

QUESTION BANK

BBA

SEMESTER II

FOR PRIVATE CIRCULATION

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QUESTION BANK

COST ACCOUNTING

BBA 102

QUESTION BANK
COST ACCOUNTING - BBA 102
BBA - II

UNIT - I

I Test Your Skills:

(a) Multiple Choice Questions:

- 1 _____ aims at safeguarding the interest of the business and its proprietors and others Connected with it.
- A. Cost Accounting
 - B. Management Accounting
 - C. Financial Accounting
 - D. All of the above

ANSWER: C

- 2 Break -even point means point of _____
- A. No profit no loss
 - B. Profit
 - C. Loss
 - D. Normal returns

ANSWER: A

- 3 The technique and process of ascertaining cost is termed as _____
- A. Cost accountancy
 - B. Costing
 - C. Auditing
 - D. Cost apportionment

ANSWER: B

- 4 Cost accounting is a tool of _____ accounting.
- A. Management Accounting
 - B. Financial Accounting
 - C. Both a & b
 - D. None of the above

ANSWER: A

- 5 Accounting may be classified into financial accounting and _____
- A. Auditing
 - B. Management Accounting
 - C. Cost accounting
 - D. Both b) and c)

ANSWER: B

- 6 Incremental cost is a type of:
- A. Differential cost
 - B. Out-of-pocket cost
 - C. Conversion cost
 - D. None

ANSWER: A

- 7 Variable cost per unit:
- A. Remains fixed
 - B. Fluctuates with the volume of production
 - C. Varies in proportion to volume of sales
 - D. Varies with budget

ANSWER: B

- 8 Fixed cost per unit increases when:
- A. Production volume decreases
 - B. Production volume increases
 - C. Variable cost per unit decreases
 - D. Variable cost per unit increases

ANSWER: A

- 9 Opportunity cost helps in:
- A. Ascertainment of cost
 - B. Controlling cost
 - C. Making managerial decisions
 - D. All of the above

ANSWER: C

- 10 _____ is the cost of a finished product or work-in-progress comprising direct labor and manufacturing overhead. It is production cost less the cost of raw material but including the gains and losses in weight or volume of direct material arising due to production

A. Conversion cost

- B. Normal cost
- C. Traceable cost
- D. Avoidable cost

ANSWER: A

- 11 A cost which does not involve any cash outflow is called _____ or _____
- A. Marginal cost
 - B. Replacement cost
 - C. Avoidable cost, unavoidable cost
 - D. Notional cost, Imputed cost

ANSWER: D

- 12 A cost is one that has already been incurred and cannot be avoided by decisions taken in the future:
- A. Sunk cost
 - B. Shut Down cost
 - C. Differential cost
 - D. Common cost

ANSWER: A

- 13 Direct material is a _____
- A. Fixed cost
 - B. Variable cost
 - C. Semi-variable cost
 - D. Step cost

ANSWER: B

- 14 Which of the following documents is used for issuing materials to the production departments?
- A. Purchase requisition
 - B. Material requisition
 - C. Goods received notes
 - D. None

ANSWER: B

- 15 A bill of materials is:
- A. A schedule of materials needed for a job.
 - B. An invoice for the materials supplied.

- C. An acknowledgement of the receipt of materials
- D. All of the above

ANSWER: A

16 _____ is a device for breaking up or separating costs into smaller sub-divisions.

- A. Cost centre
- B. Cost unit
- C. Both A and B
- D. Neither A nor B

ANSWER: B

17 In case of Weighted Average Price method, the need for calculating a new issue price arises every time when:

- A. A new purchase is made
- B. A new issue is made
- C. Both, a new issue and new purchase is made
- D. Both A and C

ANSWER: A

18 LIFO method of pricing material issues is suitable for:

- A. Bulky material
- B. Perishable materials
- C. Bulky and non-perishable materials
- D. Non-perishable material

ANSWER: C

19 A firm using base stock method of pricing materials issue may adopt:

- A. FIFO Method
- B. LIFO Method
- C. Any of the two
- D. None

ANSWER: C

20 Material losses may be normal or _____:

- A. Abnormal
- B. Average
- C. Above average
- D. None

ANSWER: A

21 Costs which are not associated with production are called:

- A. Period Costs
- B. Product costs
- C. Sunk costs
- D. Shutdown costs

ANSWER: A

22 _____ are those costs which would be changed by the managerial decision:

- A. Irrelevant costs
- B. Relevant costs
- C. Direct costs
- D. Indirect costs

ANSWER: B

23 _____ costs are those which would not be affected by the managerial decision:

- A. Irrelevant costs
- B. Relevant costs
- C. Direct costs
- D. Indirect costs

ANSWER: A

24 The _____ costs are difficult to trace to a single product or it is uneconomic to do so:

- A. Irrelevant costs
- B. Sunk costs
- C. Direct costs
- D. Indirect costs

ANSWER: D

25 These costs are incurred to maintain certain facilities and cannot be quickly eliminated.

The management has little or no discretion in this cost, e.g., rent, insurance etc.:

- A. Committed costs
- B. Policy & managed costs
- C. Discretionary costs
- D. Step costs

ANSWER: A

26 The basic objective of cost accounting is _____:

- A. tax compliance
- B. financial audit

- C. cost ascertainment
- D. profit analysis

ANSWER: C

27 Cost Classification can be done in _____:

- A. Two ways
- B. Three ways
- C. Four ways
- D. Several ways

ANSWER: D

28 The cost which is to be incurred even when a business unit is closed is called _____:

- A. Imputed Cost
- B. Historical Cost
- C. Sunk Cost
- D. Shutdown cost

ANSWER: D

29 Direct expenses are also called _____:

- A. major expenses
- B. chargeable expenses
- C. overhead expenses
- D. sundry expenses

ANSWER: B

30 Indirect material used in the production is classified as _____:

- A. office overhead
- B. selling overhead
- C. distribution overhead
- D. factory overhead

ANSWER: D

31 Warehouse rent is a part of _____:

- A. prime cost
- B. factory cost
- C. distribution cost
- D. production cost

ANSWER: C

32 Indirect Material scrap is adjusted along with _____:

- A. prime cost
- B. factory cost
- C. labour cost
- D. cost of goods sold

ANSWER: B

33 Total of all direct costs is termed as _____:

- A. prime cost
- B. works cost
- C. cost of sales
- D. cost of production

ANSWER: A

34 Audit fees is a part of _____:

- A. works on cost
- B. selling overhead
- C. distribution overhead
- D. administration overhead

ANSWER: D

35 Cost accounting concepts include all of the following expect _____:

- A. planning
- B. controlling
- C. profit sharing
- D. product costing

ANSWER: C

II Short Answer Type Questions:

1 “The term ‘cost’ must be qualified according to its context”. Discuss this statement referring to important concepts of cost.

2 Distinguish between costing and cost accounting or Costing’ and ‘cost accounting’ are the same.

3 What do you mean by elements of cost? Discuss the various elements of cost.

4 Define and explain the terms (a) cost centre and (b) cost unit.

5 State the difference between Bin Card and store ledger.

6 Write brief note on Continuous Physical Stock Verification

7 Explain the of Scrap and spoilage.

8 Define inventory control. Why is inventory control necessary?

- 9 Distinguish between direct material and indirect material.
- 10 What are the requisites of a good inventory control system?
- 11 What are the different methods of controlling inventory?
- 12 Discuss the advantages and disadvantages of centralized purchasing of raw materials.
- 13 Explain what is ‘minimum level’, ‘maximum level’, ‘ordering level’, quantity. How are they determined?
- 14 Explain ABC analysis. What are its merits?
- 15 Define and explain the following terms and the treatment given in Cost Accounts:
 (a) Waste
 (b) Scrap
 (c) Spoilage
 (d) Defectives
- 16 “Costing is an aid to the management”. Discuss.
- 17 Mention with reasons the type of costing you will adopt in the following industries:
 (a) Cement manufacturing,
 (b) Soap manufacturing,
 (c) Railways,
 (d) Ship-builders.
- 18 Distinguish between Products costs and Period costs.
- 19 Explain the concept of Activity Based Costing.
- 20 What is meant by “Economic Order Quantity”?
- 21 Explain the objectives of Inventory Control.
- 22 Materials X and Y are used as follows: Minimum usage – 50 units each per week
 Maximum usage – 150 units each per week Normal usage – 100 units each per week
 Ordering quantities X = 600 units Y = 1,000 units Delivery period X = 4 – 6 weeks
 Y = 2 – 4 weeks
 Calculate for each material (i) Maximum level (ii) Minimum level and (iii) Ordering level.
 (CMA Executive , pg. 48)
- 23 Ace Ltd. manufactures a product and the following particulars are collected for the year ended March, 2013:
- | | |
|-----------------------------------|-----|
| Monthly demand (units) | 250 |
| Cost of placing an order (₹) | 100 |
| Annual carrying cost (₹ per unit) | 15 |
| Normal usage (units per week) | 50 |
| Minimum usage (units per week) | 25 |
| Maximum usage (units per week) | 75 |
| Re-order period (weeks) | 4–6 |
- You are required to calculate:
 (i) Re-order quantity

- (ii) Re-order level
- (iii) Minimum level
- (iv) Maximum level
- (v) Average stock level.

(CMA Executive , pg.50)

- 24 One parcel containing two important materials was received by a factory and the invoice pertaining to the same discloses the following information:

	₹
Material-I 500 kgs. @ ₹2.00 per kg.	1,000.00
Material-II 600 kgs. @ ₹1.60 per kg.	960.00
Insurance	39.20
Sales Tax	98.00
Freight etc.	55.00

Due to mishandling in the factory's store a loss of 10 units of material-I and 6 units of material-II was noted. What rate would you adopt, for issuing these vital components to the jobs? Also give your changed rate, if a provision of 10% is to be kept for probable risk of obsolescence.

(CMA Executive , pg.67)

- 25 A company manufactures 5,000 units of a product per month. The cost of placing an order is ₹ 100. The purchase price of the raw material is ₹ 10 per kg. The re-order period is 4 to 8 weeks. The consumption of raw materials varies from 100 kg. to 450 kg. per week. The average weekly consumption being 275 kg. The carrying cost of inventory is 20% per annum.

Assuming 52 weeks in a year, you are required to calculate —

- (i) Re-order quantity;
- (ii) Maximum level;
- (iii) Minimum level; and
- (iv) Average level.

(CMA Executive , pg.52)

- 26 Calculate Economic Order Quantity (EOQ) from the following:

Annual consumption	6,000 units
Cost of ordering	Rs. 60
Carrying costs	Rs. 2

- 27 From the following particulars, calculate the Economic Order Quantity (EOQ):

Annual requirements	1,600 units
Cost of materials per units	Rs. 40
Cost of placing and receiving one order:	Rs. 50
Annual carrying cost for inventory value	10%

- 28 Calculate EOQ from the following?
 Consumption during the year = 600 units
 Ordering cost Rs. 12 per order
 Carrying cost 20%
 Selling Price per unit Rs. 20
- 29 Explain the advantages that accrue in using LIFO method of pricing of valuation of raw material stock.
- 30 Write short note on various stock levels.
31. Distinguish between Bill of materials and Material requisition note.
32. State the important requirements of material control.
33. State the advantages of centralized Purchase Department .
34. Explain the dangers of excessive/inadequate inventory levels.
35. Explain Periodic inventory System

III Long Answer Type Questions:

- 1 What is meant by cost accounting? In what essential respects does cost accounting differ from financial accounting?
- 2 Distinguish between:
 a) Cost centre and cost unit.
 b) Cost allocation and cost apportionment.
- 3 Write short notes on:
 a) Profit centre
 b) Committed Fixed cost
 c) Opportunity cost
 d) Absorption costing
- 4 Distinguish between cost estimation and cost ascertainment. Explain why both are important to a manufacturing concern.
- 5 Bring out clearly the working of Perpetual Inventory and Periodic Inventory Systems in inventory management.
- 6 Distinguish between LIFO and FIFO methods of pricing the issues of materials, which one do you think is better and why in case of inflationary conditions?
- 7 Distinguish between:
 a) Perpetual Inventory System and Continuous Stock-taking.
 b) Bill of materials and Material Requisition Note.
- 8 Describe briefly the various methods of costing. State giving reasons which method of costing you would recommend for the use in the following:

- a) Chemical Works
 - b) Nursing Home.
 - c) Road Transport company
 - d) Painter & Decorator
 - e) Coal
- 9 Explain the following terms:
- a) Cost classification
 - b) Cost apportionment
 - c) Cost allocation
 - d) Cost absorption
- 10 “Cost Accountancy, Cost Accounting and costing are synonymous terms”. Do you agree with the statement? Support your answer with reasons.
- 11 Explain the concepts of ABC Analysis and JIT.
- 12 You have been asked to design a system of cost accounting for installation in a factory. Describe the essentials that should be considered before you design such a system.
- 13 What do you mean by elements of cost ? Discuss the various elements of cost.
- 14 Cost accounting assists: (a) in controlling efficiency; (b) in pricing products; and (c) in providing a basis for operating policy. Amplify these points, giving reasons for your views.
- 15 What are the different methods of controlling inventory?
- 16 What is a cost Centre ?State briefly the different types of cost centres?
- 17 Write the most appropriate answer from the given options in respect of the following :
The annual demand is 1,000 units. The unit price is ₹10 per unit.
The carrying cost of inventory is 10% and the ordering cost is ₹5 per order. The economic order lot to be ordered is —
- (a) 100 units
 - (b) 800 units
 - (c) 200 units
 - (d) 400 units.
- 18 From the following transactions, prepare separately the Stores Ledger Accounts, using the following pricing methods: (i) the FIFO, (ii) the LIFO.
- | | |
|------------|-------------------------------------|
| January 1 | Opening balance 100 units @ ₹5 each |
| January 5 | Received 500 units @ ₹6 each |
| January 20 | Issued 300 units |
| February 5 | Issued 200 units |
| February 6 | Received 600 units @ ₹5 each |
| March 10 | Issued 300 units |
| March 12 | Issued 250 units |
19. The following receipts and issues of materials were made during the month of January.
- | | |
|-----------|---------------------------------------------|
| January 1 | Opening stock 80 units @ ₹1.00 each |
| January 7 | Received from vendors 40 units @ ₹1.10 each |

January 12	Received from vendors 60 units @ ₹1.20 each
January 22	Received from vendors 72 units @ ₹1.25 each
January 4	Issued 60 units
January 9	Issued 40 units
January 14	Issued 40 units
January 30	Issued 80 units

Prepare the Stores Ledgers maintained under (i) the FIFO, (ii) the LIFO methods.

- 20 From the following details in respect of a material item for the month of Dec. 2016, Calculate Cost of Material Consumed and the Value of Closing Stock under (i) LIFO ; and (ii) Simple Average Price Methods.

December 2016:

Opening stock (1st Dec.) :500 units @ ₹ 2. Per unit

Purchases:

5th Dec.: 1,000 units @ ₹ 3 per unit.

8th Dec.: 1,500 units @ ₹ 4 per unit

Issued to Production:

10th Dec.: 1,600 units.

- 21 A firm is able to obtain quantity discounts on its orders of material as follows:

Price per tonne	Tonnes	Price per tonne	Tonnes
₹ 6.00	Less than 250	₹ 5.70	2,000 and less than 4000
₹ 5.90	250 and less than 800		4,000
₹ 5.80	800 and less than 2,000	₹ 5.60	4,000 and over.

The annual demand for the material is 4,000 tonnes. Stock holding costs are 20% of material cost per annum. The delivery cost per order is ₹ 6.

You are required to calculate the best quantity to order.

- 22 From the following information, calculate economic order quantity and the number of orders to be placed in one quarter of the year for product X:

(i)	Quarterly consumption of material	2,000 kg.
(ii)	Cost of placing an order	₹ 50
(iii)	Cost per unit	₹ 40
(iv)	Storage & carrying cost	80% on average inventory

- 23 Discuss in detail the various methods of Inventory Valuation.

- 24 Write short notes on:

a) ABC

- b) JIT
- c) Kaizen

- 25 What are the advantages and disadvantages of LIFO and FIFO Methods?
- 26 The annual demand of a particular item of inventory is 10,000 units. Inventory carrying cost is 20% and ordering cost is ₹40 per order. The price quoted by the supplier is ₹4 per unit. However, the supplier is willing to give discount of 5% for orders of 1500 units or more. Is it worth to avail the discount offer?
- 27 EXE Limited has received an offer of quantity discounts on its orders of materials as under:
- | Price per tonne Rs. | Tonnes No.s |
|---------------------|-------------------------|
| 1200 | Less than 500 |
| 1180 | 500 and less than 1000 |
| 1160 | 1000 and less than 2000 |
| 1140 | 2000 and less than 3000 |
| 1120 | 3000 and above |
- The annual requirement for the material is 5000 tonnes. The ordering cost per order is Rs1200 and the stock holding cost is 20% of material cost per annum. You are required to compute the most economical purchase level.
- 28 The following information is provided by Sunrise Industries for the fortnight of April 2010:
 Material Exe: Stock on 1-4-2010, 100 units @Rs 5 per unit
 Purchases:
 5-4-2010 300 units @ Rs6
 8-4-2010 500 units @Rs7
 12-4-2010 600 units@Rs8
 Issues:
 6-4-2010 250 units
 10-4-2010 400 units
 14-4-2010 500 units
 You are required to calculate using FIFO and LIFO methods of pricing:
 Value of materials consumed during the period
 Value of stock of materials (closing stock) as on 15-4-2010
- 29 Explain the concept of ABC Analysis as a technique of inventory control.
- 30 Distinguish between reorder level and reorder quantity.

UNIT - II

I Multiple Choice Questions:

- 1 The total earnings of a worker are same under the both Halsey and Rowan Plans when time saved is:
- A. 50% Of the standard time
 - B. Less than 50% of the standard time
 - C. More than 50% of the standard time
 - D. None of these

ANSWER: A

- 2 Time-wage system:
- A. Guarantees a minimum wage to the workers.
 - B. Makes distinction between efficient and inefficient workers.
 - C. Lowers the cost of product per unit.
 - D. Increases the cost of product per unit

ANSWER: A

- 3 Taylor's differential plan provides for:
- A. Two wage rates.
 - B. Three wage rates.
 - C. More than three wage rates.
 - D. Less than two wage rates.

ANSWER: B

- 4 The _____ workers are temporary workers who are not on the regular payroll of the Factory.
- A. Out- workers.
 - B. Regular workers.
 - C. Irregular workers.
 - D. Casual workers.

ANSWER: D

- 5 _____ are the workers who work outside the factory premises on behalf of the Undertaking.
- A. Out- workers.
 - B. Regular workers.
 - C. Irregular workers.

D. Casual workers.

ANSWER: A

6 Piece -wage system:

A. Benefits the employer only.

B. Recognises individual efficiency.

C. Is favoured by trade unions.

D. None of the above.

ANSWER: B

7 _____ time represents time lost by workers who are paid on time basis.

A. Overtime

B. Idle time

C. In time

D. All of the above

ANSWER: B

8 Under _____ system , workers are paid according to the time for which they work.

A. Time Rate system

B. Piece Rate System

C. Group bonus Plan

D. All of the above

ANSWER: A

9 Under _____ system, wages are paid according to the quantity of work done.

A. Time Rate system

B. Piece Rate System

C. Group bonus Plan

D. All of the above

ANSWER: B

10 Total earnings= Time rate x Time taken + 50% of [Time saved x Time rate] is:

A. Halsey Premium Plan

B. Halsey Weir Plan

C. Rowan Plan

D. Taylor's Differential Piece Rate System

ANSWER: A

11 Earnings = (Time taken x Time rate) + Bonus is used under which plan?

A. Halsey Premium Plan

- B. Halsey Weir Plan
- C. Rowan Plan
- D. Taylor's Differential Piece Rate System

ANSWER: C

12 In _____ plan , standard time of each job is determined in minutes.

- A. Bedaux Plan
- B. Emerson's Efficiency Plan
- C. Gantt's Task
- D. Merrick's differential Piece rate System

ANSWER: A

13 _____ plan lays down three rates.

- A. Bedaux Plan
- B. Emerson's Efficiency Plan
- C. Gantt's Task
- D. Merrick's differential Piece Rate System

ANSWER: D

14 _____ plan is a combination of time rate, differential piece rate and bonus.

- A. Bedaux Plan
- B. Emerson's Efficiency Plan
- C. Gantt's Task & Bonus Plan
- D. Merrick's differential Piece Rate System

ANSWER: C

15 A standard time for each job is set very carefully after time and motion studies in:

- A. Bedaux Plan
- B. Emerson's Efficiency Plan
- C. Gantt's Task & Bonus Plan
- D. Taylor's differential Piece Rate System

ANSWER: D

16 _____ do not increase or decrease when the volume of production changes.

- A. Fixed costs
- B. Variable costs
- C. Semi- variable cost
- D. Discretionary cost

ANSWER: A

17 _____ costs tend to vary in direct proportion to the volume of output.

- A. Fixed costs
- B. Variable costs
- C. Semi- variable cost
- D. Discretionary cost

ANSWER: B

18 _____ are those costs which are not necessary for production and are incurred even if there is no production.

- A. Fixed costs
- B. Variable costs
- C. Period costs
- D. Discretionary cost

ANSWER: C

19 A _____ cost is an expenditure made in the past that cannot be changed and over which management no longer has control.

- A. Fixed costs
- B. Variable costs
- C. Shut Down cost
- D. Sunk cost

ANSWER: D

20 Packing material; stationary used in sales office, cost of samples, price list all are examples Of:

- A. Selling & distribution overheads
- B. Office & administrative overheads
- C. Production overheads
- D. A & B

ANSWER: A

21 In _____ costing costs are compiled process-wise and cost per unit is the average Cost.

- A. Job costing
- B. Process costing

- C. Batch costing
- D. Contract costing

ANSWER: B

22 The amount of loss which cannot be avoided because of the nature of material or process is _____:

- A. Normal Process Loss
- B. Abnormal Process Loss
- C. Seasonal Loss
- D. Standard Loss

ANSWER: A

23 The type of process loss that should not affect the cost of inventory value is:

- A. Abnormal Loss
- B. Normal Loss
- C. Seasonal Loss
- D. Standard Loss

ANSWER: A

24 The stage where joint products are separated from each other is known as:

- A. Break-even point
- B. Angle of Incidence
- C. Split-off point
- D. Composite point

ANSWER: C

25 Abnormal loss is charged to:

- A. Process account
- B. Costing Profit & Loss Account
- C. Normal Loss account
- D. Normal Account

ANSWER: B

26 According to Taylor's Differential plan, the worker is paid according to his?

- A. Degree of Efficiency
- B. Degree of Understanding
- C. Degree of Flexibility
- D. Degree of Loyalty

ANSWER: A

- 27 Under the Halsey wage plan, a worker is paid?
- A. At a time rate higher than the usual rate
 - B. According to his efficiency
 - C. At a double rate for overtime
 - D. Normal wages plus bonus

ANSWER: D

- 28 Standard output is 100 units per day of 8 hours and the piece rates are 20 paise per unit, under Taylor's differential piece rate system, what will be amount of wages if a worker produces 95 units in a day?
- A. Rs.14.00
 - B. Rs.14.25
 - C. Rs.15.20
 - D. Rs.19.00

ANSWER: C

- 29 Comparing Rowan and Halsey Premium plans, it is seen that when the time saved?
- A. Rowan plan allows more wages to a worker than Halsey plan
 - B. Rowan plan allows fewer wages to a worker than Halsey plan
 - C. Rowan and Halsey plan allow equal wages to a worker
 - D. None of above

ANSWER: D

- 30 When standard output is 10 units per hour and actual output is 12 units per hour, the efficiency is?
- A. 80%
 - B. 100%
 - C. 110%
 - D. 120%

ANSWER: D

- 31 Given that for a job standard time is 8 hours, actual time taken is 6 hours and the time rate is Rs.2 per hour. What is the total wages, under Halsey Premium Plan?
- A. Rs.18
 - B. Rs.16
 - C. Rs.14
 - D. Rs.12

ANSWER: C

32 In which of the following incentive plans of wage payment, wage on time basis are not guaranteed?

- A. Halsey plan
- B. Rowan plan
- C. Taylor's differential piece rate system
- D. Halsey wire Plan

ANSWER: C

33 Which of the following methods of wage payment is most suitable where quality and accuracy of work is of primary importance?

- A. Rowan plan
- B. Time rate system
- C. Differential piece work system
- D. Halsey premium system

ANSWER: A

34 Which of the following is / are time-based incentive wage plan?

- A. Halsey Premium Plan
- B. Halsey Weir Premium Plan
- C. Rowan Premium Plan
- D. All of the given options

ANSWER: D

35 A worker is paid Rs. 0.50 per unit and he produces 18 units in 7 hours. Keeping in view the straight-piece rate system, the total wages of the worker would be?

- A. $18 \times 7 \times 0.50 = \text{Rs. } 63$
- B. $18 \times 0.50 = \text{Rs. } 9$
- C. $18 \times 7 = \text{Rs. } 126$
- D. $7 \times 0.5 = \text{Rs. } 3.5$

ANSWER: B

II Short Answer Type Questions:

1 Distinguish between:

- a) Work Study and Method Study
- b) Casual Workers and Out-workers

2 What is Idle Time? Give reasons for idle time. How do you treat idle time in cost accounts?

3 Distinguish between normal and abnormal idle time.

4 Discuss the different methods of wage payment to workers.

- 5 Explain Halsey System of paying incentive wages to workers.
- 6 Distinguish between:
- Piece rate and time rate
 - Profit sharing and Co-partnership
- 7 What is a group bonus? What are the advantages over individual bonus?
- 8 Bring out clearly the treatment of 'Idle time' and Fringe Benefits to Labor in cost accounts.
- 9 Explain the following methods of wage payment:
- Taylor's Different Piece rate System
 - Rowan Scheme
 - Emerson's Efficiency Plan
- 10 Define Overhead. Explain various classifications of overhead.
- 11 Explain with illustration the classification of 'Fixed', 'Semi-Fixed' and 'Variable' expenses.
- 12 Explain the various methods of segregating fixed and variable overhead costs.
- 13 Distinguish between:
- Cost classification and cost allocation
 - Cost apportionment and overhead absorption
- 14 Distinguish between allocation, apportionment and absorption of overhead.
- 15 How would you apportion the following expenses among various departments?
- Rent
 - Supervision
 - Repair
 - Electric charges
 - Motive Power
 - Depreciation
- 16 What are the basic differences between job order and process cost systems?
- 17 How you will deal with:
- Normal wastage
 - Abnormal wastage
 - Abnormal effectives in process cost accounts?
- 18 From the following information, calculate the bonus and earnings under Emerson Efficiency Bonus Plan:
- | | |
|-----------------------------|----|
| Standard output in 12 hours | 48 |
| Actual output in 12 hours | 42 |
| Time rate ₹7.50 per hour | |
- If the actual output is 60 units, what will be amount of bonus and earnings?
- CMA , Executive ,pg. 133
- 19 A workman's wages for a guaranteed 44-hour week is ₹ 7.50 per hour. The estimated time To produce one article is 30 minutes and under an incentive plan , the time allowed is

Increased by 20%. During a week ,a worker produced 100 articles. Calculate the wages under each of the following methods: a) Time rate b) Rowan System , and c) Halsey System.

- 20 A worker produced 200 units in a week's time. The guaranteed weekly wage payment for 45 hours is ₹ 81. The expected time to produce one unit is 15 minutes which is raised further by 20% under the incentive scheme. What will be earnings per hour of that worker under Halsey(50% sharing) and Rowan bonus schemes?

- 21 Calculate the total earnings of the workers under Halsey and Rowan Plans:

Standard time	10 hrs.
Hourly Rate	₹ 2
Time taken	6 hrs.

- 22 The following information is given in respect of process A.

Material	1000 kg.@ ₹ 6 per kg.
Labor	₹ 5000
Direct Expenses	₹ 1000

Indirect expenses allocated to Process A ₹ 1,000.

Normal Wastage 10% of input.

Prepare Process A Account when:

- a) Scrap value of normal loss is nil.
 b) Scrap arising out of normal has a sale value of ₹ 1 per unit.
- 23 From the following information compute Machine-Hour Rate in respect of machine for the month of January 2012:

Cost of machine	₹90,000
Other-Charges freight and installation	₹ 10,000
Effective Working Life	10 years
Working hours	2,000 per year
Repair charges	50% of depreciation
Power consumed by the machine	10 units per hour 10 paise per unit

Lubricating oil at ₹ 2 per day of 8 hours

Consumable stores at ₹ 10 per day of 8 hours

Wages of operator at ₹ 4 per day of 8 hours

- 24 A factory has three production departments A, B and C and two service departments X and Y. The overhead costs of the different departments incurred during March, 2012 are as follows:

Departments	Costs(in ₹)
A	10,000
B	8,000
C	6,000
X	5,000

Y 3,000

The costs of Departments X has to be charged in the ratio of 2:2:1 and those of departments Y equally to Departments A, B and C respectively. Find out the overheads costs of each of the production departments.

25. Cost centre in a factory furnishes the following information:

- 1) Working hours per week: 30 hours.
- 2) Number of identical machines installed in the centre:5.
- 3) Budgeted Factory Overheads for a 4-weekly period for the Cost Centre: ₹ 6,000.
- 4) Direct Labour Cost for a 4 weekly period for the Cost Centre: ₹ 15,000.

You are required to calculate Factory Overhead Absorption Rate based on:

- (1) Machine Hours.
- (2) Labour Cost.

26. Explain idle time and overtime in detail.

27. Explain overheads on the basis of functionality and on the basis of elements.

28. The following particulars relate to a new machine purchased:

	₹
Purchase price of the machine	4,00,000
Installation expenses	1,00,000
Rent per quarter	15,000
General lighting for the total area	1,000 per month
Foreman's salary	30,000 per annum
Insurance premium for the machine	3,000 per annum
Estimated repairs for the machine	5,000 per annum
Estimated consumable stores	4,000 per annum
Power-2 units per hour at ₹50 per 100 units	

Estimated life of the machine is 10 years and the estimated value at the end of the 10th year is ₹1 lakh. The machine is expected to run 20,000 hours in its lifetime. The machine occupies 25% of the total area. The foreman devotes 1/6 of his time for the machine. Calculate the machine hour rate for the machine.

29. Explain Taylor's method for calculation of Labour remuneration.

30. Explain idle Time and Overtime. Distinguish between them.

31. Explain payment by time and payment by efficiency.

32. How overtime premium is treated in cost accounts?

33. How time and motion study is useful to management?

34. State measures to minimize labour turnover.

35. Explain time wage system

III Long Answer Type Questions:

- 1 Define labour. What is direct labour? What is indirect labour? Give examples. Explain how they are treated in cost accounts.
- 2 Explain the different methods of time recording for workers.
- 3 Discuss the various incentive schemes, their merits and demerits.
- 4 What is idle time? Give its treatment in cost accounts.
- 5 Write short notes on:
 - (a) Labour turnover
 - (b) Idle time
 - (c) Overtime
 - (d) Casual workers
 - (e) Site workers.
- 6 State the distinction between the two terms in each of the following, giving examples:
 - (a) Cost allocation and cost apportionment.
 - (b) Direct cost and indirect cost.
 - (c) Fixed cost and variable cost.
 - (d) Indirect expenses and overheads.
- 7 What are overheads? How should overheads be classified? To what extent will you include overhead charges in your valuation of (a) work-in-progress, and (b) finished goods?
- 8 Distinguish between allocation, apportionment and absorption in connection with factory overhead expenses.
- 9 Discuss the difference between allocation and apportionment of overheads.
- 10 Explain the treatment of Over and Under Absorption of overheads in cost accounting.
- 11 Discuss the objectives of time keeping and time booking.
- 12 Distinguish between Job evaluation and merit ranking.
- 13 Explain the concept of normal overhead and normal overhead rates.
- 14 What is meant by absorption of overheads? Explain briefly the different methods of absorption of overheads.
- 15 Why do we employ pre-determined overhead rate of absorption? Under what circumstances is direct labour cost percentage method to be employed?
- 16 Explain with examples the difference between:
 - a) Cost Apportionment and Cost Absorption
 - b) Actual and pre-determined overhead rates.
- 17 A company is having three production departments X, Y and Z and two service departments - boilerhouse and pump-room. The boiler-house has to depend upon the pump-room for supply of water and pump-room in its turn is dependent on the boiler-house for supply of steam-power for driving the pump. The expenses incurred by the production departments are: X - ₹6,00,000; Y - ₹5,25,000; and Z - ₹3,75,000. The expenses for boiler-house are ₹1,75,500 and pump-room are ₹2,25,000.

The expenses of the boiler-house and pump-room are apportioned to the production departments on following basis:

	DEPARTMENT			Boiler House	Pump Room
	X	Y	Z		
Expenses of boiler-house	20%	40%	30%	-----	10%
Expenses of pump-room	40%	20%	20%	20%	-----

Show clearly as to how the expenses of boiler-house and pump-room would be apportioned to X Y and Z departments?

- 18 In a shop work is done by means of five machines of exactly similar type and specification:
- | | |
|------------------------------------------------------------------------------------------------------------|-------|
| 1) Rent & rates (proportional to the floor space occupied) for the shop | 4,800 |
| 2) Depreciation on each machine | 500 |
| 3) Repairs and maintenance for the five machines | 1,000 |
| 4) Power consumed(as per meter) @5 Paise per unit for the shop | 3,000 |
| 5) Electricity charges for lights in the shop | 540 |
| 6) Attendants: there are two attendants for the five machines and they are Each paid ₹. 60 per month. | |
| 7) Supervision: for the five machines in the shop there is one supervisor whose Emoluments are ₹. 250 p.m. | |
| 8) Sundry supplies such as lubricants, cotton waste , etc. for the shop | 450 |
| 9) Hire-purchase instalments payable for the machine | 1,200 |

The machine uses 10 units of power per hour.

Calculate the machine hour rate for machine for the year.

- 19 Standard time for completion of a task is 20 hours and per hour rate is ₹ 1. In addition for every hour worked ,there is a dearness allowance at the rate of paise 30.

Time taken by a worker is 15 hours.

Calculate his earnings under:

- 1) Time wage system
- 2) Piece wage system
- 3) Halsey Plan
- 4) Rowan Plan

- 20 Compute the total earnings and the rate earned per hour in respect of three workers under Halsey and Rowan schemes.(Bonus under Halsey Schemes is 50% of time saved).

Standard time 20 hours.

Hourly rate of wages ₹ 2.

Actual time taken 16 hours;10 hours;8 hours.

Also give your comments.

21 XYZ Co. Ltd. Has three production departments. A, B and C and two service Depts. D and E .

The following figures are extracted from the records of the company:

	Rs.		Rs.
Rent & rates	5000	General lighting	600
Indirect wages	1,500	Power	1,500
Depreciation of machinery	10,000	Sundry expenses	10,000

The following details are further available:

	Total	A	B	C	D	E
Floor space(Sq. ft.)	20,000	4,000	5,000	6,000	4,000	1,000
Light points	120	20	30	40	20	10
Direct wages(Rs.)	10,000	3,000	2,000	3,000	1,500	500
H.P. of machines	150	60	30	50	10	-----
-						
Value of Machinery(Rs.)	2,50000	60,000	80,000	1,00,000	5,000	5,000

Apportion the costs to various departments on the most equitable basis and prepare overhead Distribution Summary.

Note: it should be noted that the direct wages have been charged only for service departments because for service departments, all costs are indirect

22 The following particulars relate to a new machine purchased:

	₹.
Purchase price of machine	4,00,000
Installation expenses	1,00,000
Rent per quarter	15,000
General lighting for the total area	1000 p.m.
Foreman's salary	30,000 p.a.
Insurance premium for the machine	3000 p.a.
Estimated repairs for the machine	5000 p.a.
Estimated consumables stores	4000 p.a.

Power-2 units per hour at ₹. 50 per 100 units.

Estimated life of the machine is 10 years and the estimated value at the end of the 10th year is ₹1 lakh. The machine is expected to run 20,000 hours in its life time. The machine occupies 25% of the total area. The foreman devotes 1/6 of his time for the machine. Calculate the machine hour rate for the machine.

23 Discuss the concept of collection, classification and Codification of overheads.

24 What are the main sources of Overhead expenses? State with examples the procedure for such collection from these sources.

25 Explain the nature of administrative overheads. How they are apportioned?

- 26 A company has budgeted ₹5,00,000 for variable overheads and ₹8,00,000 for fixed overheads for the year. The overheads are recovered on the basis of the machine hours. The company has budgeted for 1,00,000 machine hours for the year. During the year, the company used 95000 machine hours for the actual output. Actual costs incurred for the fixed and variable manufacturing overheads were ₹8,00,000 & ₹4,70,000 respectively.
You are required to compute-
- The over or under recovered variable manufacturing overhead amount
 - The over or under recovered fixed manufacturing overhead amount
 - The over or under recovered total manufacturing overhead amount
- 27 Explain Emerson's plan for labour remuneration in detail.
- 28 Explain fixed cost, variable cost, semi variable cost and step costs in detail.
- 29 Explain the remuneration/payroll system in place for labour.
- 30 Compute total earnings of a worker under Halsey Plan and Rowan Plan.
Standard fixed time = 20 hours
Time taken = 16 hours
Hourly rate = Rs.2 per hour
31. Calculate the earnings of a worker (a) Halsey incentive plan and (b) Rowan incentive plan:
Hourly wage rate Rs.20
Standard time for producing 12 articles in 3 hours
Actual time taken by the worker to produce 240 articles was 48 hours.

UNIT-III

I Multiple Choice Questions:

- 1 In automobile industry cost unit is
- Number
 - Automobile quality
 - Number of automobile industry
 - Either (a) or (c)
- ANSWER: B
- 2 costing is suitable for mines, quarries, cement works etc.
- Process
 - Contract
 - Batch
 - Operation
- ANSWER: D

3is an extension of job costing.

- A. Process costing
- B. Batch costing
- C. Contract costing
- D. Operation costing
- E. None of these

ANSWER: B

4 When job is very big and spread over long periods of time the method of costing adopted is

- A. Process
- B. Job
- C. Contract
- D. Operation
- E. Batch

ANSWER: C

5 Continuous costing is also called

- A. Operation costing
- B. Process costing
- C. Batch costing
- D. Contract costing
- E. None of these

ANSWER: B

6 Cost accounting is based on figures.

- A. Approximated
- B. Estimated
- C. Historical
- D. Either (a) or (c)
- E. None of these

ANSWER: B

7costing is used in transport undertaking.

