

DO NOT OPEN THIS TEST BOOKLET UNTIL YOU ARE ASKED TO DO SO

T.B.C. : BAC-47

Test Booklet Series

Serial No. 601704

D

TEST BOOKLET MANAGEMENT

Time Allowed : 2 Hours

Maximum Marks : 300

INSTRUCTIONS TO CANDIDATES

1. IMMEDIATELY AFTER THE COMMENCEMENT OF THE EXAMINATION, YOU SHOULD CHECK THAT THIS TEST BOOKLET **DOES NOT** HAVE ANY UNPRINTED OR TORN OR MISSING PAGES OR ITEMS ETC. IF SO, GET IT REPLACED BY A COMPLETE TEST BOOKLET.
2. ENCODE YOUR OPTIONAL SUBJECT CODE AS MENTIONED ON THE BODY OF YOUR ADMISSION CERTIFICATE AND ADVERTISEMENT AT APPROPRIATE PLACES ON THE ANSWER SHEETS.
3. ENCODE CLEARLY THE TEST BOOKLET SERIES A, B, C OR D AS THE CASE MAY BE IN THE APPROPRIATE PLACES IN THE ANSWER SHEET USING HB PENCIL.
4. You have to enter your **Roll No.** on the Test Booklet in the Box provided along side. **DO NOT** write *anything else* on the Test Booklet.
5. This Test Booklet contains **120** items (questions). Each item comprises four responses (answers). You will select the response which you want to mark on the Answer Sheet. In case you feel that there **is more than one** correct response, mark the response which you consider the best. In any case, choose **ONLY ONE** response for each item.
6. You have to mark **all** your responses **ONLY** on the **separate Answer Sheet** provided by using **HB pencil**. See instruction in the Answer Sheet.
7. All items carry equal marks. All items are compulsory. Your total marks will depend only on the number of correct responses marked by you in the Answer Sheet. For each question for which a wrong answer is given by you, **one fifth (0-20) of the marks assigned to that question will be deducted as penalty.**
8. Before you proceed to mark in the Answer Sheet the responses to various items in the Test Booklet, you have to fill in some particulars in the Answer Sheet as per instructions sent to you with your **Admission Certificate**.
9. After you have completed filling in all your responses on the Answer Sheet and the examination has concluded, you should hand over to the Invigilator the *Answer Sheet*, the Test Booklet issued to you.

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1. Which of the following is correct with regard to definition of leadership
 - (a) a leader is one who leads people
 - (b) the leadership is the process of directing and influencing the task related activities of group members
 - (c) a leader is one who provides leadership training
 - (d) None of the above
2. The group with which an individual would like to belong is called
 - (a) Membership group
 - (b) Reference group
 - (c) Primary group
 - (d) Formal group
3. Transactional analysis was popularised by
 - (a) Kieth Davis
 - (b) Eric Berne
 - (c) Elton Mayo
 - (d) Thomas Harris
4. Which of the following leadership styles is most commonly found now-a-days ?
 - (a) Democratic
 - (b) Autocratic
 - (c) Participative
 - (d) Free rein
5. Grapevine communication is a type of
 - (a) formal communication
 - (b) informal communication
 - (c) vertical communication
 - (d) written communication
6. A Trade Union writes to Management about employees grievances and complaints. This is an example of
 - (a) Downward Communication
 - (b) Upward Communication
 - (c) Horizontal Communication
 - (d) None of the above
7. Which of the following was the first organisation to experiment HRD in India ?
 - (a) Crompton Greaves
 - (b) State Bank of India
 - (c) Larsen and Tubro Ltd.
 - (d) SAIL
8. Manpower Planning is important because
 - (a) it avoids skill shortage
 - (b) it avoids unexpected shortages
 - (c) it requires careful planning
 - (d) all the above
9. Which of the following helps in solving work related problems in organisations ?
 - (a) Quality of work life
 - (b) Quality control
 - (c) Quality circle
 - (d) All the above
10. The terms 'Sons of the Soil' is associated with
 - (a) Recruitment
 - (b) Promotion
 - (c) Dismissal and discharge
 - (d) Performance appraisal
11. Sensitivity training means
 - (a) Training imparted to new entrants
 - (b) Training imparted to rank and file
 - (c) Training imparted in technical institutes
 - (d) Development of behaviour and awareness by social interaction in small groups

12. Cold-storage training refers to

- Training relating to cold storage
- Training of employees for jobs that will be created in future
- Training provided to employees of cold storage
- Training to employees working in ice-factories

