

# **MCQ ON SERVICE MARKETING**



**Mrs. C. Suganthi**

## SERVICE MARKETING

### UNIT - I

#### Multiple Choice Questions (MCQs):

1. What is a characteristic that distinguishes services from goods?

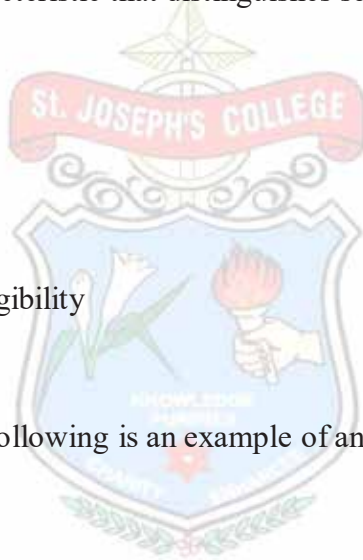
- A) Tangibility
- B) Perish ability
- C) Homogeneity
- D) Durability

**Answer: A) Tangibility**

2. Which of the following is an example of an intangible service?

- A) Smartphone
- B) Haircut
- C) Book
- D) Car

**Answer: B) Haircut**



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3. In the services marketing triangle, what does "Internal Marketing" focus on?

- A) Customers
- B) Employees
- C) Competitors
- D) Suppliers

**Answer: B) Employees**

4. What is the term for the simultaneous production and consumption of a service?

- A) Inseparability
- B) Intangibility
- C) Perish ability
- D) Heterogeneity

**Answer: Inseparability**

5. Which type of service requires a high degree of customization to meet individual customer needs?

- A) Mass Service
- B) Professional Service
- C) Self-Service

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D) Automated Service

**Answer: B) Professional Service**

6. What is the significance of the "Services cape" in service marketing?

A) Employee training

B) Physical environment

C) Customer testimonials

D) Promotional activities

**Answer: B) Physical environment**

7. Which type of service delivery involves the customer performing the service themselves?

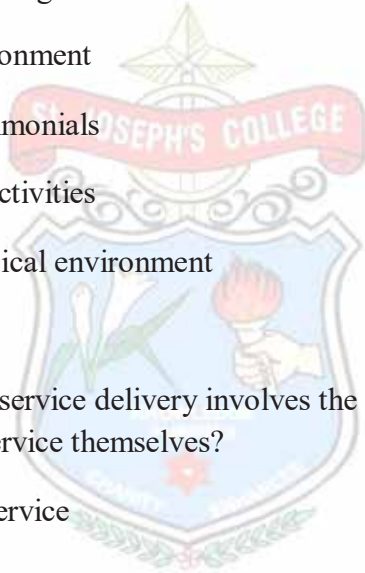
A) Automated Service

B) Self-Service

C) Professional Service

D) Mass Service

**Answer: B) Self-Service**



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8. In services marketing, what role does the "Process" element play in the marketing mix?

- A) Physical evidence of service
- B) Employee training
- C) Customer interaction during service delivery
- D) Standardization of service

**Answer: C)** Customer interaction during service delivery

9. Which type of service is characterized by being delivered through automated systems with minimal human involvement?

- A) Professional Service
- B) Self-Service
- C) People-Based Service
- D) Core Service

**Answer: B)** Self-Service

10. What does the term "Perish ability" imply in the context of services?

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- A) Limited shelf life of services
- B) Rapid production of services
- C) Long-lasting nature of services
- D) Ability to store services indefinitely

**Answer: A)** Limited shelf life of services

11. What is a significant challenge in pricing services compared to goods?

- A) Difficulty in determining production costs
- B) Intangibility
- C) Perish ability
- D) Inseparability

**Answer: B)** Intangibility

12. In the services marketing triangle, what does the term "External Marketing" refer to?

- A) Marketing efforts directed at external stakeholders
- B) Marketing efforts focused on internal employees
- C) Marketing efforts during the service encounter

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D) Marketing efforts directed at competitors

**Answer: A)** Marketing efforts directed at external stakeholders

13. What is the key difference between goods marketing and services marketing?

A) Tangibility

B) Perish ability

C) Heterogeneity

D) Inseparability

**Answer: Tangibility**

14. In the services marketing triangle, what does "Interactive Marketing" involve?

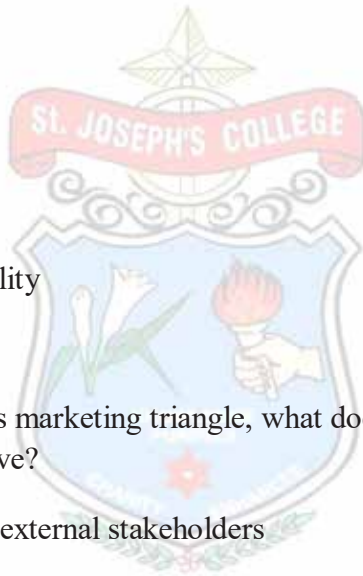
A) Marketing to external stakeholders

B) Marketing during the service encounter

C) Marketing to employees

D) Marketing to competitors

**Answer: B)** Marketing during the service encounter



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15. What term is used to describe the phenomenon where a customer's perception of a service is influenced by the environment in which it is delivered?

- A) Inseparability
- B) Perish ability
- C) Services cape
- D) Heterogeneity

**Answer: C) Services cape**

16. Which of the following is an example of a people-based service?

- A) Software Development
- B) Healthcare Consultation
- C) Car Manufacturing
- D) Retail Sales

**Answer: B) Healthcare Consultation**

17. What term is used to describe the simultaneous production and consumption of a service?

- A) Perish ability
- B) Intangibility
- C) Heterogeneity
- D) Inseparability

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**Answer: D) Inseparability**

18. Which type of service is characterized by a high degree of customer involvement in the production process?

- A) Automated Service
- B) Professional Service
- C) Self-Service
- D) Core Service

**Answer: C) Self-Service**

19. What term is used to describe the phenomenon where a customer's perception of a service is influenced by the environment in which it is delivered?

- A) Inseparability
- B) Perish ability
- C) Services cape
- D) Heterogeneity

**Answer: C) Services cape**

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20. In the context of services marketing, what does the acronym CRM stand for?

- A) Customer Relationship Management
- B) Customer Resource Management
- C) Customer Retention Marketing
- D) Customer Revenue Management

**Answer: A) Customer Relationship Management**

**Short Answer Questions (5 Marks Each):**

1. Explain the economic significance of the services sector and its role in modern economies.
2. Differentiate between core services and supplementary services, providing examples for each.
3. Discuss two types of services from the perspective of customer involvement and provide examples for each.
4. Elaborate on the concept of "intangibility" in services and its implications for marketing strategies.
5. Compare and contrast the marketing mix (4Ps) for goods and services, highlighting key differences.

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- 6.** Explain the concept of "Inseparability" in services and how it impacts service delivery.
- 7.** Provide examples of people-based services and explain why human interaction is crucial in these service types.
- 8.** Discuss the role of the "Services cape" in shaping customer perceptions and experiences.
- 9.** Outline the key challenges in pricing services compared to pricing tangible goods.
- 10.** How do the services marketing triangle help organizations align internal and external factors for effective service delivery?



**Long Answer Questions (10 Marks Each):**

1. Discuss the economic importance of the services sector in the context of a global economy. How does the services sector contribute to employment, GDP, and innovation?
2. Explain the concept of "intangibility" in services. How does the intangibility of services pose challenges for marketers, and what strategies can be employed to overcome these challenges?
3. Differentiate between core services and supplementary services, providing examples for each. How do these distinctions contribute to the overall service experience?
4. Compare and contrast the marketing strategies for goods and services. How do the unique characteristics of services influence the marketing mix (4Ps)?
6. Discuss the importance of customer relationship management (CRM) in services marketing. How can organizations effectively implement CRM strategies to enhance customer loyalty and satisfaction?
7. Elaborate on the concept of "Inseparability" in services marketing. How does the simultaneous production and consumption of services impact

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customer interactions and satisfaction?

8.Explain the role of the "Services cape" in services marketing. How does the physical environment influence customer perceptions and behaviours, and what strategies can businesses employ to enhance the services cape?

9.Discuss the challenges and strategies associated with pricing services. How does the intangibility of services and the subjective nature of perceived value impact pricing decisions?

10.Explore the concept of the "Services Marketing Triangle." How do the three components (Internal Marketing, External Marketing, and Interactive Marketing) interact to create a positive customer experience?

11. Analyze the impact of technology on services marketing. How have advancements in technology transformed the way services are delivered, and what challenges and opportunities does this present for service providers?

## UNIT - II

### Multiple Choice Questions (MCQs):

1. What does the macro environment in services marketing refer to?

- A) Internal company factors
- B) External uncontrollable factors
- C) Customer preferences
- D) Marketing mix elements

**Answer: B) External uncontrollable factors**

2. Which model of service consumer behaviour suggests that consumers choose services based on their perceptions of the value provided?

- A) Economic model
- B) Learning model
- C) Perceived value model
- D) Habitual model

**Answer: C) Perceived value model**

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3. Customer expectations in services are influenced by:

- A) Past experiences
- B) Competitor actions
- C) Price changes
- D) Macro-environment factors

**Answer: A) Past experiences**

4. According to the Zone of Tolerance model, what does it represent in the context of customer expectations?

- A) The range of acceptable service quality
- B) The average price customers are willing to pay
- C) The geographical areas where services are in demand
- D) The regulatory limits on service provision

**Answer: A) The range of acceptable service quality**

5. Service quality is often measured based on the SERVQUAL model. What are the five dimensions of service quality in this model?

- A) Tangibles, Reliability, Responsiveness, Assurance, Empathy

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- B) Product, Price, Promotion, Place, People
- C) Awareness, Consideration, Trial, Loyalty, Advocacy
- D) Quality, Efficiency, Innovation, Collaboration, Agility

**Answer: A)** Tangibles, Reliability, Responsiveness,  
Assurance, Empathy

6.What is the primary focus of the "Gap 1" in the GAP model of service quality?

- A)The gap between customer expectations and management perceptions
- B)The gap between management perceptions and service quality specifications
- C)The gap between service quality specifications and service delivery
- D)The gap between service delivery and external communication

**Answer: A)** The gap between customer expectations and management perceptions

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7. Which factor is NOT considered one of the "GAPs" in the GAP model of service quality?

- A)GAP 2: The gap between management perceptions and service quality specifications
- B) GAP 3: The gap between service quality specifications and service delivery
- C)GAP 4: The gap between service delivery and external communication
- D)GAP 5: The gap between customer expectations and employee perceptions

**Answer: D)** GAP 5: The gap between customer expectations and employee perceptions

8.What role does communication play in managing service quality according to the GAP model?

- A) Bridging the gap between management perceptions and service quality specifications
- B) Reducing the gap between customer expectations and management perceptions
- C) Minimizing the gap between service quality specifications and service delivery

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D) Addressing the gap between service delivery and external communication

**Answer: D)** Addressing the gap between service delivery and external communication

9.How does the physical environment contribute to service quality?

A) It directly influences customer expectations

B) It affects the tangibility dimension of service quality

C) It plays a minor role in service perception

D) It evaluates the level of caring, individualized attention provided to customers

**Answer: C)** It evaluates the level of caring, individualized attention provided to customers

10)In the context of customer expectations, what is the "Confirmation Paradigm"?

A)Meeting customer expectations leads to customer satisfaction

B) Exceeding customer expectations is essential for service excellence

C) Customers continually adjust their expectations based on service experiences

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D) Consistently providing subpar service enhances customer loyalty

**Answer: A)** Meeting customer expectations leads to customer satisfaction

11. How does the understanding of service customers contribute to effective service marketing strategies?

- A) It has no significant impact on marketing strategies
- B) It helps in developing personalized and targeted marketing approaches
- C) Marketing strategies should solely focus on product features, not customer needs
- D) Understanding service customers is only relevant for product development

**Answer: B)** It helps in developing personalized and targeted marketing approaches

12. What is the primary purpose of the "Perceived Service Quality Model" in service marketing?

- A) To measure the efficiency of service delivery

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- B) To assess customer satisfaction after service consumption
- C) To evaluate the gap between customer expectations and perceptions
- D) To determine the market share of service providers

**Answer: C)** To evaluate the gap between customer expectations and perceptions

13. According to the "Perceived Service Quality Model," what role does communication play in shaping customer perceptions?

- A) Communication has no impact on customer perceptions
- B) Effective communication bridges the gap between expectations and perceptions
- C) Communication only influences employee attitudes
- D) Communication is irrelevant in service quality assessment

**Answer: B)** Effective communication bridges the gap between expectations and perceptions

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14.How does the concept of "Zones of Tolerance" contribute to understanding customer expectations?

- A) It sets strict limits on customer expectations
- B) It helps identify the range of acceptable service quality for customers
- C) It emphasizes exceeding customer expectations at all times
- D) It is not relevant to service marketing

**Answer: B)** It helps identify the range of acceptable service quality for customers

15.What is the role of technology in managing customer expectations and perceptions in services marketing?

- A) Technology has no impact on customer expectations
- B) Technology can bridge the gap between expectations and perceptions
- C) Technology only influences employee attitudes
- D) Technology is irrelevant in service quality assessment

**Answer: B)** Technology can bridge the gap between expectations and perceptions

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16. According to the GAP model, which GAP is associated with the difference between service quality specifications and service delivery?

- A) GAP 1
- B) GAP 2
- C) GAP 3
- D) GAP 4

**Answer: C) GAP 3**

17. How does the physical environment contribute to the "Tangibles" dimension in the SERVQUAL model?

- A) It directly impacts customer expectations
- B) It influences the appearance of physical facilities and service providers
- C) The physical environment is not considered in service quality assessment
- D) It affects employee attitudes but not customer perceptions

**Answer: B)** It influences the appearance of physical facilities and service providers

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18.What is the significance of the "Internal Marketing" component in the Services Marketing Triangle?

- A) It focuses on marketing efforts directed at external stakeholders
- B) It emphasizes the marketing of physical evidence
- C) It addresses marketing efforts during the service encounter
- D) It involves marketing efforts focused on internal employees

**Answer: D)** It involves marketing efforts focused on internal employees

19.How does the concept of "Heterogeneity" in services impact customer expectations and perceptions?

- A)Heterogeneity has no effect on customer expectations
- B)It leads to consistent customer expectations across service encounters
- C)Heterogeneity results in variations in customer expectations and perceptions
- D)It only affects employee attitudes

**Answer: C)** Heterogeneity results in variations in customer expectations and perceptions

**Short Answer Questions (5 Marks):**

1. Define the macro environment in the context of services marketing.
2. Explain the significance of recognizing psychological factors when understanding service customers.
3. Name two models of service consumer behaviour and briefly describe one of them.
4. How do past experiences contribute to customer expectations in the services industry?
5. Briefly explain the concept of the Zone of Tolerance in the context of customer expectations.
6. Name three dimensions of service quality in the SERVQUAL model.
7. What is the primary focus of "GAP 2" in the GAP model of service quality?
8. How does communication contribute to managing service quality according to the GAP model?
9. Briefly explain the role of the physical environment in service quality.

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**10.** What is the significance of understanding employee attitudes in the context of service customers?

**Long Answer Questions (10 marks):**

- 1.** Discuss the key components of the macro environment in services marketing and explain how each component can impact a service-oriented business.
- 2.** Explain the importance of recognizing psychological factors when understanding service customers. Provide examples of psychological factors that can influence customer behavior.
- 3.** Compare and contrast two models of service consumer behavior, emphasizing their key principles and applications in the services industry.
- 4.** Discuss the role of customer expectations in the services industry. How do these expectations impact customer satisfaction and loyalty?
- 5.** Explain the concept of the Zone of Tolerance in the context of customer expectations. How
- 6.** Outline the five dimensions of service quality in the SERVQUAL model. How do these dimensions

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contribute to assessing and improving service quality?

7. Elaborate on the significance of the GAP model in identifying and addressing service quality gaps. Provide examples of how each GAP in the model can impact customer satisfaction.

8. Discuss the role of communication in managing service quality according to the GAP model. How can effective communication bridge the gap between customer expectations and perceptions?

9. How does the physical environment contribute to service quality in the services industry? Provide examples of how the physical environment can impact customer perceptions.

10. Explore the concept of the Services Marketing Triangle. How do the three components (Internal Marketing, External Marketing, and Interactive Marketing) interact to create a positive customer experience?

## UNIT - III

### Multiple Choice Questions (MCQs):

1. What is market segmentation?
  - A) The process of dividing a market into distinct groups of buyers
  - B) The promotion of products to a broad audience
  - C) The pricing strategy for a specific product
  - D) The distribution of products across various channels

**Answer: A)** The process of dividing a market into distinct groups of buyers

2. In market segmentation, what is the purpose of dividing a market into segments?
  - A) To increase product prices
  - B) To decrease competition
  - C) To better meet the needs of specific customer groups
  - D) To simplify marketing efforts

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**Answer: C)** To better meet the needs of specific customer groups

3. Service market segmentation involves dividing the market based on:

- A) Product features
- B) Demographic characteristics
- C) Price sensitivity
- D) Customer preferences and needs

**Answer: D)** Customer preferences and needs

4. What is a characteristic of a well-defined market segment?

- A) Homogeneous within and heterogeneous between segments
- B) Heterogeneous within and homogeneous between segments

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- C) Homogeneous within and homogeneous between segments
- D) Heterogeneous within and heterogeneous between segments

**Answer: A)** Homogeneous within and heterogeneous between segments

5. Targeting in marketing refers to:

- A) The process of selecting a specific segment to serve
- B) Expanding the product line to include more options
- C) Decreasing marketing efforts to focus on core customers
- D) Lowering prices to attract a larger customer base

**Answer: A)** The process of selecting a specific segment to serve

6. What is the primary goal of targeting in marketing?

- A) To increase production costs

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- B) To reach the largest possible market
- C) To tailor marketing efforts to a specific group of customers
- D) To decrease product quality to reduce prices

**Answer: C)** To tailor marketing efforts to a specific group of customers

7. Which of the following is a benefit of effective market segmentation?

- A) Increased competition
- B) Decreased customer satisfaction
- C) More efficient use of marketing resources
- D) Higher product prices

**Answer: C)** More efficient use of marketing resources

8. What is positioning in marketing?

- A) The process of identifying market segments
- B) The way a product is perceived relative to competitors

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in the minds of customers

- C) The selection of target markets
- D) The distribution strategy for a product

**Answer: B)** The way a product is perceived relative to competitors in the minds of customers

9. How does effective positioning benefit a product or service?

- A) By increasing production costs
- B) By reducing competition
- C) By creating a distinct and favourable perception in the minds of customers
- D) By targeting a broad and undifferentiated market

**Answer: C)** By creating a distinct and favourable perception in the minds of customers

10. In the context of service marketing, why is it important to consider intangible aspects in positioning?

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- A) Intangible aspects have no impact on customer perceptions
- B) Intangible aspects are irrelevant in service marketing
- C) Intangible aspects influence customer perceptions and experiences
- D) Intangible aspects only apply to physical products

**Answer: C)** Intangible aspects influence customer perceptions and experiences

11. What is the purpose of creating a Unique Selling Proposition (USP) in positioning?

- A) To target all customer segments
- B) To communicate the distinctive benefits of a product or service
- C) To reduce competition
- D) To lower product prices

**Answer: B)** To communicate the distinctive benefits of a product or service

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12. Which factor is considered when selecting target markets?

