

Difference between Various Forms of Ownerships:

Sr. No.	Feature	Proprietorship	Partnership	Private Limited Company	Public Limited Company	Co-operative Society	Government Company
1.	Ownership	Single Person	2 to 20 persons	2 to 50 persons	Minimum 7 persons, Maximum no limit	Minimum 10 persons, Maximum no limit	Government owns more than 51%
2.	Ease to establish	Easy to form	Easy to form	Few formalities	Lots of formalities	Few formalities	Lots of formalities
3.	Separate legal status	No	No	Yes	Yes	Yes	Yes
4.	Liability	Unlimited	Unlimited	Limited	Limited	Limited	Limited
5.	Availability of Capital	Limited	More than Proprietorship but limited	More than Partnership but limited	Unlimited	Limited	Limited
6.	Life	Limited	Limited	Unlimited	Unlimited	Unlimited	Unlimited
7.	Managerial ability	Less	Less but better than proprietorship	Good	Best	Limited	Average
8.	Business Secretes	Can be maintained	Can be maintained	Can be maintained up to certain extent.	Can not be maintained	Can not be maintained	Can not be maintained
9.	Motive	Profit	Profit	Profit	Profit	Service to members	Service to public/nation
10.	Applications	Small businesses	Small firms	Medium size business	Medium to Large size business	Small to Medium size business	Large scale businesses
11.	Examples	Aditya Hardware, Pujia Ceramics, Parth Computers	Choksy & Shah Co. SP Classes	TT Ind. Pvt. Ltd., Precision Instruments Pvt. Ltd.	LT, ACC, Infosys, Wipro	Amul, Vidarbha Sugar Co-op Mill, Ganesh Housing Co-op Society	BPCL, ONGC, IOL, SAIL, HPCL, Coal India Ltd.

Multiple Choice Questions

- Which is the first step in organization forming?
 - Formulating plans
 - Aims are determined
 - Identifying activities
 - Assignment of duties
- Structure of organization is represented by
 - Organization brochure
 - Organization chart
 - Organization draft
 - None of the above
- The structure of organization depends on
 - Scope of functions
 - Span of control
 - Number of employees
 - All the above
- The structure of organization is not dependent on
 - Resources available
 - Communication
 - Profit margin
 - Span of control
- Which is unimportant word in the definition of organization?
 - United together
 - Profit
 - Common aim
 - Group of persons
- Following group is not an organization
 - Labour working on a site
 - Employees doing discussions in work area
 - Meeting members in a company
 - Group of 15 people on bus stop
- Which are the aims of forming organization?
 - Teamwork
 - Combined efforts
 - Responsibility on all
 - All are correct

8. Which statement is wrong?
(a) Organization has no boundaries
(b) It has aims and objectives
(c) Organization is a group of working people
(d) Organization is a system
9. Decisions are very quick in
(a) Line and staff organization
(b) Functional organization
(c) Line organization
(d) Project organization
10. Which is not the correct advantage of 'Line organization'?
(a) Easy to understand
(b) Confusion is less
(c) Specialised
(d) It is simple
11. Which is not the correct disadvantage of "Line organization"?
(a) Nobody is overloaded
(b) Lack of specialisation
(c) Overlapping of activities
(d) Poor performance
12. At which place line organization is not possible?
(a) Government company
(b) Tiny firms
(c) Military department
(d) Small workshops
13. Which are the essentials of organization?
(a) Organizational chart
(b) Delegation
(c) Integration
(d) All
14. Which is the important factor in deciding structure of organization?
(a) Functions
(b) Specialisation
(c) Type of product
(d) All
15. Vertical dimension of organization structure defines
(a) Departmentation
(b) Hierarchy
(c) Both hierarchy and departmentation
(d) None of the above
16. Scalar organization is also known as
(a) Functional organization
(b) Project organization
(c) Staff organization
(d) Line organization
17. Line organization is of type.
(a) Horizontal
(b) Vertical
(c) Both
(d) None
18. Military type organization is seen in
(a) Project
(b) Staff
(c) Line and Staff
(d) Line
19. Where line organization is applicable?
(a) Small firms
(b) Workshops
(c) Small process industries with automation
(d) All
20. Functional organization is also called as
(a) Project organization
(b) Staff organization
(c) Line organization
(d) None of the above
21. Which is the correct limitation of project organization?
(a) Differences of opinions
(b) Complication of functions
(c) Heavy pressures of work
(d) All
22. is a process of dividing large organization into small and flexible administrative units.
(a) Divisions formation
(b) Defragmentation
(c) Departmentation
(d) None

23. Which is the aim of departmentation?
(a) To make people specialized
(c) To give freedom for each function
(b) To distribute work
(d) All the above
24. Which is the correct advantage of staff organization?
(a) More productivity than line
(c) Performance better than line
(b) Standardisation in process
(d) All
25. Which is not the correct disadvantage of staff organization?
(a) Difficult to handle experts
(c) Ego of specialty
(b) Lack of specialisations
(d) Discipline is lacking
26. Line and Staff organization is
(a) Horizontal
(c) Both (a) and (b)
(b) Vertical
(d) None
27. Which organization is temporary in nature?
(a) Project
(c) Line and Staff
(b) Staff
(d) Line
28. Project organization has few forms. Which is correct one?
(a) Balanced matrix
(c) Functional matrix
(b) Project matrix
(d) All
29. Which is not the type of departmentation?
(a) By function
(c) By process
(b) By product
(d) By material pattern
30. Which is the principle of organization?
(a) Delegation
(c) Authority and responsibility
(b) Span of control
(d) all
31. 'Number of subordinates handled by one manager effectively' is called as
(a) Span of control
(c) Delegation
(b) Responsibility
(d) None
32. check the result, shows the result
(a) Authority, responsibility
(c) Responsibility, Responsibility
(b) Responsibility, Authority
(d) Authority, Authority
33. Which is the pre-requisite of effective delegation?
(a) Decision-making freedom
(c) Independent subordinates
(b) Knowledge of designation
(d) All the above
34. Which is the first step in effective delegation?
(a) Establishing responsibility
(c) Goals establishment
(b) Training
(d) None
35. 'Car division' in Tata Motors is example of
(a) Departmentation by function
(c) Departmentation by process
(b) Departmentation by product
(d) None
36. Which statement is wrong?
In product type departmentation:
(a) People become expert in the work allotted to them
(b) Product may become brand name
(c) Attention is given to the product
(d) No duplication of work
37. 'Sales Department' in Nokia is the example of
(a) Departmentation by function
(c) Departmentation by product
(b) Departmentation by process
(d) None

38. 'Heat treatment' shop in Kirloskar, is the example of
- (a) Departmentation by function (b) Departmentation by process
(c) Departmentation by product (d) None
39. 'Meeting' is the communication.
- (a) Written (b) Non-verbal
(c) Formal (d) Both (a) and (b)
40. Which is not the advantage of delegation?
- (a) Controls from centre increases (b) Stress level on manager reduces
(c) Work can be finished in time (d) Work load is reduced
41. Ability to adjust, change, bend is
- (a) Ability (b) Balance
(c) Stability (d) Flexibility
42. 'Request' is the communication.
- (a) Downward (b) Upward
(c) Both (a) and (b) (d) None
43. Following business is not coming under sole proprietorship?
- (a) Insurance corporation (b) Press shop
(c) Hardware unit (d) Service centre
44. How many partners can be eligible for partnership?
- (a) 2 to 10 (b) 2 to 5
(c) 2 (d) all are correct
45. Which is incorrect type of partner?
- (a) Nominal (b) Perfect
(c) Active (d) Sleeping
46. About 'Sleeping Partner' which statement is wrong?
- (a) Do not share profit/loss (b) They do investment
(c) Do not active in daily work (d) Also called as silent partner
47. Which is barrier in communication?
- (a) Confused information (b) Poor knowledge
(c) Language problem (d) all
48. Which is the factor responsible in the selection of type of ownership?
- (a) Types of business (b) Scope of business
(c) Capital required (d) All
49. Which is not the advantage of sole proprietorship?
- (a) Freedom of work (b) Easy to form a business
(c) Documentation is less (d) Business growth is faster
50. 'Achievement due to one, will be shared by all others'. This happens in
- (a) Limited partnership (b) General partnership
(c) Both (d) None
51. All partners have the same status in
- (a) Nominal partnership (b) General partnership
(c) Limited partnership (d) None
52. Which is not the limitation of sole proprietorship?
- (a) Limited resources are available (b) Growth rate is small
(c) Corruption is more (d) Decisions may be wrong
53. Which statement is correct about 'Nominal Partners'?
- (a) Business can use their names (b) Do not invest
(c) Do not actively involved (d) All are correct

54. Which is the type of partnership?
(a) Private (b) Limited
(c) General (d) Both (b) and (c)
55. Which is included in the 'Partnership Deed'?
(a) Names of partners (b) Location of work
(c) Name of the firm (d) All
56. Which is not the type of joint stock company?
(a) Public Sector (b) Public Limited Company
(c) Private Limited Company (d) None
57. Maximum members in private limited company are
(a) 50 (b) 20
(c) 30 (d) 10
58. Minimum members in private limited company are
(a) 20 (b) 5
(c) 10 (d) 2
59. Minimum number of directors in Public Limited Company are
(a) 7 (b) 10
(c) 2 (d) 3
60. Agreement between partners is called as
(a) Partnership Document (b) Partnership Draft
(c) Partnership Deed (d) Partnership Sheet
61. Highest business secrecy is in
(a) Co-operative Society (b) Government Sector
(c) Sole proprietorship (d) Partnership
62. Unlimited liability is there in
(a) Partnership (b) Proprietorship
(c) Both (a) and (b) (d) None
63. Which statement is wrong about partnership?
(a) It is a joint business
(b) Business life is dependent on partners
(c) There is limited liability
(d) No transfer of partnership
64. Which is not the limitation of joint stock company?
(a) Heavy cost of management (b) Political interference is more
(c) Flexibility in business is less (d) Formation is lengthy process
65. Maximum shareholders in public limited company are
(a) 50 (b) 10
(c) 7 (d) No limit
66. Minimum shareholders in public limited company
(a) 50 (b) 07
(c) 02 (d) 10
67. Which is not the advantage of joint stock company?
(a) No autocracy (b) Easy to form
(c) Effective division of work (d) Business life is longer
68. Maximum members in co-operative society are
(a) 500 (b) 100
(c) 50 (d) No limit
69. The basic aim of the government sector is
(a) Providing service to society (b) Earning fame
(c) Earning profit (d) None
70. Which is the objective of public sector?
(a) Balanced regional growth (b) Employment opportunities
(c) Public welfare (d) all

71. Which is not the type of public sector?
 (a) Public Company (b) Public Limited Company
 (c) Public Corporation (d) Government department
72. Which is not the advantage of co-operative society?
 (a) Beneficial to common man
 (b) Members are involved in decision making
 (c) Strengthens rural economy
 (d) Business growth is faster
73. Which is not the limitation of Co-operative society?
 (a) Government support is less (b) Professionalism is very poor
 (c) Decision-making is slow (d) Political interference is more
74. Government sector is also called as
 (a) Service sector (b) Public sector
 (c) People's sector (d) Nation sector
75. Highest control of government is there in
 (a) Public Limited Company (b) Public Corporation
 (c) Public Company (d) Government Department
76. Secrecy is least in
 (a) Joint stock (b) Partnership
 (c) Proprietorship (d) Public sector
77. Which is not the advantage of Public sector?
 (a) Huge capital can be raised (b) Secrecy is more
 (c) Job security (d) Liability is limited
78. Which is not the limitation of Public Sector?
 (a) More political interference (b) Decision-making is slow
 (c) Productivity is less (d) Unlimited liability
79. Documentation is less in
 (a) Joint stock (b) Partnership
 (c) Sole proprietorship (d) Public sector
80. Maximum security of job is in
 (a) Co-operative (b) Public sector
 (c) Joint stock (d) Partnership