13. Match List-I with List-II and select the correct answer using the codes given below the lists :

List-I

List-II

- | | |
|-----------------|---|
| A. Cold storage | 1. to remedy those trainees who sit through a conference but do not talk |
| B. Kaizen | 2. an ideal state in which production quantities are equal to delivery quantities. |
| C. Kanban | 3. training of employees for jobs that will be created in future |
| D. Buzz-session | 4. worker's job should given them scope to use all their knowledge, imagination and intelligence in transferring their ideas into reality |

Answer Codes :

	A	B	C	D
(a)	3	4	2	1
(b)	2	3	4	1
(c)	3	4	1	2
(d)	2	1	3	4

14. Halo effect and Horn effect of performance appraisal denotes

- tendency to rate high or low on all factors
- appraising on the basis of average
- tendency of supervisor to rate people lower than performance
- appraising either by kindness or by strict

Answer Code :

- 1 and 3
- 1 and 4
- 2 and 3
- 1 and 2

15. Promotion is a part of

- employment activity
- Social security
- wages and salary administration
- force adjustment

16. The process of determining by observation and study and reporting pertinent informations relating to the nature of specific job is called

- Job evaluation
- Job specification
- Job description
- Job analysis



17. When x_i and y_i are two variables ($i = 1, 2, \dots, n$) with G.M's. G_1 and G_2 respectively then the geometric mean of $\left(\frac{x_i}{y_i}\right)$ is :
- (a) $\frac{G_1}{G_2}$
- (b) antilog of $\frac{G_1}{G_2}$
- (c) $n(\log G_1 - \log G_2)$
- (d) antilog $\left(\frac{\log G_1 - \log G_2}{2n}\right)$
18. The mean of the distribution in which the values of x are 1, 2, n , the frequency of each being unity is :
- (a) $n(n + 1)/2$
- (b) $n/2$
- (c) $(n + 1)/2$
- (d) None of these
19. The two lines of regression are $3x + 2y = 26$ and $6x + y = 31$ then the coefficient of correlation is :
- (a) 1
- (b) -1
- (c) 0.5
- (d) -0.5
20. 10 is the am of a set of 7 observations and 5 is the mean of set of 3 observations. The mean of the combined set is :
- (a) 15
- (b) 10
- (c) 8.5
- (d) 7.5
21. In a contest, two judges ranked ten candidates A, B, C, D, E, F, G, H, I and J in order of their performance as in the following table. The rank correlation coefficient.
- | Candidates | Judge-1 | Judge-2 |
|------------|---------|---------|
| A | 10 | 4 |
| B | 6 | 5 |
| C | 5 | 8 |
| D | 1 | 3 |
| E | 3 | 7 |
| F | 2 | 10 |
| G | 4 | 2 |
| H | 9 | 1 |
| I | 7 | 6 |
| J | 8 | 9 |
- The rank correlation coefficient is
- (a) .21
- (b) - .21
- (c) .12
- (d) - .12
22. If $r_{12} = 0.86$, $r_{13} = 0.65$, $r_{23} = 0.72$ then $r_{12.3}$ is
- (a) 0.743
- (b) 0.529
- (c) 0.65
- (d) 0.86

23. In LPP if dual has an unbounded solution, primal has
- No feasible solution
 - Unbounded solution
 - Feasible solution
 - None of the above
24. For a salesman who has to visit n cities, following are the ways of his tour plan :
- $n!$
 - $(n + 1)!$
 - $(n - 1)!$
 - n
25. The graphical solution of the following problem is :
- Minimise $25x + 30y$
- subject to $4x + 3y \geq 60$
- $2x + 3y \geq 36$
- $x \geq 0, y \geq 0$
- $x = 4, y = 10$
 - $x = 12, y = 10$
 - $x = 12, y = 4$
 - None of the above
26. Float or slack analysis is useful for
- projects behind the schedule only
 - projects ahead of the schedule only
 - both (a) and (b)
 - None of the above
27. The operating leverage is the response of
- EBIT to the change in sales
 - EBIT to the change in selling price
 - EPS to the change in EBIT
 - Production to the changes in sales
28. For the purpose of constructing a funds flow statement, balance sheet figures for a minimum period of _____ year(s) are necessary.
- One
 - Two
 - Five
 - Ten
29. Investments under statutory liquidity ratio are the major source of finance to
- Central Government
 - Reserve Bank
 - Commercial Bank
 - Private Sector Companies
30. What do the credit terms "2/10 net 30" mean ?
- They indicate the average collection period
 - They indicate the amount outstanding in receivables
 - They indicate the cash discount allowed by the company to the customer
 - It is customary to express sales terms in this formula
31. $\Delta NWC =$
- $\Delta CA - \Delta CL$
 - $\Delta NCA - \Delta NCL$
 - $\Delta NCL + \Delta OE - \Delta NCA$
 - Both (a) and (c)