- A. Operating
- B. Standard
- C. marginal
- D. Absorption
- E. Service

ANSWER: E

- 8 In costing the cost of a group of products is ascertained.
- A. Process
 - B. Job
 - C. Batch
 - D. Service
 - E. Marginal

ANSWER: C

- 9 The total of all direct expenses is known as
- A. Total cost
 - B. Overhead
 - C. Prime cost
 - D. Work cost
 - E. None of these

ANSWER: C

- 10 An opportunity cost is a
- A. Direct expense
 - B. Indirect expense
 - C. Variable expense
 - D. Fixed expense
 - E. Semi-variable expense

ANSWER: A

- 11 In cost Accounting, abnormal loss is charged to:
- A. Factory overhead control account
 - B. Work in process account
 - C. Income Statement
 - D. Entire production

ANSWER: B

- 12 The combination of direct material and direct labor is :-
- A. Total production Cost
 - B. Prime Cost
 - C. Conversion Cost
 - D. Total manufacturing Cost

ANSWER: B

- 13 Prime cost + Factory overhead cost is:
A. Conversion cost.
B. Production cost.
C. Total cost.
D. None of given option.
ANSWER: B
- 14 Abnormal loss should be transferred to
A. Abnormal loss account
B. Costing profit and loss a/c
C. Cash account
ANSWER: B
- 15 The unavoidable loss of material is known as
A. Normal loss
B. Abnormal loss
C. Waste
ANSWER: A
- 16 Loss due to fire , theft , are
A. Normal loss
B. Abnormal loss
C. Scrap
ANSWER: B
- 17 The cost of is not included in the cost of production
A. Normal loss
B. Abnormal loss
C. Scrap
ANSWER: B
- 18 Prime cost can be also called
A. Indirect cost
B. Direct cost
C. Fixed
ANSWER: B
- 19 Element of cost refers to
A. Component cost
B. Components of cost

C. Prime cost

ANSWER: B

20 Cost of material that can be identified is called Cost

A. Direct

B. In direct

C. Variable

ANSWER: A

21in the aggregate of indirect material , indirect labour and indirect expense

A. Prime cost

B. factory cost

C. Over head

ANSWER: C

22 The value of benefit sacrificed in favor of an alternative course of action as known as

A. Variable

B. Fixed cost

C. Opportunity cost

ANSWER: C

23 Loss of time due to avoidable reason is known as

A. Normal idle time

B. Abnormal idle time

C. Overtime

ANSWER: A

24 Time lost in the course of normal activity is known as

A. Idle time

B. Abnormal idle time

C. Over time

D. Normal idle time

ANSWER: D

25 Packaging charges is _____

A. Factory Overhead

B. Administrative overheads

C. Selling overheads

ANSWER: C

26 Which of the following System applies when standardized goods are produced under a series of inter-connected operations?

- A. Job order costing
- B. Process costing
- C. Standard costing
- D. None of the above

ANSWER: B

27 Total costs incur in a production process, is divided by total number of output units, to calculate the

- A. cost of indirect labor
- B. cost of direct labor
- C. cost of direct material
- D. unit costs

ANSWER: D

28 If beginning work in process equivalent units are 2500 units, work done in current period equivalent units are 3800 units and ending work in process equivalent units are 5000, then complete equivalent units in current period are

- A. 1800 units
- B. 1500 units
- C. 1300 units
- D. 1500 units

ANSWER: C

29 A unit cost calculated in costing system, by assigning total costs incurred to many similar units is categorized as

- A. accounting period costing system
- B. process costing system
- C. job costing system
- D. none of above

ANSWER: B

30 If beginning work in process equivalent units are 2500 units, work done in current period equivalent units are 3800 units and units completed in current period are 4000, then ending work in process equivalent units will be

- A. 1800 units
- B. 2300 units
- C. 10300 units
- D. 1500 units

ANSWER: C

31 Cost estimation include(s) the following expenditure(s)

- A. pattern making
- B. tool making
- C. selling expenses
- D. all of the above

ANSWER: D

32 To calculate the probable cost of the product, knowledge of following factors involves

- A. Production time required
- B. Use of previous estimates of comparable parts
- C. Effect of change in facilities on costing rates
- D. All of the above

ANSWER: D

33 The following is also known as overhead costs or on costs.

- A. Cost of direct labour
- B. Cost of indirect labour
- C. Direct expenses
- D. Indirect expenses

ANSWER: D

34 Cost of preparing drawings for the manufacture of a particular product is

- A. Cost of direct labour
- B. Cost of indirect labour
- C. Direct expenses
- D. Indirect expenses

ANSWER: C

35 The following is cost of indirect materials

- A. Lubricating oil
- B. Octroi
- C. Import duties
- D. Insurance

ANSWER: A

36. Labor related to manufacturing of product can be classified under

- A. Direct Manufacturing Labor Costs
- B. Indirect Manufacturing Labor Costs

- C. Work In Process Cost
- D. Finished Costs

ANSWER: A

37. Direct material costs are added into direct manufacturing costs, to calculate

- A. Discuss Costs
- B. Prime Costs
- C. Resale Cost
- D. Merchandise Costs

ANSWER: B

38: Direct manufacturing labour costs is added into manufacturing overhead cost to calculate

- A. transaction costs
- B. conversion costs
- C. resale costs
- D. merchandise costs

ANSWER: B

39. In cost terms, direct manufacturing labour cost is included in

- A. Manufacturing Costs
- B. Prime Costs
- C. Conversion Costs
- D. Both B & C

ANSWER: D

40. Total costs incur in a production process, is divided by total number of output units, to calculate the

- A. cost of indirect labor
- B. cost of direct labor
- C. cost of direct material
- D. unit costs

ANSWER D

41. If beginning work in process equivalent units are 2500 units, work done in current period equivalent units are 3800 units and ending work in process equivalent units are 5000, then complete equivalent units in current period are

- A. 1800 units
- B. 1500 units
- C. 1300 units
- D. 1500 units

ANSWER: C

II Short Answer Type Questions:

- 1 Explain the treatment of stocks in cost sheet.
- 2 Write short notes on:
 - a) Historical cost.
 - b) Estimated cost.
- 3 Discuss the components of prime cost.
- 4 What is the importance of cost sheet.
- 5 What is meant by cost sheet? Explain the importance of Cost Sheet.
- 6 Define various components of total cost.
- 7 Give a list of items that are excluded from cost sheet.
- 8 What is the treatment of scrap in cost sheet?
- 10 State any three methods of classifications of cost.
- 11 What are selling overheads? How these differ from distribution overheads?
- 12 What is works cost? How is it arrived at?
- 13 What is a cost sheet?
- 14 What are the three elements of cost?
- 15 Give examples of selling overheads.
- 16 Give a list of items that appear on debit side of Process A/C.
- 17 Write short note on process losses.
- 18 Write short notes on :
 - a) Defectives
 - b) Spoilage
- 19 What is Process Costing? What are its Characteristics.
- 20 What are the merits and demerits of process costing?
- 21 Compute the cost of material consumed from the following data:

Opening stock of raw material	₹9,000
Purchases of raw material	₹1,27,000
Closing stock of raw material	₹12,000
- 22 Compute Prime cost from the data given below:

		₹
	Direct Material	1,80,000
	Expenses on purchases	20,000
	Rent of special machine taken on hire for production	40,000
	Productive wages	65,000
23	From the following information, calculate the value of goods sold.	
		₹
	Total Cost of Production	1,45,000
	Opening stock of finished goods	22,000
	Closing stock of finished goods	6,000
	Selling and distribution overheads	25,000
	Profit	22,000
24	From the following information calculate the total cost.	
		₹
	Direct material	1,60,000
	Direct Labour	52,000
	Direct Expenses	19,000
	Factory overheads	45,000
	Office and administration overheads	28,000
	Selling and distribution overheads	33,000
25	From the following information, prepare a cost sheet for period ended on 31st March 2006.	
		₹
	Opening stock of raw material	12,500
	Purchases of raw material	1,36,000
	Closing stock of raw material	8,500
	Direct wages	54,000
	Direct expenses	12,000
	Factory overheads	100% of direct wages
	Office and administrative overheads	20% of works cost
	Selling and distribution overheads	26,000
	Cost of opening stock of finished goods	12,000
	Cost of Closing stock of finished goods	15,000
	Profit on cost	20%

26 From the following information calculate the cost of goods sold.

	₹
Total Cost of Production	1,22,000
Opening stock of finished goods	12,000
Closing stock of finished goods	16,000

- 27 What is process costing? What are its essential characteristics?
- 28 What is normal process loss? How is it treated in process costing?
- 29 What is abnormal process loss? How is it treated in process costing?
- 30 Distinguish between Normal and Abnormal loss in process costing.
31. Can there be abnormal gain under process costing? Explain
32. Distinguish between joint costs under process costing.
33. Explain the term equivalent units in process costing.
34. What are by- products and joint products?
35. How to calculate the value of equivalent units?

III Long Answer Type Questions:

- 1 What is Unit or Output Costing? In which industries is it used?
- 2 What is a Cost Sheet? In what respects does it differ from a working of Production Account.
- 3 Write a short note on unit costing method for ascertaining product cost.
- 4 Why are Factory overheads not sometimes included in the Valuation of Work-in-progress? Would you advocate their inclusion?
- 5 Draw a proforma cost sheet.
- 6 What is a cost sheet? Explain the purposes served by it.
- 7 Select an article in common use; describe the materials, labour and expenses which enter into its cost of production and prepare a cost sheet in proper form to present details of the cost of its production.
- 8 Distinguish between :
 - a) Normal Loss and abnormal loss.
 - b) “Job costing” and “Process costing”.
 - c) Abnormal Loss and Abnormal gain.
- 9 Define Joint-products and By-products and cite an example on each. Explain the various bases available for apportionment of joint costs to joint products.
- 10 “Job costing is more accurate than Process Costing”. Comment on the statement.
- 11 Explain normal wastage and abnormal wastage and state how they should be dealt with in Process Cost accounts.
- 12 What are the three most common methods of allocating joint costs of production to joint products?

- 13 "The value of scrap generated in a process should be credited to the process account". Do you agree.
- 14 State the difference between cost sheet and Production Account.
- 15 What is a blanket overhead rate? In which situation blanket rate is used and why?
- 16 Describe 'Direct Material Cost' and 'Direct Labour cost' methods of absorption of factory overhead. Which one of these do you consider is better and why?
- 17 Describe the prime cost method of absorption of factory overhead. Explain in full and illustrate the basic conditions necessary for its application.
- 18 Discuss the procedure involved in the calculation of labour hour rate.
- 19 Discuss the importance of 'Machine Hour' as a basis for the absorption of factory overhead.
20. Mr. A furnishes the following data relating to the manufacture of a standard product during the month of January , 2016:

Raw Material purchased	₹ 15,000
Opening Stock of Raw Materials	₹ 4,000
Closing Stock of raw materials	₹ 5,000
Direct Labor Cost	₹ 9,000
Machine Hours Worked	900 hours
Machine Hour Rate	₹ 5
Carriage Inwards	₹ 1,000
Administrative Overheads	20 % on Works Cost
Selling Overheads	50 P. per unit sold
Units Produced	17,100
Opening Stock of Finished Products	2,000 units @ ₹ 150 per unit
Units sold	16,000 units
Selling price per unit	₹ 4

You are required to prepare:

- 2) Cost Sheet
 - 3) A Statement showing Profit for the period.
- 21 The following particulars have been extracted from the books of a manufacturing company for the month of March, 2014:

	₹
Stock of materials as on 1st March, 2013	47,000
Stock of materials as on 31st March, 2013	50,000
Materials purchased during the month	
2,08,000	
Drawing office salaries	9,600
Counting house salaries	14,000
Carriage on purchases	8,200
Carriage on sales	5,100

Cash discount allowed	3,400
Bad debts written off	4,700
Repairs of plant, machinery and tools	10,600
Rent, rates, taxes and insurance (factory)	3,000
Rent, rates, taxes and insurance (office)	1,000
Travelling expenses	3,100
Travellers' salaries and commission	8,400
Productive wages	1,40,000
Depreciation written off on plant, machinery and tools	7,100
Depreciation written off on office furniture	600
Directors' fees	6,000
Gas and water charges (factory)	1,500
Gas and water charges (office)	300
General charges	5,000
Manager's salary	12,000

Out of 48 working hours in a week, the time devoted by the Manager to the factory and office was on an average 40 hours and 8 hours respectively throughout the month. 1,00,000 units were produced and sold; there was no opening or closing stock of it.

Prepare a cost sheet showing the following:

- (i) Cost of Materials Consumed;
- (ii) Prime Cost;
- (iii) Works Overhead;
- (iv) Works Cost;
- (v) Office and Administration Overhead;
- (vi) Cost of Production;
- (vii) Selling and Distribution Overhead; and
- (viii) Total Cost or Cost Sales.

22 The following information has been obtained from the records of ABC Co. Ltd. for the month of January, 2014:

Cost of raw materials on 1/01/2014	30,000
Purchase of raw materials during the month	4,50,000
Wages paid	2,30,000
Factory overheads	92,000
Cost of work-in-progress on 1/01/2014	12,000
Cost of raw materials on 30 /01/2014	25,000
Cost of work-in-progress on 30 /01/2014	15,000
Cost of stock of finished goods on 1 /01/2014	60,000

Cost of stock of finished goods on 30 /01/2014	55,000
Administration overheads	30,000
Selling and distribution overheads	20,000
Sales	9,00,000

Prepare: (i) Cost sheet showing the cost of production of goods manufactured, and (ii) Statement showing the cost of sales and the profit earned.

23 Prepare a Process Account and Abnormal Loss Account from the following information.

Input of Raw material	1000 units @ ₹ 20 per Unit
Direct Material	₹ 4,200/-
Direct Wages	₹ 6,000/-
Production Overheads	₹ 6,000/-
Actual output transferred to process II	900 units
Normal Loss	5%
Value of Scrap per unit	₹8/-.

24 The following information is available in respect of Process B of Product X:

Input 5,000 units at a cost of	₹ 25,000
Process material Added	₹ 12,000
Direct Labour	₹ 8,000
Overheads	₹ 3,000
Output of Process B	₹ 4,800 units
Normal Wastage	₹ 55 of input

25 Explain the concept of 'under-absorption' and 'over-absorption' of overhead.

26 A product passes through three processes known as process I,II and III. The output of each process is treated as raw material for the next process, and the output of the third process is treated as Finished Product and transferred to Stock.

	Processes		
	I	II	III
Material Issued (₹)	40,000	20,000	10,000
Labour	6,000	4,000	1,000
Manufacturing Overheads (₹)	10,000	10,000	15,000
Output(units)	9,750	9,400	8,000
Normal Loss of Input	2%	5%	10%

10,000 units were issued to process I in the beginning. No stock of materials or WIP was left at the end. Calculate the cost of finished product.

27 The product of a manufacturing concern passes through two processes A and B and then to finished stock. It is ascertained that in each process normally 5% of total weight is lost and 10% is scrap which from Processes A and B realized ₹80 per tonne and ₹120 per tonne respectively.

The following are the figures relating to both the processes:

Particulars	Process A	Process B
Materials in tonne	1,000	70
Cost of materials in rupee per tonne	125	200
Wages in rupees	28,000	10,000
Manufacturing expenses in rupees	8,000	5,700
Output in tonnes	830	780

Prepare Process Cost Accounts showing cost per tonne of each process. There was no stock or work in progress in any process.

28 The books and records of the Anand manufacturing Company present the following data for the month of August 2016:

Direct Labour Cost	₹ 16,000 (160% of factory overheads)
Cost of goods sold	₹ 56,000
Inventory records showed these opening and closing balances:	
Raw materials on August 1	₹ 8,000
Raw materials on August 31	₹ 8,600
Work in Progress on August 1	₹ 8,000
Work in Progress on August 31	₹ 12,000
Finished goods on August 1	₹ 14,000
Finished Goods on August 31	₹ 18,000
Other Data is as follows:	
Selling Expenses	Rs.3,400
General and administration expenses	Rs.2,600
Sales for the month	Rs.75,000

You are required to prepare a statement showing cost of goods manufactured and sold and profit earned.

29 Explain the elements of cost sheet in detail.

30 From the following particulars of a manufacturing concern, ascertain the Prime Cost:

	Rs.
Opening stock of raw materials	20,000
Closing stock of raw materials	30,000
Purchase of raw materials	1,05,000
Import duty paid on raw material purchased	15,000
Carriage Inward	5,000
Primary packing materials	3,000
Productive wages	95,000
Opening stock of work-in-progress at prime cost	17,000
Closing stock of work-in-progress at prime cost	10,000
Hire charge paid on plant	14,000
Other chargeable expenses	6,000

31.

Prepare a Process Account, Abnormal Loss Account and Normal Loss Account from the following information.

Input of Raw material 1000 units @ Rs. 20 per unit

Direct Material Rs. 4,200/-

Direct Wages Rs. 6,000/-

Production Overheads Rs. 6,000/-

Actual output transferred to process II 900 units

Normal Loss 5%

Value of Scrap per unit Rs. 8/-

32. The product of a company passes through 3 distinct process. The following information is obtained from the accounts for the month ending January 31, 2018.

(Amount in Rupees.)

Particulars	Process – A	Process – B	Process – C
Direct Material	7800	5940	8886
Direct Wages	6000	9000	12000
Production Overheads	6000	9000	12000

3000 units @ Rs. 3 each were introduced to process – I. There was no stock of materials or work in progress. The output of each process passes directly to the next process and finally to finished stock A/c.

The following additional data was obtained :

Process	Output	Percentage of Normal Loss to Input	Value of Scrap per unit (Rs.)
Process – I	2850	5 %	2
Process – II	2520	10 %	4
Process – III	2250	15 %	5

Prepare Process Cost Account, Normal Cost Account and Abnormal Gain or Loss Account.

UNIT-IV

I Multiple Choice Questions:

1 In contract costing, determination of work in progress include:

- A. Work Certified
- B. Work Uncertified
- C. Retention Money
- D. Both a and b

ANSWER: D

2 Work Certified is valued at

- A. Cost price
- B. Market price
- C. Cost or market price whichever is less
- D. Estimate price

ANSWER: A

3 The degree of completion of work is determined by comparing the work certified with

- A. Contract price
- B. Work in progress
- C. Cash received on contract
- D. Retention money

ANSWER: A

4 In contract costing credit is taken only for a part of the profit on

- A. Completed contract
- B. In complete contract
- C. Cost-plus contract
- D. Work Certified

ANSWER: B

5 Escalation Clause in a contract to protect the interest of

- A. Contractor
- B. Contractee
- C. Surveyor
- D. Contractee's Architect

ANSWER: B

6 In contract costing payment of cash to the contractor is made on the basis of

- A. Uncertified work
- B. Certified work
- C. Work in progress
- D. Estimated value

ANSWER: B

7 Materials returned under material return note credited to

- A. Contract account
- B. Work in progress account
- C. Plant and machinery account
- D. Profit and loss A/C

ANSWER: A

8 Cash received on contract is credited to

- A. Contract Account
- B. Plant Account
- C. Work in Progress Account
- D. Contractee's Account

ANSWER: D

9 ABC Company uses a Manufacturing Overhead Control account and a Manufacturing Overhead Applied account. If overhead is overapplied during the period, the journal entry to write it off to cost of goods sold will include:

- A. a credit to applied manufacturing overhead
- B. a debit to cost of goods sold
- C. a debit to manufacturing overhead control
- D. a credit to cost of goods sold
- E. None of the above.

ANSWER: D

- 10 What type of cost is composed of actual direct material and labor cost plus overhead applied using a predetermined rate and an actual allocation base?
- A. Actual
 - B. Normal
 - C. Standard
 - D. Real
 - E. None of the above.

ANSWER: B

- 11 Which of the following statements describe a primary difference in job costing between service companies and manufacturing companies?
- A. Service companies generally use fewer direct materials.
 - B. Service companies' overhead accounts have slightly different names.
 - C. Service companies' finished goods are charged to Cost of Services.
 - D. All of the above.
 - E. None of the above.

ANSWER: D

- 12 Which of the following terms is used to describe complex tasks that often take months or years to complete and require the work of many different departments, divisions, or subcontractors?
- A. Jobs
 - B. Tasks
 - C. Projects
 - D. Ventures
 - E. None of the above

ANSWER: C

- 13 Which of the following is characteristic of a job order cost accounting system?
- A. It records manufacturing activities using a perpetual inventory system.
 - B. It tracks cost by job.
 - C. It is best suited for customized products.
 - D. All of the above.
 - E. None of the above.

ANSWER: D

- 14 Which of the following manufacturers is most likely to use a job order cost accounting system?
- A. A soft drink producer.
 - B. A flour mill

- C. A gold mining operation.
- D. A builder of offshore oil rigs.
- E. All of the above.

ANSWER: D

- 15 Which of the following would be considered factory overhead using a job order cost system?
- A. Direct materials.
 - B. Direct labor.
 - C. Depreciation on factory buildings.
 - D. Salesperson's salary.
 - E. None of the above.

ANSWER: C

- 16 Service costing is also known as
- A. Output costing
 - B. Operating costing
 - C. Operation
 - D. Continuous process.

ANSWER: B

- 17 Service costing is not used in one of the following;
- A. Electricity
 - B. Transport
 - C. Hospitals
 - D. Electronics

ANSWER: D

- 18 If the present cost of the car is Rs. 50,000, residual value at the end of 5th year is Rs. 10,000, the monthly depreciation is:
- A. Rs. 8,000
 - B. Rs. 667
 - C. Rs. 8,667
 - D. None of the above

ANSWER: B

- 19 A truck starts with a load of 10 tons of goods from station P. It unloads 4 tones at station Q and rest of the goods at station R. It reaches back directly to station P after reloaded with 8 tons of goods at station R. The distances between P to Q, Q to R and then from R to P are 40 kms, 60 kms and 80 kms respectively. What is absolute tone km.

- A. 1400
- B. 1200
- C. 1600
- D. 2400

ANSWER: A

- 20 A truck starts with a load of 10 tones of goods from station P. It unloads 4 tones at station Q and rest of the goods at station R. It reaches back directly to station P after reloaded with 8 tones of goods at station R. The distances between P to Q, Q to R and then from R to P are 40 kms, 60 kms and 80 kms respectively. What is commercial tone km.

- A. 1400
- B. 1440
- C. 1640
- D. 2440

ANSWER: B

- 21 The aggregate of direct material and direct labour cost is known as

- A. Prime Cost
- B. Work Cost
- C. Total Cost of Production
- D. Cost of Sales

ANSWER: A

- 22 The Cost expended in the past that cannot be retrieved on product or service is :

- A. Relevant Cost
- B. Sunk Cost
- C. Product Cost
- D. Irrelevant Cost

ANSWER: B

- 23 A statement of cost of production and profit should preferably termed as:

- A. Production Account
- B. Production Statement
- C. Cost sheet

ANSWER: B

- 24 A system of single costing is used in the case of:

- A. Motor workshop
- B. Hotels
- C. Brickworks

ANSWER: C

25 _____ ac account giving details of costs of production , cost of sales and profit made during a particular period.

- A. Production Account
- B. Sales Account
- C. Cash Account

ANSWER: A

26 Thecosting is applied when a quantity of similar and identical products are manufactured together as one Job.

- A. Job
- B. Batch
- C. operation
- D. output

ANSWER: B

27 The loss incurred on an incomplete contract is transferred toaccount.

- A. Costing profit and loss account
- B. profit and loss account
- C. trading account
- D. deferred to next year.

ANSWER: B

28 When the completion stage of the contract is more than half, the profit to be credited to Profit and Loss account will be equal to.....

- A. 1/3rd of Notional Profit x cash received Work certified
- B. ½ of Notional Profit x cash received Work certified
- C. 2/3rd of Notional profit x cash received Work certified
- D. full Notional Profit

ANSWER: C

29 When the completion stage of a contract is less than ¼, the total expenditure on the contract is transferred toaccount.

- A. Work-in-Progress
- B. Profit and loss account
- C. miscellaneous account
- D. none of these

ANSWER: A

30 If the amount of work certified is less than.....of the contract price,then no profit should be taken to Profit & Loss Account.

- A. 20%
- B. 25%
- C. 33 1/3%
- D. 40%

ANSWER: B

31 Contract costing is not used in one of the following industries.

- A. Ship building
- B. Civil Construction
- C. Automobiles
- D. Construction of Bridges

ANSWER: C

32 The sum of value of work certified and uncertified appearing in the Contract Account is called

- A. Work done.
- B. Work in Process
- C. Work Completed
- D. Work in Progress

ANSWER: D

33 Room/day is the cost unit used in.....

- A. Hotels
- B. hospital
- C. schools
- D. none of these

ANSWER: A

34is the most suitable method in a transport industry.

- A. Operation costing
- B. Service costing
- C. Process costing
- D. Job costing

ANSWER: B

35 Economic Batch Quantity depends onandcosts.

- A. Material,
- B. set-up costs, carrying
- C. transportation, carrying
- D. warehousing, labour

labour

ANSWER: B

II Short Answer Type Questions:

- 1 What is meant by job costing ?
- 2 Explain the meaning of Batch costing.
- 3 What are the advantages of job costing ?
- 4 List out the limitations of job costing.
- 5 Discuss the procedure for job cost accounting.
- 6 What are the various types of production orders?
- 7 Explain the concept of cost control in job order system.
- 8 What's your viewpoint about advantages and disadvantages of job costing.
- 9 What do you understand by Economic batch quantity(EBQ)?
- 10 Write short notes on:
 - a) Sub-contract
 - b) Surveyor's certificate
- 11 Write short notes on:
 - a) Defective work
 - b) Escalation Clause
 - c) Work- in- progress
- 12 Write short note on service costing.
- 13 Classification of cost in a transport organization.
- 14 Explain the significance of running cost.
- 15 State the difference between standing charges and variable charges.
- 16 Write short note collection of costing data.
- 17 Explain Absolute Tonne –Kms and commercial Tonne-Kms.
- 18 Explain the difference between Operating costing and Operation costing.
- 19 Give few examples of Standing charges and variable charges.
- 20 Following information is extracted from the job ledger in respect of Job no. 123 :
 - a. Materials : Rs. 6800
 - b. Wages 80 hours @ 5 Per hour
 - c. Variable overheads incurred for all jobs Rs. 10000 for 4000 Labour hours
 Find out the profit if the job is billed for Rs. 9000
- 21 The following was the expenditure on the contract for Rs. 6,00,000. Work commenced on 1st January,2015 :

Materials	Rs. 1,30,000
-----------	--------------

Wages	Rs. 1,44,000
Plant	Rs. 20,000
Other Expenses	RS. 18,600

Cash received on account was Rs. 2,40,000, being 80% of work certified. Value of materials on hand at 31st December, 2015 was Rs. 10,000. Plant is to be depreciated @10%. Prepare Contract account for 2015, showing the profit to be credited to Profit and Loss account.

- 22 M/s Jain & Sons is a firm of Govt. Contractors. It took a contract for Rs. 5,00,000 on 1st Jan. 2010 and incurred the following expenses on it upto 31st Dec. 2010:

	Rs.
Materials Purchased	62,500
Materials issued from stores	45,000
Plant issued	30,000`
Wages paid	65,000
Outstanding wages	14,500
Office expenses	10,500

Cash received upto 31st Dec. 2010 amounted to Rs. 2,10,000 being 75% of the work certified. Materials valued Rs. 6,000 and plant costing Rs. 5,000 were destroyed due to fire in the depot. On 31st Dec. 2010, plant costing Rs. 5,000 returned to stores and the materials costing Rs. 5,000 were sold for Rs. 8,000. He cost of work done but uncertified was Rs. 15,000, Materials at site were valued at Rs. 8,000. Charge depreciation @10% on plant, reserve ¼ of profit received, transfer ¾ of profit received to P&L a/c and prepare Contract Account. Also, prepare work in progress A/c and Balance Sheet.

- 23 Write short notes on:
- Incomplete projects
 - Steps for allocation of profits
- 24 Discuss the concept of contract costing and services costing.
- 25 Discuss in detail the steps involved in service costing.
- 26 What is the difference between job costing and batch costing?
- 27 What is escalation clause in contract costing.
- 28 Explain the accounting treatment for plant used in contract.
- 29 How work in progress is calculated in contract costing?
- 30 What is absolute tonne km and commercial tonne km?
31. What is operating costing? How is it different from operation cost.?
32. What is composite unit in service costing?
33. State the features of operating costing.
34. How the unit cost is calculated in service costing?
35. Distinguish between standing charges and running charges in transport costing.

III Long Answer Type Questions:

- 1 Discuss the nature of contract costing and how and explain how costs are recorded in contracts.
- 2 Describe job Costing and Batch Costing giving example of industries where these are used?
- 3 Distinguish between Job Costing & Batch Costing?
- 4 Distinguish between job costing and process costing?
- 5 what are the methods of costing?
- 6 “Operating costing is defined as refinement of Process costing”. Explain.
- 7 State the unit of cost for the following industries:
 - a. Transport
 - b. Power
 - c. Hotel
 - d. Hospital
 - e. Steel
 - f. What is composite unit in service costing? automobile
- 8 Explain briefly What do you understand by Operating Costing? How composite units are computed?
- 9 Write short notes on:
 - a) Escalation Clause
 - b) Cost Plus Contracts
 - c) Features of Job costing
- 10 Give your views regarding justification in charging profit on incomplete contracts and explain methods of charging profit on incomplete projects.
- 11 What is the difference between job costing and contract costing? Explain the objectives and procedure of job costing system.
- 12 What do you understand by “Operating Cost”? Describe its essential features and state where it can be usefully implemented?
- 13 With a mixed fleet of hundred goods-transport vehicles , show how would you calculate an hourly rate per vehicle for charging to jobs and services.
- 14 What is “Operating costing”? Draw a statement with imaginary figures for working out the running cost per Kilometer of a taxi.
- 15 “The more kilometers you travel with your own vehicle , the cheaper it becomes”. Comment briefly on this statement.
- 16 What is job costing? Explain its characteristics and accounting procedure. How does job costing differ from contract costing?
- 17 Define contract costing. Discuss the basic features of contract costing.
- 18 A company has 20 vehicles, which capacities are as follows:

No. of Vehicles	Capacity per vehicle
-----------------	----------------------

5	9 tonne
6	12 tonne
7	15 tonne
2	20 tonne

The company provides the goods transport service between stations 'A' to station 'B'. Distance between these stations is 200 kilometers. Each vehicle makes one round trip per day an average. Vehicles are loaded with an average of 90 percent of capacity at the time of departure from station 'A' to station 'B' and at the time of return back loaded with 70 per cent of capacity. 10 per cent of vehicles are laid up for repairs every day. The following information are related to the month of October, 2008:

Salary of transport manager	Rs. 30,000
Salary of 30 drivers	Rs.4,000 each driver
Wages of 25 helpers	Rs.2,000 each helper
Wages of 20 Labourers	Rs.1,500 each labourer
Consumables stores	Rs.45,000
Insurance (Annual)	Rs.24,000
Road License (Annual)	Rs.60,000
Cost of diesel per litre	Rs.35
Kilometers run per litre each vehicle	5 Km.
Lubricant, oil etc.	Rs.23,500
Cost of replacement of tyres, tubes other parts etc.	Rs.1,25,000
Garage rent (Annual)	Rs.90,000
Transport technical service charges	Rs.10,000
Electricity and gas charges	Rs.5,000
Depreciation of vehicles	Rs.2,00,000

There is a workshop attached to transport department which repairs these vehicles and other vehicles also. 40 per cent of transport manager's salary is debited to the workshop. The transport department is charged Rs. 28,000 for the services rendered by the workshop during October, 2008. During the month of October, 2008 operation was 25 days.

You are required:

- (i) Calculate per tonne kilometer operating cost.
- (ii) Find out the freight to be charged per tone kilometer, if the company earned a profit of Rs. 25 per cent on freight.

- 19 Goodwill Ltd. commenced a contract on 1st January, 2005. The total contract was for Rs. 10,00,000 (estimated by the contractee) and was accepted by Goodwill at 10% less. It was decided to estimate the total profit and to take to the credit of P& L Account that proportion of estimated profit on cash basis which the work completed bore to the total contract. Actual expenditure in 2005 and estimated expenditure in 2006 are given below:

	2005(Actual)	2006(Estimated)
Materials	1,50,000	2,60,000
Labour: Paid	1,00,000	1,20,000
Accrued	10,000	-
Plant purchased	80,000	-
Expenses	40,000	71,000
Plant returned to store on (cost)	20,000	50,000
	(31 Dec.)	(on 30.09.06)
Material at site	10,000	-
Work certified	4,00,000	Full
Work Uncertified	15,000	-
Cash received	3,00,000	Full

The plant is subject to annual depreciation @ 20% of cost. The contract is likely to be completed on 30th September, 2006. Prepare the Contract account.

- 20 In a machine shop, the machine hour rate, worked out at the beginning of a year on the basis of 13 week period which is equal to 3 calendar months. The following estimates for operating a machine are relevant:

Total working hours available per week	48 hours
Maintenance time included in above	2 hours
Setting up time included in above	2 hours

Cost details

Operator's wages p. m	
Supervisory salary p.m	(Common supervisor's for three machines)
W. D. V. of machine	(Dep. at 10% plus 2% on an average for extra shift allowance)
Repairs and maintenance p.a.	
Consumable stores p.a	
Rent, rates and taxes	(for the quarter apportioned)

Power consumed @ 15 units per hour @ 40 paise per unit. Power required for productive time but no power is required for setting up jobs.

- 21 A truck starts with a load of 10 tonnes of goods from station P. It unloads 4 tonnes at station Q and rest of the goods at station R. It reaches back directly to station P after getting reloaded with 8 tonnes of goods at station R. The distances between P to Q, Q to R and then from R to P are 40 km, 60 km and 80 km respectively. Compute
 (a) Absolute tone-km and (Ans. 1,400 tonne-km)
 (b) Commercial tone-km.(Ans. 1,440 tonne-km)
- 22 Fast Roadway runs 10 buses between two suburban centres which are 25 kilometres apart. Seating capacity of each bus is 30 passengers. The expenses for the month of November 1994 were as under :
- | | |
|------------------------------------|------------|
| Salaries of Drivers and Conductors | Rs. 60,000 |
| Salaries of Mechanical Staff | 6,000 |
| Diesel Oil and Lubricants | 40,000 |
| Taxes, Insurance, etc. | 5,200 |
| Repairs, and Maintenance | 8,000 |
| Depreciation | 32,000 |
| Seating capacity utilized was | 60%. |
- All the buses ran 25 days of the month.
 Each bus made four round trips daily.
- (a) Find out the cost per passenger-km and the cost per round trip per passenger.
 (Ans. Rs. 0.168 and Rs. 8.40)
- (b) What would have been the cost per round trip per passenger, if the seating capacity utilization were to go up to 80%?
 (Ans. Rs.6.30)
- (c) What would have been the cost per round trip per passenger, if all the expenses (other than depreciation) were to go up by 20% at a seating capacity utilization of 80%?
 (Ans.Rs.7.30)
- 23 S has been promised a contract to run a tourist car on a 20 km long route for the chief executive of a multinational firm. He buys a car costing Rs. 1,50,000. The annual cost of insurance and taxes are Rs. 4,500 and Rs. 900 respectively. He has to pay Rs. 500 per month for a garage where he keeps the car when not in use. The annual repair costs are estimated at Rs. 4,000. The car is estimated to have a life of 10 years, at the end of which the scrap value is likely to be Rs. 50,000. He hires a driver who is to be paid Rs. 300 per month plus 10% of the takings as commission. Other incidental expenses are estimated at Rs. 200 per month. Petrol and oil will cost Rs. 100 per 100 kms. The car will make 4 round trips each day. Assuming that a profit of 15% on takings is desired and that the car will be on the road for 25 days on an average per month, what should be the charge per round trip?
 (Ans. Rs. 88.22)

- 24 From the following information, prepare a monthly cost sheet of XYZ Brick Works, showing Cost and Profit per 'S' brick. (S= 1,000 bricks)
Material used:

Lime	895 tonnes at Rs. 500 per tone
Coal	825 tonnes at Rs. 300 per tone
Sand	Rs. 15 per S bricks made
Stores	Rs. 1,46,500

Labour:

Sand digging and running	Rs. 1,00,000
Bricks making	Rs. 4,00,000
Factory O/H	25% on direct charges
Office O/H	10% on direct charges
Bricks sold	3,500 S @ Rs. 550 per S
Opening stock of bricks	100S
Closing stock of bricks	600 S

- 25 A transport service company is running four buses between two towns, which are 100 miles apart. The seating capacity of each bus is 40 passengers. The following particulars are available for October, 2013:

	Rs.
Wages of drivers, conductors and cleaners	48,000
Salaries of office staff and inspectors	20,000
Diesel and lubricants	80,000
Repairs and maintenance	16,000
Road tax and insurance	32,000
Depreciation	52,000
Interest and other charges	40,000

- 26 A contractor commenced a contract on 1st July 2009 and the contractor provides the following information on 31st March 2010:

Particulars	₹
Material	42,000
Labour	1,02,000
Other charges	12,500
Administrative Expenses	25,500
Material in hand	4,400

A machine costing ₹36,000 had been on site for 6 months. The working life of machinery is estimated six years and the scrap value at ₹6,000. A supervisor who is paid ₹1,600 per year has spent ½ (one half) of his time on the contract. The contract price was ₹4,00,000 and on 31st March 2010 the 2/3rd of the contract was completed. Cash received ₹1,50,000 being 75% of work certified. Prepare Contract A/c and Work in Progress A/c.

27 What is Job Costing? Explain its characteristics and accounting procedure. How does Job Costing differ from Contract Costing?

