PROVISIONAL ANSWER KEY

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Question1:-Which of the following elements is/are correct about planning?
i. Planning is always concerned with future
ii. Planning has always a dimension of money
iii. Planning involves a predetermined course of action
iv. Planning is not an integrated process

A:-Only (i) and (iii)

B:-Only (i) and (ii)

C:-Only (ii) and (iii)

D:-All of the above (i, ii, iii and iv)

Correct Answer:- Option-A

Question2:-Which of the following statements correctly describe the process of organising?
i. Organising involves identifying and grouping activities to be performed
ii. Organising is concerned only with setting organisational objectives
iii. Organising involves assigning activities among individuals
iv. Organising involves establishing authority and responsibility relationships

A:-Only (i), (ii) and (iii)

B:-Only (i) and (iii) only

C:-Only (i), (iii) and (iv)

D:-All of the above (i, ii, iii and iv)

Correct Answer:- Option-C

Question3:-Consider the following two statements regarding the management function of Controlling:
Statement 1 : Controlling is a backward-looking function because it evaluates past

performance against pre-determined standards
Statement 2 : Controlling is a forward-looking function because it guides future corrective actions to prevent deviations. Which of the following options is correct?

A:-Both Statement 1 and Statement 2 are correct

B:-Both Statement 1 and Statement 2 are incorrect

C:-Statement 1 is correct, but statement 2 is incorrect

D:-Statement 1 is incorrect, but statement 2 is correct

Correct Answer:- Option-A

Question4:-Which of the following statements are correct regarding authority, responsibility and accountability?
i. Authority refers to the right to give orders and make decisions.
ii. Responsibility refers to the obligations to perform the assigned task
iii. Accountability refers to being answerable for the results of the assigned task.
iv. Authority and responsibility can be delegated, but accountability ultimately remains with the person assigned the responsibility.

A:-Only (i), (ii) and (iii)

B:-Only (i), (ii) and (iv)

C:-Only (ii), (iii) and (iv)

D:-All of the above (i, ii, iii and iv)

Correct Answer:- Option-D

Question5:-Which of the following best describes the defining characteristic of a matrix organisation?

A:-Employees report strictly to a single department head to maintain a clear chain of command

B:-Employees operate in completely autonomous, decentralized teams with no permanent department

C:-Employees have dual reporting relationships, typically answering to both a functional manager and a project manager

D:-Employees are ranked purely by seniority with no formal management oversight

Correct Answer:- Option-C

Question6:-In management, delegation of authority involves a manager sharing duties and decision making power with subordinates. Which of the following statements is true regarding his process?

A:-Delegation automatically reduces the manager's workload without requiring any supervision or follow-up

B:-Authority can be delegated, but the manager retains ultimate accountability for the final results

C:-A manager can delegate both their authority and their ultimate accountability for the outcome

D:-Only tasks can be delegated, authority must always remain entirely with top level managers

Correct Answer:- Option-B

Question7:-Which of the following statements accurately describes the primary difference between centralization and decentralization in an organization?

A:-Centralization expands the span of control for lower-level supervisors, while decentralization narrows it

B:-Centralization eliminates the need for middle management, while decentralization heavily relies on it

C:-Centralization focuses entirely on profit-making activities, while decentralization focuses strictly on employee welfare

D:-Centralization concentrates decision-making authority at top management levels, while decentralization disperses it throughout lower levels of the hierarchy

Correct Answer:- Option-D

Question8:-Consider the following two statements regarding organizational structure:
Statement 1 : A formal organizational structure clearly defines the official channels of communication, authority, and responsibility among employees.
Statement 2 : As an organization grows and its environment becomes more complex, a mechanistic (highly rigid and centralized) structure is always superior to an organic (flexible and decentralized) structure.
Which of the following options is correct?

A:-Both Statement 1 and Statement 2 are correct

B:-Both Statement 1 and Statement 2 are incorrect

C:-Statement 1 is correct, but Statement 2 is incorrect

D:-Statement 1 is incorrect, but Statement 2 is correct

Correct Answer:- Option-C

Question9:-A retail corporation wants to evaluate its store performance across multiple dimensions simultaneously. Instead of focusing solely on financial profits, the regional director tracks customer satisfaction scores, delivery turnaround times, and employee training completion rates. Which modern control technique is this corporation utilizing?

