

**XAT 2008 to XAT 2018**

**Decision Making**

**Questions and Answers**

**Ravi Handa**

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### INTRODUCTION

Questions on Decision Making have been asked in XAT for quite a few years. However, their importance has gone up drastically since 2012. Prior to that, you could expect 8 to 10 questions on Decision Making in the Analytical Reasoning section. In 2012, Decision Making became a section of its own and if you were to look at it purely from a scoring perspective – it make the most important topic for a student who is planning to write the XAT. It so happened because Quantitative Aptitude, Data Interpretation, Logical Reasoning and Verbal Ability – none of them had a full section on their own. They had to share the limelight, so to say, with some other related topic. In 2012, there were 25 questions in the Decision Making section. It even had some questions which were of 1.5 marks instead of the standard 1. The XAT paper in 2013 also had 25 questions, although all questions were of 1 mark each. The XAT paper in 2014 had 24 questions. This year i.e. XAT 2018 is expected to have 20-25 questions in the Decision Making section again. There is no doubt that this would be more than the number of questions on Quant, DI, LR or VA.

These kind of questions require a logical approach and a clear understanding of the situation. It often requires going through large amounts of text and then logically interpreting the information presented. To put it in conventional terms, it is a combination of Reading Comprehension and Logical Reasoning and traditionally students who are good in these two areas tend to do well in the Decision Making section as well.

A good way to prepare for Decision Making would be to look at previous year papers. You can have a look at questions from XAT 2008 to XAT 2017 which would give you approximately 135 questions to practice. These 135 questions will not only tell you your current level of understanding of the topic but if you analyze them properly, it can really make a difference to you final score.

**You can have a look at my Decision Making online coaching course available here:**

<https://www.handakafunda.com/xat-decision-making-general-knowledge-mock-test-series/>

**The course contains:**

- a) Video solutions to all previous year XAT Decision Making Sections
- b) Concepts for understanding Decision Making
- c) 5 sectional mock tests for Decision Making

If you have any questions about it, feel free to call / email me.

**Ravi Handa**

[ravihanda@gmail.com](mailto:ravihanda@gmail.com)

**09765142632**

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**XAT 2008**  
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### **Set 1**

**Answers Questions 1 to 6 based on the information given below.**

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 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 a 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 that reported to him, so as to take unbiased decisions. After the 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 the night shift. For them, he had drawn up the contracts unilaterally benchmarking the wages of supervisors of the night with that of the 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 it being affected. 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, with his demands for a better wage. Mr. Thakur stood up and told Ram Lal to get out of his office and express his grievance through official channels. 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.
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 had 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

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.

4. Out of the following, which one seems to be the most likely cause of Ram Lal's grievance?

- A. 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.
- B. His being in the night shift had worked to his disadvantage as he could not interact with the management regarding his problem.
- C. He was not allowed to meet chairman of the board of directors of the company
- D. 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.

E. All of these.

5. Apart from the supervisors working in the night shift, executives of which department will have most justified reasons to be disgruntled with Mr. Thakur's initiative?

1. Production department - for not being consulted regarding the behaviour of the supervisors on the shop floor.
2. Finance department - for not taken into confidence regarding the financial consequences of the wage contracts.
3. Marketing department - for not being consulted on the likely impact of the wage contracts on the image of the company.
4. Quality control - for not being able to give inputs to Mr. Thakur on how to improve quality of steel making process.
5. 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

6. Which of the following managerial attributes does Mr. Thakur seem to lack the most?

- A. Emotional instability under pressure.
- B. Proactive problem solving.
- C. Ethical behaviour.
- D. Emotional stability under pressure.
- E. Independent decision making

**Answer 1: B**



**Answer 2: E**

**Answer 3: B**

**Answer 4: B**

**Answer 5: C**

**Answer 6: D**

### **Individual Questions:**

7. Seema was a finance manager in an MNC and felt that gender discrimination at work place 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 last 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 so. 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.

8. You, a recruitment manager, are interviewing Mayank, a hardworking 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 organisation because of his poor communication skills.

9. The city of Nagar has a population of 10 million, 2 millions amongst whom are rich, 3 million poor and 5 million belong to the middle class. Saundarya Cosmetics

manufactured and sold beauty product 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.

10. 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 and improved product that is bug-free at the earliest.
- E. Take the product off the market and apologize to customers.

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**Answer 7: A**

**Answer 8: B**

**Answer 9: B**

**Answer 10: A**

**XAT 2009**

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**Set 1**

**Read the following caselet and choose the best alternative (Questions 1 to 4):**

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 footfall in Jamshedpur. A franchisee in Patna had sales revenue varying from 1-2 lac rupees per month with profit margin in the range of 25-30%. Satisfied, Shekhar decided to proceed.

Soon, he was on the lookout 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 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 touched 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 the highest ratio of teenagers. But, Shekhar was not in favour of Sakchi due to its low image. He expected to target college going crowd in Bistupur.

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

1. How best should Shekhar resolve his confusion?
  - A. By investing in the franchise.
  - B. Do not invest in the franchise and look for different brand name.
  - C. Go back to Singapore and start looking for a job.
  - D. Do a further in-depth study to find the drivers and potential of the business.
  - E. Approach another music company for setting up a franchise.
  
2. Suppose sales in Patna and Bistupur are likely to be the same, how many years would it take for Shekhar to recoup the investment (consider zero inflation)?
  - A. Less than five years.
  - B. Less than seven years.
  - C. Less than eight years.
  - D. Less than nine years.
  - E. Maybe never.
  
3. What could be the most likely reason for Shekhar's bias in favour of Bistupur?
  - A. Presence of college going crowd, as he felt they were the customers for the latest music.
  - B. Crowded (hoi polloi) image of Sakchi.
  - C. It was difficult for Shekhar to associate non-Bistupur areas with good quality products.
  - D. Higher rentals in Bistupur.
  - E. Patronage of Bistupur shops by executives and their families.
  
4. Which one of the following is the most important decision criterion in such a business situation?

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- A. Financial capability of entrepreneur.
- B. Changes in music industry.
- C. Future market growth.
- D. Profitability of business in first couple of years.
- E. Real estate prices.

**Answer 1: D**

**Answer 2: E**

**Answer 3: E**

**Answer 4: C**

### **Set 2**

**Read the following caselet and choose the best alternative (Questions 5 to 8)**

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 problems of employees.

About three months later, Rabindra happened to visit the plant during 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.

5. The options below give combinations of possible root cause of the problem and the justifications thereof. Given the details in the case, which one can be inferred to be the best option?
  - A. Hiring of Om. Reason: That ensured Om was perpetually casual towards his duties.
  - B. Om favouring to work during the night shift. Reason: Absence of Rabindra ensured that Om could relax.

- C. Rabindra's bias against Om. Reason: Rabindra had been assigning too many night shifts to Om while for other supervisors he was lenient.
- D. Rabindra jumping to conclusions. Reason: He should have investigated whether Om had carried out his duties.
- E. Rabindra's firing of Om. Reason: It led to a clash between Rabindra and Mr. Bhiwani.

1. 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?
  - A. Revoke Rabindra's order. It can be communicated to others that firing was too severe a punishment for such a small incident of indiscipline.
  - B. Ask Om for clarification. It can be communicated that since Om had clarified regarding his duties, the order has been taken back.
  - C. Declare Rabindra's order as void. Reiterate officially the disciplinary processes that need to be followed by managers along with their scope of authority.
  - D. Ask feedback from other employees on the shop-floor regarding Om's performance. This can be used to revoke Rabindra's order.
  - E. Take the feedback of other F&S supervisors as to the work involved during night shift. This would better explain Om's behaviour.
  
2. Out of the options below, which one best summarizes the learning from the solitaire incident?
  - A. Managers often do not take any responsibility towards training juniors.
  - B. People tend to become relaxed during night shift and require surprise checks to keep them on their toes.
  - C. Certain roles would have different ways of carrying out their duties.
  - D. Having relatives in the same organisation can be a source of potential problems.

E. Managers tend to allocate silent people to difficult positions.

3. Of the options below, which could have been a better response from Mr. Rabindra when he saw Om playing?

- A. He should have clarified about his authority to fire employees.
- B. He should have informed Mr. Bhiwani about the incident and asked him to take necessary action.
- C. He should have asked the employees of the shift regarding Om's performance of his duties.
- D. He should have checked if Om had done his duties or not.
- E. He should have checked the production levels in the shift to see if it was as required.

**Answer 5: D**

**Answer 6: B**

**Answer 7: C**

**Answer 8: D**

**XAT 2010**

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### Set 1

**Directions (Qs.1 to Q4): Read the following case and choose the best alternative.**

#### 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 realised 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 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 realised 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.

1. Should Bhola still think of doing business?

- A. Yes, where there is a will, there is a way.
- B. No, saving the Earth for our children is more important than earning money.
- C. Yes, Bhola should do business while ensuring no environmental damage is done.
- D. Yes, but only if the government puts strict environmental regulations in place.
- E. Bhola should stop thinking about such a dilemma.

2. Bhola wanted to advise the government about the new tourism policy. Bhola had developed a few alternatives as given below. Choose the best alternative.

- A. Stop environmental degradation by stopping the developmental activities.
- B. Forget about the environment; think about the people as they are the vote banks for politicians to come back to power.
- C. Suggest that the government should try to promote eco-tourism, which would be controlled and regulated by the government, as the welfare of majority of stakeholders.
- D. Suggest that the government should promote eco-tourism with public-private partnerships 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.
- E. Involvement of impartial entities like NGOs who would provide a fair assessment of the policies.

3. 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.

- A. Charge environmental cess from all businesses operating out of Himalayas.
- B. Charge cess from anyone who pollutes the environment, it be citizens or industries and reward those who have contributed to afforestation the most.
- C. All profit making organisations have to take responsibility of afforestation proportionate to their profitability.
- D. Think about maximising the revenues and forget about the environment.
- E. Institute a Green Valley Reward, which would be given to businesses highly active in afforestation efforts.

4. 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.

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If Bhola were to consider this accusation as a short-term battle, which option would Guruji suggest to Bhola to score a quick win?

- A. Accuse the opposition of having vested interests as the opposition leaders were denied licences for opening new hotels.
- B. Point out the improvement in environment since the implementation of pro-environment policies.
- C. Compare the unemployment levels since the implementation of the pro-environment policies and if they are less, accuse the opposition of making baseless charges.
- D. 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.
- E. Call the charges as baseless accusations being used to malign the good work he had done.

**Answer 1: C**

**Answer 2: D**

**Answer 3: B**

**Answer 4: D**

### Set 2

**Directions (Qs. 5 to 7): Read the following case and choose the best alternative.**



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 most 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 has high bargaining power with IRC and can change any decision that is not aligned with its interests. 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 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 from abroad before returning to join politics.

He is a great soccer player and has major reservations against racket. According to him, racket has 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 decision on this controversial issue.

5. 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:

- A. Force Racket Club to accept all modifications related to drug testing
- B. Provide adequate security protection to the satisfaction of players nominated by Racket Club before enforcing drug testing.
- C. Align with Counter Racket Club
- D. Popularise soccer in country through endorsements by the popular players of racket.
- E. Ban racket.

6. Identify the best rationale that may force Ranjan as a politician to take a decision in favour of IRC.

- A. President of Racket Club and Ranjan belong to different political coalitions and he can use Counter Racket Club against the opponent.
- B. Next World cup is scheduled to be held in a country which has adopted DTC as the guiding.
- C. Ranjan is interested in reducing the popularity of racket in country.
- D. As the cabinet minister, Ranjan has the power to take such a decision.
- E. Top three international teams (and respective national clubs) are keen to implement DTC.

7. According to DTC, each athlete/sportsperson need 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.

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:

- A. 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.
- B. Popular racket players are included in the hit list of terrorist organisations.
- C. Recent report by World Bank rates their country among the top five nations with maximum amount of internet based data stealing.
- D. 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.

**Answer 5: B**

**Answer 6: B**

**Answer 7: D**

### Set 3

**Direction for questions 8 to 10: Read the passage given below and solve the questions based on it.**

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 (Rs 2.15 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 improvement 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.

8. 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 travelling 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

9. 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

10. Suppose fuel constitutes 30% of the revenues, do you think airlines would be in a better situation by reducing their fare?

- A. Yes  
B. Data insufficient to reach decision  
C. No  
D. It would not matter

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E. None of the above

**Answer 8: A**

**Answer 9: D**

**Answer 10: B**

**XAT 2011**

**Decision Making**

**Questions and Answers**

**Individual Questions:**

1. 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 chairman 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?

**(3 marks)**

- i. 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.
- ii. The actions of the mid-level management are not in line with the objectives laid down by the top management.
- iii. The delays have been due to difficulties in obtaining funds at reasonable interest rates on account of the recessionary conditions.
- iv. 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.
- v. 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 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

2. Wind turbine maker Leone Energy posted a net loss of Rs. 250 crore for the fourth quarter ended March 31, 2010 as against a net profit of Rs. 350 crore in the same quarter a year-ago. In the financial year 2009-10, the company clocked a gross income of Rs. 6,517 crore, as against Rs. 9,778 crore in the previous year. Leone Energy clocked a loss of Rs. 1,100 crore in 2009-10, as against a net profit of Rs. 320 crore in 2008-09. The sales revenues stood at Rs. 22,400 crore for the year, approximately 21 per cent less against Rs. 28,350 crore last year. For the financial year ending March 31, 2010, Leone Energy's sales volume (in terms of capacity of projects executed) was 4,560 MW from 2,935 MW a year ago. The CEO of Leone Energy in his message to shareholders suggested that the poor performance of the company was the result of adverse economic conditions during the year ended March 31, 2010.

You are a shareholder owning 5% of the shares of Leone Energy, have seen the stock price decline by more than 50% during the year 2009-10, and are quite upset with the way the management has been handling the business. You have decided to confront the management at the next shareholders' meeting and have chosen the following 5 points to argue against the CEO's version of the story. In light of the above paragraph, select the most appropriate order of these 5 statements that you, as a disappointed shareholder, should adopt as a stringing and robust preface in your case against the management in front of the management and other shareholders.

**(3 marks)**

- i. The management is not doing its best to maintain the profitability of the company.

- ii. The company has actually increased its sales volume during the year under consideration.
- iii. The adverse economic conditions have led to a worldwide increase in the adoption of alternative energy sources, reflecting in all time highest profits for wind turbine makers in both developed and developing countries.
- iv. The management has been lax with its employees as the management enjoys a large set of benefits from the company that they would have to forgo if they became strict with employees.
- v. The company is trying to increase sales by charging lower, unprofitable prices.

- A. ii, iii, i
- B. i, iii, ii
- C. ii, V, iii
- D. iii, ii, v
- E. v, ii, iii

**Answer 1: C**

**Answer 2: D**

### Set 1

**Answers Questions 3 to 4 based on the information given 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 LMN 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.

3. 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?

**(3 Marks)**

- i. 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.
- ii. 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.
- iii. 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.
- iv. 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.

v. 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 iii

C. iv and v

D. i and ii

E. i and iv

**4.** 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? **(3 Marks)**

A. The new entrants in the telecom market were coming with better offers for the customers.

B. The market would be as competitive as ever for the resultant entity, thus providing no guarantee for success.

C. The combined management did present have any grand strategies to the investors.

D. ABC's management was giving in to Mr. Das who was a known opportunist.

E. 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.

**Answer 3: C**

**Answer 4: E**

### **Set 2**

**Answers Questions 5 to 8 based on the information given below.**

Chetan Textile Mills (CTM) has initiated various employee welfare schemes for its employees since the day the mill began its operations. Due to its various welfare initiatives and socially responsible business practices, the organisation has developed an impeccable reputation. Majority of the regular workers in Chetan Mills had membership of Chetan Mills Mazdoor Sangh (CMMS), a non political trade union. CMMS had the welfare of its member as its guiding principle. Both CTM and CMMS addressed various worker related issues on a proactive basis. As a result no industrial dispute had been reported from the organization in the recent past.

These days majority of the employers deploy large number of contract labourers in their production processes. In an open economy survival of an organization depends on its competitiveness. In order to become competitive, an organization must be able to reduce cost and have flexibility in employment of resources. Engaging workers through contractors (contract labourer) reduces the overall labour cost by almost 50%. Indian labour legislations make reduction of regular workers almost impossible, but organisations can overcome this limitation by employing contract labourers. Contract labourers neither get the same benefit as regular employees nor do they have any job security. According to various recent surveys, government owned public sector units and other departments are the biggest employers of contract labourers in the country. Contractors, as middle-men, often exploit the contract labourers, and these government organizations have failed to stop the exploitation.

Over time CTM started engaging a large number of contract labourers. At present, more than 35% of CM's workers (total 5,000 in number) are contract labourers.

CMMS leadership was wary about the slow erosion of its support base as regular workers slowly got replaced by contract workers and feared the day when regular workers would become a minority in the mill. So far, CMMS has refused to take contract labourers as members.

Recently, based on rumours, CTM management started to investigate the alleged exploitation of contract labourers by certain contractors. Some contractors felt that such investigations may expose them and reduce their profit margin. They instigated contract labourers to demand for better wages. Some of the contract labourers engaged in material handling and cleaning work started provoking CTM management by adopting violent tactics.

Today's news-paper reports that police and CTM security guards fired two or three rounds in air to quell the mob. The trouble started while a security guard allegedly slapped one of the contract labourers following a heated argument. Angry labourers set fire to several vehicles parked inside the premises, and to the police jeeps.

**5.** In the wake of recent happenings, what decision is expected from CTM management? From the combinations given below, choose the best sequence of action. **(4 marks)**

- I. Stop the current investigation against the contractors to ensure industrial peace; after all allegations were based on rumours.
- II. Continue investigation to expose exploitation and take strong actions against trouble makers.
- III. Get in direct touch with all contract labourers through all possible means, communicate the need for current investigation to stop their exploitation, and convince them regarding CTM's situation due to competition. Also expose those

contractors who are creating problems.

IV. Promise strong action against the security guards who are guilty.

V. Increase the wages of contract labourers.

A. I, V

B. I, II

C. II, V

D. III, IV

E. III, V

**6. In the current context, which among the following represent the most suitable reaction from CMMS leadership? (5 marks)**

A. Distance CMMS from the episode and explain that CMMS is not involved in the fiasco through a press conference.

B. Offer membership to contract labourers, which would put the contract worker at par with the regular workers in CMMS.

C. Do not offer membership to contract labourers, but represent their interests during negotiation in order to prevent the formation of another union in CTM.

D. Start another union exclusively for contract labourers of CTM.

E. Adopt a neutral stand in public, and pass on information related to problem creators to the CTM management.

**7. Out of the options given below, which one would be the best policy decision by government at the national level? (2 marks)**

A. Asking CTM management to pay same wages to both regular and contract workers.

- B. Income tax raids in offices of contractors under investigation.
- C. Setting up a new labour welfare office within CTM premises.
- D. Setting up a new committee to make recommendations for changes in labour legislations with an objective to reduce exploitation of contract labourers.
- E. Use entire government machinery to support CTM, which has an impeccable track record.

**8.** The criminals in the surrounding area often took their cue from the situation in the mill, creating law and order problems outside the mill which would later make it difficult for workers to come to mill safely. Given the circumstances, identify the stakeholder that should be the immediate priority of CTM management. **(1 Mark)**

- A. Contract labourers who were allegedly beaten by the security guard of the company.
- B. District administration that is concerned about the spread of violence.
- C. CMMS that prefers an immediate settlement of the issue.
- D. Customers who are concerned about prices and regular supplies.
- E. Contract labourers who are demanding job security and same wages as regular employees.

**Answer 5: D**

**Answer 6: C**

**Answer 7: D**

**Answer 8: E**



### Set 3

**Answers Questions 9 to 12 based on the information given below.**

In the country of Gagan, air travellers can buy their tickets either directly from the airlines or from three websites that are licensed to offer ticketing services online. In Gagan most of the commercial transactions are done electronically, and all citizens have an account with its national bank CeeCee. As a result the three websites have become popular and each transaction through these websites carries a surcharge of Gs. 250 (Gs. refers to Guppes, currency of Gagan). Given below are four post new-year (January 2, 2011 to February 28, 2011) offers from three competing websites:

**Cozy\_travel Offer:** Make a confirmed booking for any service (flight ticket, hotel or rail tickets) through Cozy\_travel.com from December 5, 2010 to February 8, 2011 and become eligible for two free air tickets (offer is limited to the base fare). Free tickets have to be booked through online request from January 1, 2011 to February 28, 2011. The request for free tickets should be submitted at least twenty-one days in advance. Free tickets are non - amendable (except the passenger name) and cannot be cancelled. Free ticket cannot be exchanged for cash or kind with anybody. Cozy\_travel will try its best to secure the free ticket as per the request. However, ticket confirmation is subject to airline schedule and set availability in airlines selected and finalized by Cozy\_travel from specific available airlines.

**Cool\_yatra Offer:** Book any air ticket of any airline on Cool\_yatra.com on or after December 21, 2010 and get your next ticket free. Under this offer, only the base fare of free ticket will be refunded by Cool\_Yatra.com. Customer will have to bear rest of the charges (other fees and surcharges). The value of base fare will be refunded to passenger on/after March 1 or fifteen days after completion of travel on free ticket (whichever is later). The free ticket can be booked only on GagaAir flights. The free ticket must be booked within fifteen days of booking the original ticket and the travel date of free ticket must be fifteen days after the booking date of free ticket. There must be a seven day gap between the travel date of

main/original ticket and the free ticket. The travel date of free ticket should be on or before February 28, 2011. The free ticket cannot be transferred. On cancellation of the original ticket(s), you no longer remain eligible for the free ticket(s).

**Easy\_travel Cash Back Offer:** Easy travel offers 25% cash back on all air ticket bookings between December 5, 2010 and February 28, 2011 using CeeCee net banking service or its debit/credit card. The cash back amount will be credited back to customers account within twenty-one days from making the transaction. Maximum cash back during the period is Gs. 400 per person per ticket and total amount that can be claimed by the customer is Gs. 2,400.

**Ek Ke Sath Ek Offer from Easy\_travel:** Book an AirSpice ticket with Easy\_travel using any credit/debit card, and get another ticket absolutely free. The free tickets will be issued on AirSpice on its entire network. The offer is valid for sale from January 11, 2011 to January 31, 2011. The free ticket must be booked at least fifteen days prior to the date of travel and need to be completed within the offer period. The promotion code for the free ticket will get activated only seven days after booking the main ticket. Easy\_travel will charge a handling fee of Gs. 1000/- per person for any amendments made on main ticket. Cancellations of tickets purchased under this offer are not permitted. The free ticket obtained under this offer cannot be exchanged for cash and cannot be rerouted.

9. Which offer has got the maximum chance for becoming the most popular among the air travellers of Gagan during post new-year period?

Among the following options, choose the best offer-explanation combination.

**(3 marks)**

A. Cozy\_travel, because the customers will get twice the number of flights and offer is applicable for all services provided by Cozy\_travel.

B. Cozy\_travel, because it allows any customer to transfer the free ticket to any one if they are not interested in using it.

C. Ek ke sath ek offer from Easy\_travel, because it offers absolutely free tickets to all customers.

D. Cash Back offer from Easy\_travel, because all other offers are restricted either in terms of airlines to choose or the period of offer.

E. Cozy\_travel, because it allows customers to use free tickets even after post new-year period.

**10.** Suppose the offer from Cool\_yatra became the most popular, and the other two agencies have sought help from business consultants to make their offers more attractive. Identify the best recommendation among the following. **(3 marks)**

A. Recommendation for the Ek Ke Sath Ek Offer of Easy\_travel: Negotiate with GagaAir to come up with an offer that provides one free ticket for every main ticket booked in AirSpice.

B. Recommendation for the Cash Back Offer of Easy\_travel: Ensure that cash back amount will be credited back to customer's account within fifteen days.

C. Recommendation for the offer from Cozy\_travel: Reduce the number of free tickets to one and applicable only for air ticket booking (not for other services), but allow customers to book their free tickets from Cozy\_travel.com in GagaAir or comparable airlines without any date restrictions.