28 Write short notes on the following-

- a) Contract costing
- b) batch costing
- c) operating costing
- d) job costing

29 The following are the particulars relating to a contract which has begun on 1st January 2013.

	₹
Contract price	500000
Machinery	30000
Materials	170600
Wages	148750
Direct expenses	6330
Outstanding wages	5380
Uncertified work	9000
Overheads	8240
Materials returned	1600
Materials on hand(opening balance)	3700
Materials on hand(closing balance)	22000
Value of work certified	390000
Cash received	351000

Prepare the contract account for the year 2013 showing the amount of profit that may be taken to the credit of profit & loss a/c of the year. Also show the amount of the work in progress as it would appear in the balance sheet of the year.

30 Union Transport Company supplies the following details in respect of a truck of 5-tonne capacity:

Cost of truck	Rs. 90,000
Estimated life	10 years
Diesel, oil, grease	Rs. 15 per trip each way
Repairs and maintenance	Rs. 500 per month
Driver's wage	Rs. 500 per month
Cleaner's wage	Rs. 250 per month
Insurance	Rs. 4,800 per year
Tax	Rs. 2,400 per year
General supervision charges	Rs. 4,800 per year

The truck carries goods to and from city covering a distance of 50 miles each way.

While going to the city freight is available to the extent of full capacity.

Assuming that the truck runs on an average 25 days a month, work out:

- (i) Operating cost per tonne-mile, and
- (ii) Rate per ton per trip that the company should charge if profit of 50% on freightage is to be earned.

31. The following expenditure was incurred on a contract of Rs.12,00,000 for the year ending 31-12-2015. `

Rs. Materials	2,40,000
Rs. Wages	3,28,000
Rs. Plant	40,000
Rs. Overheads	17,200

Cash received on account of the contract to 31st Dec., 2015 was `Rs.4,80,000, being 80% of the Work certified. The value of materials in hand was Rs.20,000. The plant had undergone 20% depreciation.

Prepare Contract Account. \

32. The following expenses were incurred on an unfinished contract during the year 2015.

Materials	Rs. 90,000
Wages	Rs.60,000
Other expenses	Rs.30,000 `

Rs.2,00,000 was received by the contractor, being 80% of the work certified. Work done but not certified was Rs.5,000.

Determine the profit to be credited to profit and loss account and profit kept reserve in all the three alternatives given below:

- (i) Contract price is Rs.3,00,000
- (ii) Contract price is Rs.5,50,000
- (iii) Contract price is Rs.12,00,000

33. The following were the expenses on a contract which commenced on 1st January 2016. ` Materials purchased Rs.1,10,000 Material at the end Rs.1,250 Direct wages Rs.15,000 Plant issued Rs.5,000 Direct expenses Rs.8,000 The contract price was ` Rs.1,50,000. It was duly received when the contract was completed on 31-3-2016. Charge indirect expenses at 15% on wages and provide Rs.1,000 for depreciation on plant. Prepare the contract account and contractee's account.

34. Yogesh & sons accepted a contract for the construction of a building for Rs.10,00,000, the contractee agreeing to pay 90% of work certified by the architect. During the first year, the amounts spent were:

Particulars were:`

Material Rs.1,20,000 Machinery Rs.30,000 Labour Rs.1,50,000 Other expenses Rs. 90,000

At the end of the year, the machinery was valued at ` Rs. 20,000 and materials at site were of the value of Rs. 5,000. Work certified during the year totalled Rs.4,00,000. In addition work-in-progress not certified at the end of the year had cost Rs.15,000. Prepare Contract Account in the books of Yogesh & sons. Also show the various figures of profit that can be reasonably transferred to the Profit and Loss Account

35. The Construction Co.. has undertaken the construction of a bridge. The value of the contract was Rs. 15,00,000 subject to retention of 20% until one year after certified completion of the contract, and final approval of the Corporation's engineer. The following are the details as shown in the books on 30th June, 2018.

` `

Labour on site Rs. 4,05,000

Materials Rs. 6,300

Materials direct to site Rs. 4,20,000

Wages accrued Rs. 7,800

Materials from stores Rs 81,200

Direct expenses accrued Rs. 1,600

Hire and use of plant Rs. 12,100

Works not yet certified at cost Rs. 16,500

Direct expenses Rs. 23,000 Amount certified Rs.11,00,000

General overhead allocated Rs. 37,100

Work certified Rs. 11,00,000 contract

Cash received on account Rs. Rs. 8,80,000

Prepare (a) Contract Account, (b) Contractee's Account

QUESTION BANK

QUANTITATIVE TECHNIQUES

BBA-104

QUESTION BANK
QUANTITATIVE TECHNIQUES– BBA 104
BBA - II

UNIT – I

I. Multiple Choice Questions:

1. The sum of deviations of observations from their arithmetic mean:
- A. Maximum
 - B. Least
 - C. Zero
 - D. None of these

ANSWER: C

2. The sum of absolute deviations is minimum when taken from:
- A. Mean
 - B. Median
 - C. Mode
 - D. None of these

ANSWER: B

3. The sum of squared deviations is minimum when taken from:
- A. Mean
 - B. Median
 - C. Mode
 - D. None of these

ANSWER: A

4. What is the median of 33, 86, 68, 32, 80, 48, 70?
- A. 32
 - B. 68
 - C. 80
 - D. 86

ANSWER: B

5. In a moderately skewed distribution, the value of mean is 16 and that of mode is 25.
- A. 20
 - B. 19
 - C. 21

D. None of these

ANSWER: B

6. In a moderately skewed distribution, the following equation indicates the relationship among mean, median and mode:

A. Mean = 2 Mode - 3 Median

B. Mode = 3 Median - 2 Mean

C. Median = 3 Mean - 2 Mode

D. None of these

ANSWER: B

7. For a symmetrical distribution, Q_1 and Q_3 are 20 and 60 respectively. The value of median will be:

A. 20

B. 30

C. 40

D. 50

ANSWER: C

8. The variate values which divide series into ten equal parts are called:

A. Quartiles

B. Deciles

C. Percentiles

D. None of these

ANSWER: B

9. From which average, the sum of deviations is zero?

A. Mean

B. Median

C. Mode

D. None of these

ANSWER: A

10. The average to be used to determine the average size of the shoe sold in a shop is:

A. Mean

B. Median

C. Mode

D. None of these

ANSWER: C

11. Find the Mode of 5, 3, 27, 5, 9, 3, 8, 5:

- A. 5
- B. 27
- C. 9
- D. 3

ANSWER: A

12. In a moderately asymmetrical distribution, the value of mean is 75 and the value of mode is 60 :

- A. 75
- B. 70
- C. 85
- D. 80

ANSWER: B

13. Given Mean = 70.2 and mode = 70.5. Find the median using empirical relationship among them.

- A. 120
- B. 150
- C. 180
- D. 300

ANSWER: B

14. In a moderately skewed distribution, the value of mode is 120 and that of median is 140. Find the value of arithmetic mean.

- A. 150
- B. 160
- C. 170
- D. 180

ANSWER: A

15. The arithmetic mean of the marks obtained by 50 students was calculated as 44. It was later discovered that a score of 36 was misread as 56. Find the correct value of arithmetic mean of the marks obtained by the students.

- A. 43
- B. 43.6
- C. 45
- D. 50

ANSWER: B

16. The marks obtained by 9 students in a test are 25, 20, 15, 45, 18, 7, 10, 38 and 12. Find the median.

- A. 38
- B. 20
- C. 18
- D. 15

ANSWER: C

17 In a moderately asymmetrical distribution, the mode and mean are 32.1 and 35.4 respectively. Calculate the median.

- A. 35
- B. 34.3
- C. 36
- D. 37

ANSWER: B

18 In a moderately skewed distribution, the mode and median are 20 and 24 respectively. Calculate the value of mean.

- A. 27
- B. 26
- C. 25
- D. 28

ANSWER: B

19 The mean weight of 150 students in a class is 60 Kg. The mean weight of Boy students is 70 Kg and that of a girl student is 55 kg. Find the number of Boys and Girls in the class.

- A. 50 and 100
- B. 100 and 50
- C. 150 and 200
- D. 200 and 150

ANSWER: A

20 A distribution consists of three components with total frequencies of 200, 250 and 300 having means 25, 10 and 15 respectively. Find the mean of the combined distribution.

- A. 17
- B. 16
- C. 15
- D. 20

ANSWER: B

21. Difference of mode and mean is equal to

- A. 3(mean-median)
- B. 2(mean-median)
- C. 3(mean-mode)
- D. 2(mode mean)

ANSWER: A

22. If mean is 11 and median is 13 then value of mode is

- A. 15
- B. 13
- C. 11
- D. 17

ANSWER: D

23. Distribution in which values of median, mean and mode are not equal is considered as

- A. experimental distribution
- B. asymmetrical distribution
- C. symmetrical distribution
- D. exploratory distribution

ANSWER: B

24. If value of three measures of central tendencies median, mean and mode then distribution is considered as

- A. negatively skewed modal
- B. triangular model
- C. unimodel
- D. bimodal

ANSWER: C

25. If value of mode is 14 and value of arithmetic mean is 5 then value of median is

- A. 12
- B. 18
- C. 8
- D. 14

ANSWER: C

26. In a negative skewed distribution, order of mean, median and mode is as:

- A. mean<median>mode
- B. mean>median>mode
- C. mean<median<mode

D. mean>median<mode

ANSWER: C

27. Measure which describes detailed characteristic of whole data set is classified as

A. average or central value

B. positive skewed value

C. negative skewed value

D. positive extended value

ANSWER: A

28. Extent to which values are dispersed around central observation is considered as

A. trailing

B. variation

C. extension

D. centralized valuation

ANSWER: B

29. Manner in which geometric mean, harmonic mean and arithmetic mean are related is as

A. $A.M > G.M > H.M$

B. $A.M > G.M < H.M$

C. $A.M < G.M < H.M$

D. $A.M < G.M > H.M$

ANSWER: A

30. Mode is best measure of tendency if analysis is

A. descriptive

B. exploratory

C. experimental

D. set of deciles

ANSWER: A

31. In statistics out of 100, marks of 21 students in final exams are as 90, 95, 95, 94, 90, 85, 84, 83, 85, 81, 92, 93, 82, 78, 79, 81, 80, 82, 85, 76, 85 then mode of data is

A. 85

B. 95

C. 90

D. 81

ANSWER: A

32. Branches of statistics includes

- A. applied statistics
- B. mathematical statistics
- C. industry statistics
- D. both a and b

ANSWER: D

33. What is the median of the data 78, 56, 22, 34, 45, 54, 39, 68, 54, 84?

- A. 54
- B. 53
- C. 55
- D. 51

ANSWER: A

34. Find the mean of $x + 77$, $x + 7$, $x + 5$, $x + 3$ and $x - 2$?

- A. $x + 8$
- B. $x + 18$
- C. $x - 8$
- D. $x - 18$

ANSWER: B

35. In the class intervals $40 - 50$, $50 - 60$, the number 50 is included in which of the following?

- A. $40 - 50$
- B. $30 - 40$
- C. $50 - 60$
- D. $60 - 70$

ANSWER: C

36. The method used to compute average or central value of the collected data is considered as

- A. measures of positive variation
- B. measures of central tendency
- C. measures of negative skewness
- D. measures of negative variation

ANSWER: B

37. The mean or average used to measure central tendency is called

- A. sample mean
- B. arithmetic mean
- C. negative mean
- D. population mean

ANSWER: B

38. If the mean of percentages, rates and ratios is to be calculated then the central tendency measure which must be used in this situation is
- A. weighted arithmetic mean
 - B. paired arithmetic mean
 - C. non-paired arithmetic mean
 - D. square of arithmetic mean

ANSWER: A

39. In the quartiles, the central tendency median to be measured must lie in
- A. first quartile
 - B. second quartile
 - C. third quartile
 - D. four quartile

ANSWER: B

40. A numerical value used as a summary measure for a sample, such as sample mean, is known as a
- A. population parameter
 - B. sample parameter
 - C. sample statistic
 - D. population mean

ANSWER: C

II Short Answer Type Questions:

1. Write a short note on measures of Central Tendency.
2. What are the requisites of a good average? Explain briefly.
3. State two important objects of measures of Central Value.
4. Distinguish between Simple and Weighted Average and state the circumstances under which the latter should be employed.
5. What do you mean by arithmetic mean? Discuss its merits and demerits. Also state its important properties.
6. State the algebraic properties of arithmetic mean with examples.
7. Define Median.
8. Is it true to say that sum of the absolute deviations from median is the minimum? Illustrate your answer with the help of an example.
9. State the formula of median for grouped data with class intervals.

10. Why is the median called a positional average?
11. Point out the merits and demerits of median.
12. Define Mode. When is mode preferred over other forms of average?
13. When is mode said to be ill-defined?
14. Point out the merits and demerits of mode as a measure of central tendency.
15. A stockiest of ready-made garments should follow which type of an average and why?
16. Give the formula for computing mode in a continuous series.
17. Briefly explain the role of Grouping Table and Analysis Table in calculation of Mode.
18. "The arithmetic mean is best among all the averages." Why or why not?
19. Discuss the importance of statistics. What are various limitations of statistics?
20. What are the chief characteristics of statistics?
21. Discuss the importance of statistics in business and commerce.
22. Explain the importance of statistics with reference to business and industry.
23. Is statistics a science or an art or both?
24. Differentiate between arithmetic mean and median.
25. What are the qualities of a good average?
26. What are the limitations of Statistics?
27. Define Geometric mean.
28. Define Harmonic Mean.
29. What is the relationship between GM, HM and AM?
30. What is the formula for GM?
31. Differentiate between arithmetic mean and median.
32. What are the qualities of a good average?
33. What are the objectives of tabulation?
34. What is a bar graph?
35. What is frequency distribution?

III Long Answer Type Questions:

1. Following is the distribution of marks in economics obtained by 50 students:

Marks (more than):	0	10	20	30	40	50
No. of Students	100	92	80	40	20	6

- Calculate the median marks. If 60% of the students pass this test. Find the minimum marks obtained by a pass candidate.
2. The mean and standard deviation of 100 items is found to be 120 and 20, two items are wrongly taken as 23 and 7, instead of 13 and 17, find the correct mean and standard deviation.
 3. What are the sources of collection of data? What are the limitations of statistics?

4. What is the meaning of normalcy of data? How is it measured?
5. Distinguish between skewness and dispersion.
6. A distribution consists of three components with total frequencies of 200, 250 and 300 having means 25, 10 and 15 respectively. Find the mean of combined distribution.
7. Write short notes on:
- Absolute and Relative Variation
 - Lorenz Curve
8. The following data relate to salaries of the employees of the factory.

	Morning Shift	Evening Shift
Mean Salary per month (Rs.)	14,300	18,600
Standard Deviation of Salary (Rs.)	1,250	1,320
Number of Employees	40	30

- For which factory is the total salary higher?
 - In which factory is the variability in salaries greater?
 - Calculate the combined mean salary of two shifts.
9. Represent the following distribution by a histogram:

Class Interval	10-20	20-30	30-40	40-50	50-60	60-70
Frequency	6	8	12	10	4	2

10. Given the following distribution of marks of students of a class:

Marks	20-30	30-40	40-50	50-60	60-70
No. of Students	12	20	48	16	4

- Calculate median marks.
 - If 80% of the students pass the test, determine the minimum pass marks.
11. Find Combined Mean for the two sets of data from the given information:

	Set I	Set II
Size	20	40
Mean	110	105

12. Calculate the A.M., Median and Mode for the frequency distribution:

Variable	10-13	13-16	16-19	19-22	22-25	25-28	28-31	31-34	34-37	37-40
Frequency	8	15	27	51	75	54	36	18	9	7

13. A candidate obtained the following percentage of marks in different subjects in the final examination:
English 60, Statistics 75, Cost Accountancy 63, Economics 59, Income tax 55. Find the candidate's weighted arithmetic mean if weights are 1, 2, 1, 3, 3 respectively are allotted to the subjects.

14. Calculate Weighted Mean from the following data:

Value	10	12	15	18	20
Weight	2	5	12	4	7

15. An incomplete distribution is given below:

Class	0-10	10-20	20-30	30-40	40-50	50-60	60-70	Total
Frequency	10	20	?	40	?	25	15	170

Find out the missing frequencies if median value is 35.

16. Following is the distribution of marks obtained by 65 students in statistics paper:

Marks (more than)	20	30	40	50	60	70
No. of Students	65	63	40	40	18	7

Calculate the median marks.

17. Consider incomplete distribution of the protein consumption unit/day (g) of 400 families-

Protein Intake	15-25	25-35	35-45	45-55	55-65	65-75	75-85
No. of families	30	?	100	110	80	?	10

If the median is found to be 47.73, find the missing frequency. Also find the mode of the completed distribution.

18. Following is the distribution of marks in economics obtained by 50 students:

Marks (more than)	0	10	20	30	40	50
No. of Students	100	92	80	40	20	6

Calculate the median marks. If 60% of the students pass this test, find the minimum marks obtained by a pass candidate.

19. The mean and standard deviation of 100 items are found to be 120 and 20. If at the time of calculations, two items are wrongly taken as 23 and 7 instead of 13 and 17, find the corrected mean and corrected standard deviation.

20. When is the variance equal to the standard deviation? Under what circumstances can variance be less than standard deviation? Explain.

21. The scores of two batsmen A and B in ten innings are as follows:

A	32	28	47	63	71	39	10	60	96	14
B	19	31	48	53	67	90	10	62	40	80

Which Batsman is more consistent in scoring?

22. The mean and standard deviation of 100 items are found to be 40 and 10. If at the time of the calculations, two items are wrongly taken as 30 and 70 instead of 3 and 27, find the corrected mean and corrected standard deviation.

23. The following data relate to salaries of the employees of the factory.

	A	B
Mean Salary per month (Rs.)	1600	1750
Variance of salary of workers	256	289
Number of Employees	100	200

Compute the following:

- a) Which firm pays larger pay package of salary to workers?
 - b) Which firm shows greater variability in the distribution of salary to the workers?
 - c) Compute the combined average salary and combined variance of all the 300 workers of both the firms taken together.
24. Explain graphical method of locating mode.
25. Why is the median called a positional average? Point out the merits and demerits of median.
26. What do you mean by median? How do you measure median? Can it be measured graphically? If yes, how? How you compute other positional measures?
27. The following table gives the monthly income of 10 employees in an office. Income (in Rs): 1780, 1760, 1690, 1750, 1840, 1920, 1100, 1810, 1050, 1950. Calculate the A.M.
28. Jeremy scored the following on his last seven math tests (out of 100): 70, 80, 70, 90, 80, 100, 70 What is the mean of Jeremy's test scores?
29. In a survey of 10 households, the number of children was found to be 4, 1, 5, 4, 3, 7, 2, 3, 4, 1 A State the mode. Calculate (i) the mean number of children per household (ii) the median number of children per household. C A researcher says: "The mode seems to be the best average to represent the data in this survey." Give ONE reason to support this statement.
30. Students in Year 8 are arranged in eleven classes. The class sizes are 23, 24, 24, 26, 27, 28, 30, 24, 29, 24, 27. A What is the modal class size? (b) Calculate the mean class size. The range of the class sizes for Year 9 is 3. C What does this tell you about the class sizes in Year 9 compared with those in Year 8?

31. Why is the median called a positional average? Point out the merits and demerits of median.
32. Define statistics? Explain its importance in detail.
33. What are the objectives and limitations of statistics?
34. Explain in detail partition values- deciles, quartiles and percentiles.
35. "Statistics is all about numbers or numerical data". Elucidate the statement in the light of defining importance, functions and limitation of statistics.

UNIT – II

I. Multiple Choice Questions:

1. If the sum of squares of the rank differences of 10 pairs of values is 30, find the correlation coefficient between them.
 - A. 0.75
 - B. 0.82
 - C. 0.90
 - D. 0.83

ANSWER: B

2. In a bivariate sample, the sum of squares of differences between marks of observed values of two variables is 33 and the rank correlation between them is 0.8. Find the number of pairs of observations:
 - A. 12
 - B. 10
 - C. 15
 - D. 18

ANSWER: B

3. In a bivariate distribution, Spearman's Coefficient of Correlation is -0.25. If the sum of the squares of various ranks is 150, find out the number of pairs of items:
 - A. 10
 - B. 8
 - C. 9
 - D. 7

ANSWER: C

4. The rank correlation coefficient of a debating contest involving 10 participants was calculated as 0.6. However, it was later discovered that the difference in the ranks of some participants was read as 8 instead of 3. Find the correct correlation coefficient:

- A. 0.933
- B. 0.652
- C. 0.854
- D. 0.751

ANSWER: A

5. The regression coefficient of X on Y is:
- A. b_{XY}
 - B. b_{YX}
 - C. Not Specified

ANSWER: A

6. Regression Coefficient of Y on X is:
- A. b_{XY}
 - B. b_{YX}
 - C. Not Specified

ANSWER: B

7. If one of the regression coefficient is greater than unity, the other must be:
- A. More than Unity
 - B. Less than Unity
 - C. Unity

ANSWER: B

8. The regression coefficients re independent of change of origin but:
- A. Not of Scale
 - B. Also of Scale
 - C. No Change in scale

ANSWER: A

9. The coefficient of correlation between the regression coefficients is:
- A. Arithmetic Mean
 - B. Geometric Mean
 - C. Average

ANSWER: B

10. The correlation coefficient is used to determine:
- A. A specific value of the y-variable given a specific value of the x-variable

- B. A specific value of the x-variable given a specific value of the y-variable
- C. The strength of the relationship between the x and y variables
- D. None of these

ANSWER: C

11. If there is a very strong correlation between two variables then the correlation coefficient must be:
- A. any value larger than 1
 - B. much smaller than 0, if the correlation is negative
 - C. much larger than 0, regardless of whether the correlation is negative or positive
 - D. None of these alternatives is correct

ANSWER: B

12. In regression, the equation that describes how the response variable (y) is related to the explanatory variable (x) is:
- A. the correlation model
 - B. the regression model
 - C. used to compute the correlation coefficient
 - D. None of these alternatives is correct.

ANSWER: B

13. In regression analysis, the variable that is being predicted is the:
- A. Response, or dependent, variable
 - B. Independent variable
 - C. intervening variable
 - D. is usually x

ANSWER: A

14. In a regression analysis if $r^2 = 1$, then:
- A. SSE must also be equal to one
 - B. SSE must be equal to zero
 - C. SSE can be any positive value
 - D. SSE must be negative

ANSWER: B

15. The coefficient of correlation:
- A. is the square of the coefficient of determination
 - B. is the square root of the coefficient of determination
 - C. is the same as r-square

D. can never be negative

ANSWER: B

16. In regression analysis, the variable that is used to explain the change in the outcome of an experiment, or some natural process, is called:
- A. the x-variable
 - B. the independent variable
 - C. the predictor variable
 - D. all of the above (a-d) are correct

ANSWER: D

17. If the coefficient of determination is a positive value, then the regression equation:
- A. must have a positive slope
 - B. must have a negative slope
 - C. could have either a positive or a negative slope
 - D. must have a positive y intercept

ANSWER: C

18. If two variables, x and y, have a very strong linear relationship, then:
- A. there is evidence that x causes a change in y
 - B. there is evidence that y causes a change in x
 - C. there might not be any causal relationship between x and y
 - D. None of these alternatives is correct.

ANSWER: C

19. If the coefficient of determination is equal to 1, then the correlation coefficient:
- A. must also be equal to 1.
 - B. can be either -1 or +1.
 - C. can be any value between -1 to +1
 - D. must be -1

ANSWER: B

20. In regression analysis, if the independent variable is measured in kilograms, the dependent variable:
- A. must also be in kilograms
 - B. must be in some unit of weight
 - C. cannot be in kilograms
 - D. can be any units

ANSWER: D

21. A process by which we estimate the value of dependent variable on the basis of one or more independent variables is called:
- A. Correlation
 - B. Regression
 - C. Residual
 - D. Slope

ANSWER: B

22. The method of least squares dictates that we choose a regression line where the sum of the square of deviations of the points from the line is:
- A. Maximum
 - B. Minimum
 - C. Zero
 - D. Positive

ANSWER: B

23. A relationship where the flow of the data points is best represented by a curve is called:
- A. Linear relationship
 - B. Nonlinear relationship
 - C. Linear positive
 - D. Linear negative

ANSWER: A

24. All data points falling along a straight line is called:
- A. Linear relationship
 - B. Nonlinear relationship
 - C. Residual
 - D. Scatter diagram

ANSWER: A

25. The value we would predict for the dependent variable when the independent variables are all equal to zero is called:
- A. Slope
 - B. Sum of residual
 - C. Intercept
 - D. Difficult to tell

ANSWER: C

26. The predicted rate of response of the dependent variable to changes in the independent variable is called:
- A. Slope
 - B. Intercept
 - C. Error
 - D. Regression equation

ANSWER: D

27. The slope of the regression line of Y on X is also called the:
- A. Correlation coefficient of X on Y
 - B. Correlation coefficient of Y on X
 - C. Regression coefficient of X on Y
 - D. Regression coefficient of Y on X

ANSWER: D

28. In simple linear regression, the numbers of unknown constants are:
- A. One
 - B. Two
 - C. Three
 - D. Four

ANSWER: B

29. In simple regression equation, the numbers of variables involved are:
- A. 0
 - B. 1
 - C. 2
 - D. 3

ANSWER: C

30. If the value of any regression coefficient is zero, then two variables are:
- A. Qualitative
 - B. Correlation
 - C. Dependent
 - D. Independent

ANSWER: D

31. The measurements of spread or scatter of the individual values around the central point is called:
- A. Measures of dispersion

- B. Measures of central tendency
- C. Measures of skewness
- D. Measures of kurtosis

ANSWER: A

32. The scatter in a series of values about the average is called:

- A. Central tendency
- B. Dispersion
- C. Skewness
- D. Symmetry

ANSWER: B

33. The measures used to calculate the variation present among the observations in the unit of the variable is called:

- A. Relative measures of dispersion
- B. Coefficient of skewness
- C. Absolute measures of dispersion
- D. Coefficient of variation

ANSWER: C

34. The measures used to calculate the variation present among the observations relative to their average is called:

- A. Coefficient of kurtosis
- B. Absolute measures of dispersion
- C. Quartile deviation
- D. Relative measures of dispersion

ANSWER: D

35. The degree to which numerical data tend to spread about an average value called:

- A. Constant
- B. Flatness
- C. Variation
- D. Skewness

ANSWER: C

36. The measures of dispersion can never be:

- A. Positive
- B. Zero
- C. Negative

D. Equal to 2

ANSWER: C

37. If all the scores on examination cluster around the mean, the dispersion is said to be:

A. Small

B. Large

C. Normal

D. Symmetrical

ANSWER: A

38. If there are many extreme scores on all examination, the dispersion is:

A. Large

B. Small

C. Normal

D. Symmetric

ANSWER: A

39. Given below the four sets of observations. Which set has the minimum variation?

A. 46, 48, 50, 52, 54

B. 30, 40, 50, 60, 70

C. 40, 50, 60, 70, 80

D. 48, 49, 50, 51, 52

ANSWER: D

40. Which of the following is an absolute measure of dispersion?

A. Coefficient of variation

B. Coefficient of dispersion

C. Standard deviation

D. Coefficient of skewness

ANSWER: C

II Short Answer Type Questions:

1. Define Correlation. Explain various types of correlation with examples.

2. What is meant by coefficient of correlation between two variables? Also distinguish between positive and negative correlation.

3. Does correlation signify the existence of cause and effect relationship between two variables?

4. What is scatter diagram and how is it useful in the study of correlation?

5. How does a scatter diagram help in ascertaining the degree of correlation between two variables? Explain with suitable examples.
6. Give suitable diagrams to show perfect positive and perfect negative correlations.
7. Distinguish between correlation and causation. State the uses of correlation in practical life.
8. What is meant by coefficient of correlation between two variables? Also distinguish between positive correlation and negative correlation.
9. Define Karl Pearson's Coefficient of correlation.
10. State any two of the properties of Karl Pearson's Coefficient of Correlation.
11. Write the formula of Karl Pearson's coefficient of correlation when deviations are taken from assumed arithmetic mean.
12. What is Spearman's Rank Correlation? When is it calculated?
13. State the merits and demerits of Spearman's Rank Correlation method.
14. Explain Karl Pearson's Coefficient of Correlation v/s rank Correlation.
15. What do you mean by regression? Why are there two regression lines in a bivariate series? Can there be one regression line?
16. What is regression coefficient? How is it different from coefficient of correlation?
17. Distinguish between correlation and regression.
18. State two properties of regression coefficients.
19. The covariance between the length and weight of five items is 6 and their standard deviations are 2.45 and 2.61 respectively. Find the coefficient of correlation between length and weight.
20. The coefficient of correlation between two variables X and Y is 0.4 and their covariance is 10. If the variance of X series is 9, find the standard deviation of Y series.
21. Find the coefficient of correlation between X and Y if covariance between X and Y is 10 and the variance of X and Y are respectively 16 and 9.
22. The coefficient of correlation between two variables X and Y is 0.8 and their covariance is 20. If the variance of X series is 16, find the standard deviation of Y series.
23. If the sum of squares of the rank differences of 9 pairs of values is 80, find the correlation coefficient between them.
24. In a bivariate data of 9 pairs of observations, the sum of square of difference between the ranks of observed values of two variables is 231 and the rank correlation coefficient is - 0.4. Find the value of n.
25. The coefficient of rank correlation between debenture prices and share prices of a company is found to be 0.143. If the sum of the squares of the difference in ranks is 48, find the value of n.
26. What do you mean by Karl Pearson's Coefficient of Correlation.
27. How do you measure Spearman's rank correlation coefficient?
28. What are the cases of Spearman's Rank Correlation?
29. What do you mean by forecasting errors?

30. Explain Forecasting method and how forecasting errors are calculated?
31. What is skewness?
32. What are the various objectives of measuring skewness?
33. Difference between skewness and kurtosis.
34. What are the various tests for Skewness.
35. How to determine coefficient of skewness.

III Long Answer Type Questions:

1. The coefficient of rank correlation of the marks obtained by 10 students in statistics and accountancy was found to be 0.2. It was later discovered that the difference in ranks in the two subjects obtained by one of the students was wrongly taken as 9 instead of 7. Find the correct value of coefficient of rank correlation.
2. From the following data, calculate the Karl Pearson's Coefficient of Correlation between age of students and their playing habits:

Age (years)	15	16	17	18	19	20
No. of Students	300	250	200	150	100	80
Regular Players	240	180	126	60	30	12

3. Calculate the mean values of variables X and Y from the following regression equations-
 $6X - 7Y + 33 = 0$ and $9X + 5Y - 69 = 0$
4. Obtain the two regression equations from the following data:

	X	Y
Mean	28	42
Standard Deviation	10	8
Coefficient of Correlation, r	-0.8	

Using the equations, estimate the value of Y when X = 30 and the value of X when Y = 42.

5. Calculate the coefficient of Rank Correlation from the following data:

X	8	14	9	20	24	18
Y	26	18	12	12	9	2

6. Two judges in a beauty competition rank the 12 entries as follows:

X	1	2	3	4	5	6	7	8	9	10	11	12
---	---	---	---	---	---	---	---	---	---	----	----	----

Y	12	9	6	10	3	5	4	7	8	2	11	1
---	----	---	---	----	---	---	---	---	---	---	----	---

What degree of agreement is there between the judgement of the two judges?

7. Given Variance = 9 and Regression Equations: $4X - 5Y + 33 = 0$, $20X - 9Y - 107 = 0$. Find A Mean of X and Mean of Y (b) Standard Deviation of Y C r (coefficient of correlation).
8. From the following data, calculate the Karl Pearson's Coefficient of Correlation between age of students and their playing habits:

Age	15	16	17	18	19	20
No. of students	250	200	150	120	100	80
Regular Players	200	150	90	48	30	12

9. The age and blood pressure of 10 university teachers are:

Age	46	45	36	47	49	42	60	72	63	55
Blood Pressure	147	125	118	140	142	145	155	160	148	151

- a) Find the correlation coefficient between age and blood pressure.
 b) Determine the least square regression equation of blood pressure on age.
 c) Estimate the bold pressure of a teacher whose age is 35 years.
10. What is Spearman's rank correlation? When is it calculated?
11. Consider the following data set:

Week	1	2	3	4	5	6
Sales	2.69	2.62	2.80	2.70	2.55	2.93

Find the correlation coefficient between sales and week.

12. Write short notes on:
 a) Spearman's Rank Correlation Coefficient
 b) Karl Pearson's Correlation Coefficient

13. Draw a scatter diagram for the following data:

Height (in inches)	62	72	70	60	67	70	64	65	60	70
Weight (in Kgs)	50	65	63	52	56	60	59	58	54	65

Also indicate whether correlation is positive or negative.

14. The coefficient of correlation between two variables X and Y is 0.4 and their covariance is 10. If the variance of X series is 9, find the standard deviation of Y series.

15. The deviations from the respective means of X and Y series are given below:

X	-4	-3	-2	-1	0	1	2	3	4
Y	3	-3	-4	0	4	1	2	-2	-1

Calculate the Karl Pearson's Coefficient of Correlation from the above data.

16. From the following data, calculate Karl Pearson's Coefficient of Correlation:

Expenditure (X)	39	65	62	90	82	75	25	98	36	78
Sales (Y)	47	53	58	86	62	68	60	91	51	84

17. Calculate Karl Pearson's Coefficient of Correlation between variables X and Y using the following data:

X	25	40	30	25	10	5	10	15	30	20
Y	10	25	40	15	20	40	28	22	15	5

18. Find Karl Pearson's Coefficient of Correlation between the age of students and their playing habits from the following information:

Age (in years)	15	16	17	18	19	20
No. of students	300	250	200	150	100	80
No. of players	240	180	126	60	30	12

19. The coefficient of rank correlation of the marks obtained by 10 students in statistics and accountancy was found to be 0.2. It was later discovered that the difference in ranks in the two subjects obtained by one of the students was wrongly taken as 9 instead of 7. Find the correct value of coefficient of rank correlation.

20. Calculate Spearman's Coefficient of rank Correlation from the following data:

X	57	16	24	65	16	16	9	40	33	48
Y	19	6	9	20	4	15	6	24	13	13

21. What are the merits and demerits of Karl Pearson's Correlation Coefficient in comparison to Spearman's Correlation Coefficient.

22. What are different methods of calculating correlation? Explain the methods in detail with formulas.
23. What is the difference between correlation and regression?
24. What is regression? What are the different properties of regression?
25. Explain Least Square Approach of calculating Regression.
26. The table below shows the scores for 12 students on two Mathematic exam papers. For the first paper calculators were allowed and for the second paper they were not.

Paper 1 (xx)	74	73	65	75	68	72	69	71	83	68	68	73
Paper 2 (yy)	75	83	69	77	71	77	68	76	84	69	71	75

A Write down the mean score on Paper 1.

(b) Write down the standard deviation of the scores for Paper 1.

C Find the number of students that had a score of more than one standard deviation below the mean on Paper 1.

(d) Write down the correlation coefficient, r .

E Write down the equation of the regression line of yy on xx .

Another student scored 75 on Paper 1.

(f) Calculate an estimate of his score on Paper 2

Another student scored 88 on Paper 1.

(g) Determine whether you can use the equation of the regression line to estimate his score on Paper 2. Give a reason for your answer.

27. The following table shows the average weights for given heights in a population of men.

Heights (x cm)	160	165	170	175	180	185
Weights (y kg)	65.1	67.9	70.1	72.8	75.4	77.2

A The relationship between the variables is modelled by the regression equation $y=-ax+b$. Write down the value of a and of b .

(b) Use this relationship to estimate the weight of a man whose height is 177 cm.

C Find the correlation coefficient.

28. The following table shows the relationship between the number of workers and the amount of time in minutes it takes them to harvest the sugar cane in a particular field.

29. Workers (nn)	30. Time (tt)
------------------	---------------

31.3	32.799
33.4	34.703
35.5	36.645
37.6	38.570
39.8	40.422
41.9	42.322
43.10	44.241

Find the equation of the regression line of t on n .

29. In a survey of insect life near a stream, a student collected data about the number of different insect species (y) that were found at different distances (x) in metres from the stream.

Distance (x)	2	5	8	11	14	17	22	33	39
Insect species (y)	26	25	19	19	14	9	5	3	2

Draw a scatter diagram to show the data.

30. The following table shows the amount of diesel required by a train to travel certain distances.

Distance (x km)	90	150	230	310	390
Diesel used (y litres)	19.2	33.9	49.0	79.5	89.9

This data can be modelled by the regression line with equation $y = ax + b$.

A Find the values of a and of b .

(b) Explain what the gradient a represents.

C Use the model to estimate the amount of diesel the train would use if it is driven 270 km.

31. Calculate 1st quartile, 5th decile and 70th percentile for the following frequency distribution

Class interval	Frequency
3-5	6
6-8	8
9-11	9
12-14	14
15-17	16
18-20	17
21-23	11
24-26	8
27-29	7
30-32	4

32. From the figures given below, calculate: (i) The range (ii) The arithmetic mean (iii) The median (iv) The lower quartile (v) The upper quartile (vi) The mean deviation (vii) The standard deviation

3	14	24	33	42
6	17	25	37	48
9	18	27	38	51
10	21	31	40	56
12	61	63	65	74

33. The mean and the median of a frequency distribution are 4 and 7 respectively. The standard deviation is 8. Calculate Pearson's coefficient of skewness.

