

XAT Decision Making Session - 1 : Basic

Number of Questions : 8

Case I

For questions 1 to 3: The Disciplinary Committee of National Political Party (NPP) is meeting today to decide on the future of two of their party members, Mr. Loyal and his son Mr. Prodigal. Mr. Prodigal is the prime accused in the brutal murder of Mr. Victim, an opposition party leader. Mr. Prodigal is in police custody and his appeal for bail has got rejected. Mr. Loyal claims that his son is innocent and Mr. Victim's death was the result of internal rivalry in the opposition party. Though Mr. Loyal is not accused in this case, his weakness for his son is well known. The media is blaming him for influencing key witnesses to protect his son. Severe criticism of this father-son duo, both by the media and some social activists, is damaging the image of the party. However, Mr. Loyal has significant followers within the party and is considered an asset to the party. Any harsh decision against Mr. Loyal would adversely affect the future of NPP and could even lead to a split in the party. This would benefit the opposition.

1. At the Disciplinary Committee meeting, members came up with the following suggestions. Which of the following suggestions would harm the party, the least?
 - A. Maintain status-quo.
 - B. Expel Mr. Prodigal from the party with immediate effect to maintain party's clean image.
 - C. Initiate an internal inquiry to find the truth.
 - D. Suspend Mr. Prodigal from the party with immediate effect but announce that he will be taken back if the court declares him innocent.
 - E. Suspend both Mr. Loyal and Mr. Prodigal from the party with immediate effect.
2. Which of the following actions would adversely affect both NPP and Mr. Loyal, the most?
 - A. Take no action against Mr. Loyal.
 - B. Suspend Mr. Prodigal from the party with immediate effect.
 - C. Expel Mr. Loyal from the party with immediate effect.
 - D. Ban Mr. Loyal from entering party premises till completion of the court proceedings.
 - E. Initiate an internal inquiry to find the truth.
3. The Disciplinary Committee has decided to suspend Mr. Loyal from the party because they felt he was influencing the judicial process. However, Mr. Loyal feels that the committee is biased and he is being framed. Now, election has been announced. The last time, Mr. Loyal had won with a majority on account of his good work. Which of the following options is most likely to resurrect Mr. Loyal's immediate political career?
 - A. The main opposition party has invited Mr. Loyal to join the party and contest the election. Chance of winning is high.
 - B. Not participating in the campaign and instructing his followers to stay away from the campaigning process.
 - C. Ask his followers to support the NPP nominated candidate and display his loyalty to NPP.
 - D. Mr. Loyal should contest as an independent candidate. But because of a split in votes, his chances of winning would be low.
 - E. Influence the nomination process through his followers within NPP, to get one of his close associates nominated.
4. Mr. Opportunist, a veteran member of NPP, stakes his claims to be nominated as an NPP candidate in the upcoming election. Mr. Opportunist presented the following arguments in favour of his candidature to the NPP Executive Committee.
 - I. Mr. Loyal's candidature in the upcoming election will adversely impact NPP's chances. Hence, the party should not nominate him.
 - II. The party should call a press conference to disown Mr. Loyal. This would enhance the party's image.
 - III. The party would not be able to take any strong disciplinary action against Mr. Loyal, if he gets re-elected.
 - IV. I have a lot of goodwill and significant followers in the constituency.
 - V. None of my close relatives are into active politics.Which of the following combinations would best strengthen the claim of Mr. Opportunist?
 - A. I & III
 - B. I & IV
 - C. II & III
 - D. III & V
 - E. IV & V

(2015)

5. You, a recruitment manager, are interviewing Mayank, a hard-working young man, who has problems in speaking fluent English. He has studied in vernacular medium schools and colleges. Amongst the following options, what would you choose to do, if your company has vacancies?

- A. I would hire him at all costs.
- B. I would hire him for the job he is good at, and provide training in other areas.
- C. I would hire him for production or finance job but not for marketing job, which requires good communication skills.
- D. I would ask him to improve his communication skills and come back again.
- E. I would not hire him as he might be a burden on organization because of his poor communication skills.

6. The city of Nagar has a population of 10 million, 2 million of whom are rich, 3 million poor and 5 million belong to the middle class. Saundarya Cosmetics manufactured and sold beauty products to the rich class at a premium price. Its products were very popular with customers. Many people from the middle and poor segments of the population aspired to buy these products but could not afford because of the high prices. Of late, sales growth has been stagnating in the rich segment.

