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***Previous Year Paper***

***PFRDA Grade A Phase 1***

***General Paper II 2021***

1. Under which of the following activities will payment of interest and dividend by company engaged in providing financial services be classified as in cash flow statement?
- Operating activities
  - Investing activities
  - Financing activities
  - Dividend activities
  - will not be recorded in cash flow statement

**Ans. A**

**As per the Ind AS 7 on cash flow statement,**

**Cash flows from interest and dividends received and paid shall each be disclosed separately.**

- Cash flows arising from interest paid and interest and dividends received in the case of a financial institution should be classified as cash flows arising from operating activities.**
- In the case of other entities, cash flows arising from interest paid should be classified as cash flows from financing activities while interest and dividends received should be classified as cash flows from investing activities. Dividends paid should be classified as cash flows from financing activities.**

2. What will be the fair value of the ESOP which was offered at Rs.75 when market value of the share was Rs.90 and market price on the date of exercising was Rs.84?
- Rs.75
  - Rs.15
  - Rs.9
  - Rs.84
  - Rs.90

**Ans. B**

**Fair value for ESOP is calculated with reference to the grant date, based on market prices, if available, taking into account the terms and conditions upon which those shares or stock options were granted.**

**Therefore  $FV = Rs.90 - Rs.75 = Rs.15$**

3. A company needs to redeem the preference share worth Rs.15 lakh. The redemption will be done by using divisible profits of Rs.9 lakh and issue of new equity shares. If the price of equity share is Rs.8 per share, how many equity shares will the company have to issue to fully redeem the preference shares?
- a. 300,000
  - b. 187,500
  - c. 112,500
  - d. 75000**
  - e. cannot be determined

**Ans. D**

**Total redemption = Rs.15 lakh**

**Profit available = Rs.9 lakh**

**Balance to be redeemed using shares =  $15 - 9 = Rs.6$  lakh**

**No. of shares to be issued = total amount/price per share =  $600000/8 = 75000$  shares**

4. A company purchased 50,000 units of raw material at Rs.2 per unit. At what value will the raw material inventory be recorded in the books of accounts if the market price of the units as at 31 March 2021 is Rs.0.90 per units?
- a. Rs.100,000
  - b. Rs.55000
  - c. **Rs.45000**
  - d. A or B as per accounting policy of the company
  - e. A or C as per accounting policy of the company

**Ans. C**

*The inventory is valued at lower of cost of net realisable value.*

*The cost is Rs.2 per unit and realisable value on the closing day of balance sheet is Rs.0.90 per unit. As such, it will be valued at Rs.0.90 per unit. As such,*

*Value of inventory will be =  $0.90 \times 50000$*

*= **Rs.45000***

5. Given the following information, calculate the amount of tax that will be charged to the P&L account?
- Provision for Tax account opening balance = Rs.80,000 and closing balance = Rs.1,10,000
  - Advance tax account opening balance = Rs.90,000 and closing balance = Rs.1,15,000
  - Tax for year = Rs.86,000
  - Tax return in cheque received = Rs.14,000
- a. 55000
  - b. 91000
  - c. 69000
  - d. 72000
  - e. **77000**

**Ans. E**

Advance tax A/c

Balance Brought down	90,000
Add: Tax for year	86,000
Less: Tax return in cheque received	<u>-14,000</u>
	1,62,000
Less: closing balance	<u>-1,15,000</u>
Provision for tax to be made	47,000

Provision for Tax A/c

Closing balance	1,10,000
provision to be made (as per advance tax a/c)	47,000
Less: Balance brought down	<u>-80,000</u>
Provision to be charged in P&L	<u>77,000</u>

6. Which of the following is a liquidity Ratio?

- Return on Capital Employed Ratio
- Acid Test Ratio
- Inventory Turnover Ratio
- Debt Equity ratio
- None of the above