34. Using the data from the example above (12 13 54 56 25), determine the type of kurtosis present.

35. The following data is given. Find a) the mean and b) the variance.

Class Intervals	f
0 - under 10	10
10 - under 20	20

20 - under 30	40
30 - under 40	20
40 - under 50	<u>10</u>
Total	100

UNIT – III

I. Multiple Choice Questions:

1. In a linear programming, lack of points for a solution set is said to:
- A. have no feasible solution
 - B. have a feasible solution
 - C. have single point method
 - D. have infinite point method

ANSWER: B

2. In maximization problem, optimal solution occurring at corner point yields the:
- A. mean values of z
 - B. highest value of z
 - C. lowest value of z
 - D. mid values of z

ANSWER: B

3. In linear programming most popular non- graphical:
- A. Linear Procedure
 - B. Non – Graphical Procedure
 - C. Graphical Procedure
 - D. Simplex Method

ANSWER: D

4. In linear programming the term which states value of objective function improvement is classified as:
- A. Stated Function
 - B. Improved Function
 - C. Better Programmed
 - D. Best

ANSWER: C

5. Non basic variable which is used to replace basic variable is variable which has:
- A. Most Positive Column
 - B. Most Negative Column
 - C. Most Negative Row
 - D. Most Positive Row

ANSWER: C

6. In linear programming problems, set of basic variables which are appeared in linear problem consist of:
- A. Slack and Real Variables
 - B. Slack and Artificial Variables
 - C. Basic Variables
 - D. Non Basic variables

ANSWER: B

7. In linear programming number of requirements must be satisfied in simplex method are:
- A. Two requirements
 - B. Three requirements
 - C. Four requirements
 - D. Five requirements

ANSWER: B

8. A problem has 3 decision variables and problem 5 constraints. How many slack variables are there?
- A. 3
 - B. 5
 - C. 8

ANSWER: B

9. How many of the following points satisfy the inequality $2x - 3y > -5$?
(1, 1), (-1, 1), (1, -1), (-1, -1), (-2, 1), (2, -1), (-1, 2) and (-2, -1)
- A. 3
 - B. 6
 - C. 7
 - D. 6
 - E. 5

10. How many points with integer coordinates lie in the feasible region defined by $3x + 4y \leq 12$, $x \geq 0$ and $y \geq 1$?

- A. 6
- B. 5
- C. 7
- D. 4

ANSWER: D

11. Find, if possible, the minimum value of the objective function $3x - 4y$ subject to the constraints $-2x + y \leq 12$, $x - y \leq 2$, $x \geq 0$ and $y \geq 0$.

- A. 8
- B. -36
- C. No solution
- D. 0

ANSWER: C

12. What can you say about the solution of the linear programming problem specified in above question 11, if the objective function is to be maximized instead of minimized?

- A. Unique solution at (0,0)
- B. Unique solution at(0,12)
- C. Unique solution at(2,0)
- D. No solution

ANSWER: C

13. What can you say about the linear programming problem specified in above question 4, if the second constraint is changed to $3x - 4y \leq 24$ and the problem is one of maximization?

- A. Unique solution at (0,0)
- B. Infinitely many solutions
- C. Unique solution at (8,0)
- D. Unique solution at (0,6)

ANSWER: B

14. All linear programming problems may be solved using graphical method.

- A. True
- B. False

ANSWER: B

15. Divisibility assumption in linear programming implies

- A. resources can be divided among products.
- B. products can be divided among customers.
- C. decision variables may take on integer values.
- D. decision variables may take on fractional values.

ANSWER: C

16. Assumptions of linear programming include

- A. **linearity**
- B. **additivity**
- C. **divisibility**
- D. **Certainty**

ANSWER: A

17. How many of the following points satisfy the inequality $2x - 3y > -5$?

(1, 1), (-1, 1), (1, -1), (-1, -1), (-2, 1), (2, -1), (-1, 2) and (-2, -1)

- A. **4**
- B. **6**
- C. **3**
- D. **5**

ANSWER: D

18. What can you say about the solution of the linear programming problem specified in question 5, if the objective function is to be maximized instead of minimized?

- A. **Unique solution at (0, 0)**
- B. **Unique solution at (0, 12)**
- C. **No solution**
- D. **Unique solution at (2, 0)**

ANSWER: D

19. Which of the following is not an essential condition in a situation for linear programming to be useful?

- A. **An explicit objective function**
- B. **Uncertainty**
- C. **Linearity**
- D. **Limited resources**

ANSWER: B

20. What is the objective function in linear programming problems?

- A. **A constraint for available resource**
- B. **An objective for research and development of a company**
- C. **A linear function in an optimization problem**
- D. **A set of non-negativity conditions**

ANSWER: C

21. Objective of linear programming for an objective function is to

- A. **maximize or minimize**
- B. **subset or proper set modeling**
- C. **row or column modeling**
- D. **adjacent modeling**

ANSWER: A

22. For a linear programming equation, convex set of equations is included in region of

- A. **feasible solutions**
- B. **disposed solutions**
- C. **profit solutions**
- D. **loss solutions**

ANSWER: A

23. In graphical solutions of linear inequalities, solution can be divided into

- A. **one subset**
- B. **two subsets**
- C. **three subsets**
- D. **four subsets**

ANSWER: B

24. Linear programming used to optimize mathematical procedure and is

- A. **subset of mathematical programming**
- B. **dimension of mathematical programming**
- C. **linear mathematical programming**
- D. **all of above**

ANSWER: A

25. In linear programming, objective function and objective constraints are

- A. **solved**
- B. **linear**
- C. **quadratic**
- D. **adjacent**

ANSWER: B

26. Linear programming model which involves funds allocation of limited investment is classified as:

- A. **ordination budgeting model**
- B. **capital budgeting models**
- C. **funds investment models**

D. funds origin models

ANSWER: B

27. In transportation models designed in linear programming, points of demand is classified as

- A. ordination
- B. transportation
- C. destinations
- D. origins

ANSWER: C

28. In linear programming, lack of points for a solution set is said to

- A. have no feasible solution
- B. have a feasible solution
- C. have single point method
- D. have infinte point method

ANSWER: B

29. In maximization problem, optimal solution occurring at corner point yields the

- A. mean values of z
- B. highest value of z
- C. lowest value of z
- D. mid values of z

ANSWER: B

30. In linear programming, oil companies used to implement resources available is classified as:

- A. implementation modeling
- B. transportation models
- C. oil model
- D. resources modeling

ANSWER: B

31. What is the objective function in linear programming problems?

- A. A constraint for available resource
- B. An objective for research and development of a company
- C. A linear function in an optimization problem
- D. A set of non-negativity conditions

ANSWER: C

32 Which statement characterizes standard form of a linear programming problem?

- A. Constraints are given by inequalities of any type
- B. Constraints are given by a set of linear equations
- C. Constraints are given only by inequalities of \geq type
- D. Constraints are given only by inequalities of \leq type

ANSWER: B

33 Maximize $z = 2x + 7y$ subject to

$$3x - 2y \leq 1$$

$$-x + 3y \geq -1$$

for non-negative x and y . Which of the following points are feasible: A(0,0), B(1,1), C(2,2)?

- A. A, B, and C
- B. A and B
- C. A and C
- D. B and C

ANSWER: B

34 Consider the constraint

$$5x + 3y - 4z \leq 7$$

Find the value of the slack variable s associated to this constraint for the point A(1,2,3).

- A. $s = 8$
- B. $s = 6$
- C. $s = 0$
- D. $s = -1$

ANSWER: A

35 Maximize $z = 3x$ for $0 \leq x \leq 5$. Find an optimal solution of the problem.

- A. $x = 0$
- B. $x = 1$
- C. $x = 3$
- D. $x = 5$

ANSWER: D

36 In converting a less-than-or-equal constraint for use in a simplex table, we must add

- A. a surplus variable

- B. a slack variable
- C. an artificial variable
- D. both a surplus and a slack variable
- E. none of the above

ANSWER: D

37 Total profits are maximised when the objective function (as a straight line on a graph) is:

- A. Nearest to the origin and tangent to the 'feasible region'
- B. Furthest from the origin and tangent to the 'feasible region'
- C. Furthest from the origin irrespective of the 'feasible region'
- D. Nearest to the origin irrespective of the 'feasible region'

ANSWER: C

38 What is the equation of the labour constraint line for the welding department in this linear programme?

- A. $3X + 2Y = 550$ hours
- B. $2X + 3Y = 1,500$ hours
- C. $2X + 3Y = 550$ hours
- D. $3X + 2Y = 1,500$ hours

ANSWER: B

39 What is the equation of the labour constraint line for the assembly department in this linear programme?

- A. $1X + 1Y = 550$ hours
- B. $1X + 1Y = 1,500$ hours
- C. $3X + 2Y = 1,500$ hours
- D. $2X + 2Y = 1,500$ hours

ANSWER: C

40 What is the solution to this linear programming problem in terms of the respective quantities of X and Y to be produced if profits are to be maximised?

- A. $X = 150, Y = 400$
- B. $X = 0, Y = 500$
- C. $X = 550, Y = 0$
- D. $X = 400, Y = 150$

ANSWER: A

II. Short Answer Type Questions:

1. When is linear programming problem said to have multiple solutions under Simplex Method?
2. When is linear programming problem said to have an unbounded solution under Simplex Method?
3. When is linear programming problem said to be infeasible under Simplex Method?
4. When is degeneracy in a linear programming problem said to occur under Simplex Method?
5. Define the following terms:
 - A. Slack variables
 - B. Key column
 - C. Replacement ratio
 - D. Key row
6. Which column is marked as 'Key column' in case of
 - A. A maximization problem
 - B. A minimization problem
7. Which row is marked as 'Key row' in case of
 - A. A maximization problem
 - B. A minimization problem
8. Name of the following situations
 - A. Where all replacement ratios are infinite
 - B. Where replacement ratios are negative
 - C. Where replacement ratios are either infinite or negative
 - D. Where there is a tie for the minimum positive replacement ratio
 - E. Where one of the non-basic variable in the $C_i - Z_j$ row of the final simplex table has a zero value.
 - F. Where one of the artificial variable remains in the final simplex table as basic variable with non-zero quantity.
9. In case of a maximization problem, how are the slack variables, surplus variables and artificial variables introduced –
 - A. In case of constraints having ' \leq ' sign
 - B. In case of constraints having ' \geq ' sign
 - C. In case of constraints having ' $=$ ' sign

10. In case of minimization problem, how are the slack variables, surplus variables and artificial variables introduced –

- A. In case of constraints having ' \leq ' sign
- B. In case of constraints having ' \geq ' sign
- C. In case of constraints having '=' sign

11. Solve the following problem using Simplex Method:

$$\text{Maximize } Z = 21x_1 + 15x_2$$

Subject to the constraints:

$$- \quad x_1 - 2x_2 \geq -6$$

$$4x_1 + 3x_2 \leq 12$$

$$x_1 \geq 0, x_2 \geq 0$$

[Ans. $x_1 = 3, x_2 = 0, Z = 63$]

12. Use Simplex Method to solve the following LP problem:

$$\text{Maximize } Z = 5x_1 + 3x_2$$

Subject to the constraints:

$$x_1 + x_2 \leq 6$$

$$2x_1 + 3x_2 \leq 12$$

$$x_1 \leq 3$$

$$x_2 \leq 3$$

$$x_1, x_2, x_3, \geq 0$$

[Ans. $x_1 = 3, x_2 = 2, Z = 21$]

13. Use Simplex Method to solve the following LP problem:

$$\text{Maximize } Z = 50x_1 + 60x_2$$

Subject to the constraints:

$$2x_1 + x_2 \leq 300$$

$$3x_1 + 4x_2 \leq 480$$

$$4x_1 + 7x_2 \leq 812$$

[Ans. $x_1 = 144, x_2 = 12, Z = 7920$]

14. Use Simplex Method to solve the following LP problem:

$$\text{Maximize } Z = 2x_1 + 3x_2$$

Subject to the constraints:

$$- \quad x_1 + x_2 \leq 4$$

$$x_1 + 3x_2 \leq 9$$

$$x_1, x_2 \geq 0$$

[Ans. $x_1 = \frac{6}{5}, x_2 = \frac{13}{5}, Z = \text{Rs. } 10.2$]

15. Write short notes on:

- A. Key element or Pivot element
- B. Surplus variables
- C. Artificial variables
- D. Dual problem
- E. Shadow price or Imputed price

16. When a linear programming problem said to have multiple solutions under graphical method?

17. When a linear programming problem said to have unbounded solution under graphical method?

18. When is a linear programming problem said to be infeasible?

19. Enumerate the steps involved in solving a linear programming problem by graphical method.

20. Define the following terms:

- A. A closed half planes
- B. A feasible solution
- C. A feasible region

21. Write short notes on:

- A. A convex set
- B. A convex polygon
- C. Vertexes
- D. Redundant constraint

22. Use Simplex Method to solve the following LP problem:

$$\text{Max. } Z = 6x_1 + 8x_2$$

Subject to constraints:

$$2x_1 + 3x_2 \leq 16$$

$$4x_1 + 2x_2 \leq 16$$

23. Solve the following problem using Simplex Method:

$$\text{Maximize } Z = 21x_1 + 15x_2$$

Subject to constraints:

$$-x_1 - 2x_2 \geq -6$$

$$4x_1 + 3x_2 \leq 12$$

$$x_1 \geq 0, x_2 \geq 0$$

24. Use Simplex Method to solve the following LP problem:

$$\text{Max. } Z = 50x_1 + 60x_2$$

Subject to constraints:

$$2x_1 + x_2 \leq 300$$

$$3x_1 + 4x_2 \leq 480$$

$$4x_1 + 7x_2 \leq 812$$

25. Use Simplex Method to solve the following LP problem:

$$\text{Max. } Z = 5x_1 + 3x_2$$

Subject to constraints:

$$x_1 + x_2 \leq 6$$

$$2x_1 + 3x_2 \leq 12$$

$$x_1 \leq 3$$

$$x_2 \leq 3$$

$$x_1, x_2, x_3 \geq 0$$

26. Solve the following linear programming problem graphically:

$$\text{Maximise } Z = 4x + y$$

subject to the constraints:

$$x + y \leq 50$$

$$3x + y \leq 90$$

$$x \geq 0, y \geq 0$$

27. Solve the following linear programming problem graphically:

$$\text{Minimise } Z = 200x + 500y$$

subject to the constraints:

$$x + 2y \geq 10$$

$$3x + 4y \leq 24$$

$$x \geq 0, y \geq 0$$

28. Solve the following linear programming problem graphically:

$$\text{Minimise and Maximise } Z = 3x + 9y$$

$$\text{subject to the constraints: } x + 3y \leq 60$$

$$x + y \geq 10$$

$$x \leq y$$

$$x \geq 0, y \geq 0$$

29. Solve the following linear programming problem graphically:

$$\begin{aligned} & \text{subject to the constraints:} & Z = -50x + 20y \\ & & 2x - y \geq -5 \\ & & 3x + y \geq 3 \\ & & 2x - 3y \leq 12 \\ & & x \geq 0, y \geq 0 \end{aligned}$$

30. Solve the following linear programming problem graphically:

$$\begin{aligned} & \text{Maximize: } Z=3x+2y \\ & \text{subject to the constraints:} \end{aligned}$$

$$\begin{aligned} & x + y \geq 8 \\ & 3x + 5y \leq 15 \\ & x \geq 0, y \geq 0 \end{aligned}$$

31. Name the methods of feasible solution in transportation Problem.
32. Explain North- West Corner method
33. Explain Least cost method
34. Explain VAM method
35. Discuss the similarities in the solution procedures for transportation and assignment.

III. Long Answer Type Questions:

1. Enumerate the steps involved in formulating dual problem from the primal problem.
2. How can the solution of the dual problem be obtained from the final simplex table of the primal problem?
3. 'The maximum value of the objective function of the primal problem is the minimum value of the objective function of the dual problem. 'Do you agree? Give reason in support of your answer.
4. Use Simplex Method to solve the following LP problem:
Max. $Z = 6x_1 + 8x_2$
Subject to: $30x_1 + 20x_2 \leq 300$
 $5x_1 + 10x_2 \leq 110$
 $x_1, x_2 \geq 0$
5. Use Simplex Method to solve the following LP problem:
Max. $Z = 6x_1 + 8x_2$
Subject to constrains:
 $2x_1 + 3x_2 \leq 16$
 $4x_1 + 2x_2 \leq 16$
6. Solve the following problem using Simplex Method:
Maximize $Z = 21x_1 + 15x_2$

Subject to constrains:

$$-x_1 - 2x_2 \geq -6$$

$$4x_1 + 3x_2 \leq 12$$

$$x_1 \geq 0, x_2 \geq 0$$

7. Use Simplex Method to solve the following LP problem:

$$\text{Minimize } Z = 8x_1 + 4x_2$$

Subject to constrains:

$$3x_1 + x_2 \geq 27$$

$$x_1 + x_2 = 21$$

$$x_1 + 2x_2 \leq 40$$

$$x_1, x_2 \geq 0$$

8. Earth Ltd. has two products Sun and Moon. To produce one unit of Sun, 2 units of material X and 4 units of material Y are required. To produce one unit of Moon, 3 units of material X and 2 units of material Y are required. As the raw material X is in short supply so not more than 16 units of material X can be used. Atleast 16 units of material Y must be used in order to meet the committed sales of Sun and Moon. Cost per unit of material x and material Y are Rs. 2.50 and Rs. 0.25 respectively.

You are required:

- (i) to formulate mathematical model.
- (ii) to solve it for the minimum cost (Graphically)

[ANSWER: $x = 4, y = 0$]

9. Sky Ltd. has two products Cloud and Wind. To produce one unit of Cloud, 2 units of material X and 4 units of material Y are required. To produce one unit of Wind, 3 units of material X and 2 units of material Y are required. As the raw material X is in short supply so not more than 16 units of material X can be used. Atleast 16 units of material Y must be used in order to meet the committed sales of Cloud and Wind. Cost per unit of material X and material Y are Rs. 2.50 and Rs. 0.25 respectively. The selling price per unit of cloud and wind are Rs. 12 and Rs. 16 respectively.

You are required:

- (i) to formulate mathematical model.
- (ii) to solve it for the maximum contribution (Graphically)

[ANSWER: $x = 8, y = 0$]

10. Johnson & Johnson has two products Deluxe Stayfree & Deluxe Carefree. To produce one unit of Deluxe Stayfree, 2 units of material A and 4 units of material B & units of material C are required. To produce one unit of Deluxe Carefree, 3 units of material A & 2 units of material B & 1 unit of Material 'C' are required. Not more than 16 units of material A can be used & atleast 16 units of material B must be used & the use of material C in total should be equal to 16. The contribution per unit of deluxe Stayfree & Deluxe Carefree are Rs. 6 and Rs. 8 respectively.

You are required:

- (i) to formulate mathematical model.
- (ii) to solve it for maximum contribution by graphically method

[ANSWER: $x = 8, y = 0$]

11. A manufacturer of packing material, manufactures two types of packing tins, Round and Flat. Major production facilities involved are cutting and joining. The cutting department can process 300 Round tin or 500 Flat tins per hour. The joining department can process 500 Round tins or 300 Flat tins per hour. If the contribution towards profit for a Round tin is the same as that of a Flat tin what is the optimum production level?

[ANSWER: $x = 187.5, y = 187.50$]

12. Solve graphically the following LP problem

$$\text{Maximize } Z = 30x_1 + 20x_2$$

Subject to:

$$-x_1 - x_2 \geq -8$$

$$-6x_1 - 3x_2 \leq -12$$

$$5x_1 + 8x_2 = 20$$

13. Let us assume that you have inherited Rs. 1,00,000 from your father-in-law that can be invested in a combination of only two stock portfolios, with the maximum investment allowed in either portfolios at Rs. 75,000. The first portfolio has an average rate of return of 10%, whereas the second has 20%. In terms of risk factors associated with these portfolios, the first has a risk rating of 4 (on a scale from 0 to 10), and the second has 9. Since you wish to maximize your return, you will not accept on average rate of return below 12% or a risk factor above 6. Hence, you then face the important question. How much should you invest in each portfolio?

[ANSWER: $x = \text{Rs. } 60,000, y = \text{Rs. } 40,000$]

14. Solve graphically the following linear programming problem:

$$\text{Maximize } x_1 + x_2$$

Subject to:

$$x_1 + x_2 \leq 1$$

$$-3x_1 + x_2 \geq 3$$

$$x_1, x_2 \geq 0$$

[ANSWER: No Feasible Region]

15. The Consumer Product Corporation wishes to plan its advertising strategy. There are two magazines under consideration, Magazine I and Magazine II. Magazine I has a reach 2000 potential customers per advertisement and magazine II has a reach of 3000 potential customers per advertisement. The cost per advertising is Rs. 6,000 and Rs. 9,000 in magazine I and II respectively and the firm has a monthly budget of Rs. 1 lakh. There is

an important requirement that the total reach for the income group under Rs. 20,000 per annum should not exceed 3,000 potential customers. The reach of magazine I and II for this income group is 300 and 150 potential customers respectively per advertisement. How many times the company should advertise in the two magazines to maximize the total reach?

[ANSWER: $x = 0, y = 100/9$. Or $x = 40/6, y = 40/6$]

16. A company buying scrap metal has two types of scrap metal available to him. The first type of scrap metal has 30% of metal A, 20% of metal B and 50% of metal C by weight. The second scrap has 40% of metal A, 10% of metal B and 30% of metal C. The company requires at least 240 kg of metal A, 100 kg of metal B and 290 kg of metal C. The price per kg of the two scraps are Rs. 120 and Rs. 160 respectively. Determine the optimum quantities of the two scraps to be purchased so that the requirements of the three metals are satisfied at a minimum cost.

[ANSWER: $x = 400, y = 300$ Or $x = 800, y = 0$]

17. Solve graphically the following linear programming problems:

Maximise $3x_1 + 2x_2$

Subject to:

$$x_1 - x_2 \leq 1$$

$$x_1 + x_2 \geq 3$$

$$x_1, x_2 \geq 0$$

18. Carefree Corporation has four plants each of which can manufacture any one of the four products. Product costs differ from one plant to another as follow:

Plant	Product			
	1	2	3	4
A	33	40	43	32
B	45	28	31	23
C	42	29	36	29
D	27	42	44	38

You are required :

(a) to obtain which product each plant should produce to minimize cost,

(b) to build a Linear Programming Model.

19. The XYZ company has five jobs A, B, C, D, E to be done and five men L, M, N, O, P to do these jobs. The number of hours each man would take to accomplish each job is given by the following table:

	L	M	N	O	P
A	4	6	11	16	9
B	5	8	16	19	9
C	9	13	21	21	13
D	6	6	9	11	7
E	11	11	16	26	11

Required: Find the optimal schedule with time for the above assignment problem.

20. Stayfree corporation has four salesmen each of them can be assigned any of the four sales territories. Estimates of the sales revenues in hundred of rupees for each salesman are as under:

Salesman	Sales Territories			
	1	2	3	4
A	65	78	83	60
B	85	52	59	44
C	83	56	69	64
D	49	80	85	84

You are required :

to obtain the optimal assigned pattern that maximizes the sales revenue
to build an LPP model

21. Use Simplex Method to solve the following LP problem:

$$\text{Max. } Z = 3x_1 + 4x_2 + x_3$$

Subject to constraints:

$$x_1 + 2x_2 + 3x_3 \leq 90$$

$$2x_1 + x_2 + x_3 \leq 60$$

$$3x_1 + x_2 + 2x_3 \leq 80$$

22. Use Simplex Method to solve the following LP problem:

$$\text{Max. } Z = 2x_1 + 3x_2$$

Subject to constraints:

$$-x_1 + 2x_2 \leq 4$$

$$x_1 + x_2 \leq 6$$

$$x_1 + 3x_2 \leq 9$$

$$x_1, x_2 \geq 0$$

23. Use Simplex Method to solve the following LP problem:

$$\text{Minimize } Z = 3x_1 + 2.5x_2$$

Subject to constraints:

$$2x_1 + 4x_2 \geq 40$$

$$5x_1 + 2x_2 \geq 50$$

$$x_1, x_2 \geq 0$$

24. Using surplus and artificial variables solve the following:

$$\text{Minimize } Z = 5x_1 + 6x_2$$

Subject to constraints:

$$2x_1 + 5x_2 \geq 1500$$

$$3x_1 + x_2 \geq 1200$$

$$x_1, x_2 \geq 0$$

25. Use Simplex Method to solve the following LP problem:

$$\text{Minimize } Z = 4x_1 + x_2$$

Subject to constraints:

$$3x_1 + 4x_2 \geq 20$$

$$-x_1 - 5x_2 \leq -15$$

$$x_1, x_2 \geq 0$$

26. Use Simplex Method to solve the following LP problem:

$$\text{Minimise } Z = -3x + 4y$$

subject to $x + 2y \leq 8$, $3x + 2y \leq 12$, $x \geq 0$, $y \geq 0$.

27. Use Simplex Method to solve the following LP problem:

$$\text{Maximise } Z = 5x + 3y$$

subject to $3x + 5y \leq 15$, $5x + 2y \leq 10$, $x \geq 0$, $y \geq 0$.

28. Use Simplex Method to solve the following LP problem:

$$\begin{aligned} \text{Minimise } Z &= x + 2y \\ \text{subject to } 2x + y &\geq 3, x + 2y \geq 6, x, y \geq 0. \end{aligned}$$

29. Use Simplex Method to solve the following LP problem:

$$\begin{aligned} \text{Maximise } Z &= -x + 2y, \text{ subject to the constraints:} \\ x \geq 3, x + y &\geq 5, x + 2y \geq 6, y \geq 0. \end{aligned}$$

30. Use Simplex Method to solve the following LP problem:

$$\text{Maximise } Z = x + y, \text{ subject to } x - y \leq -1, -x + y \leq 0, x, y \geq 0.$$

31. Find the minimum value of $c = 2x + 3y$ subject to

$$\begin{aligned} x + 4y &\geq 12 \\ 2x + y &\geq 10 \\ y &\leq 2x \\ x \geq 0, y &\geq 0 \end{aligned}$$

$$\text{Ans. } c=14, x=4, y=2$$

32. Convert the following primal to dual:

$$\begin{aligned} \text{Max } Z &= X_1 + 2X_2 + X_3 \\ \text{subject to,} \\ 2X_1 + X_2 - X_3 &\leq 2 \\ -2X_1 + X_2 - 5X_3 &\geq -6 \\ 4X_1 + X_2 + X_3 &\leq 6 \\ X_1, X_2, X_3 &\geq 0 \end{aligned}$$

33. In addition to the best selection of novels in South Park Mall, O'Hagan Booksellers also specializes in fantasy novels and art books. The manager at O'Hagan Booksellers, S. Shady, is considering a sales promotion of a new collection of fantasy novels and art books, and he plans to price the books so low as to actually take a loss: O'Hagan will lose \$3 on every fantasy novel and \$2 on every art book sold in the promotion. Since the store will only offer the art books to those who purchase two or more fantasy novels, the store will sell at least twice as many fantasy novels as art books, and also plans to sell at least 210 items in all. On the other hand, the store can spare up to 900 units of display space for the sale. S. Shady calculates that fantasy novels each require 3 units of display space, while art books require 2 units. Given these constraints, how many fantasy novels and art books should O'Hagan Booksellers order to lose the least amount of money in the sales promotion?

$$\text{Ans. } 140 \text{ fantasy novels and } 70 \text{ art books}$$

34. O'Hagan Bookworm Booksellers buys books from two publishers. Duffin House offers a package of 5 mysteries and 5 romance novels for \$50, and Gorman Press offers a package of 5 mysteries and 10 romance novels for \$150. O'Hagan wants to buy at least 2,500 mysteries and 3,500 romance novels, and he has promised Gorman (who has influence on

the Senate Textbook Committee) that at least 25% of the total number of packages he purchases will come from Gorman Press. How many packages should O'Hagan order from each publisher in order to minimize his cost and satisfy Gorman? What will the novels cost him?

Ans. min c= 50x + 150y
s.t 5x - 5y >= 2500
5x + 10y >=3500
x,y>=0

420 packages from duffin publishers and 140 from Gorman, for a total cost of \$42000

35. The Sue All Law Firm handles two types of lawsuits: medical malpractice suits against unscrupulous heart surgeons for performing unnecessary surgery, and suits against hard-working math professors for failing students who do not deserve to pass. Math professor lawsuits each require 6 person-months of preparation and the hiring of 5 expert witnesses, whereas medical lawsuits each require 10 person-months of preparation and the hiring of 3 expert witnesses. The firm has a total of 30 person-months to work with and feels that it cannot afford to hire more than 15 expert witnesses. It makes an average profit of \$1 million per math professor sued and \$5 million per heart surgeon sued. How many of each type of lawsuit should it initiate in order to maximize its expected profits?

Ans. graphically, initiate 3 medical malpractices suits and no math professor suits for a profit of \$15 million

UNIT – IV

I. Multiple Choice Questions:

1. In the process of evaluating location alternatives, the transportation model method minimizes the
- A. Total demand
 - B. Total supply
 - C. Total shipping cost
 - D. Number of destinations

ANSWER: C

2. In an assignment problem
- A. One agent can do parts of several tasks
 - B. One task can be done by several agents
 - C. Each agent is assigned to its own best task
 - D. None of the above

ANSWER: C

3. In the transportation problem model for production planning discussed in your text, if there are 3 periods and 4 methods of manufacture in each period, how many rows will be needed?
- A. 12
 - B. 7
 - C. 13
 - D. 8

ANSWER: C

4. A transshipment problem has 3 origins, 2 intermediate points and 4 destinations. The number of decision variables in the linear programming formulation of this problem will be
- A. 24
 - B. 9
 - C. 48
 - D. 14

ANSWER: A

5. What type of model would be used to determine how a person can travel from one city to another while minimizing total distance traveled?
- A. **Transshipment model**
 - B. **Shortest-path model**
 - C. **Transportation model**
 - D. **Assignment model**

ANSWER: B

6. Which of the following statements is true?
- A. **To optimally solve a transportation model, supply must equal demand.**
 - B. **In a network, the same node can be a combination of source, destination, and transshipment point.**
 - C. **In a transportation model, if total demand exceeds total supply, then the demand constraints are written as equalities.**
 - D. **The assignment model finds the most material that can flow through a network.**

ANSWER: B

7. An assignment problem with five jobs to be performed and five employees to do these jobs will have how many constraints?
- A. 25
 - B. 5

C. 15

D. 10

ANSWER: D

8. The difference between the transportation and assignment problems is that

A. **total supply must equal total demand in the transportation problem**

B. **The number of origins must equal the number of destinations in the transportation problem**

C. **each supply and demand value is 1 in the assignment problem**

D. **there are many differences between the transportation and assignment problems**

ANSWER: C

9. In an assignment problem,

A. **one agent can do parts of several tasks.**

B. **one task can be done by several agents.**

C. **each agent is assigned to its own best task.**

D. **None of the alternatives is correct.**

ANSWER: D

10. To use the Hungarian method, a profit-maximization assignment problem requires

A. **converting all profits to opportunity losses.**

B. **a dummy agent or task.**

C. **matrix expansion.**

D. **finding the maximum number of lines to cover all the zeros in the reduced matrix.**

ANSWER: A

11. Arcs in a transshipment problem

A. **must connect every node to a transshipment node.**

B. **represent the cost of shipments.**

C. **indicate the direction of the flow.**

D. **All of the alternatives are correct**

ANSWER: C

12. The number of units shipped from origin i to destination j is represented by

A. **x_{ij} .**

B. **x_{ji} .**

C. **c_{ij} .**

D. **c_{ji} .**

ANSWER: A

13. The difference between the transportation and assignment problems is that
- A. **total supply must equal total demand in the transportation problem**
 - B. **the number of origins must equal the number of destinations in the transportation problem**
 - C. **each supply and demand value is 1 in the assignment problem**
 - D. **there are many differences between the transportation and assignment problems**
- ANSWER: C**

14. Transportation Model helps us in
- A. **Finding nearest transport office**
 - B. **Finding lowest transportation cost**
 - C. **Finding transportation cost between two cities**
- ANSWER: B**

15. North West Corner rule is one of the method of solving
- A. **Game Theory**
 - B. **Transportation Models**
 - C. **Queuing Theory**
- ANSWER: B**

16. Vogel's Approximation Method is used in
- A. **Transportation Models**
 - B. **Queuing Theory**
 - C. **Game Theory**
- ANSWER: A**

17. Lowest Cost Entry Method is also called as
- A. **Matrix Minimum Method**
 - B. **VAM**
 - C. **Simplex Method**
- ANSWER: A**

18. In a transportation problem with total demand equal to 1200 and total supply equal to 900, we should add a _____ with a quantity equal to _____ to convert it to a balanced problem.
- A. **Dummy supply 300.**
 - B. **Dummy supply 2100.**
 - C. **Dummy demand 300.**
 - D. **Dummy demand 2100.**
- ANSWER: A**

19. In the linear programming formulation of the transshipment problem, demand at the destination points are required to be satisfied from shipment from

- A. **origins.**
- B. **intermediate points.**
- C. **either origins or intermediated points.**
- D. **origins or external sources.**

ANSWER: B

20. A problem has 3 decision variables and problem 5 constraints. How many slack variables are there?

- A. 3
- B. 5
- C. 8

ANSWER: B

21. How many of the following points satisfy the inequality $2x - 3y > -5$?

(1, 1), (-1, 1), (1, -1), (-1, -1), (-2, 1), (2, -1), (-1, 2) and (-2, -1)

- A. 3
- B. 4
- C. 7
- D. 6
- E. 5

ANSWER: E

22. How many points with integer coordinates lie in the feasible region defined by $3x + 4y \leq 12$, $x \geq 0$ and $y \geq 1$?

- A 6
- B 5
- C 7
- D 8
- E 4

ANSWER: A

23. Find, if possible, the minimum value of the objective function $3x - 4y$ subject to the constraints $-2x + y \leq 12$, $x - y \leq 2$, $x \geq 0$ and $y \geq 0$

- A 8
- B -36
- C No solution

- D 0
- E -8

ANSWER: C

24. What can you say about the solution of the linear programming problem specified in above question 4 , if the objective function is to be maximized instead of minimized?
- A Unique solution at (0,0)
 - B Unique solution at(0,12)
 - C Unique solution at(2,0)
 - D No solution
 - E Infinitely many solutions

ANSWER: C

25. In the linear programming formulation of the transportation problem, cost of transporting one unit of the material from a supply point to a demand point appears in
- A. **the objective function only.**
 - B. **the constraints only.**
 - C. **both objective function and constraints.**
 - D. **either objective function nor constraints.**

ANSWER: A

26. In a balanced transportation model where supply equals demand,
- A. **all constraints are equalities**
 - B. **none of the constraints are equalities**
 - C. **all constraints are inequalities**
 - D. **none of the constraints are inequalities**

ANSWER: A

27. In a transportation problem, items are allocated from sources to destinations
- A. **at a maximum cost**
 - B. **at a minimum cost**
 - C. **at a minimum profit**
 - D. **at a minimum revenue**

ANSWER: B

28. The assignment model is a special case of the _____ model.
- A. **maximum-flow**
 - B. **transportation**
 - C. **shortest-route**
 - D. **none of the above**

ANSWER: B

- 29. An assignment problem is a special form of transportation problem where all supply and demand values equal**
- A. 0**
 - B. 1**
 - C. 2**
 - D. 3**

ANSWER: B

- 30. The transshipment model is an extension of the transportation model in which intermediate transshipment points are _____ between the sources and destinations.**
- A. decreased**
 - B. deleted**
 - C. subtracted**
 - D. added**

ANSWER: D

- 31. Inventory costs include**
- A. carrying**
 - B. ordering**
 - C. shortage costs**
 - D. all of the above**

ANSWER: D

- 32. The linear programming model for a transportation problem has constraints for supply at each _____ and _____ at each destination.**
- A. destination / source**
 - B. source / destination**
 - C. demand / source**
 - D. source / demand**

ANSWER: D

- 33. The transshipment model is an extension of the transportation model in which intermediate transshipment points are _____ between the sources and destinations.**
- A. decreased**
 - B. deleted**
 - C. subtracted**
 - D. added**

ANSWER: D

34. As order size increases, total

- A. **inventory costs will increase, reach a maximum and then quickly decrease.**
- B. **inventory cost will decrease, reach a minimum and then increase.**
- C. **ordering costs will initially increase while total carrying cost will continue to decrease**
- D. **carrying cost decreases while the total ordering cost increases**

ANSWER: B

35. The assignment model is a special case of the _____ model.

- A. **maximum-flow**
- B. **transportation**
- C. **shortest-route**
- D. **none of the above**

ANSWER: B

II Short Answer Type Questions:

1. What is assignment problem?
2. What is Hungarian method for solving an assignment problem?
3. Explain Balanced assignment problem.
4. What is Unbalanced assignment problem?
5. Elaborate Dummy job/facility.
6. What is an infeasible assignment?
7. Enumerate the steps involved in solving minimizing assignment problems.
8. Enumerate the steps involved in solving maximization assignment problems.
9. How is an unbalanced assignment problem converted into a balanced assignment problem?
10. How will you deal with the case if a specific job cannot be performed on a particular machine?
11. What is transportation problem?
12. Define the terms: origin, destination and unit transportation cost.
13. What is 'Balanced Transportation Problem'?
14. What is 'Unbalanced Transportation Problem'?
15. What is 'Dummy Origin/Destination'?
16. How can an unbalanced transportation problem be balanced?
17. Enumerate the methods by which initial feasible solution can be obtained.
18. What is transportation problem?
19. Define the terms: origin, destination and unit transportation cost.
20. What is 'Balanced Transportation Problem'?
21. What is 'Unbalanced Transportation Problem'?

22. What is 'Dummy Origin/Destination'?
23. Enumerate the steps involved in 'Least Cost Method'.
24. Enumerate the steps involved in 'North West Corner Method'.
25. Enumerate the steps involved in 'Vogel's Approximation Method'.
26. When is a transport problem said to be a degenerate transport problem?
27. How will you proceed if the total number of allocations in the initial feasible solution is less than $m + n - 1$?
28. Enumerate the steps involved in optimality test.
29. When is the initial feasible solution said to be an optimal solution?
30. Enumerate the steps involved in the looping.
31. What is transportation problem?
32. Define the terms: origin, destination and unit transportation cost.
33. What is 'Balanced assignment problem'?
34. What is 'Unbalanced Assignment problem'?
35. When do we use assignment problems?

II Long Answer Type Questions:

1. The XYZ company has five jobs A, B, C, D, E to be done and five men L, M, N, O, P to do these jobs. The number of hours each man would take to accomplish each job is given by the following table:

	L	M	N	O	P
A	4	6	11	16	9
B	5	8	16	19	9
C	9	13	21	21	13
D	6	6	9	11	7
E	11	11	16	26	11

Required: Find the optimal schedule with time for the above assignment problem.

1. Solve the assignment problem represented by the following effective matrix.

	a	B	c	d	e	f
A	9	22	58	11	19	27

B	43	78	72	50	63	48
C	41	28	91	37	45	33
D	74	42	27	49	39	32
E	36	11	57	22	25	18
F	3	56	53	31	17	28

Required: Find the optimal schedule with time for the above assignment problem.

