

Management – MCQs with Answers

1. Who is known as the "Father of Modern Management"?

- a) Henry Fayol
- b) F.W. Taylor
- c) Elton Mayo
- d) Max Weber

Answer: a) Henry Fayol

Explanation: Fayol introduced 14 principles of management and is regarded as the father of modern management.

2. Which of the following is NOT a function of management?

- a) Planning
- b) Organizing
- c) Directing
- d) Manufacturing

Answer: d) Manufacturing

Explanation: Manufacturing is a business activity, not a core management function.

3. Which management function is considered the first step?

- a) Planning
- b) Controlling
- c) Staffing
- d) Leading

Answer: a) Planning

Explanation: Planning sets objectives and strategies; it is the starting point of management.

4. The process of comparing actual performance with planned performance is:

- a) Organizing
- b) Staffing
- c) Controlling
- d) Coordinating

Answer: c) Controlling

Explanation: Controlling ensures activities are aligned with the plan.

5. Who developed the concept of Scientific Management?

- a) Elton Mayo
- b) F.W. Taylor
- c) Henry Fayol
- d) Chester Barnard

Answer: b) F.W. Taylor

Explanation: Taylor introduced principles like time study, work standardization, and task specialization.

6. "Unity of Command" means:

- a) Employees should follow multiple bosses
- b) Employees should follow only one superior

- c) Freedom to choose work
- d) Delegation of authority

Answer: b) Employees should follow only one superior

Explanation: It avoids confusion and conflicting instructions.

7. Management is considered as:

- a) An Art
- b) A Science
- c) Both Art and Science
- d) Neither Art nor Science

Answer: c) Both Art and Science

Explanation: Management uses scientific principles but requires artistic skills in application.

8. Which function of management involves recruitment, selection, and training?

- a) Planning
- b) Staffing
- c) Directing
- d) Organizing

Answer: b) Staffing

Explanation: Staffing ensures the right people are in the right jobs.

9. According to Henry Fayol, the principle of Esprit de Corps refers to:

- a) Discipline
- b) Unity of command
- c) Team spirit
- d) Stability of tenure

Answer: c) Team spirit

Explanation: Promotes harmony and unity among employees.

10. Which management thinker is associated with the Hawthorne Experiments?

- a) F.W. Taylor
- b) Elton Mayo
- c) Henry Fayol
- d) Douglas McGregor

Answer: b) Elton Mayo

Explanation: Mayo studied the effect of social and psychological factors on productivity.

Organization

11. Organization structure primarily defines:

- a) Company goals
- b) Roles, responsibilities, and reporting relationships
- c) Financial planning
- d) Marketing strategy

Answer: b) Roles, responsibilities, and reporting relationships

Explanation: The structure shows how tasks are divided and coordinated.

12. Which of the following is NOT a type of organizational structure?

- a) Line
- b) Matrix
- c) Functional
- d) Commercial

Answer: d) Commercial

Explanation: Commercial is not a recognized form of structure.

13. A line organization is also called:

- a) Project organization
- b) Scalar organization
- c) Divisional organization
- d) Functional organization

Answer: b) Scalar organization

Explanation: Line organization follows the chain of command from top to bottom.

14. Which structure combines functional and project authority?

- a) Line structure
- b) Divisional structure
- c) Matrix structure
- d) Line and staff structure

Answer: c) Matrix structure

Explanation: Matrix gives dual authority – functional manager and project manager.

15. The principle of unity of command means:

- a) One subordinate receives orders from one superior only
- b) One subordinate reports to many superiors
- c) Multiple reporting lines exist
- d) Freedom in choosing authority

Answer: a) One subordinate receives orders from one superior only

Explanation: This avoids confusion and conflict.

16. Which of the following is an advantage of functional organization?

- a) Quick decisions
- b) Better specialization
- c) Unity of command
- d) Flexibility

Answer: b) Better specialization

Explanation: Functional organization groups employees by expertise, leading to specialization.

17. Which is the most flexible organizational structure?

- a) Line
- b) Matrix
- c) Functional
- d) Bureaucratic

Answer: b) Matrix

Explanation: Matrix allows dynamic allocation of resources and authority across projects.

18. In which organization type do employees have two bosses?

- a) Line
- b) Functional
- c) Matrix
- d) Divisional

Answer: c) Matrix

Explanation: Dual authority exists – functional head and project head.

19. A staff authority is meant to:

- a) Issue direct orders to line managers
- b) Provide advice and support to line managers
- c) Control day-to-day operations
- d) Replace line authority

Answer: b) Provide advice and support to line managers

Explanation: Staff authority supports but doesn't command line authority.

20. Which of the following is a disadvantage of line organization?

- a) Simplicity
- b) Clear authority
- c) Over-burden on executives
- d) Quick decision-making

Answer: c) Over-burden on executives

Explanation: In line organization, all authority lies with top management, creating overloa

Administration

21. Administration mainly deals with:

- a) Execution of plans
- b) Policy-making and goal-setting
- c) Supervision of employees
- d) Daily operations

Answer: b) Policy-making and goal-setting

Explanation: Administration sets the objectives and policies, while management executes them.

22. Who made the distinction between management and administration?

- a) Henry Fayol
- b) Oliver Sheldon
- c) Peter Drucker
- d) Elton Mayo

Answer: b) Oliver Sheldon

Explanation: Sheldon differentiated between administration (policy-making) and management (implementation).

23. Which of the following is NOT a function of administration?

- a) Formulating objectives
- b) Defining policies
- c) Implementing procedures

d) Setting goals

Answer: c) Implementing procedures

Explanation: Implementation is management's task, not administration's.

24. Administration is considered more important at:

a) Top level

b) Middle level

c) Lower level

d) Operational level

Answer: a) Top level

Explanation: Top-level executives focus on policies, strategy, and long-term planning.