Which of the following is the best option for Saundarya Cosmetics to maximize long-term profits?

- A. Sell the same products at lower prices to middle and poor classes.
- B. Sell similar products, of different quality standards with different brand names, to middle classes and poor classes.
- C. Sell its products under different brand names to middle and poor classes.
- D. Continue to target rich only and hope that today's middle class would be tomorrow's rich class.
- E. Target middle class as it is the largest segment and forget about the rich.

7. A database software manufacturing company found out that a product it has launched recently had a few bugs. The product has already been bought by more than a million customers. The company

realized that bugs could cost its customers significantly. However, if it informs the customers about the bug, it feared losing credibility.

What would be the most ethical option for the company?

- A. Apologize and fix up the bug for all customers even if it has to incur losses.
- B. Do not tell customers about bugs and remove only when customers face problems, even if it means losses for the customers.
- C. Keep silent and do nothing.
- D. Keep silent but introduce an improved product that is bug-free at the earliest.
- E. Take the product off the market and apologize to customers.

8. Seema was a finance manager in an MNC and felt that gender discrimination at the workplace hampered her career growth. Frustrated, she quit the job and started a company. While starting her company, Seema decided that she would have equal proportion of males and females. Over the next six years, Seema emerged as a very successful entrepreneur and expanded her business to eight locations in the country. However, Seema recently started facing an ethical dilemma because she realized that female employees were not willing to travel across cities and work late hours, as the work required them to do. Male employees did not hesitate undertaking such work. Seema started to feel the pressure of reducing the proportion of female employees. On the other hand, she is aware that equal representation was one of the strongest reasons for her to have founded the company.

What should she do as a conscientious female entrepreneur?

- A. See if unwilling female employees could be given assignments which do not require travel and involve less overtime.
- B. Reduce the number of female employees, as it is a business requirement. She should not let anything affect her business.
- C. Let the status quo continue.
- D. Henceforth hire only male employees.
- E. She should close the business.

XAT Decision Making Session - 2 : Exercise

Number of Questions : 27

Read the following caselet and choose the best alternative (Question 1 to 6):

Mr. Rajiv Singhal, Chairman of the Board of Directors of Loha India Ltd., (a steel manufacturing company) had just been visited by several other directors of the company. The directors were upset with recent actions of the company president, Mr. Ganesh Thakur. They demanded that the board consider firing the president.

Mr. Thakur, recently appointed as president, had undertaken to solve some of the management-employees problems by dealing directly with the individuals, as often as possible. The company did not have a history of strikes or any other form of collective action and was considered to have good work culture. However, Mr. Thakur felt that by dealing directly with individuals, he could portray the management's concern for the employees. An important initiative of Mr. Thakur was to negotiate wages of the supervisors with each supervisor. In these negotiation meetings, he would not involve anyone else, including the Personnel Department which reported to him, so as to take an unbiased decision. After negotiation, a wage contract would be drawn up for each supervisor. This, he felt, would recognize and reward the better performers. Mr. Thakur successfully implemented the process for most of the supervisors, except those working in night shift. For them he had drawn up the contracts unilaterally benchmarking the wages of supervisors of night shift with that of supervisors of the day shift.

For several days Ram Lal, a night shift supervisor, had been trying to seek an appointment with Mr. Thakur about his wages. He was disgruntled, not only over his failure to see the president, but also over the lack of discussions about his wage contract prior to its being effected. As a family man with six dependents, he felt his weekly wage should be higher than that granted to him.

Last Thursday afternoon Ram Lal stopped by the president's office and tried to see him. Mr. Thakur's secretary refused his request on the grounds that Mr. Thakur was busy. Infuriated, Ram Lal stormed into the president's office and confronted the startled Mr. Thakur, who stood up and told Ram Lal to get out of his office and express his grievance through official channel. Ram Lal took a swing at the president, who in turn punched Ram Lal on the jaw and knocked him unconscious.

1. The most important causal factor for this entire episode could be:
- A. Trying to follow a divide-and-rule policy in his dealings with the supervisors.

- B. Inconsistent dealings of Mr. Thakur with supervisors.
- C. Paternalistic approach towards mature individuals in the organisation.
- D. Legalistic approach to employee problems.
- E. Inadequate standards for measurement of supervisors' on-job performance.