ANSWER KEY

1. (b)	2. (b)	3. (d)	4. (c)	5. (b)	6. (d)	7. (d)	8. (a)	9. (c)	10. (c)
11. (a)	12. (a)	13. (d)	14. (d)	15. (b)	16. (d)	17. (b)	18. (d)	19. (d)	20. (b)
21. (d)	22. (c)	23. (d)	24. (d)	25. (b)	26. (c)	27. (a)	28. (d)	29. (d)	30. (d)
31. (a)	32. (a)	33. (d)	34. (c)	35. (b)	36. (d)	37. (a)	38. (b)	39. (c)	40. (a)
41. (d)	42. (b)	43. (a)	44. (d)	45. (b)	46. (a)	47. (d)	48. (d)	49. (d)	50. (b)
51. (b)	52. (c)	53. (d)	54. (d)	55. (d)	56. (a)	57. (a)	58. (d)	59. (d)	60. (c)
61. (c)	62. (c)	63. (c)	64. (b)	65. (d)	66. (b)	67. (b)	68. (d)	69. (a)	70. (d)
71. (b)	72. (d)	73. (a)	74. (b)	75. (d)	76. (d)	77. (b)	78. (d)	79. (c)	80. (b)

Multiple Choice Questions

1. Who can be responsible for accident?
 - (a) Management
 - (b) Worker
 - (c) Working conditions
 - (d) All the above
2. Who is responsible for "unguarded moving parts"?
 - (a) Management
 - (b) Workers
 - (c) Government
 - (d) None
3. Which is not included in the causes of accidents due to 'Unsafe Working Conditions'?
 - (a) Irregular floor heights
 - (b) Suffocation at work
 - (c) Chemical leakages
 - (d) Quarrels of workers
4. Accident is
 - (a) Mishappening
 - (b) Unfortunate
 - (c) Sudden
 - (d) All the above
5. Which is not included in the cause of accident due to worker?
 - (a) Mischievous behaviour
 - (b) Poor housekeeping
 - (c) Lack of concentration
 - (d) Overconfidence
6. Which is not included in the cause of accident due to management?
 - (a) Bad construction of plant
 - (b) Untrained workers
 - (c) Bad habits of worker
 - (d) Faulty equipments
7. Which is not included in the 'causes of accidents' due to nature?
 - (a) Temperature strokes
 - (b) Gas leakage
 - (c) Heavy rains
 - (d) Floods
8. Who gets affected directly or indirectly due to accidents?
 - (a) Industry
 - (b) Worker
 - (c) Family of worker
 - (d) All
9. Which preventive measure industry should take to avoid accidents?
 - (a) Training for safe working
 - (b) Safety provisions
 - (c) Safety devices
 - (d) All the above
10. Industrial Acts are useful for
 - (a) Removes extortion of workers
 - (b) Provision of legal platform
 - (c) Guarantee of employee welfare
 - (d) All the above
11. Indian Factory Act is passed in
 - (a) 1976
 - (b) 1947
 - (c) 1948
 - (d) 1935
12. Which is not the 'effect of accident on worker'?
 - (a) Production stoppage
 - (b) Injury to body
 - (c) Loss of job
 - (d) Financial loss
13. If affected worker is recovered within 10 hours, then which type of accident is it?
 - (a) Reportable
 - (b) Minor
 - (c) Major
 - (d) Fatal

Management

14. What happens in fatal accident?
 (a) Fractures (b) Hospitalisation
 (c) Disablement (d) Death
15. Injury after accident disables the affected worker forever is accident.
 (a) Major (b) Fatal
 (c) Permanent (d) None
16. Internal accident means
 (a) Injury without showing external signs
 (b) Accident in the premises of company
 (c) Both
 (d) None
17. Adolescent is a person of the age between
 (a) 58 - 61 years (b) 18 - 21 years
 (c) 21 - 25 years (d) 15 - 18 years
18. A Labour Welfare Officer is appointed in the factory as per Factory Act when there are minimum workers.
 (a) 500 (b) 1000
 (c) 100 (d) 300
19. Rights of Labour Welfare Officer are given to
 (a) State Government (b) Industry Minister
 (c) Factory head (d) None
20. As per Factory Act, painting should be done
 (a) Once in 3 years (b) Once in 5 years
 (c) Once a year (d) Twice a year
21. Child is a person of the age
 (a) less than 15 years (b) less than 10 years
 (c) less than 8 years (d) none of the above
22. Calendar year as per Factory Act is
 (a) 1st January to 31st December (b) 1st April to 30th March
 (c) 1st July to 30th June (d) None of the above
23. Day as per Factory Act is
 (a) Period between 2 midnights (b) Period of 12 hours
 (c) 6 a.m. to 6 p.m. (d) None of the above
24. Week as per Factory Act is period between two
 (a) Saturdays (b) Thursdays
 (c) Sundays (d) Mondays
25. Factory using power as per Factory Act is a premise of minimum
 (a) 40 workers (b) 20 workers
 (c) 30 workers (d) 10 workers
26. As per Factory Act, space required for a worker is Cu. feet.
 (a) 1000 (b) 750
 (c) 500 (d) 2000

Management

27. One can
 (a) 200
 (c) 100
28. Creches
 their ki
 (a) 10
 (c) 25
29. Drinkin
 (a) 12
 (c) 6
30. As per
 (a) 15
 (c) 10
31. One a
 worke
 (a) 5
 (c) 3
32. Who i
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 (a) C
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34. "Adv
 (a)
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36. Con
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37. Em
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 (b)
 (c)
 (d)
38. Mi
 (a)
 (c)

27. One canteen should be provided atleast per workers in a factory.
(a) 200 (b) 250
(c) 100 (d) 150
28. Creches should be provided when there are more than female workers of their kids of age below years
(a) 100, 6 (b) 25, 6
(c) 25, 9 (d) 30, 6
29. Drinking water must be away from latrine by metres.
(a) 12 (b) 9
(c) 6 (d) 3
30. As per Factory Act, one box of First Aid is provided for workers.
(a) 150 (b) 250
(c) 100 (d) 200
31. One ambulance room should be provided in a factory employing more than workers.
(a) 500 (b) 400
(c) 300 (d) 200
32. Who is incorrect person in the definition of Dependent?
(a) Wife (b) Minor son
(c) Widowed mother (d) Friend
33. Which is not included in "Wage" under Minimum Wages Act?
(a) Gratuity (b) PF
(c) Travelling allowance (d) All
34. "Advisory Board" concerned with 'Minimum Wages Act' is appointed by
(a) Appropriate Government (b) MIDC
(c) Factory head (d) None
35. Minimum wages which are fixed are declared by Government through
(a) Magazine (b) Newspaper
(c) Official gazette (d) All
36. Compensation is not extended to under Workman's Compensation Act
(a) Casual workers (b) Workers covered under ESI Act
(c) Wilful disobedience (d) all the above
37. Employer has to do compensation under which case?
(a) Injury caused by accident
(b) Injury caused during employment
(c) Any disablement/death after accident
(d) All the above
38. Minimum wages act is passed in
(a) 1952 (b) 1935
(c) 1948 (d) 1924

39. OSHA means
- (a) Occasional Safety and Health Administration
 - (b) Occupational Safety and Health Administration
 - (c) Occupational Sanity and Health Advice
 - (d) Occupational Sanity and Harmony Administration
40. Each year OSHA reports thousands of injuries and hundreds of deaths with most of the injuries and deaths coming in the
- (a) Service sector
 - (b) Government sector
 - (c) Banking sector
 - (d) Industrial sector
41. Industrial safety is related to
- (a) Electrical safety
 - (b) Fall hazard
 - (c) Fire safety
 - (d) All of above
42. Safety is an integral part of the responsibilities of
- (a) Only manager
 - (b) Only employee
 - (c) Every manager and employee
 - (d) None of above
43. The major responsibility of safety is of
- (a) Managing director
 - (b) Employee
 - (c) Chairman
 - (d) Managers who design and implement the operational system within which employees must perform.
44. of an employee is an important aspect of a company's smooth and successful functioning.
- (a) Accident
 - (b) Safety
 - (c) Health
 - (d) Both (b) and (c)
45. ensures an accident-free industrial environment.
- (a) Money
 - (b) Material
 - (c) Safety
 - (d) Machines
46. Proper attention to the safety of the employees leads to
- (a) Reduced absenteeism
 - (b) Enhanced productivity
 - (c) Minimum potential of work-related injuries and illnesses
 - (d) All of the above
47. Every job has its but a little knowledge and common sense can help keep you
- (a) safety, hazards
 - (b) hazards, unsafe
 - (c) responsibility, out of control
 - (d) hazards, safe
48. It is important to lay stress on during training.
- (a) Accidents
 - (b) Safety
 - (c) Discipline
 - (d) All of above

49. The employees should be made aware of
- (a) Various accidents
 - (b) Causes of accidents
 - (c) Safety procedures
 - (d) All of above
50. is an unforeseen incident that is not scheduled or planned and causes injury to employees or damage to property.
- (a) Directing
 - (b) Control
 - (c) Accident
 - (d) Organizing
51. Which of the following is cause of accident?
- (a) Technical cause
 - (b) Environmental cause
 - (c) Personal cause
 - (d) All of the above
52. Accident due to Defective agencies or devices is a
- (a) Technical cause
 - (b) Environmental cause
 - (c) Personal cause
 - (d) All of above
53. Accident due to Chemicals leaking through valves is a
- (a) Technical cause
 - (b) Environmental cause
 - (c) Personal cause
 - (d) None of above
54. Accident due to too low or too high temperature is a
- (a) Technical cause
 - (b) Environmental cause
 - (c) Personal cause
 - (d) None of above
55. Accident due to Improper illumination is a
- (a) Technical cause
 - (b) Environmental cause
 - (c) Personal cause
 - (d) None of above
56. Accident due to Operating at unsafe speeds is a
- (a) Technical cause
 - (b) Environmental cause
 - (c) Personal cause
 - (d) None of above
57. Accident due to Lack of knowledge and skill is a
- (a) Technical cause
 - (b) Environmental cause
 - (c) Personal cause
 - (d) All of above
58. Accident due to Non-use of safety devices is a
- (a) Technical cause
 - (b) Environmental cause
 - (c) Personal cause
 - (d) All of above
59. Find the odd one from the Industrial Acts listed below.
- (a) Indian Factory Act
 - (b) Trade Union Act
 - (c) Workman's Compensation Act
 - (d) Minimum Wages Act
60. is temporary in nature and the earning capacity is reduced due to disablement.
- (a) Partial disablement
 - (b) Total disablement
 - (c) Fatal accident
 - (d) Loss of both hands