25. Which one of the following is a feature of administration?

a) Concerned with execution

b) Short-term oriented

c) Concerned with policy-making

d) Deals with day-to-day operations

Answer: c) Concerned with policy-making

26. In educational institutions, administration is mainly related to:

a) Curriculum implementation

b) Policy formation for education

c) Classroom teaching

d) Student participation

Answer: b) Policy formation for education

Explanation: Administration sets the overall educational framework.

27. The process of defining organizational objectives is a part of:

a) Staffing

b) Management

c) Administration

d) Directing

Answer: c) Administration

28. Which of the following statements is true?

a) Administration is broader than management

b) Management is broader than administration

c) Both are the same

d) Administration deals only with finance

Answer: a) Administration is broader than management

Explanation: Administration includes policy-making, while management is about execution.

29. In public administration, the main focus is on:

a) Profit-making

b) Public welfare

c) Individual benefit

- d) Employee satisfaction

Answer: b) Public welfare

30. Which of the following best describes the relationship between administration and management?

- a) Administration is part of management
- b) Management is part of administration
- c) Both are independent
- d) Both are unrelated

Answer: b) Management is part of administration

Explanation: Administration sets policies; management works under it to implement them.

Entrepreneurship

31. An entrepreneur is best described as:

- a) A salaried employee
- b) A risk-taker who organizes resources to create value
- c) A government officer
- d) A passive investor

Answer: b) A risk-taker who organizes resources to create value

Explanation: Entrepreneurs take initiative, bear risk, and innovate.

32. The word entrepreneur is derived from which language?

- a) German
- b) Latin
- c) French
- d) Greek

Answer: c) French

Explanation: It comes from the French word entreprendre, meaning "to undertake".

33. Which of the following is NOT a characteristic of an entrepreneur?

- a) Innovation
- b) Risk-bearing
- c) Profit motive
- d) Policy formulation for government

Answer: d) Policy formulation for government

Explanation: That is the role of administrators, not entrepreneurs.

34. Who is regarded as the Father of Entrepreneurship?

- a) Joseph Schumpeter
- b) Adam Smith
- c) F.W. Taylor
- d) Peter Drucker

Answer: a) Joseph Schumpeter

Explanation: Schumpeter highlighted innovation and "creative destruction" as core to entrepreneurship.

35. The main objective of entrepreneurship is:

- a) Job seeking
- b) Profit maximization and value creation
- c) Routine work
- d) Following orders

Answer: b) Profit maximization and value creation

36. Which type of entrepreneur copies or adopts innovations made by others?

- a) Innovative entrepreneur
- b) Imitative entrepreneur
- c) Social entrepreneur
- d) Technical entrepreneur

Answer: b) Imitative entrepreneur

Explanation: They follow successful models introduced by others.

37. A social entrepreneur primarily aims at:

- a) Maximizing profit
- b) Solving social problems
- c) Expanding foreign trade
- d) Promoting luxury products

Answer: b) Solving social problems

38. Which of the following is an example of entrepreneurship?

- a) A student studying for exams
- b) A manager executing company policy
- c) A person starting a new business with innovative ideas
- d) An employee doing routine tasks

Answer: c) A person starting a new business with innovative ideas

39. The concept of "entrepreneurship as innovation and risk-taking" was given by:

- a) Max Weber
- b) Joseph Schumpeter
- c) Adam Smith
- d) Elton Mayo

Answer: b) Joseph Schumpeter

40. Which of the following is NOT an essential function of an entrepreneur?

- a) Organizing resources
- b) Bearing risks
- c) Innovating
- d) Implementing government policies

Answer: d) Implementing government policies

Explanation: Entrepreneurs are business innovators, not government officials.

Forms of Ownership

41. In a sole proprietorship, the liability of the owner is:

- a) Limited
- b) Unlimited
- c) Zero
- d) Shared with partners

Answer: b) Unlimited

Explanation: In proprietorship, the owner's personal assets can be used to pay business debts.

42. Which of the following is NOT an advantage of a sole proprietorship?

- a) Easy to form
- b) Quick decision-making
- c) Limited liability
- d) Direct motivation

Answer: c) Limited liability

Explanation: Liability is unlimited in proprietorship.

43. The maximum number of partners allowed in a partnership firm (as per Indian Companies Act, 2013) is:

- a) 10
- b) 20
- c) 50
- d) Unlimited

Answer: b) 20

Explanation: A partnership firm can have up to 20 partners (10 in case of banking business).

44. The document that governs a partnership firm is called:

- a) Memorandum of Association
- b) Articles of Association
- c) Partnership Deed
- d) License Agreement

Answer: c) Partnership Deed

Explanation: Partnership Deed defines the rights, duties, and responsibilities of partners.

45. In partnership, the liability of partners is:

- a) Limited
- b) Unlimited
- c) Zero
- d) Limited to investment only

Answer: b) Unlimited

Explanation: Partners are jointly and severally liable for firm's debts.

46. A Joint Stock Company has:

- a) No separate legal entity
- b) Separate legal entity
- c) Only one owner
- d) Unlimited liability of shareholders

Answer: b) Separate legal entity

Explanation: A company exists independently from its members.

47. The minimum number of members required to form a Public Joint Stock Company is:

- a) 2
- b) 7
- c) 10
- d) 20

Answer: b) 7

48. In a Private Limited Company, the maximum number of members is:

- a) 50
- b) 100
- c) 200
- d) Unlimited

Answer: c) 200

Explanation: As per Companies Act, 2013, a private company can have up to 200 members.

49. The main governing document of a Joint Stock Company is:

- a) Partnership Deed
- b) Prospectus
- c) Articles of Association (AoA) & Memorandum of Association (MoA)
- d) Trust Deed

Answer: c) Articles of Association (AoA) & Memorandum of Association (MoA)

40. The shareholders of a joint stock company have:

- a) Unlimited liability
- b) Liability limited to the face value of shares held
- c) Liability limited to their salary
- d) No liability at all

Answer: b) Liability limited to the face value of shares held

Explanation: Shareholders' liability is limited to unpaid value of their shares.