2. A transport corporation has three vehicles in three cities. Each of vehicles can be assigned to any of the four other cities. The distance differs from one city to another as under:

	W	X	Y	Z
A	33	40	43	32
B	45	28	31	23
C	42	29	36	29

You are required:

- to assign a vehicle to a city in such a way that the total distance travelled is minimized.
- to build a mathematical model.

3. Solve the following unbalanced assignment problem of minimizing total time for doing all the jobs:

Operator	Jobs				
	1	2	3	4	5
1	6	2	5	2	6
2	2	5	8	7	7
3	7	8	6	9	8
4	6	2	3	4	5
5	9	3	8	9	7

6	4	7	4	6	8
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4. To stimulate interest and provide an atmosphere for intellectual discussion, a finance faculty in a management school decides to hold special seminars on four contemporary topics – leasing, Portfolio Management, Private Mutual Funds, Swaps and Options. Such seminars should be held once per week in the afternoons. However, scheduling these seminars (one for each topic, and not more than one seminar per afternoon) has to be done carefully so that the number of students unable to attend is kept to a minimum. A careful study indicates that the number of students who cannot attend a particular seminar on a specific day is as follows:

	Leasing	Portfolio Management	Private Mutual Funds	Swaps and Options
Monday	50	40	60	20
Tuesday	40	30	40	30
Wednesday	60	20	30	20
Thursday	30	30	20	30
Friday	10	20	10	30

Required: Find an optimal schedule of the seminars. Also find out the total number of students who will be missing at least one seminar.

5. A method Engineer wants to assign four new methods to three work centres. The assignment of the new methods will increase productions and they are given below. If only one method can be assigned to a work centre, determine the optimal assignment:

Methods	Increase in production (unit) Work Centres		
	A	B	C
1	10	7	8
2	8	9	7
3	7	12	6
4	10	10	8

6. Solve the following Assignment problem . The data given in the Table refer to production in certain units:

Operators	Machine			
	A	B	C	D
1	10	5	7	8
2	11	4	9	10
3	8	4	9	7
4	7	5	6	4
5	8	9	7	5

7. A company is faced with the problem of assigning 4 machines to 6 different jobs (one machine to one job only). The profits are estimated as follows:

Jobs	Machine			
	A	B	C	D
1	3	6	2	6
2	7	1	4	4
3	3	8	5	8
4	6	4	3	7
5	5	2	4	3
6	5	7	6	4

Required: Solve the problem to maximize the total profits.

8. A job shop has four men available for work on four separate jobs. Only one man can work on any one job. The cost of assigning each man to each job is given in Table 1 below. The objective is to assign men to jobs such that the total cost of assignment is a minimum.

Table 1 Jobs

	To	1	2	3	4

	From				
Men	A	20	25	22	28
	B	15	18	23	17
	C	19	17	21	24
	D	25	23	24	24

[Ans. A -->1, B -->4, C -->2, D -->3, or A -->3, B -->1, C -->2 and D -->4, Minimum cost 78].

9. A tourist car rental firm has one car in each of the five depots D_1, D_2, D_3, D_4, D_5 and a customer in each of the five cities, C_1, C_2, C_3, C_4, C_5 . The distances in kilometers between the depots and the cities are given in the following matrix. How should the cars be assigned to the customers so as to minimize the total distance covered?

10.

Cities					
Depots	C_1	C_2	C_3	C_4	C_5
D_1	140	115	120	30	35
D_2	110	100	90	30	15
D_3	155	90	135	60	50
D_4	170	140	150	60	60
D_5	180	155	165	90	85

[Ans. $D_1 \rightarrow C_4, D_2 \rightarrow C_3, D_3 \rightarrow C_2, D_4 \rightarrow C_5, D_5 \rightarrow C_1$, Minimum distance 450 km].

11. Solve the following assignment problem of minimizing total time for performing all the jobs.

Operator	Jobs				
	1	2	3	4	5
1	6	2	5	2	6
2	2	5	8	7	7
3	7	8	6	9	8
4	6	2	3	4	5
5	9	3	8	9	7
6	4	7	4	6	8

[Ans. Operator 1 --> 4, Operator 2 --> 1, Operator 3 --> Dummy 6, Operator 4 --> 5, Operator 5 --> 2, Operator 6 --> 3, [Minimum time 16]

12. The personnel manager of a company wants to assign Mr. X, Y and Z to regional offices Delhi, Bombay, Calcutta and Madras. The cost of relocation (in Rupees) of the three officers at the four regional offices are given below:

13.

Officer	Office			
	Delhi	Bombay	Calcutta	Madras
Mr. X	16000	22000	24000	20000
Mr. Y	10000	32000	26000	16000
Mr. Z	10000	20000	46000	30000

Required: Solve the above assignment problem.

[Ans. Dummy (i.e. no one) to Calcutta, X --> Bombay, Y to Madras, Z to Delhi
Minimum cost Rs. 48,000]

14. A metal shop has five jobs to be done and have five machines to do them. The cost matrix gives the cost of processing each job on any machine. Because of specific job requirement and machine specifications certain jobs cannot be done on certain machines. These have been shown by X in the cost matrix. The assignment of jobs to machines

must be done on a one to one basis. The objective is to assign the jobs to the machines so as to minimize the total cost within the restrictions mentioned above.

15.

Machines	Jobs				
	1	2	3	4	5
1	80	40	X	70	40
2	X	80	60	40	40
3	70	X	60	80	70
4	70	80	30	50	X
5	40	40	50	X	80

[Ans. Job 1 --> Machine 3, Job 2 --> 5, Job 3 --> 4, Job 4 --> 2, Job 5 --> 1, Or Job 1 --> Machine 5, Job 2 --> 1, Job 3 --> 4, Job 4 --> 2, Job 5 --> 3, Minimum cost Rs. 220]

16. Six contractors have submitted tenders to take up six projects advertised. It is noticed that one contractor can be assigned one job as otherwise the time for completion and the quality of workmanship will be affected. The estimates of cost in thousand rupees given by each of them are indicated below:

17.

Contractor	Project					
	1	2	3	4	5	6
A	41	72	39	52	25	51
B	22	29	49	65	81	50
C	27	39	60	51	32	32
D	45	50	48	52	37	43
E	29	40	39	26	30	33
F	82	40	40	60	51	30

Required: Find out the assignment such that the total cost of completing the six projects is minimum. What is the minimum cost?

[Ans. A --> 5, B --> 2, C --> 1, D --> 3, E --> 4, F --> 6, Minimum Cost Rs. 1,85,000]

18. A freight terminal can accommodate six trucks simultaneously. There is cost of sorting and transferring of loads associated with parking of each truck on each of the six spots. On a certain day, four trucks are to be simultaneously parked at the terminal. The cost matrix is given below:

<i>Spot</i>	<i>Truck</i>			
	<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>
7	3	6	2	6
8	7	1	4	4
9	3	8	5	8
10	6	4	3	7
11	5	2	4	3
12	5	7	6	2

Required: Find out the assignment which minimize the total cost of parking.

[Ans. Truck 1 --> Spot 9, Truck 2 --> 8, Truck 3 --> 7, Truck 4 --> 12, Minimum Cost 8]

19. A sales manager has to assign salesman to four territories. He has four candidates of varying experience and capabilities and assesses the possible profit in suitable units for each salesman in each territory as given below:

<i>Salesman</i>	<i>Territories</i>			
	<i>T₁</i>	<i>T₂</i>	<i>T₃</i>	<i>T₄</i>
<i>S₁</i>	25	27	28	37
<i>S₂</i>	28	34	29	40
<i>S₃</i>	35	24	32	33
<i>S₄</i>	24	32	25	28

Required: Find out the assignment that maximizes the profit.

[Ans. *S₁* --> *T₃*, *S₂* --> *T₄*, *S₃* --> *T₁*, *S₄* --> *T₂*, Maximum profit 135]

20. Five different machines can do any of the required five jobs with different profits resulting from each assignment as shown below:

Job	Machine				
	A	B	C	D	E
1	30	37	40	28	40
2	40	24	27	21	36
3	40	32	33	30	35
4	25	38	40	36	36
5	29	62	41	34	39

Required: Find out the maximum profit possible through optimal assignment.

[Ans. Job 1 --> Machine C, Job 2 --> E, Job 3 --> A, Job 4 --> D, Job 5 --> B, Maximum profit Rs. 214]

21. Build the mathematical model for the following transportation problem:

Cost Matrix					Supply
	W_1	W_2	W_3	W_4	
F_1	1	2	4	4	6
F_2	4	3	2	0	8
F_3	0	2	2	1	10
<i>Demand</i>	4	5	8	6	

22.

W_j --> Warehouse, F_i --> Factory and cell entries are unit/costs.

23. A multi-plant company has three manufacturing plants, A, B and C, and two markets X and Y. Production Cost of A, B and C is Rs. 1500, 1600 and 1700 per piece respectively. Selling price in X and Y are Rs. 4400 and Rs. 4700 respectively. Demand in X and Y 3500 and 3600 pieces respectively. Production capacity at A, B and C is 2000, 3000 and 4000 pieces respectively. Transportation costs are as follows:

From / To	X	Y
A	1000	1500
B	2000	3000

C	1500	2500
---	------	------

Build a mathematical model.

24. Find the initial basic feasible solution by Least Cost Method.

	W_1	W_2	W_3	W_4	<i>Supplies</i>
F_1	48	60	56	58	140
F_2	45	55	53	60	260
F_3	50	65	60	62	360
F_4	52	64	55	61	220
<i>Demand</i>	200	320	250	210	

$W_j \rightarrow$ Warehouse, $F_i \rightarrow$ Factory and cell entries are unit costs.

25. Find the initial feasible solution by Least Cost Method.

	W_1	W_2	W_3	<i>Supplies</i>
F_1	48	60	56	140
F_2	45	55	53	260
F_3	50	65	60	360
F_4	52	64	55	220
<i>Demand</i>	200	320	250	

Note: Cell entries are the unit transportation costs.

26.

A company has factories at A, B and C which supply warehouses at D, E and F. Weekly factory capacities are 200, 160 and 90 units respectively. Weekly warehouse requirements (demands) are 180, 120 and 150 units respectively. Unit shipping costs (in Emalangeni) are as follows:

Factory	D	E	F	Capacity
A	16	20	12	200
B	14	8	18	160
C	26	24	16	90
Demand	180	120	150	450

Determine the optimum distribution for this company to minimize shipping costs.

27. A trucking company has a contract to move 115 truckloads of sand per week between three sand-washing plants W,X and Y, and three destinations, A,B and C. Cost and volume information is given below. Compute the optimal transportation cost

From \ To	Project A	Project B	Project C	Supply
Plant W	5	10	10	35
Plant X	20	30	20	40
Plant Y	5	8	12	40
Demand	45	50	20	

28. A Timber company ships pine flooring to three building supply houses from its mills in Bhunya, Mondi and Pigg's Peak. Determine the best transportation schedule for the data given below using the Northwest corner rule and the Stepping Stone method.

FROM \ TO	Supply House 1	Supply House 2	Supply House 3	Mill Capacity (tons)
Bhunya	3	3	2	25
Mondi	4	2	3	40
Pigg's Peak	3	2	3	30
Supply House Demand (tons)	30	30	35	95

29. In each of the following cases write down the North-West corner solution and use the Stepping Stone method to find the minimal cost.

FROM \ TO	D	E	F	Capacity
A	8	6	9	20
B	6	3	8	30
C	10	7	9	70
Demand	90	20	10	120

30. In each of the following cases write down the North-West corner solution and use the Stepping Stone method to find the minimal cost.

FROM \ TO	D	E	F	Capacity
A	2	2	3	4
B	2	1	6	6
C	1	3	4	8
Demand	2	5	11	18

QUESTION BANK

E-COMMERCE – 106

BBA II

QUESTION BANK
E-COMMERCE - 106
BBA II

UNIT - I

I Test Your Skills:

(a) Multiple Choice Questions:

1. The E-commerce domain that involves business activity initiated by the consumer and targeted to businesses is known as:
- A. Business to Business (B2B).
 - B. Consumer to Business (C2B).
 - C. Business to Consumer (B2C).
 - D. Consumer to Consumer (C2C).

ANSWER: B

2. By electronic commerce we mean:
- A. Commerce of electronic goods
 - B. Commerce which depends on electronics
 - C. Commerce which is based on the use of internet
 - D. None of the above

ANSWER: D

3. E-commerce is
- A. B2C
 - B. B2B
 - C. C2B
 - D. All the above

ANSWER: A

4. Advantages of e-commerce are
- A. Low cost
 - B. Economical
 - C. Productivity gains
 - D. All the above

ANSWER: B

5. B2B2C is a model of
- A. E-commerce
 - B. E-business
 - C. Data mining
 - D. None of the above

ANSWER: C

6. Mobile commerce is same as
- A. E-commerce
 - B. E-business
 - C. Data mining
 - D. None of the above

ANSWER: B

7. The types of Business to Business e-commerce are
- A. Direct selling and support to Business
 - B. Industry portals
 - C. Information sites about a industry
 - D. All the above

ANSWER: D

8. Which of the following is not the example of business to consumer (B to C) e-commerce?
- A. Amazon.com
 - B. e-bay.com
 - C. dell.com
 - D. lastminute.com

ANSWER: B

9. Which driver promote E-commerce
- A. Digital Convergence
 - B. 24/7 availability
 - C. Profit margins
 - D. None of the above

ANSWER: A

10. Advantage of e-com is
- A. Lower cost
 - B. Economy
 - C. Higher margins
 - D. All of the above

ANSWER: A

11. Which model of e-commerce deals with virtual auction?
- A. Aggregator Model
 - B. Info-mediary model
 - C. Community Model
 - D. Brokerage Model

ANSWER: D

12. When you look at e-commerce and e-business, which is the most realistic relationship between these two concepts?
- A. E-commerce is broadly equivalent to e-business
 - B. E-commerce has some overlap with e-business
 - C. E-commerce is a subset of e-business
 - D. E-business is a subset of e-commerce

ANSWER: C

13. Social network sites such as Facebook and Twitter have become increasingly popular for sell-side e-commerce and would normally be considered to be in which category?
- A. Portal, publisher or media sites
 - B. Brand-building sites
 - C. Transactional e-commerce sites
 - D. Services-orientated relationship-building websites

ANSWER: A

14. A summary of how a company will generate a profit identifying its core product, target customers, position in the online marketplace, and projections for revenue and costs is known as:
- A. Value chain and marketplace positioning
 - B. Value proposition
 - C. Online business model
 - D. Revenue model and cost base

ANSWER: C

15. While search engines index registered sites which users search by inputting key words, which type of intermediary updates its content typically through text but can include video or audio delivered through RSS feeds?
- A. Directory
 - B. Publisher site
 - C. Blog

D. Access portal

ANSWER: C

16. What are Microsoft Internet Explorer, Mozilla Firefox, Apple Safari, and Google Chrome examples of?

A. Web servers

B. Web browsers

C. Web application servers

D. All of the above

ANSWER: B

17. A hardened firewall host on an Intranet is

A. a software which runs in any of the computers in the intranet

B. a software which runs on a special reserved computer on the intranet

C. a stripped-down computer connected to the intranet

D. a mainframe connected to the intranet to ensure security

ANSWER: B

18. Advantages of B2C commerce are

(i) Business gets a wide reach to customers

(ii) Payment for services easy

(iii) Shop can be open 24 hours a day seven days a week

(iv) Privacy of transaction always maintained

A. i and ii

B. ii and iii

C. i and iii

D. iii and iv

ANSWER: C

19. Disadvantages of e-Commerce in India are

(i) internet access is not universally available

(ii) credit card payment security is not yet guaranteed

(iii) transactions are de-personalized and human contact is missing

(iv) cyberlaws are not in place

A. i and ii

B. ii and iii

C. i, ii, iii

D. i, ii, iii, iv

ANSWER: C

20. Most common uses of the Internet and the Web include communicating, shopping,
- A. searching, entertainment, and education
 - B. e-commerce, e-mail, and searching
 - C. e-mail, entertainment, and education
 - D. e-commerce, e-mail, and education

ANSWER: A

21. The _____ is the multimedia interface to resources available on the Internet.
- A. Web
 - B. ISP
 - C. browser
 - D. URL

ANSWER: A

22. The multimedia interface to the resources available on the Net is called the
- A. World Wide Web
 - B. Internet
 - C. GUI interface
 - D. server

ANSWER: A

23. Rules for exchanging data between computers are called
- A. programs
 - B. procedures
 - C. protocols
 - D. hyperlinks

ANSWER: C

24. Moving from one Web site to another is called
- A. jumping
 - B. moving
 - C. surfing
 - D. applying

ANSWER: C

25. _____ are networks that connect people within a company to each other and to the company network.
- A. Internets
 - B. Intranets

- C. Extranets
 - D. Components
- ANSWER: B

26. The solution for all business needs is –

- A. EDI
- B. ERP
- C. SCM
- D. None

ANSWER: B

27. All of the following are techniques B2C e-commerce companies use to attract consumers, except-

- A. Registering with search engines
- B. Viral marketing
- C. Online ads
- D. Virtual marketing

ANSWER: D

28. Which products are people most likely to be comfortable buying on the internet-

- A. Books
- B. PCs
- C. CDs
- D. All of the above

ANSWER: D

29. Which type of e-commerce focuses on consumers dealing with each other-

- A. B2B
- B. B2C
- C. C2B
- D. C2C

ANSWER: D

30. What is the full form of C2B-

- A. Business to Consumer
- B. Consumer to consumer
- C. Consumer to business
- D. Business to business

ANSWER: C

31. What is the full form of C2C-

- A. Consumer to consumer
- B. Business to consumer
- C. Business to business
- D. Consumer to business

ANSWER: A

32. By Electronic Commerce we mean:

- A. Commerce of electronic goods
- B. Commerce which depends on electronics
- C. Commerce which is based on the use of internet
- D. Commerce which is based on transactions using computers connected by telecommunication network

ANSWER: D

33. For carrying out B2B e-Commerce the following infrastructure is essential:

- (i) World Wide Web
- (ii) Corporate network
- (iii) Electronic Data Interchange standards
- (iv) Secure Payment Services
- (v) Secure electronic communication link connecting businesses

- A. i, ii, iii
- B. ii, iii, iv
- C. ii, iii, iv, v
- D. i, ii, iii, iv, v

ANSWER: C

34. A firewall is a

- A. wall built to prevent fires from damaging a corporate intranet
- B. security device deployed at the boundary of a company to prevent unauthorized physical access
- C. security device deployed at the boundary of a corporate intranet to protect it from unauthorized access
- D. device to prevent all accesses from the internet to the corporate intranet

ANSWER: C

35. Advantages of B2C commerce are

- (i) Business gets a wide reach to customers
- (ii) Payment for services easy

- (iii) Shop can be open 24 hours a day seven days a week
- (iv) Privacy of transaction always maintained
- A. i and ii
- B. ii and iii
- C. i and iii
- D. iii and iv

ANSWER: C

36. The dimension of e-commerce that enables commerce across national boundaries is called _____.

- A. interactivity.
- B. global reach.
- C. richness.
- D. ubiquity.

ANSWER: B

37 E-commerce technologies have improved upon traditional commerce technologies in _____.

- A. richness.
- B. reach.
- C. both richness and reach.
- D. neither richness nor reach.

ANSWER: C

38 Which one of the following is not one of the major types of e-commerce?

- A. C2B.
- B. B2C.
- C. B2B.
- D. C2C.

ANSWER: A

39 Compared to B2C e-commerce, B2B e-commerce is _____.

- A. of equal size.
- B. slightly smaller.
- C. slightly larger.
- D. much larger.

ANSWER: D

- 40 Which of the following is not considered to be one of the three phases of e-commerce?
- A. Innovation.
 - B. Consolidation.
 - C. Preservation.
 - D. Reinvention.

ANSWER: C

- 41 The primary source of financing during the early years of e-commerce was _____.
- A. bank loans.
 - B. large retail firms.
 - C. venture capital funds.
 - D. initial public offerings.

ANSWER: C

- 42 The type of firms that benefited the most during the consolidation period of e-commerce were _____.
- A. large, traditional firms.
 - B. first movers.
 - C. pure online companies.
 - D. ISPs

ANSWER: A

- 43 A _____ is the set of planned activities designed to result in a profit in a marketplace.
- A. business model.
 - B. profit model.
 - C. business plan.
 - D. revenue model.

ANSWER: A

- 44 Which of the following is not a key element of a business model?
- A. value proposition.
 - B. competitive advantage.
 - C. market strategy.
 - D. universal standards.

ANSWER: D

- 45 The source of revenue in a subscription revenue model is _____.
- A. Fees from advertisers in exchange for advertisements.
 - B. Fees for business referrals.
 - C. Fees from subscribers in exchange for access to content or services.

D. Fees for enabling or execution a transaction.

ANSWER: C

II Short Answer Type Questions:

- 1 “Now a day’s market is driven by e-commerce”. Justify this statement.
- 2 Define EC and E-Business.
- 3 What do you understand by E-commerce? Discuss the driving forces for E-Commerce.
- 4 What are the advantages and disadvantages of e-commerce?
- 5 Discuss commercial, social as well as entertainment opportunities in E-Commerce.
- 6 “Business becomes a global phenomenon through E-Commerce”. Justify this statement.
- 7 List the major impacts of EC on direct marketing.
- 8 List the organizational, consumer and societal benefits of EC.
- 9 Clicks-and-Mortar Model of E-Commerce
- 10 Broker Model of E-Commerce
- 11 Distinguish Search Engine and Internet Service Provider
- 12 Describe some of the barriers to ecommerce for small businesses.
- 13 What is the difference between e-commerce over extranet and intranet?
- 14 What is EDI?
- 15 How EDI can change the way business works?
- 16 Briefly explain the two standards of EDI.
- 17 What is Internet and how it helps in e-commerce?
- 18 Difference between routers and hub
- 19 Differentiate two-tier and three-tier architecture.
- 20 “E-commerce on Internet is risky” Comment.
- 21 What kind of e-commerce architecture is required on the web to perform e-commerce?
- 22 What do you understand by I-way and what is the need for it?
- 23 Write short notes on:
(a) URL (b) DNS (c) Web browser (d) Web Server (e) WWW
- 24 What are the various types of broadband?
- 25 Define a virtual corporation.
- 26 What are the types of e-commerce?
- 27 Explain the various models of e-commerce.
- 28 What is supply chain management?
- 29 What are the challenges to e-commerce environment?
- 30 Explain the Indian readiness for e-commerce.

III Long Answer Type Questions:

- 1 What is the current and prospective size of electronic market? Describe in terms of B2C versus B2B electronic market?
- 2 Explain the major methods of Internet based market research.
- 3 Explain Porter's Model of Value Chain.
- 4 Discuss E-Commerce in India.
- 5 Discuss the concept of value chain in E-commerce.
- 6 What do you understand by E-Commerce? What are the benefits and drawbacks over business based on traditional mortar and bricks outlets?
- 7 Explain clearly, with suitable examples the difference between e-commerce and Electronic Data Interchange.
- 8 What do you mean by Search engine? Explain
- 9 Explain CRM and E-Commerce
- 10 Explain the history of World Wide Web.
- 11 Explain OSI Reference Model
- 12 Explain Applications of Intranet and Extranet
- 13 Explain in detail Types of Client/server Architecture.
- 14 Explain in detail B2B E-Commerce. Write in brief advantages and disadvantages of B2B.
- 15 What are the reasons for 'dot.com' bust in the year 2000? Critically analyze. Further the revival of electronic commerce today is for real' Comment on the statement. What are the reasons that make the electronic commerce that today? Compare the global and Indian scenario.
- 16 What are the different business models over Internet? Illustrate giving suitable examples.
- 17 What security and privacy issues are the limitations of the Web? Discuss.
- 18 Summarize the key benefits and drawbacks of peer-to-peer networks.
- 19 Summarize three reasons why a company may wish to introduce e-commerce.
- 20 Describe three of the main barriers to adoption of e-commerce by consumers and suggest how company could counter these.
- 21 What do you understand by E-commerce? How broad band technology play an important role in E-commerce?
- 22 Discuss the business applications on Intranet and Extranet?
- 23 Explain the following in detail?
 - (a) Value chains in Electronic commerce
 - (b) Components of EDI
- 24 Illustrate the following with suitable examples:
 - (a) B2C
 - (b) B2B
 - (c) B2G
 - (d) C2B

- 25 What is the difference between e-commerce and EDI? Explain with the help of suitable example?
- 26 Explain the E-transition challenges for Indian corporate.
- 27 What are the challenges and barriers in E-commerce environment?
- 28 What is e-commerce? Explain its advantages and disadvantages.
- 29 What are the reasons of transacting online?
- 30 What are the models of e-commerce?
- 31 How is brick and mortar model different from click and mortar model?
- 32 Explain infomediary model of e commerce using real life example.
- 33 Explain infomediary model of e commerce using real life example.
- 34 Explain infomediary model of e commerce using real life example.
- 35 Explain infomediary model of e commerce using real life example.

UNIT - II

I Test Your Skills:

(a) Multiple Choice Questions:

1 Web pages can be created using:

- A. HTML
- B. Microsoft Word
- C. MS Access
- D. None of the above

ANSWER: A

2 WWW stands for:

- A. World Wide Web
- B. World Wild Web
- C. World Wan Web
- D. All the above

ANSWER: A

3 The services provided by Internet are:

- A. FTP
- B. Telnet
- C. Usenet
- D. All the above

ANSWER: D

- 4 FTP stands for:
- A. File Transfer Protocol
 - B. File Taking Protocol
 - C. Fund Transfer Protocol
 - D. Fund Transfer Packet

ANSWER: A

- 5 HTML stands for
- A. Hyper Text Makeup Language.
 - B. Hyper Text Markup Language
 - C. High Text Mean Language
 - D. Hyper Text mean Language

ANSWER: B

- 6 The common element which describe the web page, is?
- A. heading.
 - B. paragraph
 - C. list
 - D. All of these

ANSWER: D

- 7 Which of the following tag is used to mark a beginning of paragraph ?
- A. <td>
 - B.

 - C. <p>
 - D. <tr>

ANSWER: C

- 8 From which tag descriptive list starts?
- A. <LL>
 - B. <DD>
 - C. <DL>
 - D. <DS>

ANSWER: C

- 9 Correct HTML tag for the largest heading is
- A. <head>
 - B. <h6>
 - C. <heading>
 - D. <h1>

ANSWER: D

- 10 The attribute of <form> tag
- A. method
 - B. action
 - C. Both (a) and (b)
 - D. None of these

ANSWER: C

- 11 Markup tags tell the web browser
- A. How to organize the page
 - B. How to display the page
 - C. How to display message box on page
 - D. None of these

ANSWER: B

- 12 www is based on which model?
- A. Local-server
 - B. Client-server
 - C. 3-tier
 - D. None of these

ANSWER: B

- 13 Which of the following attributes of text box control allow to limit the maximum character?
- A. size
 - B. len
 - C. maxlength
 - D. All of these

ANSWER: C

- 14 Web pages starts with which of the following tag?
- A. <Body>
 - B. <Title>
 - C. <HTML>
 - D. <Form>

ANSWER: C

15 HTML is a subset of

- A. SGMT
- B. SGML
- C. SGMD
- D. None of these

ANSWER: B

16 Which of the following is a container?

- A. <select>
- B. <value>
- C. <input>
- D. <body>

ANSWER: A

17 The attribute, which define the relationship between current document and HREF'ed URL is

- A. REL
- B. URL
- C. REV
- D. All of these

ANSWER: A

18 <DT> tag is designed to fit a single line of our web page but <DD> tag will accept a

- A. Line of text
- B. Dull paragraph
- C. word
- D. Request

ANSWER: B

19 From which tag the descriptive list starts?

- A. <LL>
- B. <DD>
- C. <DL>
- D. <DS>

ANSWER: C

20 Correct HTML to left align the content inside a table cell is

- A. <tdleft>
- B. <td ralign = "left">
- C. <tdalign = "left">
- D. <td leftalign>

ANSWER: C

21 The tag which allows you to rest other HTML tags within the description is

- A. <TH>
- B. <TD>
- C. <TR>
- D. <CAPTION>

ANSWER: D

22 <Base> tag is designed to appear only between

- A. <HEAD>
- B. <TITLE>
- C. <BODY>
- D. <FORM>

ANSWER: A

23 How can you open a link in a new browser window?

- A.
- B.
- C.
- D.

ANSWER: B

24 A much better approach to establish the base URL is to use

- A. BASE element
- B. HEAD element
- C. Both (a) and (b)
- D. None of these

ANSWER: A

25 The tag used to create a new list item and also include a hyperlink is

- A.

- B. <DL>
- C. <DD>
- D.

ANSWER: A

26 CSS stands for _____.

- A. Creative Style Sheet
- B. Colorful Style Sheet
- C. Cascading Style Sheet
- D. Computer Style Sheet

ANSWER: C

27 To insert a JavaScript into a HTML page, which tag is used?

- A. <js>
- B. <javascript>
- C. <script>
- D. <script=java>

ANSWER: C

28 What is the attribute for img tag?

- A. pt
- B. url
- C. src
- D. path

ANSWER: C

29 Dreamweaver MX support _____ linking.

- A. Text
- B. Image
- C. Other Media
- D. All of above

ANSWER: D

30 Extension of HTML is _____.

- A. .js
- B. .php
- C. .html
- D. None of above

ANSWER: C

31
 is used for _____.

- A. Space
- B. Line break
- C. Word break
- D. Paragraph break

ANSWER: B

32 The _____ properties allow you to specify the style and color of an element's border.

- A. border
- B. Space
- C. tb – border
- D. word-spacing

ANSWER: A

33 _____ is not a Text Formatting Tag.

- A. <big>
- B. <sup>
- C.
- D.

ANSWER: C

34 Which attribute is used to set font name ?

- A. fontname
- B. fn
- C. font
- D. face

ANSWER: D

35 CSS text-decoration property has value LINE-THROUGH is equivalent to _____ tag.

- A. <blink>
- B. <strike>
- C. <u>
- D. <i>

ANSWER: B

36 What is tag-

- A. Bold
- B. Italics
- C. Underline

D. Paragraph
ANSWER: A

37 What is <i> tag-
A. Bold
B. Italics
C. Underline
D. Paragraph
ANSWER: B

38 What is <u> tag-
A. Bold
B. Italics
C. Underline
D. Paragraph
ANSWER: C

39 What is <p> tag-
A. Bold
B. Italics
C. Underline
D. Paragraph
ANSWER: D

40 What is <a> tag-
A. Anchor
B. Italics
C. Underline
D. Paragraph
ANSWER: A

41 What is <sup> tag-
A. Bold
B. Superscript
C. Underline
D. Paragraph
ANSWER: B

42 What is <sub> tag-
A. Subscript
B. Italics
C. Underline
D. Paragraph
ANSWER: A

43 What is <tr> tag-
A. Bold
B. Italics
C. Table row
D. Paragraph
ANSWER: C

44 What is <td> tag-
A. Table data
B. Italics
C. Underline
D. Paragraph
ANSWER: A

45 What is <th> tag-
A. Table head
B. Italics
C. Underline
D. Paragraph
ANSWER: A

II Short Answer Type Questions:

- 1. What is the difference between form get and form post?**
- 2. List some common IE6 bugs and how you dealt with them?**
- 3. What is the importance of the HTML DOCTYPE?**
- 4. What are some of the online tools and resources you use when you have a problem?**
- 5. What is web application?**
- 6. Name three ways to define a color in html?**
- 7. How do you get an image in a webpage?**
- 8. Do all HTML tags come in pair?**

9. What are some of the common lists that can be used when designing a page?
10. What is the ?
11. Is it possible to list elements straight in an html file?
12. Does a hyperlink apply only to text?
13. What hierarchy is being followed when in style sheets?
14. What happens if the list-style-type property is used on a non-list element like a paragraph?
15. What is the advantage of using frames?
16. How can I hide my source?
17. Why doesn't <TABLE WIDTH="100%"> use the full browser width?
18. How would you automatically transfer your visitors to a new web page?
19. You want only a vertical scrollbar and no horizontal scrollbar on your page. How would you do it?
20. How do you refer to the .css file in the web page?
21. What is a better way to design the layout of a web page – a table tag or div?
22. How to create nest tables within tables in HTML?
23. Explain Non-Breaking space in HTML.
24. What are logical and physical tags in HTML?
25. Explain marquee tag.
26. What are the various types list?
27. What is basic text formatting?
28. What is advanced text formatting?
29. What are the tags used to create tables?
30. What are the tags used to create forms?
31. With the help of an example give the coding for bold tag.
32. With the help of an example give the coding for italics tag.
33. With the help of an example give the coding for paragraph tag.
34. With the help of an example give the coding for underline tag.
35. With the help of an example give the coding for font tag.

III Long Answer Type Questions:

1. How do I link to a location in the middle of an HTML document?
2. Explain Cell Padding and Cell Spacing.
3. What is difference between HTML and XHTML?
4. How to create a button which acts like a link?
5. How many types CSS can be include in HTML?
6. Does HTML support Javascripts? Explain.
7. Explain various HTML list tags.
8. Explain HTML background.

9. How to insert Javascript in HTML?
10. What are the different way in which website layout can be made?
11. Differentiate different types of Doctypes from one another
12. Why it is important to set the meta information?
13. What does the elements mean in syntax given for URL in HTML?
14. What is the purpose of iframe in HTML?
15. **What is the advantage of grouping several checkboxes together?**
16. **What if there is no text between the tags or if a text was omitted by mistake? Will it affect the display of the html file?**
17. **How do you create a link that will connect to another web page when clicked?**
18. Can you explain the definition of the main element? What is its goal? Are the two specifications (WHATWG and W3C) in agreement on its definition?
19. Describe when it's appropriate to use the small element and provide an example.
20. Subheadings are one of the most common elements in any website. A few years ago the hgroup tag was introduced to address this need, but it has since been removed from the specs. Can you describe why hgroup was dropped and how the markup can be addressed today?
21. Is the alt attribute mandatory on img elements? If not, can you describe a scenario where it can be set to an empty value? Does an empty value affect accessibility in any way?
22. Is it possible to express a date range using a single time element?
23. What's the difference between the meter element and the progress element?
24. What is the mark element? Can you describe an example of use for this element?
25. **How do you make a picture into a background image of a web page?**
26. **What is basic and advanced text formatting?**
27. What is a web page? Explain the various types of tags.
28. Describe the basic structure of an HTML document.
29. How can external images be inserted in a webpage?
30. Explain the various attributes of table tag.
31. With the help of an example give the coding for a nested list.
32. With the help of an example give the coding for an ordered list.
33. With the help of an example give the coding for an unordered list.
34. With the help of an example give the coding for form.
35. With the help of an example give the coding for audio control.

UNIT - III

I Test Your Skills:

(a) Multiple choice questions

1. E-money is a medium for making payments
- A. Digital
 - B. Electronic
 - C. Both (a) and (b)
 - D. None of the above

ANSWER: A

2. Acid test is a set of properties of money transfer that include
- A. Atomicity and isolation
 - B. Consistency and durability
 - C. Both (a) and (b)
 - D. None of the above

ANSWER: C

3. In....., each transaction must be independent
- A. Consistency
 - B. Isolation
 - C. Durability
 - D. None of the above

ANSWER: B

4. In ICES test, C means
- A. Consistency
 - B. Complexity
 - C. Conservation
 - D. None of the above

ANSWER: A

5. Electronic payment is a financial transaction made the use of paper documents
- A. With
 - B. Without
 - C. Both (a) and (b)
 - D. None of the above

ANSWER: B

6. Electronic payment media can be grouped into
- A. Trusted third party type
 - B. Notational fund transfers related type
 - C. Authentication type
 - D. All the above

ANSWER: D

7. is a type of EPS
- A. Credit card
 - B. Debit card
 - C. Smart card
 - D. All the above

ANSWER: D

8. Smart card is same as.....
- A. Credit card
 - B. Debit card
 - C. Both (a) and (b)
 - D. None of the above

ANSWER: C

9. Debit card is used for
- A. On line transactions
 - B. Off line transaction
 - C. Both (a) and (b)
 - D. None of the above

ANSWER: C

10. card is a card with a built-in chip capable of storing information in its memory
- A. Debit
 - B. Credit
 - C. Smart
 - D. None of the above

ANSWER: C

11. Applications of smart card are:
- A. Government
 - B. Identification

- C. Health care
- D. All the above

ANSWER: D

12. is an application of smart card

- A. ATM
- B. Telecommunication
- C. Transportation
- D. None of the above

ANSWER: A

13. EFT is a computer based system

- A. True
- B. False

ANSWER: A

14. EFT is

- A. Electronic Fund Transfer
- B. Electrical fund transfer
- C. Electronic fast transfer
- D. None of the above

ANSWER: A

15.cards andcards are two ways to make payments on a web site

- A. Debit and smart
- B. Credit and debit
- C. Credit and smart
- D. None of the above

ANSWER: B

16.allows the transfer of money itself

- A. Digital cash
- B. Electronic money
- C. Both (a) and (b)
- D. None of the above

ANSWER: A

17. E-money has.....types

- A. 3

- B. 4
- C. 5
- D. 6

ANSWER: A

18. Paisapay is facilitated in.....
- A. Amazon.com
 - B. eBay.co.in
 - C. Flipkart.com
 - D. None of the above

ANSWER: B

19. The way to hide digital information is through.....
- A. Cryptography
 - B. Digital certificate
 - C. Digital signature
 - D. None of the above

ANSWER: A

20. Main models of internet based payment system are:
- A. Electronic currency
 - B. Credit card
 - C. Debit card
 - D. All the above

ANSWER: D

21.card is a model of IPS
- A. Smart
 - B. Debit
 - C. Credit
 - D. All the above

ANSWER: D

22. Payment systems via the internet include
- A. Cyber cash
 - B. First virtual
 - C. Both (a) and (b)
 - D. None of the above

ANSWER: C

23.cards directly transfer funds from consumers bank account to the merchant's
- A. Debit
 - B. Credit
 - C. Both (a) and (b)
 - D. None of the above

ANSWER: A

24. Credit cards convenient for making small purchases
- A. Are
 - B. Are not
 - C. Both (a) and (b)
 - D. None of the above

ANSWER: A

25. ACH is
- A. Acid consistency house
 - B. Acitomated clearing house
 - C. Automated consistency house
 - D. None of the above

ANSWER: B

- 26 Full form of URL _____.
- A. Uniform Routing Location
 - B. Unix Routing Locator
 - C. United Route License
 - D. Uniform Resource Locator

ANSWER: D

- 27 What is the term used to describe the information, system and application that support and drive business processes, most often using web technologies?
- A. E-business
 - B. E-governance
 - C. E-commerce
 - D. E-education

ANSWER: A

- 28 What is full name of EDI?
- A. Electronic Document Interchange

- B. Electronic Data Interchange
- C. Educational Data Interchange
- D. Express Data Interchange

ANSWER: B

29 When hackers flood a website with useless traffic to overwhelm the network, it is called-

- A. Denial of service attack
- B. Phishing
- C. Pharming
- D. Spoofing

ANSWER: A

30 If you need to transfer money to another person via the internet , which of the following methods could you use?

- A. Financial cybermediary
- B. Electronic check
- C. Electronic bill presentment and payment
- D. All of the above

ANSWER: D

31 Which of the following is not a dimension of e-commerce security provided by encryption?

- A. Availability
- B. Message integrity
- C. Non repudiation
- D. Confidentiality

ANSWER: A

32 Which of the following permits the transmission of a bill, along with the payment of that bill, to be conducted over the internet?