**Ans. B**

*The acid test ratio, also known as the quick ratio, is a liquidity ratio. It shows the proportion of current assets that are quickly convertible into cash; it should therefore exclude inventory and any other prepaid expenses/advance tax from the current assets.*

*Acid test Ratio = (Current assets – inventory, other prepaid expenses) / current liabilities*

7. Who is the regulator of the corporate debt market in India?

- a. RBI
- b. SEBI
- c. SIDBI
- d. CCIL
- e. PFRDA

**Ans. B**

*Securities and Exchange Board of India (SEBI) is the capital markets regulator which includes the equities market and corporate debt market, mutual fund and derivatives market. SEBI is also the commodity market regulator in India.*

*The Government securities and money market falls under the purview of RBI's regulation.*

8. Who chairs the Financial Stability and Development Council (FSDC)?

- a. Prime Minister
- b. Finance Minister**
- c. RBI Governor
- d. SEBI Chairman
- e. Chief Economic Advisor

**Ans. B**

*FSDC is formed under the Ministry of Finance in 2010 as a non-statutory super regulatory body with an objective to strengthen and institutionalize the mechanism for maintaining financial stability, enhancing inter-regulatory coordination and promoting financial sector development to monitor macro-prudential supervision of economy and coordinating India's international interface with financial sector bodies.*

*It is chaired by the Finance Minister of the country and other members of FSDC include heads of all Financial sector regulators (RBI, SEBI, IRDA, PFRDA, IBBI, IFSCA), Finance Secretary, Secretary of Department of Economic Affairs (DEA), Secretary of Department of Financial Services (DFS), and the Chief Economic Adviser*

9. Which of the following helps in financial inclusion by providing access to banking services?

- a. 3-in-1 accounts
- b. Basic Savings Bank Deposit Account
- c. Corporate account
- d. Salary saving account
- e. All of the above

**Ans. B**

*BSBDA was introduced by RBI in 2012 as a measure for enhancing financial inclusion among the economically weaker sections of the society. BSBDA replaced the earlier “No-frills account” (also referred to as the “Zero Balance account”) which was started in 2005. Anyone can open this account with a bank. BSBDA should be considered as a normal banking service available to all customers, through branches. The account opened under PM Jan Dhan Yojana is a BSBDA.*

10. What is the tenure for which the cash management bills are issued?

- a. less than 91 days
- b. 91, 182 and 364 days
- c. less than 364 days
- d. less than 7 days
- e. less than 14 days

**Ans. A**

*Cash Management Bill (CMB) is a money market instruments used by the government to raise short term funds for less than 91 days.*

11. What is the default risk in case of government securities?

- a. High risk
- b. Moderate to high risk
- c. Moderate risk
- d. moderate to low risk
- e. **Zero risk**

**Ans. E**

*Government securities carry zero risk of default. Government securities are considered risk-free because they are based on the currency of the issuing government, and that government can always issue more currency to pay the bond on maturity.*

12. Any amount payable by members to a company will be due to \_\_\_\_\_

- a. **Company**
- b. Promoters
- c. Shareholders
- d. Lenders
- e. Creditors

**Ans. A**

*The members or the owners (known as the shareholders) pay the company for the shareholding which is limited to the price of the share at which it was issued (face value + securities premium). If any part of the issue price is due, the same is to be paid to the company.*

13. Which section of the Income Tax Act, allows for deduction for differently abled dependents?

- a. 80 C
- b. 80 CCB
- c. 80 D
- d. **80DD**
- e. 80 E

**Ans. D**



*Deduction under section 80DD of the income tax act is allowed to Resident Individuals or HUFs for a dependant-who is differently-abled and– is wholly dependent on the individual (or HUF) for support & maintenance.*

14. Under GST what is the tax structure phenomenon called in which the rate of GST tax on inputs purchased is more than the rate of GST tax on outward supplies?