Co-operative Sector

41. The main objective of a co-operative society is:

- a) Profit maximization
- b) Welfare of members
- c) Government control
- d) Attracting investors

Answer: b) Welfare of members

Explanation: Co-operatives work on the principle of mutual help, not profit maximization.

42. The guiding principle of a co-operative society is:

- a) Survival of the fittest
- b) Mutual help and service
- c) Centralized control
- d) Private ownership

Answer: b) Mutual help and service

43. The principle of “One man, one vote” is followed in:

- a) Sole proprietorship
- b) Partnership
- c) Joint stock company
- d) Co-operative society

Answer: d) Co-operative society

Explanation: All members have equal voting rights regardless of shares held.

44. The liability of members in a co-operative society is usually:

- a) Unlimited
- b) Limited
- c) Zero
- d) Equal for all

Answer: b) Limited

45. Which of the following is NOT a type of co-operative society?

- a) Consumer co-operative
- b) Producer co-operative
- c) Marketing co-operative
- d) Private limited co-operative

Answer: d) Private limited co-operative

46. The minimum number of members required to form a co-operative society in India is:

- a) 2
- b) 5
- c) 10
- d) 20

Answer: c) 10

47. Which of the following is an example of a co-operative society in India?

- a) Amul
- b) Infosys
- c) Reliance
- d) TCS

Answer: a) Amul

Explanation: Amul is a dairy co-operative formed by farmers.

48. The management of a co-operative society is vested in:

- a) Individual members
- b) Board of Directors elected by members
- c) Government officials
- d) Creditors

Answer: b) Board of Directors elected by members

49. The profits earned by a co-operative society are:

- a) Distributed only to major shareholders
- b) Distributed equally to all members regardless of shares
- c) Distributed as dividend to members, after keeping aside reserve funds
- d) Taken by government

Answer: c) Distributed as dividend to members, after keeping aside reserve funds

50. Co-operative societies in India are regulated by:

- a) Companies Act, 2013
- b) Co-operative Societies Act
- c) Partnership Act, 1932
- d) Contract Act, 1872

Answer: b) Co-operative Societies Act

Public Sector

51. The main objective of the public sector is:

- a) Profit maximization
- b) Social welfare and economic development
- c) Speculation and trading
- d) Private wealth creation

Answer: b) Social welfare and economic development

Explanation: Public sector enterprises focus on national interest and balanced growth.

52. Which of the following is NOT a feature of the public sector?

- a) Government ownership
- b) Service motive
- c) Profit as the primary objective
- d) Public accountability

Answer: c) Profit as the primary objective

Explanation: Profit is secondary in public sector; welfare is primary.

53. Public sector enterprises are owned by:

- a) Private individuals
- b) Shareholders
- c) Government (Central or State)
- d) Foreign investors

Answer: c) Government (Central or State)

54. Which of the following is a form of public sector organization?

- a) Departmental Undertaking
- b) Statutory Corporation
- c) Government Company
- d) All of the above

Answer: d) All of the above

Explanation: These are the three main forms of public sector enterprises.

55. Which of the following is an example of a departmental undertaking?

- a) LIC
- b) Indian Railways
- c) ONGC
- d) Air India (before privatization)

Answer: b) Indian Railways

56. A statutory corporation is created by:

- a) A partnership deed
- b) Special Act of Parliament or State Legislature
- c) Memorandum of Association
- d) Government notification only

Answer: b) Special Act of Parliament or State Legislature

Explanation: Example – LIC, FCI, RBI.

57. A government company is one in which the government holds at least:

- a) 26% of share capital
- b) 51% of share capital
- c) 75% of share capital
- d) 100% of share capital

Answer: b) 51% of share capital

58. Which of the following is a merit of public sector enterprises?

- a) Monopoly abuse
- b) Balanced regional development
- c) Political interference
- d) Slow decision-making

Answer: b) Balanced regional development

59. Which of the following is a limitation of public sector enterprises?

- a) Public welfare motive
- b) Large-scale investment capacity
- c) Bureaucratic management and inefficiency
- d) Creation of employment

Answer: c) Bureaucratic management and inefficiency

60. Which of the following is an example of a Government Company in India?

- a) LIC
- b) RBI
- c) ONGC
- d) Indian Railways

Answer: c) ONGC

Explanation: ONGC is registered under the Companies Act, with majority government shareholding.

Government Undertakings

61. Government undertakings are also called:

- a) Private companies
- b) Public enterprises
- c) Cooperative societies
- d) Partnership firms

Answer: b) Public enterprises

Explanation: They are owned and controlled by the government for public welfare and development.

62. Which of the following is NOT a form of government undertaking?

- a) Departmental Undertaking
- b) Statutory Corporation
- c) Government Company
- d) Joint Hindu Family Business

Answer: d) Joint Hindu Family Business

63. Indian Railways is an example of:

- a) Statutory Corporation
- b) Departmental Undertaking
- c) Government Company
- d) Cooperative Society

Answer: b) Departmental Undertaking

Explanation: It is fully owned, controlled, and operated by a ministry of the government.

64. LIC (Life Insurance Corporation of India) is an example of:

- a) Government Company
- b) Statutory Corporation
- c) Departmental Undertaking
- d) Private Company

Answer: b) Statutory Corporation

Explanation: LIC was established through a special Act of Parliament.

65. A Government Company must have a minimum of government ownership of:

- a) 26%
- b) 51%
- c) 75%
- d) 100%

Answer: b) 51%

Explanation: At least 51% of share capital must be held by the Central/State government or both.