32. The rate at which RBI is prepared to buy or rediscount the bills of exchange or other eligible commercial papers is known as :
- Bank rate
 - Reserve rate
 - SLR
 - Differential rate
33. A country fixes a ceiling on the quantity of the import of a particular commodity is called
- Tariff quota
 - Bilateral quota
 - Unilateral quota
 - Mix quota
34. SWAP operations are also known as
- Arbitrage
 - Double deal
 - Single deal
 - Mix deal
35. Which is not the instrument of external payments ?
- Bank Draft
 - Letter of credit
 - Hundi
 - Telegraphic Transfer
36. Which is not a protectionist device ?
- Import quotas
 - Export Licence
 - Commodity Agreement
 - Exchange control
37. "International Trade is but a special case of inter-local or inter-regional trade." Whose statement is this ?
- Ricardo
 - Taussig
 - Heckscher
 - Ohlin
38. The concept of Scientific Management was propounded by
- F. W. Taylor
 - Henry Fayol
 - Herbert Simon
 - A. H. Maslow
39. Henry Fayol has listed _____ principles of management.
- 12
 - 14
 - 16
 - 11
40. The principle of management 'unity of command' means
- Right man on the right job
 - One subordinate should receive an order from one and immediate boss only
 - Basic change in the attitude of workers
 - None
41. The theory of M.B.O. was developed by Peter F. Drucker in his book.
- Scientific Management
 - Golden Book of Management
 - The Practice of Management
 - General and Industrial Management

42. The Noble Prize (Economics, 1978) was awarded to _____ for Decision making theory.
- (a) Herbert A. Simon
 - (b) V. K. Graicunas
 - (c) Willium Ouchi
 - (d) Henry L. Gantt
43. $n(2^{n-1}-1)$ is the formula of V. K. Graicunas for
- (a) Direct single relationship
 - (b) Cross relationship
 - (c) Direct group relationship
 - (d) Total relationship
44. Theory 'Z' was given by :
- (a) Mc Gregor
 - (b) Willium Ouchi
 - (c) L. Urwick
 - (d) C. I. Barnard
45. Hawthorne experiments were conducted by
- (a) Georg Elton Mayo
 - (b) F. W. Taylor
 - (c) H. L. Gantt
 - (d) F. Herzberg
46. Which style of leadership decentralises the decision making process ?
- (a) Autocratic
 - (b) Participative
 - (c) Free-rein
 - (d) None
47. Who possesses the authority for under line and staff organisation ?
- (a) Line authority
 - (b) Staff authority
 - (c) Line and staff (both) authority
 - (d) Top-management
48. The need Hierarchy Theory was propounded by
- (a) P. F. Drucker
 - (b) McClellan
 - (c) Abraham Maslow
 - (d) Elton Mayo
49. According to Herzberg's Motivation Hygiene Theory, the Hygiene factors are responsible for
- (a) Increase in satisfaction
 - (b) Decrease in dissatisfaction
 - (c) Increase in wages
 - (d) Increase Productivity
50. Three types of Motivation behaviour Viz. consummatory, instrumental and substitutional have been described by
- (a) Fred Luthars
 - (b) Kolasa
 - (c) Kimble and Garmenzy
 - (d) Maslow
51. A Manager who works with the help of rules and regulations is called
- (a) Trait leader
 - (b) Laissez-faire leader
 - (c) Participative leader
 - (d) Bureaucratic leader