A:-Balanced Scorecard

B:-Ratio Analysis

C:-Critical Path Method

D:-Statistical Quality Control

Correct Answer:- Option-A

Question10:-A department head notices that his team's quarterly sales numbers are falling significantly short of the established targets. To address this, he schedules one-on-one sessions to guide his employees, clarify performance expectations, and boost their morale. In this scenario, comparing the sales numbers to targets represents the [X] function, while conducting one-on-one sessions to guide and boost morale represents the [Y] function.

A:-[X] Planning, [Y] Organizing

B:-[X] Controlling, [Y] Directing

C:-[X] Directing, [Y] Controlling

D:-[X] Organizing, [Y] Planning

Correct Answer:- Option-B

Question11:-In the communication process, the sender's Act of converting an idea into words, symbols or gestures is known as:

A:-Decoding

B:-Ideation

C:-Encoding

D:-Feedback

Correct Answer:- Option-C

Question12:-Harold Lasswell described communication as an act that answers five questions. Arrange them in order he gave:
i. To whom
ii. Says what
iii. With that effect
iv. Who
v. In which channel

A:-iv, v, ii, i. iii

B:-ii, iv, v, i, iii

C:-iv, ii, i, v, iii

D:-iv, ii, v, i, iii

Correct Answer:- Option-D

Question13:-Which of the following statements regarding the factors affecting communication is/are correct?
i. The emotional state of the receiver influences how a message is interpreted.
ii. A wide status difference between sender and receiver can restrict the free flow of communication.
iii. The timing of a message affects the attention it receives.
iv. The choice of channel has no bearing on how a message is received.

A:-Only (i, ii and iii)

B:-Only (ii and iv)

C:-Only (i and iii)

D:-All of the above

Correct Answer:- Option-A

Question14:-Read the Assertion (A) and Reason (R) and choose the correct answer:
Assertion (A) : In high-context cultures such as Japan, much of the meaning of a message lies in non-verbal cues, the situation and the status of the persons involved.
Reason (R) : People in high-context cultures rely mainly on explicit written and spoken words to convey meaning.

A:-Both A and R are true, and R is the correct explanation of A

B:-Both A and R are true, but R is not the correct explanation of A

C:-A is true, but R is false

D:-A is false, but R is true

Correct Answer:- Option-C

Question15:-Communication that flows through the official channels laid down in the organization structure is known as:

A:-Formal communication

B:-Informal communication

C:-Grapevine communication

D:-Non-verbal communication

Correct Answer:- Option-A

Question16:-Keith Davis identified four patterns of grapevine communication. The pattern most commonly followed in organisations is the:

A:-Single strand chain

B:-Gossip chain

C:-Probability chain

D:-Cluster chain

Correct Answer:- Option-D

Question17:-Barriers to communication that arise because words and symbols carry different meanings for different people are called:

A:-Physical barriers

B:-Semantic barriers

C:-Psychological barriers

D:-Organisational barriers

Correct Answer:- Option-B

Question18:-As employee who experiences undue tension and anxiety about oral communication, written communication or both, and therefore avoids situations that call for it, is said to suffer from:

A:-Filtering

B:-Information overload

C:-Communication apprehension

D:-Selective perception

Correct Answer:- Option-C

Question19:-Writing a business message from the reader's point of view and stressing "you" rather that "I" or "we" reflects which of the seven "C" of effective communication?

A:-Courtesy

B:-Consideration

C:-Completeness

D:-Concreteness

Correct Answer:- Option-B

Question20:-The concept of "gang plank", which permits direct communication between employees at the same level in different departments without going through the scalar chain, was put forward by:

A:-Henri Fayol

B:-F.W. Taylor

C:-Elton Mayo

D:-Max Weber

Correct Answer:- Option-A

Question21:-Which of the following are correct impact on the accounting equation:

	Transaction	Asset	Liability
A	Pays creditors in cash	Cash increase	Creditors decreases
B	Purchases Machinery on credit	Cash decreases	Machinery Increases
C	Sells finished goods on credit	Cash increases	Creditors increases
D	Deferred payment of wages	Cash reduces	Payable increase

A:-A and B are correct

B:-A and C are correct

C:-A and D are correct

D:-All are wrong

Correct Answer:- Option-D

Question22:-Which of the following will result in disagreement of Trial Balance?