(2008)

2. The situation with Mr. Lal could have been avoided if Mr. Thakur had
1. Delegated the task of negotiation of wage contracts for night shift employees to Personnel department.
2. Created a process for supervisors working the night shift so that they could have an opportunity to interact with him.
3. Created an open door policy that would have allowed employees to see him without any appointment.
4. Postponed the decision of wage revision for supervisors in the night shift for two months, since supervisors were rotated on different shifts after every two months.

The option that best arranges the above managerial interventions in decreasing order of organisational impact is:

- A. 4, 2, 3, 1 B. 4, 3, 2, 1
- C. 4, 3, 1, 2 D. 4, 1, 2, 3
- E. 2, 3, 1, 4

(2008)

3. The most likely premise behind Mr. Thakur's initiative regarding individualised meetings with the supervisors seems to be
- A. Employee related policies should allow scope for bargaining by employees.
- B. Involvement of company's president in wage problems of employees will lead to a better goodwill towards the management among the workers.
- C. Individual agreements with supervisors would allow the management to prevent any possible collective action by the supervisors.
- D. Management will be able to force supervisors to accept lesser wages individually in this way.
- E. He would be able to know who the trouble makers in the plant are by interacting with the supervisors.

(2008)

4. Out of the following, which one seems to be the most likely cause of Ram Lal's grievance?
- His disappointment with the management's philosophy of having one to one interaction as the supervisors were in a way being forced to accept the wage contracts.
 - His being in the night shift had worked to his disadvantage as he could not interact with the management regarding his problem.
 - He was not allowed to meet chairman of the board of directors of the company.
 - Employment in the night shift forced him to stay away from his family during the day time and therefore he could not interact with his family members much.
 - All of these.

(2008)

5. Apart from the supervisors working the night shift, executives of which department will have most justified reasons to be disgruntled with Mr. Thakur's initiative?
- Production department - for not being consulted regarding the behaviour of the supervisors on the shop floor.
 - Finance department - for not taken into confidence regarding the financial consequences of the wage contracts.
 - Marketing department - for not being consulted on the likely impact of the wage contracts on the image of the company.
 - Quality control - for not being able to give inputs to Mr. Thakur on how to improve quality of steel making process.
 - Personnel department - for it was their work to oversee wage policies for employees and they had been ignored by Mr. Thakur.

- | | |
|--------------|--------------|
| A. 1 + 2 + 3 | B. 1 + 4 + 5 |
| C. 1 + 2 + 5 | D. 1 + 3 + 4 |
| E. 3 + 4 + 5 | |

(2008)

6. Which of the following managerial attributes does Mr. Thakur seem to lack the most?
- Emotional instability under pressure.
 - Proactive problem solving.
 - Ethical behaviour.
 - Emotional stability under pressure.
 - Independent decision making.

(2008)

Read the following caselet and choose the best alternative (Questions 7 to 10):

Shekhar, an MBA from Singapore returned to his hometown-Jamshedpur. Jamshedpur had a population of 10 lacs with one of the highest per capita income among Indian cities. Shekhar loved music. While listening to his favourite song on "satellite radio", he wondered if he could mix his passion with business. Incidentally, a few weeks later, while browsing the Internet, he came across an advertisement from Music World, which called for *expression of interest* from potential franchisees. Jamshedpur did not have a single good music outlet, where its residents could buy quality, variety and the latest from the world of music.

Music World wanted the potential franchisees to own minimum 1200 square feet space and invest Rs. 30 lacs. Profits were to be shared in the ratio of 3:7 between Music World and the franchisee. While Shekhar was excited about working with a renowned brand, he was worried if Rs. 30 lacs was too high an amount to shell out. He did not have the entire amount with him and was thinking of borrowing from the bank. He made enquiries with other Music World franchisees located in towns like Patna and Ranchi, as he expected similar football in Jamshedpur. A franchisee in Patna had sales revenue varying from 1-2 lacs rupees per month with profit margin in the range of 25-30%. Satisfied, Shekhar decided to proceed.

Soon, he was on a look out for the space. Jamshedpur had three main areas – Bistupur, Sakchi and Sonari. All areas were inter-connected by good roads. Bistupur was a business area where most of the high-end retail formats were located. Most upper middle class and higher-class customers shopped there. It was also the education hub of the city. On the other hand, Sakchi was a growing lower middle class business area and Sonari had mostly residential population.