- A. Financial cybermediary
- B. Electronic check
- C. Electronic bill presentment and payment
- D. All of the above

ANSWER: C

33 Which of the following is used in B2B to pay for the purchases?

- A. E-commerce
- B. Financial electronic data interchange
- C. Electronic data exchange
- D. Electronic checks

ANSWER: B

- 34 A security plan begins with –
- A. Risk assessment
 - B. Security policy
 - C. Implementation plan
 - D. Security organization

ANSWER: A

- 35 The only payment system that is instantly convertible without intermediation is-
- A. Credit card
 - B. Debit card
 - C. Digital cash
 - D. Cash

ANSWER: D

- 36 Which of the following is an example of a portal?
- A. Amazon.
 - B. eBay.
 - C. Yahoo.
 - D. Face book

ANSWER: C

- 37 All of the following are major B2C business models except _____.
- A. content provider.
 - B. industry consortium.
 - C. transaction broker.
 - D. service provider.

ANSWER: B

- 38 Compared to Internet users, the number of cell phone subscribers is _____.
- A. about the same.
 - B. slightly fewer.
 - C. much fewer.
 - D. much larger.

ANSWER: D

- 39 Industry structure is defined as _____.
- A. the nature of the players in an industry and their relative bargaining power.
 - B. a set of plans for achieving long term returns on the capital invested in a business firm.
 - C. set of planned activities designed to result in a profit in a marketplace.
 - D. how a company's product or service fulfills the needs of customers.
- ANSWER: A

- 40 The area of actual or potential commercial value in which a company intends to operate is a _____.
- A. market space.
 - B. marketplace.
 - C. perfect market.
 - D. Bertrand market.
- ANSWER: A

- 41 Which of the following is not one of the stages of the development of the Internet?
- A. Innovation.
 - B. Institutionalization.
 - C. Globalization.
 - D. Commercialization.
- ANSWER: C

- 42 Which protocol permits users to transfer files from the server to their client computer, and vice versa?
- A. HTTP.
 - B. SMTP.
 - C. IMAP.
 - D. FTP.
- ANSWER: D

- 43 Which of the following is not a limitation of the current Internet?
- A. insufficient capacity throughout the backbone.
 - B. network architecture limitations.
 - C. insufficient reach.
 - D. best-efforts QOS.
- ANSWER: C

- 44 Internet users account for about _____ of the world's population.
- A. 7%
 - B. 17%
 - C. 27%
 - D. 47%

ANSWER: B

- 45 Which of the following was the first commercial Web browser?

- A. Mosaic.
- B. Mozilla.
- C. Netscape Navigator.
- D. Internet Explorer

ANSWER: C

II Short Answer Type Questions:

- 1 Enumerate the various online payment systems.
- 2 What are the basic requirements of any payment system?
- 3 Briefly explain the concept of Micro, consumer and business payments.
- 4 Distinguish between pre-paid and post-paid payment system.
- 5 Explain the transaction flow in e-cash system.
- 6 Discuss the basic requirements of an online payment system.
- 7 What are the special considerations involved in the design of an online micro payment system?
- 8 Define interoperability in the context of online payment systems.
- 9 Describe what is meant by scalability, in an online payment system.
- 10 How electronic payment system differs with traditional payment systems?
- 11 Explain the working of PayPal.
- 12 What do you understand by payment gateways and how payment gateways work?
- 13 What do you mean by virtual PIN?
- 14 How electronic checks are advantageous over traditional checks?
- 15 How online banking is giving a push for e-commerce?
- 16 Write short note on Smart Card.
- 17 Explain in brief E-Wallet.
- 18 Explain the key characteristics of E-Money
- 19 Write difference between
 - (a) Atomicity and Isolation
 - (b) Scalability and interoperability
 - (c) Consistency and durability

- 20 Explain EFT.
- 21 Explain Briefly the B2B Electronic Payment Systems Stating The Application Of Each.
22. What is E-check?
23. What is e-tailing?
24. What is meant by M-Commerce?
25. What are three types of payment cards?
26. What are the types of Electronic payment system.
27. What is encryption?
28. What is decryption?
29. What is electronic fund transfer?
30. What is the concept of e-money?
31. What is identity theft?
32. What is anonymous e money?
33. What is the basic difference between offline money and online money?
34. What is the basic difference between a debit card and a credit card?
35. Is paytm an e wallet or digital cash?

III Long Answer Type Questions:

- 1 Differentiate between credit and debit cards.
- 2 Discuss the protocol developed by Visa and Master Card.
- 3 Distinguish between contact and contact less smart cards.
- 4 “Online shopping is changing market dynamics”. Comment.
- 5 Briefly explain the concept of digital and cyber cash.
- 6 What are online payment methods? What are the risks involved in Online Payment System?
- 7 Explain in detail how smart cards work.
- 8 What are the requirements of Internet Based payments? Explain
- 9 What is credit card laundering? How do you think it can be prevented?
- 10 Electronic Payment System is prerequisite for the success of electronic business. Comment.
What are the issues in electronic Payment systems in Indian context?
- 11 Explain briefly the working of a credit Payment system over any other transaction.
- 12 Explain in detail the ACID test.
- 13 What is electronic payment system? Electronic business is incomplete without electronic payment system. Comment.
- 14 Explain the process of online payment in the arena of e-commerce. Explain clearly the “authorization” and “settlement” processes and how are they affected in respect of e-commerce?
- 15 What are the different possible methods of payment over internet? Explain the working of credit card or any electronic payment system over internet?
- 16 Difference between electronic payment system and traditional payment systems?

17. Discuss various infrastructure issues in Electronic payment systems in India.
18. Explain the legal, ethical and privacy issues for safety of e-payment made by a customer with a case study.
19. Illustrate briefly the contracts and warranties used in providing privacy to E-commerce transactions.
20. What is e-payment? State the principles of e-fund transfer. Why is orientation and standardization required for e-payment businesses?
21. Explain about certificate issuance in Master card/Visa Secure electronic transaction.
22. What is e-payment? Discuss the functions of e-payment system? Why is orientation and standardization required for e-payment business?
23. What is Smart card? Explain step by step by procedure to define the working of Payment by Smart card.
24. Explain the following:
 - A. Digital Cash
 - B. Electronic Cheque
25. What is Smart Card? Define various characteristics of it.
26. What are the infrastructure issues and risks in Electronic Payment System?
27. What is Electronic Payment System? What are its various types?
28. What are the security threats in E-commerce environment?
29. What is e-wallet? Mention its advantages and disadvantages.
30. What is digital cash? Mention its advantages and disadvantages.
31. Explain the difference between private key encryption and public key encryption.
32. Explain in detail the objectives of e commerce security infrastructure?
33. What id the difference between Trojan horse and worms?
34. Explain the difference between RTGS and NEFT in detail.
35. Explain the working of bitcoin in detail.

UNIT - IV

I Test Your Skills:

(a) Multiple choice questions

1. Google.com is an example of a:
 - A. Destination site
 - B. Portal
 - C. Search engine
 - D. None of the above

ANSWER: C

2. Currency used in e-business transactions around the world
- A. Dollars
 - B. Rupees
 - C. None of the above
 - D. All the above

ANSWER: C

3. _____ is an example of an auction site
- A. e-bay
 - B. Ibibo
 - C. Facebook
 - D. Orkut

ANSWER: A

4. What items are traded in e-business
- A. Consumer durables
 - B. Pharmaceutical products
 - C. Industrial goods
 - D. All the above

ANSWER: D

5. Once segments have been identified, organizations need to define how best to position their online services relative to competitors according to four main variables: product quality, service quality, and fulfillment time. Which variable is missing?
- A. After sales service
 - B. Brand perception
 - C. Customer value
 - D. Price

ANSWER: D

6. What could be an implication for an organization if an e-business strategy is not clearly defined?
- A. Clear direction of e-business strategy
 - B. Effective integration of e-business at a technical level
 - C. Greater opportunities from evaluation of opportunities
 - D. None of the above are applicable

ANSWER: D

7. Before developing any type of strategy, a management team needs to agree the process they will follow for generating and then implementing the strategy. A framework that gives a logical sequence to follow to ensure inclusion of all key activities of an e-business strategic development is generally known as:
- A. An E-channel strategy
 - B. E- business stratification process
 - C. A strategy process model
 - D. Multi-channel e-business strategy

ANSWER: C

8. The approach by which applications of internal and external electronic communications can support and influence strategy is a definition of:
- A. Corporate Strategy
 - B. E-channel strategy
 - C. E-business strategy
 - D. E-business responsibility

ANSWER: C

9. A(n) _____ is a private corporate network that uses standard Internet protocols and interfaces.
- A. ethernet
 - B. extranet
 - C. local area network
 - D. intranet

ANSWER: D

10. When measuring the effectiveness on an online advertisement, the _____ is the percentage of visitors to a page who click on an advertisement.
- A. click ratio
 - B. click rate
 - C. click-through rate
 - D. hit ratio

ANSWER: C

11. RACE is a practical framework to help marketers manage and improve the commercial value gained from digital marketing. The term stands for Reach, Act, C, Engage. What does 'C' refer to?
- A. Collaborate
 - B. Collect
 - C. Consolidate

D. Convert

ANSWER: D

12. A strength of social media and viral marketing is:

A. Cannot be ignored in user's inbox

B. Considered credible

C. It is possible to reach a large number at relatively low cost

D. Highly targeted with controlled costs

ANSWER: C

13. In future, some suggest that the task of searching for suppliers and products may be taken over by computer programmes which have defined rules or some degree of intelligence that replicates human neural functioning. These programmes are known as:

A. Spider search engines

B. HTML

C. E-marketplace search engines

D. Software intelligent agents

ANSWER: D

14. Security is a serious concern for e-business managers and there are many potential risks concerning unauthorized access to customer and company data. One way this occurs is through misleading users through setting up a bogus website and gaining user details online. What is this method known as?

A. Denial of service

B. Phishing

C. Malware

D. Firewalling

ANSWER: B

15. The fastest-growing application for the Internet is

A. going shopping

B. conducting research

C. playing games, reading, and listening to music

D. using e-mail

ANSWER: A

16. The most common method for gaining access to the Internet is through a _____.

A. dumb terminal

B. virtual provider or computer

C. point-to-point computer

D. provider or host computer

ANSWER: D

17 The term ISP refers to

- A. internal software protocol
- B. international shareware pool
- C. Internet service provider
- D. interface standard protocol

ANSWER: C

18 These types of commercial Internet service providers are the most widely used

- A. national service providers
- B. regional service providers
- C. centralized service providers
- D. decentralized service providers

ANSWER: A

19 When surfing the Web, the browser interprets the HTML command found in a document file, and displays it as a(n)

- A. Applet page
- B. Java page
- C. Web page
- D. Domain page

ANSWER: C

20 Which of the following are not required to send and receive e-mail?

- A. e-mail account
- B. Web page
- C. access to the Internet
- D. e-mail program

ANSWER: B

21 _____ includes all electronics-based information exchanges within or between companies and customers.

- A. E-commerce
- B. E-marketing
- C. E-communication
- D. E-business

ANSWER: D

- 22 The flip side of e-marketing is:
A. e-advertising
B. e-selling
C. e-commerce
D. e-purchasing
ANSWER: D
- 23 Which of the following describes e-commerce?
A. Doing business electronically
B. Doing business
C. Sale of goods
D. All the above
ANSWER: A
- 24 Which segments do eBay, Amazon.com belong?
A. B2Bs
B. B2Cs
C. C2Bs
D. C2Cs
ANSWER: B
- 25 Which type of e-commerce focuses on consumers dealing with each other?
A. B2B
B. B2C
C. C2B
D. C2C
ANSWER: D
- 26 Who breaks into other people's computer systems and steals and destroys information?
A. Hackers
B. Script kiddies
C. Programmers
D. Analysts
ANSWER: A
- 27 WWW means _____.
A. World Wide Web
B. Wide World Web
C. Web Wide World

D. World Web Wide

ANSWER: A

28 DNS stands for _____.

- A. Domain Name System
- B. Dynamic Network Service
- C. Detail Name Server
- D. All of above

ANSWER: A

29 _____ a subset of the website.

- A. Web Site
- B. Web Portal
- C. Web Space
- D. None of above

ANSWER: B

30 _____ is not a domain.

- A. org
- B. gov
- C. com
- D. trust

ANSWER: D

31 What encourages users of a product or service supplied by a B2C company to ask friends to join in as well?

- A. Spam
- B. Viral marketing
- C. Affiliate programs
- D. None of the above

ANSWER: B

32 Compared to B2C e-commerce, B2B e-commerce is

- A. of equal size
- B. slightly smaller
- C. slightly larger
- D. much larger

ANSWER: D

- 33 What is Bitcoin?
- A. an online payment blog
 - B. First decentralized digital currency
 - C. A mobile app for online shopping
 - D. A website

ANSWER: B

- 34 _____ marketing is the Internet version of word-of-mouth marketing.

- A. Visceral.
- B. Virile.
- C. Viral.
- D. Virtual.

ANSWER: C

- 35 Which of the following is an advantage of e-books?

- A. reduced transaction costs for the user.
- B. requirement of expensive devices to use.
- C. portability compared to print books.
- D. copyright management.

ANSWER: A

- 36 The ability to change the product to better fit the needs of the customer is called _____.

- A. customization.
- B. personalization.
- C. privacy.
- D. accessibility.

ANSWER: A

- 37 All of the following are major categories of computer viruses except _____.

- A. Macro viruses.
- B. File-infecting viruses.
- C. Script viruses.
- D. Trojan viruses.

ANSWER: D

- 38 A worm is designed to spread _____.

- A. from computer to computer.
- B. from file to file on a computer.
- C. from Web site to Web site.

D. from Web site to computer

ANSWER: A

39 When hackers flood a Web site with useless traffic to overwhelm the network, it is called _____.

- A. phishing.
- B. pharming.
- C. a Denial of Service (DoS) attack.
- D. spoofing.

ANSWER: C

40 . Which of the following is not a dimension of e-commerce security provided by encryption?

- A. availability.
- B. message integrity.
- C. nonrepudiation.
- D. confidentiality.

ANSWER: A

41 The only payment system that is instantly convertible without intermediation is _____.

- A. Credit card.
- B. Accumulating balance.
- C. Stored value.
- D. Cash.

ANSWER: D

42 The most prevalent online payment method is _____.

- A. PayPal.
- B. checks.
- C. credit cards.
- D. debit.

ANSWER: C

43 After sending e-mail, which of the following activities is most common among Internet users?

- A. sending instant messages.
- B. reading someone else's blog.
- C. using a search engine to find information.
- D. getting news.

ANSWER: C

44 All of the following are reasons more people don't shop online except _____.

- A. lack of trust in online merchants.
- B. lack of convenience.
- C. inability to touch and feel the product.
- D. fear of misuse of personal information.

ANSWER: B

45 The process of getting customers to pass along a company's marketing message to friends, family, and colleagues is known as _____.

- A. affiliate marketing.
- B. viral marketing.
- C. permission marketing.
- D. blog marketing.

ANSWER: B

II Short Answer Type Questions:

- 1 What are the four fundamental security issues in commerce and what is the impact of the mobile commerce environment on these issues?
- 2 What are the online payment issues in mobile commerce?
- 3 What type of payment models have been used in mobile commerce?
- 4 Define issuer-centric and mobile network operator-centric payment models.
- 5 What are the important revenue streams on which sustainable businesses can be built in the mobile commerce environment?
- 6 Describe the additional benefits offered by location and search services in the mobile commerce environment as compared to the wired network environment.
- 7 What do you understand by business models?
- 8 Explain the click and mortar model.
- 9 What is Digital Commerce?
- 10 Write short note on Search Engine.
- 11 Write short note on Reverse Auction.
- 12 Define and differentiate between an infomediary and a metamediary.
- 13 Describe the taxonomy of the business models which can be used.
- 14 What is affiliate model? Provide two examples of electronic commerce business that use this model.
- 15 Describe three different revenue models for a portal such as Yahoo!.

- 16 How are e-business models and strategies related?
- 17 What is the importance of supply chain management in E-commerce.
- 18 What are some of the factors that may impact a customer's buying decision.
- 19 What are the various electronic tokens that are used in electronic payment systems?
- 20 Differentiate between a smart card and credit card.
- 21 Write a short note on Ethical issues in Electronic Commerce.
- 22 Write a short note on Marketing strategies for promoting electronic business over web.
- 23 What is electronic marketing? Describe various tools used for electronic marketing.
- 24 Explain the link between e-marketing and e-business and why they may be considered separately.
- 25 What is Online Marketing? What are the advantages and limitations of it?
- 26 What is click jacking?
- 27 Explain the term Salami technique.
- 28 What is tort law on the internet?
- 29 Explain the domain name disputes.
- 30 Explain product liability laws as a legal consideration in e-commerce.
- 31 What is tort of nuisance?
- 32 What is tort of negligence?
- 33 What is the basic difference between copyright and patent?
- 34 What is cybersquatting and click jacking ?
- 35 What is metatagging?

III Long Answer Type Questions:

1. What is the electronic store model? What are the major impediments faced by model in less developed countries.
2. What are the major advantages of the manufacturer model? Describe how the model reduces market friction and costs through a value chain analysis.
3. Describe some alternative revenue models for a web site from a magazine publisher.
4. Draw a diagram summarizing the different types of online marketplace.
5. For an organization you are familiar with, examine the alternative business and revenue models afforded by the Internet and assess the options for the type and location of e-commerce transitions.
6. Select an intermediary site and assess how well it makes use of the range of business models and revenue models available to it through the Internet.
7. Explain what a business model is and relate it to an Internet pure play of your choice.
8. Discuss briefly the status of E-Governance in the country.
9. What are the key challenges to proliferation of E-Governance in India?

10. What role do you envisage for the government in smooth conduct of E-Commerce in country?
11. Societal impacts of E-commerce?
12. Discuss legal and ethical issues in e – commerce?
13. Can you describe why Google is so important to running an online business? Can
14. you make specific detailed recommendations that show what your client should
15. do to gain maximum benefit from Google.
16. Describe the objectives and characteristics of web advertising. Also describe the
17. major advertising methods used on the web.
18. What are the various revenue models adopted by organizations for E-Business.
19. Explain.
20. What are the requirements for conducting e-commerce for an organization dealing
21. in books and music titles?
22. Explain salient features of home banking. Also, discuss the management issues in
23. connection with online banking.

24. Electronic Business changes the way business processes are performed in a organization.
 - a. Comment. What are the changes that result from adopting electronic Business models?
 - b. Give suitable examples.
25. What are the infrastructure requirements for adopting electronic business models?
 - a. Illustrate with an example details of the hardware, software communication network and
 - b. other tools that may be required to set up the e-Business?
26. What is Electronic Market Place? Describe it for Buyer and Seller.
27. What are the regulatory and ethical considerations in e-commerce?
28. What are the emerging trends in e-commerce?
29. What is mobile commerce? Explain its advantages and disadvantages.
30. How is cybersquatting different from web spoofing? Explain using example.
31. What are the technological and social considerations in e-commerce?
32. How is e procurement different from traditional procurement procedure? Explain using real life example.
33. Explain the patent law being followed by e commerce companies in India.
34. “Responsive design is one of the most innovative technological considerations of e commerce.” In the light of statement explain the other technological considerations of e commerce.
35. “Artificial Intelligence is the latest trend in e commerce.” In the light of statement explain how artificial intelligence has become an added advantage to the field of e commerce.

QUESTION BANK

BUSINESS COMMUNICATION

BBA 110

QUESTION BANK
BUSINESS COMMUNICATION-BBA 110
BBA-II

UNIT – I

I. MULTIPLE CHOICE QUESTIONS :

1. The _____ of weather on ice cream sales is well documented
- A. Affect
 - B. Effect
 - C. Effect
 - D. Affected

ANSWER: C

2. They are going to love going _____
- A. Their
 - B. There
 - C. Farthest
 - D. Here

ANSWER: B

3. 'His long experience as a teacher gave him the ability to handle students' is an example of
- A. Countable Noun
 - B. Uncountable Noun
 - C. Collective Noun
 - D. Abstract Noun

ANSWER: D

4. The specialist shared his findings with Dr. Johnson and _____
- A. I
 - B. Me
 - C. Their
 - D. They

ANSWER: B

5. 'Would you like a Cookie with your Coffee?' has how many nouns?
- A. 3
 - B. 1
 - C. 4

D. 2

ANSWER: D

6. Our _____ are available from 9 to 5 every day, we are happy to assist you.

- A. Representitives
- B. Representatives
- C. Repräsentatives
- D. Representatives

ANSWER: B

7. If you _____ something, be sure to check our lost and found

- A. Loose
- B. Lost
- C. Loss
- D. Lose

ANSWER: D

8. 'Their Bike is in the Garage' is an example of

- A. Countable Noun
- B. Abstract Noun
- C. Uncountable Noun
- D. Pronoun

ANSWER: A

9. She had a very happy _____

- A. Child
- B. Children
- C. Childhood
- D. None of the Above

ANSWER: C

10. Jennifer will share her bag of goodies with _____ sits beside her.

- A. Who
- B. Whom
- C. Whoever
- D. Whomever

ANSWER: C

11. "I am going to visit India during the holidays". Which words in the sentence are common nouns?

- A. Holidays
- B. Visit, Holidays
- C. India
- D. India, Holidays

ANSWER: A

12. Deepa complained _____ the weather.

- A. Against
- B. About
- C. For
- D. To

ANSWER: A

13. We've spent _____ of time and resources optimizing our customer service procedures

- A. An lot
- B. Allot
- C. Lot
- D. A lot

ANSWER: A

14. He has not yet gone _____ bed. (To the/ To)

- A. To
- B. Into
- C. In
- D. To The

ANSWER: A

15. "Goodwill" is an example of

- A. Noun
- B. Adjective
- C. Verb
- D. Tense

ANSWER: A

16. 'They live in a beautiful house' has how many Adjectives?

- A. 2
- B. 3
- C. 1

D. None

ANSWER: C

17. 'I had played football before Susan came' is an example of which tense?

A. Present Tense

B. Future Tense

C. Present Perfect

D. Past Perfect

ANSWER: A

18. Claudia _____ to be a chef when she was young.

A. Learned

B. Learnt

C. Learn

D. Learning

ANSWER: D

19. 'Yesterday morning I saw my Good Friend David. We went to the mall and had some good food to eat' what is a proper noun in this sentence?

A. Food

B. Mall

C. Yesterday

D. David

ANSWER: B

20. After taking a bad step Glenda cursed _____ allowed a dog to defecate on her pristine lawn.

A. Whom

B. Whoever

C. Who

D. Whomever

ANSWER: C

21. Meena _____ her medicines to the Doctor.

A. Take

B. Taking

C. Took

D. Taken

ANSWER: B

22. "What's the most famous bridge in the world?" 'bridge' is

- A. Proper Noun
- B. Common Noun
- C. Abstract Noun
- D. Collective Noun

ANSWER: C

23. Receiver shouldthe message objectively and send feedback promptly.

Fill in the blank above out of following:

- A. Encode
- B. Decode
- C. Forward
- D. Write

ANSWER: B

24. Sender should select channel in light of:

- A. Need for speed
- B. Social need
- C. Safety need
- D. Esteem needs

ANSWER: B

25. Some forms of communication like office order or notice are;

- A. Two-way process
- B. Unidirectional
- C. Multi directional
- D. Horizontal process

ANSWER: B

26. Receiver should the message objectively and send feedback promptly.

Fill in the blank above out of following:

- A. Encode
- B. Decode
- C. Forward
- D. Write

ANSWER: B

27. Sender should select channel considering:

- A. Need for speed
- B. Social need

- C. Safety need
- D. Esteem need

ANSWER: A

28. Some forms of communication like office order or notice are;

- A. Two-way process
- B. Unidirectional
- C. Multi directional
- D. Horizontal process

ANSWER: B

29. Which of the following is not a component of communication process?

- A. Feedback
- B. Context
- C. Product of organization
- D. Receiver

ANSWER: C

30. Written communication is used mainly for:

- A. Understanding emotions of receiver
- B. Understanding emotions of sender
- C. Understanding receiver's message quickly
- D. Future reference and records

ANSWER: D

31. Receiver should the message objectively and send feedback promptly.

Fill in the blank above out of following:

- A. Encode
- B. Decode
- C. Forward
- D. Write

ANSWER: B

32. Sender should select channel in light of:

- A. Need for speed
- B. Social need
- C. Safety need
- D. Esteem need

ANSWER: A

33. Upward communication is used for the following:
- A. Seeking superior's intervention to solve the problem
 - B. Directive to initiate action
 - C. Motivate seniors
 - D. Coordinate with other departments

ANSWER: A

34. Downward communication is best suited to
- A. Maintain law and order
 - B. Motivate senior management
 - C. Coordination with different departments
 - D. Explain policies and procedures to subordinates

ANSWER: D

35. Indicate the wrong statement out of the following:
- A. Grapevine does not follow any fixed path
 - B. The grapevine is a very fast channel
 - C. The grapevine provides valuable feedback to the management
 - D. The management can do a great service to their organization by destroying the grapevine.

ANSWER: D

36. Participant should not bring up items which are not on the_____.
- A. Agenda
 - B. Minutes
 - C. Memo
 - D. letter

ANSWER: A

37. _____plays the role of a leader in a meeting.
- A. Boss
 - B. Chairperson
 - C. Secretary
 - D. legal expert

ANSWER: B

38. _____ refers to a list of items to be discussed at a meeting.
- A. Agenda
 - B. Resolution
 - C. Decisions

D. Notice

ANSWER: A

39. _____ refers to a meeting for discussion or an exchange of views.

A. Groups

B. meetings

C. conference

D. committees

ANSWER: C

40. Meetings have a _____ agenda.

A. fixed

B. indefinite

C. dynamic

D. changing

ANSWER: A

II. SHORT ANSWER TYPE QUESTIONS:

1. Give the meaning of the following idioms and use them in sentences:

A. Time and Tide

B. Add Insult to Injury

C. Ball is in Your Court

D. Burn the Midnight Oil

2. Make sentences using the following pair of words:

A. Stationary- Stationery

B. Profit-Prophet

C. Prey-Pray

D. Illusive-Elusive

3. The sentences below need editing with respect to vocabulary and grammar. Identify the errors and re-write the sentence correctly:

A. One should not waste his time

B. I shall see the brakes whether they work well

C. I asked for his book but he did not lend me

D. She enjoyed during the holidays

E. Whoever works hard he will win

4. Following are whole words. Put Apostrophes at the correct places:
 - A. We Will
 - B. Do Not
 - C. They Are
 - D. Would Not
 - E. They Would Not

5. How communication is a social activity?
6. Why is communication so important to an organization? How does it relate the organization to the outside world?
7. Write a note on communication as “an integral part of the process of change”
8. List and briefly describe the six phases of the communication process.
9. Explain the process of communication?
10. Give illustration to show why it is important to adapt the message to the needs of the receiver.
11. Rewrite the following sentences to emphasize you – attitude instead of we – attitude:
 - A. To help us improve customer service, we would appreciate if we get some suggestions from you.
 - B. We are pleased to inform you that your fixed deposit has matured. Since we have our own problems, we would appreciate if you pay your installments on time.
 - C. We value your association with us for you are important part of our Success
 - D. This pamphlet will acquaint you with the various schemes we have floated to multiply savings.
12. How does culture affect communication? Discuss in brief.
Write short notes on the following:
 - A. Filtering
 - B. Information Overload
 - C. Goal Conflict
 - D. Status Consciousness
 - E. Emotions and Communication
13. Write notes on the following in not more than 50 words.
 - A. Steps required to develop positive attitude
 - B. Types of Business Reports
 - C. Importance of Grapevine for corporate
14. What is 7C’s concept in communication? Explain each briefly
15. Write a detailed note on the factors responsible for the growing importance of communication in modern times.
16. Effective communication has always been essential for success in business. Explain this statement in detail.

17. Imagine a situation in which the intransigent attitude of trade union leaders creates communication problems for management, and how a resourceful manager deals with them.
18. Explain ways of how To Improve Command Over Spoken and Written English?
19. What are the challenges of 21st Century managing the career of a person?
20. What affect does culture have on communication.
21. Explain the process of communication in detail.
22. Explain in detail the principles of Effective Business Communication.
23. Explain the meaning and significance of communication in the current day scenario.
24. List and describe the six phases of the communication process by giving examples.
25. How does planning of message take place during the process of communication?
26. Why is communication so important to an organization? How does it relate the organization to the outside world?
27. Write a detailed note on the factors responsible for the growing importance of communication in modern times.
28. Effective communication has always been essential for success in business. Explain this statement in detail.
29. What are the essentials of communication? Discuss in detail giving a suitable example.
30. How does planning of message take place during the process of communication?
31. Why should the letter of application have an attractive beginning? What should the opening contain?
32. What are the functions of a referee? How does a referee write a reply to an inquiry?
33. Show how computers have changed the modes of communication in the business world and how we are moving in the direction of a paperless office.
34. "A picture is worth a thousand words." Discuss with reference to the use of posters in business communication.

III. LONG ANSWER TYPE QUESTIONS:

1. What are the various ways to build up vocabulary?
2. What are nouns? Give examples of possessive nouns along with collective nouns.
3. Write a detailed note on the factors responsible for the growing importance of communication in modern times.
4. How can reading help in confidence building?
5. Effective communication always helps in bringing success to a business organization. Explain this statement in detail.
6. What are the essentials of communication? Discuss in detail giving a suitable example.
7. "There can be no such things as perfect communication." Do you agree? Give a reasoned answer.
8. "Communicators with similar mental filters are more likely to communicate Effectively. Discuss.

9. What common punctuation mistakes must be avoided during business communication?
10. Write a brief note on clarity of thought and expression in the communication process.
11. Suggest ways to build vocabulary to communicate effectively in a business environment.
12. Write sentences to bring out the difference between past perfect and present perfect tenses.
13. What are the essentials of communication? Discuss in detail giving suitable examples.
14. 'We don't see reality, we interpret what we see and call it reality.' Discuss.
15. Discuss the main features of communication.
16. State the elements of the process of communication with the help of examples.
17. "Communication is the sum of all things one person does to create understanding in the mind of another". Elucidate
18. "The basic purpose of all communication is to obtain an understanding and acceptable response". In the light of this statement explain the objectives of communication.
19. Explain the need for communication in modern business organizations.
20. Why is communication considered to be an important responsibility of managers?
21. Explain the various channels of communication used in modern organization.
22. Distinguish between downward and upward communication.
23. Explain the various elements of communication process.
24. Physical and Mechanical barriers to communication always hinder smooth communication process. Elucidate
25. Explain upward communication. How does it work in an organization?
26. Write a detailed note on the importance of clarity of thought and expression in the communication process with examples.
27. Discuss the importance of communication in today's competitive business world. Is the ability to communicate more important criteria of successful performance of an employee?
28. In business communication courtesy and clarity are as important as conciseness and completeness." Discuss in detail.
29. Discuss widely the general principles of effective communication. What are the barriers to communication? Discuss the guidelines for overcoming these barriers.
30. Show how offensive style is the greatest barrier to communication. Write a note on socio – psychological barriers to communication.
31. Alana High school, Rajkot, needs a commerce teacher, Apply to the Principal giving necessary details.
32. Draft a memo to the employee of your firm for irregularities and indiscipline in work.
33. As a principal of a college draft a testimonial for an outstanding student who has just passed the B.A. examination.
34. As a chief guest, draft the speech you would make on the occasion of the inauguration of the opening of a free hospital in a rural area.

UNIT-II

I. MULTIPLE CHOICE QUESTIONS :

1. When communicating, many Latin and Asian cultures stress the value of
- A. Closeness.
 - B. Indirectness.
 - C. Avoidance.
 - D. Directness.

ANSWER: B

2. For most Americans, intimate space, or intimate distance, is under
- A. 12 inches
 - B. 48 inches
 - C. 18 inches
 - D. 24 inches

ANSWER: C

3. Which principle/s of professional communication promote/s sensitivity to cultural values and beliefs?
- A. The professional communication is in good taste.
 - B. The professional communication is legal.
 - C. The professional communication is ethical.
 - D. All the above.

ANSWER: A

4. Junior members of staff are working long unpaid hours on a project because profits are down, and the project promises to fund three full-time positions. They do not complain, although two seek treatment for stress-related illness. Identify the major cause/s of illegal or unethical behaviour in this scenario.
- A. Uncertainty about whether an action is wrong.
 - B. Unwillingness to take a stand about what is right.
 - C. Excessive emphasis on profits.
 - D. All the above.

ANSWER: D

5. Companies need to become aware of how to communicate with people from diverse cultures because:
- A. More companies are conducting business with people from other countries.
 - B. The workforce is becoming more diverse.

- C. Both 1 and 2.
 - D. None of the above
- ANSWER: C

6. Which one of the following statements is inaccurate?
- A. There is one definition of culture on which everyone agrees.
 - B. Culture is a complex, multidimensional concept.
 - C. Culture is learned social behaviors that develop over time.
 - D. All the above.
- ANSWER: A

7. Intercultural communication is:
- A. The sharing of meanings between individuals from different cultures.
 - B. Shared communication between members of the same culture.
 - C. The process of adjusting to the host culture.
 - D. Shared communication between members of same family
- ANSWER: A

8. The belief that one's culture is superior to others is referred to as:
- A. Cultural relativism.
 - B. Enculturation.
 - C. Ethnocentrism.
 - D. Collectivity
- ANSWER: C

9. Which of the following is not a dimension of cultural differences as identified by Hofstede (1984)?
- A. Certainty avoidance
 - B. Individualism
 - C. Power distance
 - D. None of the above
- ANSWER: A

10. Which of the following lists represents the common barriers to communication?
- A. Linguistic, cultural, physical, perceptual, experiential, and emotional.
 - B. Linguistic, cultural, physiological, perceptual, experimental, nonverbal and economical.
 - C. Linguistic, conceptual, psychological, perceptual, experiential, verbal and emotional.
 - D. Linguistic, cultural, physical
- ANSWER: A

11. Which of the following nonverbal codes is considered universal rather than culturally specific?
- A. Facial expressions.
 - B. Artefacts
 - C. Paralanguage.
 - D. Chronemics.

ANSWER: A

12. In which cultural dimension is the difference in how status is ascribed considered?
- A. Specific vs. diffuse.
 - B. Neutral vs. affective.
 - C. Universalism vs. particularism
 - D. Achievement vs. ascription.

ANSWER: D

13. Which cultures tend to value quality of life more than wealth.
- A. Feminine
 - B. Masculine
 - C. Universalism
 - D. None of the above

ANSWER: A

14. What is the process by which you learn the rules and norms of a culture different from your own?
- A. Enculturation
 - B. Acculturation
 - C. Cultural Shock
 - D. Ethnocentrism

ANSWER: B

15. Culture shock is a psychological reaction to a new culture.
- A. Enculturation
 - B. Acculturation
 - C. Cultural Shock
 - D. Ethnocentrism

ANSWER: C

16. Culture refers to
- A. The specialized lifestyle of a group of people.

- B. Race or nationality.
- C. Genetic similarities.
- D. Gender equality.

ANSWER: A

17. In interpersonal communication, ethics

- A. Are important.
- B. Are not a consideration.
- C. Increase barriers to understanding.
- D. Stand in the way of honesty.

ANSWER: A

18. Which forms of electronic meeting take place over the Internet?

- A. Videoconferencing and audioconferencing
- B. Formal electronic meetings and discussion threads
- C. Audioconferencing and teleconferencing
- D. Audioconferencing and web conferencing

ANSWER: D

19. You send an email in the format of a good newsletter of request. You carefully place each of 10 requests in a separate numbered paragraph, finishing off the email with the required completion date and a courteous close. Ten days after the completion date only five of the requests have been performed. What could have gone wrong?

- A. Your sentences and paragraphs were too long.
- B. The recipient only read the first screen.
- C. The recipient doesn't check their email regularly.
- D. You sent the email to the wrong person.

ANSWER: B

20. You need to provide guidance to your work team on how to use a new database that will become operational next week. Which of the following would be the most suitable email type to convey the instructions?

- A. Announcement email.
- B. Instruction email.
- C. Authorization email.

ANSWER: B

21. Which of the following is not a purpose of business blogging?

- A. Seeking feedback from clients.
- B. Correcting misinformation and rumors across the company.

C. Criticizing competitors.

ANSWER: C

22. A culture-general approach to achieving intercultural communication competence:

A. Focuses on developing cultural awareness and sensitivity.

B. Focuses on acquiring specific knowledge about another culture.

C. Involves stereotyping and feeling sympathy for other cultures.

ANSWER: A

23. You come from a culture where men are expected to help around the house. One of your colleagues comes from another culture. His wife, who has a postgraduate degree, brings his lunch to him every day, sits in another room while he eats and then leaves with the dirty dishes. Your first reaction is strong disapproval. Which term/s defined in this chapter, can explain your reaction?