61. NO adult worker shall be required or allowed to work in a factory on
- (a) Forklift Truck
 - (b) Machine having all moving parts covered
 - (c) Crane
 - (d) Machines not having all it's moving parts covered
62. An accident causing death or permanent or prolonged disability to the injured employee is called
- (a) Major Accident
 - (b) Minor Accident
 - (c) Fatal Accident
 - (d) Non-fatal Accident
63. A cut that does not render the employee disabled is termed as
- (a) Major Accident
 - (b) Minor Accident
 - (c) Fatal Accident
 - (d) Non-fatal Accident
64. An accident which leads to the death of a victim is called
- (a) Major Accident
 - (b) Minor Accident
 - (c) Fatal Accident
 - (d) Non-fatal Accident
65. An accident which does not leads to the death of a victim but causes disablement is called
- (a) Major Accident
 - (b) Fatal Accident
 - (c) Non-fatal Accident
 - (d) None of the above
66. Loss of both hands is an example of
- (a) Permanent total disablement
 - (b) Permanent partial disablement
 - (c) Temporary disablement
 - (d) None of above
67. Loss of single hand, single leg or single foot is an example of
- (a) Permanent total disablement
 - (b) Permanent partial disablement
 - (c) Temporary disablement
 - (d) None of above
68. Cuts, abrasions, breaking of bones etc. is an example of
- (a) Permanent total disablement
 - (b) Permanent partial disablement
 - (c) Temporary disablement
 - (d) None of above
69. Which of the following statement is wrong?
- (a) Flammable material should be kept away from all possible ignition sources
 - (b) Containers for inflammable liquids should be completely air-tight
 - (c) Regular fire drills must be conducted
 - (d) None of the above
70. To avoid accidents which of the following is correct?
- (a) All moving parts of machines and equipments should be guarded
 - (b) All transmission components like belts, pulleys, gears, shafts, clutches, couplings, flywheels etc. must be placed in fully enclosed frames
 - (c) Both (a) and (b)
 - (d) Neither (a) nor (b)

71. Which of the following statement is wrong?
- (a) If there is specific place for everything, many accidents could be avoided
 - (b) All objects obstructing passage ways should be removed
 - (c) Passage ways should be clearly marked off and can be used for storing or loading and unloading of material
 - (d) Materials should be properly stored upto permissible height only
72. To avoid fall from height, industry protection must be utilized for heights above feet and for construction the minimum height is feet.
- (a) 10, 20
 - (b) 50, 100
 - (c) 4, 6
 - (d) 100, 200
73. With respect to safety, which of the following statement is wrong?
- (a) All tools/equipment must be maintained in good condition
 - (b) Only appropriate tools shall be used for specific jobs
 - (c) No spliced electrical cords/wiring allowed
 - (d) Any personnel can operate forklift vehicles
74. In industry safety propaganda may be carried on by means of
- (a) Posters
 - (b) Films, slides
 - (c) Safety competitions, training
 - (d) All of above
75. With respect to safety procedure, which of the following statement is correct?
- (a) Procedures should be in writing to provide clarity and certainty at the workplace and demonstrate compliance.
 - (b) Procedures should be regularly updated and made available to all staff via training sessions.
 - (c) Both (a) and (b)
 - (d) Neither (a) nor (b)
76. With respect to safety procedure, which of the following statement is correct?
- (a) Safety procedure should clearly set out the role of safety representatives
 - (b) Safety procedure should be easily accessible
 - (c) It is necessary that a set of safety operating procedures is implemented for every workplace device or situation (e.g. gas leakage)
 - (d) All of above
77. According to factory act, a person who has completed his eighteen year of age is
- (a) Adolescent
 - (b) Adult
 - (c) Child
 - (d) Young person
78. According to factory act, a person who has completed his fifteen year of age but has not completed his eighteenth year is
- (a) Adolescent
 - (b) Adult
 - (c) Child
 - (d) None of above

79. According to factory act, a person who has not completed his fifteenth year of age is
- (a) Adolescent (b) Adult
(c) Child (d) None of above
80. According to factory act "factory" means any premises – whereon or more workers are working and in any part of which a manufacturing process is being carried on with the aid of power.
- (a) 10 (b) 50
(c) 100 (d) 500

ANSWER KEY

1. (d)	2. (a)	3. (d)	4. (d)	5. (b)	6. (c)	7. (b)	8. (d)	9. (d)	10. (d)
11. (c)	12. (a)	13. (b)	14. (d)	15. (c)	16. (a)	17. (d)	18. (a)	19. (a)	20. (c)
21. (a)	22. (a)	23. (a)	24. (a)	25. (d)	26. (c)	27. (b)	28. (d)	29. (c)	30. (a)
31. (c)	32. (d)	33. (d)	34. (a)	35. (c)	36. (d)	37. (d)	38. (c)	39. (b)	40. (d)
41. (d)	42. (c)	43. (d)	44. (d)	45. (c)	46. (d)	47. (d)	48. (d)	49. (d)	50. (c)
51. (d)	52. (a)	53. (a)	54. (b)	55. (b)	56. (c)	57. (c)	58. (c)	59. (b)	60. (a)
61. (d)	62. (a)	63. (b)	64. (c)	65. (c)	66. (a)	67. (b)	68. (c)	69. (d)	70. (c)
71. (c)	72. (c)	73. (d)	74. (d)	75. (c)	76. (d)	77. (b)	78. (a)	79. (c)	80. (a)

Types of Taxes:

- (a) **Income Tax:** Income tax is a direct tax levied on the income earned by individuals, corporations or on other forms of business entities.
- (b) **Customs Duties (Import Duty and Export Tax):** Customs Duty is a type of indirect tax levied on goods imported into India as well as on goods exported from India. The various types of duties chargeable are - **Basic Duty, Additional Duty (Countervailing Duty) (CVD), Anti-dumping Duty, Protective Duty, Duty on Bounty Fed Articles and Export Duty**
- (c) **Central Excise Duty:** Central Excise duty is an indirect tax levied on those goods which are manufactured in India and are meant for home consumption.
- (d) **Service Tax:** Service tax is a tax levied on services rendered by a person and the responsibility of payment of the tax is cast on the service provider.
- (e) **Value Added Tax (VAT):** Value Added Tax is a multi point sales tax with set off for tax paid on purchases. It is basically a tax on the value addition on the product.

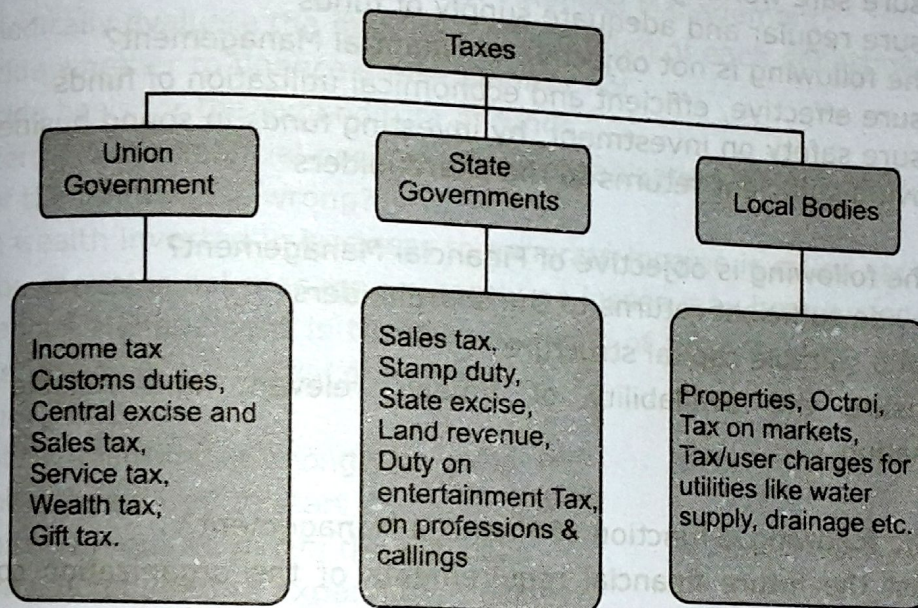


Fig. 5.9

Multiple Choice Questions

- is concerned with procurement, allocation and control of financial resources of a firm.
 - Financial Management
 - Material Management
 - Personnel Management
 - Operation Management
- Which is not elements of financial management?
 - Financial Planning
 - Financial Control
 - Financial Decision-making
 - None of the above

3. is the management of finance of an organization in order to achieve financial objectives.
- (a) Financial Management
 - (b) Material Management
 - (c) Personnel Management
 - (d) Operation Management
4. Financial control ensures
- (a) efficient assets utilization,
 - (b) security of businesses assets
 - (c) shareholder's interest is served
 - (d) all
5. Financial decision making is related to
- (a) investment
 - (b) financing
 - (c) dividends
 - (d) all
6. Objectives of Financial Management are
- (a) profit maximization
 - (b) wealth Maximization
 - (c) to ensure regular and adequate supply of funds
 - (d) all
7. Which of the following is not objective of Financial Management?
- (a) Profit maximization
 - (b) Wealth Maximization
 - (c) To ensure safe working conditions
 - (d) To ensure regular and adequate supply of funds
8. Which of the following is not objective of Financial Management?
- (a) To ensure effective, efficient and economical utilization of funds
 - (b) To ensure safety on investment, by investing funds in sound businesses
 - (c) To provide sufficient returns to the shareholders
 - (d) None
9. Which of the following is objective of Financial Management?
- (a) To provide sufficient returns to the shareholders
 - (b) To plan a suitable capital structure
 - (c) To ensure the availability of timely, relevant and reliable financial information
 - (d) All
10. Which of the following is function of Financial Management?
- (a) Forecast the future financial requirements of the organization considering investments, expansion etc.
 - (b) Determine the sources from which finance can be obtained
 - (c) Motivate the existing sources of finance to provide further finance in the future when required
 - (d) All
11. Which of the following is function of Financial Management?
- (a) Decide whether to finance a new plant or not
 - (b) Decide basis for the expenditure of funds
 - (c) Allocate budget to each department considering their requirements
 - (d) All

Management

12. Which of the following is function of Financial Management?
- Keep a check and control over the expenditure
 - Periodically evaluate the progress of each department
 - Both (a) and (b)
 - None
13. Which of the following is function of Financial Management?
- Keep a check and control over the expenditure
 - Periodically evaluate the progress of each department
 - Determine the financial position of the organization after analyzing efficiency
 - Fix product price giving due consideration to profit optimization.
- All
 - Only 1
 - Only 3
 - 1, 2 and 3
14. Which of the following is not function of Financial Management?
- Decide basis for the expenditure of funds
 - Allocate budget to each department considering their requirements
 - Keep a check and control over the expenditure
 - None
15. Which of the following is not function of Financial Management?
- Periodically evaluate the material consumption of each department
 - Decide whether to finance a new plant or not
 - Decide basis for the expenditure of funds
 - Determine the financial position of the organization after analyzing efficiency
16. Which of the following is wrong?
- The wealth invested in business to generate income is called capital
 - If the capital is not managed properly no losses may be incurred
 - Financial Management is the management of finance of an organization in order to achieve financial objectives
 - None
17. Which of the following is wrong?
- Capital is required to start the business
 - Capital is required to run the business
 - Capital is required to expand the business
 - None
18. Which of the following is wrong?
- It is very important to generate the required capital from various sources as and when required
 - It is very important to manage capital efficiently
 - If the capital is not managed properly huge losses may be incurred
 - None
19. The capital required for a business is
- Fixed Capital
 - Working Capital
 - Both (a) and (b)
 - None