Shekhar was in favour of choosing Bistupur as it was the place where he shopped. However, he soon stumbled across problems. Not only it was difficult to obtain space in Bistupur but property rentals touch 30-40 rupees per square feet per month. Rentals at Sakchi and Sonari were in the range of 15-20 rupees per square feet per month. Also, Shekhar's friend, who stayed in Sakchi, told him that a few branded outlets were opening in Sakchi and it seemed to be the fastest growing market in Jamshedpur, with highest ratio of teenagers. But, Shekhar was not in favour of Sakchi due to its low image. He expected to target the growing crowd in Bistupur.

High real estate prices in Bistupur and his low assessment of the Sakchi market created confusion in Shekhar's mind. To give the decision some serious and fresh thought, he decided to hit the Jamshedpur-Ranchi highway in his newly acquired car.

7. Suppose sales in Patna and Bistupur are likely to be same, how many years would it take for Shekhar to recoup the investment (consider Zero inflation)?
- Less than five years.
 - Less than Seven years.
 - Less than eight years.
 - Less than nine years.
 - Maybe never.

(2009)

8. What could be the most likely reason for Shekhar's bias in favour of Bistupur?
- Presence of a college going crowd, as he felt they were the customers for the latest music.
 - Crowded (hoi polloi) image of Sakchi.
 - It was difficult for Shekhar to associate non-Bistupur areas with good quality products.
 - Higher rentals in Bistupur.
 - Patronage of Bistupur shops by executives and their families.

(2009)

9. How best should Shekhar resolve his confusion?
- By investing in the franchise.
 - Do not invest in the franchise and look for different brand name(s).
 - Go back to Singapore and start looking for a job.
 - Do a further in-depth study to find the drivers and potential of the business.
 - Approach another music company for setting up a franchise.

(2009)

10. Which one of the following is the most important decision criterion in such a business situation?
- Financial capability of entrepreneur.
 - Changes in music industry.
 - Future market growth.
 - Profitability of business in first couple of years.
 - Real Estate prices.

(2009)

Read following caselet and choose the best alternative (Question 11 to 14)

Om Chowdhury was one of the supervisors in the Fire and Safety (F&S) department of Maqsood Textile Mills. He was a distant cousin to Mr. Bhiwani, General Manager (Personnel & Administration). Personnel & Administration department was given the responsibility of all personnel related decisions. It was often rumoured that Om had obtained the job due to his cousin's influence. However, Om was meticulous in the performance of his duties and didn't give anyone a reason for complaint. It was known that Om was not much given to talking and kept to himself and to his duties.

All F&S supervisors reported to Mr. Rabindra, the shop-floor manager. The mill operated on a three-shift basis and Rabindra allocated the supervisors to different shifts. They were required to be present at all times during the shift operation and carry out scheduled checks of machinery and fire fighting equipments. For some reasons, Om was allotted the night shift more often than other supervisors. Om accepted these allocations without any objection, while it was known that other supervisors would often plead and bargain with Rabindra to be allocated the day shifts. During the night shift keeping awake and remaining mentally alert were some of the major challenges faced by the supervisors.

Of late, Rabindra observed signs of indifference from Om. On two occasions he found Om absent from his cabin. Rabindra heard from others that Om was often found in different parts of the shop floor talking to employees. Rabindra called him to his office and reminded Om of his responsibilities. Om did not counter Rabindra. He promised that he would not be lax in his duties again. Rabindra also broached the subject with Mr. Bhiwani. Mr. Bhiwani called Om to his office and talked on a very personal basis. He reminded Om that their family relations made it uncomfortable to all concerned. Om nodded and agreed to do better. Soon his performance became that of a model supervisor. It was often found he went beyond his official duties to sort out the problems of employees.

About three months later, Rabindra happened to visit the plant during the night. As he looked into F&S office, he found Om playing solitaire on the office computer. Mr. Rabindra immediately fired Om.

The next morning Mr. Bhiwani called Mr. Rabindra and asked how he can fire an employee. He suggested that Mr. Rabindra reconsider Om's dismissal. "This decision has already been made. There will be no turning back" replied Rabindra.

