making provision for effective coordination

Choose the **correct** answer from the options given below:

- (1) (A), (C), (B), (D) (2) (C), (A), (B), (D)
 (3) (B), (A), (D), (C) (4) (C), (B), (D), (A)

Ans. Option (2) is correct.

Explanation: The organising process begins with identifying and classifying activities (C), then grouping them into units (A), assigning individuals responsibilities (B) and finally establishing a coordination structure (D) to ensure smooth workflow.

Comprehension

Read the following passage carefully and answer the given questions.

Apex Solutions, a mid-sized technology firm, recently embarked on a mission to expand its workforce due to increased demand for its services. The company's staffing process began with workforce planning, identifying the need to hire 30 new employees across various departments, including software development, sales, and customer support. The HR team outlined the required qualifications, experience levels, and skill sets for each role.

The recruitment phase involved a mix of strategies. Apex Solutions posted job advertisements on popular job boards and their company website. They also leveraged employee referrals and collaborated with a recruitment agency to attract a diverse pool of candidates. Within two weeks, they received over 500 applications.

The selection process was meticulously designed to ensure the best fit. Initial screening eliminated candidates who didn't meet the basic criteria. Shortlisted candidates underwent online aptitude tests and technical assessments. The top performers were invited for panel interviews, where their problem-solving abilities, technical expertise, and cultural fit were evaluated. Finally, background checks and reference verification were conducted for the selected candidates.

By following a structured staffing process, Apex Solutions successfully hired 30 new employees who aligned with the company's strategic goals. This approach minimised hiring errors and enhanced team productivity.

41. What is one benefit Apex Solutions achieved through their staffing process?

- (1) Increased hiring errors
 (2) Higher employee turnover
 (3) Reduced strategic alignment
 (4) Enhanced team productivity

Ans. Option (4) is correct.

Explanation: Apex Solutions followed a structured staffing process that included careful screening, testing, and evaluations. As a result, they hired candidates who matched the company's strategic goals, which led to **enhanced team productivity**.

42. Which recruitment strategy was not used by Apex Solutions?

- (1) Job Boards
 (2) Employee Referrals
 (3) Campus recruitment
 (4) Recruitment agencies

Ans. Option (3) is correct.

Explanation: The passage lists job boards, employee referrals, and recruitment agencies as recruitment strategies used by Apex Solutions. However, **campus recruitment** is not mentioned, indicating that it was not part of their strategy.

43. What was the final step in the selection process at Apex Solutions?

- (1) Conducting interviews
 (2) Screening application
 (3) Background checks and reference verification
 (4) Technical assessments

Ans. Option (3) is correct.

Explanation: The passage clearly states that the final step in Apex Solutions' selection process was background checks and reference verification, which were conducted after interviews and assessments to ensure the credibility of selected candidates.

44. What was the first step in Apex Solutions' staffing process?

- (1) Recruitment (2) Workforce planning
 (3) Selection (4) Onboarding

Ans. Option (2) is correct.

Explanation: The passage clearly mentions that the staffing process began with workforce planning, where Apex Solutions identified the need to hire new employees based on increased service demand.

45. Which phase involves generating a pool of candidates?

- (1) Recruitment (2) Selection
(3) Workforce planning (4) Onboarding

Ans. Option (1) is correct.

Explanation: The **recruitment** phase is aimed at attracting a large number of potential candidates. As mentioned in the passage, Apex Solutions used various methods like job boards, referrals and agencies to generate a pool of over 500 applicants.

Comprehension

Read the following passage carefully and answer the given questions.

ABC Manufacturing Ltd., a mid-sized company, is planning to expand its operations by setting up a new production facility. The financial planning team estimates the project cost at \$10 million. The company's finance manager must decide how to fund this project and evaluate its profitability.

The finance team forecasts future cash flows, determining that \$6 million can be sourced internally through retained earnings. They prepare a financial budget aligning expected inflows and outflows with the company's goals.

The finance manager evaluates options for the remaining \$4 million, including issuing equity or taking a bank loan. After analysing interest rates and dilution of ownership, they decided to issue long-term debt at a 5% interest rate.

A detailed capital budgeting process is conducted. Using Net Present Value (NPV) and Internal Rate of Return (IRR), the project shows an NPV of \$2 million and an IRR of 18%, higher than the company's hurdle rate of 12%. The investment is approved.

Post-debt issuance, the company's capital structure becomes 60% equity and 40% debt, maintaining an optimal balance to minimise the cost of capital.

The company plans to allocate funds for raw materials, labor, and inventory to ensure smooth operations. Efficient working capital management will reduce bottlenecks during the initial phases of production.

46. What is an optimal capital structure for ABC Ltd.?

- (1) 100% Equity
(2) 100% Debt
(3) A mix of debt and equity to minimise cost of capital
(4) Equal proportion of debt and equity

Ans. Option (3) is correct.

Explanation: According to the passage, ABC Ltd., maintains a capital structure of 60% equity and 40% debt, which is described as an optimal balance to minimise the cost of capital. This mix helps reduce the financial risk while taking advantage of the low-interest debt, ensuring efficient capital utilisation.

47. Why is financial planning crucial for expansion?

- (1) It aligns resources with company goals.
(2) It eliminates costs.
(3) It ensures zero debt in the capital structure.
(4) It guarantees profit maximisation

Ans. Option (1) is correct.

Explanation: As stated in the passage, the finance team prepares a financial budget, aligning expected inflows and outflows with the company's goals. This alignment ensures efficient use of resources during expansion, making financial planning crucial.

48. In the context of ABC Manufacturing Ltd., the basic requirement of financial planning is to:

- (1) Prepare annual reports
(2) Forecast financial needs to ensure availability of funds.
(3) Auditing accounts
(4) Managing inventories

Ans. Option (2) is correct.

Explanation: In the passage, the financial planning team estimates project costs and determines how to fund the project, showing that forecasting financial needs is a basic requirement of financial planning to ensure that sufficient funds are available for expansion and operations.

49. What was the source of internal funding for ABC Manufacturing Ltd.?

- (1) Debt issuance
(2) Equity sale
(3) Retained earnings
(4) Working capital loans

Ans. Option (3) is correct.

Explanation: According to the passage, ABC Manufacturing Ltd., sourced \$6 million internally through retained earnings. This makes retained earnings the internal source of funding used for the expansion project.

50. Which of the following ensures smooth operations in production?

- (1) Long-term debt
(2) Working capital management
(3) Capital budgeting
(4) Financial leverage

Ans. Option (2) is correct.

Explanation: The passage clearly states that: "Efficient working capital management will reduce bottlenecks during the initial phases of production". This directly implies that working capital management is crucial for ensuring smooth operations in production.