D. Recommendation for the Ek Ke Sath Ek Offer of Easy\_travel: Negotiate with GagaAir to come up with an offer that provides one free ticket for every main ticket booked in GagaAir and run both offers simultaneously.

E. Recommendation for the offer from Cozy\_travel: Do not allow customers to transfer tickets to others, but disclose that Cozy\_travel will consider both GagaAir and AirSpice flights that connect all cities in Gagan for issuing free tickets.

**11.** Jagan is appearing for MAAT exam on January 2, 2011, in a city which is not his home town and he is yet to book the air ticket to reach his hometown from MAAT center. Based on his MAAT performance, he is confident about getting an interview call from the institute of his choice located in Akashpur. All institutes associated with MAAT will contact the short-listed candidates within next two weeks with venue details and date of interview. Interviews will be scheduled within fifteen days

from the date of announcement of shortlist, and will be held at the respective institutes. Jagan's hometown, MAAT centre, and Akashpur are connected by all airlines and the base fares start at Gs. 1,000. While visiting Akashpur for the interview, Jagan will have to put up in a hotel. The minimum charge for booking a hotel in Akashpur through Cozy\_travel is Gs. 2,400. Equally good hotels which are not listed in the Cozy\_travel website charge Gs. 1,000. All the three travel websites assure a minimum of one free air ticket for every booking. If Jagan has no other reason to fly, which of the following offers should Jagan go for? **(3 marks)**

- A. Ek Ke Sath Ek Offer of Easy\_travel.
- B. Get the flight ticket and hotel booking from Cozy\_travel. He should use confirmed free ticket for return journey and exchange extra ticket (if any) on barter basis.
- C. Get the flight ticket through Cozy\_travel, and use the second ticket if available for the return journey.
- D. Get the flight ticket from Cool\_yatra.
- E. Get the flight ticket and hotel booking through Cozy\_travel, and use free tickets for return journey.

**12.** Janaki needs to reach Khilli on January 28 to visit her uncle, and will return after fifteen days. Janaki found that the minimum fare for both the to and fro journeys is Gs. 5,000 which includes Gs. 1,200 base fare. If all airlines connect Janaki's city to Khilli, and all three offers (except the Cash Back Offer) ensure minimum of one free air ticket. Which of the following should Janaki opt for? **(3 marks)**

- A. Ek Ke Sath Ek Offer of Easy\_travel
- B. Cash Back Offer of Easy\_travel
- C. The Cozy\_travel offer
- D. The Cool\_yatra offer

E. Buy air tickets directly from airline websites

**Answer 9: B**

**Answer 10: C**

**Answer 11: D**

**Answer 12: C**

**XAT 2012**

**Decision Making**

**Questions and Answers**

### Set 1

**Answer question nos. 1 and 2 on the basis of the following letter.**

To the Chairman:

Dear Mr. Sailesh,

At the December 3, 2011 meeting, it was decided that no two officers would hold positions on the same committee. It has recently come to my attention that both Chaitanya Rao and Ajit Singh will be serving in some capacity on the Cultural Committee, and both have been nominated for officer status. As you know, this is in direct disregard for the rules as voted by the Members Council last December 3, 2011. I would hope that sufficient action be taken by the Disciplinary Committee (on which committee both of the above are members) so that this problem will be remedied.

Sincerely,

Arvind Singh

**1. Which of the following is an essential flaw that the writer of the letter overlooked? (1 Mark)**

A. Rao and Ajit are already serving together on the Disciplinary Committee.

- B. The Chairman has no power in the matter.
- C. The Members Council cannot pass rules limiting members.
- D. Rao and Ajit are yet to be confirmed as officers.
- E. Cultural Committee is only active during the annual festival.

**2.** If both the nominations are confirmed, which of the following, exhaustively and reasonably, describes actions that may occur in the near future? **(1 Mark)**

- A. Arvind resigns his membership.
- B. Either Rao or Ajit resigns his membership.
- C. Ajit resigns his committee post on the Cultural Committee.
- D. Rao resigns his position on the Cultural Committee.
- E. Either Rao or Ajit resigns his position from the Cultural Committee, and the other resigns his position on the Disciplinary Committee.

**Answer 1: D**

**Answer 2: E**

### Set 2

**Answer question nos. 3 to 5 on the basis of the information given in the following case.**

Due to increased competition, Ginger Automobiles, the Indian subsidiary of Pepper Automobile Company (PAC) reported lower sales and profits. PAC expects its new model Limo, developed especially for value conscious customers of India and China, would revive its fortunes. In order to prevent customers from buying competing products, PAC announced the launch of Limo six months before schedule. Due to

unrest in its Indian supplier's plant, deliveries of essential components for its main plant were hampered, and hence it decided to launch Limo in China only as per the original plan. Within a short span of time, Limo captured 30% market share in China, which was 200% higher than expected. Indian customers who had looked forward to purchasing Limo were becoming increasingly unhappy to the non-availability of Limo in the India. Ginger's dealers were worried about loss of business from the customers who might switch to other cars.

3. Statement I: In the Chinese market, Baft, and Hebe, are competing models in Limo's target market. Due to increase in sales of Limo by 200%, Baft and Hebe saw their market share decline by 10%.

Statement II: Baft and Hebe were not desired by the customers due to their new features. Which of the following conclusions can be most justifiably made? **(1 Mark)**

- A. I alone
- B. II alone
- C. Either I or II
- D. Neither I nor II
- E. I and II together

4. Unhappy customers will not only leave the company, but also spread negative publicity about the company. The best way, among the options below, to deal with customers is: **(1 Mark)**

- A. Suggest to customers to wait.
- B. Suggest to customers to consider purchasing any of the other PAC's models available in showrooms, with a substantial discount along with a gift.
- C. Suggest to PAC to treat Indian and Chinese markets equally.
- D. Promise the top management of PAC higher sales/profit from Indian market compared to Chinese market.
- E. Suggest to the top management of PAC to manufacture essential components in either India or China.

5. Mr. Murugan from Chennai experienced the comfort of Limo during his visit to China. He was willing to deposit an approximate price of Limo to buy the first



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available unit from Mr. Ahmed, a dealer in Chennai, known for fair dealing. Ginger Automobile is yet to announce the actual price, and the process for allocation of the vehicles. In order to maximize his cash flow, Mr. Ahmed should **(1 Mark)**

- A. Collect the amount from Mr. Murugan. Later when the delivery is delayed, blame it on PAC's problems.
- B. Collect 50% as advance and the remaining 50% after the confirmation of launch date by Ginger Automobiles.
- C. Collect the amount Mr. Murugan is willing to deposit after clarifying that delivery is subject to the company policy.
- D. Not collect the amount, but suggest to Mr. Murugan to write to Ginger Automobiles.
- E. Collect the amount and transfer it to the account of Ginger Automobiles, instead of keeping it in his personal account.

**Answer 3: D**

**Answer 4: B**

**Answer 5: C**

### Set 3

**Answer question nos. 6 to 9 on the basis of the information given in the following case.**

Tina, a blast furnace expert, who works as a technology trouble-shooter stays in Jamshedpur. She has got an important assignment in Delhi, which requires six hours to complete. The work is so critical that she has to start working the moment she reaches the client's premises. She is considering various options for her onward and return journey between Jamshedpur to Delhi. A quick search revealed that ticket from Jamshedpur to Delhi is available in two trains. Trains 12801 and 12443 depart from Jamshedpur station at 06:45 hrs and 15:55 hrs and reach Delhi next day at 04:50 hrs and 10:35 hrs respectively. Trains 12444 and 12802 start from Delhi at 17:20 hrs and 22:20 hrs and reach Jamshedpur next day at 10:35 hrs and 20:05 hrs respectively. Another option is to reach Ranchi by a three hour road trip and take a flight to Delhi from Ranchi. The distance between Ranchi and Delhi is covered in 105 minutes both-ways by any of the scheduled flights. Air India operates two flights, AI 9810 and AI 810, which depart Ranchi at 8:00 hrs and 15:25 hrs respectively. Flight number IT-3348 operated by Kingfisher Airlines departs Ranchi at 19:20 hrs, Return flights operated by Air India, AI 9809 and AI 809, depart Delhi at 5:50 hrs and 11:00 hrs respectively. Flight number IT-3347 operated by Kingfisher Airlines departs Delhi at 17: 10 hrs. From Tina's home Jamshedpur railway station is five minutes drive, and her destination at Delhi is 90 minutes and 30 minutes drive from airport and railway station respectively. One has to reach the airport at least one hour before the scheduled departure to complete the boarding procedure. At every railway station she loses five minutes in navigating through the crowd.

**6. If Tina wants to minimize the total time out of Jamshedpur, the best option for her, from the options given below, is: (1.5 Marks)**

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- A. AI 9810 and return by IT 3347.
- B. AI 9810 and return by train number 12802.
- C. IT 3348 and return by AI 9809.
- D. T rain number 12443 and return by train number 12444.
- E. AI 9810 and return by train number 12444.

**7.** Tina gets a message that her work has to be completed between 9:00 hrs. and 17:00 hrs. If she wants to minimize the total time out of Jamshedpur, the best option, from the options given below, for her among the following is to go by : **(1.5 Marks)**

- A. Train 12443 and return by Train 12444
- B. Train 12801 and return by Train 12802
- C. AI 9810 and return by AI 9809
- D. AI 810 and return by AI 9809
- E. IT 3348 and return by IT 3347

**8.** Tina has to appear for an exam on 8th of January in Jamshedpur and she can start from her residence in Jamshedpur only after 16:00 hrs of the same day. Choose the option, from the options given below, that will help her to minimize the total time out of Jamshedpur. **(1.5 Marks)**

- A. Go by Train 12443 and return by Train 12444
- B. Go by Train 12443 and return by AI 9809
- C. Go by IT 3348 and return by Train 12801
- D. Go by AI 810 and return by Train 12801

E. Go by AI 9810 and return by AI 9809

9. If Tina decides to minimize the in-between waiting period, the option that she should choose from the options given below, will be:

**(1.5 Marks)**

A. Go by Train 12801 and return by IT 3347

B. Go by Train 12443 and return by Train 12802

C. Go by AI 9810 and return by Train 12802

D. Go by AI 810 and return by AI 9809

E. Go by IT 3348 and return by AI 809

**Answer 6: B**

**Answer 7: E**

**Answer 8: E**

**Answer 9: D**

### Set 4

**Answer question nos. 10 to 15 on the basis of the information given in the following case.**

Teknik Group of industries had businesses in different sectors ranging from manufacturing, construction, fish farming and hotels. These different businesses operated as semi-independent units managed by the unit level managers. Teknik's management had an internal consultancy group called as Business Advisory Group (known internally as BAG). The 15 experts in BAG were hired personally by Mr. Teknikwala, the owner of Teknik, who wanted this core group of experts to help his organization grow fast without facing the typical growth hurdles. Most of them were specialists in fields like law, information technology, human resource management, and operations management. Almost all of them had experience spanning decades in the industry. Whenever any of the units faced any significant problems, the unit level managers would put up a request for help to BAG. The problems ranged from installation of internal MIS systems, to financial advice related to leasing of equipment, to handling of employee grievances. Over a period of 20 years, Teknik's revenues grew from 100 crore to 10,000 crore with guidance of BAG and due to Mr. Teknikwala's vision. Given its reputation in the industry, many people wanted to start their careers in BAG. Often young MBAs, fresh out of business schools would apply. However their applications used to be rejected by Mr. Teknikwala, who had a preference for people with extensive industry experience. Things changed after the unfortunate demise of Mr. Teknikwala. His daughter Miss. Teknikwali took up the family business. She was an MBA from one of the premier business schools, and was working in a different company when Mr. Teknikwala passed away. She preferred that BAG develop new ideas and therefore inducted freshly graduated MBAs from premier business schools.

She personally supervised the recruitment and selection process. Now the entire group constituted of 50 specialists, out of which 35 were the old time members. She

also changed the reporting relationships in the BAG group, with some of the older members being made to report to the new members. In IT team, Mr. Shiv, a newly recruited MBA, was made in-charge. For the older members it was a shock. However, as most of them were on the verge of retirement, and it would be challenging to search for new jobs while competing with younger professionals, they decided to play along. After one month, all business units were caught up in the ERP fever. This was an idea pushed by Ms. Teknikwali who the need the need to replace the old legacy systems with latest ERP system integrating all the units of Teknik. This was heavily influenced by her experience in the previous where an ERP system was already up and running. Therefore she was not aware of the difference between installing an ERP system and working on an already installed one.

The ERP implementation in Teknik Group required extensive coordination with senior level managers of all units and it represented an extra work for those who were involved. This coordination was required to understand the different work processes and the users' requirements. This coordination activity was being extensively managed by the old timers as they were familiar with internal processes and people in the different units. An external consultant was also hired for customisation and implementation. After two months, BAG teams had to fortnightly present their progress to Ms. Teknikwali's team. In the last meeting Ms. Teknikwali was dissatisfied. She explained her thinking that since ERP impacted every spect of the business, the roll out had to be done faster. She wanted Mr. Shiv to get the implementation completed ahead of schedule. In the meeting she asked Mr. Shiv to get the people in IT team to be more productive. Not willing to disagree, Mr. Shiv committed to a roll-out schedule of complete ERP system in 6 months instead of earlier decided 14 months. Next day, Mr. Shiv presented the revised project milestone to BAG members. He told them that in order to meet the deadline, the members were expected to work on week-ends till the completion of the project. Along with that, they were also expected to maintain their earlier standards of delivery time and quality for the normal troubleshooting and internal advisory work. Mr. Shiv also pointed out that anyone whose performance did not meet the expectations would be subjected to formal disciplinary action.

The meeting ended without any member commenting on Shiv's ideas, although Mr. Shiv heard a lot of mumbling in the corridor. Over the week, Shiv noticed that the members seemed to avoid him and he had to make extra effort to get ideas from

them. After a fortnight Shiv reviewed the attendance register and found that Mr. Lal, an old time member, had not come during the weekends and certain decisions were held up due to lack of inputs from Mr. Lal. Mr. Shiv issued a written reprimand to Mr. Lal. He was speechless on receiving the reprimand but kept silent. It has been three days since that incident. Some of the senior members had put in request for transfer to other business units. It was rumoured that four senior legal experts had agreed to an offer from a law firm. Other senior members would sporadically come in late to work, citing health reasons. Almost all senior members now wanted a weekly work-routine to be prepared and given to them in advance so that they could deliver as per the schedule. This insistence on written communication was a problem as urgent problems or ad-hoc requests could not be foreseen and included. Also, normal services to other business units were being unattended to, and there were complaints coming from the unit heads.

**10.** Which of the following could have been a better response of Mr. Shiv to Ms. Teknikwali's request to re-schedule the ERP implementation? **(1 Mark)**

- A. Look at industry best practices regarding fast-tracking of ERP projects and then commit to a new deadline.
- B. Consult the external consultant who was involved with ERP customization implementation.
- C. Create a smaller team of all the new recruits of BAG and present the idea to them alone.
- D. Eliminate the reliance on external consultants as they would be slow.
- E. Present the idea to BAG members and ask them to look at the feasibility of the entire plan.

**11.** Which of the following can be identified as the immediate cause for the problems in BAG? **(1 Mark)**

- A. Ms. Teknikwali's decision to appoint Mr. Shiv as project lead for ERP implementation.
- B. The incompetence of the consultant who was implementing the ERP project.
- C. Lack of information about what was happening in the ERP project.
- D. Infighting between new recruits and the older members of BAG group.
- E. Unilateral decision making by Shiv.

**12.** How should Mr. Shiv cope with the situation now? Choose the best option, considering Mr. Shiv's career would be at stake if the ERP project fails, and assuming that for carrying out the options, he has the necessary authority to do so. **(1.5 Marks)**

- A. Resign from BAG. The project cannot be done as per the re-scheduled time-table. Get a job in another company based on BAG's brand-name.
- B. Inform Ms. Teknikwali about the situation and get help from her to deal with the old time members. Some old members need to be fired so that others are also disciplined.
- C. Align the new members of the BAG group to his side by promising them rewards at end of the project. Obtain approval from Ms. Teknikwali for the same.
- D. Develop work-routines aligned to the ERP project requirements. Hire extra resources for dealing with other ad-hoc requirements and for the ERP project requirements.
- E. Create a joint team of old members and new members within BAG to take care of ad-hoc requirements. They would be socialized in outbound programmes like mountaineering etc., which will be conducted during week-ends.



**13.** Of all the problems being faced in BAG, which of the following is neither discussed nor hinted at? **(1 Mark)**

- A. Ms. Teknikwali's lack of faith on older members to implement new ideas.
- B. The inability of the younger members to work along with the older members of BAG.
- C. Mr. Shiv's intention to impress Ms. Teknikwali by agreeing to a tougher deadline.
- D. Ms. Teknikwali's lack of understanding of the complexity of an ERP implementation.
- E. Mr. Shiv's lack of understanding of the sensitivities of the older members of BAG.

**14.** After her father's demise, the best way Ms. Teknikwali could have gone about dealing with BAG group would have been to: **(1 Mark)**

- A. Discuss with the members as to what their views were about the company and solicit ideas on how to make it grow further.
- B. Retire the entire team and hire a fresh team according to her criteria and her requirements.
- C. Hire an external consultant who would have interacted with the BAG members on her behalf.
- D. Ask the unit managers about the performance of the BAG group's performance and productivity. After that have discussion with BAG members about unit managers' performance.
- E. Break down BAG into different sub-groups. It would be easy to tackle one sub-group at a time and do what she wanted to achieve.

**15.** It can be inferred from the above case that implementation of an ERP package in an organization requires creation of a team that has:

**(1 Mark)**

- A. a mixture of experienced employees and newly graduated employees
- B. only young people with education in top schools and colleges

- C. sufficient number of people who are networked with powerful stakeholders in the organization
- D. right amount of problem solvers along with those who are abreast of the latest ERP technology
- E. people who have been involved with operations for a long duration of time along with people who are aware of the latest in ERP technology

**Answer 10: E**

**Answer 11: E**

**Answer 12: D**

**Answer 13: B**

**Answer 14: A**

**Answer 15: E**

**Set 5**

**Answer question nos. 16 to 18 on the basis of the information given in the following case.**

Dev Anand, CEO of a construction company, recently escaped a potentially fatal accident. Dev had failed to notice a red light while driving his car and attending to his phone calls. His well-wishers advised him to get a suitable replacement for the previous driver Ram Singh, who had resigned three months back. Ram Singh was not just a driver, but also a trusted lieutenant for Dev Anand for the last five years. Ram used to interact with other drivers and gathered critical information that helped Dev in successfully bidding for different contracts. His inputs also helped Dev to identify some dishonest employees, and to retain crucial employees who were considering attractive offers from his competitors. Some of the senior employees did not like the informal influence of Ram and made it difficult for him to continue in the firm. Dev provided him an alternative job with one of his relatives.

During the last three months Dev has considered different candidates for the post. The backgrounds of the candidates are given in the table below.

Name	Age	Educational Qualification	Experience Expected	Salary	Remarks
Sunder	32	Post Graduate	Seven 18,000 years of driving experience	per month	Ex-employers are highly satisfied. Their only concern is about his tendency to switch jobs after every six months. Enjoys the newness in every job but tends to lose interest after six months. Not willing to commit for any more than six months.

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Mani	23	Studied up to Standard IX	One year	8,000 per month	Claims to have more than one year of experience, but can't provide any certificate to substantiate it. He has received a hike of 2,000 last month on account of his good performance as a driver.
Chintan	44	Graduate	20 years	20,000 per month	Working as a driver for the last one year after losing his previous job of a stenographer. He has been forced to take up the job of a driver.
Bal Singh	40	Literate	More than 20 years	15,000 per month	Cousin of Ram Singh. Substituted Ram as Dev's driver whenever Ram was on leave. Currently working as a driver with Dev's in-laws. Strongly recommended by Ram. His knowledge and contacts in the firm is as good as Ram's.
Chethan	38	Standard XII	10 years	12,000 per month	Working as a temporary driver with Dev's major competitor for the last three years. The competitor has offered Chethan's service to Dev on a temporary basis. Chethan has also expressed his willingness to work on a long term basis, provided he is given an annual increment of 500, which is reasonable

				as per the market condition.
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Dev is primarily looking for a stable and trustworthy driver, who can be a suitable replacement for Ram. His family members do not want Dev to appoint a young driver, as most of them are inexperienced. Dev's driver is an employee of the firm and hence the appointment has to be routed through the HR manager of the firm. The HR manager prefers to maintain parity among all employees of the firm, He also needs to ensure that the selection of a new driver does not lead to discontent among the senior employees of the firm.

**16.** From his perspective, and taking into account the family's concerns, Mr. Dev would like to have **(1 Mark)**

- A. Chethan
- B. Chintan
- C. Bal Singh
- D. Mani
- E. Sunder

**17.** Who among the following five candidates is most likely to be rejected by the GM (HR)? **(1 Mark)**

- A. Chethan
- B. Chintan
- C. Bal Singh
- D. Mani
- E. Sunder

18. In order to resolve the conflicting preferences, one of Dev's friends suggested Dev, his family members and the HR manager to identify their most and the least preferred candidates without considering the concerns of other stakeholders.

I. Dev's most and least preferred candidates: Bal Singh and Chethan respectively

II. Family members' most and least preferred candidates: Bal Singh and Chintan respectively

III. HR manager's most and least preferred candidates: Chethan and Bal Singh respectively.

Which of the above three statements is/are in conformity with the information provided in the passage? **(1.5 Marks)**

- A. Option I
- B. Option II
- C. Options I and II
- D. Options II and III
- E. Options I, II and III

**Answer 16: C**

**Answer 17: C**

**Answer 18: A**

**Answer question nos. 19 – 20 on the basis of the information given in the following case.**

Vivekananda Memorial Elocution Competition (VMEC) in Viswavijay Public School (VPS) has a history of forty years. Apart from the founder's day and annual day celebrations, it is the most important event of the school.

In recent times, due to the increased popularity of reality shows on television channels, and for various other reasons, the elocution competition lost its appeal. Interest of both students and parents has been eroding over a period of time. To ensure sufficient audience, Mr. Ivan, Head of English Department, introduced choral recitation for junior section as a part of elocution competition. Three classes, each consisting of forty students, get short-listed for the final performance of choral singing on the day of VMEC. Most of the parents and family members of these students attend the function to encourage them. This initiative increased the number of people attending the elocution competition.

Some teachers are unhappy with the emphasis given on the elocution competition, since they are expected to be present at the school on the day of competition, which normally happens on a weekend to accommodate the working parents. The teachers were not granted leave on the day of VMEC and they used to be unhappy regarding this aspect.

**19.** Ms Shabina, the principal of VPS, is aware that some of her teachers are unhappy. She wants to be seen as fair and just. Which option is the best one that she should exercise? **(1 Mark)**

- A. Appoint a committee of teachers, parents and management representatives to come up with possible suggestions within a deadline
- B. Introduce separate music and dance competitions in same format as the elocution competition.
- C. Exercise the authority of the principal because she wants to retain all traditions.

D. Appoint a committee of teachers to come up with possible suggestions, and ensure that majority of committee members are staunch supporters of the current practices.

E. Appropriately compensate those teachers who volunteer to come for the extra day

20. A group of unhappy teachers have come up with a list of action plans for the consideration of their colleagues. The action plans are listed below.