52. Overhead consumption ratio is
- Activity consumed by a product/Total Activity
 - Total overhead/Total cost driver
 - Cost pool/Cost driver
 - Overhead for a product/Total overhead
53. A bank offers 12 percent nominal rate of interest with quarterly compounding. What is the effective rate of interest ?
- 12.55
 - 12.35
 - 12.65
 - 12.45
54. What is Book value of share ?
- $\frac{\text{Net profit}}{\text{Equity}} \times \text{Face value}$
 - $\frac{\text{Gross profit}}{\text{Number of equity shares}}$
 - $\frac{\text{Net worth}}{\text{Number of equity shares}}$
 - Both (a) and (c)
55. Identify, which one of the following is a 'Discounted Criteria' :
- Internal rate of return
 - Accounting rate of return
 - Payback period
 - Debt service coverage ratio
56. The optimal capital structure according to traditional view is where
- Value of firm is maximized
 - Cost of capital is minimized
 - Profit is maximum
 - Both (a) and (b) above
57. Goal congruence refers to
- The Management Control System as a whole
 - Bringing about consistency between individual participants' goal and organizational goals
 - Conformity between organizational goals and divisional goals
 - All of the above
58. A manager who is responsible for profits
- Will be motivated to maximize sales revenue only
 - Will be motivated to minimize costs only
 - Will be motivated to trade off increased costs against increased revenue from sales
 - All of the above
59. Transfer price which includes profit of the selling division, is not acceptable to user division because
- It would increase its cost
 - It is de-motivating
 - It reduces its authority
 - All of the above
60. Costs incurred on the basis of management's judgment are known as
- Engineered Costs
 - Management Costs
 - Discretionary Costs
 - All of the above

61. Which one of the following statements is not true ?
- (a) Transfer pricing helps in evaluating divisional performance
 - (b) Transfer price is convenient tool to measure the national sales among divisions of a single organization
 - (c) Transfer price is good substitute for sales price
 - (d) Transfer prices are inevitable in multi-divisional organizations
62. Which one of the following is an appropriate measure of investment base of division ?
- (a) Total of Assets used in the division
 - (b) Total of Assets used minus controllable current liabilities, at the division
 - (c) Apportioned amount of the total investment of the company
 - (d) Economic Cost of Assets used in the division
63. Branches of a Bank are
- (a) Expense Centres
 - (b) Investment Centres
 - (c) Profit Centre
 - (d) Revenue Centre
64. Principal Feature of Management control is
- (a) Responsibility centers
 - (b) Information System
 - (c) Integration of the organization system
 - (d) All of the above
65. Which one of the following is not related to the process of designing performance evaluation report ?
- (a) Segmentation
 - (b) Identification of controllable aspects
 - (c) Setting of standards
 - (d) Selection of performance indicators
66. Effector is the device
- (a) Pre-determined and used to evaluate the performance
 - (b) Measures the performance
 - (c) Modifies the performance
 - (d) Effects management control
67. Which one of the following is not a feature of ZBB ?
- (a) Zero Based Budgeting is a fundamental reappraisal system
 - (b) Existing programmes are immutable
 - (c) Evaluating decision package for each distinct activity
 - (d) Identification of decision units
68. Budgeted Sales : 10,000 units : Actual Sales : 8,000 units.
- Budgeted Contribution is Rs. 1,00,000; Budgeted Cost Rs. 1,60,000. Sales Volume Variance
- (a) Rs. 14,000
 - (b) Rs. 20,000
 - (c) Rs. 12,000
 - (d) Rs. 48,000
69. Standard Costs are the basis for controlling costs in
- (a) Discretionary Expense Centre
 - (b) Profit Centre
 - (c) Engineered Expense Centre
 - (d) All of the above

70. The process of plans getting translated into physical targets is known as
- Programmes
 - Budget
 - Goals
 - Objectives
71. Prime cost is defined as
- Direct materials
 - Direct labor
 - Manufacturing overhead
 - (a) + (b)
72. Which of the following statements is true ?
- Direct costs are always controllable
 - Indirect costs are always controllable
 - All costs are controllable at some level of the organization
 - An opportunity cost is the difference in benefit between one alternative that is accepted and a second alternative that has been rejected
73. Mag's Pie Shoppe has variable expenses, which are 50% of sales. In June, sales were Rs. 10,000 and the operating leverage was 5. In July, total sales increased by 20%. If sales in August increase by 20%, what will be net income for August ?
- Rs. 2,000
 - Rs. 3,000
 - Rs. 3,200
 - Rs. 4,000
74. Multi-Product, Inc. has provided the following information (in thousands of dollars) about its three products :
- | | Product
MULT | Product
IPRO | Product
DUCT |
|------------|-----------------|-----------------|-----------------|
| Sales | Rs. 40 | Rs. 150 | Rs. 10 |
| C.M. Ratio | 40% | 30% | 20% |
- The contribution margin ratio for the firm as a whole is
- 30%
 - 31.5%
 - 68.5%
 - 90%
75. An example for non-unit related overhead cost is
- Set-up costs
 - Furnace oil cost
 - Power
 - Assembly cost
76. Of the three costs relevant to a decision on inventory, which is the most difficult to estimate ?
- shortage costs
 - carrying costs
 - order costs
 - transportation costs
77. If unit item cost = Rs. 10, monthly carrying charge = 3 per cent, monthly demand = 100 units, and ordering cost = Rs. 20 per order, the EOQ is :
- 11.45
 - 400
 - 115.4
 - 33.3