66. Which of the following is an example of a Government Company?

- a) RBI
- b) FCI
- c) ONGC
- d) Indian Post

Answer: c) ONGC

67. A Statutory Corporation is established by:

- a) Memorandum of Association
- b) Special Act of Parliament or State Legislature
- c) Partnership Deed
- d) Executive Order

Answer: b) Special Act of Parliament or State Legislature

68. Which of the following is an advantage of departmental undertakings?

- a) Freedom from political interference
- b) Direct parliamentary control and accountability
- c) Operational flexibility
- d) Professional management

Answer: b) Direct parliamentary control and accountability

69. A major limitation of statutory corporations is:

- a) Political interference and rigid rules
- b) Separate legal entity
- c) Quick decision-making
- d) Professional management

Answer: a) Political interference and rigid rules

70. Which of the following is true about government undertakings?

- a) They work only for private profit
- b) They are always managed by individuals
- c) They are established for public welfare and national interest
- d) They are never accountable to the public

Answer: c) They are established for public welfare and national interest

Advantages, Limitations & Applications

71. An advantage of a sole proprietorship is:

- a) Easy decision-making
- b) Limited liability
- c) Large financial resources
- d) Perpetual existence

Answer: a) Easy decision-making

72. A limitation of a partnership is:

- a) Sharing of risk
- b) Unlimited liability of partners
- c) Greater financial strength
- d) Ease of formation

Answer: b) Unlimited liability of partners

73. A joint stock company is best suited for:

- a) Small businesses
- b) Businesses requiring huge capital
- c) Family-owned shops

d) Seasonal business

Answer: b) Businesses requiring huge capital

Comparison between Different Forms of Ownership

74. In terms of legal entity, which form of business has a separate legal status?

- a) Sole proprietorship
- b) Partnership
- c) Joint Stock Company
- d) Joint Hindu Family Business

Answer: c) Joint Stock Company

75. In terms of liability, shareholders of a company have:

- a) Unlimited liability
- b) Limited liability
- c) No liability
- d) Liability equal to partners

Answer: b) Limited liability

76. Which form of ownership enjoys the highest operational flexibility?

- a) Sole Proprietorship
- b) Partnership
- c) Co-operative Society
- d) Joint Stock Company

Answer: a) Sole Proprietorship

Types of Organization

Line Organization

77. In which type of organization does authority flow directly from top to bottom?

- a) Functional
- b) Line
- c) Line & Staff
- d) Matrix

Answer: b) Line

78. Which of the following is the *oldest and simplest* form of organization?

- a) Line organization
- b) Functional organization
- c) Line & staff organization
- d) Committee organization

Answer: a) Line organization

79. A major limitation of line organization is:

- a) Clear authority and responsibility
- b) Over-burdening of top management
- c) Quick decision-making
- d) Unity of command

Answer: b) Over-burdening of top management

80. Line organization is most suitable for:

- a) Small enterprises
- b) Large enterprises
- c) Highly diversified companies
- d) Complex organizations

Answer: a) Small enterprises

Functional Organization

81. Functional organization was introduced by:

- a) Henry Fayol
- b) F.W. Taylor
- c) Max Weber
- d) Elton Mayo

Answer: b) F.W. Taylor

82. In functional organization, authority is based on:

- a) Specialization
- b) Hierarchy
- c) Unity of command
- d) Personal relations

Answer: a) Specialization

83. A key limitation of functional organization is:

- a) Expert guidance
- b) Violation of unity of command
- c) Increased efficiency
- d) Clear responsibilities

Answer: b) Violation of unity of command

84. Functional organization is most suitable for:

- a) Routine and simple tasks
- b) Large organizations with complex activities
- c) Small family businesses
- d) Emergency decision-making

Answer: b) Large organizations with complex activities

Line & Staff Organization

85. Which type of organization combines advantages of both line and functional structures?

- a) Line organization
- b) Functional organization
- c) Line & Staff organization
- d) Matrix organization

Answer: c) Line & Staff organization

86. Staff officers in line & staff organization:

- a) Have direct authority over subordinates
- b) Provide expert advice to line officers
- c) Are responsible for final decisions

d) Replace line officers

Answer: b) Provide expert advice to line officers

87. One limitation of line & staff organization is:

- a) Expert advice available
- b) Possibility of conflict between line and staff
- c) Unity of command maintained
- d) Efficient decision-making

Answer: b) Possibility of conflict between line and staff

88. Line & staff organization is suitable for:

- a) Very small businesses
- b) Large-scale enterprises requiring expert guidance
- c) Family-run shops
- d) Informal groups

Answer: b) Large-scale enterprises requiring expert guidance

Comparison Between Different Types

89. Which organization ensures quick decisions but lacks specialization?

- a) Line
- b) Functional
- c) Line & staff
- d) Committee

Answer: a) Line

90. Which organization structure may lead to confusion due to multiple bosses?

- a) Line
- b) Functional
- c) Line & staff
- d) Line & functional combined

Answer: b) Functional

91. The structure that balances authority and expert advice is:

- a) Line
- b) Functional
- c) Line & staff
- d) Matrix

Answer: c) Line & staff

92. Unity of command is violated in:

- a) Line organization
- b) Functional organization
- c) Line & staff organization
- d) None of the above

Answer: b) Functional organization

93. The simplest, oldest, and most rigid form of organization is:

- a) Line
- b) Functional
- c) Line & staff

d) Matrix

Answer: a) Line

Functions of Management

Forecasting

94. Forecasting in management means:

- a) Setting objectives
- b) Estimating future events based on past data
- c) Giving instructions
- d) Controlling activities

Answer: b) Estimating future events based on past data

95. Forecasting is considered as the basis of:

- a) Directing
- b) Planning
- c) Organizing
- d) Controlling

Answer: b) Planning

Planning

96. Which of the following is the *primary function* of management?

- a) Planning
- b) Organizing
- c) Controlling
- d) Motivating

Answer: a) Planning

97. "Planning is looking ahead" – this statement is given by:

- a) Henry Fayol
- b) Elton Mayo
- c) F.W. Taylor
- d) Koontz and O'Donnell

Answer: a) Henry Fayol

98. Limitation of planning is:

- a) Provides direction
- b) Creates rigidity
- c) Encourages innovation
- d) Minimizes risk

Answer: b) Creates rigidity

Organizing

99. The process of assigning duties, grouping tasks, and delegating authority is:

- a) Planning
- b) Organizing
- c) Directing
- d) Controlling

Answer: b) Organizing

100. Organizing ensures:

- a) Discipline
- b) Proper use of resources
- c) Better forecasting
- d) Innovation

Answer: b) Proper use of resources

Directing

101. Which function of management is concerned with guiding, supervising, and inspiring people?

- a) Organizing
- b) Planning
- c) Directing
- d) Controlling

Answer: c) Directing

102. Directing includes:

- a) Planning and organizing
- b) Leadership, supervision, communication, motivation
- c) Decision-making only
- d) Control and feedback

Answer: b) Leadership, supervision, communication, motivation

Motivating

103. Motivation is derived from the Latin word "movere," which means:

- a) To control
- b) To plan
- c) To move
- d) To guide

Answer: c) To move

104. Which of the following is NOT a motivational tool?

- a) Monetary incentives
- b) Recognition and rewards
- c) Delegation of authority
- d) Quality inspection

Answer: d) Quality inspection

105. Maslow's theory of motivation is based on:

- a) Needs hierarchy
- b) Leadership qualities
- c) Control techniques
- d) Decision-making process

Answer: a) Needs hierarchy

Controlling

106. Controlling in management means:

- a) Establishing objectives

- b) Measuring performance and correcting deviations
- c) Giving orders to subordinates
- d) Motivating employees

Answer: b) Measuring performance and correcting deviations

107. Controlling is a:

- a) Forward-looking function
- b) Backward-looking function
- c) Both forward and backward-looking function
- d) Irrelevant function

Answer: c) Both forward and backward-looking function

Coordinating

108. "Coordination is the essence of management" was said by:

- a) Henry Fayol
- b) Mary Parker Follett
- c) Koontz and O'Donnell
- d) F.W. Taylor

Answer: b) Mary Parker Follett

109. Coordination mainly seeks to:

- a) Maintain discipline
- b) Synchronize efforts of different departments
- c) Reduce cost
- d) Forecast events

Answer: b) Synchronize efforts of different departments

Decision Making

110. Decision-making is concerned with:

- a) Choosing the best alternative
- b) Measuring performance
- c) Motivating employees
- d) Assigning duties

Answer: a) Choosing the best alternative

111. Decision-making is considered as the:

- a) Core of planning
- b) Core of controlling
- c) Core of directing
- d) Core of organizing

Answer: a) Core of planning

Integrated Functions

112. Which of the following is a *continuous* function of management?

- a) Planning
- b) Organizing
- c) Directing

d) All of the above

Answer: d) All of the above

113. The correct sequence of management functions is:

- a) Organizing → Planning → Directing → Controlling
- b) Planning → Organizing → Directing → Controlling
- c) Controlling → Directing → Planning → Organizing
- d) Forecasting → Directing → Controlling → Planning

Answer: b) Planning → Organizing → Directing → Controlling

Principles of Management

114. The 14 principles of management were given by:

- a) F.W. Taylor
- b) Henry Fayol
- c) Max Weber
- d) Peter Drucker

Answer: b) Henry Fayol

115. “Science, not rule of thumb” is a principle of:

- a) Taylor
- b) Fayol
- c) Follett
- d) Drucker

Answer: a) Taylor

116. Unity of Command means:

- a) Employees should get orders from one superior only
- b) Employees should follow multiple bosses
- c) Workers should command their managers
- d) Command chain is not required

Answer: a) Employees should get orders from one superior only

117. The principle of equity in management emphasizes:

- a) Equal pay for all
- b) Fair treatment of employees
- c) Centralized authority
- d) Rigid discipline

Answer: b) Fair treatment of employees

118. The principle of initiative encourages:

- a) Managers only to take decisions
- b) Employees to take part in decision-making
- c) Strict following of orders
- d) Punishment for mistakes

Answer: b) Employees to take part in decision-making

Levels of Management

119. The top level of management mainly deals with:

- a) Policy formulation

- b) Execution of work
- c) Supervision of workers
- d) Routine tasks

Answer: a) Policy formulation

120. Which of the following is NOT a top-level position?

- a) CEO
- b) General Manager
- c) Supervisor
- d) Board of Directors

Answer: c) Supervisor

121. Middle-level management acts as:

- a) A link between top and lower level
- b) Policy makers only
- c) Workers' union leaders
- d) Auditors

Answer: a) A link between top and lower level

122. Supervisors and foremen belong to:

- a) Top level management
- b) Middle level management
- c) Lower level management
- d) None of the above

Answer: c) Lower level management

123. The level of management most concerned with day-to-day operations is:

- a) Top
- b) Middle
- c) Lower
- d) All levels equally

Answer: c) Lower

Functions of Different Levels

124. A key function of top-level management is:

- a) Policy and strategy formulation
- b) Supervising workers directly
- c) Preparing work schedules
- d) Handling wages and salaries

Answer: a) Policy and strategy formulation

125. A key function of middle-level management is:

- a) Long-term planning
- b) Interpreting and implementing policies
- c) Supervising shop-floor activities
- d) Direct contact with customers

Answer: b) Interpreting and implementing policies

126. A key function of lower-level management is:

- a) Setting company vision

- b) Guiding and controlling workers
- c) Framing business strategies
- d) Market expansion