20. Which of the following is wrong?
- (a) Fixed capital management ensures that a company has sufficient funds to purchase fixed assets
 - (b) Working capital management ensures a company has sufficient cash flow
 - (c) Fixed capital management ensures that a company has sufficient cash flow in order to meet its short-term debt obligations and operating expenses
 - (d) None
21. Which of the following is correct?
- (a) Fixed capital management ensures that a company has sufficient funds to purchase fixed assets
 - (b) Working capital management ensures a company has sufficient cash flow in order to meet operating expenses
 - (c) Working capital management ensures a company has sufficient cash flow in order to meet its short-term debt obligations
 - (d) All
22. Which of the following is wrong?
- (a) Fixed capital management ensures that a company has sufficient funds to purchase fixed assets required for starting the business
 - (b) Fixed capital management ensures that a company has sufficient funds to purchase fixed assets required for improving the business
 - (c) Fixed capital management ensures that a company has sufficient funds to purchase fixed assets required for expanding or diversifying the business
 - (d) None
23. Which of the following is wrong?
- (a) Working capital management ensures a company has sufficient cash flow in order to meet its short-term debt obligations
 - (b) Working capital management ensures a company has sufficient cash flow in order to meet its operating expenses
 - (c) Working capital management ensures a company has sufficient cash flow in order to purchase fixed assets
 - (d) None
24. Which of the following is wrong?
- (a) Fixed assets are used over and over again for a number of years
 - (b) The capital invested in assets of durable nature for repeated use over a long period is called fixed capital
 - (c) Both
 - (d) None
25. Fixed capital is required for
- (a) Land
 - (b) Building
 - (c) Equipment and machinery
 - (d) All
26. Fixed capital is not required for
- (a) Land
 - (b) Building
 - (c) Equipment and machinery
 - (d) None

27. Working capital is required for
- (a) Building
 - (b) Payment of employee salaries
 - (c) Equipment and machinery
 - (d) All
28. Working capital is required for
- (a) Furniture
 - (b) Building
 - (c) Maintaining stocks of partly finished and finished products
 - (d) All
29. Working capital is required for
- (a) Land
 - (b) Building
 - (c) Payment of insurance, rent
 - (d) None
30. Working capital is not required for
- (a) Land
 - (b) Purchase of raw material, spare parts and supplies
 - (c) Maintaining stocks of partly finished and finished products
 - (d) Payment of employee salaries
31. Working capital is not required for
- (a) Payment of light and telephone bills, water charges, municipality bills etc.
 - (b) Advertisement and selling expenses
 - (c) Payment of insurance, rent
 - (d) Furniture
32. Working capital is not required for
- (a) Stationery
 - (b) Transportation and shipping expenses
 - (c) Cash to be maintained for emergency etc.
 - (d) None
33. Working capital is not required for
- (a) Maintaining stocks of partly finished and finished products
 - (b) Payment of light and telephone bills, water charges, municipality bills etc.
 - (c) Advertisement and selling expenses
 - (d) None
34. Fixed capital is not required for
- (a) To give credit to distributors, retailers etc.
 - (b) Machines, equipment and plant maintenance costs
 - (c) Stationery, Transportation and shipping expenses
 - (d) All
35. Fixed capital is not required for
- (a) Advertisement and selling expenses
 - (b) Payment of insurance, rent
 - (c) Furniture
 - (d) Both (a) and (b)
36. Fixed capital is not required for
- (a) Maintaining stocks of partly finished and finished products
 - (b) Payment of employee salaries
 - (c) Payment of light and telephone bills, water charges, municipality bills etc.
 - (d) All

37. Fixed capital is not required for
- (a) Land
 - (b) Building
 - (c) Equipment and machinery
 - (d) Cash to be maintained for emergency
38. Working capital is calculated as
- (a) Working Capital = Current Assets – Current Liabilities
 - (b) Working Capital = Fixed Assets – Current Liabilities
 - (c) Working Capital = Current Assets – Fixed Liabilities
 - (d) None
39. The amount of working capital required depends on
- (a) Time required for manufacturing/selling the product
 - (b) Credit facilities offered by suppliers
 - (c) Credit facilities offered to the customers
 - (d) All
40. Fixed capital can be financed through
- (a) Shares
 - (b) Long Term Debentures
 - (c) Loan from Banks
 - (d) All
41. Fixed capital can not be financed through
- (a) Loan from Financial Institutions
 - (b) Public Deposits
 - (c) Retained Earnings
 - (d) None
42. Working Capital can be financed through
- (a) Shares
 - (b) Medium Term Debentures
 - (c) Loan from Banks
 - (d) All
43. Working Capital can be financed through
- (a) Franchising
 - (b) Trade Credit
 - (c) Customer's Advance
 - (d) All
44. Fixed Capital can be financed through
- (a) Cash Credit
 - (b) Overdraft
 - (c) Discounting of Bill
 - (d) None
45. Short Term Sources of finance are required for
- (a) 0-1 year
 - (b) 1-5 years
 - (c) Above 5 years
 - (d) None
46. Medium Term Sources of finance are required for
- (a) 0-1 year
 - (b) 1-5 years
 - (c) Above 5 years
 - (d) None

47. Long Term Sources of finance are required for
- (a) 0-1 year (b) 1-5 years
(c) Above 5 years (d) None
48. is a forecast of the revenues, expenses and resources over a specified future period of time
- (a) Budget (b) Debenture
(c) Share (d) Balance sheet
49. A joint stock company divides the capital required into units of equal denomination of ` 1, 2, 5 or 10. Each unit is called a
- (a) Budget (b) Debenture
(c) Share (d) Balance sheet
50. is a medium to long-term debt instrument, bearing fixed interest issued by a company.
- (a) Budget (b) Debenture
(c) Share (d) Balance sheet
51. Which of the following is wrong?
- (a) Shareholders are the owners of the company
(b) Debenture holders are creditor of the company
(c) Shareholders get dividend
(d) None
52. is the establishment of budgets, continuous comparison of actual with budgeted results and adjustment of performances against them.
- (a) Budgetary Control (b) Budget
(c) Share (d) Balance sheet
53. is record of an organization that registers all financial transactions. It is a written statement of all business dealings or debts and credits.
- (a) Budget (b) An account
(c) Journal (d) Share
54. A is a book or computer file in which all monetary transactions are originally entered.
- (a) Budget (b) Account
(c) Journal (d) Ledger
55. is the principal book or computer file in which the monetary transactions of a business are posted in the form of debits and credits.
- (a) Budget (b) Account
(c) Ledger (d) Journal
56. is prepared to co-ordinate between various budgets.
- (a) Master Budget (b) Sales Budget
(c) Production Budget (d) Materials Budget

57. The budgeting process usually begins with a budget.
- (a) Master Budget (b) Sales Budget
(c) Materials Budget (d) Direct Labour Budget
58. The Budget is a forecast of the number of products that must be manufactured.
- (a) Sales Budget (b) Production Budget
(c) Purchase Budget (d) Cash Budget
59. The generally deals only with the direct materials.
- (a) Master Budget (b) Sales Budget
(c) Production Budget (d) Materials Budget
60. represents the quantities of the materials to be purchased and the estimated costs of the materials.
- (a) Sales Budget (b) Production Budget
(c) Purchase Budget (d) Materials Budget
61. budget shows the estimate of direct labour needed to carry out the budgeted output.
- (a) Materials Budget (b) Purchase Budget
(c) Direct Labour Budget (d) Overhead Budget
62. A is one which is designed to change in relation to the level of activity attained.
- (a) Direct Labour Budget (b) Overhead Budget
(c) Cash Budget (d) Variable budget
63. is a budget which is designed to remain unchanged irrespective of the level of activity actually attained.
- (a) Master Budget (b) Fixed Budget
(c) Production Budget (d) Variable Budget
64. shows the revenues and expenses incurred during a specific period of time.
- (a) Balance sheet (b) Budget
(c) Profit and Loss Statement (d) Account
65. is a financial statement that summarizes a company's assets, liabilities and shareholders' equity at a specific point in time.
- (a) Balance sheet (b) Budget
(c) Profit and Loss Statement (d) Account
66. is a fee charged by a Government on a product, income or activity.
- (a) Account (b) Ledger
(c) Tax (d) Budget
67. is a direct tax levied on the income earned by individuals, corporations or on other forms of business entities.
- (a) Income Tax (b) Customs duty
(c) Sales Tax (d) Service Tax

68. is a type of indirect tax levied on goods imported into India as well as on goods exported from India.
 (a) Income Tax (b) Customs duty
 (c) Wealth Tax (d) Gift Tax
69. An indirect tax levied on those goods which are manufactured in India and are meant for home consumption is called
 (a) Income Tax (b) Customs duty
 (c) Excise Duty (d) Gift Tax
70. A tax levied on services rendered by a person is called
 (a) Income Tax (b) Service Tax
 (c) Wealth Tax (d) Gift Tax
71. is levied on the sale of a commodity, which is produced or imported and sold for the first time.
 (a) Customs duty (b) Sales Tax
 (c) Service Tax (d) Gift Tax
72. is a multipoint destination based system of taxation, with tax being levied on value addition at each stage of transaction in the production/ distribution chain.
 (a) Customs duty (b) Sales Tax
 (c) Service Tax (d) VAT
73. includes the free reserves of the company which are built out of the genuine profits of the company.
 (a) Share capital (b) Reserves and surplus
 (c) Other Long-term liabilities (d) Long-term provisions
74. Bonds/debentures or Term loans from Banks are called
 (a) Share capital (b) Reserves and surplus
 (c) Other Long-term liabilities (d) Long-term provisions
75. Land, Buildings, Plant and Equipment, Furniture and Fixtures, Vehicles and Office equipment are called
 (a) Tangible assets (b) Intangible assets
 (c) Capital work-in-progress (d) None
76. Goodwill, Brands/trademarks, Computer software, Mining rights, Copyrights and patents are known as
 (a) Tangible assets (b) Intangible assets
 (c) Capital work-in-progress (d) None
77. The following is the expenditure account of ABC company for the month of June 2015.

Particulars	Product X	Product Y	Product Z
Purchase of raw material	15,000	20,000	10,000
Payment of employee salaries	35,000	5,000	2,500
Transportation and shipping expenses	1000	1100	1000
Purchase of equipment and machinery	-	55,000	-
Total	51,000	81,100	13,500

- Which product will require more working capital?
 (a) Product X (b) Product Y
 (c) Product Z

78. The following is the expenditure account of ABC company for the month of May 2015.

Particulars	Expenditure in ₹
Purchase of raw material	50,000
Payment of employee salaries	25,000
Advertisement and selling expenses	25,000
Purchase of equipment and machinery	50,000
Purchase of land	1,00,000
Total	2,50,000

Which of the following is correct?

- (a) Fixed Capital = ₹ 75,000/- and Working Capital = ₹ 1,25,000/-
 (b) Fixed Capital = ₹ 1,50,000/- and Working Capital = ₹ 50,000/-
 (c) Fixed Capital = ₹ 1,50,000/- and Working Capital = ₹ 1,00,000/-
 (d) Fixed Capital = ₹ 1,00,000/- and Working Capital = ₹ 1,50,000/-

79. Following is an example of

Particulars	April 2015
Sales Forecast	4,000
Add: Desired Closing Stock	300
Total Units required	4,300
Less: Opening Stock	200
Units to be manufactured	4,100

- (a) Sales Budget (b) Production Budget
 (c) Materials Budget (d) Purchase Budget

80. Following is an example of

Particulars	May 2015	
	Quantity	Price ₹/unit
Raw material needed	12,000	25/-
Add: Desired closing stock	1,200	25/-
Less: Expected stock at beginning	1,000	25/-
Raw material to be purchased	12,200	25/-

- (a) Production Budget (b) Overhead Budget
 (c) Purchase Budget (d) Direct Labour Budget

ANSWER KEY

1. (a)	2. (d)	3. (a)	4. (d)	5. (d)	6. (d)	7. (d)	8. (d)	9. (d)	10. (d)
11. (d)	12. (c)	13. (a)	14. (d)	15. (a)	16. (b)	17. (d)	18. (d)	19. (c)	20. (c)
21. (d)	22. (d)	23. (c)	24. (d)	25. (d)	26. (d)	27. (b)	28. (c)	29. (c)	30. (a)
31. (d)	32. (d)	33. (d)	34. (d)	35. (d)	36. (d)	37. (d)	38. (a)	39. (d)	40. (d)
41. (d)	42. (d)	43. (d)	44. (d)	45. (a)	46. (b)	47. (c)	48. (a)	49. (c)	50. (c)
51. (d)	52. (a)	53. (b)	54. (c)	55. (c)	56. (a)	57. (b)	58. (b)	59. (d)	60. (c)
61. (c)	62. (d)	63. (b)	64. (c)	65. (a)	66. (c)	67. (a)	68. (b)	69. (c)	70. (b)
71. (b)	72. (d)	73. (b)	74. (c)	75. (a)	76. (b)	77. (a)	78. (c)	79. (b)	80. (c)

5. Reduced Traffic Cost.
6. Reduced Obsolescence.
7. Reduced Overtime.
8. Having accountability throughout the organization.
9. Improved Quality of Life.