A. Enculturation

B. Cultural barriers

C. Masculinity

D. Ethnocentricity

ANSWER: D

24. What will most improve your workplace relationship with your colleague?

A. Development of 'other-orientation'

B. Intercultural communication

C. A culture general approach

D. Cultural relativism

ANSWER: D

25. Your colleague never joins your team in the lunchroom, and therefore is not included in informal channels of communication. What would improve his workplace relationships?

A. Develop behavioral flexibility.

B. Develop cultural awareness and sensitivity.

C. Overcome experiential barriers to intercultural communication.

D. Acculturation

ANSWER: C

26. Which cultures tend to value quality of life more than wealth.

A. Feminine

B. Masculine

C. Universalism

D. None of the above

ANSWER: A

27. What is the process by which you learn the rules and norms of a culture different from your own?

A. Enculturation

B. Acculturation

C. Cultural Shock

D. Ethnocentrism

ANSWER: B

28. Culture shock is a psychological reaction to a new culture.

A. Enculturation

B. Acculturation

C. Cultural Shock

D. Ethnocentrism

ANSWER: C

29. Culture refers to

A. The specialized lifestyle of a group of people.

B. Race or nationality.

C. Genetic similarities.

D. Gender equality.

ANSWER: A

30. In interpersonal communication, ethics

A. Are important.

B. Are not a consideration.

C. Increase barriers to understanding.

D. Stand in the way of honesty.

ANSWER: A

31. 31. Which of the following is NOT a problem when calling for a meeting:

A. Personal agenda

B. Team spirit

C. Interpersonal conflicts

D. Cultural differences

ANSWER: B

32. When communicating, many Latin and Asian cultures stress the value of
- A. Closeness.
 - B. Indirectness.
 - C. Avoidance.
 - D. Directness.
- ANSWER: B
33. For most Americans, intimate space, or intimate distance, is under
- A. 12 inches
 - B. 48 inches
 - C. 18 inches
 - D. 24 inches
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34. Which principle/s of professional communication promote/s sensitivity to cultural values and beliefs?
- A. The professional communication is in good taste.
 - B. The professional communication is legal.
 - C. The professional communication is ethical.
 - D. All the above.
- ANSWER: A
35. Junior members of staff are working long unpaid hours on a project because profits are down and the project promises to fund three full-time positions. They do not complain, although two seek treatment for stress-related illness. Identify the major cause/s of illegal or unethical behaviour in this scenario.
- A. Uncertainty about whether an action is wrong.
 - B. Unwillingness to take a stand about what is right.
 - C. Excessive emphasis on profits.
 - D. All the above.
- ANSWER: D
36. An employee with the power of attorney signs letters on behalf of the company. Such signature is called _____.
- A. power pro
 - B. per pro
 - C. on behalf
 - D. optional
- ANSWER: B

37. There are _____ popular formats of writing a business letter.
- A. three
 - B. five
 - C. seven
 - D. nine

ANSWER: B

38. The _____ style is the most widely used format in business communication.
- A. full-block
 - B. semi-block
 - C. indented
 - D. none

ANSWER: B

39. The _____ style of business letter writing is commonly used in India.
- A. full-block
 - B. semi-block
 - C. indented
 - D. none

ANSWER: D

40. The _____ style is the traditional format of business letter writing.
- A. full-block
 - B. semi-block
 - C. indented
 - D. none

ANSWER: B

II. SHORT ANSWER TYPE QUESTIONS

1. Explain how the religious beliefs of people of a nation impact its communication?
2. Explain how the social environment and language variables cause difference in communication styles cross nations?
3. Define Proxemics. How does the space language differ amongst the western and the eastern nations?
4. Compare how Americans and French differ in their time language
5. Define Ethics with reference to business communication.
6. How are ethics a responsibility for an organization?
7. How can ethics be communicated through public messages?
8. How can ethics be communicated informally

9. Define Op-Ed Pieces
10. How has teleconferencing impacted business communication
11. Enlist the various email etiquette.
12. What do you understand by Defamation?
13. What is a privilege? How is absolute privilege different from conditional privilege?
14. Explain misrepresentations and frauds in business communication.
15. Define Mass Media
16. Define and enlist the various components of the Media Mix.
17. Define Public Relations. What are its objectives?
18. How is publicity different from advertisement?
19. Define a press Release. Enlist various guidelines for writing an effective press release.
20. Write a critical note on:
 - (a) Differentiate between 'Advertisement' and 'Publicity'
 - (b) Role of Technology in Communication
 - (c) Media Mix
21. Write short notes on Importance of body language and gestures in cross cultural communication.
22. What is the impact of technology on business communication? Explain with valid examples.
23. What do you understand by the term 'Handshaking Intelligence'
24. What rules should be followed while hosting a business meal ?
25. As a guest invited to a business meal, do you need to exercise any precaution ?
26. Define Culture
27. What do you understand by Cultural Overlap?
28. How do education system and/or level of a nation impact its communication?
29. How does the Politico-legal environment of a nation impact its communication?
30. What is ethnocentrism, and how can it be overcome in communication?
31. Mention four occasional parts of a business letter.
32. Mention any two details which could be included in the letterhead but not in the inside address.
33. Write a suitable form of salutation for writing a letter to a lady government officer
34. Write today's date in ordinal numbers with open punctuations.
35. Write your birth date in the cardinal/ American method with open punctuations.

III. LONG ANSWER TYPE QUESTIONS

1. What do you understand by the term 'Strategic Business Enetrtraining'.
2. Explain any two issues faced while interacting with Foreign Business Dignitaries.
3. How has technology impacted business communication?

4. Elaborate the various available communication technologies.
5. According to you, what guidelines must the spokesperson of a company follow while communicating with the outside world?
6. What are the various legal issues of communication?
7. Explain the role and significance of mass media.
8. What are the various forms of mass media? Compare their respective significance and limitations.
9. Compare and contrast the print media and the electronic media of mass communication.
10. "Advertising is a social evil". Comment
11. What do you understand by Public Relations? Why are they important? What conditions can make call for Public Relations necessary for a Government and a Private Organization?
12. Elaborate the various elements and tools and components of Public Relations. What function do they perform?
13. What do you understand by Public Relations Strategy? Discuss the PR process in detail.
14. Who is a PR Officer? What are his duties? Enlist the various traits of a successful PR Officer.
15. Identify the types of technology used primarily in internal and external operational communication to transmit messages. Explain what do you think might account for the difference?
16. How has technology facilitated the world business through its use in communication?
17. Discuss effective technology in communication.
18. Write note on Ethical and Legal Issues in business communication
19. Write a critical note on "Cross Cultural Dimensions of Business Communication
20. What is Corporate Culture and how does it affect communication?
21. Explain Cross Cultural Dimensions of business communication
22. What are important elements of mass communication? Suppose that you are appointed as Public Relation officer in an insurance company. Design appropriate media mix for your organization.
23. Discuss need of ethics in business communication. What are the guidelines that an organization should follow to fulfill its responsibility towards ethical business communication?
24. Differences amongst cultures of the various nations of the world impact the way individuals communicate non-verbally. Do you agree with statement? Explain your answer with the help of examples.
25. Elaborate the various National Cultural Variables that impact the communication processes and styles around the world. Support your answer with the help of relevant examples.
26. What are Etic and Emic approaches to culture?
27. Write note on Ethical and Legal Issues in business communication.
28. Write a detailed note on legal aspects of business communication.
29. How do high context cultures differ from low context cultures?

30. Distinguish between ethical dilemmas and ethical lapses.
31. Prepare a resume for the following advertisement along with cover letter.
Wanted a plant Manager at our new factory in Gaziabad,UP. Engineering Graduates with minimum 5 years experience in manufacturing industries as Plant Managers can apply.
Apply
with particulars to Box. 650, The Hindu, Chennai – 600004 latest by 30th July.
32. Prepare a resume for the following advertisement along with cover letter.
Wanted a fast, accurate and hard – working stenographer. Apply giving full particulars and salary expected to Box No.67890, The Times of India, Ahmadabad.
33. Prepare a resume for the following advertisement along with cover letter.
Wanted a Public Relation officer at our Nagpur unit with minimum of 7 years of experience.
Salary on merit. Apply within 7 days to Box No. 223, The Times of India, Mumbai.
34. Prepare a resume for the following advertisement along with cover letter.
Wanted a Librarian at P.M. College of Arts & Commerce, Ahmadabad, Apply to The Principal, P.M. College of Arts & Commerce, Ahmadabad

UNIT-III

I MULTIPLE CHOICE QUESTIONS

1. Business writing should use plain English to convey messages because:
 - A. Plain English is easy to read and understand.
 - B. Plain English promotes understanding and empowers people.
 - C. Plain English ensures that the message is efficient.
 - D. Using plain English ensures that information is created and written from the receiver's viewpoint.

ANSWER: D
2. Which of the following sentences about reports is NOT true?
 - A. A short report is meant to convey information in an efficient, compact format.
 - B. An annual report is usually published once a year for shareholders as well as for employers.
 - C. A recommendation report examines a situation and concludes with specific recommendations.
 - D. A proposal is a report written to convince a reader that a need exists and that specific action should be taken to remedy that need.

ANSWER: C

3. Which of the following is NOT an external business written communication?
- A. Complaint letter
 - B. Curriculum Vitae
 - C. Memo
 - D. Enquiries letter

ANSWER: C

4. A memo has two parts, the:
- A. Heading and the date.
 - B. Heading and the complimentary closing.
 - C. Heading and the body.
 - D. Subject and the body.

Answer 4. (D)

5. A referral letter should be sent when:
- A. An inquiry can be answered better by someone else.
 - B. You wish to recommend someone for a job.
 - C. A payment is enclosed.
 - D. You don't want to be bothered with it.

ANSWER: B

6. Inquiry letters are letters that:
- A. Ask for more information about a product or service.
 - B. Ask for credit.
 - C. Try to reactivate business.
 - D. Ask for an adjustment.

ANSWER: A

7. What is essential for meeting to successfully start?
- A. A quorum
 - B. The agenda
 - C. Proper seating arrangement
 - D. All of the above

ANSWER: D

8. When asking several questions in a letter, you can make them more obvious by:
- A. Putting all the questions in the closing paragraph.
 - B. Numbering the questions.
 - C. Putting all questions in the opening paragraph.
 - D. Putting all the questions in passive voice.

ANSWER: B

9. The ideal seating arrangement for a face-to-face meeting is:
- A. U shaped seating arrangement.
 - B. V-shaped seating arrangement.
 - C. Long rectangular seating arrangement.
 - D. Circular or oval seating arrangement.

ANSWER: D

10. A cover letter is:
- A. Courteous and helpful.
 - B. Unnecessary.
 - C. Considered to be in poor taste.
 - D. Always mailed separately.

ANSWER: D

11. Which of the following activities is the responsibility of members during a meeting?
- A. To ensure that the agenda items are dealt with.
 - B. To encourage all members to participate.
 - C. To prepare for the meeting and be aware of how to conduct themselves.
 - D. A speech that is delivered unprepared and is unexpected is:

ANSWER: C

12. Feedback can come in the form of
- A. Verbal communication only.
 - B. Nonverbal communication only.
 - C. Environmental noise.
 - D. Verbal and nonverbal listener responses

ANSWER: D

13. What kind of information should not be included in a resume?
- A. Work experience
 - B. Education
 - C. Affiliation and membership
 - D. Letter of recommendation

ANSWER: C

14. Which of the following is not a bad news message?
- A. Declining invitations
 - B. Refusing credit facility to customers

- C. Cancellation of promotion of employee
- D. Sharing details of a new product launch

ANSWER: D

15. A Buffer statement is
- A. Compassionate Statement
 - B. A Negative Statement
 - C. A Appreciative Statement
 - D. One which allows you to delay a negative message

ANSWER: D

16. Supply of defective and poor-quality goods will come under the category of
- A. Complaint Letter
 - B. Good News Letter
 - C. Persuasive Letter
 - D. Collection Letter

ANSWER: A

17. A junior clerk addressing a letter to a senior clerk would end his address with
- A. Yours Truly
 - B. Yours Sincerely
 - C. Yours Faithfully
 - D. None of the Above

ANSWER: C

18. 'Coherence' implies
- A. Precision
 - B. Conciseness
 - C. Reasoning
 - D. All of the Above

ANSWER: D

19. Which of the following is not a principle of Business Letter Drafting?
- A. Making the message purposeful
 - B. Being too brief
 - C. Proof Reading
 - D. Planning the message in advance

ANSWER: B

20. Which of the following is not an advantage of a 'Blanket Letter'?
- A. They help in saving time and money
 - B. They help avoiding the usual routine of dictation and transcription
 - C. They can be used in catalogues and bulletins
 - D. They help in creating company goodwill

ANSWER: D

21. Which of the following is not a bad news message?
- A. Declining invitations
 - B. Refusing credit facility to customers
 - C. Cancellation of promotion of employee
 - D. Sharing details of a new product launch

ANSWER: D

22. Libel is:
- A. Malicious defamatory joke
 - B. Malicious defamatory written accusation
 - C. Slander
 - D. Defamatory speech

ANSWER: B

23. Spoken defamation is known as
- A. Libel
 - B. Slander
 - C. Libel per se
 - D. Libel per quod

ANSWER: B

24. A defense against libel is
- A. The truth
 - B. Privilege
 - C. Fair comment and criticism
 - D. All of the above

ANSWER: B

25. A co-worker comes to your office to introduce you to a friend of his. You:
- A. Smile and nod
 - B. You stand up, establish eye contact, smile and shake his hand
 - C. Wave and tell him how happy you are to meet him
 - D. Give him a "high five"

ANSWER: B

26. A referral letter should be sent when:
- A. An inquiry can be answered better by someone else.
 - B. You wish to recommend someone for a job.
 - C. A payment is enclosed.
 - D. You don't want to be bothered with it.

ANSWER: B

27. Inquiry letters are letters that:
- A. Ask for more information about a product or service.
 - B. Ask for credit.
 - C. Try to reactivate business.
 - D. Ask for an adjustment.

ANSWER: A

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- A. An inquiry can be answered better by someone else.
 - B. You wish to recommend someone for a job.
 - C. A payment is enclosed.
 - D. You don't want to be bothered with it.

ANSWER: B

29. Inquiry letters are letters that:
- A. Ask for more information about a product or service.
 - B. Ask for credit.
 - C. Try to reactivate business.
 - D. Ask for an adjustment.

ANSWER: A

30. What is essential for meeting to successfully start?
- A. A quorum
 - B. The agenda
 - C. Proper seating arrangement
 - D. All the above

ANSWER: D

31. In business, the purpose of writing is mainly to:
- A. Both inform and persuade
 - B. persuade

- C. inform
- D. entertain

ANSWER: A

32. Informative writing focuses primarily on the:

- A. subject under discussion
- B. latest news
- C. reader
- D. writer

ANSWER: A

33. In writing business letters, one has to be:

- A. friendly
- B. dull
- C. conventional
- D. formal

ANSWER: A

34. Technical accuracy of language means:

- A. active voice
- B. direct narrative
- C. simplicity
- D. correctness of grammar, spelling, and punctuation

ANSWER: D

35. The principles of effective writing include:

- A. brevity
- B. accuracy
- C. brevity, clarity and accuracy
- D. clarity

ANSWER: C

36. A concise business letter avoids _____ words.

- A. ambiguous
- B. impolite
- C. needless
- D. technical

ANSWER: A

37. “You Attitude” is one of the important features of a business letter with _____.
- A. clarity
 - B. consideration
 - C. concreteness
 - D. completeness

ANSWER: C

38. A correct business letter follows the standard rules of _____.
- A. grammar and usage
 - B. business and finance
 - C. style and etiquette
 - D. time and transport

ANSWER: D

39. Which of these make the business letter effective? _____
- A. seven Samurais
 - B. seven effective habits
 - C. seven C’s of communication
 - D. seven wonders

ANSWER: C

40. A business letter with concreteness presents facts and figures in a _____ way.
- A. poetical
 - B. straightforward
 - C. technical
 - D. universal

ANSWER: C

II. SHORT ANSWER TYPE QUESTIONS

1. What precautions should be taken while using technical words in business writing?
2. What considerations should be taken care of while drafting business letters?
3. What is wounded writing?
4. What is a paragraph? What ideally should be the length of a paragraph?
5. Suggest guidelines for drafting office Memos.
6. Write a Memo to an employee calling for an explanation on faulty cable lines.
7. Draft an office circular informing the Production Department about change in weekly shift timings.
8. You have recently joined Alpha Ltd. as a Secretary. Draft an office report for improvement of the communication system in the services department.

9. Are there any precautions to be taken into consideration while writing a press release?
10. Prepare a press release announcing the annual results of the company.
11. What is the difference between a commercial letter and a business letter?
12. What is a Form letter?
13. Explain the importance of Salutation and Complimentary Close in a business letter.
14. What considerations should be kept in mind while writing a good commercial letter?
15. Explain any two layouts of a business letter.
16. As the Principal of a college draft an appointment letter to be issued to a newly appointed faculty.
17. State the considerations regarding choice of words in writing messages and letters.
18. What are the skills involved in effective business writing?
19. What are the important considerations regarding drafting an office memorandum.
20. Write a short note on body of a report.
21. Write a letter of enquiry seeking information about availability of raw material for a new product to be launched soon.
22. Write a letter of request to the Manager of a public-sector bank seeking terms and conditions of credit.
23. Place an order for new office stationery by writing a letter.
24. How does a memo differ from a letter?
25. Writing marketing and sales letters offers challenges to the writer. Discuss some of these challenges.
26. What is bio – data? What is the importance of enclosing bio – data with an application letter?
27. Write a note on the use of application blanks.
28. How would you address an application letter in response to an advertisement appearing in The Pioneer, New Delhi, giving a Post Box reference?
29. Formal are a thing of the past in modern business transactions. Discuss whether this is true.
30. “Most letters written in the course of business are important to the writer as well as the reader.” Show how this is the case.
31. Explain the meaning of the lay-out of a business letter.
32. What information does the letterhead of a business letter generally contain?
33. Which part of the business letter should match the Salutation?
34. Explain the importance of the signature in a business letter.

III. LONG ANSWER TYPE QUESTIONS

1. Write a letter to Premier Hosiery Limited asking them for an Agency for their goods for your district.
2. What is Non-discriminatory writing? Offer guidelines for using Masculine words in writing business messages.

3. State the considerations regarding choice of words in writing Business messages.
4. What major considerations should be taken care of while drafting and editing business letters?
5. Write an office order asking employees to visit canteen during lunch hours only.
6. Write a memo to the Managing director of your company for purchase of a 3D printer.
7. Explain the points to be considered while preparing a notice of a meeting of the shareholders of a company.
8. What is the purpose of an agenda? What factors should be considered while preparing an Agenda?
9. Differentiate between a press release and a press report and state the essentials of a good press release.
10. Prepare a press release announcing the appointment of a new CEO of the company
11. Describe in brief the numbering used in commercial correspondence. Give suitable illustrations.
12. Explain the importance of salutation and complimentary close in a business letter.
13. Draft a letter of complaint on behalf of MTN Enterprises to Suparna Industries regarding inferior quality of certain goods received.
14. Draft circular inviting students of your college to give entries for the upcoming college festival.
15. Write a letter to the supplier of goods complaining about receipt of consignment in damaged condition.
16. Apply to BTL Oils Limited for their agency in your district giving your past experience.
17. Biswas and Co. want to acquire an agency of Delhi Book Co. Draft a letter in this regard.
18. What is a good sales letter? What is the purpose of writing them?
19. Write a suitable letter to an old customer soliciting his orders for supply of goods.
20. Is it possible to make a sales letter appealing? If yes, then state the reasons along with proper illustrations.
21. Draft an agenda for meeting of the Board of Directors of a company.
22. What points should be taken care of while writing the minutes of a meeting?
23. Why is it important to mention the agenda before the start of a meeting?
24. Distinguish between report writing and writing an agenda of a meeting
25. Draft a letter to the Registrar applying for the post of an Assistant Registrar giving details about your qualifications and experience.
26. Since you had lost your two-wheeler insurance policy, write a letter to the insurance company to issue a duplicate policy.
27. Write a letter to the HR manager of State bank of India to extend your joining date.
28. Your close friend has failed in bank exams. Write a letter to her giving your tips on how to clear the exams next time.
29. Write a letter to the editor of "The Hindu" mentioning about the parking problems in your area.

30. Write a letter to the editor of a newspaper about how insurance policies came to the help of people affected in recent Chennai floods.
31. When is a business letter complete? What does a considerate business letter take into consideration?
32. How can we achieve clarity in a business letter? What does concreteness mean in a business letter?
33. Write one feature of a business letter with courtesy? What kind of errors does a correct business letter avoid?
34. What is meant by “You Attitude”? What is meant by jargon?

UNIT-IV

I. MULTIPLE CHOICE QUESTIONS:

1. Which kind of interview technique focuses on a specific topic?
 - A. Directive.
 - B. Non-directive.
 - C. Decisional.
 - D. Stress

ANSWER: A

2. The main purpose of a group discussion is to measure:
 - A. Knowledge
 - B. Personality
 - C. Group communication skills
 - D. Leadership skills

ANSWER: C

3. **The following is (are) non-verbal communication**
 - A. Facial expression
 - B. Appearance
 - C. Posture
 - D. All of the above

ANSWER: D

4. **The handshake that conveys confidence is**
 - A. Limp
 - B. Firm
 - C. Loose
 - D. Double

ANSWER: B

5. _____ interviews help recruiters see how you handle yourself under pressure.
- A. Situational
 - B. Stress
 - C. Group
 - D. Formal

ANSWER: B

6. A presentation is a form of oral communication in which a person shares factual information with an audience that is:
- A. Specific
 - B. Mixed
 - C. Large
 - D. Small

ANSWER: A

7. The presenter acts as the:
- A. Deliverer of the information
 - B. Advocate of the information
 - C. Medium of the information
 - D. Supporter of the information

ANSWER: B

8. The three major elements of presentation do not include:
- A. Visual aids
 - B. An audience
 - C. A presenter
 - D. Specific content

ANSWER: A

9. The audience for a presentation consists of people who:
- A. Are uninformed and lack a purpose
 - B. Vary in their level of information and purpose
 - C. Are confused in their purpose
 - D. Are uniform in their level of information and purpose

ANSWER: B

10. To be able to give a good presentation, a full rehearsal is:
- A. Optional

- B. Necessary
- C. Useless
- D. Audience based

ANSWER: B

11. Reading out a presentation is:

- A. Allowed
- B. Not allowed
- C. Helpful
- D. Dull

ANSWER: B

12. To make a presentation effective and impressive, you should use:

- A. Passive sentences
- B. Jargon
- C. Complex sentences
- D. A simple and active form of sentences

ANSWER: D

13. To select the content of your presentation, you should know:

- A. The audience's needs
- B. The available material
- C. The time limit
- D. Your purpose

ANSWER: A

14. In presentation design, maximum time is given to the:

- A. Conclusion
- B. Introduction
- C. Question-answer session
- D. Main body

ANSWER: D

15. Initially, a presentation is a form of:

- A. Two-way communication
- B. Group communication
- C. Intrapersonal communication
- D. One-way communication

ANSWER: D

16. A co-worker shares office gossip/rumors with you. You:
- A. Thank him for telling you and pass the stories on
 - B. Check out the facts with other employees
 - C. Politely listen and keep the information to yourself
- ANSWER: B
17. In business, keep telephone calls very short because the other person may not be:
- A. Noting down what you say
 - B. Paying attention to you
 - C. Interested in talking to you
 - D. Free to talk to you
- ANSWER: D
18. A co-worker comes to your office to introduce you to a friend of his. You:
- A. Smile and nod
 - B. You stand up, establish eye contact, smile and shake his hand
 - C. Wave and tell him how happy you are to meet him
 - D. Give him a “high five”
- ANSWER: B
19. After a meeting with a contact, in order to express your thanks, it is appropriate to:
- A. Send him/her a small box of chocolates with a note
 - B. Drop by the office and give him/her a hot cup of coffee
 - C. Send a dozen red roses to his/her home
 - D. Send a thank you letter
- ANSWER: D
20. Generally, a business meeting should not
- A. Go into unnecessary detail
 - B. Be too generic
 - C. Too informal and personal
 - D. All of the above
- ANSWER: D
21. Netiquette does not require attention towards
- A. Mannerisms
 - B. Addressing recipient appropriately
 - C. Generalization of subject matter
 - D. Having appropriate subject lines
- ANSWER: C

22. An office memo does not usually contain

- A. Subject
- B. Date
- C. Heading
- D. Guidelines

ANSWER: D

23. A Win- Win business strategy does not include

- A. Separating people from the problem
- B. Inventing options for mutual gain
- C. Agreeing only when options are accepted
- D. Insisting on using an objective criteria

ANSWER: C

24. Maintaining eye to eye contact serves the purpose of

- A. Signalling the readiness to negotiate
- B. Making the parties involved more trustworthy and earnest
- C. Removing any differences arising out of ego hazels
- D. All of the above

ANSWER: D

25. CHRONEMICS(TIME) does not include

- A. Delay in replying to a business letter
- B. Arriving on time for a meeting
- C. Not attending an early morning call
- D. Non completion of an important business task

ANSWER: B

26. Reports present conclusions based on :

- A. belief
- B. investigation
- C. intuition
- D. impression

ANSWER: B

27. Which of the following are examples of written communication ?

- A. Letters and voicemail
- B. Reports and email
- C. Circulars and voicemail

D. Presentations and email
ANSWER: B

28. Communication is the task of imparting _____
- A. Training
 - B. Information
 - C. Knowledge
 - D. Message
- ANSWER: B

29. AIDA plan stands for:
- A. Attention, Interest, Desire, Action
 - B. Authority, Interest, Disclose, Accuracy
 - C. Accuracy, Internal, Diction, Attention
 - D. Action, Interest, Desire, Authority
- ANSWER: A

30. Effective communication is essentially a:
- A. Three-way process
 - B. One-way process
 - C. Both a one-way and a two-way process
 - D. Two-way process
- ANSWER: D

31. An impromptu speech means:
- A. A prepared speech delivered without any supporting aids
 - B. A speech delivered without any preparation
 - C. A speech delivered while referring to notes
 - D. A speech delivered by reading from notes
- ANSWER: B

32. Initially, a presentation is a form of:
- A. two-way communication
 - B. group communication
 - C. intrapersonal communication
 - D. one-way communication
- ANSWER: D

33. In presentation design, maximum time is given to the:
- A. conclusion

- B. introduction
- C. question–answer session
- D. main body

ANSWER: D

34. A presentation is a form of oral communication in which a person shares factual information with an audience that is:

- A. specific
- B. mixed
- C. large
- D. small

ANSWER: A

35. The presenter acts as the:

- A. deliverer of the information
- B. advocate of the information
- C. medium of the information
- D. supporter of the information

ANSWER: A

36. The letterhead appears at the _____ of the business letter.

- A. top
- B. bottom
- C. centre
- D. back

ANSWER: A

37. The layout of the business letter is the arrangement of its _____ in a particular way.

- A. sentences
- B. paragraphs
- C. components
- D. colours

ANSWER: B

38. The business letter has _____ regular parts.

- A. three
- B. five
- C. seven
- D. nine

ANSWER: A

39. The salutation is followed by a _____.
- A. comma
 - B. full stop
 - C. exclamation
 - D. zero

ANSWER: B

40. The plural form of Madam is _____.
- A. Mesdames
 - B. Madamus
 - C. Medams
 - D. Medicin

ANSWER: C

II. SHORT ANSWER TYPE QUESTIONS

1. Define a project. What are its essential characteristics?
2. How do we prepare a project report?
3. Explain the need and importance of a project report.
4. What points must be kept in mind while writing a project report?
5. Explain in detail the format of a project report.
6. What do you understand by a summer project report?
7. Distinguish between a summer project report and a business report.
8. Describe the format of a summer project report.
9. An American company wants to set up an automobile business in India. Prepare a project report suggesting the place and site in India.
10. What are the major components of a project report?
11. The reports should be audience – oriented. Why? Support your answer with logical reasoning.
12. What information is included on the title page of a report? What is the function of report introduction?
13. You are the sales manager of a company manufacturing soaps and detergents. Write a report on the recent decline in the sale of your product and give some concrete suggestions for boosting sales.
14. Write a proposal to the Director/Dean of your institute for organizing an Excursion Trip for Jaipur for students of MBA.
15. What are special reports? What purpose do they solve?
16. What important factors must be taken into consideration while drafting a business report?

17. You have recently joined Alpha Ltd. as a Secretary. Draft an office report for improvement of the communication system in the services department.
18. Are there any precautions to be taken into consideration while writing a press release?
19. Prepare a press release announcing the annual results of the company.
20. State the considerations regarding choice of words in writing Business messages.
21. What major considerations should be taken care of while drafting and editing business letters?
22. Write an office order asking employees to visit canteen during lunch hours only.
23. Write a memo to the Managing director of your company for purchase of a 3D printer.
24. Explain the points to be considered while preparing a notice of a meeting of the shareholders of a company.
25. Write an office circular informing the employees of change in the office timings.
26. What are the various barriers in the way of Business Communication? Explain how to overcome these barriers?
27. Bring out the difference between “conclusions” and “recommendations” in a report.
28. Write short notes on ‘Qualities of a Good Report.’
29. How do we define ‘minutes’ of a meeting? Explain the objective and significance of minutes.
30. What are the various barriers in the way of Business Communication? Explain how to overcome these barriers?
31. Explain the meaning of the lay-out of a business letter. What information does the letterhead of a business letter generally contain?
32. Which part of the business letter should match the Salutation? Explain the importance of the signature in a business letter.

II. LONG ANSWER TYPE QUESTIONS

1. Apply to BTL Oils Limited for their agency in your district giving your past experience.
2. Biswa and Co. want to acquire an agency of Delhi Book Co. Draft a letter in this regard.
3. What is a good sales letter? What is the purpose of writing them?
4. Write a suitable letter to an old customer soliciting his orders for supply of goods.
5. Is it possible to make a sales letter appealing? If yes, then state the reasons along with proper illustrations.
6. Draft an agenda for meeting of the Board of Directors of a company.
7. What points should be taken care of while writing the minutes of a meeting?
8. Why is it important to mention the agenda before the start of a meeting?
9. Distinguish between report writing and writing an agenda of a meeting
10. Draft a letter to the Registrar applying for the post of an Assistant Registrar giving details about your qualifications and experience.
11. What are the features of a good presentation?

12. Is it possible to master the art of effective speaking? How? Give valid reasoning.
13. What are the steps involved in planning a presentation?
14. How can a speaker grab audience attention?
15. Explain in detail the structure of a presentation.
16. What are the ways through which a presentation can be made successful?
17. What points need to be kept in mind while delivering a presentation?
18. What is the role of body language in giving oral presentation?
19. Are there any precautions to be taken care of while giving oral presentations?
20. Explain in detail the importance of effective listening.
21. What are the various types of listening?
22. Are there any barriers to effective listening? Explain with the help of examples.
23. What are the various guidelines for making listening effective?
24. Lack of interest, closed mind and ego always create a barrier to effective listening. What are your views on the same?
25. Listening is the key ingredient of effective listening. Explain.
26. What are semantic barriers? How to overcome these barriers?
27. As a process of sharing thoughts and ideas, communication suffers from both physical and non-physical barriers. Explain with examples.
28. Discuss the importance of Oral Communication and factors to be considered while making Oral Sales Presentation.
29. Discuss the benefits of using Power point and visual aids when giving a presentation to a foreign audience.
30. What are the steps involved in report writing? Enumerate these steps with a brief explanation of each step.
31. How is the window envelope useful to the letter writer? What is the most suitable salutation for a high ranking lady?
32. Which is the most popular format of writing the business letter today? Write a sample letter for Resignation.

QUESTION BANK

BUSINESS ENVIRONMENT

BBA 112

QUESTION BANK
BUSINESS ENVIRONMENT - BBA 112
BBA II

UNIT - I

I TEST YOUR SKILLS:

(a) Multiple Choice Question:

- 1 Diversity means differentiation in
- A People
 - B Cultures
 - C Sectors of economy
 - D All above

ANSWER: D

- 2 Read the following statements and choose the correct answer-
- (I) Political environment refers to all forces which have an economic impact on business
 - (II) Economic environment refers to all forces which have an economic impact on business
 - (III) Technological Environment exercise not considerable influence on Business
 - (IV) Social and cultural environment refers to the influence exercised by certain factors
- A Only (i) and (ii) are true
 - B All the above statements are true
 - C (i), (ii) and (iv) are true

ANSWER: C

- 3 The best indicator of economic growth of any country is:
- A. Agriculture
 - B. Transport
 - C. Gross Production
 - D. Per Capita Income

ANSWER: D

- 4 Which of the following explains economic development?
- A. Increase in per capita production
 - B. Increase in per capita real income
 - C. structural change in the economy
 - D. all the above are right

ANSWER: D

- 5 Economic development is characterized by
- A. Structural change in the economy
 - B. Change in the occupational structure
 - C. Both a and b
 - D. None of the above

ANSWER: C

- 6 An underdeveloped economy is characterized by
- A. High per capita real income
 - B. Large proportion of labor force in the tertiary sector
 - C. State of deprivation of large proportion of population
 - D. All the above

ANSWER: C

- 7 Scarcity of capital, technological backwardness and unemployment are generally found in:
- A. Developed countries
 - B. None of the above
 - C. Underdeveloped countries
 - D. Both

ANSWER: C

- 8 Which of the following denotes an underdeveloped economy?
- A. High level of inequality
 - B. Low level of capital productivity
 - C. A relatively closed economy
 - D. All the above

ANSWER: D

- 9 The low-income economies are sometimes referred to as -----
- A. First world

- B. Second world
- C. Third world
- D. None of these

ANSWER: C

10 An organization faces diverse sectors of economy-

- A Primary sector,
- B Secondary sector
- C Tertiary sector
- D All above

ANSWER: D

11 Development means economic growth with:

- A. Price Stability
- B. Social Change
- C. Inflation
- D. Deflation

ANSWER: B

12 Political and legal environment of business does not consist of

- A. Foreign policy
- B. Political stability
- C. Wealth maximization
- D. Legal rules governing a business

ANSWER: C

13 Interaction between business system and its environment consists of

- A. Exchange of information
- B. Exchange of resources
- C. Exchange of influence and power
- D. All of the above

ANSWER: D

14 Which of the following is not a strategy to cope with turbulent environment?

- A. Wait and watch
- B. Exchange of resources
- C. Anticipation and adaptation
- D. Innovative approach

ANSWER: B

- 15 Economic objectives of business consist of
- A. Profit making
 - B. Creation of customers
 - C. Innovation
 - D. All of the above

ANSWER: D

- 16 Which of the following is not a human objective of business?
- A. Fair deal to employees
 - B. Innovation
 - C. Job satisfaction
 - D. Participation

ANSWER: B

- 17 Which of the following is not an essential reason for making profit by a business organization?
- A. Growth
 - B. Prestige
 - C. Closure plans
 - D. Survival

ANSWER: C

- 18 Which of the following is not a case against social responsibility of business?
- A. Dilution of profit maximization
 - B. Loss of incentive
 - C. Lack of yardstick
 - D. Avoiding government intervention

ANSWER: D

- 19 A business organization has responsibility towards:
- A. Shareholders
 - B. Employees
 - C. Government
 - D. All of the above

ANSWER: D

- 20 In relation to the PESTEL framework which of the following statements is correct:
- A. It assists in the assessment of organisational strengths and weaknesses.
 - B. It allows a detailed analysis of the structure of an industry.
 - C. It can be used as a checklist to understand the different environmental influences in the macro environment.
 - D. Takes an historical perspective on the main political, economic, sociocultural, technological, environmental and legal factors.

ANSWER: C

- 21 Analysing the business environment best assists in:
- A. Identifying key competitive forces; identifying competitive position; identifying key opportunities, threats, strengths and weaknesses.
 - B. Auditing macro environmental influences; identifying key competitive forces; identifying competitive position; identifying key opportunities and threats.
 - C. Auditing external and organisational factors; identifying key competitive forces; identifying competitive position; identifying key opportunities and threats.
 - D. Assessing historical trends; auditing environmental dangers; identifying strategic capabilities; identifying competitive position.

ANSWER: B

- 22 Which of the following is not an essential reason for profit making in business?
- A. Growth
 - B. Inconsistency with modern trends
 - C. Survival
 - D. Efficiency

ANSWER: B

- 23 Scenarios are used to:
- A. Develop a long term view of strategy.
 - B. Build plausible views of different possible futures and develop a long term view of strategy.
 - C. Identify key drivers of change.
 - D. Develop a view of an environment which has a high degree of uncertainty, build plausible views of different possible futures and take a long term view of strategy.

ANSWER: D

- 24 Which of the following is not a cause for growing concern for social responsibility of a business?
- A. Public Opinion

- B. Public Relations
- C. Trade Cycle
- D. Consumerism

ANSWER: C

25 Which of the following does not become a case for adhering to social responsibility of a business organization?

- A. To Avoid government intervention
- B. Recognize socio-cultural norms
- C. To improve public image
- D. Loss of incentive

ANSWER: D

26 Which of the following does not amount to being responsibility towards the shareholders of the business organization?

- A. Safety of investment
- B. Fair wages and salaries
- C. Fair return on investment
- D. Accurate and full working information

ANSWER: B

27 Which of the following is not an importance of business ethics?

- A. Social pressure
- B. Moral consciousness
- C. Profit maximization
- D. Legal imperative

ANSWER: C

28 Which of the following is not a type of code of conduct of business?

- A. Organizational code
- B. Company philosophy
- C. Policy guidelines
- D. Professional code of conduct

ANSWER: A

29 The ethical issues in business can be classified into which category?

- A. Societal level
- B. Stakeholders level
- C. Internal policy level

D. All of the above

ANSWER: D

30 Which of the following is not a principle of corporate governance?

A. Transparency

B. Accountability

C. Globalization

D. Merit based management

ANSWER: C

31 The main issues in the area of corporate governance in India are

A. Role of board of directors

B. Composition of board

C. Audit committee

D. All of the above

ANSWER: D

32 External environment of business is –,

A. Physical

B. Demographical

C. Economic

D. All of the above

ANSWER: D

33 ----- consists of economic conditions, economic policies , industrial policies and economic system.