Answer: b) Guiding and controlling workers

127. Motivating employees and maintaining discipline is mainly the responsibility of:

- a) Top level
- b) Middle level
- c) Lower level
- d) All levels

Answer: c) Lower level

128. Allocation of resources and departmental coordination is the responsibility of:

- a) Top level
- b) Middle level
- c) Lower level
- d) Operational workers

Answer: b) Middle level

Integrated Understanding

129. Which level of management spends most of its time on strategic planning?

- a) Top level
- b) Middle level
- c) Lower level
- d) None

Answer: a) Top level

130. Which level ensures the execution of policies framed by top management?

- a) Lower level
- b) Middle level
- c) Both middle and lower
- d) None of these

Answer: b) Middle level

131. Which level directly interacts with workers and solves their immediate problems?

- a) Top
- b) Middle
- c) Lower
- d) Supervisory board

Answer: c) Lower

132. Henry Fayol's principle of scalar chain relates to:

- a) Unity of command
- b) Chain of authority from top to bottom
- c) Workers' motivation
- d) Division of work

Answer: b) Chain of authority from top to bottom

133. Taylor's principle of Harmony, not discord emphasizes:

- a) Strikes and lockouts

- b) Cooperation between workers and managers
- c) Multiple command
- d) Strict discipline only

Answer: b) Cooperation between workers and managers

UNIT - Financial Management

Need of Finance (Need & Sources of Finance)

134. The primary need of finance in a business enterprise is:

- a) To hire employees
- b) To meet various business expenses
- c) To comply with law
- d) To increase competition

Answer: b) To meet various business expenses

135. Which of the following is not a reason why enterprises need finance?

- a) To start a business
- b) To maintain day-to-day operations
- c) To increase production
- d) To reduce competition

Answer: d) To reduce competition

136. Finance is considered as the:

- a) Lifeblood of business
- b) End result of business
- c) Substitute for management
- d) Non-essential requirement

Answer: a) Lifeblood of business

137. Fixed capital is generally required for:

- a) Daily expenses
- b) Purchase of raw material
- c) Purchase of land, building, machinery
- d) Payment of wages

Answer: c) Purchase of land, building, machinery

138. Working capital is used for:

- a) Expansion of production capacity
- b) Long-term investments
- c) Daily operational needs
- d) Issuing shares

Answer: c) Daily operational needs

Short-Term Sources of Finance

139. Which of the following is a short-term source of finance?

- a) Issue of debentures
- b) Trade credit
- c) Equity shares

d) Retained earnings

Answer: b) Trade credit

140. Bank overdraft is categorized as:

- a) Short-term source
- b) Medium-term source
- c) Long-term source
- d) Permanent capital

Answer: a) Short-term source

141. Commercial paper is generally issued for:

- a) 1 to 3 months
- b) 3 to 12 months
- c) 1 to 5 years
- d) More than 5 years

Answer: b) 3 to 12 months

142. Factoring is a source of:

- a) Long-term finance
- b) Short-term finance
- c) Medium-term finance
- d) Internal financing only

Answer: b) Short-term finance

Medium-Term Sources of Finance

143. Medium-term finance is generally for:

- a) Less than 1 year
- b) 1 to 5 years
- c) More than 5 years
- d) Lifetime of business

Answer: b) 1 to 5 years

144. Hire purchase is an example of:

- a) Short-term finance
- b) Medium-term finance
- c) Long-term finance
- d) Internal finance

Answer: b) Medium-term finance

145. Leasing is generally considered as:

- a) Short-term finance
- b) Medium-term finance
- c) Long-term finance
- d) Internal financing

Answer: b) Medium-term finance

146. Medium-term sources are usually required for:

- a) Working capital
- b) Purchase of small machinery, modernization, renovation
- c) Buying land & building

d) Meeting day-to-day expenses

Answer: b) Purchase of small machinery, modernization, renovation

Long-Term Sources of Finance

147. Which of the following is a long-term source of finance?

a) Bank overdraft

b) Equity shares

c) Trade credit

d) Factoring

Answer: b) Equity shares

148. Debentures are:

a) Short-term source

b) Medium-term source

c) Long-term source

d) Internal source

Answer: c) Long-term source

149. Retained earnings are considered as:

a) Internal long-term source of finance

b) External short-term source

c) Medium-term only

d) Temporary fund

Answer: a) Internal long-term source of finance

150. Term loans from financial institutions are generally:

a) For day-to-day needs

b) For 1 to 5 years only

c) For more than 5 years

d) To meet immediate liquidity

Answer: c) For more than 5 years

151. Venture capital is a source of:

a) Short-term finance

b) Medium-term finance

c) Long-term finance

d) Temporary finance

Answer: c) Long-term finance

Integrated Questions

152. Matching the source with the period:

- Trade credit → ?
- Hire purchase → ?
- Debentures → ?

a) Short-term, Medium-term, Long-term

b) Long-term, Short-term, Medium-term

- c) Medium-term, Long-term, Short-term
- d) Short-term, Long-term, Medium-term

Answer: a) Short-term, Medium-term, Long-term

153. Which type of finance would a company use for expansion of production capacity?

- a) Short-term
- b) Medium-term
- c) Long-term
- d) None of these

Answer: c) Long-term

Shares and Debentures

Shares

154. A share represents:

- a) A loan given to the company
- b) Ownership in a company
- c) A government bond
- d) Fixed income security

Answer: b) Ownership in a company

155. Which of the following is a type of equity share?

- a) Preference share
- b) Debenture
- c) Equity share
- d) Public deposit

Answer: c) Equity share

156. The holder of a preference share has:

- a) Voting rights
- b) Priority in dividend
- c) Ownership of company assets
- d) No claim on profits

Answer: b) Priority in dividend

157. Equity shares are also called:

- a) Ordinary shares
- b) Preference shares
- c) Cumulative shares
- d) Fixed deposits

Answer: a) Ordinary shares

158. A bonus share is issued to:

- a) Borrow funds from the public
- b) Reward existing shareholders by capitalizing reserves
- c) Increase long-term debt
- d) Pay off creditors