10. **ERP:** "ERP is a computer-based system designed to streamline and integrate various operations and information flows in the company".

Importance of ERP

1. ERP is an integrated system which functions in real time not requiring you to depend on periodic updates.
2. It has a common database. And each department is able to access the system.
3. The integration of the business processes improves co-ordination between all the functions of a business such as finance, production, purchasing, inventory control, and sales and marketing.
4. ERP puts all of the information into a single place. This helps with the decision making process for each department and a department no longer has to wait for a reply from another department in the company to make a decision. This makes things a lot easier and satisfies customers as well.
5. The planning of the company can be done with the use of this system since it contains all the necessary decision making information.
6. As all information is available at the central place it results in - better monitoring and quicker resolution of queries, faster response and follow up on customers and improved cost control.

Multiple Choice Questions

1. Which of the following is wrong?
 - (a) All industries need material to manufacture the products
 - (b) Before the production begins it is necessary to ensure availability of all the types of material needed for production
 - (c) The required material is to be bought from vendors
 - (d) None
2. is the process of planning, procuring, storing and providing the appropriate material of the right quality, right quantity at the right place in the right time.
 - (a) Financial Management
 - (b) Materials Management
 - (c) Operation Management
 - (d) Marketing Management
3. Which of the following is function of material management?
 - (a) Materials Planning
 - (b) Purchasing
 - (c) Stores Management
 - (d) All

4. is a detailed list of movable items which are required for manufacturing products and maintaining the equipments and machines in good working order.
- (a) Inventory (b) Production
(c) Purchase (d) None
5. Inventory consist of
- (a) Raw material (b) Work-in-progress
(c) Finished products (d) All
6. includes raw material, semi-finished components, standard components/subassemblies purchased from suppliers
- (a) Raw material inventory (b) In-process inventory
(c) Finished product inventory (d) Indirect inventory
7. includes consumables like lubricants, cutting fluids, cotton waste, stationery, cutting tools and spare parts needed for proper operation, repair and maintenance.
- (a) Raw material inventory (b) In-process inventory
(c) Finished product inventory (d) Indirect inventory
8. includes the finished products lying in the warehouse and waiting for dispatch.
- (a) Finished product inventory (b) Raw material inventory
(c) In-process inventory (d) Indirect inventory
9. consists of semi-finished components.
- (a) Raw material inventory (b) In-process inventory
(c) Indirect inventory (d) Finished product inventory
10. The objectives of inventory management is
- (a) To ensure continuous supply of materials
(b) To avoid both over-stocking and under-stocking of inventory
(c) To minimize losses resulting from inventory deterioration
(d) All
11. Which of the following is not objectives of inventory management?
- (a) To maintain investments in inventories at the maximum level
(b) To keep material cost under control
(c) To safeguard inventory against theft
(d) To ensure that, materials actually lying in the stores are shown in stock ledgers
12. In ABC analysis which inventory is classified into group A?
- (a) Annual consumption cost is around 15-25%
(b) Annual consumption cost is around 70-80%
(c) Annual consumption cost is around 5-10%
(d) Annual consumption cost is around 50%
13. In ABC analysis which inventory is classified into group C?
- (a) Annual consumption cost is around 15-25%
(b) Annual consumption cost is around 70-80%
(c) Annual consumption cost is around 5-10%
(d) Annual consumption cost is around 50%
14. Complex and expensive parts are items that require careful management and control are called
- (a) Items A (b) Items B
(c) Items C (d) All

15. Low complex and low cost items that are typically commercially available and require little management control are called
- (a) Items A
 - (b) Items B
 - (c) Items C
 - (d) None
16. In a car assembly factory the high value items like engine is given rating of
- (a) Item A
 - (b) Item B
 - (c) Item C
 - (d) Item D
17. Items like nuts, bolts, screws etc. are given rating of
- (a) Item A
 - (b) Item B
 - (c) Item C
 - (d) Item D
18. Which of the following is not advantage of ABC Analysis?
- (a) Preference for keeping inventory can be placed suitably after ABC analysis
 - (b) Stores personnel's time can be utilized in a better manner.
 - (c) Storing, handling and delivery of material to production department becomes better
 - (d) None
19. Which of the following is advantage of ABC Analysis?
- (a) ABC analysis results in reduction of annual inventory cost
 - (b) ABC analysis does not give importance to components which are critical for production
 - (c) Cannot be used if some of the items are scarce and are not readily available
 - (d) All
20. Which of the following is not advantage of ABC Analysis?
- (a) The system is easy to understand
 - (b) It does not take into account seasonal variations of costs
 - (c) Stores personnel's time can be utilized in a better manner
 - (d) All
21. Which of the following is not correct?
- (a) ABC Analysis helps to exercise selective control when confronted with large number of items
 - (b) ABC Analysis ensures tight control over the costly items in which a large amount of capital is invested
 - (c) ABC Analysis helps in maintaining enough safety stock for low cost items
 - (d) None
22. Which of the following is wrong?
- (a) ABC Analysis ensures tight control over the costly items in which a large amount of capital is invested
 - (b) ABC Analysis helps in maintaining enough safety stock for low cost items
 - (c) ABC Analysis helps in developing scientific method of controlling inventories and rationalizes the number of orders, number of items and reduces the inventory
 - (d) In ABC Analysis Clerical costs are considerably increased
23. Which of the following is wrong?
- (a) ABC Analysis helps in maintaining stock turnover rate at comparatively higher level
 - (b) ABC Analysis ensures considerable reduction in the storage expenses
 - (c) ABC Analysis results in increased stock carrying stock
 - (d) ABC Analysis helps in maintaining enough safety stock for low cost items

24. is defined as 'the optimal quantity of orders that minimizes total variable costs required to order and hold inventory'.
- (a) ABC (b) TQM
(c) MRP (d) EOQ
25. While deciding how to manage inventory the question to be answered is
- (a) How much should we order ? (b) How often should we order ?
(c) Both (a) and (b) (d) None
26. EOQ is a formula that determines the at which the combination of procurement costs and inventory carrying costs are the least.
- (a) Quality (b) Cost
(c) Profit (d) Quantity
27. Which of the following is correct?
- (a) In purchasing, EOQ is known as the order quantity
(b) In manufacturing, EOQ is called the production lot size
(c) Both (a) and (b)
(d) None
28. Which of the following is not correct?
- (a) The EOQ is used as part of a continuous review inventory system
(b) In EOQ system the level of inventory is monitored at all times, and a variable quantity is ordered each time the inventory level reaches a specific reorder point
(c) The EOQ provides a model for calculating the appropriate reorder quantity
(d) None
29. Which of the following is not correct Assumption in Calculating EOQ?
- (a) The ordering cost is constant
(b) The rate of demand/consumption does not change
(c) The lead time is not fixed
(d) The purchase price of the item does not change with quantity i.e. no discount is available
30. Which of the following is Assumption in Calculating EOQ?
- (a) The lead time is fixed and does not vary with ordered quantity
(b) The purchase price of the item does not change with quantity i.e. no discount is available
(c) The total quantity ordered is delivered in one batch
(d) All
31. Procurement costs consists of
- (a) Cost of receiving quotations
(b) Cost of processing quotations and issuing purchase order
(c) Cost of following up and expediting purchase order
(d) All

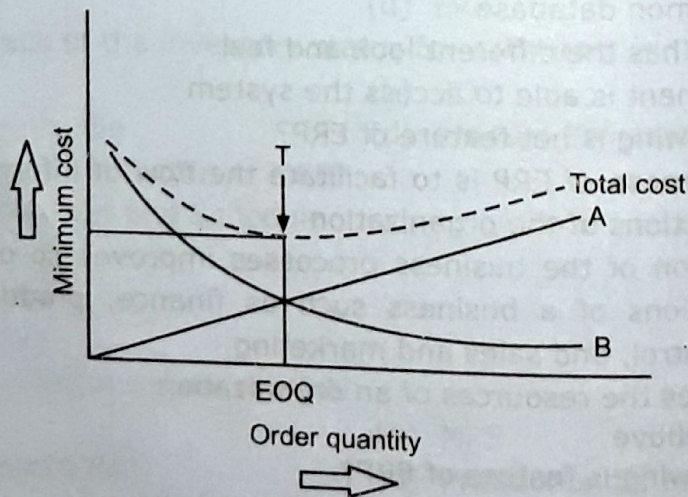
32. Each event of ordering has a certain cost associated with it called
- (a) Procurement cost
 - (b) Carrying cost
 - (c) Holding cost
 - (d) None of above
33. Which of the following is not Procurement cost?
- (a) Transportation cost
 - (b) Cost of receiving, inspecting and stocking material
 - (c) Cost of processing vendor's invoice
 - (d) Storage cost
34. Carrying cost consists of
- (a) Interest on capital investment
 - (b) Storage cost
 - (c) Up-keep of inventory
 - (d) All
35. Carrying (Holding) cost:
- (a) These costs increase as you hold more and more inventory
 - (b) These costs decrease as you hold more and more inventory
 - (c) These costs increase as you hold fewer inventories
 - (d) None of the above
36. The procurement costs:
- (a) They increase as quantity ordered increases
 - (b) They decrease as quantity ordered decreases
 - (c) They decrease as quantity ordered increases
 - (d) None of the above
37. EOQ can be used by
- (a) Make-to-stock manufacturers
 - (b) Purchase-to-stock distributors
 - (c) Departmental stores
 - (d) All of the above
38. The objective of purchasing is
- (a) To procure wrong material
 - (b) To ensure quality of purchased material
 - (c) To procure material in high quantities
 - (d) To procure material at high price
39. Which of the following is not objective of purchasing?
- (a) To procure material at reasonable price
 - (b) To develop reliable sources of supply
 - (c) To develop alternative sources of supply
 - (d) To facilitate waste
40. Which of the following is wrong?
- (a) The specifications of the material to be purchased must be constant
 - (b) The quality of the finished product largely depends upon the quality of material used
 - (c) The quantity of material and supplies purchased must be such that production schedule is not disrupted
 - (d) Inventories throughout the supply chain are as high as possible