A:-Sales return treated as purchase

B:-Purchase return treated as sales

C:-Ram a/c wrongly credited instead or sham a/c

D:-Under casting cash book

Correct Answer:- Option-D

Question23:-Decrease in the amount of creditors cannot results in

A:-Increase in assets

B:-Increase in liabilities

C:-Decrease in cash

D:-Any of the above

Correct Answer:- Option-A

Question24:-Purchase price of Machine Rs. 8,90,000. Freight and Cartage Rs. 7,000. Installation charges Rs. 50,000. Residual value is Rs. 40,000, estimated useful life 5 years. The amount of annual depreciation under straight line method will be:

A:-Rs. 1,77,400

B:-Rs. 1,81,400

C:-Rs. 1,97,400

D:-Rs. 1,77,900

Correct Answer:- Option-B

Question25:-Depreciation is calculated under diminishing balance method, based on

A:-Original value

B:-Book value

C:-Market value

D:-None of them

Correct Answer:- Option-B

Question26:-Shareholders receive from the company:

A:-Interest

B:-Commission

C:-Profit

D:-Dividend

Correct Answer:- Option-D

Question27:-A bad debt recovered during the year will be:

A:-Capital Expenditure

B:-Revenue Expenditure

C:-Capital Receipt

D:-Revenue Receipt

Correct Answer:- Option-D

Question28:-Which of the following transactions will reduce owner's equity in a business?

A:-Payment of Wages

B:-Payment of outstanding wages

C:-Sale of machinery

D:-With drawing of money from bank for office purposes

Correct Answer:- Option-A

Question29:-House Building advance of Rs. 10.00 lakh paid to employees, is an

A:-Asset

B:-Revenue Expenditure

C:-Capital Expenditure

D:-Deferred Revenue Expenditure

Correct Answer:- Option-A

Question30:-Interest income received in advance is a

A:-Is not to be recorded in the final accounts

B:-Is an asset

C:-Is a liability

D:-Is an Income

Correct Answer:- Option-C

Question31:-Which ratio measures the short-term solvency of a business?

A:-Debt-Equity Ratio

B:-Current Ratio

C:-Net Profit Ratio

D:-Return on Capital Employed

Correct Answer:- Option-B

Question32:-Which of the following is a profitability ratio?

A:-Current Ratio

B:-Quick Ratio

C:-Net Profit Ratio

D:-Debt-Equity Ratio

Correct Answer:- Option-C

Question33:-Current Assets are Rs. 8,00,000 and Current Liabilities are Rs. 4,00,000. The Current Ratio is:

A:-1 : 1

B:-1.5 : 1

C:-2 : 1

D:-3 : 1

Correct Answer:- Option-C

Question34:-If the Debt-Equity Ratio of a company is 2:1, which of the following does it indicate?

A:-Equity is twice the debt

B:-Debt is twice the equity

C:-Current assets are twice current liabilities

D:-Profit is twice sales

Correct Answer:- Option-B

Question35:-A company's sales increase while its Net Profit Ratio decreases. Which interpretation is most appropriate?

A:-Profitability has necessarily improved

B:-The company may be experiencing an increase in costs relatives to sales

C:-Liquidity has necessarily improved

D:-Solvency has necessarily improved

Correct Answer:- Option-B

Question36:-Which technique compares financial statements of two or more accounting periods?

A:-Ratio analysis

B:-Comparative statement analysis

C:-Cash-flow analysis

D:-Fund-flow analysis

Correct Answer:- Option-B

Question37:-Cost of Goods sold is Rs. 15,00,000 and average inventory is Rs. 3,00,000. The Inventory Turnover Ratio is;

A:-3 times

B:-4 times

C:-5 times

D:-6 times

Correct Answer:- Option-C

Question38:-A company has Current Assets of Rs. 10 lakh, including inventory of Rs. 3 lakh and prepaid expenses of Rs. 1 lakh. If Current Liabilities are Rs. 4 lakh, the Quick Ratio is

A:-1 : 1

B:-1.25 : 1

C:-1.5 : 1

D:-2 : 1

Correct Answer:- Option-C

Question39:-Which of the following is a leverage ratio?