I. Exposing Mr. Ivan's intentions behind the inclusion of choral recitation.

II. Conduct an open house discussion to gauge the unhappiness and to identify possible solutions.

III. Introduce music and dance competitions in same format as elocution competition

IV. Demand compensation for their work on the day of VMEC.

Mr. Zacharia, one of the senior teachers and a well wisher of VPS, is asked to go through the action plans and make recommendations that benefits VPS the most. He would recommend: **(1 Mark)**

A. Options I and II

B. Options II and IV

C. Options I and III

D. Options I and IV

E. Options I, II, and IV

**Answer 19: E**



**Answer 20: B**

### Set 7

**Answer the questions from 21 to 23 based on the case given below.**

Ethical – a person is called unethical, when he deviates from principles. The principles and their use is often guided by two definitions:

*Morals: society's code for individual survival*

*Ethics: An Individual's code for society survival*

Naresh was a small time civil contractor in a small city. His major clients were the residents who wanted ad-hoc work like painting, building repairs, building extensions to be done. His just prices had made him a preferred contractor for most of the clients who preferred him over other civil contractors. Always he followed the principle that client had to be kept happy – only by doing so it would be a win-win situation for both. However due to the unpredictability of such orders from residents, Naresh used to be idle for substantial part of the year. As a consequence, he could not expand his business. His two children were growing up and his existing business could not support their expenses. The medical expense of his elderly parents was another drain on his resources. The constant rise of prices in medical care and medicines was another issue. For Naresh, family's concern was predominant. Naresh was, therefore under pressure to expand his business. He was the sole earning member of his family, and he had to ensure their well being. He thought that by expanding his business, not only he would be able care for his family in a better way, as well as offer employment to more number of masons and labourers. That would benefit their families as well. Naresh drew the boundary of his society to include himself, his family members, his employees and their family members.

For expansion, the only option in the city was to enlist as a contractor for government work. Before deciding, he sought advice from another contractor, Srikumar, who had been working on government projects for a long period of time. Srikumar followed the principle of always helping others, because he believed that he would be helped back in return some day. Srikumar had just one advice "The work is given to those who will win the bidding process and at the same time will give the maximum bribe. Prices quoted for work have to include bribes, else the bills will not get cleared and the supervisors will find multiple faults with the execution of work. This ensures survival and prosperity for contractors."

When asked about other contractors, Srikumar said “The government contractors are like a micro society in themselves, almost like a brotherhood. Within that, they are highly competitive; however towards any external threat they are united to ensure no harm happens to any of their members.”

**21.** Naresh decided to work as a government contractor. Following Srikumar’s advice, he inflated the prices so that he could pay the bribes out the bills received.  
**(1.5 Mark)**

- A. Naresh is now totally unethical.
- B. Naresh cannot be called totally ethical.
- C. Naresh can be called ethical when it suits him.
- D. Naresh is ethical to some extent.
- E. Naresh is being totally ethical.

**22.** A new supervisor had joined a government department where both Naresh and Srikumar were bidding for work. During the bidding process for a particular project, in an open meeting with all contractors and officers from the department, he produced a document which had the rates at which Naresh had worked for private clients for similar building related work. He accused Naresh and Srikumar of overpricing for government work and threatened to disqualify them from the bidding process, if the rates are not brought down. Faced with that situation, Naresh gave a written reply that “I use materials of inferior quality for private work, and that is the reason for price difference”. Srikumar supported Naresh in the meeting by saying that he had seen Naresh’s work and he agreed. In this situation, it can be concluded that: **(1.5 Marks)**

- A. Both Naresh and Srikumar are unethical.
- B. Naresh is unethical while Srikumar is not.
- C. Both Naresh and Srikumar are ethical.

D. Naresh is ethical to a large extent, but no conclusion can be made about Srikumar.

E. Srikumar is unethical, but no conclusion can be made about Naresh.

23. Lankawala, another contractor, when faced with the new supervisor's demand to reduce prices for government work, asked him to guarantee that no bribes would be taken, and only then prices would be reduced. This was said in front of everyone. At this the supervisor forced Lankawala out of the meeting and threatened to blacklist him. Lankawala did not say anything and walked away. Blacklisting of a contractor by one government department implied that Lankawala would not be able to participate in any government departments' works.

In late evening, the city was abuzz with the news that the supervisor's dead body was seen on the railway tracks. In the investigations that followed, no one who attended the meeting recounted the happenings in the meeting to the police. Getting involved in murder cases could lead to unpredictable outcomes such as becoming the potential suspect, or an accessory to the crime. Furthermore, cases could drag on for years, and one would have to appear in court as witnesses in response to court's summons. This, for a contractor, was a serious threat to his business due to the disruptions created. However, Naresh wanted to speak out but was pressurized by Srikumar and other contractors not to, and as a result he did not. Due to this, the case was closed unresolved with no one found guilty.

In this situation, it can be concluded that: **(2 Marks)**

A. Srikumar is immoral, but ethical, while Naresh is not unethical.

B. Naresh is ethical and moral, while other contractors are immoral and unethical.

C. Naresh, Srikumar and other contractors are both immoral and unethical.

D. Other contractors are moral, and they prevented Naresh from being immoral.

E. Other contractors are unethical, but no conclusion can be made about Naresh.

**Answer 21: A**

**Answer 22: A**

**Answer 23: D**

### **Set 8**

**Answer question nos. 24 – 25 on the basis of the information given in the following case.**

Saral Co. is operating in seven north-eastern states of the country. The organization has a history of participative decision making, wherein people deliberate openly about pros and cons of every important decision, and a broad consensus is taken before taking the final decision. In Saral Co. every employee gets a salary

proportional to the sales achieved. A new General Manager (GM) joined during the beginning of this month and challenged the organization's sole focus on sales to determine salaries. He urged the top management to include two more additional parameters in determining the salaries of the employees, viz. collection of information about competitors and the quality of relationship with the retailers.

**24.** Manohar, the highest earning employee for the last three years, vehemently opposes the GM's proposal. Which of the following could be most likely reason for him to oppose the proposal? **(1Mark)**

- A. He considers the proposal as a serious threat to his favourable position in Saral Co.
- B. He is not interested in collecting the information regarding competitors.
- C. No clarity regarding the relative importance of the three parameters.
- D. He is not interested in maintaining quality relationship with retailers.
- E. He may need to work harder to earn the highest salary.

**25.** The top management refused to implement the proposal of new GM from the beginning of next month. Which of the following could be the most justified reason for the management's refusal? **(1Mark)**

- A. To ensure that no manager will get credit for a major change soon after joining.
- B. To avoid attracting criticism for their failure to implement a similar scheme.
- C. His past experience is limited to seven north-eastern states only.
- D. The GM is new to the organization and he would require some time to implement the new plan.
- E. The top management would need time to deliberate and get consensus.

**Answer 24: E**

**Answer 25: E**

**XAT 2013**

**Decision Making**

**Questions and Answers**

**Individual Questions:**

1. Over the last years, Bank of Bharat has seen the number of its retail customer accounts drop by over 40 percent. Over the same period, the share price of Bank of Bharat has increased by more than 80 percent. This amazed a few investors, who believe that a bank's share price should drop if its number of customers drops. Which of the following, if true over the last years, best accounts for the observed movement in the price of Bank of Bharat's equity shares?



- A. Two years ago Securities and exchange Board started an investigation on the bank for accounting irregularities, but last year the company was cleared of all charges.
- B. The bank recently implemented a highly publicized program for free home loans.
- C. The bank has been switching its customer base from retail customers to commercial customers, which now accounts for over 75 percent of the bank's revenues.
- D. There have been many new banks, which have entered retail banking business over the last five years .
- E. The bank is known to be the best playmate in the industry.

2. Gastric bypass surgery has been shown to be effective at helping extremely obese people lose Weight. Some patients have lost as much as 300 pounds after undergoing the surgery, thereby substantially prolonging their lives. Despite the success of the treatment, most doctors have not embraced the surgery. Which of the following statements, if true, best accounts for the lukewarm reaction of the medical community to gastric bypass surgery?

- A. Gastric bypass surgery carries a high risk of serious complications, including death.
- B. Obesity is one of the leading contributors to heart disease and hypertension, two leading causes of death.
- C. Incidences of obesity among the Indian urban middle class population have been increasing consistently for the last three decades.

- D. Many patients report that losing weight through diets is ineffective, since they usually gain the weight back within six months.
- E. Most health insurance plans will cover the cost of gastric bypass surgery (or morbidly obese patients at high risk of heart disease

3. Students from four sections of a class accompanied by respective class teachers planned to go for a field trip. There were nineteen people in all. However, on the scheduled day one of the four teachers and few students could not join the rest. Given below are some statement about the group of people who ultimately left for the trip.

- I. Section A had the largest contingent.
- II. Section B had fewer students than Section A
- III. Section C's contingent was smaller than Section B.
- IV. Section D had the smallest contingent
- V. The product of the number of the students from each section is a multiple of 10.
- VI. The number of students from section C is more than 2
- VII. The product of the number of students from each section is a multiple of 24.
- VIII. The largest contingent has more than 4 students.
- IX. Each section contributed different number of students

The statement that taken together can give us the exact number of students from each section:

- A. I, II, III, IV, VI
- B. I, VI, VIII, IX

- C. I, II, III, IV, V, VI
- D. I, II, III, IV, VI, VII
- E. I, IV, VI, VII, IX

4. There is a lot of interest in the first five ranks for Class XI students. One student guessed the rank order as Ankita, Bhagyashree, Chanchal, Devroopa and Esha. Later upon announcement of the result, it was found that not only did he get each student out of her true position, none of the students in his ranking correctly followed her immediate predecessor. Another student guessed Devroopa, Ankita, Esha, Chanchal and Bhagyashree. Even his guess was wrong. It was found that he had got two positions correct, and two students in his ranking correctly followed their immediate predecessors. Which of the following is true about the correct rank order?

- A. Ankita got the third position
- B. Bhagyashree got the fourth position
- C. Chanchal got the second position
- D. Devroop stood first
- E. Esha got the fourth position

**Answer 1: C**

**Answer 2: A**

**Answer 3: C**

**Answer 4: A**

### Set 1

**Answers Questions 5 to 7 based on the information given below.**

It was the end of the performance review cycle for the year 2012 when you asked your subordinates about any problems they were facing. Natrajan told you that an important member of his team, Vardarajan, who had also won the best performance award for the year 2011, was not taking interest in work. Despite Natrajan's counseling, no change was noticed in Vardarajan, rather his attitude deteriorated. You had also received such information from other employees. You had not interfered hoping that Natrajan, an experienced hand, would be able to solve the problem. But now that Natrajan himself brought this to your notice, you decided to call Vardarajan and counsel him.

5. Which of the following could be the most unlikely reason for Vardarajan's declining involvement in workplace?

- A. Vardarajan does not find the work challenging enough as he has already achieved the best performance award.
- B. Others in the organization have been trying to pull him down, since he was declared best performer.
- C. Vardarajan was not promoted after his superlative performance, while another colleague, Sudararajan, was promoted although he was not as good a performer as Vardarajan.
- D. After putting in lots of effort for the superlative performance, Vardarajan felt burnt out.
- E. Vardarajan was appreciated by his bosses for achievement last year.

6. Vardarajan did not find his work challenging enough, given below are some steps that could be taken to motivate him:

- 1. Give Vardarajan a more challenging assignment
- 2. Transfer Vardarajan from Projects department to Training department
- 3. Ask him to take a vacation for two months
- 4. Send him for further training on decision making under stress

Which of the following combinations would be the most appropriate?

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

7. You overheard a conversation between Vardarajan and his colleague over an official dinner. He expressed his unhappiness about the fact that good performers were not given their due credit while poor performers were promoted faster. If Vardarajan is right, which of the following steps would help in creating better organization?

- A. Promote Vardarajan with immediate effect.
- B. Ensure that performance is objectively and transparently assessed.
- C. Give another assignment to Vardarajan.
- D. Give higher salary to Vardarajan.
- E. Fire Vardarajan.

**Answer 5: E**

**Answer 6: C**

**Answer 7: B**

### Answers Questions 8 and 9 based on the information given below.

Island of growth was witnessing a rapid increase in GDP. Its citizen had become wealthier in recent times, and there had been a considerable improvement in the standards of living. However, this rapid growth had increased and nepotism in the Island. In the recent times, a fear had gripped the population that corruption would destroy the inclusive nature of the society and hinder economic progress. However, most citizens had kept quite because:

- a. They had benefitted from the corruption indirectly, if not directly.
- b. They did not have time and energy to protest.
- c. They did not have courage to rise against the established power centers.

There was a need to remove corruption but no one was willing to stick his neck out. Many politicians, bureaucrats and private organization were corrupt. Media and intellectuals kept quite as they benefitted indirectly from corruption. The common man was scared of state's retribution and the youngsters feared insecure future.

Against this background, an old, unmarried and illiterate of high moral and ethical authority, Shambhu, decided to take on the issue of corruption. He sat on a hunger strike in the heart of the capital city of the Island. Shambhu demanded that the Government should constitute new laws to punish the corrupt across all walks of life, Media and the citizens of the island gave massive support to Shambhu.

Buckling under the pressure, the Government promised to accept Shambhu's demands. He ended the hunger strike immediately following the Government's announcement. Shambhu became the darling of the media. He used this opportunity as a platform to spread the message that only citizens with an unblemished character should be allowed to hold a public office.

A few months later, it was found that the government had not fulfilled any of its promises made to Shambhu. Infuriated, he was thinking of launching another inland-wide protest. However, this time, he sensed that not many people and media person were willing to support him.

8. Read the following statements:

1. People's latent anger against corruption
2. Shambhu's moral courage
3. Hungary media looking to raise issues
4. Raising income level

In your opinion, which combination of the above statements is the most unlikely reason for Shambhu's initial success?

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

9. Which of the following could be the most likely reason for decline in public support for Shambhu?

- A. The common man had become sick and tired of Government's inaction against rising corruption.
- B. Shambhu was old and he lacked energy to garner the same support that he enjoyed from the media and the public in the initial stages.
- C. The general public may have realized that Shambhu was focusing too much on "indirect involvement" in past incidences of corruption. Common men found it difficult to live up to the high standards set by Shambhu
- D. Shambhu's colleagues were misleading him.
- E. Shambhu came from a village, while most of his supporters were city dwellers.

**Answer 8: B**

**Answer 9: C**

### **Set 3**

**Answers Questions 10 to 12 based on the information given below.**

Head of a nation in the Nordic region was struggling with the slowing economy on one hand and restless citizens on the other. In addition, his opponents were doing everything possible to discredit his government. As a famous saying goes, 'There is no smoke without a fire', it cannot be said that the incumbent government was doing all the right things. There were reports of acts of omission and commission coming out every other day.

Distribution of public resources for private businesses and for private consumption had created a lot of problems for the government, it was being alleged that the government has given the right to exploit these public resources at throw-away prices to some private companies. Some of the citizens were questioning the government policies in the Supreme Court of the country as well as the media. In the midst of all this, the head of the nation called his cabinet colleagues for a meeting on the recent happenings in the country.

He asked his minister of water resources about the bidding process for allocation of rights to setup mini hydel-power plants. To this, the minister replied that his ministry had followed the laid out policies of the government. Water resources were allocated to those private companies that bid the highest and were technically competent. The minister continued that later on some new companies had shown interest and they were allowed to enter the sector as per the guidelines of the Government. This, the minister added, would facilitate proper utilization of water resources and provide better services to the citizens. The new companies were allocated the rights at the price set by the highest bidders in the previous round of bidding. After hearing this, the head of the nation replied that one would expect the later allocations to be done after a fresh round of bidding. The minister



of water resources replied that his ministry had taken permissions from the concerned ministries before allocating the resources to the new companies.

10. Media reports suggested that the minister of water resources had deliberately allocated the water resources at old prices to the new companies, and in return some received kickbacks. However, the minister denied these charges. His counter argument was that he followed the stated policies of the Government and it is very difficult to price a scarce resource. He also said that the loss that the media is talking about is notional and in reality the Government and the citizens have gained by the entry of new players. Which of the following is the most appropriate inference?

- A. If benefit to the citizens is higher than notional losses then it is not unethical.
- B. If benefit to the citizens is lower than notional losses then it is unethical.
- C. If benefit to the citizens is higher than actual losses then it is not unethical.
- D. If benefit to the citizens is lower than actual losses then it is unethical
- E. All of the above A, B, C and D are inappropriate.

11. Subsequently, the minister questioned the role of the media in the Whole affair. He said that the media cannot act like a reporter, prosecutor and judge at the same time. Mr. Swamy, an independent observer, was asked about appropriateness of the minister's opinion. What should be Mr. Swamy's reply?

- A. Media has been rightly accused by the minister.
- B. Minister statement may be factually incorrect.
- C. Media has rightly accused the minister.
- D. Media has wrongly accused the minister.
- E. None of above

12. Looking at the public unrest and discontent, the Government's anti-corruption branch was entrusted with the task of investigating the matter. Within a week's time the branch charge sheeted top corporate managers and the minister for wrong doings. Mr. Swamy was again asked to identify the guilty. Who should Mr. Swamy pick?

- A. Only corporate managers.
- B. Only the minister.
- C. Only the Head of the nation.
- D. All of the above
- E. None of the above.

**Answer 10: E**

**Answer 11: B**

**Answer 12: D**

### Set 4

**Answers Questions 13 to 16 based on the information given below.**

Prof. Vijya, the chairperson of the Faculty Academic Committee (FAC), was trying to understand the implications of decisions taken by the Student Placement Committee (SPC) on placement issues.

It was alleged that Biswajit, a final year student, inflated his grades in his bio-data that was sent to the recruiters. The President of SPC requested the FAC to debar Biswajit from the campus recruitment process. When the matter was brought up for discussion in FAC, one of the professors remarked that Biswajit too should be allowed to defend himself. When Biswajit arrived for the meeting the situation became even more challenging.

Biswajit raised the issue that many other students who had misrepresented grades to get coveted jobs had gone scot-free. He alleged that these students were close to the Presidents SPC and therefore, no action was taken against them. He stated that somebody has deliberately manipulated his grades in the bio-data.

This allegation confused the members and it was decided to adjourn the meeting. Vijya was to decide on the next course of action.

13. If you were what in your opinion would be the most appropriate action?

- A. Debar Biswajit and the President of SPC from the placement process as they have failed to uphold the rules of the SPC.
- B. Suspend Biswajit and the President of SPC.
- C. Constitute a fact finding committee to investigate the matter and ask them to submit a report to you within a week's time.
- D. Apprise the corporate recruiters of the situation and assure them that corrective actions will be taken.
- E. Both options C and D.

14. It was found that a large section of the students have been indulging in such practices. Unfortunately, the HR manager of a much coveted campus recruiter, who is an alumnus of the college, came to know about this. Considering yourself in the position of that HR manager, what would be your reaction?

- A. Express your displeasure and stop any further recruitment from the college.
- B. Talk to your contact in the college and try to find out the truth.
- C. Do not change anything and continue the process as if nothing has happened.
- D. Ask the college to send a fresh set of bio-data as you wanted verified grades of the students.
- E. Ask the SPC to resend the details of the short listed students including their verified grades.

15. As a potential entrant you are having an informal Facebook chat with one of the college seniors. You wanted to know about the pay packages of the graduating students. The senior replied that one will be able to understand this only after joining the college. He did not reveal any information but suggested that it is not very difficult to get a high salary job as you have already started networking. He also cautioned that you should not believe any rumors and you should directly contact the student body for any further information. What will be your most appropriate choice for seeking further information about placements?

- A. This conversation will increase your interest and you will network more with the students of the college for increasing your chances of getting a high salary job.
- B. You will contact the college authorities to get more insights about the placement process.
- C. You will start networking with the HR managers to understand their requirements.
- D. You will try to contact the President of SPC
- E. You will contact your other Facebook friends to find out about the placement activities at the college.

16. Vijya found that there were many such cases of grade inflation. She was giving final touches to the report when her attention was diverted by a phone call on her personal cell phone. It was from an unlisted number. The caller conveyed to her that it will be in her interest as well as in the interest of the college if the report is not presented to the Director. The caller also told her these findings will change nothing and only result in bad publicity for the college. The caller identified himself as a well-wisher of the college before hanging up. Consider yourself in Vijya's position and choose an appropriate decision from the following choices.

- A. Disregard the phone call and do not share its details with others.
- B. Understand the implications of the phone call and apply for a leave.
- C. Call up the Director, tell him about the phone call, and excuse yourself from the responsibility.
- D. Talk to the Director and seek his opinion.

- E. Constitute a different committee to investigate the "phone call" and carry on with your other activities.

**Answer 13: E**

**Answer 14: D**

**Answer 15: B**

**Answer 16: D**

### **Set 5**

**Answers Questions 17 to 19 based on the information given below.**

Marathe is a vice President in a construction equipment company in the city of Mumbai. One day, his subordinate Bhonsle requested that Kale, a project manager, be transferred to the Chennai office from the Mumbai office. In Chennai, Kale would work alone as a researcher. Bhonsle gave the following reasons for his request: "Kale is known to frequently fight with his colleagues. Kale is conscientious and dedicated only when working alone. He is friendly with seniors, but refuses to work with colleagues, in a team. He cannot accept criticism and feels hostile and rejected. He is overbearing and is generally a bad influence on the team.

Marathe called upon Gore, another project manager, and sought further information on Kale. Gore recalled that colleague, Lakhote (who was also Kale's former boss) had made a few remarks on his appraisal report about Kale was not fit for further promotion as he was emotionally unstable to work in groups though he had seven years of work experience. Lakhote had described Kale as too authoritative to work under anyone Lakhote Had further told Gore that Kale had an ailing wife, and an old mother, who does not want to stay with his wife.

17. Consider the following solutions to the problem mentioned above:

- 1) Marathe should transfer Kale to Chennai office
- 2) Marathe should try and verify the facts from other sources as well
- 3) Kale should be sacked
- 4) Kale should be demoted
- 5) Marathe should suggest Kale to visit a family counselor

Which of the following would be the most appropriate sequence of decisions in terms of immediacy: starting from immediate to a longer term solution.

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

18. Marathe sought an appointment with Lakhote to find out ways to help Kale. Lakhote is of the opinion that the company's responsibility is restricted to the workplace and it should not try to address the personal employees. If Marathe has to agree to Lakhote's opinion, which of the solutions presented in the previous question would be weakened:

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

E. 5

19. Which of the following statements, if true would weaken the decision to sack Kale the most?

- A. A Government of India study established that employees with 5-10 years of work experience tend to have conflicting responsibilities at home and office. However these conflicts wither away after 10 years of experience.
- B. Another article published in the magazine, Xaviers Quarterly, highlighted that employee's problems at home affect their performance at work.
- C. In the latest issue of a reputed journal, Xaviers Business Review, it was published that most top managers find it difficult to work in a group.
- D. It was published in Xaviers Management Review (another reputed journal) that individuals who cannot work in teams find it difficult to adjust to a new location.
- E. Bhonsle was of the opinion that emotionally unstable persons find it difficult to get back to normal working life.

**Answer 17: A**

**Answer 18: E**

**Answer 19: A**



### Set 6

**Answers Questions 20 to 21 based on the information given below.**

A teacher wanted to administer a multiple choice (each question having six choices) based quiz of high difficulty levels to a class of sixty students. The quiz had sixty questions. The probability of selecting the correct answer for a good students and a brilliant student was 0.2 and 0.25 respectively. The poor students had no learning advantage. The teacher did not want students to cheat but does not have time and resources to monitor. All students were seated serially in 10 rows and 6 columns.

20. Is it possible for teacher to detect cheating without monitoring? Choose the statement that best describes your opinion:

- A. It is not at all possible; teacher will have to introduce technology if there is no human support.
- B. It is always possible; but teacher has to calculate exact answer.
- C. It is possible when many students sitting next to each other have the same incorrect answers for multiple questions. However, there can be a small error in judgment.
- D. It is possible when many students sitting next to each other have the same correct answers for multiple questions. However, there can be a small error in judgment.
- E. It is possible only for poor students but not for good and brilliant students. However, there can be a smaller error in judgment.

21. Three good students were sitting next to each other. What is the probability of them having the same incorrect choice for four consecutive questions?

- A.  $256/390625$
- B.  $256/3125$
- C.  $4/3125$
- D.  $1/3125$
- E. Cannot be calculated

**Answer 20: C**

**Answer 21: E**

### **Set 7**

**Answers Questions 22 to 25 based on the information given below.**

#### **The Big and Colourful Company**

You are running "Big and Colourful (BnC)" company that sells book to customers through three retail formats:

- a. You can buy books from bookstores
- b. You can buy books from supermarket
- c. You can order books over the Internet (Online )

## Handa Ka Funda

Your manager has an interesting way of classifying expenses: some of the expenses are classified in terms of size: Big, Small and Medium; and others are classified in terms of the colors, Red, Yellow, Green and Violet. The company has a history of categorizing overall costs into initial costs and additional costs. Additional costs are equal to the sum of Big, Small and Medium expenses. There are two types of margin, contribution (sales minus initial costs) and profit (contribution minus additional costs).