46. Arrange the following in chronological order while purchasing material.
- (i) Place order
 - (ii) Payment of bill
 - (iii) Receive material
 - (iv) Inspection
- (a) i, iii, ii, iv
(b) i, ii, iii, iv
(c) i, iii, iv, ii
(d) iv, iii, i, ii
47. Which of the following is not a step in purchasing?
- (a) If necessary, request for quotations is made on prescribed quotation form to all the selected sources of supply
 - (b) To achieve integration with other departments of the company
 - (c) Open the quotations at prescribed time on the prescribed date
 - (d) Prepare a comparative statement of the rates, terms and conditions mentioned in the quotations and then analyze them
48. The Modern Technique of Material Management is
- (a) ISO
 - (b) MRP
 - (c) TQM
 - (d) EOQ
49. The Modern Technique of Material Management is
- (a) ISO
 - (b) TQM
 - (c) EOQ
 - (d) ERP
50. The Modern Technique of Material Management is
- (a) ERP
 - (b) MRP
 - (c) TQM
 - (d) (a) and (b) both
51. is a planning technique that calculates material requirements and schedules supply to meet changing demand across all products and parts.
- (a) TQM
 - (b) ISO
 - (c) MRP
 - (d) QA
52. Which of the following is not input to MRP?
- (a) ERP
 - (b) BOM
 - (c) Inventory record file
 - (d) MPS
53. Which of the following are functions of MRP?
- (a) To calculate what parts should be made or bought
 - (b) To calculate how many of these parts do we need
 - (c) To calculate when must these parts be available
 - (d) All of the above
54. Which of the following is not function of MRP?
- (a) To calculate what parts should be made or bought
 - (b) To make sales forecast
 - (c) To calculate how many of these parts do we need
 - (d) To calculate when must these parts be available

55. Which of the following is wrong?
- (a) MRP ensures that materials and components are available in the right quantities and at the right time
 - (b) MRP takes information from the bill-of-materials (BOM)
 - (c) MRP takes information from MPS
 - (d) None of the above
56. The master production schedule is a list of
- (a) What end products are to be produced?
 - (b) How many of each product is to be produced?
 - (c) When the products shall be ready for shipment?
 - (d) All of the above
57. is a list of component parts and sub-assemblies needed to produce the final product.
- (a) MPS
 - (b) MRP
 - (c) BOM
 - (d) ERP
58. The BOM provides
- (a) a product structure (tree)
 - (b) list of what is needed for each component, sub-assembly and assembly
 - (c) (a) and (b) both
 - (d) none
59. is the time required to manufacture or purchase a component or subassembly.
- (a) EOQ
 - (b) BOM
 - (c) Lead time
 - (d) ERP
60. The keeps track of the inventory status for each item in the database.
- (a) Lead Time
 - (b) BOM
 - (c) Inventory Record file
 - (d) Product Structure
61. Which of the following is output of MRP?
- (a) The Purchasing Plan and Schedule
 - (b) Capacity Plan
 - (c) Cancellation notices
 - (d) All of the above
62. Which of the following is output of MRP?
- (a) BOM
 - (b) MPS
 - (c) Inventory Record File
 - (d) Production Schedule
63. Which of the following is output of MRP?
- (a) Report on inventory status
 - (b) Report on actual versus planned lead times
 - (c) (a) and (b) both
 - (d) None of the above

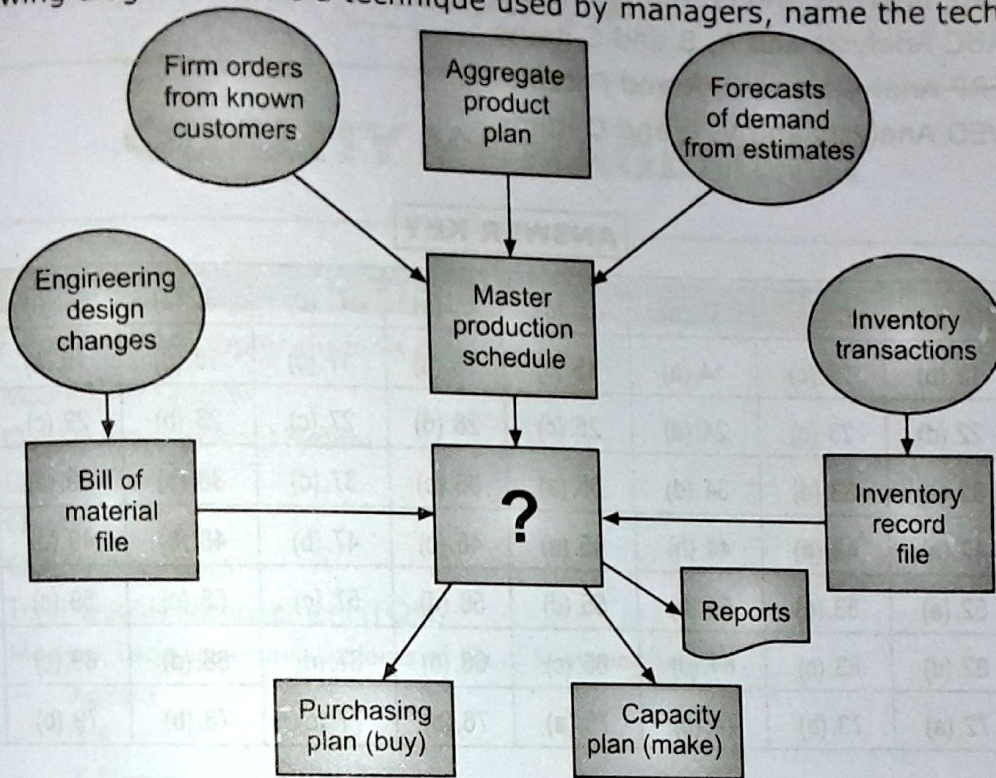
64. Which of the following are benefits of MRP?
- (a) Reduced Inventory with fewer (none) shortages
 - (b) Improved Customer Service
 - (c) Improved Direct Labour Productivity
 - (d) All of the above
65. Which of the following is not benefit of MRP?
- (a) Reduced Inventory with fewer (none) shortages
 - (b) Improved Customer Service
 - (c) Improved Quality
 - (d) Reduced Purchasing Cost
66. "..... is a computer-based system designed to streamline and integrate various operations and information flows in the company".
- (a) MRP
 - (b) ERP
 - (c) MPS
 - (d) TQM
67. Instead of each department having its own database of information, puts all of the information into a single place.
- (a) MRP
 - (b) MPS
 - (c) BOM
 - (d) ERP
68. A sales person can access the warehouse, inventory and delivery to give a customer a quick update on the status of his order through
- (a) MRP
 - (b) MPS
 - (c) BOM
 - (d) ERP
69. Which of the following is not feature of ERP?
- (a) ERP is an integrated system which functions in real time not requiring you to depend on periodic updates
 - (b) It has a common database
 - (c) Each module has the different look and feel
 - (d) Each department is able to access the system
70. Which of the following is not feature of ERP?
- (a) The main purpose of ERP is to facilitate the flow of information between all business functions of the organization
 - (b) The integration of the business processes improves co-ordination between all the functions of a business such as finance, production, purchasing, inventory control, and sales and marketing
 - (c) ERP synergizes the resources of an organization
 - (d) None of the above
71. Which of the following is feature of ERP?
- (a) ERP synergizes the resources of an organization
 - (b) The planning of the company can be done with the use of this system since it contains all the necessary decision making information
 - (c) ERP has a common database
 - (d) All of the above

72. Economic order quantity of material takes into account ordering costs and
- (a) Carrying costs (b) Lead time
(c) Re-order level (d) Maximum level
73. In ABC system of inventory control, the material is divided in A, B and C categories on the basis of
- (a) Material quantity (b) Consumption value of material
(c) Re-order level of each material (d) Maximum level of material
74. Order cost and carrying cost are
- (a) Fixed (b) Variable
(c) Semi-variable (d) Indirect costs
75. of ERP gathers financial data from various functional departments, and generates valuable financial reports.
- (a) Financial module (b) Human resource module
(c) Production module (d) Purchasing module
76. of ERP maintains a complete employee database including contact information, salary details, attendance, performance evaluation and promotion of all employees.
- (a) Financial module (b) Human resource module
(c) Production module (d) Purchasing module
77. of ERP streamlines procurement of required raw materials.
- (a) Financial module (b) Human resource module
(c) Purchasing module (d) Production module
78. In the EOQ curve shown below, what A and B stands for



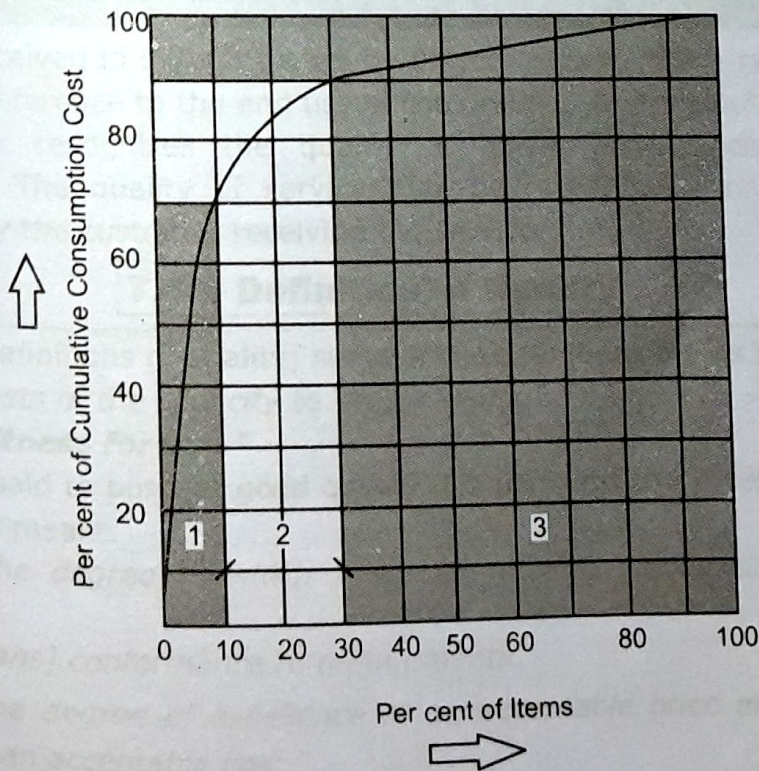
- (a) A - procurement Cost, B - Carrying Cost
(b) A - Carrying Cost, B - Procurement Cost
(c) A - Variable Cost, B - Procurement Cost
(d) A - Carrying Cost, B - Variable Cost

9. Following diagram shows a technique used by managers, name the technique.



- (a) ERP
- (b) MRP
- (c) ABC Analysis
- (d) Kaizen

80. Following graph belongs to Analysis and what does 1, 2 and 3 stands for?



- (a) MRP analysis and M, R and P items
- (b) ABC Analysis and A, B and C items
- (c) ERP Analysis and E, R and P items
- (d) VED Analysis and V, E and D items

ANSWER KEY

1. (d)	2. (b)	3. (d)	4. (a)	5. (d)	6. (a)	7. (d)	8. (a)	9. (b)	10. (d)
11. (a)	12. (b)	13. (c)	14. (a)	15. (c)	16. (a)	17. (c)	18. (d)	19. (a)	20. (b)
21. (d)	22. (d)	23. (c)	24. (d)	25. (c)	26. (d)	27. (c)	28. (b)	29. (c)	30. (d)
31. (d)	32. (a)	33. (d)	34. (d)	35. (a)	36. (c)	37. (d)	38. (b)	39. (d)	40. (d)
41. (d)	42. (a)	43. (a)	44. (b)	45. (a)	46. (c)	47. (b)	48. (b)	49. (d)	50. (d)
51. (c)	52. (a)	53. (d)	54. (b)	55. (d)	56. (d)	57. (c)	58. (c)	59. (c)	60. (c)
61. (d)	62. (d)	63. (c)	64. (d)	65. (c)	66. (b)	67. (d)	68. (d)	69. (c)	70. (d)
71. (d)	72. (a)	73. (b)	74. (b)	75. (a)	76. (b)	77. (c)	78. (b)	79. (b)	80. (b)

8. Reduction of need for multiple second part assessment.
9. Improves traceability to 'root causes' of quality problems.
10. Independent, impartial and professional verification.
11. Required by an increasing number of buyers.
12. Results in errors rectified, at the earliest stage-not repeated.