Answer: b) Reward existing shareholders by capitalizing reserves

Debentures

159. A debenture represents:

- a) Ownership in a company
- b) A loan given to a company
- c) Government security
- d) Equity capital

Answer: b) A loan given to a company

160. Which of the following is a type of debenture?

- a) Secured debenture
- b) Equity share
- c) Bonus share
- d) Preference share

Answer: a) Secured debenture

161. Interest on debenture is:

- a) Optional
- b) Paid only if profit is made
- c) Fixed and payable at specified intervals
- d) Paid in shares

Answer: c) Fixed and payable at specified intervals

162. Debenture holders are:

- a) Owners of the company
- b) Creditors of the company
- c) Both owners and creditors
- d) Government representatives

Answer: b) Creditors of the company

163. Convertible debenture means:

- a) Can be converted into equity shares
- b) Can be converted into cash only
- c) Can be converted into government bonds
- d) Cannot be converted

Answer: a) Can be converted into equity shares

Types of Shares

164. Which of the following is NOT a type of share?

- a) Equity share
- b) Preference share
- c) Debenture
- d) Bonus share

Answer: c) Debenture

165. Cumulative preference shares mean:

- a) Dividends accumulate if not paid in a year
- b) Dividend is paid only once
- c) Dividend is optional
- d) Shareholder has no voting rights

Answer: a) Dividends accumulate if not paid in a year

166. Non-cumulative preference shares mean:

- a) Dividend is carried forward
- b) Dividend is lost if not declared in a year
- c) Dividend is optional
- d) Shareholder can vote

Answer: b) Dividend is lost if not declared in a year

167. Redeemable preference shares can be:

- a) Converted into debentures
- b) Bought back by the company after a period
- c) Transferred to government
- d) Used to pay debts only

Answer: b) Bought back by the company after a period

168. Participating preference shares allow:

- a) Participation in surplus profits
- b) Only fixed dividend
- c) No dividend
- d) Conversion into bonds only

Answer: a) Participation in surplus profits

Comparison: Shares vs Debentures

169. Shares represent:

- a) Debt
- b) Ownership
- c) Loan to bank
- d) Government security

Answer: b) Ownership

170. Debentures represent:

- a) Ownership
- b) Loan/creditor position
- c) Bonus payment
- d) Dividend rights

Answer: b) Loan/creditor position

171. Dividend on shares is:

- a) Fixed
- b) Optional and depends on profit
- c) Compulsory
- d) Government-regulated

Answer: b) Optional and depends on profit

172. Interest on debenture is:

- a) Optional
- b) Depends on profit
- c) Fixed and mandatory
- d) Paid in shares

Answer: c) Fixed and mandatory

173. Voting rights are enjoyed by:

- a) Debenture holders only
- b) Shareholders only
- c) Both debenture holders and shareholders
- d) None of the above

Answer: b) Shareholders only

Break-Even Analysis & EOQ

Break-Even Analysis (BEA)

174. Break-even analysis helps a firm to determine:

- a) The point at which total cost equals total revenue
- b) Maximum profit point
- c) Minimum sales target
- d) Both a and c

Answer: d) Both a and c

175. At break-even point:

- a) Profit is maximum
- b) Loss is maximum
- c) Profit = Loss = 0
- d) Revenue > Cost

Answer: c) Profit = Loss = 0

176. Break-even analysis is also called:

- a) Cost-Volume-Profit (CVP) Analysis
- b) Financial Analysis
- c) Budgeting Analysis
- d) Ratio Analysis

Answer: a) Cost-Volume-Profit (CVP) Analysis

177. Fixed cost does NOT include:

- a) Rent
- b) Wages of permanent staff
- c) Raw material cost
- d) Depreciation

Answer: c) Raw material cost

178. Variable cost includes:

- a) Rent
- b) Direct material and labor
- c) Office salaries
- d) Depreciation

Answer: b) Direct material and labor

Importance of Break-Even Point (BEP)

179. Break-even point helps management to:

- a) Determine minimum sales to avoid loss
- b) Decide selling price

- c) Forecast profit
- d) All of the above

Answer: d) All of the above

180. BEP is important because it:

- a) Helps in profit planning
- b) Helps in cost control
- c) Assists in financial decision-making
- d) All of the above

Answer: d) All of the above

181. BEP can be expressed in:

- a) Units only
- b) Sales value only
- c) Both units and sales value
- d) None of the above

Answer: c) Both units and sales value

182. Contribution per unit is calculated as:

- a) Selling price – Variable cost
- b) Selling price – Fixed cost
- c) Total revenue – Total cost
- d) Fixed cost ÷ Sales units

Answer: a) Selling price – Variable cost

183. Formula for BEP in units:

- a) Fixed cost ÷ Contribution per unit
- b) Total cost ÷ Sales price
- c) Contribution ÷ Variable cost
- d) Fixed cost × Contribution per unit

Answer: a) Fixed cost ÷ Contribution per unit

Economic Order Quantity (EOQ)

184. EOQ stands for:

- a) Estimated Order Quantity
- b) Economic Order Quantity
- c) Equated Operational Quantity
- d) Extra Order Quantity

Answer: b) Economic Order Quantity

185. EOQ helps in:

- a) Minimizing ordering cost
- b) Minimizing holding cost
- c) Balancing ordering and holding cost
- d) Maximizing profit

Answer: c) Balancing ordering and holding cost

186. The EOQ formula is:

- a) $\sqrt{2 \times \text{Demand} \times \text{Ordering cost} / \text{Holding cost}}$
- b) $2 \times \text{Demand} \times \text{Ordering cost} / \text{Holding cost}$

- c) Demand ÷ Ordering cost × Holding cost
- d) $\sqrt{(Holding\ cost \div Ordering\ cost \times Demand)}$

Answer: a) $\sqrt{2 \times Demand \times Ordering\ cost \div Holding\ cost}$

187. If demand increases, EOQ:

- a) Increases
- b) Decreases
- c) Remains same
- d) Cannot be determined

Answer: a) Increases

188. If holding cost increases, EOQ:

- a) Increases
- b) Decreases
- c) Remains same
- d) Cannot be determined

Answer: b) Decreases

Numerical Example (MCQ Style)

189. A company has annual demand of 10,000 units. Ordering cost per order is ₹50. Holding cost per unit per year is ₹2. EOQ = ?