11. Out of the options below, which one best summarizes the learning from solitary incident?
- Managers often do not take any responsibility towards training juniors.
 - People tend to become relaxed during night shift and require surprise checks to keep them on their toes.
 - Certain roles would have different ways of carrying out their duties.
 - Having relatives in the same organisation can be a source of potential problems.
 - Managers tend to allocate silent people to difficult positions.
- (2009)
12. The options below give combinations of possible root causes of the problem and the justifications thereof. Given the details in the case, which one can be inferred to be the best option?
- Hiring of Om. **Reason:** That ensured Om was perpetually casual towards his duties.
 - Om favouring to work during the night shift. **Reason:** Absence of Rabindra ensured that Om could relax.
 - Rabindra bias against Om. **Reason:** Rabindra had been assigning too many night shifts to Om while for other supervisors he was lenient.
 - Rabindra jumping to conclusions. **Reason:** He should have investigated whether Om had carried out his duties.
 - Rabindra's firing of Om. **Reason:** It led to clash between Rabindra and Mr. Bhiwani.
- (2009)
13. The details of the entire episode have become common knowledge among all the employees of the company. Out of the options below, which one presents the best way for the top management to resolve the issue so as to benefit the organization as a whole?
- Revoke Rabindra's order. It can be communicated to others that firing was too severe a punishment for such a small incident of indiscipline.
 - Ask Om for clarification. It can be communicated that since Om had clarified regarding his duties, the order has been taken back.
 - Declare Rabindra's order as void. Reiterate officially the disciplinary processes that need to be followed by managers along with their scope of authority.
 - Ask feedback from other employees on the shop-floor regarding Om's performance. This can be used to revoke Rabindra's order.
 - Take the feedback of other F&S supervisors as to the work involved during night shift. This would better explain Om's behaviour.
- (2009)
14. Of the options below, which could have been a better response from Mr. Rabindra when he saw Om playing?
- He should have clarified about his authority to fire employees.
 - He should have informed Mr. Bhiwani about the incident and asked him to take necessary action.
 - He should have asked the employees of the shift regarding Om's performance of his duties.
 - He should have checked if Om had done his duties or not.
 - He should have checked the production levels in the shift to see if it was as required.
- (2009)

Read the following case and choose the best alternative (Question No. 15 to 18):

Guruji's guidance

Bhola, an avid nature lover, wanted to be an entrepreneur. He dreamt of establishing a chain of huts in Chatpur region to cater to tourists, who came attracted by the beauty and splendour of the Himalayas.

However, he was appalled by current degradation of the Himalayan environment. He remembered the early times when everything was so green, clean and peaceful. Now, greenery was replaced by buildings. Peace was shattered by honking of vehicles and flocking of tourists, and cleanliness was replaced by heaps of plastics.

Bhola had a strong sense of right and wrong. On speaking to few locals about the issue, he realized that the locals were aware of these issues. However, they pointed out the benefits of development: *Pucca* houses for locals, higher disposable income and with that, ability to send their children to better schools and colleges, better road connectivity, and access to latest technology in agriculture. Most locals wanted the development to continue.

Saddened by the lack of support from the locals, Bhola took up the issue with the government. He met the chief minister of the state to find out if government could regulate the developmental activities to prevent environmental degradation. However, the chief minister told Bhola that such an action would slow down the economic progress. That also meant loss of substantial tax revenues for the government.

Bhola needed to resolve the dilemma. Bhola always wanted to be an entrepreneur, who could contribute to the society and earn money as well. However, his business would also be responsible for destroying the environment. If he did not set up his business, he would not be able to earn money and contribute to the society.

After mulling over the issues, he went to his mentor "Guruji". Guruji realized that it was really a difficult puzzle: if one saves the environment, there seems to be no development and if the people and the government sought development, the environment and hence future of this planet and human beings was at stake. After careful thought, he felt that dilemma could be resolved. He fixed up a meeting with Bhola to answer Bhola's queries.

15. Should Bhola still think of doing business?
- Yes, where there is a will, there is a way.
 - No, saving the Earth for our children is more important than earning money.
 - Yes, Bhola should do business while ensuring no environmental damage is done.
 - Yes, but only if the government puts strict environmental regulations in place.
 - Bhola should stop thinking about such a dilemma.

(2010)

16. Bhola wanted to advise the government about the new tourism policy. Bhola had developed a few alternatives as given below. Choose the best alternative.
- Stop environmental degradation by stopping the developmental activities.
 - Forget about the environment; think about the people as they are the vote banks for politicians to come back to power.
 - Suggest that the government should try to promote eco-tourism, which would be controlled and regulated by the government, as the government could think about welfare of majority of stakeholders.
 - Suggest that the government should promote eco-tourism with public-private partnership with the involvement of NGOs, so that there are checks and balances for inefficiencies and promotion for synergetic efforts between the government and private entrepreneurs.
 - Involvement of impartial entities like NGOs who would provide a fair assessment of the policies.