Multiple Choice Questions

1. is perceived in different ways by diverse people.
 - (a) Quantity
 - (b) Quality
 - (c) Standard
 - (d) Control
2. Quality is a relative term and is used with reference to the end use of the
 - (a) Product
 - (b) Quantity
 - (c) ERP
 - (d) MRP
3. In a manufactured product, the customer recognizes the quality of
 - (a) finish
 - (b) appearance
 - (c) function, and performance
 - (d) all of above
4. The of service may be rated based on the degree of satisfaction by the customer receiving the service.
 - (a) type
 - (b) amount
 - (c) quality
 - (d) control
5. Quality consists of the to satisfy wants.
 - (a) capacity
 - (b) control
 - (c) quantity
 - (d) arrangement
6. Quality is
 - (a) fitness for control
 - (b) fitness for use
 - (c) roundness for use
 - (d) any of above
7. A product is said to possess good if it performs the satisfactorily for which it is meant.
 - (a) quality, function
 - (b) quantity, function
 - (c) quality, design
 - (d) None of above
8. [means] conformance to requirements.
 - (a) Quantity
 - (b) Finance
 - (c) HRD
 - (d) Quality
9. Which of the following is correct?
 - (a) Quality is the degree of excellence at an acceptable price and the control of variability at an acceptable cost
 - (b) Quality is the degree to which a specific product conforms to a design or specification
 - (c) Quality is fitness for use
 - (d) All
10. ISO 8402-1986 standard defines as "the totality of features and characteristics of a product or service that bears its ability to satisfy stated or implied needs".
 - (a) TQM
 - (b) QC
 - (c) Quality
 - (d) QA

11. can be determined by comparing a set of inherent characteristics with a set of requirements.
- (a) QC (b) Quality
(c) QA (d) TQM
12. A product/service is said to possess good quality if it fulfills the following requirements.
1. Suitability (It is fit for the intended use)
 2. Reliability (It gives efficient and consistent performance)
 3. Durability (It has desired life)
 4. Safe and foolproof workability (Its working is safe and foolproof)
- (a) All 1, 2, 3, 4 (b) 1 and 2
(c) 2 and 3 (d) 1, 3 and 4
13. Which of the following is not benefit of QMS?
- (a) Higher rate of customer satisfaction (b) Motivated employees
(c) Continued improvement (d) None of the above
14. Quality is a concept.
- (a) relative (b) absolute
(c) vacuum (d) none of above
15. The quality of something cannot be established in a
- (a) atmosphere (b) vacuum
(c) material (d) all
16. is a management technique used to communicate to employees what is required to produce the desired quality of products and services and to influence employee actions to complete tasks according to the quality specifications.
- (a) QC (b) 5S
(c) KAIZEN (d) QMS
17. Which of the following is wrong?
- (a) Quality is degree of excellence
(b) Quality is fitness for use
(c) Quality means more maintenance
(d) Quality means conformance to requirements
18. An effective QMS focuses on
1. Systematically developing and communicating a customer-focused mission, strategies and action plans
 2. Listening and responding to the customers' needs and expectations
 3. Empowering employees to continuously improve and increase their satisfaction with their work processes and environment
 4. Gathering and analyzing key performance indicators to improve organizational and process results
- (a) All (b) 1 and 3
(c) 3 (d) 2 and 4
19. is a document which expresses the quality objectives of the organization, the acceptable level of quality and the duties of specific departments to ensure quality.
- (a) QMS (b) Quality policy
(c) QC (d) 5S

20. Which of the following is activity of QMS?
(a) Identify the processes needed for the QMS in the organization
(b) Determine the sequence and interaction of these processes
(c) Determine the criteria and method needed to ensure that both operation and control of these processes are effective
(d) All of above
21. is a process employed to ensure a certain level of quality in a product or service.
(a) Quality Audit (b) 5S
(c) Quality Control (d) Quality Circle
22. The basic goal of is to ensure that the products/services meet specific requirements.
(a) Quality Audit (b) Quality Mindedness
(c) Quality Circle (d) Quality Control
23. AGM stands for
(a) Actual General Member (b) Annual General Meeting
(c) Annual Great Meeting (d) Annual General Member
24. is concerned with making things right rather than the discovering and rejecting those made wrong.
(a) Kaizen (b) Quality Control
(c) Quality Audit (d) Quality Circle
25. is systematic control by management of the variables in the manufacturing process that affect goodness of the end-product.
(a) Quality Circle (b) Kaizen
(c) Quality Control (d) Quality Audit
26. To evaluate the optimum quality obtainable under the given circumstances is the objective of
(a) Quality Audit (b) Quality Mindedness
(c) 5S (d) Quality Control
27. Formulate Company Quality Policy is function of
(a) ERP (b) quality mindedness
(c) MRP (d) quality control
28. CVD stands for
(a) Center Value Duty (b) Counter Value Duty
(c) Counter Vailing Duty (d) Center Value Duty
29. Set up procedure for checking is function of
(a) quality circle (b) quality mindedness
(c) MRP (d) quality control
30. Maintain all manufacturing processes under control is function of
(a) quality control (b) CEO
(c) quality mindedness (d) MRP
31. Which of the following is not function of quality control?
(a) Select inspection plan
(b) Set up procedure for checking
(c) Detect deviations from the set standards and take corrective action where ever necessary
(d) None of above

32. Which of the following is function of quality control?
- (a) Train and educate operators
 - (b) Take decision on defective parts (whether to be scrapped or reworked)
 - (c) Remove any organizational barrier that prevents quality improvement
 - (d) All
33. Which of the following is objective of quality control?
- (a) To promote job involvement
 - (b) To improve communication
 - (c) To promote leadership qualities
 - (d) None of above
34. Which of the following is not objective of quality control?
- (a) To inspire more effective team work
 - (b) To develop harmonious manager, supervisor and worker relationship
 - (c) Increase employee motivation
 - (d) All of above
35. Following are the advantages of
- Improvement in quality
 - Increased production under the optimum conditions
 - Reduction in cost per piece.
- (a) MRP
 - (b) quality control
 - (c) ERP
 - (d) globalization
36. Following are the advantages of
- reduction in scrap and rework
 - saving in material consumption
 - reduction in inspection
- (a) quality control
 - (b) ERP
 - (c) ABC Analysis
 - (d) globalization
37. Following are the advantages of
- Reduction in production bottlenecks
 - Improvement in overall efficiency
 - Evaluation of scientific tolerances
- (a) WTO
 - (b) quality control
 - (c) ABC Analysis
 - (d) globalization
38. Following are the advantages of
- evaluation of scientific tolerances
 - more quality conscience employees
 - fewer customer complaints
- (a) globalization
 - (b) quality control
 - (c) ERP
 - (d) ABC Analysis
39. is a small group of volunteers doing similar work.
- (a) Quality Circle
 - (b) Quality Mindedness
 - (c) MRP
 - (d) Quality control
40. meet regularly, usually once a week for an hour, under the guidance of their leader.
- (a) TQM
 - (b) Quality Circle
 - (c) Quality Mindedness
 - (d) 5S
41. The basic objective of meeting is to identify and solve work related problems for improving quality and productivity.
- (a) QMS
 - (b) quality circle
 - (c) globalization
 - (d) 5S

42. There are three aspects of the concept:
- It assists in development of human resource.
 - It helps in solving the problems.
 - It is a form of participative management.
- (a) Kaizen (b) QMS
(c) Quality Circle (d) 5S
43. Each is led by the area supervisor and all circles are co-ordinated by a facilitator.
- (a) Kaizen (b) 5S
(c) quality circle (d) ERP
44. Following are the characteristics of
- It enables its members to exercise their hidden talents, creative skills and competence for tackling challenging tasks
 - It contributes to the self development of its members
 - It promotes mutual development of members through Co-operative participation
- (a) Kaizen (b) 5S
(c) ISO:9000 (d) Quality Circle
45. Following are the characteristics of
- Its work requires high skill hence it adds to the job enrichment of members
 - Its work also contributes to job satisfaction by creating a feeling of accomplishment after solving problems
 - The members get an opportunity to participate in the decision making
- (a) TQM (b) Quality Circle
(c) Quality Mindedness (d) 5S
46. Following are the objectives of
- To improve productivity and quality
 - To identify and solve work related problems
 - To reduce the cost by reducing wastage, better resource utilization, eliminating defects and errors etc.
- (a) Quality Circle (b) ERP
(c) MRP (d) Globalization
47. Following are the objectives of
- To tap the creative intelligence of employees and make full use of human resource
 - To promote job involvement
 - To improve communication
- (a) ERP (b) MRP
(c) Quality Circle (d) Globalization
48. Following are the objectives of
- To improve morale through closer identity of employee objectives with the organization's objectives
 - To inspire more effective team work
 - To develop harmonious manager, supervisor and worker relationship
- (a) Quality Control (b) Quality Circle
(c) MRP (d) Globalization

49. Following are the advantages of
- members get recognition and achievement satisfaction.
 - Reduced absenteeism and labour turnover.
 - promotes group/team working.
- (a) MRP (b) Quality Circle
(c) Departmentation (d) Globalization
50. Following are the advantages of
- Promotes group/team working.
 - Serves as cementing force between management/non-management groups.
- (a) MRP (b) Departmentation
(c) Globalization (d) Quality Circle
51. Following are the advantages of
- Promotes continuous improvement in products and services
 - Brings about a change in environment i.e. leads to more productivity, better quality, reduced costs, safety and corresponding rewards
- (a) MRP (b) Quality Circle
(c) EOQ (d) Globalization
52. GDP stands for
- (a) Gross Domestic Product (b) Gross Demographic Product
(c) Great Demographic Process (d) Gross Duty Product
53. Following are the advantages of
- Identifies work related problems and solves them
 - Self development of participants
 - Promotes leadership qualities among participants
- (a) Quality Circle (b) ERP
(c) Departmentation (d) Globalization
54. American Society for Quality (ASQ) defines "..... as the planned and systematic activities implemented in a quality system so that quality requirements for a product or service will be fulfilled".
- (a) Quality Assurance (b) 5S
(c) Quality (d) Kaizen
55. is a set of preventive activities, which are focused on processes. It defines the standards to be followed in order to meet customer requirements.
- (a) EOQ (b) Budget
(c) ERP (d) Quality Assurance
56. Two principles included in are: "Fit for purpose", and "Right first time and every time".
- (a) EOQ (b) Budget
(c) Quality Assurance (d) MRP
57. is a management approach for an organization, centered on quality, based on the participation of all its members and aiming at long-term success through customer satisfaction, and benefits to all members of the organization and to society
- (a) EOQ (b) Budget
(c) TQM (d) MRP