- a. Reverse Duty structure
- b. Inverted Duty structure**
- c. Multiple Duty Structure
- d. Composite Duty Structure
- e. Opposite Duty Structure

**Ans. B**

*An inverted duty structure arises when the taxes on output or final product is lower than the taxes on inputs, creating an inverse accumulation of input tax credit which in most cases has to be refunded.*

15. Which of the following correctly calculates the Total variable cost

- a. Total Direct Costs
- b. Total overheads
- c. Total direct costs + total overheads
- d. Total direct costs + All variable overhead**
- e. Total direct costs + overheads + interest cost

**Ans. D**

*Variable costs refer to the costs that changes in proportion to how much a company produces or sells. Variable costs increase or decrease depending on a company's production or sales volume—they rise as production increases and fall as production decreases.*

*Total variable costs include all direct costs like raw material, direct labour and variable overhead costs.*

16. If the Fixed costs are Rs.20000 and the PV Ratio is 40% and sales are Rs.25000, what will be the profit or loss?

- a. Profit of Rs.5000
- b. Loss of Rs.5000
- c. Profit of Rs.10000
- d. Loss of Rs.10000**
- e. None of the above

**Ans. D**

**PV Ratio = Contribution/Sales**

**or 40% = Contribution /25000**

**or Contribution = 40% of 25000 = Rs.10000**

**Profit/loss = Contribution - Fixed cost**

**= 10000-20000**

**= -10,000 or loss of 10000**

17. What will be the break even point (BEP) in units when the Selling price is Rs.100 per unit, with PV ratio of 40%and fixed cost of Rs.30000?

- a. 300 units
- b. 500 units
- c. 750 units**
- d. 400 units
- e. 650 units

**Ans. C**

**BEP in value = Fixed cost/PV Ratio**

**= 30000/40%**

**= Rs.75000**

**BEP in units = BEP value/Selling price per unit = 75000/100**

**= 750 units**

18. If Material Cost variance is 24000 (F) and the Material Usage variance is 29750 (F), calculate the Material Price variance.

- a. 53750 (A)
- b. 53750 (F)
- c. **5750 (A)**
- d. 5750 (F)
- e. Cannot be calculated

**Ans. C**

**Material Cost Variance = Material usage variance + Material Price Variance**

**24,000(F) = 29,750(F) + Material Price Variance**

**Material Price Variance = 24000 (F) – 29,750 (F)**

**= - 5750 or 5750 (A)**

19. The fixed cost of Rs.52,000 and the output of 62,500 units, was in line with the budget of the company. However, the overall expense deviation was more by Rs.9000 leading to actual expenses of Rs.1.5 lakh. What was the budgeted variable cost per unit?

- a. Rs.1 per unit
- b. Rs.1.20 per unit
- c. Rs.1.31 per unit
- d. **Rs.1.42 per unit**
- e. Rs.1.85 per unit

**Ans. B**

**Budgeted total expenses = actual expense – over expense = Rs.150,000 lakh-Rs.9000 = Rs.141,000**

**Total budgeted Variable cost = total budgeted expenses – fixed expense = Rs.141,000-Rs.52,000 = Rs.89,000**

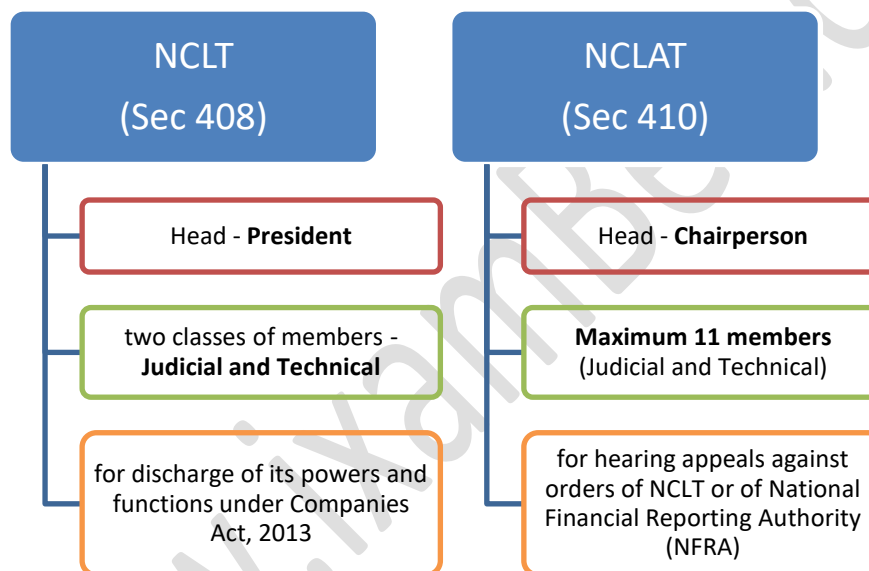
**Variable cost per unit = Total variable cost/output = Rs.89,000/62,500 = Rs.1.42 per unit**