A:-Current Ratio

B:-Inventory Turnover Ratio

C:-Debt-Equity Ratio

D:-Net Profit Ratio

Correct Answer:- Option-C

Question40:-Company A has a Current Ratio of 2:1, while Company B has a Current Ratio of 1.5 : 1. Which conclusion is most appropriate?

A:-Company A is necessarily more profitable

B:-Company B is necessarily more efficient

C:-Company A appears to have a stronger current-asset position, subject to the quality of its current assets

D:-Company B has better long-term solvency

Correct Answer:- Option-C

Question41:-Which among the following is a philosophy that believes in creating an organisation culture committed to the continuous improvement of skills, teamwork, processes, product and service quality and customer satisfaction?

A:-Business Process Reengineering

B:-Total Quality Management

C:-Six Sigma

D:-Management by Objectives

Correct Answer:- Option-B

Question42:-Which among the following is typically classified as a Cost of Quality?

A:-Research and Development Cost

B:-Sunk Cost

C:-Marketing Cost

D:-Prevention Cost

Correct Answer:- Option-D

Question43:-What is a Quality Circle in an organizational setting?

A:-A top-level executive committee responsible for determining corporate financial strategies and budgets

B:-An external audit team hired to inspect production plants and certify ISO compliance

C:-A small group of employees doing similar or related work who meet regularly to identify, analyze, and solve work-related problems

D:-A specialized task force assembled exclusively to handle public relations and customer complaints during a product recall

Correct Answer:- Option-C

Question44:-What is the management practice in which an organization measures its internal processes, performance metrics and products against those of industry leaders or recognized competitors to identify best practices and areas for improvement?

A:-Benchmarking

B:-Kaizen

C:-Quality Function Deployment

D:-Scientific Management

Correct Answer:- Option-A

Question45:-An automobile assembly plant operates with a "pull" production system. Instead of storing massive amounts of raw steel and components in a warehouse, parts are delivered by suppliers exactly when they are required on the assembly line. What is the inventory and manufacturing strategy called?

A:-Batch and Queue production

B:-Economic Order Quantity

C:-Safety Stock Optimization

D:-Just-In-Time

Correct Answer:- Option-D

Question46:-An electronics manufacturer wants to sell home appliances legally within the Indian domestic market and needs to acquire the mandatory conformity assessment mark to assure consumers of safety and quality standards compliance. Which national organization must they approach for product certification and licensing?

A:-Bureau of Indian Standards

B:-International Organization for standardization

C:-American National Standards Institute

D:-National Accreditation Board for Testing and Calibration Laboratories

Correct Answer:- Option-A

Question47:-A plant floor supervisor needs to decide which specific machine will process Job MCM402 on tomorrow morning and which operator will cover the early morning shift to meet an urgent client deadline. Which scheduling horizon and technique is the supervisor utilizing?

A:-Strategic enterprise scheduling

B:-Short-term scheduling

C:-Intermediate-range scheduling

D:-Long-range scheduling

Correct Answer:- Option-B

Question48:-A growing electronics manufacturer is evaluating whether it needs to lease an additional manufacturing plant, purchase more high-speed surface-mount technology machines, or hire a second shift of assembly workers to meet projected customer demand over the next three years. Which fundamental operations management activity is the company undertaking?

A:-Inventory Control Management

B:-Job Sequencing and Dispatching

C:-Capacity Planning

D:-Quality Assurance Auditing

Correct Answer:- Option-C

Question49:-Which international family of standards provides organizations with a framework to manage their environmental responsibilities, reduce their environmental footprint, improve resource efficiency, and comply with legal environmental regulations?