- A) Market homogeneity
- B) Demographic characteristics only
- C) Consumer needs and preferences
- D) A broad and undifferentiated approach

**Answer: C) Consumer needs and preferences**

13. Demographic segmentation involves dividing the market based on:

- A) Geographic location
- B) Age, gender, income, and education
- C) Customer preferences
- D) Psychographic factors

**Answer: B) Age, gender, income, and education**

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14. Why is psychographic segmentation important in service marketing?

- A) It focuses on physical characteristics of customers
- B) It considers lifestyle, values, and attitudes of customers
- C) It targets customers based on geographic location
- D) It simplifies marketing efforts

**Answer: B)** It considers lifestyle, values, and attitudes of customers

15. What is the primary challenge of using behavioural segmentation in marketing?

- A) It is a time-consuming process
- B) It requires extensive demographic information
- C) It relies on subjective factors
- D) It depends on customer actions and responses

**Answer: D)** It depends on customer actions and responses

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16. How does geographic segmentation contribute to effective targeting in marketing?

- A) It tailors marketing efforts based on customer behaviours
- B) It considers the physical location of customers
- C) It focuses solely on demographic characteristics
- D) It targets customers with similar lifestyles

**Answer: B)** It considers the physical location of customers

17. What is the significance of evaluating market segments for attractiveness?

- A) To target all available segments
- B) To identify the least profitable segments
- C) To allocate marketing resources efficiently
- D) To decrease product quality

**Answer: C)** To allocate marketing resources efficiently

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18. Why is it important for a product or service to have a clear and differentiated positioning strategy?

- A) To confuse customers
- B) To increase production costs
- C) To create a unique and memorable image in the minds of customers
- D) To target a broad and undifferentiated market

**Answer: C)** To create a unique and memorable image in the minds of customers

19. What role does differentiation play in market positioning?

- A) It decreases product prices
- B) It makes a product or service distinct from competitors in the minds of customers
- C) It focuses solely on product features
- D) It eliminates competition

**Answer: B)** It makes a product or service distinct from competitors in the minds of customers

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20. How does perceptual mapping aid in market positioning?

- A) It focuses on demographic characteristics of customers
- B) It helps identify attractive market segments
- C) It visually represents how customers perceive products in relation to competitors
- D) It targets all available market segments

**Answer: C)** It visually represents how customers perceive products in relation to competitors

21. What is the primary objective of market segmentation?

- A) To target a broad and undifferentiated market
- B) To increase production costs
- C) To tailor marketing efforts to specific customer groups
- D) To eliminate competition

**Answer: C)** To tailor marketing efforts to specific customer groups

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22. How does demographic segmentation help in understanding customer needs?

- A) It considers the physical location of customers
- B) It focuses on age, gender, income, and education
- C) It relies on subjective factors
- D) It targets customers based on behaviours

**Answer: B)** It focuses on age, gender, income, and education

23. What is the potential drawback of using a mass marketing approach?

- A) Increased customer satisfaction
- B) Efficient use of marketing resources
- C) Ignoring diverse customer needs and preferences
- D) Higher product prices

**Answer: C)** Ignoring diverse customer needs and preferences

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24. How can companies effectively position themselves as leaders in a market?

- A) By lowering product quality
- B) By offering the lowest prices
- C) By creating a unique value proposition and consistently delivering it
- D) By targeting a broad and undifferentiated market

**Answer: C)** By creating a unique value proposition and consistently delivering it

25. What is the primary advantage of using a concentrated targeting strategy?

- A) Increased competition
- B) Efficient allocation of resources to a specific market segment
- C) Lower customer satisfaction
- D) Higher production costs

**Answer: B)** Efficient allocation of resources to a specific market segment

**Short Answer Questions (5 Marks Each):**

1. Describe the process of market segmentation and provide an example of how a service- oriented business might apply it.
2. Explain the concept of service market segmentation and how it differs from product market segmentation.
3. Outline the key criteria businesses should consider when selecting target markets.
4. How does effective targeting contribute to the success of a marketing strategy?
5. Discuss the role of positioning in marketing. Provide an example of how a service business might strategically position itself.
6. Why is differentiation crucial for successful market positioning? Provide an example.
7. Define the Unique Selling Proposition (USP) and explain its significance in market positioning.
8. How can businesses use perceptual mapping to refine their market positioning strategy?
9. Discuss the benefits and challenges of using

concentrated targeting as a strategy.

**10.** Elaborate on how market segmentation contributes to customer satisfaction in the services industry.

**Long Answer Questions (10 Marks Each):**

- 1.** Discuss the significance of market segmentation in the success of a marketing strategy. Provide examples of how businesses benefit from effectively implementing market segmentation.
- 2.** Explain the process of service market segmentation and how it differs from product market segmentation. Provide examples of how service-oriented businesses can apply service market segmentation strategies.
- 3.** Elaborate on the criteria businesses should consider when selecting target markets. Discuss the implications of a poorly selected target market on a business's overall strategy.
- 4.** Discuss the role of positioning in marketing and its impact on customer perceptions. Provide examples of how businesses strategically position themselves to gain a competitive advantage.
- 5.** How does differentiation contribute to successful market positioning? Provide examples of how businesses

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differentiate their products or services to gain a competitive edge.

6. Define the Unique Selling Proposition (USP) and explain its role in market positioning. Provide examples of businesses that effectively utilize their USP for competitive advantage.

7. Discuss the concept of perceptual mapping and how businesses can use it to refine their market positioning strategy. Provide examples of industries where perceptual mapping is particularly beneficial.

8. Explore the benefits and challenges associated with a concentrated targeting strategy. Provide examples of businesses that have successfully employed a concentrated targeting approach and those that faced challenges.

9. Explain the role of market segmentation in enhancing customer satisfaction in the services industry. Provide examples of how service businesses can use market segmentation to tailor their offerings and improve customer experiences

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**10.** Discuss the implications of a well-executed market positioning strategy on a business's overall success. Provide examples of businesses that have effectively implemented market positioning to gain a competitive advantage.



## UNIT - IV

### Multiple Choice Questions (MCQs):

1. What is the services marketing mix often referred to as?

A) 4Ps

B) 5Cs

C) 7Ps

D) 3Rs

**Answer: C) 7Ps**

2. In services marketing, what does the "Extended Marketing Mix" include, in addition to the traditional 4Ps?

A) People, Process, and Physical Evidence

B) Price, Place, and Product

C) Promotion, Product, and Place

D) Planning, Promotion, and Pricing

**Answer: A) People, Process, and Physical Evidence**

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3. What is the significance of adding People, Process, and Physical Evidence to the marketing mix for services?

- A) To make it more complicated
- B) To address the intangible nature of services
- C) To reduce costs
- D) To focus only on product features

**Answer: B)** To address the intangible nature of services

4. In the context of services marketing, what does "process" refer to?

- A) The physical evidence of a service
- B) The people involved in service delivery
- C) The way a service is provided, including steps and procedures
- D) The promotion of a service

**Answer: C)** The way a service is provided, including steps and procedures

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5. Which of the following is a component of the services marketing mix that emphasizes the importance of employees and their role in service delivery?

- A) Process
- B) Physical Evidence
- C) People
- D) Price

**Answer: C) People**

6. What is the role of Physical Evidence in the services marketing mix?

- A) It refers to the pricing strategy
- B) It represents the tangible cues that help customers evaluate the service
- C) It focuses on the employees involved in service delivery
- D) It is related to the steps and procedures of service delivery

**Answer: B)** It represents the tangible cues that help

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customers evaluate the service

7. What is an essential consideration in planning for services offer in the services marketing mix?

- A) Ignoring customer preferences
- B) Focusing only on pricing
- C) Aligning services with customer needs and expectations
- D) Excluding promotional activities

**Answer: C)** Aligning services with customer needs and expectations

8. Why is pricing in services marketing often considered challenging?

- A) Because services are not valued by customers
- B) Due to the intangible nature of services and difficulty in determining their value
- C) Because there is no need for pricing in services marketing

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**Answer: B)** Due to the intangible nature of services and difficulty in determining their value

9. In services marketing, what does "matching demand for and supply of services" primarily involve?

- A) Lowering service quality
- B) Ensuring there is always excess supply
- C) Balancing the capacity to deliver services with customer demand
- D) Ignoring customer preferences

**Answer: C)** Balancing the capacity to deliver services with customer demand

10. What is the primary goal of promotion in services marketing?

- A) To increase service prices
- B) To communicate the value of the service to customers
- C) To reduce service quality

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D) To ignore the target audience

**Answer: B)** To communicate the value of the service to customers

11. How does the intangible nature of services impact the distribution strategy in services marketing?

A) It makes distribution irrelevant

B) It requires a more direct and personal distribution approach

C) It makes services easier to distribute than physical products

D) It eliminates the need for distribution

**Answer: B)** It requires a more direct and personal distribution approach

12. What is the primary focus of the "people" component in the services marketing mix?

A) Product features

B) Employee roles and interactions with customers

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C) Physical evidence

D) Pricing strategy

**Answer: B)** Employee roles and interactions with customers

13. Why is physical evidence important in services marketing?

A) To focus on product features

B) To provide tangible cues that help customers evaluate the service

C) To eliminate the need for promotional activities

D) To ignore customer preferences

**Answer: B)** To provide tangible cues that help customers evaluate the service

14. What role does the "process" component play in the services marketing mix?

A) It focuses on employee interactions

B) It involves tangible cues for customers

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C) It represents the steps and procedures of service delivery

D) It deals with pricing strategy

**Answer: C)** It represents the steps and procedures of service delivery

15. How does the intangible nature of services impact the pricing strategy?

A) It makes pricing irrelevant

B) It requires higher prices for services

C) It makes pricing more challenging and subjective

D) It decreases the perceived value of services

**Answer: C)** It makes pricing more challenging and subjective

16. Why is it essential to align services with customer needs and expectations in the planning for services offer?

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- A) To ignore customer preferences
- B) To increase costs
- C) To decrease service quality
- D) To enhance customer satisfaction and loyalty

**Answer: D)** To enhance customer satisfaction and loyalty

17. What does the distribution strategy in services marketing focus on?

- A) Increasing prices
- B) Tangible cues for customers
- C) Tangible products
- D) Efficient delivery of intangible services

**Answer: D)** Efficient delivery of intangible services

18. Why is pricing often considered challenging in services marketing?

- A) Because services are not valued by customers

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- B) Due to the intangible nature of services and difficulty in determining their value
- C) Because services are always higher in cost compared to products
- D) Because pricing is irrelevant in services marketing

**Answer: B)** Due to the intangible nature of services and difficulty in determining their value

19. What is the primary goal of promotion in services marketing?

- A) To increase service prices
- B) To communicate the value of the service to customers
- C) To reduce service quality
- D) To ignore the target audience

**Answer: B)** To communicate the value of the service to customers

20. How does the intangible nature of services impact the distribution strategy in services

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marketing?

- A) It makes distribution irrelevant
- B) It requires a more direct and personal distribution approach
- C) It makes services easier to distribute than physical products
- D) It eliminates the need for distribution

**Answer: B)** It requires a more direct and personal distribution approach

21. What is the primary focus of the "people" component in the services marketing mix?

- A) Product features
- B) Employee roles and interactions with customers
- C) Physical evidence
- D) Pricing strategy

**Answer: B)** Employee roles and interactions with customers

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22. Why is physical evidence important in services marketing?

- A) To focus on product features
- B) To provide tangible cues that help customers evaluate the service
- C) To eliminate the need for promotional activities
- D) To ignore customer preferences

**Answer: B)** To provide tangible cues that help customers evaluate the service

23. What role does the "process" component play in the services marketing mix?

- A) It focuses on employee interactions
- B) It involves tangible cues for customers
- C) It represents the steps and procedures of service delivery
- D) It deals with pricing strategy

**Answer: C)** It represents the steps and procedures of service delivery

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24. How does the intangible nature of services impact the pricing strategy?

- A) It makes pricing irrelevant
- B) It requires higher prices for services
- C) It makes pricing more challenging and subjective
- D) It decreases the perceived value of services

**Answer: C)** It makes pricing more challenging and subjective

25. Why is it essential to align services with customer needs and expectations in the planning for services offer?

- A) To ignore customer preferences
- B) To increase costs
- C) To decrease service quality
- D) To enhance customer satisfaction and loyalty

**Answer: D)** To enhance customer satisfaction and loyalty

**Short Answer Questions (5 Marks Each):**

1. Explain the concept of the services marketing mix and why it is often referred to as the "7Ps."
2. Why is the addition of People, Process, and Physical Evidence considered essential in the services marketing mix?
3. In the context of services marketing, what does "matching demand for and supply of services" mean?
4. Why is pricing often considered challenging in services marketing?
5. Explain the role of promotion in services marketing and its primary goal.
6. What is the significance of planning for services offer in services marketing?
7. Discuss the role of Physical Evidence in services marketing and why it is important.
8. In the context of services marketing, why is the management of people a critical component?
9. Briefly explain the concept of "matching

demand for and supply of services" and its implications for service providers.

**10.** How does the intangible nature of services impact the distribution strategy in services marketing?

**Long Answer Questions (10 Marks Each):**

- 1.** Explain the concept of the services marketing mix and discuss the reasons behind the need for an expanded marketing mix, including the additional elements of People, Process, and Physical Evidence.
- 2.** Discuss the significance of planning for services offer in services marketing. How does effective planning contribute to the success of service offerings?
- 3.** Pricing is often considered challenging in services marketing. Explain the reasons behind this challenge and discuss strategies that service providers can adopt to overcome pricing challenges.
- 4.** Discuss the role of promotion in services marketing. How does promotion contribute to creating awareness and building a positive perception of services among customers?

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5. Explain the concept of "matching demand for and supply of services." Discuss the challenges that service providers may face in achieving this balance and propose strategies to manage demand and supply effectively.
6. Elaborate on the role of Physical Evidence in services marketing. How does the inclusion of tangible cues contribute to customer perceptions and satisfaction?
7. In the context of services marketing, why is the management of people considered a critical component? Discuss the impact of employee interactions on customer experience and satisfaction.
8. How does the intangible nature of services impact the distribution strategy in services marketing? Discuss the importance of direct and personal distribution approaches in delivering services.
9. Explain the concept of "matching demand for and supply of services." Discuss the implications for service providers when demand exceeds or falls below the capacity to deliver services.

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**10.** Discuss the challenges associated with pricing in services marketing. How can service providers overcome these challenges and establish pricing strategies that align with customer perceptions and expectations?



## UNIT - V

### Multiple Choice Questions (MCQs):

1. In service marketing, what does GATS stand for?

- A) General Agreement on Trade and Services
- B) Global Assessment of Tourism Standards
- C) General Accounting for Technological Services
- D) Global Alliance of Transportation and Services

**Answer: A)** General Agreement on Trade and Services

2. Which sector does GATS primarily focus on?

- A) Manufacturing
- B) Education
- C) Services
- D) Agriculture

**Answer: C)** Services

3. What is the primary objective of the General

**Department of Business Administration**

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Agreement on Trade in Services (GATS)?

- A) To regulate manufacturing industries
- B) To promote international trade in services
- C) To standardize agricultural practices
- D) To control technological advancements

**Answer: B)** To promote international trade in services

4. In the context of service marketing, what does the acronym PESTEL stand for?

- A) Product, Environment, Strategy, Technology, Economy, Legal
- B) Promotion, Efficiency, Sustainability, Technology, Ethics, Labor
- C) Political, Economic, Social, Technological, Environmental, Legal
- D) Price, Experience, Social, Target market, Environmental, Location

**Answer: C)** Political, Economic, Social, Technological, Environmental, Legal

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5. Which one of the following is an example of a financial service?

- A) Hotel accommodation
- B) Credit card services
- C) Hospital care
- D) Tourist guide services

**Answer: B)** Credit card services

6. In the marketing of hospitality services, what does the term "yield management" refer to?

- A) Maximizing revenue by adjusting prices and managing capacity
- B) Promoting environmental sustainability in hotels
- C) Evaluating customer satisfaction through surveys
- D) Implementing cost-cutting measures in hospitality businesses

**Answer: A)** Maximizing revenue by adjusting prices and managing capacity

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7. What distinguishes hospital services from other types of services?

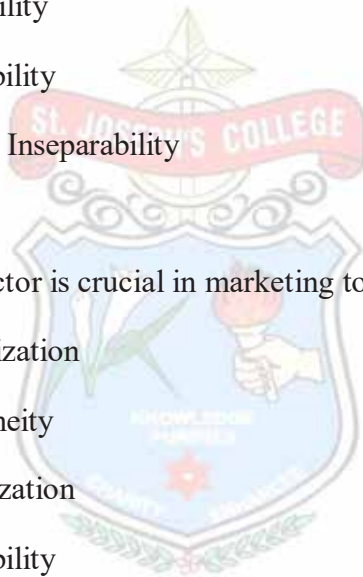
- A) Tangibility
- B) Intangibility
- C) Perish ability
- D) Inseparability

**Answer: D) Inseparability**

8. Which factor is crucial in marketing tourism services?

- A) Standardization
- B) Homogeneity
- C) Personalization
- D) Inseparability

**Answer: C) Personalization**



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9. What is a key consideration in marketing educational services?

- A) Mass production
- B) Customization
- C) Standardization
- D) Inseparability

**Answer: B) Customization**

10. In the context of international marketing of services, what is the significance of cultural sensitivity?

- A) It helps in reducing competition
- B) It ensures uniformity in service offerings
- C) It facilitates better understanding of diverse consumer behaviours
- D) It restricts the expansion of services to new markets

**Answer: C) It facilitates better understanding of diverse consumer behaviours**

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11. Which factor is crucial for success in the international marketing of services?