20. NCLT is constituted under which section of the Companies Act 2013?

- a. Section 408
- b. Section 409
- c. Section 410
- d. Section 411
- e. Section 412

**Ans. A**

*The “Tribunal” or NCLT is a quasi-judicial authority created under Section 408 of the Companies Act, 2013 to handle corporate civil disputes arising under the Act.*



21. A director can be removed under which section of Companies Act 2013

- a. Sec 149
- b. Sec 161
- c. Sec 164
- d. Sec 167
- e. **Sec 169**

**Ans. E**

**Section 169 deals with the Removal of directors**

- **Sec 149 - Company to have Board of Directors**
- **Sec 161 - Appointment of additional director, alternate director and nominee director**
- **Sec 164 - Disqualifications for appointment of director**
- **Sec 167 - Vacation of office of director**
- **Sec 168 - Resignation of director**

22. A Non-profit company is registered as a \_\_\_\_\_ company under Companies Act 2013

- a. Section 2
- b. Section 7
- c. Section 8
- d. Section 10
- e. Section 25

**Ans. C**

**Under the Companies Act, 2013, non-for-profit companies are registered under Section 8 of Companies Act, 2013.**

**Note - Section 25 companies were called so as they were defined under Section 25 of the erstwhile Companies Act 1956.**

23. The section of the Companies Act that deals with the declaration of dividend is \_\_\_\_\_

- a. Section 122
- b. Section 123
- c. Section 124
- d. Section 125
- e. Section 126

**Ans. B**

*Section 123 of the Companies Act, 2013 deals with provisions related to declaration of dividend. It states that No dividend shall be declared or paid by a company for any financial year except—*

- (a) out of the profits of the company for that year arrived at after providing for depreciation in accordance with the provisions of sub-section (2), or out of the profits of the company for any previous financial year or years arrived at after providing for depreciation in accordance with the provisions of that sub-section and remaining undistributed, or out of both*
- (b) out of money provided by the Central Government or a State Government for the payment of dividend by the company in pursuance of a guarantee given by that Government:*

*The Board of Directors of a company may declare interim dividend during any financial year or at any time during the period from closure of financial year till holding of the annual general meeting out of the surplus in the profit and loss account or out of profits of the financial year for which such interim dividend is sought to be declared or out of profits generated in the financial year till the quarter preceding the date of declaration of the interim dividend.*

24. Which section of Companies Act provides for the Duplicate certificate of shares under Companies Act, 2013?

- a. Section 2 (2)
- b. Section 43
- c. Section 45
- d. **Section 46 (2)**
- e. Section 48 (2)

**Ans. D- Section 46 (2) of Companies Act 2013 states:**

**A duplicate certificate of shares may be issued, if such certificate —**

- (a) is proved to have been lost or destroyed; or**
- (b) has been defaced, mutilated or torn and is surrendered to the company.**

25. "Every alteration in MoA to be noted in every copy" is provided under which section of the Companies Act 2013?