A:-ISO 9000 series

B:-ISO 14000 series

C:-ISO 27001 series

D:-ISO 45001 series

Correct Answer:- Option-B

Question50:-Which organizational practice involves giving employees the autonomy, authority, and discretion to make decisions, solve problems, and take ownership of their work without constantly needing managerial approval?

A:-Quality Control Auditing

B:-Micromanagement

C:-Employee Empowerment

D:-Centralized Bureaucracy

Correct Answer:- Option-C

Question51:-In a Materials Requirements Planning (MRP I) system, which document lists all the components, sub assemblies and raw materials, along with the quantities needed, to produce one unit of a finished product?

A:-Master Production Schedule (MPS)

B:-Bill of Materials (BOM)

C:-Inventory Record File

D:-Purchase Order

Correct Answer:- Option-B

Question52:-In inventory management, the additional stock held as a buffer against unpredictable fluctuations in demand and supply is called:

A:-Safety Stock

B:-Cycle Stock

C:-Pipeline Stock

D:-Anticipation Stock

Correct Answer:- Option-A

Question53:-The phenomenon in supply chain management where small fluctuations in customer demand lead to increasingly larger variations in orders upstream is known as the:

A:-Bullwhip effect

B:-Ripple effect

C:-Halo effect

D:-Domino effect

Correct Answer:- Option-A

Question54:-Under which inventory control system is a fixed quantity of stock ordered whenever the inventory level falls to a predetermined reorder point?

A:-Periodic review system

B:-Continuous review system

C:-ABC analysis

D:-Just-in-time system

Correct Answer:- Option-B

Question55:-In which supply chain arrangements does the supplier, rather than the customer, take responsibility for monitoring stock levels and deciding when and how much to replenish at the customer's location?

A:-Consignment stock

B:-Cross-docking

C:-Vendor Managed Inventory

D:-Drop shipping

Correct Answer:- Option-C

Question56:-The systematic process of evaluating and scoring suppliers on criteria such as quality, delivery performance, price and service in order to monitor and compare their performance is known as:

A:-Vendor development

B:-Vendor registration

C:-Vendor blacklisting

D:-Vendor rating

Correct Answer:- Option-D

Question57:-Which of the following is the fundamental rethinking and radical redesign of business processes to achieve dramatic improvements in cost, quality, service, and speed, and is often carried out before or during an ERP implementation?

A:-TQM

B:-MRP

C:-CRM

D:-BPR

Correct Answer:- Option-D

Question58:-Once an organization has decided to "buy" rather than "make" an item, which online sourcing method has multiple suppliers compete against each other by progressively lowering their price bids, with the buyer awarding the contract to the most competitive bidder?

A:-Forward auction

B:-Sealed-bed tender

C:-Reverse auction

D:-Dutch auction

Correct Answer:- Option-C

Question59:-A consistently low inventory turnover ratio for a firm most likely indicates which of the following?

A:-Efficient inventory management and strong sales

B:-Overstocking or slow-moving inventory

C:-Frequent stockouts due to under-ordering

D:-A shorter inventory holding period

Correct Answer:- Option-B

Question60:-Which level of production planning translates the aggregate plan into a detailed schedule specifying exactly which end products will be produced, in what quantities, and in which time periods?

A:-Aggregate production plan

B:-Master production schedule

C:-Capacity requirements plan

D:-Shop floor schedule

Correct Answer:- Option-B

Question61:-A manufacturing company plans to produce 12,000 units of a product over the next three months at a uniform rate. The first month has 20 working days, the second month has 22 working days, and the third month has 18 working days. On the average, how much should the company produce each day to level production?

A:-220 Units

B:-210 Units

C:-250 Units

D:-200 Units

Correct Answer:- Option-D

Question62:-A company wants to select the most suitable supplier based on function, cost, service, and credit terms. The weights and ratings of two suppliers are given below:

Factor	Weight	Supplier A	Supplier B
Function	10	8	9
Cost	8	7	9
Service	8	9	6
Credit Terms	5	6	8

Which supplier should the company select?

A:-Supplier A

B:-Supplier B

C:-Both have the same rating

D:-Cannot be determined

Correct Answer:- Option-B

Question63:-Which of the following represents the correct sequence in a typical purchasing cycle?