Given below is the data about sales and costs of BnC :

Sales		60000
Initial Costs		39000
Contribution (Sales-Initial costs)		21000
Additional Costs		
Big	9300	
Small	3000	
Medium	3500	
		15800
Profit (Contribution – Additional Cost)		5200

Each of the Big, Small and Medium cost is categorized by the manager into Red, Yellow, Green and Violet costs. Breakdown of the additional costs under these headings is shown in the table below:

Expenses	Total	Red	Yellow	Green	Violet
Big	9300	5100	1200	1400	1600
Small	3000		400	2000	600
Medium	3500	400	1500	1400	200
Total	15800	5500	3100	4800	2400

Red, Yellow, Green and Violet costs are allocated to different retail formats. These costs are apportioned in the ratio of number of units consumed by each retail format. The number of units consumed by each retail format is given in the table below:

## Handa Ka Funda

Retail Format	Red	Yellow	Green	Violet
Online	200	50	50	50
Supermarket	65	20	21	21
Book Store	10	30	9	9
Total	275	100	80	80

22. **Statement I:** Online store accounted for 50% of the sales at BnC and the ratio of supermarket sales and book store sales is 1 : 2

**Statement II:** Initial cost is allocated in the ratio of sales.

If you want to calculate the profit/loss from the different retail formats, then

- A. Statement I alone is sufficient to calculate the profit/loss.
- B. Statement II alone is sufficient to calculate the profit/loss.
- C. Both statements I and II are required to calculate the profit/loss.
- D. Either of the two statements is sufficient to calculate the profit/loss.
- E. Neither Statement I nor Statement II is sufficient to calculate the profit/loss.

Based on your answer to the above question, answer the questions 23 and 24 :

23. What is the profit from “online” sales?

- A. 0
- B. -310
- C. +20
- D. +450
- E. Cannot be determined from the given information

24. Which retail format is least profit making for BnC?

- A. Online
- B. Supermarket
- C. Book Store
- D. All formats are loss making.
- E. All formats are profit making.

25. Which retail format gives the highest profit for BnC?

- A. Book Store
- B. Supermarket
- C. Online
- D. All are equally profitable.
- E. Cannot be determined from given information

**Answer22: C**

**Answer 23: D**

**Answer 24: B**

**Answer 25: A**

**XAT 2014**

**Decision Making**

**Questions and Answers**

### Individual Questions:

1. The main issues of interpretation arising from the work of professionally trained anthropologists are that they are late in colonial/post-colonial trajectories, because professional training shapes their interpretations. However, within field of interest and training, their works are most thorough and systematic. The best conclusion drawn from the above paragraph is analogous to :

- A. Heisenberg uncertainty principle, which states that speed and position cannot be determined simultaneously.
- B. Cultural relativism, which states that two or more than two cultures cannot be compared.
- C. Personal relativism, which states that one should not study anthropological phenomenon for personal gains.
- D. Conclusive relativism, which states that anthropologists should not knowingly color their findings.
- E. Communicative relativism, which states that anthropologists should not be selective in communicating their findings.

2. Consider merit pay for teachers, Schools face constant pressure to change their management approaches to improve performance, which is usually assessed by standardized reading, math, and science scores. In most schools teachers' pay is determined by seniority, years of total teaching experience, and credentials. Pay is rarely based on performance, which is contrary to the belief among parents and private sector. Parents and business leaders lament that there are no carrots/sticks used to motivate teachers. Consequently, there has been greater push to implement some form of merit pay to improve the motivation.

Which of the following statements will disprove the claim of the parents and business leaders?

- A. A recent study suggested that teachers are self- motivated.
- B. Teachers are largely motivated, by financial incentives; so pay for performance will induce greater and more effective effort.
- C. Learning cannot be measured reliably and accurately by a test given once a year.
- D. Teaching is a solo-activity; there is a little interdependence with other co-curricular and extra-curricular activities in the school.
- E. To err is human, and hence stick should be used to reduce errors.

3. In a new study by Harvard School of Public Health (HSPH), researchers explored how caffeine can serve as a "mild anti-depressant". They concluded that "drinking several cups of coffee daily appears to reduce the risk of suicide". Data pulled in from three large studies in the US showed that the suicide risk of those who drank two to four cups of caffeinated coffee a day was about half of those who drank decaffeinated coffee or very little Of no coffee. In the studies, a respondent's caffeine consumption was assessed every four years through a questionnaire. The respondents were all adults, and the study was published online. The authors, however, cautioned the public from increasing coffee intake as it could result in "unpleasant side effects". "Overall, our results suggest that there is little further benefit for consumption above two to three cups/day or 400 mg of caffeine/day," wrote the researchers. The authors observed that there was no major difference in suicide risk for adults who drank two to three cups a day from those who drank four cups or more.

Which of the following shaped graph would best capture the above paragraph (x-axis represents "coffee intake" and Y-axis represents "suicidal tendency")?

- A. Straight line
- B. Saw tooth curve
- C. S shaped curve
- D. U shaped curve



E. L shaped curve

4. A group of nine runners will finish the 400 meters race in a certain order. The runners are: Ashok, Benjamin, Chetan, Divya, Eshant, Faneesh, Girish, Himani, and Irravaty. They all finish at different times, and their finishing order is as follow:

- Faneesh finishes before Ashok.
- Divya finishes before Benjamin and Eshant.
- Irravaty finishes after Chetan.
- Girish finishes after Ashok.

Which is the best position Girish can finish?

- A. First
- B. Second
- C. Third
- D. Fourth
- E. Fifth

**Answer 1: A**

**Answer 2: A**

**Answer 3: E**

**Answer 4: C**

**Set 1**

**Answers Questions 5 to 7 based on the information given below.**

Ms. Banerjee, class teacher for 12 standard, wants to send teams (based on past performance) of three students each to district, state, national and international competition in mathematics. Till now, every student of the class has appeared in 100 school level tests. The students had following distribution of marks in the tests, in terms of "average" and "number of times a student scored cent per cent marks".

<b>Student</b>	<b>Average</b>	<b>Number of times a student scores cent per cent</b>
1	70	7
2	60	15
3	65	8
4	70	1
5	65	6
6	65	10
7	65	4
8	60	12
9	65	3
10	60	8
11	70	1
12	65	6
13	70	2
14	60	20
15	65	5

Ms. Banerjee has carefully studied chances of her school winning each of the competitions. Based on in- depth calculations, she realized that her school is quite likely to win district level competition but has low chances of winning the international competition. She listed down the following probabilities of wins for different competitions. Prize was highest for international competition and lowest for district level competition (in that order).

Competition	Probability of win
District	0.95
State	0.6
National	0.1
International	0.05

All the students are studying in the school for last twelve years. She wanted to select the best team for all four competitions (Ms. Banerjee had no other information to select students).

5. Which of three members should form the team for the International competition?

- A. 4, 11, 14
- B. 2, 8, 14
- C. 1, 6, 12
- D. 13, 14, 15
- E. 1, 3, 4

6. Which of the following members should constitute the team for the district level competition?

A. 4, 11, 14

B. 1, 4, 11

C. 4, 5, 6

D. 4, 11, 13

E. Any team can win the competition

7. Ms. Banerjee has to select the team for national competition after she has selected the team for international competition. A student selected for international competition cannot be a part of national competition. Which is the best team for the national competition?

A. 1, 7, 4

B. 8, 9, 10

C. 2, 8, 14

D. 3, 6, 1

E. Any of remaining students, as it would not matter

**Answer 5: B**

**Answer 6: D**

**Answer 7: D**

### **Set 2**

**Answers Questions 8 to 11 based on the information given below.**

Krishna Reddy was the head of a pharmaceutical company that was trying to develop a new product. Reddy, along with his friend Prabhakar Rao, assessed that such products had mixed success. Reddy and Rao realized that if a new product (a drug) was a success, it may result in sales of 100 crores but if it is unsuccessful, the sales may be only 20 crores. They further assessed that a new drug was likely to be successful 50% of times. Cost of launching the new drug was likely to be 50 crores.

8. How much profit can the company expect to earn if it launches the new drug (suppose there are no additional costs)?

- A. 12 crores
- B. 10 crores
- C. 10.5 crores
- D. 11 crores
- E. 11.5 crores

Now, Reddy and Rao were in a quandary whether the company should go ahead and market the drug. They contacted Raj Adduri, a common friend for advice. Adduri was of the opinion that given the risky nature of launch, it may -be a better idea to test the market. Rao and Reddy realized test marketing would cost 10 crores. Adduri told them the previous test marketing results have been favorable 70% of times and success rate of products favorably tested was 80%. Further, when test marketing results were unfavorable; the products have been successful 30% of the times.

9. How much profit can the company expect to make if the product is launched after favorable test marketing results (assume there are no additional costs)?

- A. 11.5 crores
- B. 10 crores
- C. 24 crores
- D. 13.8 crores
- E. 6 crores

10. What is the probability of product failure if Reddy and Rao decides to test market it?

- A. 0.21
- B. 0.35
- C. 0.14
- D. 0.28
- E. Cannot be computed

11. If Rao and Reddy decides to launch the product despite unfavorable test marketing, how much profit can the company expect to earn?

- A. - 13.2 crores
- B. -36.8 crores
- C. -16 crores
- D. -46 crores
- E. 10 crores

**Answer 8: B**

**Answer 9: C**

**Answer 10: B**

**Answer 11: C**

### Set 3

**Please read the three reports (newspaper articles) on ranking of different players and products in smart phones industry and answer the question nos. (12-15) that follow.**

Report 1: (Feb, 2013):

Apple nabs crown as current top US mobile phone vendor.

Apple's reign may not be long, as Samsung is poised to overtake

Apple in April, 2013. For the first time since Apple entered the mobile phone market in 2007, it has been ranked the top mobile phone vendor in the US. For the latter quarter of 2012, sales of its iPhone accounted for 34 percent of all mobile phone sales in the US - including feature phones—according to the latest data from Strategy Analytics.

While the iPhone has consistently been ranked the top smartphone sold in the US, market research firm NPD noted that feature phone sales have fallen off a cliff recently, to the point where 8 out of every 10 mobile phones sold in the US are now smartphones. That ratio is up considerably from the end of 2011, when smartphones had just cracked the 50 percent mark. Given this fact, it's no surprise that Apple, which only sells smartphones, has been able to reach the top of the overall mobile phone market domestically. For the fourth quarter of 2012, Apple ranked number one with 34 percent of the US mobile market, up from 25.6 percent year over year. Samsung grew similarly, up to 32.3 percent from 26.9 percent—but not enough to keep from slipping to second place. LG dropped to 9 percent from 13.7 percent, holding its third place spot. It should be noted that Samsung and LG both sell a variety of feature phones in addition to smartphones.

Looking only at smartphones, the ranking is a little different according to NPD. Apple holds the top spot with 39 percent of the US smartphone market, while Samsung again sits at number two with 30 percent. Motorola manages to rank third with 7 percent, while HTC dropped to fourth with 6 percent. In the US smartphone market, LG is fifth with 6 percent. Note how the percentages aren't all that different from overall mobile phone market share—for all intents and purposes, the smartphone market is the mobile phone market in the US going forward. Still, Samsung was the top mobile phone vendor overall for 2012, and Strategy Analytics expects Samsung to be back on top soon. "Samsung had been the number one

mobile phone vendor in the US since 2008, and it will surely be keen to recapture that title in 2013 by launching improved new models such as the rumored Galaxy S4."

And while Apple is the top vendor overall among smartphones, its iOS platform is still second to the Android platform overall. Samsung is the largest vendor selling Android-based smartphones, but Motorola, HTC, LG, and others also sell Android devices, giving the platform a clear advantage over iOS both domestically and globally.

### Report2: Reader's Response (2013, Feb)

I don't actually believe the numbers for Samsung. Ever since the debacle in early 2011, when Lenovo called into question the numbers Samsung was touting for tablet shipments, stating that Samsung had only sold 20,000 of the 1.5 million tablets they shipped into the US the last quarter of 2010, Samsung (who had no response to Lenovo) has refused to supply quarterly sales numbers for smartphones or tablets. That's an indication that their sales aren't what analysts are saying.

We can look to several things to help understand why. In the lawsuit between Apple and Samsung here last year, both were required to supply real sales numbers for devices under contention. The phones listed turned out to have sales between one third and one half of what had been guessed by IDC and others. Tablet sales were even worse. Of the 1.5 million tablets supposedly shipped to the US during that time, only 38,000 were sold.

Then we have the usage numbers. Samsung tablets have only a 1.5% usage rate, where the iPad has over 90%. Not as much a difference with the phones but it's still overwhelmingly in favor of the iPhone.

The problem is that with Apple's sales, we have actual numbers to go by. The companies who estimate can calibrate what they do after those numbers come out. But with Samsung and many others, they can't ever calibrate their methods, as there are no confirming numbers released from the firms. A few quarters ago, as a result, we saw iSupply estimate Samsung's smartphone sales for the quarter at 32



million, with estimates from others all over the place up to 50 million. Each time some other company reported a higher number for that same quarter, the press dutifully used that higher number as THE ONE. But none of them was the one.

Without accurate self-reporting of actual sales to the end users, none of these market share charts are worth a damn!

### Report3: Contradictory Survey (Feb, 2013)

iPhone5 Ranks Fifth In U.S. Customer Satisfaction Survey inShare  
The iPhone5 ranks fifth in customer satisfaction according to the results of a recent survey from OnDevice Research, a mobile device research group. In the poll, they asked 320,000 smartphone and tablet users from six different countries, how, satisfied they were with their devices,. According to 93,825 people from the US, Motorola Atrix HD is the most satisfying and Motorola's Droid Razr took second spot. HTC Corp? (TPK:2498)'s Rezound 4G and Samsung Galaxy Note 2 took third and fourth spots, while Apple's iPhone5 landed in fifth spot.

It appears that Apple may be lagging in consumer interest. OnDevice Research, Sarah Quinn explained, "Although Apple created one of the most revolutionary devices of the past decade, other manufactures have caught up, with some Android powered devices now commanding higher levels of user satisfaction."

Despite the lower rankings, things aren't looking too bad for Apple Inc. (NASDAQ:AAPL) elsewhere. In the United Kingdom, they ranked second place, right after HTC One X. Interesting enough, Apple did take top spot for overall satisfaction of mobile device, whereas Google Inc. (NASDAQ:GOOG) ranked second. Motorola Mobility Holdings Inc. (NYSE:MMI), HTC Corp (TPE:2498), and Nokia Corporation (NYSE:NOK) took third, fourth, and fifth places respectively, while Sony Ericsson trailed behind at sixth place.

The survey sampled mobile device users in the following countries: United States, United Kingdom,

France, Germany, Japan, and Indonesia. Although OnDevice didn't share the full list

of devices mentioned in the survey\* it does show some insight to what customers want. Unfortunately, there were still many questions regarding the survey that were left unanswered. Everyone wants to know why Google Inc. (NASDAQ:GOOG) was on the list when they are not an actual smartphone maker and why was Samsung Electronics Co., Ltd. (LON:BC94) on the bottom of the satisfaction list when the brand is leading elsewhere. Fortunately, those questions were answered by On Device Research's representative. He explained that the survey was conducted on mobile web where the survey software could detect the taker's device and since users rate their satisfaction levels on a 1 to 10 scale, thanks to the Nexus device, Google was included.

12. If you analyze the three reports above, which of the following statements would be the best inference?

- A. Newspapers publish completely wrong data.
- B. All three reports have been bought by the companies.
- C. Newspapers may report selectively.
- D. Apple is leading but its dominance in Korean market is definitely under threat.
- E. Customer's response, in report 2, is neutral and objective.

13. Assume report 1 and report 2 are both correct, which of the following can be a reason for seemingly divergent ranks of different companies and their products?

- A. iPhone4, another product from Apple, could have been the best seller in the U.S.
- B. HTC-One was the most preferred device in Japan.
- C. OnDevice included Google in the list because it is an important player in Android market.
- D. Customer satisfaction never leads to higher customer loyalty.
- E. None of the above.

14. If report 1 and report 3 are both correct, which of the following can be a reason for seemingly divergent ranks reported for different companies and their products?

- A. iPhone4, another product from Apple, could have been the best seller in the U.S.

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- B. HTC-One was the most preferred device in Japan.
- C. OnDevice included Google in the list because it is an important player in Android market.
- D. Customer satisfaction never leads to higher customer loyalty.
- E. None of the above.

15. Which of the following is more likely to be a correct conclusion about the respondent/reader in report2?

- A. The reader is an Apple user.
- B. If the reader is an Apple user, his usage rate is higher.
- C. The reader is a frequent user of HTC One.
- D. The reader does not like Android platform.
- E. The reader wants more objective data to be released by the companies.

**Answer 12: C**

**Answer 13: A**

**Answer 14: D**

**Answer 15: E**

### **Set 4**

**Answers Questions 16 to 18 based on the information given below.**

Ajay was thinking deeply about a problem that his organization, a business consulting company, faced. Globalization had affected his company like many other companies. Despite the downturn, the current revenues remained healthy. However, Ajay knew it was inevitable that the company could not do business the same way. The complexity of managing the business had increased

with time. Consultants were under pressure to deliver good and innovative solutions. The organization had consultants from different age groups having a good mix of domain and industry expertise. It was a flat organization with three levels.

The biggest challenge for Ajay was to have consultants with latest knowledge who would also earn revenues. Getting additional business was a challenge as all the consultants were busy and it was very difficult to hire new consultants.

16. Some of the consultants were adept at applying old solutions to new problems. Ajay was not very sure if this would work for long. Some of the clients had complained about the performance of old and reputed consultants. Ajay was mulling over the following five solutions to tackle this problem.

1. Decrease time spent on client interaction and increase time spent for generating solutions.
2. Increase support staff to help consultants to remain updated.
3. Decrease the number of simultaneous projects handled by consultants.
4. Make it compulsory for consultants to work on inter-industry and inter-domain problems.
5. Recruit more consultants.

Which of the following would be the best sequence of decisions taken by Ajay (starting from immediate to distant)?

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

17. After Ajay implemented some of the steps mentioned above, consultants

wanted to renegotiate their contract with the organization. It seems that the organization had never mentioned that consultants have to work across industries and domains. Some of the old consultants were reluctant to change their ways, while many of the younger consultants were willing to follow Ajay's advice. Which of the following decision can be taken by Ajay to handle this situation?

- A. Retrench old consultants and recruit young consultants.
- B. Pressurize non-conformists by giving preferential treatment to the conformists.
- C. Negotiate with the old consultants and communicate that the new rules would apply to the new consultants only.
- D. Do nothing and wait for a right solution to emerge, as with time resistance would die down.
- E. Discuss the issue in an open house and let solutions emerge democratically.

18. Ajay was to retire in five years and he wanted to leave behind a legacy. Order the following activities, from the most important to the least important, that Ajay should undertake, in next five year :

1. Do nothing.
2. Set a future direction for the organization in these challenging times.
3. Benchmark performance with respect to the best consulting company in industry.
4. Empower senior consultants and at the same time seek opinion of all others for handling future challenges.
5. Infuse fresh thinking by hiring outsiders. Choose the best option from the following sequences

- A. 1, 2, 3, 4
- B. 2, 3, 4, 5
- C. 3, 4, 2, 1

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D. 2, 5, 3, 1

E. 2, 5, 4, 3

**Answer 16: B**

**Answer 17: E**

**Answer 18: B**

### Set 5

**Answers Questions 19 to 21 based on the information given below.**

Intercontinental Business Manufacturing (IBM) was doing a roaring business. Demand of the products was high and supply of raw-material was abundant. IBM was manufacturing three different products. Some customers bought two types of products and some bought only one. The three products were "quickie - quick", "run-of-the-mill", and "maxi-max". Customers were not complaining loudly. Ram, the product manager, was confused! Demand for "quickie-quick" was increasing. Raw material suppliers wanted to supply lower quality at cheaper price. It was profitable for the company to increase production. Quality department was not

happy with the product. Ram met Rahim, the CEO, who, as always, wanted higher profits. He said that IBM will set up a committee for improving the quality.

19. What must not be done by Ram?

- A. Only produce "quickie-quick" as it gives highest profits.
- B. Increase the production for "quickie-quick" and ask the supplier for better quality raw material.
- C. Maintain the level of production for "quickie-quick" and ask the supplier for better quality raw material.
- D. Reduce the production of "quickie-quick" till committee submits its report.
- E. Stop production of "quickie-quick" till committee submits its report.

20. Rahim set up a "brand" committee comprising of a few selected managers, headed by Robert. The committee proposed that IBM should continue to manufacture the three differently branded products. It also proposed to recruit a new brand manager for improving brand image of the products. It agreed with Rahim that the company should increase the price. Rocket Singh, head of sales, was confused because he realized that customers were miffed with "run-of-the-mill" and "maxi-max".

What should Rocket Singh do?

- A. Launch one more product to increase sales.
- B. Stop production of quickie-quick.
- C. Launch a campaign on social media to increase awareness about company's products.
- D. Send an anonymous email to all the employees highlighting customer dissatisfaction.
- E. Conduct a research study to find out the reason for customers' dissatisfaction.

21. Some of the managers in production department were discussing the problems

faced in shipping products in time. They complained that they had to undertake responsibility of creating financial and marketing plans in addition to responsibility of production planning. At the same time, finance and marketing managers were to be involved in preparing production plans. It was expected that this will reduce customer complaints. It was rumored that these changes were initiated by the managers educated in the U.S.

Which of the following is the best possible course of action available to the affected managers?

- A. Create a union to safeguard their rights.
- B. File a law suit against the company.
- C. Create a forum for discussion and resolution of issues.
- D. Register a complaint with the human rights body.
- E. Go for further education to the U.S.

**Answer 19: A**

**Answer 20: E**

**Answer 21: C**

### **Set 6**

**Answers Questions 22 to 24 based on the information given below.**

Rajinder Singh was 32 years old from the small town of Bhathinda, Punjab. Most of the families living there had middle class incomes, with about 10% of the population living below the poverty level. The population consisted of 10 percent small traders, 30 percent farmers, besides others. Rajinder liked growing up in



Bhathinda, where people knew and cared about each other. Even as a youngster it was clear that Rajinder was smart and ambitious. Neighbors would often say, "Someday you're going to make us proud!" He always had a job growing up at Singh's General Store - Uncle Balwant's store. Balwant was a well-intentioned person. Rajinder loved being at the store and not just because Balwant paid him well. He liked helping customers, most of who were known by the nicknames. Setting up displays and changing the merchandise for different seasons and holidays was always exciting. Uncle Balwant had one child and off late, his interest in business had declined. But he had taught Rajinder 'the ins and outs of retailing'. He had taught Rajinder everything, including ordering merchandise, putting on a sale, customer relations, and keeping the books.

The best part about working at the store was Balwant himself. Balwant loved the store as much as Rajinder did. Balwant had set up the store with a mission to make sure his neighbors got everything they needed at a fair price. He carried a wide variety of goods, based on the needs of the community. If you needed a snow shovel or piece of jewelry for your wife, it was no problem - Singh's had it all. Rajinder was impressed by Balwant's way of handling and caring for customers. If somebody was going through "hard times", Balwant somehow knew it. When they came into the store, Balwant would make them feel comfortable, and say something like, "you know Jaswant, let's put everything on credit today". This kind of generosity made it easy to understand why Balwant was loved and respected throughout the community.