- A) Ignoring cultural differences
- B) Standardizing services across all markets
- C) Understanding and adapting to local cultures
- D) Minimizing customer interactions

**Answer: C)** Understanding and adapting to local cultures

12. What does the term "cultural intelligence" refer to in the context of international marketing of services?

- A) Ignoring cultural differences
- B) Adapting services to local norms
- C) Promoting a single global culture
- D) Avoiding interactions with diverse cultures

**Answer: B)** Adapting services to local norms

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13. Which aspect is particularly significant in the international marketing of educational services?

- A) Standardization of curriculum
- B) Language barriers
- C) Cultural diversity
- D) Homogeneity in teaching methods

**Answer: C) Cultural diversity**

14. In international marketing, what is the role of "globalization" in the context of service offerings?

- A) Adapting global strategies to local markets
- B) Promoting uniformity across all markets
- C) Ignoring local preferences
- D) Globalizing all aspects of service delivery

**Answer: A) Adapting global strategies to local market**

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15. How does the concept of "globalization" relate to the marketing of hospitality services?

- A) Standardizing hotel services globally
- B) Adapting hotel services to local cultures and preferences
- C) Ignoring local customs in hotel management
- D) Focusing only on a global customer base

**Answer: B)** Adapting hotel services to local cultures and preferences

16. In international marketing, what does the term "standardization" refer to?

- A) Adapting services to local cultures
- B) Offering the same services globally without modification
- C) Focusing only on local markets
- D) Ignoring cultural differences

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**Answer: B)** Offering the same services globally without modification

17. What is a potential drawback of excessive standardization in international service marketing?

- A) Increased cultural sensitivity
- B) Better adaptation to local markets
- C) Lack of responsiveness to diverse customer needs
- D) Enhanced global competitiveness

**Answer: C)** Lack of responsiveness to diverse customer needs

18. How does technology contribute to the international marketing of services?

- A) By limiting market reach
- B) By increasing cultural barriers

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- C) By facilitating global communication and service delivery
- D) By discouraging online interactions

**Answer: C)** By facilitating global communication and service delivery

19. In the context of international marketing, what is the role of social media in promoting services?

- A) Restricting communication with diverse audiences
- B) Providing a platform for global service standardization
- C) Facilitating communication and engagement with a global audience
- D) Ignoring cultural nuances

**Answer: C)** Facilitating communication and engagement with a global audience

20. Which factor is crucial for success in the international marketing of financial services?

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- A) Ignoring cultural differences
- B) Standardizing services globally
- C) Adapting services to local regulations and customer preferences
- D) Minimizing interactions with diverse cultures

**Answer: C)** Adapting services to local regulations and customer preferences

21. What is a key consideration in the marketing of financial services?

- A) Ignoring regulatory requirements
- B) Ensuring uniformity across all markets
- C) Adapting to local regulations and financial practices
- D) Minimizing customer interactions

**Answer: C)** Adapting to local regulations and financial practices

22. In the context of international marketing, why is understanding legal frameworks crucial for service

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providers?

- A) To ignore legal regulations
- B) To minimize interactions with diverse legal systems
- C) To adapt services to local legal requirements and protect against legal risks
- D) To standardize legal processes globally

**Answer: C)** To adapt services to local legal requirements and protect against legal risks

23. What is the significance of political stability in the international marketing of services?

- A) To avoid entering politically stable markets
- B) To standardize political processes globally
- C) To minimize interactions with diverse political systems
- D) To ensure a conducive environment for business operations

**Answer: D)** To ensure a conducive environment for business operations

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24. How does the concept of "environmental scanning" relate to the international marketing of services?

- A) By ignoring global environmental factors
- B) By standardizing environmental practices globally
- C) By adapting services to local environmental regulations and concerns
- D) By avoiding engagement with environmental issues

**Answer: C)** By adapting services to local environmental regulations and concerns

25. In the marketing of tourism services, why is environmental sustainability important?

- A) To ignore ecological concerns
- B) To standardize environmental practices globally
- C) To minimize interactions with diverse environmental regulations
- D) To ensure responsible and ethical tourism practices

**Answer: D)** To ensure responsible and ethical tourism practices

**Short Answer Questions (5 Marks Each):**

1. Explain the concept of "yield management" in the marketing of hospitality services.
2. What is the key factor that distinguishes hospital services from other types of services?
3. In the context of international marketing, why is cultural sensitivity crucial for service providers?
4. How does the concept of "globalization" apply to the marketing of educational services?
5. What is the significance of "cultural intelligence" in the international marketing of services?
6. Explain the importance of personalization in marketing tourism services.
7. In the marketing of financial services, why is adapting to local regulations and customer preferences essential?

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8. Discuss the role of environmental sustainability in the marketing of tourism services.
9. How does technology contribute to the international marketing of services?
10. Why is understanding legal frameworks crucial for service providers engaged in international marketing?

**Long Answer Questions (10 Marks Each):**

1. Explain the significance of "inseparability" in hospital services. How does the simultaneous production and consumption of these services impact the overall service experience?
2. Discuss the concept of "yield management" in the marketing of hospitality services. How does it contribute to optimizing revenue for hospitality businesses?
3. In the context of international marketing of services, elaborate on the importance of cultural sensitivity. How does it impact the success of service offerings in diverse global markets?
4. Discuss the challenges and benefits associated with adapting educational services to local cultures and regulations in international markets.
5. Explain the role of environmental sustainability in the marketing of tourism services. How can tourism

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businesses incorporate sustainable practices for long-term success?

6. Discuss the significance of technology in the international marketing of services. How can technology overcome challenges and facilitate global service delivery?
7. In the marketing of financial services, explain why adapting to local regulations and customer preferences is essential. How can financial institutions strike a balance between global standardization and local adaptation?
8. Elaborate on the concept of "globalization" in the context of international service marketing. Provide examples of how businesses can effectively implement globalization strategies.
9. In the international marketing of services, discuss the role of legal frameworks. How can service providers navigate diverse legal systems and ensure compliance for successful operations in multiple countries?
10. How does political stability impact the international marketing of services? Discuss the significance of considering political factors for service providers entering new markets.

## FINANCIAL INSTITUTIONS AND SERVICES

### UNIT - I

#### Multiple Choice Questions (MCQs):

1. What is the primary function of the Indian financial system?

- A) Facilitating sports activities
- B) Supporting economic development
- C) Promoting entertainment industry
- D) Managing agricultural activities

**Answer: B)** Supporting economic development

2. Which regulatory body oversees the functioning of banks in India?

- A) SEBI (Securities and Exchange Board of India)
- B) RBI (Reserve Bank of India)
- C) IRDAI (Insurance Regulatory and Development

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Authority of India)

D) PFRDA (Pension Fund Regulatory and Development  
Authority)

**Answer: B)** RBI (Reserve Bank of India)

3. In the financial system, what role do banks play as  
financial intermediaries?

A) Providing medical services

B) Facilitating trade in goods

C) Linking savers and borrowers

D) Managing transportation services

**Answer: C)** Linking savers and borrowers

4. Cooperative banks in India are primarily focused on  
serving the needs of:

A) Large corporations

B) Individual investors

C) Agricultural and rural sectors

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D) Foreign tourists

**Answer: C)** Agricultural and rural sectors

5. What is the primary objective of co-operative banks?

A) Maximizing shareholder profits

B) Promoting industrial growth

C) Serving the interests of their members

D) Investing in the stock market

**Answer: C)** Serving the interests of their members

6. Which of the following is a function of cooperative banks in India?

A) Conducting space exploration

B) Providing credit to small farmers

C) Operating airlines

D) Managing film production

**Answer: B)** Providing credit to small farmers

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7. What is the primary source of funds for cooperative banks?

- A) Government grants
- B) Donations from members
- C) Borrowing from international organizations
- D) Deposits from members and loans

**Answer: D)** Deposits from members and loans

8. The Reserve Bank of India (RBI) is responsible for regulating:

- A) Movie theatres
- B) Educational institutions
- C) Banking and financial activities
- D) Agricultural practices

**Answer: C)** Banking and financial activities

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9. Which financial institution acts as the banker to the government in India?

- A) State Bank of India
- B) HDFC Bank
- C) Reserve Bank of India
- D) ICICI Bank

**Answer: C) Reserve Bank of India**

10. What is the role of the Securities and Exchange Board of India (SEBI) in the financial system?

- A) Regulating the stock market
- B) Managing agricultural activities
- C) Providing healthcare services
- D) Overseeing educational institutions

**Answer: A) Regulating the stock market**

11. In the context of the financial system, what does the

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term "liquidity" refer to?

- A) Ability to convert assets into cash
- B) Availability of educational resources
- C) A measure of agricultural productivity
- D) The size of a manufacturing plant

**Answer: A)** Ability to convert assets into cash

12. Cooperative banks often play a significant role in providing financial services to:

- A) Multinational corporations
- B) Urban real estate developers
- C) Small and medium-sized enterprises (SMEs)
- D) International tourists

**Answer: C)** Small and medium-sized enterprises (SMEs)

13. What is the primary focus of cooperative banks in rural areas?

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- A) Space exploration
- B) Industrial manufacturing
- C) Agricultural and rural development
- D) Information technology services

**Answer: C)** Agricultural and rural development

14. The term "NPA" in the banking sector stands for:

- A) Non-Performing Asset
- B) National Pension Account
- C) New Public Agreement
- D) Net Profit Analysis

**Answer: A)** Non-Performing Asset

15. Cooperative banks are often organized on the basis of:

- A) Geographic locations
- B) Industrial sectors

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C) Religious affiliations

D) Membership of individuals or groups

**Answer: D)** Membership of individuals or groups

16. What is the primary purpose of Non-Banking Financial Companies (NBFCs) in the financial system?

A) Issuing currency notes

B) Providing banking services

C) Promoting agricultural activities

D) Offering financial services without meeting legal requirements of a bank

**Answer: D)** Offering financial services without meeting legal requirements of a bank

17. What is the primary responsibility of the Insurance Regulatory and Development Authority of India (IRDAI)?

A) Regulating the stock market

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- B) Overseeing the insurance sector
- C) Managing agricultural practices
- D) Controlling educational institutions

**Answer: B)** Overseeing the insurance sector

18. The term "Repo Rate" is associated with:

- A) Real estate transactions
- B) Agricultural practices
- C) Monetary policy and interest rates
- D) Stock market regulations

**Answer: C)** Monetary policy and interest rates

19. Which financial institution is responsible for the issuance and management of the Indian Rupee?

- A) State Bank of India
- B) Reserve Bank of India (RBI)
- C) Punjab National Bank

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D) ICICI Bank

**Answer: B)** Reserve Bank of India (RBI)

20. The process of converting physical certificates of financial instruments into electronic form is known as:

A) Digitization

B) Virtualization

C) Dematerialization

D) Centralization

**Answer: C)** Dematerialization

21. Which type of banks are specialized in providing financial services to the agricultural sector?

A) Commercial banks

B) Cooperative banks

C) Investment banks

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D) Central banks

**Answer: B)** Cooperative banks

22. What is the primary role of commercial banks in the financial system?

A) Providing healthcare services

B) Promoting cultural activities

C) Accepting deposits and granting loans

D) Managing transportation services

**Answer: C)** Accepting deposits and granting loans

23. What is the primary function of the National Bank for Agriculture and Rural Development (NABARD) in India?

A) Regulating the stock market

B) Overseeing urban development projects

C) Promoting agricultural and rural development

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D) Managing space exploration programs

**Answer: C) Promoting agricultural and rural development**

24. The term "CRR" in the banking sector stands for:

A) Capital Reserve Ratio

B) Cash Redemption Ratio

C) Credit Rating Requirement

D) Cash Reserve Ratio

**Answer: D) Cash Reserve Ratio**

25. Which financial institution is responsible for regulating and developing the securities market in India?

A) RBI (Reserve Bank of India)

B) SEBI (Securities and Exchange Board of India)

C) NABARD (National Bank for Agriculture and Rural Development)

D) IRDAI (Insurance Regulatory and Development  
Authority of India)

**Answer: B)** SEBI (Securities and Exchange Board of  
India)

### **Short Answer Questions (5 Marks Each):**

1. Explain the role of cooperative banks in the Indian financial system.
2. What is the primary function of cooperative banks in India, particularly in the context of rural development?
3. Describe the concept of financial intermediaries. How do banks function as financial intermediaries in the Indian financial system?
4. Discuss the significance of the Reserve Bank of India (RBI) in regulating and overseeing the Indian financial system.
5. How do cooperative banks differ from commercial banks in terms of their organizational structure and focus?

6. Elaborate on the importance of financial inclusion in the context of cooperative banks in India.
7. How do cooperative banks raise funds, and what is the significance of these funds for their operations?
8. Explain the concept of Non-Performing Assets (NPAs) in the banking sector. How do NPAs impact the financial health of cooperative banks?
9. What role does the National Bank for Agriculture and Rural Development (NABARD) play in supporting cooperative banks and rural development?
10. Discuss the concept of financial inclusion and how cooperative banks contribute to achieving financial inclusion goals.

### **Long Answer Questions (10 Marks Each):**

1. Discuss the relationship between the Indian financial system and economic development. How does the financial system contribute to the overall growth and stability of the economy?
2. Elaborate on the functions of cooperative banks in India. How do these banks contribute to rural

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development, and what challenges do they face in fulfilling their objectives?

**3.** Explain the concept of financial intermediaries. How do banks act as financial intermediaries in the Indian financial system, and what benefits does this role provide to the economy?

**4.** Analyze the role of the Reserve Bank of India (RBI) in regulating and overseeing the Indian financial system. How does the RBI contribute to maintaining financial stability and implementing monetary policies?

**5.** Compare and contrast the organizational structure and focus of cooperative banks with commercial banks in India. How do these differences influence their operations and interactions with the local community?

**6.** Evaluate the importance of financial inclusion in the context of cooperative banks. How do these banks contribute to achieving financial inclusion goals, and what initiatives can enhance their impact?

**7.** Discuss the challenges faced by cooperative banks in India in the current economic environment. How can these challenges be addressed to strengthen the

role of cooperative banks in financial inclusion and rural development?

**8.** Explain the concept of Non-Performing Assets (NPAs) in the banking sector. How do NPAs impact the financial health of cooperative banks, and what measures can be taken to manage and prevent NPAs?

**9.** Assess the role of the National Bank for Agriculture and Rural Development (NABARD) in supporting cooperative banks and promoting rural development. How does NABARD contribute to enhancing credit availability and agricultural prosperity?

**10.** Explore the impact of financial innovation and technology on cooperative banks in India. How can these banks leverage technology to enhance their services, improve efficiency, and reach a wider audience

## UNIT - II

### Multiple Choice Questions (MCQs):

1. What is the primary function of Non-Banking Financial Intermediaries (NBFI)?

- A) Direct agricultural operations
- B) Issue currency notes
- C) Facilitate financial transactions without holding a banking license
- D) Regulate stock markets

**Answer: C)** Facilitate financial transactions without holding a banking license

2. Unit Trust of India (UTI) primarily operates in which financial sector?

- A) Housing Finance
- B) Mutual Funds
- C) Stock broking

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D) Insurance

**Answer: B) Mutual Funds**

3. What distinguishes Mutual Funds from other investment vehicles?

A) Limited liquidity

B) Collective investment by pooling funds from multiple investors

C) Guaranteed returns

D) Direct ownership of assets

**Answer: B) Collective investment by pooling funds from multiple investors**

4. Hire Purchase Finance Companies are typically involved in:

A) Providing insurance services

B) Leasing equipment and machinery

C) Offering mortgage loans

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D) Facilitating short-term loans

**Answer: B)** Leasing equipment and machinery

5. Lease Finance Companies primarily engage in:

A) Providing home loans

B) Leasing and renting assets like machinery, vehicles, etc.

C) Offering personal loans

D) Managing mutual funds

**Answer: B)** Leasing and renting assets like machinery, vehicles, etc.

6. The National Housing Bank (NHB) focuses on:

A) Regulating stock exchanges

B) Providing agricultural loans

C) Facilitating housing finance

D) Managing pension funds

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**Answer: C)** Facilitating housing finance

7. Housing Development Finance Corporation (HDFC) is primarily known for:

- A) Regulating financial markets
- B) Providing microfinance services
- C) Offering housing loans
- D) Managing unit trusts

**Answer: C)** Offering housing loans

8. What is the primary objective of the Housing Urban Development Corporation (HUDCO)?

- A) Facilitating industrial development
- B) Promoting urban infrastructure projects
- C) Providing venture capital
- D) Offering agricultural credit

**Answer: B)** Promoting urban infrastructure projects

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9. Which Non-Banking Financial Intermediary is known for its role in channelizing long- term funds for housing?

- A) Mutual Funds
- B) Lease Finance Companies
- C) Housing Development Finance Corporation (HDFC)
- D) Hire Purchase Finance Companies

**Answer: C) Housing Development Finance Corporation (HDFC)**

10. Mutual Funds pool funds from investors and invest in a diversified portfolio of:

- A) Only stocks
- B) Only government bonds
- C) Various securities such as stocks, bonds, and money market instruments
- D) Real estate properties

**Answer: C) Various securities such as stocks, bonds, and**

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money market instruments

11. What is the primary source of funding for Mutual Funds?

- A) Direct loans from banks
- B) Deposits from individual investors
- C) Government grants
- D) Issuance of currency notes

**Answer: B)** Deposits from individual investors

12. Hire Purchase Finance Companies provide a financing option where:

- A) The borrower leases equipment temporarily
- B) The borrower rents an asset with the option to purchase later
- C) The borrower directly purchases an asset with a loan
- D) The borrower invests in mutual funds

**Answer: C)** The borrower directly purchases an asset

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with a loan.