- a. Section 13
- b. Section 14
- c. **Section 15**
- d. Section 4
- e. Section 5

**Ans. C**

**Section 15 - Alteration of memorandum or articles to be noted in every copy:**

**(1) Every alteration made in the memorandum or articles of a Company shall be noted in every copy of the memorandum or articles, as the case may be.**

**(2) If a company makes any default in complying with the provisions of sub-section (1), the company and every officer who is in default shall be liable to a penalty of one thousand rupees for every copy of the memorandum or articles issued without such alteration.**

26. In which account nominal value of Buy back of shares is credited?

- a. Securities Premium Reserve
- b. Capital reserve
- c. **Capital Redemption Reserves**
- d. Statutory Reserve
- e. General reserve

**Ans. C**

**As per Section 69 of Companies Act, 2013, when a company purchases its own shares out of free reserves or securities premium account, the company is required to:**

- **Transfer a sum equal to the nominal value of the shares purchased to Capital Redemption Reserve Account (CRR),**
- **Disclose details of such transfer in the balance sheet.**

**The CRR account can be used to issue fully paid bonus shares by the company**

27. What is the maximum number of directorship that a director can hold in public companies?

- a. 20
- b. 15
- c. 10**
- d. 8
- e. 7

**Ans. C**

**As per Section 165 of the Companies Act 2013,**

**No person, after the commencement of this Act, shall hold office as a director, including any alternate directorship, in more than twenty companies at the same time:**

**Provided that the maximum number of public companies in which a person can be appointed as a director shall not exceed ten.**

28. Companies Act allows payment of underwriting commission to any person in connection with the subscription or procurement of subscription to its securities. What is the maximum rate of such commission allowed as per the Act for debentures?

- a. 1%
- b. 2%
- c. 2.5%**
- d. 3%
- e. 5%

**Ans. C**

**Section 40 of Companies Act allows payment of commission to any person in connection with the subscription or procurement of subscription to its securities, with following conditions:**



- *payment of commission to be authorized in articles of association of the company;*
- *the commission may be paid out of proceeds of the issue or the profit of the company or both;*
- *the rate of commission paid or agreed to be paid shall not exceed,*
- *in case of shares – shall not exceed 5% of the price at which the shares are issued or a rate authorised by the articles, whichever is less*
- *in case of debentures - shall not exceed 2.5% of the price at which the debentures are issued, or as specified in the company's articles, whichever is less;*
- *the prospectus of the company shall disclose the name of underwriter, the commission payable to him, the number of securities to be underwritten (note - commission can be paid to underwriter only in case of public offer of securities)*

29. Complete the following:

$$\text{GNI} = \text{GDP} + \underline{\hspace{2cm}}$$

- Depreciation
- Net taxes
- Net subsidies
- Net factor income from abroad**
- All of the above

**Ans. D**

<i>Net Factor Income from abroad</i>			
<i>Gross Private Investment (I)</i>	<i>Gross Private Investment</i>	<i>Less Depreciation</i>	
		<i>Net Private Investment</i>	<i>Less Net Indirect Taxes</i>
<i>Net Export (X)</i>	<i>Net Export</i>	<i>Net Export</i>	<i>Wages</i>
<i>Government Expenditure/ Purchase (G)</i>	<i>Government Expenditure/ Purchase</i>	<i>Government Expenditure/ Purchase</i>	<i>+</i>
<i>Consumption Expenditure (C)</i>	<i>Consumption Expenditure</i>	<i>Consumption Expenditure</i>	<i>Profits</i>
			<i>+</i>
			<i>Interest</i>
			<i>+</i>
			<i>Rent</i>
<i>GNP or GNI</i>	<i>GDP</i>	<i>NDP<sub>MP</sub></i>	<i>NDP<sub>FC</sub></i>

30. Which of the following are the variables in IS curve?

- a. Income and unemployment
- b. Income and interest rate**
- c. Income and inflation
- d. Income and money supply
- e. Inflation and growth