(2010)

17. Bhola wished he was heading the government. He had listed down five concrete measures he would take if he were to head the government. Choose the best alternative.
- Charge environmental cess from all businesses operating out of Himalayas.
 - Charge cess from anyone who pollutes the environment, it be citizens or industries and reward those who have contributed to afforestation the most.
 - All profit making organizations have to take responsibility of afforestation proportionate to their profitability.

- Think about maximizing the revenues and forget about the environment.
- Institute a *Green Valley Reward*, which would be given to businesses highly active in afforestation efforts.

(2010)

18. Visualising he was heading the state government, Bhola thought of a likely problematic situation. Five years have passed. In these five years, Bhola has initiated a lot of pro-environment steps, including making people aware of the fact that it was this pristine environment which brought in tourists in the first place. Now he faced state elections. The opposition accused him of stopping development and causing unemployment under the guise of environment protection. If Bhola were to consider this accusation as a short-term battle, which option would Guruji suggest to Bhola to score a quick win?

- Accuse the opposition of having vested interests as the opposition leaders were denied licences for opening new hotels.
- Point out the improvement in environment since the implementation of pro-environment policies.
- Compare the unemployment levels since the implementation of the pro-environment policies and if they are less, accuse the opposition of making baseless charges.
- Point out that this government had initiated a regular cleaning-up drive and the opposition did not consider the data regarding the people who were employed in that drive.
- Call the charges as baseless accusations being used to malign the good work he had done.

(2010)

Question No. 19 to 21: Read the following passage and answer the questions that follow.

In calendar year 2008, there was turbulence in the air as Jet Airways' Chairman pondered what course of action the airline should take. Air India was also struggling with the same dilemma. Two of India's largest airlines, Air India and Jet Airways, had sounded caution on their fiscal health due to mounting operational costs. A daily operational loss of \$2 million (Rs.8.6 crore) had in fact forced Jet Airways to put its employees on alert. Jet's senior General Manager had termed the situation as grave, Jet's current losses were \$2 million a day (including Jet-Lite). The current rate of Jet Airways' domestic losses was \$0.5 million (Rs2.15 crore) and that of JetLite was another \$0.5 million. International business was losing over \$1 million (Rs 4.30 crore) a day.

The situation was equally grave for other national carriers. Driven by mounting losses of almost Rs 10 crore a day, Air India, in its merged avatar, was considering severe cost-cutting measures like slashing employee allowances, reducing in-flight catering expenses on short-haul flights and restructuring functional arms. The airline also considered other options like cutting maintenance costs by stationing officers at hubs, instead of allowing them to travel at regular intervals.

Jet Airways, Air India and other domestic airlines had reasons to get worried, as 24 airlines across the world had gone bankrupt in the year on account of rising fuel costs. In India, operating costs had gone up 30-40%. Fuel prices had doubled in the past one year to Rs 70.000 per kilolitre, forcing airlines to increase fares. Consequently, passenger load had fallen to an average 55-60% per flight from previous year's peak of 70-75%. Other airlines faced a similar situation; some were even looking for buyers. Domestic carriers had lost about Rs 4,000 crore in 2007-08 with Air India leading the pack. "As against 27% wage bill globally, our wage bill is 22% of total input costs. Even then we are at a loss," an Air India official said. Civil aviation ministry, however, had a different take. "Air India engineers go to Dubai every fortnight to work for 15 days and stay in five star hotels. If they are stationed there, the airline would save Rs 8 crore a year. This is just the tip of the iceberg. There are several things we can do to reduce operational inefficiency". According to analysts, Jet Airways could be looking at a combined annual loss of around Rs 3,000 crore, if there were no improvements in operational efficiencies and ATF prices. Against this backdrop, the airline had asked its employees to raise the service bar and arrest falling passenger load.