13. What role does the National Housing Bank (NHB) play in the housing finance sector?

- A) Regulating stock markets
- B) Providing insurance services
- C) Facilitating housing finance institutions
- D) Leasing machinery and equipment

**Answer: C)** Facilitating housing finance institutions

14. The main function of Lease Finance Companies is to:

- A) Provide home loans
- B) Lease and rent assets to businesses
- C) Offer personal loans to individuals
- D) Regulate mutual funds

**Answer: B)** Lease and rent assets to businesses

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15. The Unit Trust of India (UTI) was historically known for:

- A) Providing agricultural loans
- B) Managing pension funds
- C) Running mutual fund schemes
- D) Offering insurance services

**Answer: C) Running mutual fund schemes**

16. What distinguishes a Unit Trust from other investment funds?

- A) It exclusively invests in government securities
- B) It is managed by a government agency
- C) It pools funds from multiple investors for collective investment
- D) It focuses solely on real estate investments

**Answer: C) It pools funds from multiple investors for**

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collective investment

17. Housing Development Finance Corporation (HDFC)  
is known for pioneering:

- A) Venture capital investments
- B) Housing finance in India
- C) Microfinance services
- D) Mutual fund management

**Answer: B)** Housing finance in India

18. Lease Finance Companies typically provide  
businesses with:

- A) Short-term loans
- B) Long-term loans for infrastructure projects
- C) Leasing options for equipment and machinery
- D) Personal loans for employees

**Answer: C)** Leasing options for equipment and  
machinery

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19. The primary focus of the Housing Urban Development Corporation (HUDCO) is on:

- A) Agricultural development
- B) Financing educational institutions
- C) Promoting urban infrastructure projects
- D) Regulating housing markets

**Answer: C)** Promoting urban infrastructure projects

20. How do Mutual Funds benefit individual investors?

- A) Guaranteed returns
- B) Direct ownership of specific stocks
- C) Professional fund management and diversification
- D) Limited liquidity

**Answer: C)** Professional fund management and diversification

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21. National Housing Bank (NHB) was set up to:

- A) Promote agricultural development
- B) Regulate stock markets
- C) Supervise housing finance institutions
- D) Facilitate international trade finance

**Answer: C)** Supervise housing finance institutions

22. In the context of Non-Banking Financial Intermediaries, what does the term "Hire Purchase" refer to?

- A) Leasing of machinery
- B) Renting residential properties
- C) A financing arrangement where the borrower pays for an asset in instalments and gains ownership
- D) Mutual fund investments

**Answer: C)** A financing arrangement where the borrower pays for an asset in instalments and gains ownership

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23. What distinguishes National Housing Bank (NHB) from other financial institutions?

- A) Focus on international banking
- B) Primarily engaged in microfinance
- C) Exclusive supervision of housing finance institutions
- D) Providing venture capital to start-ups

**Answer: C)** Exclusive supervision of housing finance institutions

24. What role does Housing Urban Development Corporation (HUDCO) play in the development sector?

- A) Promoting agricultural practices
- B) Facilitating housing finance
- C) Regulating insurance services
- D) Financing urban infrastructure projects

**Answer: D)** Financing urban infrastructure projects

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25. The primary service offered by Housing Development Finance Corporation (HDFC) is:

- A) Providing microfinance to women entrepreneurs
- B) Offering mortgage loans for home purchase
- C) Leasing commercial properties
- D) Managing pension funds

**Answer: B)** Offering mortgage loans for home purchase

**Short Answer Questions (5 Marks Each):**

1. Explain the role of Mutual Funds as non-banking financial intermediaries. How do they pool funds and benefit individual investors?
2. Describe the function of Hire Purchase Finance Companies. How do they facilitate the acquisition of assets for businesses and individuals?
3. What distinguishes Lease Finance Companies from other financial intermediaries? Explain their primary role in the financial sector.

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Outline the functions of the National Housing Bank (NHB) in the context of the housing finance sector.

4. How does Unit Trust of India (UTI) function as a non-banking financial intermediary? Explain its historical role in the financial market.
5. Elaborate on the role of Non-Banking Financial Intermediaries (NBFIs) in the financial system. How do they complement traditional banking services?
6. Discuss the key functions of Mutual Funds in India. How do they contribute to the capital market and individual investors?
7. What role do Lease Finance Companies play in supporting businesses? Explain how their services differ from traditional bank loans.
8. Explore the evolution of Mutual Funds in India and their role in channelizing investments. Discuss the factors influencing the growth of Mutual Funds and their impact on individual and institutional investors.

**Long Answer Questions (10 Marks Each):**

1. Discuss the role and functions of Mutual Funds as non-banking financial intermediaries in India. How do they contribute to the diversification and professional management of investment portfolios?
2. Explore the significance of Lease Finance Companies in facilitating equipment leasing for businesses. Explain the advantages and disadvantages of using lease financing compared to traditional loans for asset acquisition.
3. Examine the functions and regulatory role of the National Housing Bank (NHB) in the housing finance sector. How does NHB contribute to the stability and growth of housing finance institutions in India?
4. Evaluate the role of the Housing Development Finance Corporation (HDFC) in India's housing finance market. Discuss its historical significance and the impact it has had on home ownership and real estate development.

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- 5.** Elaborate on the functions and initiatives of the Housing Urban Development Corporation (HUDCO) in promoting urban infrastructure projects.
- 6.** HUDCO contribute to sustainable urban development in India?
- 7.** Discuss the historical evolution and transformation of Unit Trust of India (UTI) into a mutual fund. How has UTI contributed to the development of the mutual fund industry in India?
- 8.** Analyze the impact of Non-Banking Financial Intermediaries (NBFIs) on the financial landscape. How do NBFIs complement traditional banking services, and what unique roles do they play in the financial sector?
- 9.** Examine the challenges and opportunities faced by Lease Finance Companies in the current economic environment. How can these companies adapt and innovate to overcome challenges and capitalize on emerging opportunities?
- 10.** Critically assess the impact of the National Housing Bank's initiatives on the accessibility of housing finance in India. How has NHB contributed to promoting home ownership and addressing challenges in the housing sector?

## UNIT - III

### Multiple Choice Questions (MCQs):

1. What does IDBI stand for?

- A) Indian Development Bank of India
- B) Industrial Development Bank of India
- C) Infrastructure and Development Bank of India
- D) International Development Bureau of India

**Answer: B) Industrial Development Bank of India**

2. Which financial institution was established as a joint venture between the Government of India and private industry?

- A) IDBI
- B) ICICI
- C) IFCI
- D) LIC

**Answer: B) ICICI**

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3. The acronym IFCI stands for:

- A) Indian Financial Corporation of India
- B) Industrial Finance Corporation of India
- C) International Financial Consultancy of India
- D) Integrated Finance and Credit Institution

**Answer: B)** Industrial Finance Corporation of India

4. What was IRCI, which played a significant role in the industrial development of India?

- A) Indian Rubber Corporation of India
- B) Industrial Reconstruction Corporation of India
- C) International Railway Corporation of India
- D) Integrated Rural Credit Institution

**Answer: B)** Industrial Reconstruction Corporation of India

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5. LIC is primarily known for its involvement in:

- A) Industrial financing
- B) Insurance services
- C) Export-Import financing
- D) Infrastructure development

**Answer: B) Insurance services**

6. TIIC, in the context of financial institutions, stands for:

- A) Trade and Industrial Investment Corporation
- B) Technological and Innovative Investment Corporation
- C) Tamil Nadu Industrial Investment Corporation
- D) Treasury and Investment Infrastructure Corporation

**Answer: C) Tamil Nadu Industrial Investment Corporation**

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7. EXIM Bank focuses on:

- A) Domestic trade financing
- B) Export-Import financing
- C) Infrastructure development
- D) Industrial research and development

**Answer: B) Export-Import financing**

8. SFCS stands for:

- A) State Financial Corporation of Services
- B) Small Finance Credit Society
- C) Self-Financing Corporation for Small-scale enterprises
- D) State Financial Consultancy Services

**Answer: C) Self-Financing Corporation for Small-scale enterprises**

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9. What does SIDCS, as a financial institution, primarily focus on?

- A) State Industrial Development and Consultancy Services
- B) Small Industries and Development Corporation of Singapore
- C) Securities and Investment Development Corporation
- D) Social Infrastructure and Developmental Credit Society

**Answer: A) State Industrial Development and Consultancy Services**

10. Which financial institution is often referred to as the "people's bank" due to its extensive reach in rural areas?

- A) IDBI
- B) ICICI
- C) LIC
- D) IFCI

**Answer: C) LIC**

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11. IFCI provides financial assistance primarily to:

- A) Large-scale industries
- B) Agricultural cooperatives
- C) Small and medium enterprises
- D) Educational institutions

**Answer: A) Large-scale industries**

12. What was the main focus of IRCI in its role as a financial institution?

- A) Rural credit development
- B) Industrial reconstruction
- C) International trade finance
- D) Infrastructure construction

**Answer: B) Industrial reconstruction**

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13. EXIM Bank facilitates trade by providing:

- A) Insurance services
- B) Export financing and import financing
- C) Agricultural loans
- D) Microfinance services

**Answer: B)** Export financing and import financing

14. SFCS focuses on supporting:

- A) Large-scale industries
- B) Service-oriented businesses
- C) Small-scale enterprises
- D) Scientific research institutions

**Answer: C)** Small-scale enterprises

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15. SIDCS plays a crucial role in the development of:

- A) Securities market
- B) Industrial infrastructure
- C) Social welfare programs
- D) Scientific research and development

**Answer: B) Industrial infrastructure**

16. IDBI, being a development bank, contributes to the industrial growth of India by:

- A) Providing retail banking services
- B) Offering insurance products
- C) Financing and promoting industrial projects
- D) Regulating financial markets

**Answer: C) Financing and promoting industrial projects**

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17. What role does ICICI play in the financial sector in addition to its initial role as a commercial bank?

- A) Industrial development
- B) International trade finance
- C) Mutual fund management
- D) Agricultural credit

**Answer: C) Mutual fund management**

18. IFCI was established with the objective of:

- A) Regulating financial markets
- B) Promoting foreign direct investment
- C) Providing financial assistance to large and medium industries
- D) Facilitating rural credit development

**Answer: C) Providing financial assistance to large and medium industries**

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19. What differentiates LIC from other financial institutions?

- A) It focuses on agricultural financing
- B) It primarily deals with foreign exchange
- C) It provides life insurance services
- D) It specializes in venture capital investments

**Answer: C)** It provides life insurance services

20. TIIC supports the industrial development of Tamil Nadu by providing:

- A) Microfinance services
- B) Leasing options for small businesses
- C) Venture capital for start-ups
- D) Industrial finance and investment assistance

**Answer: D)** Industrial finance and investment assistance

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21. The primary function of EXIM Bank is to:

- A) Promote agricultural exports
- B) Facilitate trade by providing export and import financing
- C) Provide insurance services for exporters
- D) Regulate foreign exchange markets

**Answer: B)** Facilitate trade by providing export and import financing

**Short Answer Questions (5 Marks Each):**

1. Explain the primary function of IDBI and how it contributes to the industrial development of India.
2. Discuss the historical evolution of ICICI and its transition from a commercial bank to its current role. What areas of the financial sector does ICICI operate in?
3. Outline the functions of IFCI and its primary focus in terms of the industries it supports. How does IFCI contribute to industrial development in India?

4. Describe the role played by IRCI in the industrial landscape of India. What specific functions did IRCI undertake to contribute to industrial reconstruction?
5. Discuss the primary services offered by LIC and its significance in the financial sector. How does LIC contribute to the financial well-being of individuals?
6. Explore the functions of TIIC and its specific role in the industrial development of Tamil Nadu. How does TIIC support businesses in the state?
7. Elaborate on the role of EXIM Bank in facilitating trade. How does EXIM Bank support businesses engaged in international trade?
8. Explain the primary focus of SFCS and its role in supporting small-scale enterprises. How does SFCS contribute to the growth of small businesses?
9. Discuss the functions of SIDCS and its contribution to industrial infrastructure development. How does SIDCS support the growth of industries in its operational areas?
10. Explain the significance of financial institutions like LIC in promoting financial

inclusion. How do services offered by LIC cater to diverse segments of the population?

**Long Answer Questions (10 Marks Each):**

1. Evaluate the role and functions of IDBI (Industrial Development Bank of India) in the industrial development of the country. Discuss how IDBI has contributed to financing and promoting major industrial projects and infrastructure development. Additionally, analyze the challenges faced by IDBI in the changing economic landscape and suggest potential strategies for its continued relevance and effectiveness.

2. Examine the evolution of LIC (Life Insurance Corporation of India) as a significant player in the Indian insurance sector. Discuss the impact of LIC on financial inclusion, its role in mobilizing savings, and the challenges it faces in the contemporary financial landscape. Provide insights into how LIC can leverage technological advancements and innovative strategies to address these challenges and continue contributing to

## UNIT - IV

### Multiple Choice Questions (MCQs):

1. What does NSE stand for?

- A) National Securities Exchange
- B) New Stock Enterprise
- C) National Stock Exchange
- D) Networked Stock Enterprise

**Answer: C) National Stock Exchange**

2. OTCEI is known for being:

- A) A subsidiary of NSE
- B) A regional stock exchange
- C) An international financial institution
- D) An over-the-counter trading platform

**Answer: B) A regional stock exchange**

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3. SEBI is the regulatory body for:

- A) Banking sector
- B) Stock exchanges
- C) Foreign exchange markets
- D) All of the above

**Answer: B)** Stock exchanges

4. What is the primary function of NSE?

- A) Regulating financial markets
- B) Facilitating over-the-counter trading
- C) Providing a nationwide trading platform
- D) Managing government securities

**Answer: C)** Providing a nationwide trading platform

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5. OTCEI was established to:

- A) Regulate stock exchanges
- B) Promote trading of government securities
- C) Facilitate small and medium enterprise listings
- D) Manage commodity exchanges

**Answer: C)** Facilitate small and medium enterprise listings

6. SEBI was established in:

- A) 1985
- B) 1990
- C) 1992
- D) 2000

**Answer: C)** 1992



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7. The primary objective of SEBI is:

- A) Maximizing corporate profits
- B) Protecting the interests of investors
- C) Controlling inflation
- D) Promoting international trade

**Answer: B)** Protecting the interests of investors

8. NSE operates on the \_\_\_\_\_ system.

- A) Open outcry
- B) Ring trading
- C) Electronic trading
- D) Auction

**Answer: C)** Electronic trading

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9. OTCEI facilitates trading through:

- A) A physical trading floor
- B) An electronic platform
- C) Telephone-based trading
- D) Over-the-counter negotiations

**Answer: B) An electronic platform**

10. SEBI has the power to:

- A) Approve annual budgets of listed companies
- B) Regulate credit rating agencies
- C) Control interest rates
- D) Manage foreign exchange reserves

**Answer: B) Regulate credit rating agencies**

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11. NSE's equity market index is commonly known as:

- A) BSE Sensex
- B) Nifty
- C) Dow Jones Industrial Average
- D) Nikkei

**Answer: B) Nifty**

12. OTCEI was established to address the issue of:

- A) Lack of liquidity in the market
- B) Excessive government intervention
- C) Overregulation of stock exchanges
- D) Limited access to small and medium-sized enterprises

**Answer: D) Limited access to small and medium-sized enterprises**

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13. SEBI has the authority to:

- A) Issue currency notes
- B) Regulate credit cards
- C) Prosecute insider trading cases
- D) Determine income tax rates

**Answer: C) Prosecute insider trading cases**

14. NSE provides trading in various financial instruments, including:

- A) Equities
- B) Commodities
- C) Real estate
- D) All of the above

**Answer: A) Equities**

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15. The main function of OTCEI is to:

- A) Promote government bonds
- B) Facilitate trading of foreign currencies
- C) Provide a platform for small companies to raise capital
- D) Regulate commodity markets

**Answer: C)** Provide a platform for small companies to raise capital

16. SEBI Act was enacted to:

- A) Encourage speculation in the stock market
- B) Regulate mutual funds
- C) Promote investor education and training
- D) Limit the powers of stock exchanges

**Answer: C)** Promote investor education and training

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17. NSE's trading platform is known for:

- A) Open-outcry trading
- B) High-frequency trading
- C) Manual order matching
- D) Physical share certificates

**Answer: B) High-frequency trading**

18. OTCEI operates as a:

- A) Central bank
- B) Stock exchange
- C) Regulatory authority
- D) Cooperative society

**Answer: B) Stock exchange**

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19. SEBI has the power to regulate:

- A) Public sector undertakings
- B) Corporate governance practices
- C) Agricultural markets
- D) Educational institutions

**Answer: B)** Corporate governance practices

20. NSE was established as part of the:

- A) Second Five-Year Plan
- B) Eighth Five-Year Plan
- C) Tenth Five-Year Plan
- D) Economic Liberalization Policy

**Answer: D)** Economic Liberalization Policy

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21. OTCEI's trading platform is designed to provide:

- A) Anonymity to traders
- B) Transparency in transactions
- C) Exclusive access to institutional investors
- D) Limited access to retail investors

**Answer: B)** Transparency in transactions

22. SEBI regulates the functioning of:

- A) Chartered accountants
- B) Stock exchanges and intermediaries
- C) Civil service examinations
- D) Educational institutions

**Answer: B)** Stock exchanges and intermediaries

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23. NSE's benchmark index, Nifty, comprises:

- A) 30 stocks
- B) 50 stocks
- C) 100 stocks
- D) 200 stocks

**Answer: B) 50 stocks**

24. OTCEI was established with the objective of:

- A) Promoting high-frequency trading
- B) Facilitating trading in government bonds
- C) Bringing transparency in the listing process
- D) Fostering the development of small and medium-sized enterprises

**Answer: D) Fostering the development of small and medium-sized enterprises**

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25. SEBI has the authority to conduct investigations and inspections related to:

- A) Agricultural practices
- B) Trading of precious metals
- C) Securities markets
- D) Aviation industry

**Answer: C) Securities markets**



**Short Answer Questions (5 Marks Each):**

1. Explain the role of NSE (National Stock Exchange) in the Indian financial market and highlight one key feature that distinguishes it from traditional stock exchanges.
2. What was the primary objective behind the establishment of OTCEI (Over-The-Counter Exchange of India)? Provide an example of the type of companies that could benefit from listing on OTCEI.
3. Outline the powers of SEBI (Securities and Exchange Board of India) in regulating the securities market. Provide an example of an action SEBI might take to protect investor interests.
4. Discuss one notable initiative or function of NSE that has contributed to the development of the Indian capital market.
5. What unique feature did OTCEI introduce to address the challenges faced by small and medium-sized enterprises in raising capital through traditional stock exchanges?

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6. Enumerate three key functions of SEBI in the regulation of the securities market and investor protection.
7. What role does the DFHI (Discount and Finance House of India) play in the Indian financial system, and how does it contribute to monetary policy implementation?
8. Describe one major advantage of NSE's electronic trading system in comparison to traditional open outcry systems used in stock exchanges.
9. In what ways does OTCEI facilitate the listing of securities for small and medium-sized enterprises, and how does this differ from traditional stock exchanges?
10. Explain the primary function of DFHI in managing the government securities market and its role in influencing monetary policy.

**Long Answer Questions (10 Marks Each):**

1. Evaluate the evolution of the National Stock Exchange (NSE) in India. Discuss the key milestones, technological advancements, and regulatory aspects that have contributed to its prominence in the Indian

financial market.