Rajinder grew up and went to school and college in Bhathinda. Later on, he made it to an MBA program in Delhi. Rajinder did well in the MBA course and was goal oriented. After first year of his MBA, the career advisor and Balwant advised Rajinder for an internship at Bigmart. That summer, Rajinder was amazed by the breadth and comprehensiveness of the internship experience. Rajinder got inspired by the life story of the founder of Bigmart, and the values the founder held. Bigmart was one of the best companies in the world. The people that Rajinder worked for at Bigmart during the internship noticed Rajinder's work ethic, knowledge, and enthusiasm for the business. Before the summer ended, Rajinder had been offered a job as a Management Trainee by Bigmart, to start upon graduation. Balwant was happy to see Rajinder succeed. Even for Rajinder, this was a dream job - holding the opportunity to move up the ranks in a big company. Rajinder did indeed move up the ranks quickly, from management trainee, to

assistant store manager, to store manager, to supervising manager of three stores, to the present position - Real Estate Manager, North India. This job involved locating new sites within targeted locations and community relations.

One day Rajinder was eagerly looking forward to the next assignment. When he received email for the same, his world came crashing down. He was asked to identify next site in Bathinda. It was not that Rajinder didn't believe in Bigmart's expansion. What was printed in the popular press, especially the business press, only reinforced Rajinder's belief in Bigmart. An executive viewed as one of the wisest business persons in the world was quoted as saying, "Bigmart had been a major force in improving the quality of life for the average consumer around the world, offering great prices on goods, giving them one stop solution for almost everything." Many big farmers also benefitted as Bigmart's supply chain facilities helped reducing the waste. Consumers also benefitted through low prices, as middlemen were removed. At the same time, Rajinder knew that opening a new Bigmart could disrupt small businesses in Bathinda. Some local stores in small towns often went out of business within a year of the Bigmart's opening. In Bathinda, one of those local stores was Singh's, now run by Balwant's son, although Balwant still came in every day to "straighten out the merchandise." As Rajinder thought about this assignment, depression set in, and nightmares followed. Rajinder was frozen in time and space. Rajinder's nightmares involved Balwant screaming something - although Rajinder could not make out what Balwant was saying. This especially troubled Rajinder, since Balwant never raised his voice. Rajinder didn't know what to do - who might be helpful? Rajinder's spouse, who was a housewife? Maybe talking it through could lead to some positive course of action. Rajinder's boss? Would Bigmart understand? Could Rajinder really disclose the conflict without fear? Uncle Balwant? Should Rajinder disclose the situation and ask for advice? He wanted a solution that would make all stakeholders happy.

22. Who is the best person for Rajinder to talk to?

- A. Wife
- B. Boss
- C. Let time take its own course
- D. Balwant
- E. His colleagues in the office

23. After deliberation with many people and a lot of research, Rajinder came across a study published in leading journal, which stated that most local farmers benefited because Bigmart bought agricultural produce directly from the farmers. Which of the following actions would you prefer Rajinder to take, after he got this fresh information?

- A. Since farmers benefit from Bigmart's presence, Rajinder should be happy with Bigmart's presence in Bhathinda.
- B. Rajinder should undertake a new study to find out influence of Bigmart on local farmers.
- C. Rajinder should see this as an opportunity to take concerns of local traders to the top management of Bigmart in India. It may help Bigmart to develop new solutions that can benefit Bigmart, retailers, farmers and consumers.
- D. Quit job at Bigmart and start another big retail chain to compete with Bigmart.
- E. Request his boss to transfer him to a new location, which has a low percentage of mom and pop stores. This would reduce Rajinder's discomfort.

24. Which is the right ascending order, in terms of proportion of population, benefitting from Bigmart, in and around Bhathinda?

- A. Consumers, farmers, retailers
- B. Farmers, consumers, retailers
- C. Retailers, farmers, consumers
- D. Farmers, retailers, consumers
- E. Consumers, retailers, farmers

**Answer 22: D**

**Answer 23: C**

**Answer 24: C**

**XAT 2015**

**Decision Making**

**Questions and Answers**

### Set – 1

**Directions for questions 1 to 3: Answer questions on the basis of information given in the following case.**

Bright Engineering College (BEC) has listed 20 elective courses for the next term and students have to choose any 7 of them. Simran, a student of BEC, notices that there are three categories of electives: Job-oriented (J), Quantitative-oriented (Q) and Grade-oriented (G). Among these 20 electives, some electives are both Job and Grade-oriented but are not Quantitative-oriented (JG type). QJ type electives are both job and Quantitative-oriented but are not Grade-oriented and QG type electives are both Quantitative and Grade-oriented but are not Job-oriented. Simran also notes that the total number of QJ type electives is 2 less than QG type electives. Similarly, the total number of QG type electives is 2 less than JG type and there is only 1 common elective (JQG) across three categories. Furthermore, the number of only Quantitative- oriented electives is same as only Job-oriented electives, but less than the number of only Grade-oriented electives. Each elective has at least one registration and there is at least one elective in each category, or combinations of categories.

1. On her way back Simran met her friend Raj and shared the above information. Raj is preparing for XAT and is only interested in Grade-oriented (G) electives. He wanted to know the number of G-type electives being offered. Simran replied, "You have all the information. Calculate the number of G-type electives yourself. It would help your XAT preparation". Raj calculates correctly and says that there can be \_\_\_\_\_ possible answers.

Which of the following options would best fit the blank above?

- a) 3
  - b) 5
  - c) 8
  - d) 9
  - e) 11
- 
2. Simran prefers J-type electives and wants to avoid Q-type electives. She noted that the number of only J-type electives is 3. Raj's preference is G-type electives followed by Q-type electives. However, they want to take as many common electives as possible. What is the maximum number of electives that can be common between them, without compromising their preferences?
    - a) 3
    - b) 4
    - c) 5
    - d) 7
    - e) Not possible to answer from the above information.
- 
3. Vijay and Raj want to avoid each other. Vijay is interested in J-type electives and wants to avoid Q-type electives. Raj's preference is Q-type electives followed by Q-type electives. Raj noted that the number of only G-type

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electives is 2. Is there a possibility that they would not share any common electives(s)?

- a) Yes. There is a possibility
- b) No. They would meet in one elective.
- c) No. They would not be able to avoid in two electives.
- d) No. They meet in five electives.
- e) Cannot be solved with the information given.

**Answer 1 : b**

**Answer 2 : c**

**Answer 3 : a**

### Set – 2

**Directions for questions 4 to 6: Answer questions on the basis of information given in the following case.**

Mr. Dipangshu Barua, a young IT professional, came early to office to assist his boss in the preparation for an important client presentation. When he switched on his computer, he saw an email from Mr. Patel. The email was as follows:

Dear Mr. Barua,

This email serves as a follow-up of my conversation with you on December 1, 2014. I have already conveyed need for improvement in your behaviour as desired as desired by your project leader and colleagues. They are yet to notice any visible improvements. I am apprehensive that your failure to act may warrant further action leading to dismissal. I will continue to monitor and assess your performance over the next three months to determine whether improvements meet the expectations. At the same time, I would like to re-affirm that you are very valuable for our organization.

Best Wishes,

Mr. A. Patel

HR Director

4. Initially, the e-mail distracted Dipangshu but he decided to focus on the job. Which of the following options might best explain his decision to do so?
  - a) Mr. Patel would soon be transferred to another department.
  - b) Last week, Mr. Dipangshu has been assigned to a new team in the same project.
  - c) Three days back, Mr. Dipangshu has been assigned a new project similar to his final year engineering project.
  - d) His friend has been hospitalized for the last three months.
  - e) Failing to perform in the client meeting might further complicate things.
5. The scheduled presentation went off smoothly. Back in his cabin, Dipangshu read Mr. Patel's e-mail once more and pondered over it. During the last meeting he tried hard to put forward his explanation but Mr. Patel had not



allowed him to speak. Dipangshu was thinking of meeting Mr. Patel once again but was doubtful that would help. Incidentally, he had a job offer from a start-up with a comparable salary. If Dipangshu was to join the new job, he had to accept the offer within the next two weeks. However, he cannot think of a life without a job. Dipangshu was confused!

Which of the following options would be the best move for Dipangshu?

- a) Talk to Mr. Patel and highlight the initiatives he has taken but at the same time start applying for other jobs.
- b) Reject the offer from the start-up. Use the next three months to find a better job, but continue in the present job.
- c) Resign from this organization right now.
- d) Accept the offer, only if the start-up gives a salary hike, else keep prospecting.
- e) Accept the offer with a request to give him a 10% salary hike.

6. After a couple of weeks, Mr. Patel came to know that Dipangshu's project leader Mr. John, a very competent senior executive, may have wilfully influenced his team members to file a wrong complaint against Dipangshu. Mr. John may have done it because Dipangshu has refused to tow John's line. Mr. Patel also came to know that Dipangshu was thinking of quitting this job. He felt regretful about his letter to Dipangshu. He wanted to resolve the complicated situation. He was contemplating following five actions in his mind.

- I. Talk to Mr. John about Dipangshu and convey to him that losing a bright employee would cost the organization dearly.
- II. Catch up with Mr. John during coffee break and convey that Dipangshu has a very good track record.
- III. Chat with Dipangshu during coffee break.
- IV. Catch up with Dipangshu during coffee break and convey that the organization values him.
- V. Arrange a meeting among Mr. John, Dipangshu and himself to sort out the difference.

Which of the following is the best sequence of actions for resolving the problem?

- a) I, III, V
- b) II, III, V
- c) I, II, IV
- d) I, IV, V
- e) III, IV, V

**Answer 4 : e**

**Answer 5 : e**

**Answer 6 : d**

### **Set - 3**

**Directions for questions 7 to 9: Answer questions on the basis of information given in the following case.**

A few years back Mr. Arbit and Mr. Boring started an oil refinery business. Their annual earning is currently just 50,000 million rupees. They are now exploring various options to improve the business. Mr. Xanadu, a salesperson from Innovative Technology Solutions (ITS), is trying to sell a new oil refinery technology to Mr. Arbit and Mr. Boring. This technology could potentially enhance their annual earning to 150,000 million rupees within a year. But they have to make one-time investment of 100,000 million rupees to implement the technology. If the technology is not successful, the investment would be lost.

Mr. Arbit and Mr. Boring are discussing about possible risks of the investment.

7. Mr. Arbit is enthusiastic about this investment idea but Mr. Boring is a little sceptical. This impasse makes them approach a consultant. The consultant makes some observations. Which of the following observations, made by the

consultant, might reduce Mr. Arbit's enthusiasm for the new investment idea?

- a) Investment is warranted only when benefits outweigh costs.
- b) Technology investments give higher earnings in future.
- c) Investment in technology leads to reduction of costs in the long run.
- d) Technology risks can be controlled.
- e) Business is all about taking risky decisions.

8. In order to sell the technology to Mr. Arbit and Mr. Boring, Mr. Xanadu is thinking of five possible sales pitches. Which of the following sales pitches would reduce uncertainties the most for Mr. Arbit and Mr. Boring?

- a) All other competitors are aggressively investing in risky technologies.
- b) If the technology succeeds, the annual earnings would grow 3 times from the next financial year and they would be able to recover the invested money within 1 year.
- c) Preliminary studies indicate that success rate of the technology is 85%.
- d) The R&D team of ITS is working to counter any possible downside of the technology.
- e) Business is all about taking risky decisions.

9. Mr. Arbit and Mr. Boring did not invest in the new technology, but the new technology is a big success. Repentant, they are now estimating the additional amount they would have earned (i.e. forgone earnings) had they invested in the new technology. However, the two owners differed on expected lifespan of the new technology. Mr. Arbit expected lifespan to be 5 years, whereas, Mr. Boring expected it to be 2 years. After the technology gets out- dated, the earnings from the business would drop back to 50,000 million rupees.

What would be the difference between two expected foregone earnings after 5 years of the technology investment, if yearly earnings are deposited in a bank @10%, compounded annually?

Note: Forgone Earnings = (Earnings from business with new technology) – (Earnings from business without new technology)

- a) 231,200 million rupees
- b) 331,000 million rupees
- c) 400,510 million rupees
- d) 431,000 million rupees
- e) 464,100 million rupees

**Answer 7 : a**

**Answer 8 : c**

**Answer 9 : b**

### Set – 4

**Directions for questions 10 to 13: Answer questions on the basis of information given in the following case.**

Life saving Pharmaceuticals (LSP) is India-based Pharmaceuticals Company. Their business mostly revolves around a couple of generic drugs and a few patented drugs. LSP operates in 30 odd countries and more than 50% of their sales volume is from outside India.

10. If more than 50% of their sales volume is from generic drugs, which of the following options is definitely correct? (Note : All percentages figures are with respect to total sales volume)

- a) If sales volume of patented drugs in India is 43%, the sales volume of generic drugs in India will be less than 43%.
- b) If the sales volume of generic drugs in foreign countries is at least 24%, the sales volume of patented drugs in India will be above 24%.
- c) If the sales volume of patented drugs in India is 54%, the sales volume of generic drugs in foreign countries will be above 54%.
- d) If the sales volume of patented drugs in India is 29%, the sales volume of generic drugs in foreign countries will be above 29%
- e) If the sales volume of generic drugs in India is at least 60%, the sales volume of patented drugs in foreign countries will be above 60%.

11. Mr. Sinha, a senior executive of LSP, observes that their business in India is not vibrant. LSP faces stiff competition from Indian and global players, except in rural areas. Interestingly, most of their sales in the rural area are from cough syrup, used as sedatives by teenagers. Mr. Sinha is planning the following actions to improve business in the long run.

- I. Invest in development of new drugs.
- II. Increase sales of cough syrup in the rural markets.
- III. Try and cut costs.
- IV. Recruit more medical representatives in the rural areas.

Which of the following sequences is best arranged in the descending order of appropriateness?

- a) I, III, II
- b) II, I, III
- c) II, III, I
- d) IV, II, III
- e) IV, III, I

12. Mr. Rastogi, HR head of LSP, is contemplating of transferring Mr. Jose, from India to their Luxembourg office. Mr. Jose's wife is also with the HR

department of LSP. The couple is expecting their first child within next four months and hence they want to be together. Mr. Rastogi is wondering whether Mr. Jose would accept the transfer. If he doesn't, Mr. Rastogi would have to send a less competent person for this job as early as possible. The office in Luxembourg is very important for the company's future. It is at its nascent stage and does not yet have an HR department. Hence, it is not possible to transfer Mrs. Jose to Luxembourg.

Which of the following options would be most appropriate, from the organization's perspective, to resolve the issue?

- a) Giving a salary hike to Mr. Jose with a promise to transfer Mrs. Jose to Luxembourg in the near future.
- b) Giving Mrs. Jose option to work from home while in Luxembourg so that she can be with Mr. Jose.
- c) Giving Mr. Jose option to work from India for the time being so that he can be with Mrs. Jose in India.
- d) Giving a salary hike to Mr. Jose to compensate for Mrs. Jose's salary so that she can join Mr. Jose at Luxembourg, even with loss of pay.
- e) Asking Mr. Jose to accept the offer right now but give him up to six months to join Luxembourg office.

13. Mr. Khan used to work as the Vice President of LSP India. However, he had resigned from LSP India for a better job in New York. In the meantime, his wife was promoted to head the HR of LSP India. Mrs. Khan had struggled hard to reach this position and was quite popular and respected within the organization. Mrs. Khan was contemplating whether she should give up her career and join him in New York. Mrs. Khan is considering the following actions:

- I. Take a break for the time being and focus on personal life. Given her reputation, she can always get back to the same job, if required.
- II. Go to New York, on leave without pay for two months to help Mr. Khan settle down. After that she can come back and resume her responsibility in LSP India.

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- III. Request Mr. Khan to look for an equivalent job in India.
- IV. Resign from LSP India, join Mr. Khan in New York, and look for a similar job there.
- V. Request LSP India for a similar position in LSP USA and follow Mr. Khan to New York.

Which of the following sequence of actions can be immediately taken by Mrs. Khan to maintain her work-life balance?

- a) I & II
- b) I & III
- c) I & IV
- d) II & V
- e) III & V

**Answer 10 : d**

**Answer 11 : a**

**Answer 12 : b**

**Answer 13 : e**

### Set - 5

**Directions for questions 14 to 16 : Answer questions on the basis of information given in the following case.**

Mohan's was a popular fast-food joint at Connaught Place, Delhi. Initially Mohan handled his business alone. His sons, Ram and Kishan, joined the business after graduation from college. Ram was entrepreneurial in nature. Subsequently, another

branch of Mohan's was opened in Panipat. Mohan had chosen Ram to head the Panipat branch. Though Ram increased sales in short time, he had stopped using premium quality organic vegetables, the speciality of Mohan's.

Mohan and Kishan were not happy with his way of doing business.

Now, the foremost challenge for Mohan was to sort out this issue with Ram. Mohan knew that replacing Ram with Kishan was difficult as Kishan did not want to leave Delhi. However, giving a freehand to Ram might have long term negative consequences. Mohan was confused about the future of course of actions.

14. Mohan sought the help of five consultants, who give the following opinions:

- I. Organic vegetables might be a big success at Connaught place but awareness about organic vegetables is low among Panipat customers.
- II. The Connaught place model can be implemented in Panipat provided the business is prepared to face the consequences.
- III. Many high end restaurants in Panipat use organic vegetables. So, using organic vegetables will not be a differentiating factor.
- IV. Selling prices of their dishes in Panipat are significantly lower. Using organic vegetables will bring down profits.
- V. Premium quality organic vegetables are not easily available in Panipat.

Which of the following set of options would support Ram's argument of not using organic vegetables?

- a) I, III, IV
- b) II, IV, V
- c) I, III, IV, V
- d) II, III, IV, V
- e) All of the above

15. Mohan sought feedback from a few of his businessmen friends, who were familiar with both the branches. Here is what they said:

- Businessman 1 : Customers of Connaught place and Panipat are very different.



- Businessman 2 : Customers in Panipat are extremely happy with Ram's behaviour.
- Businessman 3 : Panipat branch does not use the same quality of ingredients but maintains good hygiene and taste.
- Businessman 4 : Who knows, tomorrow the customers of Panipat might also appreciate what Connaught place customers appreciate today!

If Mohan thinks all these are valid concerns, which of the following actions would be best for the business?

- a) Training Kishan to replace Ram in a few months.
- b) Not worrying about ingredients as long as business grows.
- c) Bringing Ram to Connaught place branch.
- d) Naming the Panipat branch as 'Ram's', and changing it back to Mohan', when needed.
- e) Asking Kishan to run the Panipat branch.

16. After discussing with a few customers, Mohan realised that compromising on the quality of ingredients at Panipat branch may not be good idea but at the same time he also realized that Panipat branch had grown fast. He was contemplating following five actions. Which of the following actions would be the best for the future of his business?

- a) Creating awareness campaign for organic vegetables in Panipat.
- b) Mohan himself should take after the Panipat branch.
- c) Close down the Panipat branch.
- d) Send Kishan to Panipat branch and bring Ram to Connaught place permanently.
- e) Hire a new person to run the Panipat branch.

**Answer 14 : c**

**Answer 15 : d**

**Answer 16 : b**

**Set – 6**

**Directions for questions 17 and 18: Answer questions on the basis of information given in the following case.**

MBA entrance examination comprises two types of problems: formula-based problems and application-based problem. From the analysis of past data, Interesting School of Management (ISM) observes that students good at solving application-based problems are entrepreneurial in nature. Coaching institutes for MBA entrance exams train them to spot formula-based problems and answer them correctly, so as to obtain the required overall cut-off percentile. Thus students, in general, shy away from application-based problem and even those with entrepreneurial mind-set target formula-based problems.

Half of a mark is deducted for every wrong answer.

17. ISM wants more students with entrepreneurial mind-set in the next batch. To achieve this, ISM is considering following proposals:

- I. Preparing a question paper of two parts, Parts A and Part B of duration of one hour each. Part A and Part B would consist of formula-based problems and application-based problems, respectively. After taking away Part A, Part B would be distributed. The qualifying cut-off percentile would be calculated on the combined scores of two parts.
- II. Preparing a question paper comprising Part A and Part B. While Part A would comprise formula-based problems, Part B would comprise application-based problems, each having a separate qualifying cut-off percentile.

- III. Assigning one mark for formula-based problems and two marks for application based problems as an incentive for attempting application-based problems.
- IV. Allotting one mark for formula-based problems and three marks for application-based problem, without mentioning this is the question paper.

Which of the following proposal (or combination of proposals) is likely to identify students with best entrepreneurial mind-set?

- a) II
- b) I & II
- c) I & III
- d) II & III
- e) II & IV

18. ISM conducts a common entrance examination every year. This year, the question paper would comprise 60 questions with an equal mix of formula-based problems and application-based problems. All questions would carry equal marks. Balaji is appearing for the examination. Before, appearing for the examination he gets the following information from coaching institutes:

- I. Application-oriented problems take more time to solve in an examination hall.
- II. Chances of silly mistakes would be low in application-based problems.
- III. ISM would assist the students with bank loans to start a new venture.
- IV. Options are generally confusing for formula-based problems.
- V. 'Practice makes a man perfect' can apply only to formula-based problems.
- VI. Students get very good campus jobs.

Based on above information, which of the following options would help him to be better prepared for the examination?

- a) I & II
- b) I, II & V
- c) II, III & VI
- d) IV, V & VI

e) I, II, IV & V

**Answer 17 : d**

**Answer 18 : e**

### **Set – 7**

**Directions for questions 19 to 22 : Answer questions on the basis of information given in the following case.**

The Disciplinary Committee of Nation 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 his 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.

19. 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. Prodigo 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 court proceedings.
- e) Initiate an internal inquiry to find the truth.

20. 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. Prodigo from the party with immediate effect to maintain party's clean image
- c) Initiate an internal inquiry to find the truth.
- d) Suspend Mr. Prodigo 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. Prodigo from the party with immediate effect.

21. 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

22. 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 participation 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.

**Answer 19 : c**

**Answer 20 : d**

**Answer 21 : a**

**Answer 22 : a**

### **Individual Questions:**

**Directions for question 23: Answer question 23 on the basis of information given in the following case.**

23. Innovative Institute of Business (IIB) has decided to be the first green campus in India. IIB Administration has advised all campus residents to reduce carbon footprints. IIB faculty members did a brainstorming and came up with the following suggestions:

- I. Replacing electricity source for street lights with solar panels.
- II. Replacing the existing buildings with environment friendly buildings.
- III. Organizing a seminar on 'Towards a Sustainable Future' involving all students, staff, and experts from around the country.
- IV. Introducing a compulsory course on sustainability to increase awareness among students.
- V. Conducting an initial energy audit to explore where IIB can reduce carbon footprints.

Which of the following options would be the most preferred sequence of actions to reduce carbon footprints on campus?

- a) II, IV, V
- b) IV, V, III
- c) V, I, II
- d) V, I, III

e) V, III, I

**Answer 23 : c**



**XAT 2016**

**Decision Making**

**Questions and Answers**

**Analyze the following caselet and answer the questions 1-3 that follow:**

Indian Institute of Research is a Government-established body to promote research. In addition to helping in policy making, it also provides free online access to all the articles to the public. It has a mission of publishing high quality research articles. Till 2010, the publication of articles was very slow because there was no incentive for researchers to publish. Researchers stuck to the mandatory one article a year. Most of the researchers engaged in offering consultancy and earned extra income. Since

its inception, the institute was considered the best place for cutting edge research. The new director of the institute was not happy with the work done by researchers in silo and came out with a new research policy in 2013 to increase research output and improve collaboration among researchers. It was decided that extra benefits would be offered to researchers with new publications. As a result, the number of research articles increased fourfold in 2014. At the 2015 annual audit, an objection was raised against the new benefits scheme. Auditors were not happy with increased expenses towards remuneration for researchers. Further, the Government opined that the publication was itself a reward and hence researchers need be paid nothing extra. The director tried to defend his policy but the response from the government was not encouraging.

*Note: Auditors role is to verify accounts.*

1. The following facts were observed by an analytics team hired by the government to study the extant situation.

1. There was a four-fold increase in the number of researchers leaving the organization in 2014.
2. A researcher died while on duty.
3. The quality of articles published declined substantially.
4. The average number of people accessing an article decreased by 2%.

Which of the following options would justify the government's intention to DISCONTINUE the scheme?

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

Correct answer: C

Exp: Fact 1 cannot be the reason as a substantial increase in attrition is irrelevant for the government to take a decision regarding the quality of the scheme.