19. Which of the followings are the reasons for Jet Airways not doing well?
1. Rising ATF prices
 2. Reduced passenger load
 3. Declining service quality
 4. Staff traveling to Dubai

- | | |
|------------------|---------------|
| A. 1 and 2 | B. 2 and 3 |
| C. 1, 2 and 3 | D. 1, 2 and 4 |
| E. 1, 2, 3 and 4 | |

(2010)

20. The total loss for the airline industry was likely to be Rs. 10,000 crore. Jet Airlines lost Rs. 3,000 crore, Air India lost Rs. "X" crore and "rest of the airlines" lost Rs. "Y" crore. What was the loss for the "rest of the airlines", in 2008?
- A. Cannot be determined
 - B. Rs. 3,350 crore
 - C. Rs. 3,690 crore
 - D. Rs. 3,340 crore
 - E. None of the above

(2010)

21. Suppose fuel constitutes 30% of the revenues, do you think airlines would be in a better situation by reducing prices?
- A. Yes
 - B. Data insufficient to reach decision
 - C. No
 - D. It would not matter
 - E. None of the above

(2010)

Read the following case and choose the best alternative (Question No. 22 to 24):

Ranjan Tuglak, the youngest cabinet minister of the newly elected coalition, glanced through the notes prepared by his secretary regarding the recent controversies on *racket*, the popular game of the country. While International Racket Association (IRC) has agreed to implement Drug Testing Code (DTC) promoted by World Athletic and Games Federation, Racket Club which controls the entire *racket* related activities (unlike any other sports and games of the country) had some reservations regarding the initiative. Majority of the citizens waited for the international competitions eagerly and were fanatical about their country's participation in them. As a result of the popularity of the game, 70% of the total revenue associated with the game originates from the country. Hence Racket Club's high bargaining power with IRC can change any decision that is not aligned with its interests. The three most popular and senior players, including the captain, are against the application of DTC citing security reasons. A decision against the interests of these players may result in law and order problems throughout the country. Other players support the decision of their senior colleagues and if the Racket Club refuses to agree, players may support Counter Racket Club, a new national level initiative. Counter Racket Club may threaten the monopoly of Racket Club, if it succeeds to attract some popular *racket* players.

Ranjan's father had been forced to resign from politics due to alleged corruption charges. Ranjan had completed his entire education abroad before returning to join politics. He is a great soccer player and has major reservations against *racket*. According to him, *racket* has a negative influence on the country's youth and diverts their attention from productive work. He also considers drug testing as an essential feature for any sports and games across the world. As the new cabinet minister for Youth and Sports he needs to take some important decisions on this controversial issue.

22. If the objective of Ranjan is to (i) create a good image of himself as a politician and (ii) create a long lasting positive impact, the best decision he should take is:
- Force Racket Club to accept all modifications related to drug testing.
 - Provide adequate security protection to the satisfaction of players nominated by Racket Club before enforcing drug testing.
 - Align with Counter Racket Club.
 - Popularise soccer in country through endorsements by the popular players of *racket*.
 - Ban *racket*. (2010)
23. Identify the best rationale that may force Ranjan as a politician to take decision in favour of IRC.
- President of Racket Club and Ranjan belong to different political coalitions and he can use Counter Racket Club against the opponent.
 - Next World cup is scheduled to be held in a country which has adopted DTC as the guiding principle.
 - Ranjan is interested in reducing the popularity of *racket* in country.
 - As the cabinet minister, Ranjan has the power to take such a decision.
 - Top three international teams (and respective national clubs) are keen to implement DTC. (2010)
24. According to DTC, each athlete/sportsperson needs to submit a schedule for three months (in advance) that specifies an hour each day when they can be randomly tested for drugs. DTC also assured the confidentiality of the submitted schedule by (i) limiting the access of player-supplied information to two senior officers, (ii) these officers will have the internet based access only to the schedule of those sports persons who are randomly selected for testing (and not of everyone) and (iii) introducing similar security features for DTC database as in case of financial institutions. The top three popular players realize that no reason other than security can help them to get a favourable decision from Ranjan. Hence during discussions they should focus on all options *except*:
- Any clue related to their private schedules may also result in huge public gathering and it will make the job of security agencies very difficult.
 - Popular *racket* players are included in the hit list of terrorist organisations.
 - Recent report by World Bank rate their country among the top five nations with maximum amount of internet based data stealing.
 - It is difficult to provide adequate security coverage in large stadiums where *racket* is played.

- E. DTC is not willing to share the details of two senior officers involved in drug testing with the security agencies of the country for background study.