78. A system that interacts with other systems in its environment is commonly referred to as a (n)
- (a) Cybernetic System
 - (b) Dynamic System
 - (c) Sub-System
 - (d) Open System
79. Which one of these statements describes the role of a management information system ?
- (a) Software that makes decisions based on external and internal data
 - (b) Software that provides information to enable a manager to make decisions based on internal data
 - (c) Software that provides information to enable a manager to make decisions based on external data
 - (d) Software that provides information to enable a manager to make decisions based on internal and external data
80. An automatic inventory reorder decision would be considered a good example of which one of the following system
- (a) Process control system
 - (b) Enterprise collaboration system
 - (c) Transaction processing system
 - (d) Office automation system
81. The major approach (es) to building systems is/are
- (a) SDLC
 - (b) Prototyping
 - (c) End-user-development
 - (d) All of the above
82. Which of the following statements would indicate that a new MIS was successfully implemented ?
- (a) Perfective maintenance has been carried out
 - (b) The hardware has high specification
 - (c) The system processes data adequately
 - (d) There is a high degree of user satisfaction
83. When a system is designed, it is put together with modular design structure. This means that
- (a) System is constructed according to the prototype model
 - (b) The software is made-up of sub-units and put together to make a finished unit
 - (c) The hardware is made-up of sub-units that are put together
 - (d) The implementation will be in phases
84. A manager has to make an un-structured decision which means that :
- (a) The decision has a definite procedure, to deal with the problem
 - (b) The manager has to use judgment based on previous experience, insight and careful evaluation
 - (c) The decision will result in no correct-course of action
 - (d) No decision can be made

85. Why do computer projects in MIS need to be carefully managed ?
- (a) Computer professionals are rather disorganized people
 - (b) Many specialist skills are needed, which have to be coordinated
 - (c) MIS systems are powerful bits of software that make decisions
 - (d) The hardware is complex to set-up
86. Which one of the following does NOT happen during the implementation stage ?
- (a) A data flow diagram is drawn up
 - (b) Hardware is installed
 - (c) Users are trained
 - (d) Files are converted
87. How is information collected for the requirement analysis in a new IT Project ?
- (a) A quick discussions with the managing director on the telephone
 - (b) Detailed discussion with board members and other members in senior management
 - (c) Interviewing all staffs at all levels, sending out questionnaires, detailed examination of the documents and information flows, and observation of company practice
 - (d) Discussion with the network manager and the IT technicians
88. The WTO was established on
- (a) 10 January, 1993
 - (b) 1 January, 1995
 - (c) 10 January, 1995
 - (d) 20 January, 1993
89. The sanitary and phytosanitary agreement is the
- (a) measures for sanitation
 - (b) measures for entertainment
 - (c) measures for food safety
 - (d) measures for education
90. A ship on hire under a control either for a voyage or for a period of time is termed as
- (a) Charter cargo
 - (b) Charter plane
 - (c) Charter ship
 - (d) Charter party
91. To cover foreign exchange risks in transactions is termed as
- (a) Hedging
 - (b) Risk operations
 - (c) Broker's contracts
 - (d) Exchange Remittance
92. Which is non-economic agreement for protection ?
- (a) Infant-Industry argument
 - (b) Anti-Dumping argument
 - (c) Defence argument
 - (d) Terms of Trade argument
93. The National Award for excellence in Corporate Governance goes to
- (a) HZL Limited
 - (b) BHEL Limited
 - (c) HMT Limited
 - (d) ITC Limited