Fact 2 cannot be the reason as one researcher could have died because of other reasons.

Fact 3 corroborates the government's reason for not equating publications with rewards (the quality of articles published has decreased)

Fact 4 cannot be the reason as 2% decrease is not substantial enough.

Hence the only possible answer is fact3 making C as right choice.

2. The director still wanted to persuade the government to review its stand. He had framed the following arguments:

1. Most famous researchers in the world are also the highest paid.

2. American institute of research gives extra benefits to its scientists.

3. This year's highest paid researcher had won the Nobel Prize last year.

Considering the Government to be reasonable which of the following options is UNLIKELY to convince the Government?

A. 1 and 2

B. 2 only

C. 2 and 3

D. 1 and 3

E. 1, 2 and 3

Correct answer: E

Exp: Those most famous researchers are also paid high does not imply that the highest paid researchers are always famous or that they will be productive. If an American Institute is giving extra benefits it does not mean IIR should also follow it. The researcher may be getting the highest pay as a consequence of receiving the Nobel Prize, or there may be other reasons for the researcher to be highest paid.

Hence E is the correct option.

3. The director wanted to promote good decision making at Indian Institute of Research. A few trusted colleagues offered the following suggestions:
1. Auditors need not be allowed to object to extra benefits schemes.
  2. Auditors need not pin-point sudden increase in expenditure.
  3. Auditors need not be consulted before taking any policy level decision.

Which of the following combination of options should the director agree THE MOST with?

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

Correct answer: D

Exp: As given in note 1 of the caselet, the auditor's role is to verify accounts and not to make policies. The Director and other top officials are the best people to decide on policy related matters. As points 1 and 3 are policy related, D is the correct answer.

**Analyze the following caselet and answer the questions 4-5 that follow:**

Kamal Chinnappa, Vimal Rao, Ganesh Krishnan and Dinesh Kumar own a saloon each on the Barbil street. They are the only hairdressers on that street. Each of them offered three services viz. haircut, shaving and hair-dye. One evening, all four of them met in a nearby tea stall and agreed to charge ₹100 for any of the three services (haircut, shave and hair-dye) on weekdays. They also agreed to increase this rate to ₹115 on weekends and holidays. All verbally decided to implement the agreement.

4. The following day Kamal, being the most competent hairdresser on the street, was contemplating charging higher than agreed upon price.

Which of the following would enable him to charge more with minimal violation of the agreement?

- A. He should introduce a new and specialized service at ₹130.
- B. He should open another shop on the same street and charge ₹150.
- C. He should charge ₹130 for those wanting to jump the queue.
- D. He should charge ₹115 for a service to a particular customer and give the next service free.
- E. He should open his shop two hours before others and close it two hours after.

Correct answer: A

Exp: He wants to charge more for his competence but with minimum violation of the agreement. So for the agreed services he cannot charge more. But for any new service he can charge more. Hence A is the correct answer

.

In B he is in violation of the agreement since the agreement was between people and not the shops.

C and E is wrong since charging more for jumping the queue and extending work hours may increase revenue but will not enable him to showcase his competence (which is his objective).

D is a wrong answer since giving free service is a violation of the agreement.

5. Vimal relies heavily on a bunch of loyal customers. He is concerned about retaining them.

Which of the following options should he choose if he does not want to violate the agreement?

- A. He should charge differential rates for loyal customers.
- B. He should charge the loyal customers lower.
- C. He should make every third visit free for his loyal customers.
- D. He should charge all the agreed upon price.
- E. He should allow his loyal customers to jump the queue.

Correct answer: E

Exp: A, B and C will end in violation of the agreement. C because the price per visit comes down by one third. D does not violate but does not solve the problem of retaining the loyal customers. The correct answer hence is E where the customers get a preference but pay the same.

**Analyze the following caselet and answer the questions 6-7 that follow:**

The City of Yashmund is served by licensed taxis operating on officially sanctioned metered rates and driven by licensed drivers who do not own the taxis but pay a monthly rent to the taxi-owners. Shaliesh Nair, the mayor of Yashmund, perceived that most of these taxis do not offer sufficient comfort and safety to passengers.

6. The Mayor wants the owners and drivers to care about comfort.

Which of the following decisions, IF TAKEN, is MOST LIKELY to increase the comfort levels of passengers?

A. The mayor issues a guideline that taxis will be randomly inspected by the police for the comfort level.

B. The mayor ensures banks grant drivers loans to own cars. Owner driven cars generally offer greater comfort.

C. The mayor introduces licensing of air-conditioned taxis which can charge increased rates to the rich customers.

D. The mayor introduces a feedback system that records passenger satisfaction with comfort levels; this will affect renewal of annual taxi license.

E. The mayor permits doubling metered rates which will ensure enhanced income for owners to invest in greater comfort.

Correct answer: D

Exp: A does not imply any punishment and therefore may not induce the drivers to care about comfort. B may not be taken up by the drivers if they are satisfied with the rents they currently receive and hence is not correct. C focuses on a specific market segment and may not solve the problem for the entire market. E does not ensure that the extra amount will be invested in comfort. D focuses on a measure of

comfort and a penalty for lack of comfort based on the measure and hence is the correct answer.

7. The mayor wants to involve the car owners in finding a solution to the problem of comfort and safety. He is concerned that the customers may not be willing to pay more for safety.

Which of the options below is MOST LIKELY to convince the owners?

- A. The taxi owners who clear comfort-inspection can charge higher rentals from the drivers and drivers with impeccable safety record can charge the same from customers.
- B. The taxis that clear comfort-inspection can charge 25% above the metered rates; studies have shown that customers are willing to pay around 18% extra for comfort.
- C. If a taxi owner has a consistent record of comfort and safety the government will subsidize a second loan.
- D. Taxis can charge 25% more if they clear comfort-inspection. However, owners of the taxis found compromising on safety will be jailed.
- E. Taxis that pass comfort-inspection test can charge 25% more. Should they violate any traffic rule this privilege would be withdrawn.

Correct answer: D

Exp: The customers are likely to pay more for comfort and not for safety. Taxi owners can be motivated to provide more comfort by allowing them to charge more, but only strong penalties would prevent safety violations. Only D addresses both safety and comfort concerns and therefore is the right answer.

Option B and E focus on comfort but ignore safety (violation of traffic rule is only one aspect of safety rule). Moreover, option E penalizes safety rule breakers by only denying the use of comfort related privilege. Penalty should be more with safety rule violation. Option C does not penalize safety violation. Moreover, the taxi owners may not require a second loan.

Option A is wrong since customers are not willing to pay more for safety.

**Analyse the following caselet and answer the questions 8-9 that follow:**

## Handa Ka Funda

Chatterjee, the MLA of Trikathapur, owes his election success to his close friend and businessman Ghosh. The victory had appeared unlikely for Chatterjee after the arrival of Bhowmick, a budding politician with hordes of money. However, his clean image along with Ghosh's money ensured Chatterjee's resounding victory.

8. After the elections, Ghosh requested Chatterjee to sanction the land adjoining his factory, for expansion. However, the requested government land was a green belt reducing harmful pollution from the factory.

Which of the following is the BEST option for Chatterjee in these circumstances?

- A. Chatterjee should approve the sale only after Ghosh plants a large number of trees around the factory and the city.
- B. Chatterjee should oblige Ghosh provided he recruits 20 locals as his employees on condition that they plant and maintain a tree each in their locality.
- C. As Ghosh is paying market rates Chatterjee should approve the sale with no riders.
- D. Chatterjee should approve the sale and ensure that the green belt is shifted to a different tract of land outside the city, purchased from the proceeds of the sale.
- E. Chatterjee should unconditionally approve the transfer of the land to Ghosh as a token of gratitude.

Correct answer: A

Exp: E and C are wrong as they do not take care of Chatterjee's duty to the city. B is wrong since the locals and not Ghosh are made responsible for the greenery; moreover the 20 30 trees in their respective locality may not be sufficient or even relevant to reduce pollution. D is wrong since Chatterjee is taking the responsibility to buy land from the proceeds of the sale and Ghosh gets the land with no riders (similar to C). A ensures that Ghosh first plants a stipulated number of trees and that too around the factory and the city, hence A is the right answer.

9. Inspired by Bhowmick's manifesto, Chatterjee is contemplating a green policy which can adversely affect Ghosh's business interests.

Which of the following actions from Ghosh is likely to convince Chatterjee NOT to pursue this policy?



- A. Request Chatterjee to defer implementation of the green policy by 3 years, the time needed to make his factory green.
- B. Remind Chatterjee that it is for his clean image that people voted him and not for Bhowmick's green policy.
- C. Warn Chatterjee that all industrialists will turn against him and despite his clean image he may be hated by the industry.
- D. Appeal to Chatterjee's sympathy citing the potential loss his business will suffer if the policy were to be implemented.
- E. Threaten Chatterjee that he should not take his loyalty for granted as Bhowmick has invited him to join his party.

Correct answer: B

Exp: Chatterjee may not pursue the green policy unless his future interests are protected.

Option A will not convince Chatterjee as it will not affect his future interests. Moreover, Policy framed in favour of his friend makes it unethical.

Option C is unfounded assumption and hence is wrong. D may gain Ghosh some sympathy but it is not going to convince Chatterjee.

E may affect Chatterjee, but it might backfire on Ghosh too.

B appeals to Chatterjee's stakeholders and hence is the right answer.

**Analyse the following caselet and answer the questions 10-12 that follow:**

Nicky, Manoj and Benita are graduates from a top ranked B-school. They joined ABC corporation a year ago. ABC is known for its performance oriented culture. This is the first time the organization recruited from a top ranked B-school. They are part of a five member team with two others from lower ranked B-schools. Nicky, Manoj and Benita draw 40 per cent higher salaries than other team members. This team reports to Amelia Ganeshmurthi, a senior executive.

10. Amelia is disappointed with the performance of Nicky, Manoj and Benita. She came to know that ABC was not their first choice and they had spent the first ten months applying to other organizations. However, they have now started liking ABC and promised to do their best henceforth. Amelia has to rate their annual performance and decide about their future. She has the following choices:

1. Fire them from ABC for insincerity and save the organization's time and money.
2. Give them average ratings with a year to prove their worth and fire them from ABC if they fail to show significant progress.
3. Impose a pay-cut of 15% since they have not delivered on the promise, but give them relatively high ratings.
4. Give them relatively poor ratings with one year time to improve and fire them from ABC if they fail to show significant progress.
5. Give them high ratings and give them a second chance to prove their worth.

Which of the following options rank the above choices in the order of MOST APPROPRIATE to LEAST APPROPRIATE?

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

Correct answer: C

Exp: Action 1 is the third best and better than action 5 in which they get very high ratings for performance in a performance oriented organization.

Action 2 is the second best action since the trio gets average ratings instead of less than average ratings for their poor performance.

Action 3 is the worst decision because this action sends mixed signals. Amelia is giving high ratings and simultaneously cutting salary.

Action 4 is the best action because poor rating reflects the poor performance of the trio in tune with the performance orientation of the organization while giving the trio enough time to improve.

Action 5: The organization is right in giving them an opportunity but rating them high is wrong. This decision is better than action 3 since the communication is clearer and does not send any mixed signal.

Hence, the correct ranking is 4, 2, 1, 5, 3

Option C is in sync with the above logic and therefore is the correct answer.

11. Recruiting Nicky, Manoj and Benita was part of a larger initiative to make the organization attractive to prospective employees. Recently Amelia's boss informally told her that the trio's perception of the organization might influence future recruitment from top B-schools. However, the trio had already expressed their unhappiness about the organization to Amelia. She suspected that her promotion due next year might depend on the trio!

Which of the following is the BEST way for Amelia to deal with this situation?

- A. Henceforth, she should be lenient with the trio.
- B. She should promise the trio an early promotion if they can help her recruit good talent from top B-schools.
- C. Henceforth, she should occasionally invite the trio for dinner and informal outings.
- D. She should tell her boss that it is unfair to link her promotion to the trio's behaviour.
- E. She should convey the trio's unhappiness to her boss.

Correct answer: E

Exp: Ms Amelia "suspects" that the trio could affect her promotion. She should clear this suspicion by communicating the opinions of the trio to her boss. This will result in her boss reviewing his/her expectations from the trio and therefore also from Ms Amelia. Therefore E is the correct answer.

Options A, B and C do not serve the interests of the organization. While option A and option C might serve Ms Amelia's short term interests. Option D is wrong since it is her own perception and unfounded.

12. Nicky's performance on the job is disappointing though she is considered a very helpful person outside the workplace helping her teammates and others in the organization with their personal needs e.g. finding a place to rent, a good place to get homely food etc. On the other hand, Manoj and Benita are performing well in their respective jobs and are perceived by their teammates as important to the

team. But they are not interested in helping outside the workplace. Amelia has to decide the future of the trio. She has the following options:

1. Inform the higher authorities about Nicky's poor performance and ask them to take a call.
2. Send Nicky for a one month training earmarked for top performing employees.
3. Serve Nicky an ultimatum to improve within the next six months or get fired.
4. Even though they performed well, give Manoj and Benita average ratings because of their disinterest in helping outside workplace.
5. Give Manoj and Benita high ratings based on their performance.

Which of the following combination of above options will be the MOST APPROPRIATE?

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

Correct answer: E

Exp: ABC is a performance focused organization, punishing poor performance and rewarding good. Among the combination of decisions that are appropriate for the given situation, one decision from 1, 2 and 3 and one from 4 and 5 have to be chosen (1, 2 and 3 are about Nicky and 4 and 5 are about Manoj and Benita).

Action 1: Amelia is running away from her responsibility with this action.

Action 2: This decision rewards Nicky for non-performance.

Action 3: Amelia is asking Nicky to focus on performance and gives her an ultimatum. This is a better decision compared to the actions 1 and 2.

Action 4: This decision is wrong because Amelia is punishing Manoj and Benita for their behavior outside workplace.

Action 5: This decision rewards Manoj and Benita for their performance and is the right thing to do. Based on this rationale, the best combination would be 3 and 5. Therefore Option E is the right answer.

**Analyse the following caselet and answer the questions 13-15 that follow:**

Recently a private food testing agency reported the presence of a harmful chemical in Crunchy Chips, a product of a fast moving consumer goods giant. The report sparked a nationwide outcry.

13. Rajan Shekhawat, the CEO of the company, feared this incident might affect the company's image among consumers. Rajan had the following options:

1. Apologizing publicly for this inconvenience and immediately withdrawing the products from all stores.
2. Communicate 'the correct findings' to the public.
3. Hire a reputed independent testing agency to verify the claims of the report.
4. Establish internal mechanisms to prevent repetition of such incidences in future.
5. Give higher incentives to distributors and retailers for selling the company brands.

Which of the following would be the MOST APPROPRIATE ORDER of options for Rajan, starting from the immediate?

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

Correct answer: B

Exp: Veracity of leaked report has not yet been ascertained. It may be a good idea to first check the credibility of the report through an independent agency. Based on these findings a concrete action can be taken. Therefore 3 followed by 2 is the correct order. Therefore B is the correct answer.

14. Mukesh Routray, a shopkeeper in a remote village was surprised to read in the newspaper, his only source of information, about harmful chemicals in Crunchy

Chips. He had stocked a large quantity of Crunchy Chips for the forthcoming festive season. He also realized that people in his village are completely unaware of this controversy. He had the following options:

1. Sell the entire stock at a discount before the news spreads.
2. Destroy the entire stock and advise customers not to buy this product from other shops as well.
3. Donate the entire stock of Crunchy Chips to a local orphanage.
4. Inform customers about the controversy but understate its seriousness.
5. Ignore the news and sell the stock at the forthcoming festive season as planned.
6. Explore the veracity of the report and then take decision.

If arranged from ethical to unethical which of the following is DEFINITELY the WRONG order?

- A. 6, 5, 1
- B. 6, 1, 4
- C. 4, 5, 1
- D. 2, 4, 3
- E. 2, 4, 1

Correct answer: B

Exp: Actions 1, 3, and 5 are unethical because Mukesh is capitalizing on information he is privy to. Action 4 is also unethical but to a lesser extent compared to 1, 3 and 5 though he is informing the consumers he is deliberately “understating the seriousness”. Whereas action 2 is ethical, 6 is not unethical.

So the correct order would be:

2>6>4

1, 3 and 5 are all unethical with no definite ranking among them. This rules out Option A, C, D and E.

Option B is definitely a wrong order and hence the correct answer.

15. An independent and trustworthy confidante of Rajan Shekhawat, the CEO of the company, informed him that one of their main competitors had bribed the food testing agency to manipulate the report.

Which of the following actions will BEST help Crunchy Chips to bounce back?

- A. Proclaim over the media that their product is completely safe.
- B. Secretly hire a food testing agency to ascertain the quality of the competitor's product.
- C. Hire another food testing agency to test and communicate the outcome to the consumers.
- D. File a defamation case against the competitor for their alleged involvement in the conspiracy.
- E. File a defamation case against the food testing agency.

Correct answer: E

Exp: The objective is to bounce back i.e. resurrect the damaged image of the company and dispel all the doubts about their products. The company should ensure that such incidents are not repeated. The root cause of the problem is that the testing agency engaged in an inappropriate action (whereas the agency was supposed to be fair and neutral) at the behest of the competitor and this should be nipped in the bud.

Option A and C: The option does address the national outcry but does not address the proxy war by the competitor, which might recur.

Option B: The decision is inappropriate and not addressing the problem at all.

Option D: Their competitor is engaged in a proxy war. So, directly targeting the competitor will be a disaster.

Option E: The decision is appropriate as it targets the testing agency and not the competitor.

It also addresses the national outcry indirectly because only a brand confident of its product quality will file a defamation suit. This in a way reassures the consumer about the product quality.

Therefore Option E is the correct answer.

**Analyse the following caselet and answer the questions 16-18 that follow:**

Purushottam Bhatnagar owns and operates a sweetshop Puru and Sons. He is about 60 years old and is eager to hand over the business to his sons Ratan and Pramod. He however, fears that his sons, fresh from college may not understand the tricks of the trade.

16. Purushottam sends a batch of sweets to the Police station across the street every day. Ratan construed it as a bribe and wanted to stop this practice.

Which of the following arguments, IF TRUE, would BEST convince Ratan NOT to give up this practice?

- A. In the last three years, three attempts to burgle Puru and Sons were effectively foiled by the Police.
- B. Each policeman receives only two pieces of sweet, too small to be considered a bribe.
- C. The police in return send two policemen in mufti to mingle with the customers during rush hours to prevent pickpockets.
- D. Every day, Purushottam also sends a batch of sweets to the school next to the station, an orphanage nearby and the temple at the end of the street.
- E. Purushottam's competitor Uttampurush who runs a sweetshop in the same street and his neighbour Mahapurush who runs a samosa stall, both do similar things every day.

Correct answer: D

Exp: Option A and Option C are both wrong since in both cases Purushottam is "paying" the police for discharging their duties. Option B is wrong since the pettiness of the bribe cannot be a defence. Option E is wrong because you don't become right just because others are also doing it. Option D is the best since Purushottam is sending a batch of sweets to many other social institutions and therefore can be argued as a goodwill gesture.

Therefore Option D is the correct answer.

17. Purushottam's eldest son discovered that the shop repackaged sweets that were close to expiry and sold them at a discount under different names. These sweets usually get sold very fast. But his son was concerned about the possible



consequences of this practice. Purushottam was thinking of the following arguments to convince his son.

1. These sweets are consumed the same day and therefore there is no cause for worry.
2. Reduced prices give enough indication about the sweets to the customers.
3. These products are preferred by those who cannot afford full price and in a way, this is a service done to them.
4. In the past 30 years not a single person has reported ill because of consumption of these sweets.
5. Repackaging and selling sweets is a common practice.

Which combination of arguments below is MOST LIKELY to convince Ratan?

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

Correct answer: B

Exp: Statement 1 by itself is not a correct answer since “no cause of worry” is not supported by any evidence. This support comes from Statement 4. Therefore Statement 1 together with Statement 4 will convince Ratan. Therefore Option B is the right answer.

18. Purushottam’s younger son Pramod discovered that 10% of their customers whom Purushottam called privileged customers purchased sweets at prices fixed 10 years ago (which is significantly lower than the current prices). Purushottam told him, “This 10% are my core and loyal customers with whom I have personal connect and therefore they deserve this privilege”. Pramod refuted his father’s argument citing the following information.

1. These customers form the top 20% of the income bracket of the city.
2. These customers frequently purchase from other sweetshops at market prices.

3. None of them recognises and greets Purushottam at the shop or at anywhere else.
4. None of them was present at Pramod's marriage.
5. These customers actually buy sweets at Puru and Sons for others not part of the core and loyal customer group.

Which of the following combination of the above will MOST LIKELY convince Purushottam to charge market price to all?

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

Correct answer: C

Exp: Option A is not correct since discount cannot be discontinued just because customers are in the top income bracket. Options B, D and E are not correct since not being present at one event cannot be used against them. Option C is the right answer since the customers do not seem to be loyal and are also taking advantage of the discount in an unfair manner, since this is a select discount only to the loyal customers.

**Analyse the following caselet and answer the questions 19-21 that follow:**

Six people working at the Bengaluru office of Simsys are planning to buy flats at a real estate project at Whitefield. Their preferences are listed below:

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Person	Designation	First Preference	Second Preference	Third Preference
Bhatia	Vice President	Ground floor flat	Price < ₹50 lacs.	Shopping mall within 5 km.
Patel	Client Relationship Manager	Distance to office < 10 km.	Recreation Club	
Khan	Project Manager	Recreation Club	Place for morning walk	Car parking
Singh	Senior Software Engineer	Shopping mall within 15 km.	Price < ₹30 lacs.	Place for morning walk
Yadav	Assistant Software Engineer	Price < ₹50 lacs.	Distance to office < 10 km.	
Lingdo	Assistant Software Engineer	Recreation club		

They have identified 7 real estate projects with following facilities available (marked with √):

Real Estate Project	M	N	O	P	Q	R	S
Price	₹60-80 lacs.	₹45-50 lacs.	₹20-25 lacs.	₹65-80 lacs.	₹35-45 lacs.	₹25-40 lacs.	₹20-30 lacs.
Distance to office	< 5 km.	<10 km.	> 20 km.	> 15 km.	< 2 km.	<10 km.	< 5 km.
Place for morning walk	√	√	√	√	√	√	
Recreation Club	√				√		√
Distance to shopping mall	Inside	> 25 km.	< 2 km.	Inside	< 5 km.	> 10 km.	> 20 km.
Car parking facility	√		√			√	√
Availability of ground floor flat		√				√	

A person is 'satisfied' if a project meets all three preferences.

19. Identify the project(s) where NONE of the 6 persons will be 'satisfied'.

- A. M only
- B. N only
- C. P only
- D. N and P only
- E. In all projects at least one person will be 'satisfied'.

Correct answer: C

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Exp: The satisfaction levels of all 6 persons for various real estate projects are shown below (D = dissatisfied, S = satisfied):

Person	M	N	O	P	Q	R	S
Bhatia	D	D	D	D	D	D	D
Patel	S	D	D	D	S	D	S
Khan	S	D	D	D	D	D	D
Singh	D	D	S	D	D	D/S	D
Yadav	D	S	D	D	S	S	S
Lingdo	S	D	D	D	S	D	S

Hence the right option is C.

20. Identify the project(s), where AT LEAST 3 of the 6 persons will be 'satisfied'.

- A. M Only
- B. S only
- C. Q and R only
- D. M, Q and S only
- E. M, Q and R only

Correct answer: D

Exp: The satisfaction levels of all 6 persons for various real estate projects are shown below (D = dissatisfied, S = satisfied):

Person	M	N	O	P	Q	R	S
Bhatia	D	D	D	D	D	D	D
Patel	S	D	D	D	S	D	S
Khan	S	D	D	D	D	D	D
Singh	D	D	S	D	D	S/D	D
Yadav	D	S	D	D	S	S	S
Lingdo	S	D	D	D	S	D	S

Hence the right option is D.