(2010)

25. Indian government may hold top executives responsible if state-run power companies fail to meet performance targets and punish them with fines and transfers. The strict performance parameters are aimed at ensuring that at least the reduced target for 62,000 MW of generation capacity addition is achieved before the end of the 11th Plan, said a power ministry official. Performance of chairmen and managing directors of the power Public Sector Units (PSUs) in project implementation will be assessed as per the terms and conditions stipulated in the company's memorandum of understanding (MoU) with the power ministry, he said, requesting anonymity. Performance parameters of executives had come under strict scrutiny due to a lack of progress in capacity addition program. While the target for the 11th five year plan has already been scaled down by the government from 78,500 MW, in the first three years of the plan yielded only 22,302 MW of fresh capacity.

If you were the chairman of one of these power PSU's, which of the following statements (all of which are assumed to be true) could best be used in order to strengthen your case against the government holding top executives responsible?

- The labour unions, owing allegiance to ruling party at the Centre, are not allowing work to progress with their demands for wage hikes that are untenable
- The actions of the mid-level management are not in line with the objectives laid down by the top management
- The delays have been due to difficulties in obtaining funds at reasonable interest rates on account of the recessionary conditions
- We are not to blame. The government is not doing enough to ensure availability of sufficient fuel to power the existing plants, let alone the new plants.
- The government had ignored the infrastructure availability like roads etc., and environmental clearances required for such projects and therefore set an unrealistic target to begin with, and the revised target is also unrealistic as well.

- | | |
|-------------------------|-----------------|
| A. i and ii | B. i and iii |
| C. i, iii and iv | D. ii, iv and v |
| E. i, ii, iii, iv and v | |

(3 Marks)
(2011)

Answer Questions 26 and 27 on the basis of the paragraph below

The CEO of ABC Telecom Ltd. (ABC) is in a quandary since he received the telephone call in the morning from his counterpart at LMN Telecom Ltd. (LMN). Both companies were engaged in a bitter experience a couple of years ago when they had attempted to merge with the intention of creating a behemoth telecom company, possibly the largest in the world. The merger had fallen through due to opportunistic behaviour on the part of Mr. Das, then CEO of LMN. During the time the merger talks were taking place, Mr. Das had also approached a few other suitors for LMN in an attempt to force ABC to pay a higher price. Further, there were reports of attempts by management of LM to scuttle the deal. Back then, ABC had also faced stiff opposition to the deal from one of its large shareholders.

Since then, a lot has changed for both companies. The bleak economic conditions due to recession had led to a drastic fall in the market value of both companies, with ABC comparatively losing much more in terms of market value. Raising money has become more difficult for both companies, especially for LMN. On the brighter side for ABC, the opposing shareholder had recently sold off his stake to another investor who earlier had supported the original merger deal with LMN a couple of years ago.

26. Which of the following would be the most appropriate line(s) of thought for the CEO of ABC to adopt in response to the offer by LMN?
- Once bitten twice shy. There is simply no way I can think of resuming talks with LMN after their unethical behaviour the previous time around. I would rather spend my time on merger discussions with other companies.
 - The deal may make less business sense this time around. However, if it goes through, I will become the CEO of the world's largest telecom company. So let us try our luck once more.
 - I will resume talks only if they provide guarantees as to the reimbursement of our expenses incurred, in the event of the deal not materializing.

- Let me not be biased against dealing with LMN. If we can secure the deal at a reasonably low price, benefiting our shareholders, let us go ahead with it.
- I am not sure if we can raise the money now. In any event, they are the ones facing greater financial problems. So let's not hurry now. We might have an opportunity to buy them out at a cheaper price later.

- | | |
|---------------|--------------|
| A. i and iii | B. ii and iv |
| C. ii and iii | D. i and iv |
| E. iv and v | |

(3 Marks)

(2011)

27. The merger of ABC and LMN has been confirmed after detailed negotiation with LMN holding the majority share of the resultant entity. LMN has financed the merger by taking debt at higher-than-market interest rates from its bankers, in the hope that it would be able to streamline operations and reduce costs in the resultant entity which will allow it to repay the loan. If you were an investor looking to invest in telecom companies, which of the following could be the strongest reasons for staying away from investing in resultant entity?

- The new entrants in the telecom market were coming with better offers for the customers.
- The market would be as competitive as ever for the resultant entity, thus providing no guarantee for success.
- The combined management did present have any grand strategies to the investors.
- ABC's management was giving in to Mr. Das who was a known opportunist.
- LMN was using high cost debt to purchase another company in the same industry facing similar problems, with no visible advantage for the combined entity over competitors ..

(3 Marks)

(2011)