58. The company should exceed the customer's expectations and please him. This means giving the customer more than he ever thought possible. It is the ultimate goal in
- (a) globalization (b) TQM
(c) MRP (d) EOQ
59. adopts the policy of zero defect. There is no scope for rework and rejection.
- (a) Delegation (b) Globalization
(c) TQM (d) EOQ
60. Kaizen stands for
- (a) Continuous improvement (b) Quality improvement
(c) Continuous involvement (d) Quality management
61. All the persons working in the organization (including managers and workers) should be involved in operation.
- (a) MRP (b) Globalization
(c) TQM (d) EOQ
62. Following are the objectives of
- Perfection
 - Consistency
 - Eliminating waste
 - Speed of delivery
- (a) ABC Analysis (b) Globalization
(c) Inventory (d) TQM
63. Following are the objectives of
- Delighting or pleasing customers
 - Compliance with policies and procedures
 - Doing it right the first time
 - Total customer satisfaction and service
- (a) ABC Analysis (b) Globalization
(c) TQM (d) Inventory
64. is a system of continuous improvement in productivity, quality, safety, technology, processes, company culture etc.
- (a) ABC Analysis (b) Globalization
(c) Kaizen (d) Inventory
65. In all are encouraged to come up with small suggestions on a regular basis.
- (a) ERP (b) ABC Analysis
(c) Globalization (d) Kaizen
66. is based on making little changes continuously.
- (a) Globalization (b) Kaizen
(c) TQM (d) Delegation
67. may result in 25 to 30 suggestions per employee, per year, and over 90% of those implemented.
- (a) Kaizen (b) TQM
(c) 6 Sigma (d) 5S
68. is a method for organizing a workplace, especially a shared workplace (like a shop floor or an office space), and keeping it organized.
- (a) Kaizen (b) TQM
(c) 6 Sigma (d) 5S

69. A well-organized workplace results in a safer, more efficient, and more productive operation is the principle of
- (a) Kaizen
(b) 5S
(c) TQM
(d) 6 Sigma
70. refers to the act of throwing away all unwanted, unnecessary, and unrelated materials in the workplace.
- (a) Seiri
(b) Seition
(c) Seisō
(d) Seiketsu
71. consists of putting everything in an assigned place so that it can be accessed quickly, as well as returned in that same place quickly.
- (a) Seiri
(b) Seition
(c) Seisō
(d) Seiketsu
72. involves cleaning the floors, the walls, and the equipment and ensuring all items are restored to their designated place.
- (a) Seiri
(b) Seition
(c) Seisō
(d) Seiketsu
73. consists of developing standardized work, cleaning and organizational procedures.
- (a) Seiri
(b) Seition
(c) Seisō
(d) Seiketsu
74. is a quality improvement programme with a goal to reduce the number of defects to as low as 3.4 parts per million (ppm).
- (a) 5S
(b) Departmentation
(c) 6 Sigma
(d) ERP
75. relies on the use of Normal Distribution to predict defective rates.
- (a) 5S
(b) 6 Sigma
(c) ERP
(d) EOQ
76. is a series of quality management systems (QMS) standards created by the International Organization for Standardization.
- (a) ERP
(b) ISO:9001
(c) EOQ
(d) 5S
77. Following are the principles of
- Customer focus
 - Leadership
 - Involvement of people
 - Process approach
- (a) ERP
(b) Organization
(c) ISO:9001
(d) EOQ
78. Following are the principles of
- System approach to management
 - Continual improvement
 - Factual approach to decision making
 - Mutually beneficial supplier relationships
- (a) Delegation
(b) Organization
(c) ISO:9001
(d) EOQ

79. Decisions about the quality system are made based on recorded data and the system is regularly audited and evaluated for conformance and effectiveness, is the clause of
- (a) ISO:9001 (b) Budget
(c) Factory Act (d) Organization
80. Records should show how and where raw materials and products were processed, to allow products and problems to be traced to the source, is the clause of
- (a) Budget (b) Factory Act
(c) Minimum Wages Act (d) ISO:9001
81. You need a documented procedure to control quality documents in your company. Everyone must have access to up-to-date documents and be aware of how to use them, is the clause of
- (a) Factory Act (b) Minimum Wages Act
(c) ISO:9001 (d) Workmen's Compensation Act
82. Following are benefits of
- Creates a more efficient, effective operation
 - Increased customer satisfaction and retention
 - Improved employee motivation, awareness and morale
- (a) Delegation (b) Organization
(c) ISO:9001 (d) EOQ
83. Following are benefits of
- Improved corporate image
 - Competitive advantage-market positioning
 - Reduced warranty/liability claims through defect reduction
- (a) Delegation (b) ISO:9001
(c) EOQ (d) MRP
84. Following are benefits of
- Improved records in case of litigation
 - Reduction of need for multiple second part assessment.
 - Improves traceability to 'root causes' of quality problems
- (a) Delegation (b) Organization
(c) ISO:9001 (d) Line Organization
85. Following are benefits of
- Independent, impartial and professional verification
 - Required by an increasing number of buyers
 - Results in errors rectified, at the earliest stage-not repeated
- (a) Delegation (b) ISO:9001
(c) EOQ (d) MRP
86. Following are benefits of
- Clearly defines responsibilities and authorities
 - Promote international trade
 - Increases profit
 - Reduce waste and increases productivity
- (a) Delegation (b) ISO:9001
(c) EOQ (d) MRP

87. 5S stands for
- (a) Sorting - Set in order - Shinning - Substituting - Specialising
 - (b) Sorting - Set in Order - Specialising - Standardizing - Sustaining
 - (c) Sorting - Specialising - Shinning - Standardizing - Sustaining
 - (d) Sorting - Set in order - Shinning - Standardizing - Sustaining
88. Quality is not
- (a) Fitness for use
 - (b) Conformance to requirement
 - (c) Degree of excellence
 - (d) None of the above
89. A product is supposed to possess good quality if it fulfil following requirements.
- (a) Reliability
 - (b) Durability
 - (c) Maintainability
 - (d) All of the above
90. Which of the following is wrong?
- (a) Quality is fitness for use
 - (b) Quality consists of capacity to satisfy wants
 - (c) Quality means confimence to requirements
 - (d) None of the above
91. Which of the following is not benefit of QMS?
- (a) Higher customer satisfaction
 - (b) Higher salaries for employees
 - (c) Focus on prevention rather than inspection
 - (d) Reduction in wastage and rework
92. Which of the following is wrong?
- (a) Quality circle is a group of 8 to 10 members
 - (b) Membership is compulsory in quality circle
 - (c) Quality circle members are specially trained
 - (d) Quality circle members meet regularly
93. Which of the following is wrong?
- (a) Quality circle is a group of 50 members
 - (b) Quality circle membership is voluntary
 - (c) Quality circle members meet regularly
 - (d) Quality circle members are specially trained
94. Which of the following is wrong?
- (a) Quality circle work requires high skill
 - (b) Quality circle work contributes to work satisfaction
 - (c) Quality circle promotes infighting
 - (d) Quality circle members meet regularly
95. Which of the following is wrong?
- (a) Quality circle members get an opportunity to participate in decision-making
 - (b) Quality circle promotes mutual development
 - (c) Quality circle members meet regularly
 - (d) None of the above

96. ABC analysis stands for
- (a) Always Better Control
 - (b) Always Better Communication
 - (c) Always Better Co-operation
 - (d) Always Better Co-ordination
97. CEO stands for
- (a) Controller Executive Officer
 - (b) Chief Executive Officer
 - (c) Chief Excessive Officer
 - (d) Chief Executive Organizer
98. EOQ stands for
- (a) Electric Order Quantity
 - (b) Economic Order Quality
 - (c) Economic Organization Quality
 - (d) Economic Order Quantity
99. EPS stands for
- (a) Earning Per Share
 - (b) Employee Per Share
 - (c) Earning Paid Share
 - (d) Employee Paid Share
100. ERP stands for
- (a) Electrical Resource Planning
 - (b) Enterprise Regional Planning
 - (c) Enterprise Resource Planning
 - (d) Enterprise Resource Presentation
101. MRP stands for
- (a) Material Resource Planning
 - (b) Management Resource Planning
 - (c) Material Re-arrangement and Presentation
 - (d) Management Resource Presentation
102. GM stands for
- (a) General Material
 - (b) Great Material
 - (c) Great Manager
 - (d) General Manager
103. HRD stands for
- (a) Human Resource Duty
 - (b) Human Resource Development
 - (c) Human Re-arrangement and Deputation
 - (d) Human Resource Deputation
104. R and D stands for
- (a) Re-organization and Development
 - (b) Research and Deployment
 - (c) Research and Development
 - (d) Re-organization and Deployment

105. UN stands for
- (a) United Nations
 - (b) Unified Nations
 - (c) United Notation
 - (d) Universal Notation
106. VAT stands for
- (a) Various Access Tax
 - (b) Value Added Tax
 - (c) Value Added Tariff
 - (d) Value Added Trade
107. ISO stands for
- (a) International Organization for Standardization
 - (b) Indian Organization for Standardization
 - (c) International Organization for Standardization
 - (d) International Organization for Specification
108. QMS stands for
- (a) Quality Management System
 - (b) Quantity Management System
 - (c) Quality Material System
 - (d) Quantity Material System
109. DMAIC stands for
- (a) Define, Measure, Analyse, Improve and Control
 - (b) Develop, Measure, Analyse, Improve and Control
 - (c) Define, Material, Analyse, Improve and Control
 - (d) Define, Measure, Always, Improve and Control
110. PPM stands for
- (a) Parts Per Million
 - (b) Preparation Performance Management
 - (c) Particular Project Management
 - (d) Product Process Management
111. TQM stands for
- (a) Total Quantity Management
 - (b) Temporary Quality Management
 - (c) Total Quality Management
 - (d) Total Quality Material
112. PDCA stands for
- (a) Plan Delegate Check Act
 - (b) Plan Do Check Act
 - (c) Plan Do Co-operate Act
 - (d) Plan Do Co-ordinate Act

113. QA stands for
- (a) Quality Assurance
 - (b) Quantity Assurance
 - (c) Quantity Awareness
 - (d) Quality Absence
114. ASQ stands for
- (a) American Society for Quantity
 - (b) American Society for Quality
 - (c) African Society for Quality
 - (d) Asian Society for Quality
115. OC stands for
- (a) Quality Circle
 - (b) Quantity Circle
 - (c) Quality Co-operation
 - (d) Quality Co-ordination

ANSWER KEY

1. (b)	2. (a)	3. (d)	4. (c)	5. (a)	6. (b)	7. (a)	8. (d)	9. (d)	10. (c)
11. (b)	12. (a)	13. (d)	14. (a)	15. (b)	16. (d)	17. (c)	18. (a)	19. (b)	20. (d)
21. (c)	22. (d)	23. (b)	24. (b)	25. (c)	26. (d)	27. (d)	28. (c)	29. (d)	30. (a)
31. (d)	32. (d)	33. (d)	34. (d)	35. (b)	36. (a)	37. (b)	38. (b)	39. (a)	40. (b)
41. (b)	42. (c)	43. (c)	44. (d)	45. (b)	46. (a)	47. (c)	48. (b)	49. (b)	50. (d)
51. (b)	52. (a)	53. (a)	54. (a)	55. (d)	56. (c)	57. (c)	58. (b)	59. (c)	60. (a)
61. (c)	62. (d)	63. (c)	64. (c)	65. (d)	66. (b)	67. (a)	68. (d)	69. (b)	70. (a)
71. (b)	72. (c)	73. (d)	74. (c)	75. (b)	76. (b)	77. (c)	78. (c)	79. (a)	80. (d)
81. (c)	82. (c)	83. (b)	84. (c)	85. (b)	86. (b)	87. (d)	88. (d)	89. (d)	90. (d)
91. (b)	92. (b)	93. (a)	94. (c)	95. (d)	96. (a)	97. (b)	98. (d)	99. (a)	100. (c)
101. (a)	102. (d)	103. (b)	104. (c)	105. (a)	106. (b)	107. (c)	108. (a)	109. (a)	110. (a)
111. (c)	112. (b)	113. (a)	114. (b)	115. (a)					