- a) 500 units
- b) 700 units
- c) 1000 units
- d) 1500 units

Calculation:

$$\begin{aligned} EOQ &= \sqrt{(2 \times Demand \times Ordering\ cost \div Holding\ cost)} \\ &= \sqrt{(2 \times 10000 \times 50 \div 2)} \\ &= \sqrt{500000} \approx 707 \text{ units} \end{aligned}$$

Answer: b) 700 units

190. If selling price per unit = ₹20, variable cost = ₹12, fixed cost = ₹3200, BEP in units = ?

- a) 400 units
- b) 500 units
- c) 600 units
- d) 800 units

Calculation:

$$\text{Contribution/unit} = 20 - 12 = ₹8$$

$$\text{BEP units} = \text{Fixed cost} \div \text{Contribution/unit} = 3200 \div 8 = 400 \text{ units}$$

Answer: a) 400 units

191. Break-even sales in ₹ if BEP units = 400 and selling price/unit = ₹20 = ?

- a) ₹6000
- b) ₹7000
- c) ₹8000
- d) ₹4000

Calculation: $400 \times 20 = ₹8000$

Answer: c) ₹8000

192. EOQ minimizes:

- a) Total cost (ordering + holding)
- b) Fixed cost only
- c) Variable cost only
- d) Selling price

Answer: a) Total cost (ordering + holding)

193. BEP analysis is useful for:

- a) Decision making regarding pricing
- b) Cost control
- c) Profit planning
- d) All of the above

Answer: d) All of the above

Types of Capital & Fixed Deposits

Types of Capital

194. Capital refers to:

- a) Only cash in hand
- b) Total wealth invested in a business for earning profit
- c) Borrowed funds only
- d) Machinery only

Answer: b) Total wealth invested in a business for earning profit

195. Fixed capital is required for:

- a) Day-to-day operations
- b) Purchase of land, building, machinery
- c) Payment of wages
- d) Buying raw materials

Answer: b) Purchase of land, building, machinery

196. Working capital is used for:

- a) Long-term investment
- b) Routine operations of the business
- c) Buying fixed assets
- d) Expansion of business

Answer: b) Routine operations of the business

197. Which of the following is NOT part of working capital?

- a) Cash
- b) Debtors
- c) Land and building
- d) Inventory

Answer: c) Land and building

198. Capital required for a long period and not easily convertible into cash is called:

- a) Fixed capital

- b) Working capital
- c) Circulating capital
- d) Variable capital

Answer: a) Fixed capital

199. Capital required for short-term business needs like raw material, wages, etc. is called:

- a) Fixed capital
- b) Working capital
- c) Seed capital
- d) Equity capital

Answer: b) Working capital

Fixed Capital

200. Fixed capital includes investment in:

- a) Cash and bank balance
- b) Land, building, machinery, furniture
- c) Inventory
- d) Debtors

Answer: b) Land, building, machinery, furniture

201. Fixed capital is:

- a) Circulating in business
- b) Invested for long-term use
- c) Used to pay salaries
- d) Equivalent to working capital

Answer: b) Invested for long-term use

202. Which of the following is a source of fixed capital?

- a) Bank overdraft
- b) Long-term loans
- c) Trade credit
- d) Cash sales

Answer: b) Long-term loans

203. Fixed deposits in banks are considered:

- a) A source of short-term finance
- b) A source of long-term finance
- c) A source of fixed capital
- d) None of the above

Answer: c) A source of fixed capital

204. Advantage of investing in fixed capital is:

- a) Easy liquidity
- b) Generates long-term benefits
- c) No risk involved
- d) Can be used for daily expenses

Answer: b) Generates long-term benefits

Working Capital

205. Adequate working capital ensures:

- a) Smooth day-to-day operations
- b) Buying fixed assets
- c) Expansion of business only
- d) Long-term growth only

Answer: a) Smooth day-to-day operations

206. If working capital is excessive, it may lead to:

- a) Loss of profit
- b) Liquidity problem
- c) Smooth operations
- d) Reduction in cost

Answer: a) Loss of profit

207. If working capital is insufficient, it may cause:

- a) Idle funds
- b) Cash shortage for operations
- c) Over-investment in fixed assets
- d) Increase in profit

Answer: b) Cash shortage for operations

208. Sources of working capital include:

- a) Bank overdraft
- b) Trade credit
- c) Short-term loans
- d) All of the above

Answer: d) All of the above

Fixed Deposits

209. Fixed deposits are:

- a) Short-term deposits in banks
- b) Long-term deposits with a fixed interest rate
- c) Equity shares
- d) Debenture investments

Answer: b) Long-term deposits with a fixed interest rate

210. Which of the following is a feature of fixed deposits?

- a) High liquidity
- b) Fixed tenure and interest rate
- c) Ownership in company
- d) Optional dividend

Answer: b) Fixed tenure and interest rate

211. Fixed deposits are considered:

- a) Risky investment
- b) Safe investment
- c) Equity investment
- d) Debenture investment

Answer: b) Safe investment

212. Fixed deposits can be used as:

- a) Collateral for loans
- b) Short-term working capital
- c) Equity financing
- d) Only for business expansion

Answer: a) Collateral for loans

213. Interest on fixed deposits is:

- a) Variable and uncertain
- b) Fixed and guaranteed
- c) Paid only on profit
- d) Paid in shares

Answer: b) Fixed and guaranteed