94. The effective tool for Corporate Social responsibility is as follows
- (a) Shareholder Dialogue
 - (b) Cost
 - (c) Insurance
 - (d) Employment
95. The organisation BET was formed in 1987. The full form of BET is
- (a) Business Entrepreneurs Tool
 - (b) Business Employment Trust
 - (c) Business Enterprise Trust
 - (d) Business Education Trust
96. Corporate Philanthropy means
- (a) Discrimination
 - (b) Education
 - (c) Joint Venture
 - (d) Charity
97. Kickback is a term used in
- (a) Job
 - (b) Entertainment
 - (c) Trade
 - (d) Bribe
98. Upward communication travels from
- (a) lower to higher level
 - (b) higher to east level
 - (c) lower to east level
 - (d) higher to lower level
99. Code of conduct is a
- (a) documentation of profit
 - (b) documented set of standards
 - (c) documented behaviour
 - (d) documented organisation
100. Informal communication is technically known as
- (a) Grapevine
 - (b) Steelvine
 - (c) Stable
 - (d) Rigid
101. Which factor does not influence the business ethics ?
- (a) Personal views
 - (b) Social values
 - (c) Industrial norms
 - (d) Dishonesty
102. SWOT Analysis means
- (a) An effective tool of strategic management
 - (b) An effective tool of working capital
 - (c) An effective tool of patents
 - (d) None of the above
103. The value based pricing strategy is
- (a) Offering the goods and services at maximum possible price
 - (b) Offering the goods and services at minimum possible price
 - (c) Offering goods and services at fair price
 - (d) Offering goods and services at buyers' perceived value
104. At Maturity stage of product life cycle
- (a) Sales growth takes place at uniform rate
 - (b) Sales growth slows down or levels off but reaches the peak
 - (c) Sales growth takes place rapidly
 - (d) Sales constantly declines

105. Identifying a target market segment means
- (a) A set of buyers segment with common needs that company decides to serve
 - (b) A set of buyers with differential needs
 - (c) A set of buyers segment easier to enter
 - (d) All the above three
106. C & F agents are appointed to :
- (a) Facilitate distribution channel
 - (b) Hold stock at various stock points
 - (c) Optimize cost and effectiveness of distribution
 - (d) Avoid interstate tax
107. Brand Equity is
- (a) A measure of consumer perception of brand
 - (b) A measure of brand characteristics and product quality
 - (c) A measure of financial value of the brand
 - (d) None of the above
108. Fast moving consumer goods need
- (a) Exclusive distribution
 - (b) Selective distribution
 - (c) Extensive distribution
 - (d) All the above
109. Following ethical standards in marketing would require
- (a) Clear understanding of products performance and benefits
 - (b) Knowledge of regulatory framework and consumer rights and privileges
 - (c) Both (a) and (b)
 - (d) Clear knowledge of consumer requirement and expectations
110. Umbrella branding means
- (a) Many types of products under one brand
 - (b) A group of brand portfolio
 - (c) Very big brand
 - (d) A corporate brand
111. Direct Marketing involves
- (a) Taking products and services directly to consumers
 - (b) Advertising in mass media
 - (c) Distributing through channels
 - (d) None of the above
112. Wholesalers are appointed
- (a) For bulk selling
 - (b) For redistribution of stock
 - (c) For avoiding tax
 - (d) All the above
113. The goal of a supply chain is to strike a balance between
- (a) demand and capacity
 - (b) manufacturer and retailer
 - (c) company strategy and environmental opportunity
 - (d) responsiveness and efficiency
114. In a typical supply chain purchase orders originate at
- (a) the manufacturer's end
 - (b) the distributor's end
 - (c) supplier's end
 - (d) retailer's end

115. Vendor evaluation is done with a purpose of
- (a) Strengthening communication with vendors
 - (b) Strengthening partnership with transporters
 - (c) Understanding vendor's capabilities
 - (d) Monitoring performance
116. Which of the following would not usually be a main factor in selecting a vendor ?
- (a) Location
 - (b) Price
 - (c) Quality
 - (d) Special services such as replacement of defective items
117. When a firm uses only a small quantity of standard item,
- (a) it usually decides to manufacture it internally
 - (b) it usually decides to buy the item from outside
 - (c) the price is of little consequence
 - (d) All the above
118. Among the following alternatives, which one does not favour "buy" decision
- (a) Low volume
 - (b) Horizontal integration
 - (c) Low production capacity
 - (d) Lower fixed cost
119. If the ordering costs are overestimated by 50 per cent and carrying costs underestimated by 50 per cent, the total annual cost will exceed the optimum cost by
- (a) 73.2 per cent
 - (b) 50 per cent
 - (c) 0 per cent
 - (d) cannot estimate
120. In ABC classification, items are classified on the basis of
- (a) value and frequency of use
 - (b) calculation of costs
 - (c) product category
 - (d) area of storage yard

1

SPACE FOR ROUGH WORK

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11

BAC-47

16D