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21. The marketing managers of all the six projects have agreed to add a recreation club and a car parking facility to the projects. In this changed scenario identify projects where AT MOST 2 of the 6 persons will NOT be 'satisfied'.

- A. N, Q and R only
- B. P only
- C. M and P only
- D. N and P only
- E. M, N and P only

Correct answer: A

Exp: The satisfaction levels of all 6 persons for various real estate projects are shown below (D = dissatisfied, S = satisfied):

Person	M	N	O	P	Q	R	S
Bhatia	D	D	D	D	D	D	D
Patel	S	S	D	D	S	S	S
Khan	S	S	S	S	S	S	D
Singh	D	D	S	D	D	S/D	D
Yadav	D	S	D	D	S	S	S
Lingdo	S	S	S	S	S	S	S

Hence the right option is A.

**Analyse the following caselet and answer the questions 22-23 that follow:**

Geetha Gawde can cultivate up to 6 crops a year. Crop A and B are ready for harvest in 2 months; crop C and D in 3 months, and crop E and F in 4 months. Crop A can be cultivated from January to June; crop B can be cultivated from April to September; crop C can be cultivated from May to December; crops D as well as E can be cultivated from August to December, and crop F from November to May. If Geetha plans a change of crop the soil should be left fallow for one month; however, if the same crop is sown no fallow time is needed. Sowing takes place only at the beginning of a month. Geetha can only harvest a maximum of 1000 units of any crop at any point in time. The production cost per unit (incurred at the time of sowing) and price per unit of crop are as follows:

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Crop	Production cost per unit crop (in USD)	Price per unit crop (in USD)
A	20	60
B	5	55
C	25	70
D	15	75
E	5	65
F	35	75

For Geetha soil preparation does not incur any cost. If a crop is abandoned before the scheduled harvesting, she gets no money. Geetha is preparing a cropping schedule to maximize her annual profits (i.e. price – cost). She plans to replicate the schedule in the coming years.

22. Which of the following would DEFINITELY be a part of the ideal schedule?

- A. Cultivate crop B in August or September.
- B. Cultivate crop B from April to September.
- C. Do not cultivate any crop in August but cultivate crop D in September.
- D. Cultivate crop D or crop E in August or September.
- E. Do not cultivate any crop in August; but cultivate crop D or crop E in September.

Correct answer: C

Exp:

Time to harvest	Profit/unit	Cost/unit	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D
2	40	20	A	A																						
2	50	5				B	B																			
3	45	25																								
3	60	15																								
4	60	5																								
4	40	35																								
Min Cost	30	ABE																								
Max Profit	150	ABE/ABD																								

Though crop E generates the same profit, we cannot produce E from Sep to Dec because in that case, crop A cannot be cultivated from Jan. Hence, the correct answer is Option C.

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23. Which of the following schedules would maximize her annual profit while minimizing the costs, if Geetha decides NOT to repeat a crop in a calendar year?

- A. Crops A, B and E
- B. Crops B, D and F
- C. Crops B, D, E and F
- D. Crops C, D and F
- E. Crops A, B, D or E

Correct answer: A

Exp:

Time to harvest	Profit/unit	Cost/unit	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D
2	40	20	A	A																						
2	50	5				B	B																			
3	45	25																								
3	60	15								D	D	D														
4	60	5								E	E	E	E													
4	40	35																								
Min Cost	30	ABE																								
Max Profit	150	ABE/ABD																								

Hence, the answer is Option A.

**XAT 2017**  
**Decision Making**  
**Questions and Answers**

**Analyse the following caselet and answer the questions 1-2 that follow:**

A pastor had eaten at a restaurant with his troupe of ten and his family. It is a norm



to tip the waiter and about 20% of a waiter's salary comes from these tips. However, while paying the bill, the pastor crossed out the automatic 18% tip charged for parties of more than eight and wrote "I give God 10% why do you get 18%?" above his signature. The chagrined waitress at the restaurant posted a photo of this on the social media. She was subsequently fired for violating company's policy on customer privacy.

This would have been understandable if the restaurant had not posted just 2 weeks ago a customer receipt that was complimenting them. Social media and social activists came heavily upon the management's ambivalent stand and the firing of the waitress. In response, the company posted a note on their social media page defending their actions. This quickly drew over 10,000 comments, mostly negative, to which the management started responding by posting the same note over and over again. There were also accusations of the company deleting negative comments and blocking users. The restaurant also experienced a sizable drop in their footfall.

**1. Who/what is the main cause for the situation becoming unmanageable?**

- A. The pastor for flouting the norm of restaurant.
- B. The waitress for violating customer privacy.
- C. The management for not taking action against the pastor.
- D. The management for giving out disproportionate punishment to waitress.
- E. The management for removing negative comments from the social media.

**Answer with Explanation:** (D) Among the options available, the root cause would be that option which if removed will stop the further consequences. Applying this principle D is the root cause because had the management not meted out a disproportionate punishment, the current situation faced by the organization would not have risen. Even if the pastor flouted the norms, and the waitress violated the privacy, the public outcry would not have arisen unless the public perceived the punishment meted by the organization as unfair. It is not a crime to flout a norm; but, the waitress might have committed an offence by flouting the rules of the organization. However the punishment for such an alleged offence is what started the outcry. Hence, Option D is the right answer.

**2. The downward spiral continued for the restaurant as the management persisted in defending their actions and argued with those who criticized them. By the following week, the original post had generated over 18,000 negative**

comments.

**Which of the following is the best way forward for the restaurant at this juncture?**

- A. Unconditionally restore the waitress to her former position and salary on the ground that she was never at fault in the first place.
- B. Apologise to and reinstate the waitress and ask her to apologize for her breach of customer privacy and post both the apologies on social media.
- C. Reinstall the waitress provided she apologises for her breach of customer privacy and post that apology on the restaurant's social media page.
- D. Reinstall the waitress if and only if she apologizes for her breach of customer privacy and posts that apology on her social media page.
- E. Recruit two waitresses at a higher wage but stick to the original decision of firing the waitress.

**Answer with Explanation:** (B) Since waitress was punished in a disproportionate manner to the mistake she committed, hence, the organization should first apologize to the waitress and offer to re-instate her as early as possible. However, waitress is wrong to display customer details on her personal social media page. She should also apologise for this act of discretion. Hence, the organization should offer to reinstate and ask her to apologize for her action, in the social media. Hence, B is the best answer.

**Analyse the following caselet and answer the questions 3-4 that follow:**

Vimla is the domestic help for Shreya and her neighbor Padma; both live in a posh gated community. Vimla not only cleans the house, but also cooks for both the families. Shreya treasures Vimla ever since she joined her family four years ago. Vimla joined Padma's household this year.

1. One evening Shreya trying to pay the pizza delivery was surprised to find a few five hundred rupee notes missing from her purse that she was sure were there earlier. She wants to ascertain if someone has stolen the money. On reflecting, the following facts crossed her mind:
  1. In the last one year, Shreya had noticed cash missing on three occasions.
  2. Shreya's husband also shared that a few notes were missing from his wallet, though he was not sure if they were stolen.

3. Her eldest son had been pestering Shreya for more pocket money for the last three weeks; in the last few days, he had stopped doing so.
4. In the last one year, Vimla had received six mails from her family asking for money.
5. Her eldest son's expenditure had gone up in the last few days.

**(3) Which of the following combinations of the above statements would DECREASE the likelihood that Vimla has stolen the money?**

- A. 1 and 3
- B. 1 and 4
- C. 1 and 5
- D. 2 and 4
- E. 3 and 5**

**Answer with Explanation : (E)** If the money was stolen, then someone who had the need for money should have stolen it. Out of the options available the choices 1&4 and 2&4 will increase the probability that Vimla has stolen it and hence, B and D are wrong. Options 3&5, 1&3, and 1&5 will increase the probability that Shreya's son has stolen it. Out of the three options 3&5 would make the probability of stealing by son the highest, which would imply that the probability that Vimla has stolen it is the lowest. Hence, E is the right answer.

**(4). Padma discovered some money missing from her purse. She suspects that Vimla has stolen it. She wants to prevent the stealing from happening again and is contemplating the following actions:**

1. She should let it pass, since to err is human.
2. She should confront Vimla and tell her that she knows the truth and the act is unpardonable regardless of her past service and she is thinking of terminating her services.
3. She should tell Vimla that she is aware someone has stolen money from the house but is not sure who it is.
4. She should share with Vimla that neighbours think Vimla has stolen the money though she doesn't, but is interested in finding out the truth.
5. She should directly ask Vimla if she stole the money, promising her no punishment if she confesses.

Arrange the following combinations of the above actions in the **DECREASING** order of appropriateness.

- A. 1, 5, 4
- B. 2, 4, 1
- C. 2, 5, 4
- D. **3, 5, 4**
- E. 5, 2, 4

Answer with Explanation: (D) The objective is to prevent (P) further theft while being appropriate (A). Therefore, best option should be P:Yes and A:Yes

Statement 1: (P-N, A-Y) Objective of prevention is not met in 1.

Statement 3: (P-Y, A-Y) Message delivered to Vimla is same in statement 3 and 4, but 3 is more appropriate

Statement 4: (P-Y, A-Y (somewhat)): Message delivered to Vimla is same in 3 and 4, but 3 is more appropriate, as in 4 Shreya is bringing in a third party (neighbours) when it is she who suspects.

Statement 5: (P-Y, A-Y). This is more appropriate than 4 but less appropriate than 3 since compared to 4 where Shreya is placing the blame on her neighbours, in 5 Shreya owns it up, however in 3 Shreya is discussing the incident, while in 5 she is pointing a finger at Vimla purely on suspicion.

Therefore, Option D is the correct answer.

**Analyse the following caselet and answer the question that follows:**

Genius Consulting is a boutique consulting firm started by Shirish, Balram, Rahman and Xavier, four friends from a premier business school. They committed themselves to abide by two principles: a) not to indulge in anything unethical and b) share earnings equally.

Genius Consulting could not get a significant project till the following year, when they managed a big one after Rahman's father referred their firm to his top management. Convinced of the team's talent following an impressive presentation,

the top management awarded them the project even though six other referred teams made presentations.

**(5) The day following the presentation, they met to decide the way forward for the organization. Which of the following choices would be the most appropriate for Genius Consulting?**

- A. As this project violates both their principles, Genius consulting should not take up the project.
- B. Due to the violation of the first principle Genius consulting should not take up this project.
- C. **They should take up the project. Further, since Rahman had agreed to equal sharing, he is not entitled to finder's fee.**
- D. They should take up the project and as the referral helped them survive, Rahman should be paid finder's fee.
- E. They should take up the project. But, in order not to violate the principles, Rahman can be paid finder's fee this year and an equal amount be deducted from his compensation the next year.

**Answer with Explanation:** {C} since company is formed with a motto of ethics and equal compensation, it should not be disturbed. Compensation, should not change based on who gets the business because tomorrow someone else might get the business or getting business may be a role assigned to one member, while others play equally important but different role. It is not an unethical situation because the project was won on the basis of capability and not because of favour from Rahman's father. Hence, C becomes the best option as no one is favoured.

**Analyse the following caselet and answer the questions 6-8 that follow:**

Mrs Biswas was to retire in one year after serving in the construction department of the Gujarat government for more than thirty years. After retirement, she wanted to spend her retired life along with Mr Biswas, a retired school teacher in a small town in Kerala. They had two children, both studying in Bengaluru. The Biswas' wished to construct a house in Kerala with their life savings.

The couple gathered information about owning a house in Kerala. They had four options:

1. Buy a fully furnished house from a big developer and furnish it.
2. Buy a semi-furnished house from a big developer and furnish it.
3. Get a local unregistered contractor to construct a house and furnish it.
4. Mr Biswas with inputs from the family could supervise the construction of a house back in Kerala by employing the best material, engineers, masons and labourers.

**6. Which option would ENSURE the best control of quality of construction for the Biswas'?**

- A. The first option would ensure the best quality.
- B. The second option would ensure the best quality.
- C. The third option would ensure the best quality.
- D. **The fourth option would ensure the best quality.**
- E. Any of the options will equally ensure the best quality.

**Answer with Explanation:** (D) In options A, B and C, the house owner lacks control over the quality of construction. However, in option D the owner can monitor discrepancies on an everyday basis and take corrective actions, if required, especially given Mrs. Biswas' professional experience. Option D is equivalent to continuous monitoring which is superior to one time monitoring in other options. Hence, D is the best answer.

**(7). Which of the following additional information, IF TRUE, would improve the chances of the third option being preferred?**

- A. Based on the current information, with no additional information, the third is the best option.
- B. Among local property holders, the contractor in the third option enjoys a good reputation.
- C. **Big developers are less open to changes in design.**
- D. Mr Biswas cannot stay back alone to supervise the construction.
- E. The Biswas' want to select the furniture on their own.

**Answer with Explanation:** (B) Option C makes first and second options (in the caselet) less attractive, but does not make third option (in the caselet) as attractive as option B does. Option D makes first option (in the caselet) and second option (in the caselet) attractive but does not improve the chances of preferring the third option (in the caselet). Option E makes first option (in the caselet) less attractive and second option most attractive. Based on

arguments presented in the previous question, it is clear that third option (in the caselet) was not the best. Hence, A is not the right answer.

If the builder had good reputation among the local house owners, it means that the builder has been constructing houses to the satisfaction of the local house owners which probably would mean that the builder should be able to assure good quality.

Hence, B is the answer.

**(8) The Kerala Government recently announced a policy: In case of major quality infringement, the builder will pay a penalty of 50% of the price of the house in addition to the price of the house, to the client within a year of notice.**

**Rank in ASCENDING order the options that would ensure "control of quality".**

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

**Answer with Explanation:** (B) If builders are forced to pay penalty for bad quality then they are more likely to deliver good quality, though it would be difficult to force the penalty on unregistered builders. The chances of unregistered builder improving quality because of penalty are lower, as the builder can, more easily, escape the clutches of law. Hence, the right set of options. If the builder had good reputation among the local house owners, it means that the builder has been constructing houses to the satisfaction of the local house owners which probably would mean that the builder should be able to assure good quality.

Hence, B is the answer.

Analyse the following caselet and answer the questions 9-11 that follow:

A University coach was asked to select teams in three sports: Shooting, Cricket (batsmen only) and "Snakes & Ladder". The honest and keen observer head boy of the school informed the coach that he had observed 100 students playing the three games - shooting, cricket and "Snakes & Ladder". In shooting, all students were given 100 chances to hit a target. In cricket, a batsman faced a maximum of 100 balls, provided he DID NOT GET OUT. In "Snakes & Ladder", every student could play 100 matches, one each with the other students and one against a computer. In shooting, a player got one point for hitting the target and zero point for missing the target. In cricket, a batsman got one point for hitting the ball and zero point for missing it. In "Snakes & Ladder", a person got one point for winning the game and zero for losing. To the coach's utter surprise, the distribution of points across all three games was the same. It was as follows:

	Number of students
0-9	1
10-19	8
20-29	5
30-39	15
40-49	20
50-59	20
60-69	13
70-79	7
80-89	9
90-99	2

**9. Which of the following options is the best way to select the "Snakes & Ladder" team?**

- A. The coach must select all students between 80 and 99.
- B. The coach must select both the students between 90 and 99.
- C. The coach must select at least 6 students between 40 and 59.
- D. The coach must not select students between 0 and 9.

**E. The coach can ignore the data in the table and randomly pick any 11 players.**

**Answer with Explanation: (E)** In Snakes and Ladder, the player cannot exhibit any skill and therefore cannot determine the outcome, which is random if the dice is



fair. The past data in the table is not relevant for selection. Hence, the best selection process should give equal opportunity to everyone and therefore, Option E is the right answer.

**10. Which of the following options is the best way of selecting the Shooting team?**

- A. **The coach should select all students in 80-99 ranges.**
- B. The coach should select both the students in 90-99 range; others can be from any of the other ranges.
- C. The coach should select at least 6 students between 40 and 49.
- D. The coach should not select students between 40 and 89.
- E. The coach can pick randomly any 11 players from any of the ranges.

**Answer with Explanation:** (A) In hundred shooting trials, it is highly unlikely that any student would get a high score unless he/she is really good at shooting. The trials give us enough information to choose those who have scored the highest. Therefore, option A is correct.

**11. Which of the following options is the correct statement for picking up the cricket team?**

- A. The coach should never select the player in the range of 0-9 points.
- B. The coach should never select players from the range of 50-59.
- C. The coach should never select players from the range of 70-79.
- D. The coach should definitely select players only from the range of 80-99.
- E. **None of the above.**

**Answer with Explanation:** (E) In the game of cricket, a player has to stop batting when he gets out. Therefore, there is no guarantee that even the best of batsman will play out all 100 balls. On the contrary, even the worst batsman can play hundred balls, though chances are low. Hence, there is a possibility that best batsman can get out after playing 5 balls and worst batsman can play more balls than him. Hence, the coach can never be sure of rejecting a person with low score or select a batsman, based on the above data. Hence, options A, B, C, and D all are wrong. Best answer is Option E.

**Analyse the following caselet and answer the questions 12-13 that follow:**

A college campus with a population of around 2,000 of whom 200 were children, 1,200 people between 15 and 45 years, 500 people between 45 and 65 and around 100 people more than 65 years of age. The campus has two big gates opening out to the city. There are 400 cars and 500 motorbikes inside the campus. The residents relied on these vehicles to visit the city located 10 kilometers away.

Now, with land within the campus becoming scarce, the chief administrator (CA) found the growing demand for parking lot difficult to handle. The faculty, staff and students wanted increased parking space. In the past six years, the parking requirement on campus had doubled. The CA found it inappropriate to construct parking lots from the students' fee, even though those with vehicles may not complain about it.

Besides creating parking problems, the CA felt that these vehicles added to the pollution and made residents less responsible towards each other. The risk to the children and the elderly because of over-speeding was menacing. Therefore, the CA wanted to reduce the number of vehicles in the campus. Many faculty members, students and staff members, however, felt that demand for more parking space was natural as vehicles were required to go to the market, railway station, airport, and inter-state bus terminal all located in the city. They also told the CA that the elderly, sick and the toddlers relied only on these vehicles.

After listening to all stakeholders, the CA wanted to solve these problems while ensuring the campus remained responsible and green.

**12. Which of the following actions would best satisfy all the stakeholders within the campus?**

- A. Levy extra fee on students to construct additional parking lots inside the campus. Students should pay for up-keep of the campus.
- B. **Let all vehicles be parked in a college-managed space outside the campus while two battery operated vehicles handle exigencies inside the campus.**
- C. Bring all stakeholders to the discussion table.
- D. To reduce carbon footprints, only pooled vehicles should be allowed to operate inside the campus.
- E. Charge significant fee from any vehicle entering or leaving the campus.

**Answer with Explanation:** (B) Option A is not possible because it is unfair to the students as mentioned in the case. Option C is not a solution as it talks only about

discussions and not a decision. It can be a good initial point but not a concrete way to solve the problem. Option D is not the best solution as it does not address the concern of parking lot and emergencies. Further D is an inferior option in comparison to Option B even with respect to pollution control. Option E does not solve the problem as it does not address concerns of parking lot. Further, Option E is inferior in comparison to Option B with respect to pollution control. Option B is the best solution as it addresses parking as well as other issues including those related to environment.

**13. Which of the following would be the best option to increase revenue, decrease carbon footprint and still satisfy all the stakeholders in the campus?**

- A. **Make substantial collection from vehicles entering or leaving campus and construct a parking lot outside the campus.**
- B. Levy extra fee on the students and build extra parking lots inside the campus
- C. Bring all stakeholders to table and let them build consensus.
- D. To reduce the carbon footprint, only pooled vehicles be permitted on campus.
- E. Let all vehicles be parked in a managed space outside the campus while battery operated vehicles parked at the two gates can be used inside the campus.

**Answer with Explanation: (A)** Option C is not correct as it offers a path but does not offer a solution. Option D is wrong because it does not provide the administration with any increase in revenue. Option E can reduce carbon footprints and satisfy stakeholders but there is no scope of increase in revenues. Option B is unfair as one stakeholder pays for deeds of others and it does not solve carbon footprints. Option A increases satisfaction for all stakeholders; it will also increase revenue and can reduce carbon footprints by making it costly to drive vehicles inside campus. So, Option A is the correct answer.

**Analyse the following caselet and answer the questions 14-16 that follow:**

Girirajan an unemployed youngster from Kumbakonam, Tamilnadu, visited Singapore where his school friend worked as software engineer. In Singapore, Girirajan realized that there were a lot of Tamils in "Little India" area. He soon assessed that there were very few restaurants serving authentic Tamil food and decided to set-up a restaurant "Giri's" in "Little India" serving authentic Tamil food in traditional banana leaf. Customers loved the food. Very soon word spread about the good quality food served in the traditional way. Girirajan expanded operation recruiting 10 employees, all Tamils.

Six months later, Girirajan realized that a lot of Kannadiga and Telugu customers started visiting the restaurant along with their Tamil friends. One day, a Kannadiga customer looking for Devangere Benne Dosa suggested that it may not be a bad idea for Girirajan to serve Karnataka and Andhra cuisines along with Tamil.

With time, the popularity of the restaurant kept soaring. As a result, a lot of Malays, Indonesians and Chinese started visiting the restaurant. His software engineer friend advised to cater to customers of all nationalities, Despite his desire to go grand, Girirajan realized he did not have enough money to get extra space anywhere in Singapore and banks were also reluctant to lend.

One day, while assessing the business, he realized that the restaurant had 90% occupancy rate during peak hours and 40% during the non-peak hours. Both figures were increasing with time.

**14. Which of the following options would be most suitable for the growth of the business?**

- A. Include Karnataka and Andhra cuisines in the menu.
- B. Include Indonesian and Chinese cuisines in the menu.
- C. **Keep the focus on Tamil food only with an increased focus on quality improvement.**
- D. Expand to include either Karnataka and Andhra cuisines or Indonesian and Chinese cuisines.
- E. Include Karnataka and Andhra cuisines as well as Indonesian and Chinese.

**Answer with Explanation:** {C} The business has already reached 90% utilization (and this is improving further) during peak hours, in addition he has space constraints. Making substantial changes will incur lot of costs but opportunities for benefits are limited because of existing 90% utilization. Further, selling dishes of other regions might affect current focus on authentic Tamil food (and this was the business opportunity according to the passage). Moreover, there is no surety that he will do

well in other cuisines because lack of experience/expertise. Hence, Giri is better off to focus on authentic and quality Tamil cuisine which is the reason for his success. So, option C is the correct answer.

**15. Girirajan started analysing his quarterly customer data to assess growth opportunities. He discovered that 20 % of his customers are Kannadigas and many of them were requesting for a few Karnataka dishes. He was not sure if it was a good idea to serve Karnataka food. He wanted to experiment before taking the final call. Which of the following options will be worth experimenting in the next fortnight?**

- A. Introduce a Karnataka food day every week to please the Kannadiga customers.
- B. Recruit a few Kannadiga waiters to interact with Kannadiga customers.
- C. Rename a few Tamil dishes as Karnataka dishes.
- D. Serve Karnataka dishes as and when requested by customers without the menu displaying these dishes.
- E. **Add a few Karnataka dishes to the cuisine and display these in a separate menu.**

**Answer with Explanation: ( E )** The objective is to experiment with a few Karnataka dishes. Customer should be aware of it, but this (experimentation) should not be added to the mainstream business as of now, therefore, should not be part of the main menu. The only option that satisfies both the criteria is E and therefore, Option E is the right answer.

**16. Girirajan experimented with Karnataka food for a fortnight. He collected sales data for Karnataka food along with the trend of overall sales for the last seven days. Which of the following datasets, IF TRUE, will give Girirajan greater confidence to continue serving Karnataka food? (Figures below represent Karnataka food sales as percentage of total sales.)**

- A. **14, 15, 16, 17, 18, 19, 20, with total sales trend increasing by 0.4%.**
- B. 20, 20, 20, 20, 20, 20, 20, with total sales trend increasing by 0.4%.
- C. 50, 47, 44, 40, 47, 45, 40, with total sales trend remaining same.