A:-Purchase Order → Purchase Requisition → Supplier Selection → Receiving → Payment

B:-Purchase requisition → Supplier Selection → Purchase Order → Receiving → Payment

C:-Supplier Selection → Purchase Requisition → Payment → Purchase Order → Receiving

D:-Purchase requisition → Receiving → Supplier Selection → Purchase Order → Payment

Correct Answer:- Option-B

Question64:-Which of the following is NOT normally considered a component of purchasing lead time?

A:-Order processing time

B:-Supplier processing time

C:-Transportation time

D:-Selling Price determination

Correct Answer:- Option-D

Question65:-A company's actual demand for a product during a particular month is 12,000 units. The seasonal index for that month is 1.20. What is the deseasonalized demand?

A:-10,000 units

B:-10,200 units

C:-14,400 units

D:-9,600 units

Correct Answer:- Option-A

Question66:-Which budget is prepared using the formula: Budgeted Sales + Desired Closing Inventory – Opening Inventory?

A:-Sales Budget

B:-Production Budget

C:-Cash Budget

D:-Direct Materials Purchase Budget

Correct Answer:- Option-B

Question67:-When cumulative actual demand is consistently different from cumulative forecast demand, it indicates that the forecasting method may have:

A:-Zero forecast error

B:-Forecast bias

C:-Seasonal demand only

D:-Perfect accuracy

Correct Answer:- Option-B

Question68:-Which principle of purchasing emphasizes obtaining the required material in the right quality and quantity, at the right time and place, from the right source, at the right price?

A:-Principle of Centralization

B:-Principle of the Right Purchase

C:-Principle of Supplier Competition

D:-Principle of Minimum Inventory

Correct Answer:- Option-B

Question69:-Which method of purchasing involves purchasing materials only for immediate requirements without maintaining buffer stock?

A:-Blanket Purchasing

B:-Centralized Purchasing

C:-Hand-to-Mouth Purchasing

D:-Contract Purchasing

Correct Answer:- Option-C

Question70:-The demand for a product during the last three months was 120, 150 and 180 units: Using a 3-month moving average, what is the forecast for the next month?

A:-140 units

B:-150 units

C:-160 units

D:-170 units

Correct Answer:- Option-B

Question71:-A purchasing department finds that supplier manufacturing time has remained stable, while the total time between placing an order and making the materials available for use has increased. Which combination most plausibly account for the increase?

A:-Longer transportation time and additional inspection/receiving delays

B:-Shorter transportation time and faster inspection procedures

C:-Reduced internal processing time and improved received efficiency

D:-Earlier order placement and reduced supplier production time

Correct Answer:- Option-A

Question72:-Assertion (A) : Expenditure is unnecessary when a purchase order has already been placed.
Reason (R) : Expediting involves monitoring an order to identify and address potential delays.

A:-Both A and R are true, and R is the correct explanation of A

B:-Both A and R are true, but R is not the correct explanation of A

C:-A is true, but R is false

D:-A is false, but R is true

Correct Answer:- Option-D

Question73:-Identify the correct statements regarding India's import/export regulatory framework.
i. The ITC (HS) schedules contain item-wise import/export policy classifications.
ii. Certain goods may be subject to restriction, prohibitions or additional compliance requirements.
iii. An importer/exporter generally requires an IEC for undertaking import/export activities, subject to specified exemptions.
iv. A commercial agreement with a foreign supplier by itself overrides Indian import restrictions.

A:-Only i and ii

B:-Only i, ii and iii

C:-Only ii, iii and iv

D:-All of the above

Correct Answer:- Option-B

Question74:-Match Column I with the most appropriate function in Column II:

Column I	Column II
A. Purchase requisition	1. Monitoring Order Progress
B. Purchase Order	2. Internal communication of requirement
C. Expenditure	3. Formal communication of purchasing terms to supplier
D. Receipt and Inspection	4. Verification of delivered goods

A:-a-2, b-3, c-1, d-4

B:-a-4, b-2, c-1, d-3

C:-a-3, b-4, c-2, d-1

D:-a-2, b-3, c-4, d-1

Correct Answer:- Option-A

Question75:-A company evaluates two suppliers not merely on purchase price but also on quality consistency, delivery performance and responsiveness to complaints. Which pruchasing concept is most directly reflected?