A. Business Environment

B. Political Environment

C. Economic Environment

D. All of the above

ANSWER: C

34 Environment is beyond the control of the business

A. Internal

B. External

C. Micro

D. Macro
ANSWER: B

35 Which one of the following cannot be included under the nature of relationship between business environment?

- A Interdependent
- B Dynamic
- C Social change
- D Fixed

ANSWER: D

II Short Answer Type Questions:

- 1 Define the term 'Business Environment'.
- 2 What is Internal Environment?
- 3 What is External Environment?
- 4 What is meant by Micro Environment?
- 5 What do you understand by Macro Environment?
- 6 What is meant by Political-Legal Environment?
- 7 State the main components of Economic Environment.
- 8 What are the economic and non-economic factors?
- 9 Distinguish between economic growth and economic development.
- 10 Outline the basic characteristics of Indian Economy.
- 11 What are the different indicators of economic development?
- 12 What is business? How does business of today differ from that of four to five decades ago?
- 13 "Profit making is the primary goal of any business enterprise." Yes or no-discuss?
- 14 What is business environment? What are the objectives of a business?
- 15 What do you understand by Vision, Mission and Objectives? How are they interrelated?
- 16 "Environmental scanning should provide inputs for strategic decision-making." Elaborate.
- 17 Bring out the limitations of environmental analysis
- 18 What are the characteristics of Business Environment?
- 19 How are organisations related to their environment?
- 20 Bring out the features of political and technological factors
- 21 List the benefits of environmental analysis
- 22 Describe the process of environmental analysis.
- 23 Write short note on environmental analysis or scanning.
- 24 Write short note on political environment.
- 25 Write short note on socio-cultural environment.

- 26 What is competitive environment
- 27 What is technological environment of a business
- 28 Discuss limitations of environmental analysis
- 29 Discuss the significance of business in modern society.
- 30 What are the salient features of Business environment.

III Long Answer Type Questions:

1. What are the characteristics of Business Environment? What are the problems in understanding its influence on a business?
2. How are organizations related to their environment?
3. What is Business Environment? How does it affect a business? What are its components?
4. What is demographic environment of a business?
5. What is technological environment of a business? Illustrate the interference between business and technology with the help of a chart?
6. What is competitive environment? Discuss in detail.
7. How can organizations improve cooperation in competitive environment? What is a keiretsu?
8. Write Detailed note on socio-cultural environment.
9. “Firms which systematically analyses and diagnose the environment are more effective than those which don’t.” Elucidate.
10. Explain different types of environmental diversity faced by a business. How does a business manage diversity?
11. Bring out the features of political and technological factors.
16. Describe the process of environmental analysis or environmental scanning.
17. What are various business objectives? Explain briefly.
18. What do you mean by Macro Environment. discuss various elements of macro-environment.?
19. Distinguish between Economic growth and Economic Development?
20. What is the impact of political environment and social environment on business.?
21. Discuss the characteristics of Indian Economy. What changes have taken in the structure of Indian Economy leading to the growth of GDP of our country, India? Discuss them.
22. Analyse the major factors that influence the development of an economy. How far the Indian Economy has succeeded in meeting the developmental challenges?
23. Discuss the changes in sectoral shares in GDP and sectoral contribution to employment in post-independence era.
24. Is an increase in real per capita income a good measure of economic development? Elucidate
25. What are the basic characteristics of Indian economy? In which sector the Govt. should put more effort to increase employment and growth?

- 26 Briefly discuss various elements of micro-environment and macro-environment.
- 27 “Diversity managing process is very essential for business & operational planning”, Explain.
- 28 Social and cultural environment refers to the influence exercised by certain factors on business; comment
- 29 What is business environment? Is it correct to say that all non-economic environmental factors have economic implications? Discuss.
- 30 Are economic growth and economic development independent of each other? How is Economic Growth different from Economic Development?

UNIT II

I Multiple Choice Questions:

1 Reasons for adopting globalization –

- A. Profit advantage
- B. Growth Opportunity
- C. Domestic Market Constraints
- D. All above

ANSWER: D

2 Relaxing the restrictions and controls imposed on Business and industry means

- A. Liberalization
- B. Globalization
- C. Privatization

ANSWER: A

3. The following factors are key drivers of globalization:

- A. Government action, exchange rates, competition and sociodemographic factors.
- B. Market convergence, competition, exchange rates and cost advantages.
- C. Cost advantages, government action, economic cycles and competition.
- D. Market, cost, competition and government policies.

ANSWER: D

4 When was Planning Commission formed?

- A. March 15, 1950

- B. March 15, 1951
- C. August 15, 1947
- D. January 26, 1950

ANSWER: A

5. Planning Commission was —
- A A statutory body
 - B A consultative body
 - C Both of above
 - D None of these

ANSWER: B

6. Industry globalization drivers identified by do not include.
- A. Market drivers
 - B. Governmental drivers
 - C. Production drivers.

ANSWER: C

7. Anti-globalization has been voiced
- A. All developing countries
 - B. Supporters from both developing and developed countries.
 - C. Only developed countries.

ANSWER: B

8. Outsourcing of components is an example of globalization.
- A. Production
 - B. Marketing
 - C. Purchase

ANSWER: A

9. When was first five-year plan introduced?
- A 1st April, 1950
 - B 1st April, 1951
 - C 1st April, 1952
 - D 31st March, 1950

ANSWER: B

10. When was 10th five-year plan introduced?
- A 1st April 2002

- B 1st April, 2003
- C 1st April, 2004
- D None of the above

ANSWER:A

11. What is the period of 12th five-year plan?

- A 2006-2011
- B 2012-2017
- C 2008-2013
- D 2009-2014

ANSWER:B

12. For which year the latest census is being conducted in India ?

- A 2001
- B 2010
- C 2012
- D 2011

ANSWER:D

13. How many censuses (including the 2011 census) have been carried out since independence?

- A 05
- B 06
- C 07
- D 08

ANSWER:C

14. At what interval of years population census is conducted in India?

- A 05 years
- B 06 years
- C 10 years
- D 15 years

ANSWER:C

15. When was first human development report of India issued?

- A March 2000
- B April 2002
- C June 2002
- D April 2001

ANSWER:B

16. In which state the literacy rate of women is highest?
- A Tamil Nadu
 - B Kerala
 - C Mizoram
 - D West Bengal

ANSWER:B

17. Objectives of the Industrial Act 1951 are:
- A. Regulation and development.
 - B. Implementation of industrial policy
 - C. Planning and future development.
 - D. All of the above

ANSWER:D

18. If the available workers are unaware of the jobs being offered and the employers are not aware of the available workers, such type of unemployment is called:
- A. Frictional unemployment
 - B. Structural unemployment
 - C. Disguised unemployment
 - D. Demand pull unemployment.

ANSWER:A

19. Unemployment that arises when there is a general downturn in business activity is known as:
- A. Frictional unemployment
 - B. Structural unemployment
 - C. Cyclical unemployment
 - D. Disguised unemployment

ANSWER:C

20. Full employment is the level at which there is
- A. Zero unemployment
 - B. Normal rate of unemployment
 - C. Less supply of labor
 - D. Demand for goods is less than supply.

ANSWER:C

21. Natural rate of unemployment increases due to
- A. General downturn in business activity

- B. Changes in labor market
- C. Structural changes in economy
- D. Frequent changes of jobs by labor

ANSWER:D

22 Unemployment that arises due to regional occupational pattern of job vacancies, which does not match the pattern of workers availability and suitability, is known as:

- A. Frictional unemployment
- B. Structural unemployment
- C. Cyclical unemployment
- D. Demand pull unemployment

ANSWER: B

23 Disguised unemployment means:

- A. Unemployment in agriculture
- B. Unemployment due to recession
- C. Unemployment due to downturn in business activity
- D. Marginal Productivity of Labor (MPL) is zero.

ANSWER: C

24 In which sector of Indian economy will we find a high rate of disguised unemployment?

- A. Service sector
- B. Agriculture sector
- C. Manufacture sector
- D. Mining sector

ANSWER: B

25 During the recessionary phase of a business cycle:

- A. The natural rate of unemployment will increase dramatically
- B. Potential national income will exceed actual national income
- C. Actual national income will exceed potential national income
- D. The real rate of interest will exceed the nominal rate of interest.

ANSWER: A

26 When was the National Institution for Transforming India (NITI Aayog) formed?

- A January 1, 2015
- B Aug. 15, 1947
- C July 31, 2010
- D 23 Dec. 2012

ANSWER: A

- 27 Who is the Chairperson of NITI Aayog?
- A Prime Minister, Narendra modi
 - B Finance Minister, Nirmala Sitaraman
 - C Home Minister, Amit Shah
 - D None of above

ANSWER: A

- 28 Who is the Vice-Chairperson of NITI Aayog?
- A Narendra modi
 - B Nirmala Sitaraman
 - C Amit Shah
 - D Rajiv Kumar

ANSWER: D

- 29 The National Institution for Transforming India (NITI Aayog) was formed via-
- A A resolution of the Union Cabinet
 - B Narendra Modi
 - C Mahatma Gandhi
 - D None of the above

ANSWER:A

- 30 The following is not a feature of globalization.
- A. Similar strategies are adopted by a firm in all markets.
 - B. Only multinational firms engage in international business.
 - C. Convergence of idea and culture.

ANSWER: B

- 31 As per the United Nations Development Programme (UNDP) reports on Human Development Index (HDI) for 189 countries in the year 2018, India achieved -----rank.
- A 81
 - B 130
 - C 97
 - D 175

ANSWER:B

32. What is the rank of India in the United Nations Development Programme (UNDP) reports on Human Development Index (HDI) in the year 2019
- A 129
 - B 130
 - C 97
 - D 175
- ANSWER:A

33. Which country is ranking on the top in the United Nations Development Programme (UNDP) reports on Human Development Index (HDI) in the year 2019
- A Norway
 - B Switzerland
 - C Ireland
 - D Germany
- ANSWER:A

34. According to population census 2011, what is the number of women per 1000 men in India?
- A. 939
 - B. 959
 - C. 940
 - D. 927
- ANSWER:C

35. Which of the following is the major functions of Niti Aayog?
- A To evolve a shared vision of national development priorities, sectors and strategies with the active involvement of States
 - B To develop mechanisms to formulate credible plans at the village level and aggregate these progressively at higher levels of government.
 - C To provide advice and encourage partnerships between key stakeholders and national and international like-minded Think tanks, as well as educational and policy research institutions.
 - D All of the above
- ANSWER:D

II Short Answer Type Questions:

- 1 Discuss the relationship between industry, trade and commerce.
- 2 Discuss in brief the Industrial licensing policy of India before economic reforms.
- 3 Discuss briefly the objective of industrial licensing system

- 4 Write a short note on:
- a) Current economic reforms in India
 - b) Economic growth as one of the major objectives of planning in India
- 5 Describe the main reasons of problem of poverty in India.
- 6 What progress has been achieved in the field of regional balanced development of Indian Economy?
- 7 Explain the nature of Unemployment in India.
- 8 What are the measures to reduce poverty in India?
- 9 What measures will you suggest for generating employment opportunities in rural areas?
- 10 Elucidate the phases of globalization chronologically.
- 11 Define globalization and discuss indicators of globalization
- 12 Discuss the impact of globalization on telecom & financial sector.
- 13 Discuss the causes of low rate of capital formation in India.
- 14 What are the methods used for privatization?
- 15 Discuss the causes for concentration of wealth and economic power.
- 16 What are the negative effects of globalization?
- 17 Why is capital formation important for economic growth?
- 18 What do you understand by unemployment? What are its major causes in India?
- 19 What is meant by economic inequality? Explain.
- 20 How does liberalization facilitate globalization?
- 21 How can Globalization pose a threat to domestic industry?
- 22 Explain the pros and cons of globalized economic system.
- 23 What is meant by Privatization? List the reasons for privatization.
- 24 Explain major factors of Industrial sickness in India
- 25 Give a brief account of the impact of liberalization and globalization on the economy of our country?
- 26 Discuss various forms of rural unemployment and urban unemployment.
- 27 Why is unemployment and underemployment a social problem?
- 28 What is the disinvestment policy of India?
- 29 How does disinvestment affect Indian economy?
- 30 What is the difference between investment and disinvestment?

III Long Answer Type Questions:

- 1 Explain the salient features of government's policy 1991 towards public sector.
- 2 "Public sector in India is a mixed bag of failures and success." Explain.
- 3 What is balanced regional development? State the causes of regional disparities in India and suggest measures to remove them.
- 4 Explain the objectives of privatization and disinvestment of public enterprises.

- 5 The role of public sector has eventually declined in India". Do you agree with this statement? Give reasons.
- 6 Discuss in detail the Industrial sickness and its consequences?
- 7 Why is the Industrial Policy, 1956 hailed as the economic constitution of India? What are its objectives? How industrial policy has changed over period of times?
- 8 Explain the reform process initiated by the government for the industrial development of the country.
- 9 State the main objectives of planning in India. Do you think that five-year plans have been successful in achieving these objectives?
- 10 Discuss briefly the nature and causes of rural unemployment in India.
- 11 Elucidate the nature and extent of Unemployment in India? What remedies would you suggest for solving the problem of unemployment?
- 12 Discuss the concept of 'Inclusive Growth' in the light of 12th Five Year Plan.
- 13 Suggest remedies for Industrial Sickness in Indian Context.
- 14 What is Unemployment? What are different types of unemployment prevailing in Indian economy?
- 15 Discuss the impact of new Industrial policy of 1991 on Indian economy. In view of current global and domestic economic environment, what new policies were framed to achieve high growth rate in Industrial and manufacturing sector.
- 16 What do you mean by economic inequality? Describe the extent of inequality in India after independence. Provide policy suggestions to remove inequality from Indian economy.
- 17 What is globalization? Why do companies go global?
- 18 How were liberalization, privatization and globalization policies for relaxing the restrictions and controls imposed on business and industry in India?
- 19 What do you understand by Niti Aayog? What are the major functions of Niti Aayog?
- 20 What do you mean by Human Development Index (HDI)? Discuss its various parameters.
- 21 Describe different measures for rehabilitation of sick industrial units.
- 22 Do you believe that industrialization and economic growth has led to monopoly & economic concentration in India? What methods have been taken to tackle this problem?
- 23 Discuss the relationship between inequality poverty and growth.
- 24 What is the current unemployment rate in India? How can we control unemployment?
- 25 What are four types of unemployment? What is the solution of unemployment in India?
- 26 What are the reasons of disinvestment in public sector enterprises? Discuss the main objectives of disinvestment
- 27 Why is disinvestment in public sector enterprises tough and tricky? Explain various challenges associated with it.
- 28 Discuss India's strategy to remove poverty. Explain various poverty reduction programs.
- 29 Elaborate various remedial measures to solve rural unemployment, urban unemployment and general unemployment in India.

- 30 Which are different employment policies and schemes introduced by NDA Government in India. Has global economic recession, made any impact on the problem of unemployment in India?

UNIT-III

(a) **Multiple Choice Questions:**

- 1 In a two sector economy circular flow of income takes place between ----- &-----
- A. Firms, households
 - B. Firms, Banks
 - C. Firms, Government
 - D. Firms, foreign sector

ANSWER: A

- 2 National income is computed -----year.
- A. Every
 - B. Every two years
 - C. Every five years
 - D. Every four years

ANSWER: A

- 3 The money value of -----goods is not included in the estimation of national income.
- A. Intermediate
 - B. Capital
 - C. Final
 - D. Consumer

ANSWER: A

- 4 There are methods of measuring national income:
- A. 5
 - B. 2
 - C. 1
 - D. 3

ANSWER: D

- 5 If we compare GDP and GNP, then:
- A. $GNP = GDP - \text{Net Income from Abroad}$
 - B. $GNP = GDP + \text{Net Income from Abroad}$

- C. $GNP = NNP - \text{Net Income from Abroad}$
 - D. $GNP = NNP + \text{Net Income from Abroad}$
- ANSWER: B

6 It is deducted from GNP to get NNP:

- A. Indirect Taxes
- B. Depreciation
- C. Direct Taxes
- D. Transfer Payments

ANSWER: B

7 It is added to GDP to get GNP:

- A. Depreciation Allowance
- B. Direct Taxes
- C. Subsidies
- D. Net Income from abroad

ANSWER: D

8 Select the correct statement:

- A. Transfer Payments are included in National Income
- B. Depreciation Allowance is a part of GNP
- C. Taxes are not included in NNP
- D. GDP means Gross Direct Production

ANSWER: B

9 Which is the largest figure:

- A. NNP
- B. GNP
- C. DPI
- D. PI

ANSWER: B

10 Undistributed profits are considered:

- A. Income earned but not received
- B. Income earned but not received
- C. Income earned and received
- D. None of the above

ANSWER: A

- 11 Total value of all final goods and services produced in a country for one year is:
A. NNP
B. GNP
C. GDP
D. NI
ANSWER: C
- 13 Personal income includes:
A. Transfer Payments
B. Indirect taxes
C. Depreciation
D. All of the above
ANSWER: A
- 14 If savings exceed investment then:
A. National income rises
B. National Income falls
C. National Income is not affected
D. None of the above
ANSWER: B
- 15 It is avoided to make correct estimate of national income:
A. Free Services
B. Double Counting
C. Export Earnings
D. All of the above
ANSWER: B
- 16 It is not included in estimation of national income:
A. Illegal Income
B. Services of house wife
C. Imports
D. All are not included
ANSWER: D
- 17 Circular flow of income links:
A. Income, expenditure
B. Exports, Imports
C. Govt. Taxes, Govt. Expenditure

D. Saving and Investment

ANSWER: A

18 This statement is true:

A. $NI = \text{Rent} + \text{Interest} + \text{Wages} + \text{Profit}$

B. $NI = \text{Rent} + \text{Interest} + \text{Wages} + \text{Taxes}$

C. $NI = \text{Govt. Expenditure} + \text{Interest} + \text{Wages} + \text{profit}$

D. $NI = \text{Rent} + \text{Interest} + \text{Wages} + \text{Pensions}$

ANSWER: A

19 National Income is estimated by:

A. Product, Import and Export Methods

B. Product, Income and Consumption Methods

C. Product, Income and Market Methods

D. Product, Income and Expenditure Methods

ANSWER: D

20 GDP stands for:

A. Great Domestic progress

B. Grand Development Plan

C. Gross Domestic Product

D. Gross Domestic Plan

ANSWER: C

21 Which of the following would not be included in GNP:

A. Government Support to the very poor

B. Government purchase of an airplane

C. Payment for construction of highway

D. The salary paid for the President's Secretary

ANSWER: A

22 The circular flow of income in all the four-sector economy includes financial sector as well.

A. True

B. False

ANSWER: A

23 Gross National Product equals:

A. Net National Product adjusted for inflation

B. Gross Domestic Product adjusted for inflation

- C. Gross Domestic Product plus net property income from abroad
 - D. Net National Product plus net property income from abroad
- ANSWER: C

24 Net National Product equals:

- A. Gross National Product adjusted for inflation
- B. Gross Domestic Product adjusted for inflation
- C. Gross Domestic Product plus net property income from abroad
- D. Gross National Product minus depreciation

ANSWER: D

25 The standard of living is often measured by:

- A. Real GDP per capita
- B. Real GDP
- C. Real GDP * population
- D. Real GDP plus depreciation

ANSWER: A

26 Real national income measures:

- A. Nominal national income adjusted for population change
- B. Nominal national income adjusted for unemployment
- C. Nominal national income adjusted for inflation
- D. Nominal national income adjusted for exchange rates

ANSWER: C

27 Which of the following statements is true about the circular flow?

- A. Output is greater than income
- B. Income is more than expenditure
- C. Output is less than expenditure
- D. Output equals income equals expenditure

ANSWER: D

28 GDP measures:

- A. A country's income
- B. A country's wealth
- C. Consumer spending
- D. Net trade income

ANSWER: A

- 29 To adjust GDP from market prices to factor cost:
- A. Add indirect taxes
 - B. Subtract subsidies
 - C. Deduct indirect taxes and deduct subsidies
 - D. Deduct indirect taxes and add subsidies
- ANSWER: C
- 30 To adjust from Net National Product to Gross National Product:
- A. Add depreciation
 - B. Deduct indirect taxes
 - C. Add subsidies
 - D. Add inflation
- ANSWER: A
- 31 A higher GDP per capita may not mean that the quality of life has really improved because:
- A. It measures wealth not income
 - B. It measures Gross Domestic Product
 - C. It does not measure the quality of the items produced
 - D. It is only measured every five years
- ANSWER: C
- 32 Which of the following is not an injection into the circular flow of income?
- A. Spending on exports.
 - B. Spending on imports.
 - C. Spending by government on public goods and services.
 - D. Spending by firms on investment.
- ANSWER: B
- 33 Which of the following is/are included in the aggregate demand of an economy?
- A. Consumption demand
 - B. Investment demand
 - C. Net exports
 - D. Both (a) and (b) above
 - E. (a), (b) and (c) above
- ANSWER: E
- 34 Which of the following estimates National Income in India:
- A. Central Statistical Organisation
 - B. National Income Committee

- C. Planning Commission
- D. Reserve bank of India

ANSWER: A

35 National Income is the:

- A. Net National Product at market price
- B. Net National Product at factor cost
- C. Net Domestic Product at market price
- D. Net Domestic Product at factor cost

ANSWER: C

II SHORT ANSWER TYPE QUESTIONS:

1. Explain the two-sector model of circular flow of income in an economy.
2. Why are intermediate goods not included in GNP?
3. Explain two sector circular flow of income in an economy.
4. Write short note on product market and money market.
5. Explain GDP and Net National Income.
6. Write a note on circular flow of income.
7. Distinguish between real and nominal gross domestic product.
8. Explain the basis of classifying goods into intermediate and final goods. Give suitable examples.
9. Distinguish between consumer goods and capital goods. Which of these are final goods?
10. Explain how distribution of G.D.P. is its limitation as a measure of economic welfare.
11. Explain the meaning of “Domestic Territory of a country”.
12. Distinguish between ‘factor income’ and ‘transfer income’.
13. Define operating surplus, write its components.
14. Distinguish between domestic product and national product.
15. When can domestic product be more than National Product?
16. What do you mean by net export?
17. Who is considered as normal resident of a country?
18. What do you mean by economic territory?
19. When will be NDP_{MP} be less than NDP_{FC} ?
20. State the meaning of consumption of fixed capital?
21. State the meaning of injection in income flow, with the help of an example.
22. What do you mean by leakage in income flow?
23. Define ‘Nominal GNP’ and ‘Real GNP’.
24. What is the difference between intermediate goods & final goods and services?
25. Why are the imports subtracted when GDP is calculated in expenditure approach?

26. Define GDP deflator as a measure of inflation.
27. What is the principal difference between government purchases of goods & service and transfer payments?
28. Define production as an income generating activity.
29. Why the national income is measured at factor prices and not at market prices?
30. Why do the economists use real GDP rather than nominal GDP to gauge economic well-being?

II LONG ANSWER TYPE QUESTIONS:

1. What do you understand by Macro Economics? How is it different from Micro economics?
2. What do you understand by the concept of National Income? Discuss the significance of the estimates of National Income?
3. Explain the circular flow of income in all the four-sector economy. Draw a relationship between leakages and injections in circular flow.
4. What are the various methods of estimating National Income data? Which method is being followed in respect of estimation of National Income of India? Can you make some suggestions in making more accurate data for estimation of National Income in India?
5. What is the role of consumption function *and* investment function in National Income determination? Support your answer by diagram and citing some practical examples.
6. Discuss the meaning and scope of Macro-economics. Discuss the significance of macro-economic variables in business decision making.
7. How is the equilibrium level of national income determined? Show that both the aggregate demand-aggregate supply approach and Saving - Investment approach give the same level of equilibrium income.
8. What is Macro Economics? Discuss its importance. Explain the three and four sector model of economy.
9. What is National Income? Discuss different methods of measuring national income.
10. Explain the problem of double counting in estimating national income, with the help of an example. Also explain two alternative ways of avoiding the problem.
11. Distinguish between real gross domestic product and nominal gross domestic product. Can gross domestic product be used as an index of welfare of the people? Give two reasons.
12. How will you treat the following in estimating national income of India? Give reasons for your answer.
 - (a) Value of bonus shares received by share-holders of a company.
 - (b) Fees received from students.
 - (c) Interest received on loan given to a foreign company in India.
13. Explain the steps of measuring national income by income method.
14. Explain value added method of estimating National Income with the help of suitable example.

15. Briefly discuss the classical model of Income, output and employment determination
16. Describe various methods of measuring national income. Also explain the conceptual & practical difficulties in measuring national income in India.
17. Write detailed notes on the circular flow of income covering all sectors
18. Discuss in detail Keynesian consumption function, its significance and implications
19. What is the difference between GDP & GNP? Which one is the better measure of income? Why?
20. Define private saving. How is the private saving used in the economy? What is the relationship between private saving & national saving?
21. Discuss critically GDP as a measure of economic welfare.
22. Explain why we cannot calculate the national product simply by adding up the production of all firms.
23. Why do the economists use real GDP rather than nominal GDP to gauge economic well-being? Explain the significance.
24. How each of the following events is likely to affect GDP?
 - a) Environmental laws prohibit the firms from emitting pollution
 - b) Strikes by trade unions.
 - c) Discovery of new seed increases farm harvest.
25. Define private saving. How is the private saving used in the economy? What is the relationship between private saving & national saving?
26. Derive saving- investment identity in the context of an open economy.
27. From national income accounting show that an increase in taxes (while transfer unchanged) must imply a change in net exports, government purchases or the saving investment balance.
28. Explain in detail all the components of aggregate demand.
29. Explain the Keynesian approach on Full employment and Income.
30. Discuss the concepts of Marginal Efficiency of Capital and Marginal Efficiency of Investment
31. What is meant by investment multiplier? Explain the relationship between MPC and K?
32. Why must aggregate demand be equal to aggregate supply at the equilibrium level of income and output? Explain with the help of a diagram?
33. Explain the equilibrium level of income with the help of saving and investment curves. If saving exceeds planned investment, what changes will bring about the equality between them?
34. Distinguish between inflationary gap and deflationary gap. Show deflationary gap on a diagram. Can this gap exist at equilibrium level of income? Explain.
35. Can there be equilibrium in case of underemployment. Explain with the help of a diagram?

UNIT-IV

Multiple Choice Questions:

1 ----- consists of economic conditions, economic policies, industrial policies and economic system.

- A. Business Environment
- B. Economic Environment
- C. Natural environment

ANSWER:B

2 An analysis of the external environment enables a firm to identify –

- A. Strengths and opportunities
- B. Strength and weakness
- C. Weakness and threats
- D. Opportunities and threats

ANSWER:D

3 The economic environment of a business includes

- A. Economic system
- B. Economic policies
- C. Economic conditions
- D. All of these

ANSWER:D

4 In this type of economic system, the Government intervention will be absent

- A. Mixed economy
- B. Capitalist economy
- C. Socialist economy
- D. None of the above

ANSWER:D

5 Government carries out monetary policy through

- A. Commercial Bank
- B. Central Bank
- C. Cooperative Bank

ANSWER:B

- 6 Commercial banks credit creation capacity will, if central bank increases CRR.
- A. Increases
 - B. Come down
 - C. Have no effect
- ANSWER: B
- 7 Fiscal policy refers to:
- A. The actions of the central bank in controlling the money supply.
 - B. The spending and taxing policies used by the government to influence the economy.
 - C. The government's regulation of financial intermediaries.
 - D. The government's attitude to taxation.
- ANSWER: B
- 8 Where do MNCs choose to set up production?
- A. Cheap goods
 - B. Cheap labor resources
 - C. Economic sustainability
 - D. None of these
- ANSWER: B
- 9 Trade between countries
- A. determines prices of products in different countries
 - B. decreases competition between countries
 - C. makes a country dependent on the other
 - D. none of these
- ANSWER: A
- 10 WTO aims at
- A. establishing rules for domestic trade
 - B. restricting trade practices
 - C. liberalizing international trade
 - D. none of these
- ANSWER: C
- 11 Globalization has created new opportunities of
- A. Employment
 - B. emerging multinationals
 - C. providing services
 - D. all of the above

ANSWER: D

- 12 One major government initiative to attract foreign companies to invest in India is
- A. to raise the standard of education
 - B. to promote unemployment in the public sector
 - C. to build special economic zones
 - D. both (a) and (c)

ANSWER: C

- 13 Economic environment refers to the forces which have a
- A. Political
 - B. Natural
 - C. Economic
 - D. Social

ANSWER: C

- 14 What is the underlying characteristic of the WTO?
- A. It facilitates economic co-operation between different countries
 - B. It resolves disputes between economic trade blocks
 - C. It facilitates the development of less developed countries
 - D. It acts as an umbrella institution that regulates the agreements concluded at the Uruguay round, the organisation's ultimate goal being the promotion of free international trade.

ANSWER: D

- 15 Does the WTO come with its own institutional framework?
- A. No, the WTO depends on the relevant frameworks of national governments
 - B. No, the WTO provides certain institutional arrangements but only on an ad hoc basis
 - C. Yes, the WTO provides a certain institutional framework which changes depending on the nature of free trade agreements
 - D. Yes, the WTO provides a common institutional framework for the implementation of free trade agreements.

ANSWER: D

- 16 What are the three key 'components' of the WTO?
- A. A Senate, a Judiciary and a Directorate
 - B. A Trade Commission, a Dispute Settlement Body and a Council of Ministers

- C. An Executive apparatus, a Legislative apparatus and an Enforcement apparatus
 - D. A Board of Governors, the Assembly of Member States and a Steering Committee.
- ANSWER: C

- 17 Does the WTO apply its framework in exactly the same fashion throughout the world?
- A. Yes, the WTO applies its framework in exactly the same way throughout the world
 - B. Yes, the WTO applies its framework in exactly the same way around the world, unless it deals with trade blocks
 - C. No, the WTO makes allowance for regional variation
 - D. No, the WTO makes allowance for variation in the case of economically stronger countries.

ANSWER: C

- 18 What are the two main functions of the WTO?
- A. The promotion of free trade and economic liberalism
 - B. The administration of the WTO agreements and the resolution of international trade disputes
 - C. The promotion of world peace, economic stability and financial co-operation
 - D. The administration of the WTO's institutional framework and the promotion of economic co-operation amongst its members.

ANSWER: D

- 19 Theoretically, what is the most significant organ of the WTO?
- A. The Committee on Trade and Development
 - B. The Council for Trade in Goods
 - C. The General Council
 - D. The Ministerial Conference

ANSWER: D

- 20 Practically, what is the most significant organ of the WTO?
- A. The Committee on Trade and Development
 - B. The Council for Trade in Goods
 - C. The General Council
 - D. The Ministerial Conference

ANSWER: C

- 21 Where is provision made with regard to the WTO's institutional arrangements?
- A. In the WTO Agreement
 - B. In the GATT
 - C. In the UN Charter

D. In the WTO Agreement on Subsidies and Countervailing Measures
ANSWER: A

- 22 With regard to the WTO, subsidies are covered in two separate international economic law agreements. Which are they?
- A. The GATT and the Agreement on Subsidies and Countervailing Measures
 - B. The Reform Treaty and the Treaty of Rome
 - C. The North American Free Trade Agreement and the Organization of American States Charter
 - D. The International Monetary Fund's Articles of Agreement and the European Central Bank's Statute.

ANSWER: A

- 23 Foreign Exchange Management Act, 1999 (FEMA) emerged as a replacement of
- A. FERA
 - B. GATT
 - C. WTO

ANSWER: A

- 24 Foreign direct investment (FDI) is an investment in a business by an investor from another country for which the foreign investor has
- A. control over the company purchased.
 - B. No control over the company purchased.
 - C. Can't say

ANSWER: A

- 25 FDI can be an effective way for a business to -----into a foreign market
- A. Enter
 - B. Exit

ANSWER: A

- 26 FDI is a means for a business to -----the cost of production if the labor market is cheaper and the regulations are less restrictive in the target foreign market
- A. reduce
 - B. increase

ANSWER: A

- 27 Foreign direct investment helps organizations in
- A. to gain access to bigger markets
 - B. to reduce the cost of production

- C. to acquire cheaper resources
- D. All above

ANSWER: D

- 28 -----is investment by non-residents in Indian securities including shares, government bonds, corporate bonds, convertible securities, infrastructure securities etc.
- A. Foreign Portfolio Investment
 - B. Foreign Direct Investment

ANSWER: A

- 29 A greenfield investment is the direct investment made in –
- A. creating a new foreign enterprise
 - B. acquisition of a foreign firm
 - C. None of above

ANSWER: A

- 30 A brownfield investment is the direct investment made in –
- D. creating a new foreign enterprise
 - E. acquisition of a foreign firm
 - F. None of above

ANSWER: B

- 31 Foreign Portfolio Investment made by non-residents in Indian securities including shares, government bonds, corporate bonds, convertible securities, infrastructure securities etc gives a ----- over their investments.
- A. direct control
 - B. indirect control

ANSWER: B

- 33 FDI is allowed through two different routes namely-
- A. Automatic route & Public route
 - B. Automatic route & Government route
 - C. Government route & Public route

ANSWER: B

- 33 What happens when CRR is increased?
- A. It decreases money supply
 - B. It increases demand for money
 - C. It decreases inflation

ANSWER: A

- 33 What do we call the rate at which the Reserve Bank of India lends money to commercial banks?
- A. Repo Rate
 - B. Reverse Repo Rate
 - C. CRR
 - D. SLR

ANSWER: A

- 34 What do we call the funds that the banks keep with RBI as a portion of their Net Demand and Time Liabilities?
- A. Repo Rate
 - B. Reverse Repo Rate
 - C. CRR
 - D. SLR

ANSWER: D

II Short Answers Type Questions:

1. What was the initial name of WTO? Give the reason of change in name.
2. Examine the policy of the government regarding promoting foreign capital in India.
3. Explain WTO and its different Components.
4. What are the impact of TRIPS and TRIMS on an economy?
5. Discuss the implication of WTO trade negotiation and policies on Indian Economy.
6. Discuss the tools of monetary policy.
7. Explain the relevance of open market operations in an economy.
8. Analyze the objectives of monetary policy.
9. What is meant by “reserve requirement” by bank?
10. Distinguish between REPO RATE & BANK RATE.
11. What is meant by Bankers’ Bank? Define Central Bank.
12. What do you understand by credit control?
13. Distinguish between CRR and SLR
14. What are the various instruments of monetary policy?
15. Discuss the various instruments of Fiscal Policy.
16. How are the instruments of monetary and fiscal policy used to regulate the economic environment?
17. Write short note on economic environment

18. What are the confronting issues in which India and WTO are still in news?
19. What is the difference between FDI and FII?
20. Distinguish between Repo rate and Reverse Repo rate
21. Elaborate TRIPS and TRIMS.
22. What is the role of FDI in retail sector?
23. Examine the role of WTO with special reference to TRIPS in India.
24. Make a case for Foreign Institutional Investment (FII) in Indian economy.
25. Discuss the implications of WTO on Indian Agriculture.
26. Discuss the impact of monetary and fiscal policies on the aggregate demand.
27. Which is the most effective method of credit control? Explain the need and progress of selective credit control in India.
28. Why is Reserve Bank's monetary policy is termed as a policy of 'controlled expansion'?
29. Explain in detail the meaning of "public expenditure". How does it affect aggregate demand?
30. Explain how moral persuasion affects the practices of the commercial banks.

III Long Answers Type Questions:

1. What are the factors affecting the monetary policy? What role does RBI play in formulating monetary policy?
2. Discuss the tools and the objectives of fiscal policy in the developing countries. What are the limitations?
3. Explain the highlights of Recent Monetary Policy of Government and discuss it will help to reduce inflation in the country.
4. What are the objectives of WTO? Discuss its advantages and disadvantages for India.
5. Examine the role of WTO with special reference to TRIPS in India.
6. Discuss the various reasons for the money fall against the dollar and what are the measures taken up by RBI to tide over the situation.
7. What are the objectives of Fiscal Policy? How far these have been realized in our country?
8. Discuss the important provisions of industrial policy in India. Has this policy provided the growth momentum to our industrial sector in India? Discuss.
9. What is the impact of Monetary Policy in Economy? What are the selective methods of credit control that a central bank can employ in order to reduce money supply?
10. Discuss the quantitative methods of credit control used by the RBI.
11. Discuss the role of RBI in respect of monetary and fiscal policy?
12. Do you think that Central Bank autonomy will help the countries in their economic activities?
13. Explain the objectives, instruments and limitations of monetary policy.

- 14 What are the objectives of World Trade Organization (WTO)? Examine the impact of WTO agreement on Indian economy.
- 15 FDI is increasingly important in economic development because of its close links in trade, financial flows and technology transfer. Explain this statement and examine the policy of the government regarding promoting foreign capital in India.
- 16 Write notes on:
A. TRIPS and TRIMS
B. FDI
- 17 What are the objectives of WTO? Discuss its advantages and disadvantages for India.
- 18 Comment on Foreign Direct Investment (FDI) in Indian economy.
- 19 What are WTO provisions? Examine the impact of these provisions on Indian business.
- 20 Critically examine the principles, functions and impact of WTO on Indian business.
- 21 What are the different characteristics of international trading environment?
- 22 Evaluate the impact of liberalization measures on the structure of India's foreign trade.
- 23 How does globalization affect business environment on a company? What are the critical factors in this regard?
- 24 What kinds of steps are undertaken under monetary policy in India during reform period? Critically explain the impact of monetary policy on Indian economy. Also make brief comment on impact of demonetization on monetary policy.
- 25 Provide a critical note on the inflow of foreign direct investment in India. Suggest robust policies that can attract high dose of foreign direct investment in the significant sectors of economy.
- 26 Explain the importance of understanding the economic and non-economic environment for a business.
- 27 What do you understand by General Agreement on Tariffs and Trade (GATT)? Discuss its objectives and fundamental principles.
- 28 What do you mean by Greenfield investment & Brownfield investment under FDIs? Explain with examples.
- 29 Elucidates various advantages and dis-advantages of foreign direct investment.
- 30 What do you understand by Foreign Exchange Management Act, 1999 (FEMA)? What is the role of FEMA in the growth of Indian economy?