2. Analyze the objectives and impact of the Over-The-Counter Exchange of India (OTCEI) on the listing and trading of securities for small and medium-sized enterprises (SMEs). Discuss the challenges faced by OTCEI and potential strategies for its continued relevance.
3. Examine the regulatory powers and functions of the Securities and Exchange Board of India (SEBI) in overseeing the Indian securities market. Discuss SEBI's role in maintaining market integrity, protecting investor interests, and ensuring fair practices.
4. Explore the functions and significance of the Discount and Finance House of India (DFHI) in the Indian financial system. Discuss how DFHI contributes to monetary policy implementation and the management of government securities.
5. Assess the role of NSE's electronic trading system in revolutionizing the stock trading experience in India. Discuss the advantages and challenges associated with the adoption of electronic trading over traditional open outcry systems.

6. Examine the role of OTCEI in promoting the listing and trading of securities for small and medium-sized enterprises (SMEs). Discuss the specific features and initiatives introduced by OTCEI to address the unique needs and challenges faced by SMEs in the capital market.
7. Analyze the regulatory framework established by SEBI to ensure fair and transparent practices in the Indian securities market. Discuss the measures SEBI has implemented to prevent market abuse, protect investor interests, and maintain market integrity.
8. Explore the historical context and evolution of DFHI in India. Discuss the role of DFHI in the government securities market and its contributions to managing liquidity and interest rates.
9. Evaluate the impact of NSE on the democratization of stock trading in India. Discuss how NSE's electronic trading platform has contributed to increased retail investor participation and the challenges associated with managing a more diverse investor base.

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**10.** Assess the impact of technological advancements on the functioning of OTCEI. Discuss how OTCEI's use of technology, including screen-based trading, has influenced the listing and trading activities of small and medium-sized enterprises. Highlight any challenges and recommendations for enhancing the technological infrastructure.



## UNIT - V

### Multiple Choice Questions (MCQs):

1. What is a primary function of merchant banking?

- A) Retail lending
- B) Corporate governance
- C) Project financing
- D) Agricultural subsidies

**Answer: C) Project financing**

2. Which of the following is a service provided by merchant banks?

- A) Retail sales
- B) Advertising services
- C) Mutual fund management
- D) Agricultural production

**Answer: C) Mutual fund management**

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3. Underwriting in merchant banking involves:

- A) Risk assessment
- B) Retail sales
- C) Agricultural subsidies
- D) Project financing

**Answer: A) Risk assessment**

4. Merchant banks assist in the issuance of securities through the process of:

- A) Sales promotion
- B) Factoring
- C) Underwriting
- D) Retail lending

**Answer: C) Underwriting**

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5. Credit rating agencies are primarily responsible for:

- A) Project financing
- B) Assessing creditworthiness
- C) Mutual fund management
- D) Agricultural production

**Answer: B) Assessing creditworthiness**

6. The function of project financing in merchant banking involves:

- A) Issuing securities
- B) Assessing creditworthiness
- C) Funding specific ventures
- D) Retail lending

**Answer: C) Funding specific ventures**

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7. Merchant banks play a role in mergers and acquisitions by:

- A) Distributing dividends
- B) Project financing
- C) Providing advisory services
- D) Agricultural production

**Answer: C) Providing advisory services**

8. What is the significance of portfolio management services offered by merchant banks?

- A) Assessing creditworthiness
- B) Agricultural production
- C) Mutual fund management
- D) Diversifying and managing investment portfolios

**Answer: D) Diversifying and managing investment portfolios**

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9. Which service involves providing finance against account receivables?

- A) Factoring
- B) Retail lending
- C) Project financing
- D) Underwriting

**Answer: A) Factoring**

10. Merchant banks assist companies in going public through the process of:

- A) Factoring
- B) Retail sales
- C) Initial Public Offering (IPO)
- D) Agricultural subsidies

**Answer: C) Initial Public Offering (IPO)**

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11. Credit rating agencies assign ratings based on:

- A) Retail lending history
- B) Agricultural production
- C) Credit risk assessment
- D) Mutual fund management

**Answer: C) Credit risk assessment**

12. Which of the following is a characteristic of merchant banking?

- A) Short-term lending
- B) Agricultural subsidies
- C) Project financing
- D) Mutual fund management

**Answer: C) Project financing**

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13. Merchant banks help in the issuance of securities by acting as:

- A) Distributors
- B) Underwriters
- C) Agricultural producers
- D) Retail lenders

**Answer: B) Underwriters**

14. The function of providing advisory services on capital restructuring falls under:

- A) Factoring
- B) Mutual fund management
- C) Project financing
- D) Corporate advisory

**Answer: D) Corporate advisory**

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15. What is the primary purpose of mutual fund management services offered by merchant banks?

- A) Factoring
- B) Portfolio diversification
- C) Retail lending
- D) Agricultural production

**Answer: B) Portfolio diversification**

16. Merchant banks play a role in the secondary market by:

- A) Issuing new securities
- B) Factoring
- C) Agricultural production
- D) Retail lending

**Answer: A) Issuing new securities**

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17. Underwriting in merchant banking involves taking:

- A) Agricultural risks
- B) Project financing risks
- C) Retail lending risks
- D) Financial risks

**Answer: D) Financial risks**

18. The service that involves providing finance against inventory is known as:

- A) Factoring
- B) Retail lending
- C) Mutual fund management
- D) Project financing

**Answer: A) Factoring**

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19. Credit rating agencies play a crucial role in:

- A) Project financing
- B) Assessing creditworthiness
- C) Retail sales
- D) Agricultural subsidies

**Answer: B) Assessing creditworthiness**

20. Merchant banks assist in managing risks related to market fluctuations through:

- A) Factoring
- B) Project financing
- C) Hedging strategies
- D) Agricultural production

**Answer: C) Hedging strategies**

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21. The process of evaluating and advising on the financial aspects of a proposed project is known as:

- A) Retail sales
- B) Project financing
- C) Factoring
- D) Financial appraisal

**Answer: D) Financial appraisal**

22. The function of mutual fund management involves:

- A) Retail lending
- B) Portfolio diversification
- C) Agricultural production
- D) Credit rating

**Answer: B) Portfolio diversification**

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23. Merchant banks assist in raising capital for companies through:

- A) Retail sales
- B) Factoring
- C) Project financing
- D) Underwriting

**Answer: D) Underwriting**

24. The service that involves evaluating the creditworthiness of a borrower is known as:

- A) Agricultural production
- B) Credit rating
- C) Retail lending
- D) Factoring

**Answer: B) Credit rating**

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25. Merchant banks assist in managing the financial aspects of a company's IPO through:

- A) Factoring
- B) Retail sales
- C) Underwriting
- D) Agricultural production

**Answer:** C) Underwriting

**Short Answer Questions (5 Marks Each):**

1. Describe two primary functions of merchant banking in the financial market.
2. Explain the significance of underwriting in the context of merchant banking.
3. Identify and briefly explain two services offered by merchant banks to corporate clients.
4. How does factoring contribute to the financial services offered by merchant banks?

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5. Discuss the role of merchant banks in managing risks related to market fluctuations.
6. What is the primary purpose of credit rating agencies in the financial system?
7. Explain how merchant banks contribute to the capital market through the issuance of securities.
8. Enumerate two factors considered by credit rating agencies when assigning credit ratings.
9. What is the significance of portfolio management services provided by merchant banks?
10. How do merchant banks contribute to the success of an Initial Public Offering (IPO)?

**Long Answer Questions (10 Marks Each):**

1. Evaluate the role of merchant banks in providing financial advisory services. Discuss two significant advisory roles played by merchant banks, illustrating their impact on corporate clients.

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2. Explain the concept of underwriting in merchant banking. Discuss the significance of underwriting for both issuing companies and investors in the context of securities offerings.
3. Assess the various services provided by merchant banks to corporate clients. Choose two services and elaborate on their significance in facilitating corporate financial activities.
4. Discuss the role of factoring in the suite of financial services provided by merchant banks. Provide examples of situations where factoring can be particularly beneficial for businesses.
5. Explore how merchant banks contribute to the management of risks related to market fluctuations. Provide examples of risk management strategies employed by merchant banks in assisting clients.
6. Evaluate the role of credit rating agencies in the Indian financial system. Discuss the importance of credit ratings for both issuers and investors in the securities market.
7. Analyze the contribution of merchant banks to the capital market through the issuance of securities. Highlight the key steps and functions performed by merchant banks in facilitating successful securities

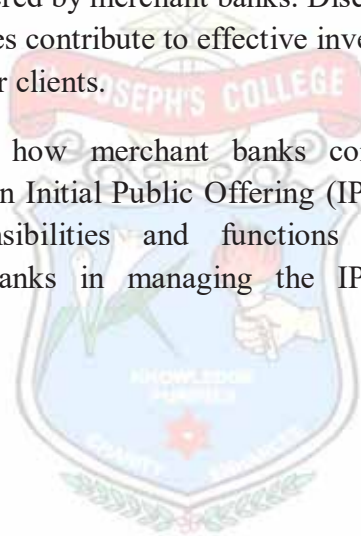
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offerings.

**8.** Enumerate the factors considered by credit rating agencies when assigning credit ratings. Discuss how these factors impact the overall creditworthiness of an entity.

**9.** Assess the significance of portfolio management services offered by merchant banks. Discuss how these services contribute to effective investment strategies for clients.

**10.** Explain how merchant banks contribute to the success of an Initial Public Offering (IPO). Discuss the key responsibilities and functions performed by merchant banks in managing the IPO process for companies.



## RETAIL MANAGEMENT

### UNIT - I

#### Multiple Choice Questions (MCQs):

1. What is the definition of Retail Marketing?

- A. Selling products to other businesses
- A. Promoting products directly to consumers
- B. Advertising through social media only
- C. Exporting goods to international markets

**Answer: b.** Promoting products directly to consumers

2. Which of the following is a feature of Modern Retail Marketing?

- A. Limited use of technology
- B. Traditional brick-and-mortar stores only
- C. Emphasis on personalized customer experiences
- D. Static pricing strategies

**Answer: c.** Emphasis on personalized customer

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experiences

3. Why is Retail Marketing important?

- A. It only benefits large corporations
- B. It helps in understanding consumer needs and preferences
- C. It has no impact on brand image
- D. It focuses solely on product development

**Answer: b.** It helps in understanding consumer needs and preferences

4. Which type of Retail Marketing involves selling products directly to consumers through online platforms?

- A. Traditional retailing
- B. E-commerce
- C. Wholesale marketing
- D. Door-to-door selling

**Answer: b.** E-commerce

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5. What is the primary goal of Retail Marketing Mix?

- A. Maximizing profits
- B.Reducing customer satisfaction
- C.Ignoring market trends
- D.Balancing product, price, place, and promotion strategies

**Answer: d.** Balancing product, price, place, and promotion strategies

6. Which element of the Retail Marketing Mix focuses on the physical location where products are sold?

- A. Product
- B.Price
- C.Place
- D.Promotion

**Answer: c.** Place

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7. What does the 'product' element of the Retail Marketing Mix include?

- A. Only the physical product
- B. Only the brand name
- C. The entire offering including features, design, and packaging
- D. Only the price of the product

**Answer: c.** The entire offering including features, design, and packaging

8. What does the term "omnichannel" refer to in Retail Marketing?

- A. Selling products through a single channel only
- B. Integrating multiple channels to provide a seamless shopping experience
- C. Ignoring online platforms
- D. Focusing exclusively on in-store promotions

**Answer: b.** Integrating multiple channels to provide a seamless shopping experience

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9. Which of the following is NOT a factor influencing the success of Retail Marketing?

- A. Consumer behaviour
- B. Economic conditions
- C. Technological advancements
- D. Political stability

**Answer: d. Political stability**

10. What is the primary objective of in-store promotions in Retail Marketing?

- A. Increasing online sales
- B. Attracting foot traffic and boosting sales within the physical store
- C. Reducing product variety
- D. Lowering product prices

**Answer: b. Attracting foot traffic and boosting sales within the physical store**

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11. What does CRM stand for in the context of Retail Marketing?

- A. Customer Relationship Management
- B. Cost Reduction Model
- C. Customer Refund Mechanism
- D. Competitive Retail Marketing

**Answer: a.** Customer Relationship Management

12. Which of the following is a benefit of loyalty programs in Retail Marketing?

- A. Decreasing customer retention
- B. Ignoring customer preferences
- C. Encouraging repeat purchases and fostering customer loyalty
- D. Raising product prices

**Answer: c.** Encouraging repeat purchases and fostering customer loyalty

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13. What is the term for the set of interdependent organizations involved in the process of making a product or service available for use or consumption by consumers or industrial users?

- A. Supply chain
- B. Distribution network
- C. Sales force
- D. Market ecosystem

**Answer: a. Supply chain**

14. Which type of retail marketing emphasizes creating a unique and enjoyable shopping environment to attract and retain customers?

- A. Discount retailing
- B. Experiential retailing
- C. Convenience retailing
- D. Hypermarket retailing

**Answer: b. Experiential retailin**

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15. What is the purpose of point-of-sale displays in Retail Marketing?

- A. Reducing product visibility
- B. Increasing checkout time
- C. Attracting attention and encouraging impulse purchases
- D. Eliminating product variety

**Answer: c.** Attracting attention and encouraging impulse purchases

16. What does the term "Big Data" refer to in the context of Retail Marketing?

- A. A large shopping mall
- B. Comprehensive customer information and insights derived from vast amounts of data
- C. A big advertising campaign
- D. The physical size of a retail store

**Answer: b.** Comprehensive customer information and insights derived from vast amounts of data

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17. In Retail Marketing, what is the term for the area where a product is displayed and can be accessed by customers?

- A. Aisle
- B. Checkout counter
- C. Stockroom
- D. Shelf

**Answer: a. Aisle**

18. Which of the following is an example of a non-store retailing format?

- A. Department store
- B. Supermarket
- C. E-commerce platform
- D. Convenience store

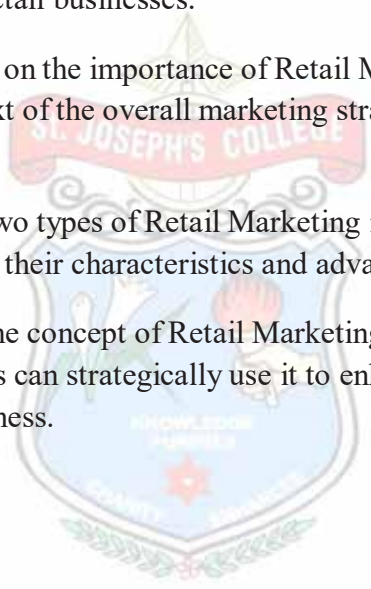
**Answer: c. E-commerce platform**

**Short Answer Questions (5 Marks Each):**

1. Define Retail Marketing.
2. What are the key features of Modern Retail Marketing?
3. Explain the importance of Retail Marketing.
4. Outline two types of Retail Marketing.
5. What is the Retail Marketing Mix, and why is it important?
6. Describe the role of technology in Modern Retail Marketing.
7. What is the significance of customer relationship management (CRM) in Retail Marketing?
8. Explain the concept of experiential retailing.
9. What role does the supply chain play in Retail Marketing?
10. How does in-store promotion contribute to the success of Retail Marketing?

**Long Answer Questions (10 Marks Each):**

1. Define Retail Marketing and discuss its evolution over the years.
2. Explore the key features of Modern Retail Marketing and explain how they contribute to the success of retail businesses.
3. Elaborate on the importance of Retail Marketing in the context of the overall marketing strategy for a business.
4. Discuss two types of Retail Marketing in detail, highlighting their characteristics and advantages.
5. Explain the concept of Retail Marketing Mix and how retailers can strategically use it to enhance their competitiveness.



## UNIT – II

### Multiple Choice Questions (MCQs):

1. What is the primary function of buying in Retail Marketing?
  - a. Assembling products
  - b. Acquiring products for resale
  - c. Selling products to consumers
  - d. Transporting goods to warehouses

**Answer: b.** Acquiring products for resale

2. Which function involves putting together different components or products to create a final offering for consumers?
  - a. Buying
  - b. Assembling
  - c. Selling
  - d. Transporting

**Answer: b.** Assembling

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3. What does the selling function in Retail Marketing primarily involve?

- a. Purchasing products from wholesalers
- b. Promoting products to consumers for purchase
- c. Transporting goods to retail stores
- d. Managing inventory levels

**Answer: b.** Promoting products to consumers for purchase

4. In the context of Retail Marketing, what is the primary purpose of transporting?

- a. Assembling products for resale
- b. Acquiring products for resale
- c. Moving products from suppliers to retailers
- d. Promoting products to consumers

**Answer: c.** Moving products from suppliers to retailers

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5. When a retailer combines various products to create a gift basket, it is an example of which function?

- a. Buying
- b. Assembling
- c. Selling
- d. Transporting

**Answer: b. Assembling**

6. What is the role of the buying function in Retail Marketing?

- a. Promoting products to consumers
- b. Acquiring products for resale
- c. Assembling different products
- d. Transporting goods to warehouses

**Answer: b. Acquiring products for resale**

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7. Which function involves the transfer of ownership of products from the retailer to the consumer?

- a. Buying
- b. Assembling
- c. Selling
- d. Transporting

**Answer: c. Selling**

8. What function ensures that products are delivered from manufacturers to retail locations efficiently?

- a. Buying
- b. Assembling
- c. Selling
- d. Transporting

**Answer: d. Transporting**

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9. When a retailer negotiates with suppliers to secure favourable terms and conditions, it is part of which function?

- a. Selling
- b. Assembling
- c. Buying
- d. Transporting

**Answer: c. Buying**

10. In the context of Retail Marketing, what is the primary purpose of the assembling function?

- a. Promoting products to consumers
- b. Acquiring products for resale
- c. Creating a final offering for consumers
- d. Moving products from suppliers to retailers

**Answer: c. Creating a final offering for consumers**

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11. Which function involves activities such as order fulfilment, packaging, and arranging products for display?

- a. Buying
- b. Assembling
- c. Selling
- d. Transporting

**Answer: b. Assembling**

12. What function is responsible for the physical movement of goods within the supply chain?

- a. Buying
- b. Assembling
- c. Selling
- d. Transporting

**Answer: d. Transporting**

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13. When a retailer sets the price of a product for sale to consumers, it is primarily associated with which function?

- a. Buying
- b. Assembling
- c. Selling
- d. Transporting

**Answer: c. Selling**

14. Which function involves activities such as negotiating with suppliers, analysing market trends, and making purchasing decisions?

- a. Selling
- b. Assembling
- c. Buying
- d. Transporting

**Answer: c. Buying**

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15. What does the transporting function contribute to in Retail Marketing?

- a. Product promotion
- b. Acquiring products for resale
- c. Efficient movement of goods
- d. Assembling products

**Answer: c.** Efficient movement of goods

16. When a retailer organizes a promotional campaign to increase product sales, it is primarily associated with which function?