A:-Material codification

B:-Vendor rating

C:-Purchase requisition

D:-Order expediting

Correct Answer:- Option-B

Question76:-An Indian company plans to import machinery from abroad. The supplier offers an attractive price, but the purchaser discovers that the transaction involves additional regulatory and documentation requirements. Which approach is most appropriate?

A:-Accept the offer because international purchasing is governed only by the supplier's terms

B:-Evaluate the transaction considering applicable legal, regulatory, documentation, logistics and commercial requirements

C:-Reject all foreign suppliers because international purchases necessarily involve greater risk

D:-Compare only the quoted prices of domestic and foreign suppliers

Correct Answer:- Option-B

Question77:-Identify the correct statements regarding supplier selection.
i. Supplier selection may involve factors others than price.
ii. Quality and delivery performance can be relevant to supplier evaluation.
iii. A supplier offering the lowest quoted price must always be selected.
iv. Supplier performance can be evaluated systematically through vendor rating.

A:-Only i and iii

B:-Only ii and iv

C:-Only i, ii and iv

D:-All of the above

Correct Answer:- Option-C

Question78:-A company receives a consignment from a supplier who has historically maintained consistent quality. The purchasing department proposes eliminating all incoming verification solely because of the supplier' past performance. Which principle is most appropriate?

A:-Past supplier performance can be considered. but appropriate quality-control arrangements should not automatically be abandoned

B:-Inspection is unnecessary whenever a supplier has completed three successful deliveries

C:-Inspection is required only when the supplier offers the lowest price

D:-Supplier performance has no relevance to quality-control decisions

Correct Answer:- Option-A

Question79:-An Indian firm is considering two overseas suppliers for the same imported item. Supplier X offers a lower quoted price, while supplier Y offers a higher price but substantially lower transportation and associated import costs. Which approach provides the more appropriate basis for comparison?

A:-Compare only the suppliers' quoted prices

B:-Select X because International suppliers should be compared only on FOB price

C:-Compare the relevant total cost of obtaining the material

D:-Select Y because a higher price generally indicates higher quality

Correct Answer:- Option-C

Question80:-An importer has entered into a commercial agreement with a foreign supplier for an item that was freely importable. Before the actual import takes place, the Government changes the item's policy status to restricted. Which principle of India's Foreign Trade Policy is most relevant in determining the importability of the transaction?

A:-The policy applicable when the commercial agreement was signed

B:-The policy applicable on the date of import, subject to applicable provisions concerning the policy change

C:-The policy followed by the exporting country

D:-The policy applicable when the supplier issued the quotation

Correct Answer:- Option-B

Question81:-In a large organisation, why are stores activities divided into separate sections such as stock control, records and accounts?

A:-To increase duplication of work

B:-To eliminate stores control

C:-To specialise and clearly allocate stores responsibilities

D:-To decentralise purchasing

Correct Answer:- Option-C

Question82:-Which stores arrangement involves maintaining separate stores at different locations or departments of an organisation?

A:-Centralised storage

B:-Decentralised storage

C:-Temporary storage

D:-Open storage

Correct Answer:- Option-B

Question83:-A manufacturing organisation wants to minimise internal material movement. Where should its stores preferably be located?

A:-As far as possible from production

B:-Conveniently accessible from production departments

C:-Near the sales office only

D:-Near the administration block only

Correct Answer:- Option-B

Question84:-Effective stores design and layout should primarily aim to:

A:-Maximise material movement

B:-Increase handling time

C:-Increase storage costs

D:-Maximise utilisation of space and minimise operating expenses

Correct Answer:- Option-D

Question85:-Which layout is also known as the racetrack layout?

A:-Grid layout

B:-Loop layout

C:-Diagonal layout

D:-Spine layout

Correct Answer:- Option-B

Question86:-A store manager wants to maintain an accurate record of inventory movement at the storage location. Which record is directly relevant?

A:-Bin card

B:-Advertisement register

C:-Customer satisfaction index

D:-Sales promotion calendar

Correct Answer:- Option-A

Question87:-What is the primary objective of stores management?