**Ans. B**

*The two important variables of IS curve are*

1. **Income**
2. **Rate of Interest**

*According to IS-LM curve, real factors (saving and investment), productivity of capital and propensity to consume and save and monetary factors (demand and supply of money) plays important role in joint determination of rate of interest and level of income. Any change in these factors will cause shift in IS-LM curve.*

31. As per law of Diminishing marginal utility, the marginal utility from each additional unit declines as \_\_\_\_\_

- a. Consumption increases**
- b. Consumption decreases
- c. Production increases
- d. Production decreases
- e. None of the above

**Ans. A**

*The law of diminishing marginal utility says that the marginal utility from each additional unit declines as consumption increases. The marginal utility can decline into negative utility, as it may become entirely unfavorable to consume another unit of any product.*

32. Which of the following goods do not follow the law of demand?

- a. Normal goods
- b. Giffen goods
- c. Complementary goods
- d. All of the above
- e. None of the above

**Ans. B**

*As per Law of demand, demand varies inversely with price, other thing being equal i.e. rise in the price of a good or service is followed by a reduction in the quantity demanded and a fall in price would lead to rise in demand of the good/service. The demand curve is therefore upward sloping.*

*Giffen or inferior goods are an exception to the law of demand and for such goods the demand extends as the price rises. The demand curve of giffen goods is upward sloping.*

33. Which of the following is not included in the Purchasing Managers Index (PMI)?

- a. Manufacturing sector
- b. Services sector
- c. Consumer prices
- d. A and B
- e. B and C

**Ans. C**

*The Purchasing Managers' Index (PMI) is an index of the prevailing direction of economic trends in the manufacturing and service sectors. This index is prepared based on a survey which includes perception of business people about certain business variables compared with the last month. It is calculated separately for manufacturing and services sector and also a combined index is released.*

34. When the government's expenditure is budgeted to be higher than the revenue, it is known as

- a. Monetary deficit
- b. Government deficit
- c. Budget Deficit
- d. Public deficit
- e. Primary deficit

**Ans. C**

*When the government's expenditure is budgeted to be higher than the revenue, it is known as Budget deficit. In India, three budget deficits are indicated by the government:*

*- Fiscal Deficit (FD) – It is the difference between the total expenditure of the Government (excluding repayment of debt) and total receipts (excluding the borrowings).*

*- Revenue Deficit (RD) – it is the difference between revenue expenditure and revenue receipts. A revenue deficit occurs when realized net income is less than the projected net income.*

*- Primary Deficit – It is calculated as the fiscal deficit minus the interest payments*

35. Which of the following clause in the FRBM Act states that the government can deviate from its annual fiscal deficit target in situations of calamity and national security?

- a. Emergency clause
- b. Escape clause**
- c. Exception clause
- d. Deviation Clause
- e. Reserve Clause

*Ans. B- The FRBM Act allows for deviation from the fiscal deficit. The NK Singh committee added an escape clause in its recommendations, allowing the government slippages up to 50 basis points or 0.5 per cent of the GDP in case of extraordinary circumstances. This relaxation was provided under Section 4(2) of the Act, which allows the Centre to exceed the annual fiscal deficit target citing certain grounds like national security, war, national calamity, collapse of agriculture severely affecting farm output and incomes, structural reforms with unanticipated fiscal implications, decline in real output growth of a quarter by at least 3 percentage points below the average of the previous four quarters.*

36. The monetary aggregate M3 is also known as \_\_\_\_\_

- a. Reserve Money
- b. High Powered money
- c. Narrow Money
- d. Broad money**
- e. None of the above

**Ans. D**

*M3 is also referred to as the broad money. It consists of Currency with the public + Demand deposits with the banking system + 'Other' deposits with the RBI + Time deposits with the banking system.*

37. What is the tenure of the Senior citizen saving scheme (SCSS)?

- a. 3 years
- b. 5 years**
- c. 7 years
- d. 10 years
- e. 15 years

**Ans. B**

*A Senior Citizens' Saving Scheme (SCSS) is a government-backed retirement benefits programme launched in 2004. Senior citizens or early retirees (above 60 years) can invest in this scheme through a post office or a bank. SCSS has a five-year tenure, which can be further extended by three years once the scheme matures. The upper investment limit is Rs.15 lakh.*