- a. Buying
- b. Assembling
- c. Selling
- d. Transporting

**Answer: c.** Selling

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17. Which function involves the physical transfer of goods from one location to another, ensuring timely and safe delivery?

- a. Buying
- b. Assembling
- c. Selling
- d. Transporting

**Answer: d. Transporting**

18. In the context of Retail Marketing, what is the purpose of the selling function?

- a. Acquiring products for resale
- b. Moving products from suppliers to retailers
- c. Promoting products to consumers for purchase
- d. Assembling different products

**Answer: c. Promoting products to consumers for purchase**

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19. When a retailer assesses consumer demand, market trends, and competitor strategies, it is part of which function?

- a. Buying
- b. Assembling
- c. Selling
- d. Transporting

**Answer: a. Buying**

20. What function involves the physical act of moving goods from the retailer to the consumer, completing the sales transaction?

- a. Buying
- b. Assembling
- c. Selling
- d. Transporting

**Answer: c. Selling**

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**Short Answer Questions (5 Marks Each):**

1. What is the primary purpose of the buying function in Retail Marketing?
2. Explain the role of the assembling function in Retail Marketing.
3. What activities does the selling function encompass in Retail Marketing?
4. How does the transporting function contribute to the efficiency of Retail Marketing?
5. Describe the significance of the assembling function in creating a unique shopping experience.
6. How does the selling function contribute to building brand loyalty in Retail Marketing?
7. In what ways does the buying function impact a retailer's competitiveness?
8. Explain how the transporting function ensures supply chain efficiency in Retail Marketing.

9. What role does the selling function play in influencing consumer purchasing decisions?
10. How does the assembling function contribute to product differentiation in Retail Marketing?

### **Long Answer Questions (10 Marks Each):**

1. Explain the significance of the buying function in Retail Marketing. How does strategic buying contribute to the overall success of a retail business?
2. Describe the role of the assembling function in creating a unique shopping experience for consumers. Provide examples of how retailers use this function to enhance their product offerings.
3. Discuss the selling function in Retail Marketing and its impact on brand loyalty. How can effective selling strategies contribute to building lasting relationships with customers?
4. Explain the importance of the transporting function in the overall supply chain and how it contributes to the success of a retail business

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5. Discuss how the interplay of buying, assembling, selling, and transporting functions contributes to a holistic and successful retail marketing strategy. Provide examples to illustrate the synergies between these functions.



## UNIT – III

### Multiple Choice Questions (MCQs):

1. What is the primary purpose of storage in the retail supply chain?
  - a. To increase transportation costs
  - b. To decrease product shelf life
  - c. To maintain a buffer stock of goods
  - d. To discourage bulk purchasing

**Answer: c.** To maintain a buffer stock of goods

2. What risk is associated with holding excessive inventory in warehousing?
  - a. Stock outs
  - b. Obsolescence
  - c. Just-in-time efficiency
  - d. Increased sales

**Answer: b.** Obsolescence

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3. Who typically bears the risk of damage or loss in a consignment arrangement in warehousing?

- a. Supplier
- b. Retailer
- c. Warehouse owner
- d. Customer

**Answer: c. Warehouse owner**

4. In retail, what is the purpose of gathering market information?

- a. Increasing product prices
- b. Reducing customer satisfaction
- c. Making informed business decisions
- d. Ignoring market trends

**Answer: c. Making informed business decisions**

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5. What is the significance of retail market information for a business?
- a. It hinders decision-making processes
  - b. It creates uncertainty in the market
  - c. It helps in understanding customer preferences and market trends
  - d. It limits competition

**Answer: c.** It helps in understanding customer preferences and market trends

6. In retail, what does grading refer to?
- a. Sorting products based on quality
  - b. Setting fixed prices for all products
  - c. Ignoring product standards
  - d. Bulk purchasing without inspection

**Answer: a.** Sorting products based on quality

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7. What is the primary purpose of standardization in retail?

- a. To create confusion among consumers
- b. To encourage product diversity
- c. To establish uniform product specifications
- d. To complicate the production process

**Answer: c.** To establish uniform product specifications

8. What risk is associated with non-standardized products in the retail market?

- a. Increased customer satisfaction
- b. Reduced market competition
- c. Inconsistency in quality and attributes
- d. Lower production costs

**Answer: c.** Inconsistency in quality and attributes

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9. What function does a retail market serve in the supply chain?
- a. Hoarding products
  - b. Facilitating transactions between buyers and sellers
  - c. Limiting product choices
  - d. Avoiding customer interactions

**Answer: b.** Facilitating transactions between buyers and sellers

10. How does storage contribute to supply chain efficiency in retail?
- a. By increasing transportation costs
  - b. By maintaining a buffer stock to meet demand fluctuations
  - c. By discouraging bulk purchasing
  - d. By decreasing product shelf life

**Answer: b.** By maintaining a buffer stock to meet demand fluctuations

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11. What risk does a retailer bear when holding a large amount of inventory for an extended period?

- a. Stock outs
- b. Obsolescence
- c. Just-in-time efficiency
- d. Increased sales

**Answer: b.** Obsolescence

12. What is the primary purpose of cross-docking in warehousing?

- a. Long-term storage
- b. Sorting and grading products
- c. Direct transfer of goods from inbound to outbound shipments
- d. Transporting goods to various locations

**Answer: c.** Direct transfer of goods from inbound to outbound shipments

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13. In a consignment arrangement, who typically bears the risk of damage or loss during transportation?

- a. Supplier
- b. Retailer
- c. Transport company
- d. Customer

**Answer: c. Transport company**

14. How does gathering market information contribute to a retailer's strategic planning?

- a. By reducing product variety
- b. By increasing customer dissatisfaction
- c. By providing insights into consumer preferences and market trends
- d. By ignoring market competition

**Answer: c. By providing insights into consumer preferences and market trends**

15. What is the role of grading in the retail market?

- a. Encouraging product diversity
- b. Sorting products based on quality
- c. Setting fixed prices for all products
- d. Avoiding product standards

**Answer: b.** Sorting products based on quality

16. How does standardization benefit consumers in the retail market?

- a. By creating confusion
- b. By limiting product choices
- c. By establishing uniform product specifications
- d. By complicating the purchasing process

**Answer: c.** By establishing uniform product specifications

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17. What risk is associated with non-standardized products in the retail market?

- a. Increased customer satisfaction
- b. Reduced market competition
- c. Inconsistency in quality and attributes
- d. Lower production costs

**Answer: c.** Inconsistency in quality and attributes

18. What primary function does a retail market serve in the supply chain?

- a. Hoarding products
- b. Facilitating transactions between buyers and sellers
- c. Limiting product choices
- d. Avoiding customer interactions

**Answer: b.** Facilitating transactions between buyers and sellers

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19. How does storage contribute to supply chain efficiency in retail?

- a. By increasing transportation costs
- b. By maintaining a buffer stock to meet demand fluctuations
- c. By discouraging bulk purchasing
- d. By decreasing product shelf life

**Answer: b.** By maintaining a buffer stock to meet demand fluctuations

**Short Answer Questions (5 Marks Each):**

1. Explain the role of storage in the retail supply chain and how it contributes to inventory management.
2. Define cross-docking in the context of warehousing and provide an example.
3. Discuss the risks associated with holding excessive inventory in warehousing and how retailers can mitigate these risks.

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4. In retail market information, why is it essential for retailers to understand consumer preferences and market trends?
5. Explain the purpose of grading in retail and how it contributes to product differentiation.
6. How does standardization benefit consumers in the retail market?
7. What is the primary function of a retail market in the supply chain?
8. How does the risk-bearing function in warehousing impact the relationships between suppliers, retailers, and consumers?
9. Discuss the role of retail market information in shaping pricing strategies for retailers.
10. How does the assembling function in retail contribute to enhancing the overall customer experience?

**Long Answer Questions (10 Marks Each):**

1. Explain the role of warehousing in the retail supply chain, detailing how it impacts inventory management and distribution.
2. Discuss the concept of risk-bearing in warehousing and its implications for both retailers and suppliers. Provide examples to illustrate how risk is managed in the warehousing process.
3. Elaborate on the significance of retail market information in shaping a retailer's strategic decisions. Provide examples of how market information influences product assortment, pricing, and promotional strategies.
4. Describe the purpose of grading and standardization in the retail industry. Provide examples of how these processes contribute to consumer satisfaction and fair trade practices.
5. Discuss the role of a retail market in the broader supply chain and its impact on consumer choices. Provide examples of how retail markets influence product accessibility and variety.

## UNIT – IV

### Multiple Choice Questions (MCQs):

1. What is the primary focus of buyer behaviour in marketing?
  - a. Supplier preferences
  - b. Consumer preferences
  - c. Government regulations
  - d. Economic policies

**Answer: b.** Consumer preferences

2. Which of the following is an example of an industrial good?
  - a. Television
  - b. Computer
  - c. Conveyor belt for manufacturing
  - d. Refrigerator

**Answer: c.** Conveyor belt for manufacturing

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3. In the Buyer Behaviour Model, what is the first stage in the consumer decision-making process?

- a. Post-purchase evaluation
- b. Problem recognition
- c. Information search
- d. Purchase decision

**Answer: b. Problem recognition**

4. What is a crucial factor influencing buyer behaviour in the decision-making process?

- a. Political climate
- b. Cultural factors
- c. Meteorological conditions
- d. Legal regulations

**Answer: b. Cultural factors**

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5. Market segmentation involves dividing the market based on:

- a. Geographic location
- b. Political affiliations
- c. Personal hobbies
- d. Astrological signs

**Answer: a. Geographic location**

6. What is the basis for market segmentation called when dividing the market based on income, occupation, and education?

- a. Demographic segmentation
- b. Psychographic segmentation
- c. Geographic segmentation
- d. Behavioural segmentation

**Answer: a. Demographic segmentation**

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7. What is the primary purpose of targeting in marketing?

- a. Excluding potential customers
- b. Including all customers in marketing efforts
- c. Focusing marketing efforts on a specific group of customers
- d. Ignoring customer needs

**Answer: c.** Focusing marketing efforts on a specific group of customers

8. Positioning in marketing involves:

- a. Setting the price of a product
- b. Identifying the target market
- c. Creating a distinct image in the minds of consumers
- d. Conducting market research

**Answer: c.** Creating a distinct image in the minds of consumers

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9. What is the basis for market segmentation when dividing the market based on attitudes, values, and lifestyle?

- a. Demographic segmentation
- b. Psychographic segmentation
- c. Geographic segmentation
- d. Behavioural segmentation

**Answer: b. Psychographic segmentation**

10. Which of the following is a personal factor influencing buyer behaviour?

- a. Advertising
- b. Family
- c. Social media
- d. Public opinion

**Answer: b. Family**

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11. What stage in the Buyer Behaviour Model involves evaluating whether the purchased product meets expectations?

- a. Problem recognition
- b. Information search
- c. post-purchase evaluation
- d. Purchase decision

**Answer: c.** post-purchase evaluation

12. In the context of market segmentation, what does "needs-based" segmentation focus on?

- a. Consumer demographics
- b. Consumer behaviours
- c. Consumer needs and preferences
- d. Consumer opinions

**Answer: c.** Consumer needs and preferences

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13. Which of the following is a social factor influencing buyer behaviour?

- a. Personal values
- b. Cultural norms
- c. Income level
- d. Occupation

**Answer: b. Cultural norms**

14. What is the primary purpose of market targeting?

- a. Identifying competitors
- b. Expanding market reach
- c. Focusing on a specific group of customers
- d. Reducing product prices

**Answer: c. Focusing on a specific group of customers**

15. In market segmentation, what does "geographic segmentation" involve?

- a. Dividing the market based on income levels
- b. Dividing the market based on geographic location
- c. Dividing the market based on consumer attitudes
- d. Dividing the market based on product usage

**Answer: b.** Dividing the market based on geographic location

16. What is the role of psychographic segmentation in market targeting?

- a. Identifying consumer income levels
- b. Understanding consumer values and lifestyles
- c. Analysing consumer demographics
- d. Assessing consumer purchase behaviours

**Answer: b.** Understanding consumer values and lifestyles

17. How does cultural factors influence buyer behaviour?

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- a. By determining consumer income levels
- b. By shaping consumer values, beliefs, and behaviours
- c. By influencing consumer geographic location
- d. By establishing consumer psychographics

**Answer: b.** By shaping consumer values, beliefs, and behaviours

18. What is a critical factor in determining the success of market positioning?

- a. Increasing product prices
- b. Creating a unique and desirable image in the market
- c. Ignoring consumer needs
- d. Reducing marketing efforts

**Answer: b.** Creating a unique and desirable image in the market

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19. In market segmentation, what is "behavioural segmentation" based on?

- a. Consumer attitudes
- b. Consumer values
- c. Consumer behaviours and usage patterns
- d. Consumer demographics

**Answer: c.** Consumer behaviours and usage patterns



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**Short Answer Questions (5 Marks Each):**

1. Explain the main difference between consumer goods and industrial goods.
2. Outline the stages of the Buyer Behaviour Model and briefly describe the significance of each stage.
3. Identify and explain three factors influencing buyer behaviour.
4. What is market segmentation, and why is it important in marketing?
5. Explain the concept of "need" in the context of market segmentation.
6. What is the basis for demographic segmentation? Provide examples.
7. Briefly explain the concept of targeting in marketing.
8. How does positioning contribute to a brand's success in the market?
9. Describe one basis for market segmentation other than demographics.

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10. How does understanding buyer behaviour impact a marketer's strategy?

**Long Answer Questions (10 Marks Each):**

1. Explain the key differences between consumer goods and industrial goods. Provide examples to illustrate these differences.
2. Outline the stages of the Buyer Behaviour Model and elaborate on the factors influencing each stage.
3. Discuss the role of cultural factors in influencing buyer behaviour. Provide examples to illustrate how culture shapes consumer preferences.
4. Explain the concept of market segmentation and its significance in marketing strategy. Provide examples to illustrate the benefits of market segmentation.
5. Describe the process of positioning in marketing and its role in establishing a brand's identity. Provide examples to illustrate effective positioning strategies.

## UNIT – V

### Multiple Choice Questions (MCQs):

1. What is the primary purpose of retail sales forecasting?
  - a. Assessing employee performance
  - b. Predicting future sales trends
  - c. Setting product prices
  - d. Calculating taxes

**Answer: b.** Predicting future sales trends

2. Which method of sales forecasting relies on the opinions of a group of experts?
  - a. Time-series analysis
  - b. Delphi method
  - c. Regression analysis
  - d. Causal models

**Answer: b.** Delphi method

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3. In retail, what is the significance of analysing sales data?

- a. Determining employee salaries
- b. Identifying customer demographics
- c. Evaluating product performance and market trends
- d. Calculating utility bills

**Answer: c.** Evaluating product performance and market trends

4. What is a common classification criterion for retail products based on customer preferences?

- a. Alphabetical order
- b. Seasonality
- c. Size and weight
- d. Colour

**Answer: b.** Seasonality

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5. What is a crucial step in the new product development process?

- a. Ignoring market trends
- b. Introducing products randomly
- c. Conducting market research
- d. Avoiding customer feedback

**Answer: c. Conducting market research**

6. In the product life cycle, which stage is characterized by rapid market acceptance and increasing sales?

- a. Introduction
- b. Growth
- c. Maturity
- d. Decline

**Answer: b. Growth**

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7. What decision involves determining the assortment of product lines a retailer will offer?
- a. Pricing decision
  - b. Product mix decision
  - c. Promotion decision
  - d. Place decision

**Answer: b. Product mix decision**

8. What is the primary focus of the Delphi method in sales forecasting?
- a. Historical data
  - b. Expert opinions
  - c. Causal relationships
  - d. Customer preferences

**Answer: b. Expert opinions**

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9. What method of sales forecasting uses historical data to predict future sales?
- a. Causal models
  - b. Regression analysis
  - c. Time-series analysis
  - d. Delphi method

**Answer: c. Time-series analysis**

10. How does analysing sales data contribute to retail decision-making?
- a. By ignoring market trends
  - b. By evaluating product performance and market trends
  - c. By randomly introducing products
  - d. By avoiding customer feedback

**Answer: b. By evaluating product performance and market trends**

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11. Which product classification criterion considers the physical dimensions of products?

- a. Seasonality
- b. Size and weight
- c. Colour
- d. Brand

**Answer: b. Size and weight**

12. What is the purpose of conducting market research in the new product development process?

- a. To ignore customer feedback
- b. To introduce products randomly
- c. To identify market trends and customer needs
- d. To set product prices

**Answer: c. To identify market trends and customer needs**

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13. In the product life cycle, which stage is characterized by a decline in sales and profitability?

- a. Introduction
- b. Growth
- c. Maturity
- d. Decline

**Answer: d. Decline**

14. What decision involves determining the price at which a product will be sold to customers?

- a. Product mix decision
- b. Pricing decision
- c. Promotion decision
- d. Place decision

**Answer: b. Pricing decision**

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15. What is a common criterion for classifying retail products based on customer preferences and demand patterns?

- a. Alphabetical order
- b. Seasonality
- c. Size and weight
- d. Colour

**Answer: b. Seasonality**

16. What is the primary purpose of the regression analysis method in sales forecasting?

- a. Evaluating product performance
- b. Identifying customer preferences
- c. Analysing historical data and relationships
- d. Conducting expert opinions

**Answer: c. Analysing historical data and relationships**

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17. How does the product life cycle concept influence marketing strategies?
- a. By encouraging random product introductions
  - b. By ignoring customer feedback
  - c. By tailoring strategies based on the product's stage in the cycle
  - d. By avoiding market research

**Answer: c.** By tailoring strategies based on the product's stage in the cycle

18. What decision involves determining the locations where products will be sold to customers?

- a. Product mix decision
- b. Pricing decision
- c. Promotion decision
- d. Place decision

**Answer: d.** Place decision

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19. What is a key benefit of the Delphi method in sales forecasting?

- a. Ignoring expert opinions
- b. Eliminating the need for market research
- c. Reducing bias and groupthink
- d. Relying solely on historical data

**Answer: c.** Reducing bias and groupthink

20. In the product life cycle, what characterizes the maturity stage?

- a. Rapid market acceptance
- b. Declining sales and profitability
- c. Increasing competition
- d. Initial product launch

**Answer: c.** Increasing competition

**Short Answer Questions (5 Marks Each):**

1. Explain the importance of retail sales forecasting for a business.
2. Name two common methods used for retail sales forecasting and briefly describe one of them.
3. How does analysing sales data contribute to a retailer's decision-making process?
4. What criteria are commonly used for the classification of retail products? Provide an example for each criterion.
5. Briefly outline the steps involved in the New Product Development Process.
4. Business Analysis: Assessing the potential profitability and feasibility of the new product.
5. Product Development: Creating and refining the physical product.
6. Explain the concept of the Product Life Cycle and its stages.
7. What is the significance of the Line and Product Mix Decision in retail management?