A:-Increasing production costs

B:-Increasing the number of employees

C:-Ensuring the availability of materials at the right time and place

D:-Maximising paperwork

Correct Answer:- Option-C

Question88:-A company maintains adequate inventory but frequently incurs shortages because materials are not properly recorded, located and issued when required. Which combination of stores-management functions should management strengthen?

A:-Procurement and supplier selection

B:-Storage, retrieval and issue, documentation, and stock verification

C:-Production planning and marketing

D:-Transportation and product promotion

Correct Answer:- Option-B

Question89:-A supermarket wants customers to move through clearly organised aisles while efficiently displaying a large number of products. Which layout would be most appropriate?

A:-Free-flow layout

B:-Grid layout

C:-Mouse-trap layout

D:-Spine layout

Correct Answer:- Option-B

Question90:-Several departments in an organisation use the same material but identify it by different names and store it at different locations. Which materials-management technique helps overcome this problem by providing a systematic identification of materials?

A:-Standardisation

B:-Codification

C:-Material handling

D:-Stock verification

Correct Answer:- Option-B

Question91:-Stock verification is generally conducted by the Materials Department mainly because:

A:-It is responsible for preparing the financial statements relating to inventory

B:-It has direct responsibility for the receipt, storage, issue and physical control of materials

C:-it is the only department authorised to determine the monetary value of inventory

D:-It is responsible for auditing the stock records maintained by the Account Department

Correct Answer:- Option-B

Question92:-Who should be involved in the process of stock verification?

A:-Stores personnel and Accounts personnel

B:-Purchase and Sales personnel

C:-Production and Marketing personnel

D:-Finance and Purchase personnel

Correct Answer:- Option-A

Question93:-In materials management, "cannibalisation" refers to:

A:-Purchasing new square parts to replace damaged components

B:-Disposing of obsolete equipment through auction

C:-Using serviceable parts taken from one equipment or assembly for use in another

D:-Combining two different materials to form a new product

Correct Answer:- Option-C

Question94:-A production process has a normal output of 900 units at a normal cost of Rs. 54,000. If 30 units are identified as abnormal waste, what is the value of abnormal waste?

A:-Rs. 1,500

B:-Rs. 1,600

C:-Rs. 1,800

D:-Rs. 2,000

Correct Answer:- Option-C

Question95:-Which of the following best describes legitimate scrap in materials management?

A:-Materials lost due to theft or negligence

B:-Usable materials left over from an unauthorised production process

C:-Materials damaged due to improper storage

D:-Scrap arising from the normal and unavoidable production process

Correct Answer:- Option-D

Question96:-According to Charles T. Horngren, which statement correctly distinguishes normal spoilage from abnormal spoilage?

A:-Normal spoilage is avoidable, whereas abnormal spoilage is unavoidable

B:-Normal spoilage is expected under efficient operating conditions, whereas abnormal spoilage is not expected under efficient operating condition

C:-Both normal and abnormal spoilage are expected under efficient operating conditions

D:-Normal spoilage occurs only because of defective materials, whereas abnormal spoilage occurs only because of labour inefficiency

Correct Answer:- Option-B

Question97:-The Kodak System of Material codification was developed by:

A:-Ford Motor Company

B:-Toyota Motor Corporation

C:-Eastman Kodak Company

D:-General Electric Company

Correct Answer:- Option-C

Question98:-The Brisch System of material codification consists of how many digits?

A:-7 digits

B:-5 digits

C:-6 digits

D:-8 digits

Correct Answer:- Option-A

Question99:-Which organisation played a major role in promoting standardisation in India, particularly by laying down standards for materials and products?

A:-Directorate General of Supplies and Disposals

B:-National Productivity Council

C:-Indian Standards Institutions (ISI)

D:-Central Warehousing Corporation

Correct Answer:- Option-C

Question100:-An organisation finds that the same materials is being purchased under different names by different departments. Which practice would help overcome this problem most effectively?

A:-Standardisation of storage methods

B:-Codification of materials

C:-Centralisation of purchasing

D:-Periodic stock verification

Correct Answer:- Option-B