38. What is the minimum contribution period under the Atal Pension Yojana?

- a. 10 years
- b. 20 years**
- c. 40 years
- d. 60 years
- e. 70 years

**Ans. B**

*All citizens of India can avail benefit under Atal Pension Yojana (APY) between 18-40 years of age. The maximum age to contribute is 40 years. At the age of 60, the citizen will start receiving your pension. As such, the minimum contribution period is 20 years (i.e. 60-40 years).*

39. The PM Shram Yogi Man-dhan sche is for which of the following?

- a. Migrants
- b. Street vendors
- c. Unorganised workers**
- d. Small and marginal farmers
- e. Retail traders

**Ans. C**

*The Pradhan Mantri Shram Yogi Maandhan is a Scheme for old age protection and social security of Unorganized Workers (UW). It was launched by the Ministry of Labour and Employment of the Government of India in February 2019.*

40. Which of the following provides the Employee Pension Scheme?

- a. PFRDA
- b. EPFO**
- c. ECGC
- d. EXIM Bank
- e. IRDA

**Ans. B**

*EPF Pension which is technically known as Employees' Pension Scheme (EPS), is a social security scheme provided by the Employees' Provident Fund Organisation (EPFO).*

*Employee's Provident Fund (EPF) and Employee Pension Scheme (EPS) are framed under the Employee's Provident Fund & Miscellaneous Provisions Act, 1952.*

41. Loan facility under the Pradhan Mantri Vaya Vandana Yojna is available after

- a. 2 years
- b. 3 years**
- c. 5 years
- d. 7 years
- e. no available

**Ans. B**

*Pradhan Mantri Vaya Vandana Yojana (PMVVY) is a Pension Scheme announced by the Government of India exclusively for the senior citizens aged 60 years and above with policy term of 10 years and investment limit of Rs.15 lakh. Scheme provides an assured rate of return per annum which is reset every year by the government.*

*The scheme allows Loan up to 75% of Purchase Price after 3 policy years (to meet the liquidity needs). Loan interest shall be recovered from the pension installments and loan to be recovered from claim proceeds.*

42. What is the age group to join NPS?

- a. 18-40 years
- b. 40-60 years
- c. 18-60 years
- d. 18-65 years
- e. 18-70 years**

**Ans. E**

*In August 2021, the entry age for NPS has been revised to 18-70 years from 18-65 years.*

43. Which of the following is a contingency product?

- a. Mutual Fund
- b. Life insurance**
- c. Pension
- d. Bank deposit
- e. None of the above

**Ans. B**

*Life insurance is a contingency product. Life Insurance is a financial cover for a contingency linked with human life, like death, disability, accident, retirement etc.*

44. Which of the following motivation theory is based on the concept of homeostasis?

- a. ERG Theory
- b. Equity Theory
- c. Drive reduction theory
- d. Reinforcement theory
- e. Path goal theory

**Ans. C**

*The Drive-Reduction Theory, developed by Clark L. Hull, focuses on how motivation originates from biological needs or drives. A “drive” is a state of arousal or tension triggered by a person’s physiological or biological needs. These needs include hunger, thirst, need for warmth, etc. In this theory, Hull stated that drives give rise to an individual’s motivation. His theory is grounded on the principle of homeostasis, believing that behaviour is one of the ways in which a person can maintain the state of homeostasis or balance.*