8. How does the Delphi method contribute to sales forecasting?
9. Describe the concept of Place Decision in retail and its importance.
10. Explain the role of market research in the new product development process.

### **Long Answer Questions (10 Marks Each):**

1. Explain in detail the process of retail sales forecasting and discuss the significance of accurate sales predictions for a retail business.
2. Discuss the various methods used in retail sales forecasting, including their strengths and weaknesses. Provide examples of scenarios where each method may be most applicable.
3. Describe the importance of product classification in retail. Provide examples of how retailers can use product classification to improve their operations and customer satisfaction.

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4. Outline the steps involved in the New Product Development (NPD) Process and discuss the challenges that businesses may encounter during each stage.
5. Elaborate on the concept of Line and Product Mix Decision in retail. Discuss how retailers can strategically manage their product mix to enhance customer satisfaction and increase sales.



## **BUSINESS POLICY AND STRATEGY**

### **UNIT – I**

#### **Multiple Choice Questions (MCQs):**

1. What is the primary purpose of business policy?

A. Operational efficiency

B. Flexibility

C. Consistency

D. All of the above

**Answer: D**

2. Which type of policy discourages undesirable behaviours?

A. General policy

B. Negative policy

C. Descriptive policy

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D. Contingent policy

**Answer: B**

3. At which stage of the policy-making process is the policy evaluated for effectiveness?

A. Identification of Need

B. Formulation

C. Review

D. Approval

**Answer: C**

4. What does a prescriptive policy do?

A. Describes existing practices

B. Dictates what should be done

C. Applies to specific situations

D. Encourages certain behaviours

**Answer: B**

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5. Who is responsible for approving a new business policy?

A. Middle management

B. Top management

C. Employees

D. External stakeholders

**Answer: B**

6. Which feature ensures that policies can be adapted to changing circumstances?

A. Measurability

B. Flexibility

C. Consistency

D. Guidance

**Answer: B**

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7. What is the classification of a policy that applies to a specific department or function?

- A. General and Specific Policies
- B. Positive and Negative Policies
- C. Prescriptive and Descriptive Policies
- D. Essential and Contingent Policies

**Answer: A**

8. Which objective of business policy aims to improve operational efficiency?

- A. Guidance
- B. Consistency
- C. Efficiency
- D. Adaptability

**Answer: C**

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9. What is the last stage in the process of policy-making?

A. Identification of Need

B. Implementation

C. Review and Revision

D. Communication

**Answer: C**

10. Which term refers to a policy that describes existing practices?

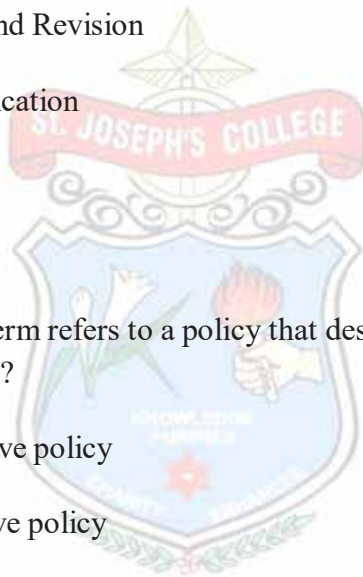
A. Prescriptive policy

B. Descriptive policy

C. Negative policy

D. General policy

**Answer: B**



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11. Which feature ensures that policies are measurable to assess their effectiveness?

- A. Flexibility
- B. Consistency
- C. Measurability
- D. Focus on Objectives

**Answer: C**

12. What is the purpose of communication in the policy-making process?

- A. To draft the policy
- B. To obtain approval
- C. To implement the policy
- D. To ensure understanding

**Answer: D**

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13. Which objective of business policy aims to mitigate risks?

- A. Guidance
- B. Risk Management
- C. Efficiency
- D. Goal Alignment

**Answer: B**

14. Which type of policy dictates what should be done?

- A. Descriptive policy
- B. Prescriptive policy
- C. Positive policy
- D. Negative policy

**Answer: B**

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15. What is the primary focus of contingent policies?

- A. Fundamental principles
- B. Specific situations
- C. Entire organization
- D. Undesirable behaviours

**Answer: B**

16. Which stage of the policy-making process involves putting the policy into practice?

- A. Formulation
- B. Implementation
- C. Review
- D. Approval

**Answer: B**

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17. What feature ensures that policies are binding on all levels of the organization?

- A. Consistency
- B. Flexibility
- C. Authority
- D. Focus on Objectives

**Answer: C**

18. Which classification of policies applies to the entire organization?

- A. General and Specific Policies
- B. Positive and Negative Policies
- C. Prescriptive and Descriptive Policies
- D. Essential and Contingent Policies

**Answer: A**

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19. What is the primary purpose of business policy?

- a. To generate revenue
- b. To set guidelines for employee behaviour
- c. To provide a framework for decision-making and action
- d. To regulate external market conditions

**Answer:** c. to provide a framework for decision-making and action

20. Which of the following is a feature of business policy?

- a. Flexibility
- b. Rigidity
- c. Inconsistency
- d. Unpredictability

**Answer:** a. Flexibility

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21. How can business policies be classified?

- a. Into three categories: short-term, medium-term, and long-term
- b. Based on the size of the organization
- c. Into functional areas like marketing, finance, and operations
- d. According to the company's age

**Answer: c.** into functional areas like marketing, finance, and operations

22. What is a key characteristic of an effective business policy?

- a. Vagueness
- b. Ambiguity
- c. Clarity
- d. Complexity

**Answer: c.** Clarity

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23. What is the process of policy-making in business organizations?

- a. Unilateral decision-making by top management
- b. Random selection of guidelines
- c. Systematic formulation, adoption, and implementation
- d. Delegation of policy-making to external consultants

**Answer: c.** Systematic formulation, adoption, and implementation

24. Which of the following is NOT an objective of business policy?

- a. Enhancing organizational performance
- b. Ensuring uniformity in decision-making
- c. Providing guidelines for employee attire
- d. Adapting to external changes

**Answer: c.** providing guidelines for employee attire

**Short Answer Questions (5 Marks Each):**

1. Define Business Policy and highlight its key features.
2. Question: Explain the classification of business policies based on their nature. Provide examples for each type.
3. Describe the process of policy-making in business organizations.
4. What are the primary objectives of business policy? Explain each objective briefly.
5. Discuss the significance of long-term focus in business policies. Provide an example to illustrate its importance.
6. Define Business Policy and Explain its Key Features.
7. Classify Business Policies Based on their Nature and Scope.
8. Discuss the Process of Policy-Making in an Organization.
9. Enumerate the Objectives of Business Policy.

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10. Explain the Features and Significance of Measurability in Business Policies.

**Long Answer Questions (10 Marks Each):**

1. Define Business Policy and Elaborate on its Key Features.
2. Discuss the Classification of Business Policies Based on Nature and Scope. Provide Examples for Each Classification.
3. Explain the Process of Policy-Making in an Organization. Outline the Key Stages Involved.
4. Enumerate and Explain the Objectives of Business Policy. Illustrate How Policies Align with Organizational Goals.
5. Discuss the Features and Significance of Measurability in Business Policies. Provide Examples of Measurable Policies.

## UNIT – II

### Multiple Choice Questions (MCQs):

1. What is the primary focus of business strategy?

- A. Short-term goals
- B. Long-term goals
- C. Tactical decisions
- D. Operational efficiency

**Answer: B**

2. Which feature of business strategy involves making choices about resource allocation?

- A. Goal-oriented
- B. Long-term focus
- C. Adaptability
- D. Resource Allocation

**Answer: D**

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3. Why is adaptability important in business strategy?

- A. To achieve short-term goals
- B. To gain competitive advantage
- C. To respond to changing circumstances
- D. To minimize resource allocation

**Answer: C**

4. What is the primary purpose of the strategic management process?

- A. Short-term decision-making
- B. Goal-oriented analysis
- C. Continuous improvement
- D. Long-term planning and execution

**Answer: D**

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5. What does SWOT analysis assess?

A. External opportunities and threats

B. Internal strengths and weaknesses

C. Both A and B

D. Operational efficiency

**Answer: C**

6. What does ETOP analysis focus on?

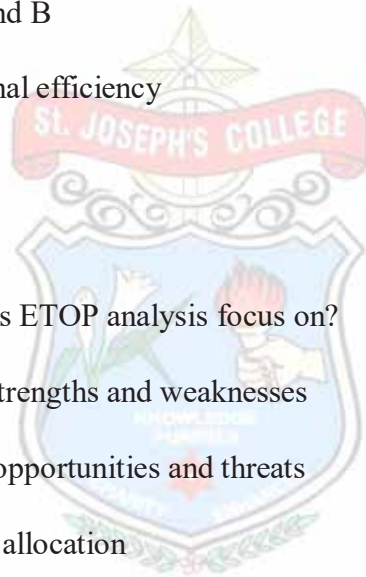
A. Internal strengths and weaknesses

B. External opportunities and threats

C. Resource allocation

D. Tactical decisions

**Answer: B**



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7. What does the TOWS matrix combine to generate strategic alternatives?

- A. Internal strengths and weaknesses
- B. External opportunities and threats
- C. Both A and B
- D. Operational efficiency

**Answer: C**

8. What is the BCG matrix used for?

- A. Assessing environmental factors
- B. Categorizing product portfolios
- C. Implementing strategies
- D. Evaluating control measures

**Answer: B**

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9. Which category in the BCG matrix typically represents high-growth, high-market-share products?

- A. Stars
- B. Question Marks
- C. Cash Cows
- D. Dogs

**Answer: A**

10. What does the 7'''' approach to quality includes?

- A. Strengths, Weaknesses, Opportunities, Threats
- B. Structure, Systems, Skills, Style, Staff, Strategy, Shared values
- C. Goal-oriented, Long-term focus, Adaptability
- D. SWOT analysis, ETOP analysis, TOWS matrix

**Answer: B**

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11. Which element of the 7'S' approach involves the organizational design and reporting relationships?

- A. Structure
- B. Systems
- C. Skills
- D. Style

**Answer: A**

12. What does the term "Six Sigma" represent in Motorola's quality concept?

- A. Six key elements of quality
- B. A statistical measure of quality
- C. Six stages of strategic management
- D. Six strategic alternatives

**Answer: B**

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13. In the strategic management process, what comes after strategy formulation?

- A. Environmental Analysis
- B. Strategy Implementation
- C. Evaluation and Control
- D. SWOT Analysis

**Answer: B**

14. What does the BCG matrix category “Question Marks” represent?

- A. Low growth, low market share
- B. High growth, high market share
- C. High growth, low market share
- D. Low growth, high market share

**Answer: C**

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15. Which factor is NOT considered in SWOT analysis?

- A. Strengths
- B. Weaknesses
- C. Systems
- D. Threats

**Answer: C**

16. What does the "Cash Cows" category in the BCG  
“matrix resent?

- A. High growth, low market share
- B. Low growth, high market share
- C. High growth, high market share
- D. Low growth, low market share

**Answer: B**

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17. What is the primary goal of the TOWS matrix?

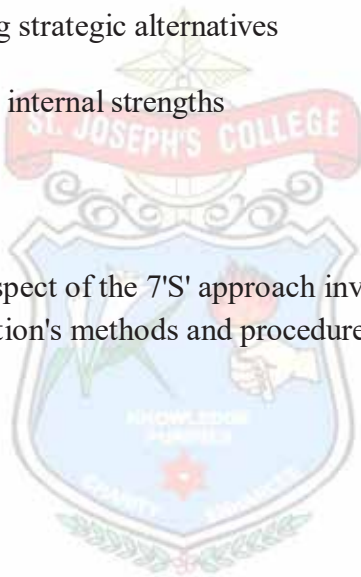
- A. Categorizing products
- B. Allocating resources
- C. Generating strategic alternatives
- D. Assessing internal strengths

**Answer: C**

18. Which aspect of the 7'S' approach involves the organization's methods and procedures?

- A. Skills
- B. Systems
- C. Staff
- D. Strategy

**Answer: B**



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19. What is the focus of the environmental analysis in the strategic management process?

- A. Internal strengths and weaknesses
- B. External opportunities and threats
- C. Goal-oriented planning
- D. Tactical decision-making

**Answer: B**

20. What does the term "Shared values" represent in the 7'S' approach to quality?

- A. Values held by individual staff members
- B. Values shared by all employees
- C. Values specific to the organization's strategy
- D. Values related to environmental analysis

**Answer: B**

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21. What is the primary purpose of a business strategy?

- a. To focus solely on short-term goals
- b. To maximize profits at any cost
- c. To provide a long-term plan for achieving organizational objectives
- d. To regulate day-to-day operations

**Answer: c.** To provide a long-term plan for achieving organizational objectives

22. Which of the following is a feature of an effective business strategy?

- a. Rigidity
- b. Inconsistency
- c. Adaptability
- d. Unpredictability

**Answer: c.** Adaptability

23. What is the significance of SWOT analysis in strategic

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management?

- a. It assesses an organization's internal strengths and weaknesses only.
- b. It evaluates an organization's external opportunities and threats only.
- c. It provides a comprehensive overview by analysing both internal and external factors.
- d. It focuses solely on industry competition.

**Answer: c.**It provides a comprehensive overview by analysing both internal and external factors.

24. What is the "7'S" approach to quality in the context of strategic management?

- a. A model for assessing financial stability
- b. A framework for evaluating technological advancements
- c. An approach to quality that includes elements like structure, systems, and style
- d. A method for measuring employee satisfaction

**Answer: c.** An approach to quality that includes elements like structure, systems, and style

### **Short Answer Questions (5 Marks Each):**

1. Define Business Strategy and Explain its Key Features.
2. Discuss the Importance of Business Strategy in Organizational Management.
3. Explain the Strategic Management Process and its Stages.
4. Define SWOT Analysis and Discuss its Components.
5. Explain the Components and Purpose of the BCG Matrix in Strategic Management.
6. Describe the 7'S' Approach to Quality in Business Management.
7. Explain the Motorola Quality Concept, Particularly the Six Sigma Approach.

**Long Answer Questions (10 Marks Each):**

1. Define Business Strategy and Discuss its Features. Explain the Importance of Business Strategy in Organizational Success.
2. Discuss the Strategic Management Process and Explain the Stages Involved.
3. Define SWOT Analysis and Discuss the Components of a SWOT Analysis.
4. Explain the Concept of ETOP (Environmental Threat and Opportunity) Analysis and Its Relevance in Strategic Management.
5. Describe the BCG Matrix and Its Components. Explain How Organizations Use the BCG Matrix for Portfolio Analysis.
6. Explain the 7'S' Approach to Quality in Business Management. Discuss How Each 'S' Contributes to Organizational Quality.

## UNIT – III

### Multiple Choice Questions (MCQs):

#### Personnel Policy:

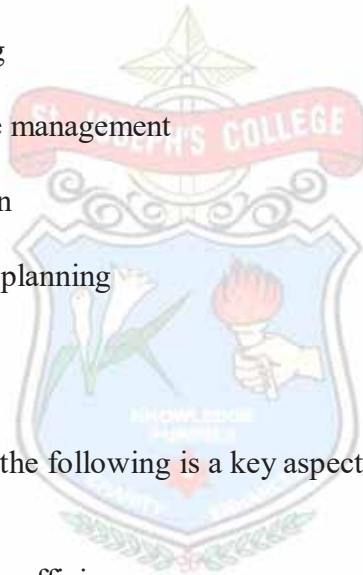
1. What is the primary focus of personnel policy?

- A. Marketing
- B. Employee management
- C. Production
- D. Financial planning

**Answer: B**

2. Which of the following is a key aspect of personnel policy?

- A. Production efficiency
- B. Financial forecasting



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- C. Employee recruitment and management
- D. Market research

**Answer: C**

3. Personnel policies often include guidelines for:

- A. Marketing strategies
- B. Employee recruitment and selection
- C. Capital investment
- D. Production schedules

**Answer: B**

4. What is the purpose of a personnel policy in an organization?

- A. Allocating resources
- B. Managing employee relations
- C. Market expansion

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D. Financial reporting

**Answer: B**

5. Which term refers to the process of acquiring, training, and retaining employees?

A. Production planning

B. Human resource management

C. Financial analysis

D. Market segmentation

**Answer: B**

**Production Policy:**

6. What is the main objective of production policy?

A. Employee satisfaction

B. Cost-effective manufacturing

C. Market penetration

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D. Financial growth

**Answer: B**

7. Production policies are concerned with:

A. Employee training

B. Manufacturing processes

C. Advertising strategies

D. Financial audits

**Answer: B**

8. Which of the following is a key consideration in production policy?

A. Market research

B. Employee motivation

C. Cost efficiency in manufacturing

D. Financial forecasting

**Answer: C**

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9. In production policy, what does "capacity planning" involve?

- A. Managing employee schedules
- B. Determining production volume capabilities
- C. Allocating financial resources
- D. Marketing new products

**Answer: B**

10. Which term refers to the coordination of all activities involved in producing goods?

- A. Financial planning
- B. Human resource management
- C. Production management
- D. Marketing coordination

**Answer: C**

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**Marketing Policy:**

11. What is the primary focus of marketing policy?

- A. Employee satisfaction
- B. Cost-effective manufacturing
- C. Customer satisfaction and market presence
- D. Financial growth

**Answer: C**

12. Marketing policies involve strategies related to:

- A. Employee training
- B. Product pricing, promotion, and distribution
- C. Manufacturing processes
- D. Financial reporting

**Answer: B**

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13. What is the goal of market segmentation in marketing policy?

- A. Employee engagement
- B. Targeting specific customer groups
- C. Cost reduction in production
- D. Financial risk management

**Answer: B**

14. Which aspect of marketing policy focuses on creating and maintaining a positive company image?

- A. Product development
- B. Branding and public relations
- C. Employee training
- D. Financial forecasting

**Answer: B**

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15. In marketing policy, what does the term "promotion" refer to?

- A. Employee recognition
- B. Advertising and communication efforts
- C. Cost analysis
- D. Financial auditing

**Answer: B**

**Financial Policy:**

16. What is the primary purpose of financial policy?

- A. Employee management
- B. Cost-effective manufacturing
- C. Managing financial resources and risks
- D. Market research

**Answer: C**

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17. Financial policies include guidelines for:

- A. Employee recruitment
- B. Budgeting, investment, and financial reporting
- C. Production scheduling
- D. Market analysis

**Answer: B**

18. Which of the following is a key consideration in financial policy?

- A. Employee motivation
- B. Profitability, liquidity, and solvency
- C. Product development
- D. Marketing strategies

**Answer: B**

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19. What does the term "budgeting" involve in financial policy?