- D. 45, 44, 43, 42, 41, 40, 39, with total sales trend remaining same.
- E. 20, 50, 10, 45, 43, 13, 36, with total sales trend coming down.

**Answer with Explanation:** (A) In Option A, the trend for sales for Karnataka dishes increasing along with the total sales increasing and hence, is the right answer.

**Analyse the following caselet and answer the questions 17-19 that follow:**

Shyam prepares and sells piping hot puri and sabji (gravy) from 7:00 am to 9:00 am (both inclusive) through a stall at XLRI campus. Presently, he has just a single oven, which can do only one job at a time. It takes 30 minutes to cook one handi (a large bowl) of sabji, sufficient for 12 customers. It takes him 10 minutes to prepare 2 plates of puri at a time. While the cost of a plate of puri-sabji is ₹10, the price is ₹25. Puri stays hot for only 5 minutes after preparation, while sabji stays hot for 30 minutes only. It takes 10 minutes to reheat the sabji which stays hot for another 30 minutes. If he brings a handi of hot sabji from home, the transport would cost him ₹50. It can also stay hot for 30 minutes excluding the transportation time. Currently, every 20 minutes five plates are ordered. All unsold quantities are distributed at cost after 9:30 am.

**17. Find the maximum number of plates of puri-sabji Shyam can sell in the first hour of business?**

- A. 6
- B. 8
- C. 10
- D. 12
- E. 15

**Answer with Explanation:** (C) Answer is C (10), as can be seen from the table below:

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Time	Oven	Puri nos.		
7				
7.05				
7.1		2		
7.15				
7.2		2		Puri preparation
7.25				Reheating sabji
7.3		2		Heating
7.35				
7.4		2		
7.45				
7.5				
7.55				
8		2		
	Total	10		

18. Shyam's puri-sabji became famous. Now he gets 5 orders per 10 minutes and has invested in an additional oven. As he is working alone on both the ovens simultaneously, now in any one oven it takes him 45 minutes to cook one handi of sabji, 15 minutes for 2 plates of puri and 15 minutes to reheat the sabji. He can bring only one handi from home. What will be his maximum daily profit?

- A. 250
- B. 280
- C. 300
- D. 330
- E. 360

Correct Answer: (B)

19. Shyam's stall was becoming popular by the day. Now he gets 5 customers every 10 minutes. After buying a second oven, he employed a helping hand, Aman at ₹100 for two hours. Aman can cook one handi of sabji in 20 minutes or can prepare 3 plates of purl in 10 minutes. Reheat time for sabji is 10 minutes. None of them can work on both the ovens simultaneously.

Which of the following options will help Shyam maximize his daily profit, if he does NOT bring sabji from home?

- A. Shyam should dismiss Aman because his wages are more than the benefits he brings.
- B. Shyam will prepare only puri and Aman will prepare only sabji.
- C. Shyam will prepare only sabji and Aman will prepare only puri.
- D. **Shyam and Aman will prepare both purl and sabji.**
- E. Options B, C and D will yield the same profit.

**Answer with Explanation:** (D) Option D is the best option as it gives highest profit.

**Analyse the following caselet and answer the question that follows:**

As a newly started organization in the IT sector, Saksha IT is a fast growing 400 employee organization. Its head, Saksha Kumar believes in building an organization driven by humility.

20. Which of the following policies would best help him achieve that?

- A. Employees shall, in their annual evaluation form, be asked to acknowledge three of their shortcomings, overcoming which will make them better.
- B. Employees shall be asked to share with their peers three shortcomings they had noticed about their peers.
- C. The immediate superiors would suggest three shortcomings their subordinates have to work on in a given period.
- D. **Everyone beginning with Saksha, shall be asked to share three of their weaknesses, in a public forum.**
- E. Employees shall be asked to overcome three shortcomings in the following year. improvement, if noticed would attract rewards.



**Answer with Explanation:** (D) Humility is the quality of not being proud of being perfect as you are aware of your limitations. Therefore, among the options, the option that focuses on awareness of the self with respect to limitations should be in the consideration set for the correct answer. However, the focus on awareness of self is not necessarily linked to —improvement or overcoming the limitations. Moreover, the culture of humility should not be confused with the performance measurement or rewards and compensation. Among the options, Option D focuses on making one aware of one self without any link with rewards or performance and hence, Option D is the right answer.

**Analyse the following caselet and answer the question that follows:**

Principal Maheswari of BINK School of Management is facing a problem that calls for quick action. She received an anonymous mail one day, possibly from one of the students, complaining about outdated syllabi, mediocre teachers and poor choice of courses on offer.

**21. Which of the following is the best course of action available to the Principal?**

- A. She should invite students to discuss any problem openly, one on one or in small groups, promise to act on them but firmly condemn the culture of anonymous mails.
- B. She should update the students about the efforts the institute is taking in sprucing up the syllabi, hiring talented faculty etc., but make no reference to the letter.**
- C. She should convene a meeting of the faculty at the earliest and get them to work on updating the syllabi and also arrange a faculty development program but keep mum about the letter.
- D. She should convene a meeting of the faculty and talk about the letter as a symptom of a deeper malaise, ask them to update the syllabi and also organise a faculty development program.
- E. She should ignore the letter and not think about it at all.

**Answer with Explanation:** (B) The principal has received an anonymous mail which could be a result of an underlying concern, which might be genuine or not, among the student(s). So, she should focus on the underlying concern, but this way of

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communicating anonymously is something that should be strongly discouraged. Since the underlying concern may or may not be genuine, she should openly invite students for discussions but not discuss the mail as such. Hence, Option B is the right answer because principal is addressing: a) the issue of anonymous email and b) whether the content of the email is a concern.

**XAT 2018**  
**Decision Making**  
**Questions and Answers**

**Answer questions 1-3 on the basis of information given in the following situation.**

Satyender heads a branch of a Micro-Finance company. The company provides small-size loans catering to rural households. As the head of the branch, he supervises three collection officers - Palani, Sayed, and Godwin. Palani was recently transferred by the company from another branch.

Sayed feared Palani's transfer may pull down the performance of the branch, as he felt Palani was transferred due to his poor performance in the previous branch.

**(1). Which of the following information will most likely assuage Sayed's fear?**

- A. In the past 12 years as the head of branch, Satyender has exceeded targets every time.
- B. Palani has been a top performer in the organization; his performance has deteriorated only in the last three years.
- C. The branch's performance has been good for the past 10 years; Sayed has joined the organization 3 years back.
- D. When Sayed joined as a fresher in this branch, others in the branch had feared that he might bring down the performance of the branch.
- E. While calculating the branch's performance, the branch head has the choice to exclude new joinee's performance.

Three months later, Palani submitted local travel bills to Satyender for reimbursement. Satyender realized that the bill amount was 30% higher than expected.

**(2). Which of the following options, if true, will enable Satyender take a decision that shall set a precedent, which is least likely to be misused in the future?**

(A) Palani being new to the area uses autorickshaws which are more expensive than personal motorcycles used by other collection officers.

- (B) Unlike his colleagues, Palani's house has very poor public transport connectivity.
- (C) Unlike his colleagues, Palani's sales territory has a powerful competitor.
- (D) Unlike his colleagues, Palani's customers can meet him only during weekends.
- (E) Unlike his colleagues, Palani has to visit customers repeatedly as they require additional persuasion.

Satyender is allocating territories to his subordinates for the coming financial year. So far, Palani's performance has been poor and this allocation will decide his future in the organization.

**(3). Which of the following information will be the least useful to Satyender in taking a fair allocation decision?**

- (A) Sayed's territory has shown consistently good performance in the past three years.
- (B) Sayed's territory faces stiff competition from a well-known brand.
- (C) A new territory that faces competition from two relatively unknown brands.
- (D) Godwin's territory has shown consistent results in the past three years.
- (E) Godwin's territory performance has been flat for the past two years.

**Answer 1: E**

**Answer 2: A**

**Answer 3: E**

**Answer questions 4-6 on the basis of information given in the following situation.**

Lal & Sons, a family business, comprises three different companies in three different industries. Sudarshan Lal was heading this entire business from the inception. Two years ago, he hired three managers, one for each company and Chhaganlal Jha as Chief Executive Officer (CEO) to look after the entire business. These three managers are reporting to the CEO. However, Sudarshan Lal and his family still own the entire business, though they are not involved in day to day operations.

Two years after the handing over, Sudarshan was concerned that none of the companies, except one, is profitable.

**(4). Which of the following information, if true, will most likely reduce Sudarshan's concerns?**

- (A) A leading financial institution recently advised its investors to purchase the shares of the two loss making companies with a long term outlook.
- (B) The Corporation's performance was stagnant for three years, before Sudarshan handed it over to professionals.
- (C) The best performing division belongs to an industry, which is growing in double digits.
- (D) People holding senior positions have been replaced two years ago by fresh and young talent.
- (E) The rate at which employees are leaving the best performing division is higher than the industry average.

Some of the senior employees who left Lal & Sons in recent past have complained to Sudarshan that the long cherished values of the organization such as respect for elders, job security etc. are being compromised.

**(5). Which of the following options, if true, will indicate to Sudarshan that the employees are misleading him?**

- (A) The replaced employees have been average performers for many years.

(B) When senior employees were assigned to lead challenging but critical positions in the organization, they resigned.

(C) The senior employees were replaced by people below them and not from outside the organization.

(D) The replaced senior employees had only 4 more years of service and were not compensated for the pre-mature termination.

(E) The number of senior employees voluntarily leaving this organization is lower than the industry average.

Chhaganlal Jha, the CEO, was certain that someone in his leadership team was leaking information to Sudarshan Lal, well before Chhaganlal communicated.

**(6). Given the following options, how best should Chhaganlal Jha respond to this situation?**

(A) Chhaganlal should request Sudarshan to kindly wait for him to communicate as informal sources may lead to misinformation.

(B) Chhaganlal should complain about this to Sudarshan and threaten to resign.

(C) Chhaganlal should request his team to continue passing information, since it brings down the communication barrier.

(D) Chhaganlal should understand that this is bound to happen and should not bother.

(E) Chhaganlal should threaten his team that one of them will be fired by the weekend if this practice of passing information doesn't stop immediately.

**Answer 4: A**

**Answer 5: B**

**Answer 6: A**

**Answer questions 7-9 on the basis of information given in the following situation.**

Rose is the Queen of Kingdom A and Emily is the Queen of Kingdom B; both share a common border. They also share a border with Kingdom C, a much larger kingdom, ruled by King Jonathan who has expansive ambitions. Though individually their armies were no match to his might, together their armies were more powerful than King Jonathan's army.

Jonathan's kingdom also bordered Kingdom K on the opposite side, making Kingdom C a buffer state between Kingdoms A, B and K. Kingdom K is ruled by King Summer Sault, who united a group of warring and belligerent tribes under his aegis. Kingdom K and Kingdom C had continuous skirmishes with each other.

Jonathan realized that he has limited arms and ammunition to fight on all the three fronts simultaneously. Therefore, he planned to double the arms and ammunition which will take a few years. When this news reached Emily and Rose they held a secret meeting to discuss the situation.

**(7). Which of the following actions, by Emily and Rose, will be the best suited to delay Jonathan's plan?**

- (A) Emily and Rose should send arms and ammunition to Summer Sault for the next few years.
- (B) The two queens should meet Jonathan and attempt to sign a peace pact.
- (C) Emily and Rose should also double their armies.
- (D) Emily and Rose should attack Jonathan immediately.
- (E) The two queens should ignore the news.

Jonathan aims to invade and annex Kingdom K once and for all.

**(8). Which of the following options will best enable him to accomplish the ambition?**

- (A) He should request the cooperation of Queen Rose and Queen Emily.
- (B) He should sign a peace pact with Queen Rose and Queen Emily.



- (C) He should try and create a rift between the two Queens.
- (D) He should secretly invest in doubling his army, by reducing all other expenditure.
- (E) He should attack all three kingdoms simultaneously, giving them no time to cooperate.

King Summer Sault was growing tired of the warring tribes, who slowed down the overall economic development of Kingdom K.

**(9). Which of the following is the best option for King Summer Sault to focus on economic development?**

- (A) Align with Jonathan to eliminate one or two of the tribes and instil fear in others.
- (B) Align with the two Queens to eliminate a few tribes and unify the rest.
- (C) Design annual economic plans, with each plan named after a different tribe.
- (D) Create a rift among the tribes and instigate a civil war.
- (E) Request Jonathan to send teachers, doctors and artists to improve economic development of Kingdom K.

**Answer 7: D**

**Answer 8: D**

**Answer 9: B**

**Answer questions 10-12 on the basis of information given in the following situation.**

Ava is the CEO of Ratan Brothers, a bicycle manufacturing company. The organization is doing well financially, with a steadily increasing share price. Recently, Ava promoted Bhushan, her nephew, to the position of head of

procurement after he completed five years in the organization. After the promotion, he was automatically inducted into the quality council headed by Ava.

Dev and Sons is a supplier to Ratan Brothers. It supplies “ball bearings”, an important part of any bicycle. After Bhushan took over, he switched to a new supplier citing quality deficiencies in Dev and Sons’ product. Dev and Sons responded by publicly declaring that quality was not compromised. Further, it alleged that its competitor bribed Bhushan to get the contract.

Post this public allegation, the share price of Ratan Brothers started falling.

**(10). Which of the following is the best option for Ava to immediately stem the falling stock prices?**

- (A) Fire Bhushan, blacklist Dev and Sons and inform the press.
- (B) Issue a press statement that a committee has been formed to look into the matter.
- (C) Issue a press statement that the company's quality standards have increased and that anyone is welcome to scrutinize the relevant documents.
- (D) Cancel the remaining order and call for a fresh tender.
- (E) Do nothing, as Bhushan, as the head of procurement, has the right to decide on the supplier.

Under pressure from media and suppliers, Ava constituted a cross-functional committee of senior executives to investigate Dev and Sons' allegation against Bhushan. The committee exonerated Bhushan. However, rumors within the organization began to spread that the decision was influenced by nepotism.

**(11). Which of the following should be the best response from Ava?**

- (A) Do nothing, as the committee has exonerated Bhushan.
- (B) Force Bhushan to resign temporarily. Make an independent enquiry, if found innocent, reinstate Bhushan.
- (C) Communicate to all shareholders that these kinds of practices are very common in organizations.
- (D) Sack all those employees who questioned the authority of Ava.

(E) Explain in a town hall meeting, open to all the employees, how the decision to exonerate Bhushan was taken.

**A few months after the issue of Dev and Sons, a vigilance committee discovered some financial irregularities attributable to Bhushan in his earlier stint as a senior manager in marketing. The board of directors was concerned about this and demanded a response from the CEO.**

**Ava contemplated following responses:**

1. Offer to resign from the post of CEO, since as the CEO she is ultimately responsible for everything in the organization.
2. Sack Bhushan immediately and make the reason public.
3. Have a town hall meeting with all the employees and deny any financial irregularities in the organization.
4. Communicate to the board that as the CEO, the organization's financial health is her top priority, on which she has delivered stellar performance in the last five years.
5. Inform the board that Bhushan was promoted because his initiatives helped the company immensely.

**(12). Which of the following sequence of actions is the most appropriate for Ava?**

- (A) 5,2,1
- (B) 5,4,3
- (C) 1,2,3
- (D) 2,1,4
- (E) 3,4,1

**Answer 10: C**

**Answer 11: E**

**Answer 12: D**

**Answer questions 13-15 on the basis of information given in the following situation.**

A courier service has offices at three locations: Jamshedpur, Kharagpur and Howrah. Its employees travel by trains from one location to another for pick-up and delivery. It takes 40 minutes for an employee to travel from any railway station to the nearest office (and another 40 minutes for coming back); the paperwork to deliver the parcel at the respective office takes an additional 10 minutes. Assume employees do not waste any time.

Employees have the option to choose from any of the trains, whose timetable is given in the table below. Assume all trains travel on time and there is no time gap between arrival and departure of a train. Further, assume that the employee boards the train as soon as it arrives at the station.

Train Numbers →	T101	T102	T103	T104	T105
Jamshedpur Station	06:00	07:30	10:15	15:00	17:00
Kharagpur Station	07:30	09:05	12:05	16:50	18:25
Howrah Station	09:05	11:10	14:30	19:00	20:30
Train Numbers →	T201	T202	T203	T204	T205
Howrah Station	06:30	08:30	10:30	14:30	16:00
Kharagpur Station	08:15	10:40	12:15	16:15	17:55
Jamshedpur Station	10:20	12:35	14:00	17:45	20:00

**13. What will be the minimum time required to deliver a parcel at Kharagpur office from Jamshedpur station and come back to Jamshedpur station?**

- (A) 4 hours 25 minutes
- (B) 5 hours 5 minutes
- (C) 6 hours 35 minutes
- (D) 7 hours 30 minutes
- (E) None of the above

An employee, starting from Howrah station, has to deliver one parcel at Kharagpur office and another parcel at Jamshedpur office. His task starts the moment he boards the train at Howrah station, and gets completed immediately after delivering the second parcel.

**14. Which of the following trains should he board at Howrah station to minimize the time required to complete his task?**

- (A) T201
- (B) T202
- (C) T204
- (D) Both Option A and Option B
- (E) Both Option B and Option C

An employee, starting from Kharagpur station, has to deliver one parcel at Howrah office and another parcel at Jamshedpur office. His task starts the moment he boards the train at Kharagpur station, and gets completed immediately after delivering the second parcel.

**15. Which of the following trains should he board at Kharagpur station to minimize the time required to complete the task?**

- (A) T102
- (B) T103
- (C) T202
- (D) T203
- (E) Both Option B and Option D

**Answer 13: B**

**Answer 14: E**

**Answer 15: B**

**Answer questions 16-17 on the basis of information given in the following situation.**

Three persons, A, B and C, lived on an island hill. A lived on the top of the island hill, B occupied the middle portion of the hill and C occupied the bottom of the hill. The top of the hill received good rainfall, the main source of water in the hill, though this portion of the hill had few trees. The middle of the hill however was lush with trees offering timber. The bottom of the hill had a good amount of stones and sand. A, B and C assessed their wealth in terms of ownership of timber, water, stones and sand available in the island hill only. During heavy rains, stones and sand from the top and middle portion of the hill rolled over to the bottom. When the rains stopped, both A and B claimed that some stones rolled down from their lands to the land occupied by C. They wanted the stones back. But C argued that rolling down of stones is a natural process.

All three approached a wise man for the settlement of the ownership dispute.

**16. Which of the following is the best option available for the wise man?**

- (A) Award ownership of stones to A.
- (B) Permit A to build a dam so that B and C are deprived of water.
- (C) Award ownership of stones to C, as stones rolled down naturally.
- (D) Award equal rights to all three over all the resources.
- (E) Award A, ownership of water and C, ownership of stones.

Six months later, the three realized that the solution offered by the wise man in the previous question wasn't working to the satisfaction of all, because it did not help them find the appropriate value of resources. Therefore, they reverted to status quo ante. After one year, all three of them wanted to construct a house each, on their respective property. Three types of resources - 1.Timber, 2.water and 3.stone

& sand - were required to build a house. While each had one resource in abundance none of them had all the three in sufficient quantity. They still could not come to an agreement on how to fairly value and use each other's resources to construct the house. They again approached the wise man for advice.

The wise man studied the situation carefully and proposed the following actions:

1. The governing body of the United Federation of Islands, of which the island hill is a part, should take ownership of all the three properties and construct houses for the three.
2. Each person should own one third of each of the resources.
3. The three persons should arrive at the value of resources by trading the resources among them.

**17. Which of the following is the most appropriate in the best interests of A, B and C?**

- (A) 1 only
- (B) 2 only
- (C) 3 only
- (D) 1 and 2 only
- (E) All of 1, 2 and 3

**Answer 16: D**

**Answer 17: C**

**Answer questions 18-19 on the basis of information given in the following situation.**

Ramesh, the owner of an auto-component manufacturing company in Sanand, had just returned after attending the funeral of his employee, Pankaj Kumar, who had died of cancer at the age of 35. Pankaj was a hardworking and sincere employee with impeccable performance record. Pankaj was the sole bread earner for his family with negligible savings and was survived by his wife and two school going children. His wife will get around 8 lakh rupees accrued to Pankaj as social security benefit.

A large number of employees wanted the organization to employ Pankaj's wife on compassionate grounds so that she could support her family. Though Ramesh was sympathetic to the demand, he realized that this could set a precedence, where the organization will have to provide jobs for everyone with similar conditions in the future. In fact, only recently, Ramesh had refused a request for a job to the daughter of an employee, who had died a few months before he was to retire.

Ramesh formed a committee to look into this matter and the committee came up with the following suggestions:

1. Create a fund to take care of immediate family expenses.
2. Finance the school and college education of his children.
3. Sponsor the vocational education of his wife and subsequently help her find a job.
4. Purchase insurance for all the family members.
5. Request all employees of the organization to contribute towards the welfare of the family.

**(18). Which of the following options, from the above suggestions, will be the most sustainable for Pankaj's family?**

(A) 1 and 2

(B) 2 and 3



(C) 3 and 4

(D) 4 and 5

(E) 3 and 5

Ramesh, along with senior managers, was in the process of designing a policy to deal with such issues in the future.

**(19). Which of the following policy statements will be the least amenable to misuse in the future?**

(A) The firm should provide one job to any of direct dependents of the deceased employee.

(B) The firm should provide one job to any dependent, if employee dies during the service.

(C) The firm should provide one job to any dependent, if the family does not have any other support and employee dies during service.

(D) The firm should provide help to the dependent family members in pursuing good education and employment.

(E) The firm shall constitute a committee, with fair representation from all stakeholders, to decide on the course of action based on specifics of the case.

**Answer 18: B**

**Answer 19: E**

**Answer questions 20-21 on the basis of information given in the following situation.**

Madhuri Apte, a busy professional, rents out her studio apartment located in South Mumbai. Since she stays three hours away from the studio apartment, she uses a networked digital lock to monitor the property remotely. Each customer gets a temporary and unique access code for the digital lock that enables them to enter the studio apartment for the duration of stay. The apartment's entrance door can also be opened with physical keys and Madhuri Apte has two such keys in her possession.

Madhuri Apte has employed a cleaner who has a permanent access code to enter the apartment for cleaning every day. She is available only between 15:00 hrs and 17:00 hrs.

Madhuri Apte's apartment caters largely to international customers. A customer typically stays for 3 days, paying an average rent of \$125 per day.

While Madhuri Apte's studio apartment gets good feedback on other aspects, many seem unhappy as they found the operation of the digital lock complicated.

**(20). Which of the following options is the best for Madhuri Apte in this context?**

- (A) Madhuri should switch to a physical lock.
- (B) Madhuri, on request, should send one of the physical keys five days ahead of customer's arrival at an extra charge of \$75.
- (C) Madhuri should request the cleaner to explain the working of the digital access code to customers for an extra charge.
- (D) Madhuri should do nothing as digital locks shall be the norm in the future.
- (E) Madhuri should create a video manual on "how to use the digital access code" and e-mail it to the customers before their arrival.

Madhuri's apartment received good feedback from the guests, except with respect to the operation of the digital lock. She decided to leave a spare physical key in the house for her guests. Recently some of the guests had forgotten to leave the key

behind during checkout. Making a spare key will cost \$500 and will take about 10 days to arrive. She was confused if she should continue leaving the spare key and was looking for a way out.

**(21). Which of the following would be the best way out for her?**

- (A) Keep Digital lock as the only option and communicate to customers.
- (B) Be present during checkout to ensure the key is returned.
- (C) Request the cleaner to be present during checkout.
- (D) Send polite reminders to guests before checkout date and on the day of checkout to leave the key behind.
- (E) Charge security deposit of \$100 which will be forfeited if the keys are not left behind.

**Answer 20: E**

**Answer 21: E**

Hope you found this document useful.

Please subscribe to my course on Decision Making available here:

<https://www.handakafunda.com/xat-decision-making-general-knowledge-mock-test-series/>

In case of any questions, please get in touch:

[ravihanda@gmail.com](mailto:ravihanda@gmail.com)

09765142632