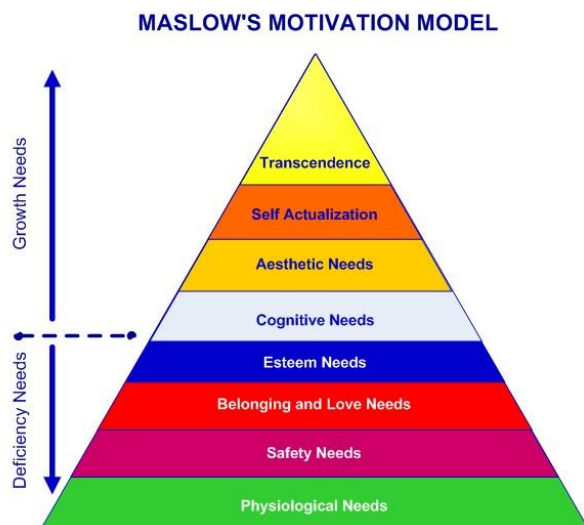


45. Which of the needs as per Maslow Hierarchy of needs relates to the need for knowledge, meaning and understanding?

- a. Esteem needs
- b. Cognitive needs
- c. Aesthetic needs
- d. self-actualization needs
- e. Transcendence needs

**Ans. B**

*Maslow's Hierarchy of needs consisted of five basic needs; however, Maslow had modified the hierarchy later to include three other needs at the top taking the total to eight. As per the extended model of Maslow's motivation theory, the growth needs include the cognitive needs, aesthetic needs, self-actualisation needs and transcendence needs.*



*Cognitive needs: Maslow believed that humans have the need to increase their intelligence and thereby chase knowledge. Cognitive needs is the expression of the natural human need to learn, explore, discover and create to get a better understanding of the world around them.*

46. Which of the following best describes a leader who makes subordinates feel that they are participating in decision making process even though he has already taken the decision?

- a. Hard boiled autocratic leader
- b. Manipulative autocratic leader
- c. Benevolent autocratic leader
- d. Participative leader
- e. Bureaucratic leader

**Ans. B**

*Autocratic leadership may be divided into three classes:*

- *The hard-boiled autocrat who relies mainly on negative influences uses the force of fear and punishment in directing his subordinates towards the organisational goals. This is likely to result in employees becoming resentful.*
- *The benevolent autocrat who relies mainly on positive influences uses the reward and incentives in directing his subordinates towards the organisational goals. By using praise and pats on the back he secures the loyalty of subordinates who accept his decisions.*
- *The manipulative autocrat who makes the employees feels that they are participating in decision-making though the manager himself has taken the decision. McGregor labels this style as Theory X.*

47. The HRD function that focus on training given to employees for and up-skilling to achieve career goals is known as \_\_\_\_\_

- a. Career Path
- b. Career Planning
- c. Career Management
- d. Career Development
- e. Career Ladder

**Ans. D**

*Career development is the process of choosing a career, improving your skills, and advancing along a career path. It's a lifelong process of learning and decision-making that brings you closer to one's career goal.*

*Career planning is the process of selecting career goals and the path to these goals*

*Career management refers to designing and implementing goals, plans, and strategies to enable an employee to achieve career goals while satisfying organisational needs.*

48. Under which of the following network model of communication, anyone can talk to anyone?

- a. Chain network
- b. circuit network
- c. Wheel network
- d. Star network
- e. vertical network

**Ans. D**

*Under star or all channel communication network, all members of the group communicate with each other and exchange information. This network is a must for group communication or where teamwork is involved.*

49. Which of the following role of management fills employees with the pride of working towards betterment of the society?

- a. Synergy role
- b. Linkage building role
- c. Figurehead role
- d. Resource allocator role
- e. Disseminator role

**Ans. B**

50. Which of the following characteristic of management formalises a standard set of rules and procedure to be followed by the subordinates and ensures their compliance with the rules and regulations?

- a. Management as a universal activity
- b. Management as a process
- c. Management as a system of authority**
- d. management as decision making
- e. management as goal oriented activity

**Ans. C**

*Management is a system of authority. Authority means power to make others act in a predetermined manner. Management formalises a standard set of rules and procedure to be followed by the subordinates and ensures their compliance with the rules and regulations. Since management is a process of directing men to perform a task, authority to extract the work from others is implied in the very concept of management.*