- A. Employee training
- B. Allocating financial resources and planning expenditures
- C. Market segmentation
- D. Production efficiency

**Answer: B**

20. In financial policy, what does "risk management" focus on?

- A. Employee satisfaction
- B. Minimizing financial uncertainties and losses



**ABOUT THE AUTHOR**

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21. What is the primary focus of personnel policy in a business organization?

- a. Maximizing production efficiency
- b. Optimizing marketing strategies
- c. Managing human resources and employee relations
- d. Controlling financial transactions

**Answer: c.** Managing human resources and employee relations

22. Production policy in a business organization is concerned with:

- a. Hiring and training employees

marketing campaigns

and controlling the manufacturing process

financial investments

planning and controlling the manufacturing

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23. Marketing policy involves:

- a. Employee recruitment and training
- b. Setting guidelines for manufacturing operations
- c. Planning and executing activities to promote and sell products
- d. Managing financial investments and budgets

**Answer: c.** Planning and executing activities to promote and sell products

24. What is the primary goal of financial policy in a business organization?

- a. Human resource management
- b. Maximizing production efficiency
- c. Effective marketing campaigns
- d. Efficient management of financial resources and budgets

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**Answer: d.**Efficient management of financial resources and budgets.

25. Which business policy is responsible for setting guidelines related to employee benefits, salaries, and workplace behaviour?

- a. Production policy
- b. Marketing policy
- c. Financial policy
- d. Personnel policy

**Answer: d.** Personnel policy



**Short Answer Questions (5 Marks Each):**

1. Define Major Business Policies and Explain Their Significance.
2. Discuss the Key Components of Personnel Policy in an Organization.
3. Explain the Objectives of Production Policy and Provide Examples.
4. Describe the Key Components of a Marketing Policy and Their Role.
5. Explain the Objectives of Financial Policy in Business Management.

**Long Answer Questions (10 Marks Each):**

1. Define Major Business Policies and Elaborate on Their Significance. Discuss the Importance of Personnel Policy in Human Resource Management.
2. Discuss the Key Components of Production Policy and Explain Their Role in Operations Management.

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3. Explain the Components and Objectives of Marketing Policy. Provide Examples of Marketing Policies.
4. Define Financial Policy and Explain its Role in Corporate Finance. Discuss the Objectives of Financial Policy.
5. Discuss the Role of Social Responsibility in Marketing Policy. Explain How Social Responsibility Policies Contribute to Brand Image and Customer Loyalty.



## UNIT – IV

### Multiple Choice Questions (MCQs):

#### Strategic Business Unit (SBU):

1. What is a Strategic Business Unit (SBU) defined as in organizational management?
  - A. A separate legal entity
  - B. A division or unit within a company that operates independently
  - C. A government-regulated business entity
  - D. A charitable organization

**Answer: B**

2. The primary characteristic of an SBU is:
  - A. Dependence on other business units
  - B. Autonomy in decision-making

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C. Limited resources

D. Lack of strategic focus

**Answer: B**

3. How does an SBU differ from other organizational units?

A. It has no strategic focus

B. It operates without autonomy

C. It has its own set of competitors and strategic goals

D. It shares resources with other units

**Answer: C**

4. What is the primary goal of a stability strategy?

A. Expansion into new markets

B. Maintaining current business operations and market share

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C. Downsizing the organization

D. Selling off assets

**Answer: B**

**Stability:**

5. When might an organization choose a stability strategy?

A. When it seeks rapid expansion

B. During a period of uncertainty and change

C. To eliminate competitors

D. When it wants to maintain current business operations

**Answer: D**

6. What does a stability strategy aim to achieve in terms of the organization's position in the market?

A. Increase market share

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- B. Maintain current market share
- C. Exit the market
- D. Enter new markets

**Answer: B**

**Growth:**

7. Which business strategy involves an increase in market share and business expansion?
- A. Stability
  - B. Growth
  - C. Retrenchment
  - D. Disinvestment

**Answer: B**

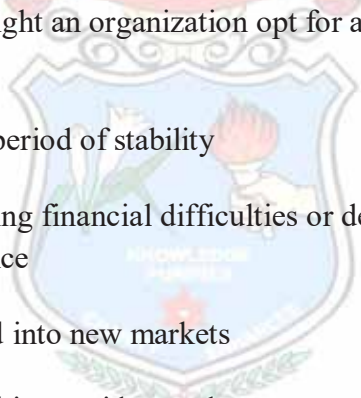
8. The goal of a growth strategy is to:
- A. Maintain current business operations

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- B. Increase market share and business activities
- C. Downsize the organization
- D. Exit the market

**Answer: B**

**Retrenchment:**

- 
- The logo of St. Joseph's College is a shield-shaped emblem. At the top is a green cross with a white center. Below it is a red banner with the text 'ST. JOSEPH'S COLLEGE' in white. The shield itself is blue and contains a white lily on the left and a red flower on the right. At the bottom of the shield is a red star. The words 'KNOWLEDGE' and 'FAITH' are written in white on either side of the star. The entire logo is surrounded by a green wreath.
- 9. When might an organization opt for a retrenchment strategy?
    - A. During a period of stability
    - B. When facing financial difficulties or declining performance
    - C. To expand into new markets
    - D. When seeking rapid growth

**Answer: B**

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10. What is the primary goal of a retrenchment strategy?

- A. Business expansion
- B. Downsizing and cost reduction
- C. Maintaining current market share
- D. Increasing product diversity

**Answer: B**

**Disinvestment:**

11. What does the term "disinvestment refer "to in the context of business strategy?

- A. Investing in new business ventures
- B. Divesting or selling off business units or assets
- C. Expanding product lines
- D. Downsizing operations

**Answer: B**

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12. When might an organization consider disinvestment as a strategy?

- A. When seeking rapid growth
- B. During a period of stability
- C. When certain business units are not performing well
- D. To maintain the status quo

**Answer: C**

**Mixed Strategies:**

13. What does a mixed strategy involve?

- A. Focusing solely on stability
- B. Combining elements of different business strategies
- C. Rapid expansion into new markets
- D. Liquidating assets

**Answer: B**

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14. Why might an organization adopt a mixed strategy?

- A. To simplify decision-making
- B. To reduce costs
- C. To capitalize on different opportunities and address various challenges
- D. To maintain a stable market position

**Answer: C**

15. What is a characteristic of a mixed strategy?

- A. Singular focus on one type of strategy
- B. Lack of adaptability
- C. Combining elements of different strategies based on organizational needs
- D. Avoiding growth at all costs

**Answer: C**

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16. In a mixed strategy, which aspect is emphasized?

- A. Singular business focus
- B. Combining elements from different business strategies
- C. Downsizing and cost reduction
- D. Maintaining the status quo

**Answer: B**

17. What is a potential advantage of adopting a mixed strategy?

- A. Reduced flexibility
- B. Increased complexity in decision-making
- C. Better adaptation to diverse business conditions
- D. Limited exposure to market changes

**Answer: C**

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18. How does a mixed strategy contribute to organizational resilience?

- A. By avoiding any form of strategic change
- B. By limiting exposure to market changes
- C. By combining elements of different strategies to adapt to changing conditions
- D. By maintaining a singular focus on growth

**Answer: C**

19. Which of the following represents a characteristic of mixed strategies in business?

- A. Focusing solely on one type of strategy
- B. Adhering strictly to a stability strategy
- C. Combining elements of stability, growth, and other strategies based on organizational needs
- D. Ignoring market changes

**Answer: C**

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20. What is a Strategic Business Unit (SBU) in the context of organizational strategy?

- a. A stand-alone business with no strategic importance
- b. A division or unit within a company with its own vision and mission
- c. A temporary project team for short-term goals
- d. A government regulatory body overseeing business practices
- e. **Answer: b.** A division or unit within a company with its own vision and mission

21. Which business strategy focuses on maintaining the status quo and avoiding major changes in operations or market presence?

- a. Stability strategy
- b. Growth strategy
- c. Retrenchment strategy
- d. Disinvestment strategy

**Answer: a.** Stability strategy

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22. In the context of major business strategies, what does "retrenchment" strategy involve?

- a. Aggressive expansion into new markets
- b. Cutting back on business operations to overcome financial difficulties
- c. Maintaining current market share without any changes
- d. Investing heavily in research and development

**Answer: b.** Cutting back on business operations to overcome financial difficulties

23. What is the primary objective of a "growth" strategy in business?

- a. Maintaining stability in market presence
- b. Reducing operational costs
- c. Expanding market share and increasing profitability
- d. Exiting from certain business segments

**Answer: c.** Expanding market share and increasing

profitability.

### **Short Answer Questions (5 Marks Each):**

1. Define a Strategic Business Unit (SBU) and Explain its Characteristics.
2. Discuss the Stability Strategy in Business and Provide Examples.
3. Explain the Growth Strategy and Highlight its Objectives.
4. Define and Describe the Retrenchment Strategy in Business. Provide Examples.
5. Discuss the Concept of Disinvestment as a Business Strategy. Provide Examples.
6. Explain the Concept of Mixed Strategies in Business Management. Provide Examples.
7. Discuss the Importance of Strategic Business Units (SBUs) in a Diversified Organization.

8. Compare and Contrast Stability and Growth Strategies in Business.
9. Elaborate on the TOWS Matrix in Strategic Management. Provide a Practical Example.
10. Explain the Role of Environmental Threats and Opportunities in the Strategic Management Process.

**Long Answer Questions (10 Marks Each):**

1. Define a Strategic Business Unit (SBU) and Explain its Characteristics. Discuss the Importance of SBUs in Diversified Organizations.
2. Discuss the Stability Strategy in Business and Provide Examples. Evaluate the Advantages and Disadvantages of Adopting Stability as a Business Strategy.
3. Explain the Growth Strategy and Highlight its Objectives. Provide Examples of Companies Successfully Implementing a Growth Strategy.

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4. Define and Describe the Retrenchment Strategy in Business. Provide Examples. Evaluate the Circumstances Under Which a Retrenchment Strategy is Appropriate.

5. Discuss the Concept of Disinvestment as a Business Strategy. Provide Examples of Companies Implementing Disinvestment and Analyze the Benefits and Risks.



## UNIT – V

### Multiple Choice Questions (MCQs):

#### Society and Business:

1. How does business interact with society?

- A. In isolation
- B. As separate entities
- C. As interdependent entities
- D. Without any impact on each other

**Answer: C**

2. Which term refers to the set of customs, values, and laws of a society?

- A. Business regulations
- B. Social norms
- C. Corporate ethics
- D. Economic policies

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**Answer: B**

3. What is the significance of the relationship between society and business?

- A. They operate independently
- B. Society has no influence on business practices
- C. Business impacts and is impacted by society
- D. Business is immune to social changes

**Answer: C**

4. In the context of business, what does "societal marketing" focus on?

- A. Maximizing profits
- B. Meeting the needs of customers while preserving societal well-being
- C. Ignoring societal concerns

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D. Minimizing competition

**Answer: B**

5. How does the relationship between society and business affect corporate reputation?

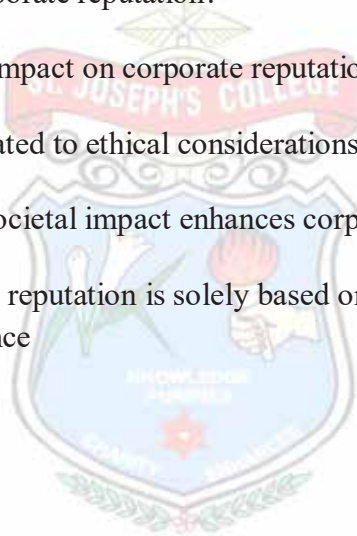
A. It has no impact on corporate reputation

B. It is unrelated to ethical considerations

C. Positive societal impact enhances corporate reputation

D. Corporate reputation is solely based on financial performance

**Answer: C**



**Ethics:**

6. What does business ethics encompass?

A. Strict adherence to laws and regulations

B. Moral principles and values in business decision-

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making

- C. Ignoring the impact of business on society
- D. Profit maximization at any cost

**Answer: B**

7. Why is ethical behaviour in business important?

- A. It is not important in business decision-making
- B. It ensures legal compliance
- C. It builds trust and credibility
- D. It hinders profitability

**Answer: C**

8. What role do ethical principles play in business relationships?

- A. They have no impact on relationships
- B. They foster trust and mutual respect

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- C. They hinder effective communication
- D. They prioritize profitability over relationships

**Answer: B**

9. In business ethics, what does the term "whistle blowing" refer to?
- A. Legal compliance
  - B. Reporting unethical practices within the organization
  - C. Ignoring ethical concerns
  - D. Avoiding business responsibilities

**Answer: B**

10. What is the primary purpose of a code of ethics in business?
- A. Maximizing profits
  - B. Setting guidelines for ethical behaviour

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C. Avoiding legal compliance

D. Ignoring societal concerns

**Answer: B**

**Social Responsibilities of Business:**

11. What does the concept of “Corporate Social Responsibility (CSR)” involve?

A. Ignoring societal concerns

B. Focusing solely on profit maximization

C. Balancing economic goals with societal well-being

D. Avoiding legal compliance

**Answer: C**

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12. How does CSR contribute to business sustainability?

- A. By maximizing short-term profits
- B. By minimizing social impact
- C. By considering long-term societal and environmental implications
- D. By avoiding ethical considerations

**Answer: C**

13. What is one of the key components of CSR?

- A. Ignoring employees' well-being
- B. Social irresponsibility
- C. Environmental degradation
- D. Community engagement and philanthropy

**Answer: D**

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14. How does business contribute to social development through CSR?

- A. By prioritizing profit over societal well-being
- B. Engaging in philanthropic activities and community development
- C. By ignoring ethical considerations
- D. By avoiding legal compliance

**Answer: B**

15. What is the broader impact of socially responsible business practices on society?

- A. Increased environmental degradation
- B. Enhanced societal well-being and sustainable development
- C. Ignoring ethical considerations
- D. Minimizing community engagement

**Answer: B**

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**Social Audit:**

16. What is the purpose of a social audit in business?

- A. To maximize profits
- B. To assess the social and environmental impact of business activities
- C. To ignore ethical considerations
- D. To avoid legal compliance

**Answer: B**

17. How does a social audit contribute to transparency in business?

- A. By concealing social and environmental practices
- B. By promoting unethical behaviour
- C. By assessing and disclosing the social impact of business activities
- D. By ignoring legal compliance

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**Answer: C**

18. What does a social audit measure and evaluate in a business context?

- A. Profitability
- B. Social and environmental performance
- C. Ignoring societal concerns
- D. Maximizing short-term gains

**Answer: B**

19. In a social audit, what is the focus when evaluating business practices?

- A. Profit maximization
- B. Environmental degradation
- C. Societal and environmental impact
- D. Ignoring ethical considerations

**Answer: C**

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20. What role does a social audit play in promoting responsible business behaviour?

- A. By avoiding transparency
- B. By minimizing community engagement
- C. By assessing and improving social and environmental practices
- D. By focusing solely on legal compliance

**Answer: C**

21. What is the relationship between society and business in the context of social responsibilities?

- a. Society has no impact on business decisions.
- b. Business operates independently of societal values.
- c. Businesses have an ethical responsibility towards society.
- d. Societal values have no relevance to business operations.

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**Answer: c.** Businesses has an ethical responsibility towards society.

22. Which of the following is a component of social responsibility in business?

- a. Ignoring the well-being of employees and communities
- b. Prioritizing short-term profits over long-term sustainability
- c. Embracing sustainable practices and contributing to societal well-being
- d. Disregarding ethical considerations in business decisions

23. What is a key aspect of social responsibilities in business?

- a. Prioritizing profitability over societal well-being
- b. Ignoring the needs of employees and customers
- c. Acknowledging and addressing the impact of business decisions on the broader community

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d. Isolating business activities from societal concerns

**Answer: c.** Acknowledging and addressing the impact of business decisions on the broader community.

24. What is the purpose of a social audit in business?

a. To maximize profits

b. To assess the environmental impact of business operations

c. To evaluate the financial performance of a company

d. To measure and report on the social and ethical performance of an organization

**Answer: d.** To measure and report on the social and ethical performance of an organization.

**Short Answer Questions (5 Marks Each):**

1. Define the Relationship Between Society and Business. Explain How Businesses Impact Society
2. Define Business Ethics and Discuss Its Significance in Organizational Decision-Making.
3. Explain the Concept of Corporate Social Responsibility (CSR) and Provide Examples of CSR Activities.
4. Discuss the Importance of Social Responsibilities in Business Management. Provide Examples.
5. Define Social Audit and Explain Its Purpose in Business. Provide Examples.
6. Discuss the Role of Business Ethics in Decision-Making and Provide an Example.
7. Explain the Concept of Stakeholder Engagement in Corporate Social Responsibility. Provide Examples.
8. Discuss the Impact of Business Ethics on Organizational Culture. Provide Examples.

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9. Explain the Concept of Triple Bottom Line (TBL) in the Context of Corporate Social Responsibility. Provide Examples.
10. Discuss the Challenges Faced by Organizations in Implementing Social Responsibility Initiatives. Provide Examples.

**Long Answer Questions (10 Marks Each):**

1. Define the Relationship Between Society and Business. Elaborate on the Impact of Business Activities on Society. Discuss the Ethical Responsibilities of Businesses in Relation to Society.
2. Define Business Ethics and Discuss the Role of Ethical Practices in Building Corporate Reputation. Provide Examples of Companies Demonstrating Ethical Behaviour.
3. Discuss the Concept of Corporate Social Responsibility (CSR) and Provide Examples of CSR Activities. Evaluate the Impact of CSR on Business Sustainability.
4. Define Social Audit and Explain Its Purpose in Business. Provide Examples of Metrics Evaluated

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in a Social Audit.

5. Discuss the Role of Businesses in Addressing Ethical and Social Issues. Provide Examples of Companies Taking a Proactive Stance on Ethical and Social Concerns.



## ABOUT THE AUTHOR



**Mrs. C. Suganthi was born in 1985 in Tirupattur and she started her carrier as Lecturer in Thirumalai Engineering college, Kanchipuram, and worked as a Assistant Professor in PSV College of Engineering and Technology, Kandhikuppam, she is currently working as an Assistant Professor in the Department of Business Administration with computer Applications, St. Joseph's college of Arts and Science for women Hosur. She has a versatile experience of 13 years. She has completed M.B.A in Aadhipasakthi College of Engineering (Affiliated to Anna University). She has published 8 papers in National and International Journals.**

