

Kerala Bank Assistant Manager - Finance & Management - Model Exam 2



[.https://www.entri.me](https://www.entri.me)



[.https://play.google.com/store/apps/details?id=me.entri.entri.me](https://play.google.com/store/apps/details?id=me.entri.entri.me)

1. Identify the Product Life Cycle stage mentioned here from the following hints:

- High cost production and market operations
- Intense promotional measures
- Low sales Low demand jolful
- Customers are to be encouraged to buy the product

A Introduction

B Growth

C Maturity

D Decline

Solution

Introduction

- This is the commercialisation or launching stage of a new product or service
- This stage is characterised by intense marketing efforts of the firm to promote the newly introduced product in the target market .
- Consumers purchase the new product on a basis .

The important features of this stage are as follows ; 1) High cost production and market operations 2) Intense promotional measures 3) Low sales 4) Low demand 5) Low profit 6) Customers are to be encouraged to buy the product 7) Customers do not have adequate knowledge about the product 8) Low or no competition

2. ----- measures the net profit earned by undertaking business in a particular market.

A Life-time Value of Customers

B Cost and Revenues

C Generic Strategy Returns

D Marketing Profitability analysis

Solution

- Market profitability analysis measures the net profit earned by undertaking business in a particular market.
- Trading in a market usually means trading with more than one customer.
- Wholesale and retail or public sector and private sector, are examples of different markets.

3. Towards the end of ----- maturity stage, sales and profits will start to fall fairly rapidly.

A Introduction

B Growth

C Maturity

D Decline

Solution

Maturity Stage:

- During the maturity stage of the product life cycle, the sharp growth in sales begins to slow, and profits at the beginning of this stage decline.
- The most notable characteristic of this stage is the peaking of the product's sales and profit curves.
- At the beginning of the maturity stage, sales continue to grow but at a much slower rate.
- Towards the end of this stage, sales and profits will start to fall fairly rapidly.
- This stage is characterized by severe competition as many brands enter the market.

- To combat competition, marketing costs increase substantially results in a reduction in profits.
- Sales Promotion Strategy: Increase to encourage brand switching.

4. ----- is a concept that when customers purchase one product, they will try to purchase other products linked to it as well.

A Direct selling

B Customer value selling

C Cross-selling

D Link-selling

Solution

- Link-selling is a concept that when customers purchase one product, they will try to purchase other products linked to it as well.
- For example, if someone buys a radio from an electric retailer, they will try to sell them batteries that are linked to it.
- Link selling concept is used in black hat SEO to achieve higher rankings in a lower time.

5. ----- means the memory of a particular brand and its linkage with the memory structure that helps in differentiating the brands.

A Umbrella Branding

B Ingredient Branding

C Salience Branding

D Co-Branding

Solution

Salience Branding

- Brand Silence is the degree to which a customer thinks or notices your brand in a buying situation.
- Strong brands have a higher brand silence than those of weaker brands.
- Brand Silence means the memory of a particular brand and its linkage with the memory structure that helps in differentiating the brands.

6. **Name the Founder Chairman of one of the world's largest CRM companies, 'Salesforce.com'**

A Jeff Bezos

B Marc Benioff

C Larry Page

D Elon Musk

Solution

Salesforce.com:

- Marc Benioff is Chair, Chief Executive Officer and Founder of Salesforce; one of the world's largest CRM companies and a pioneer of cloud computing.
- The company has been recognized as the Most Innovative Company by Forbes, a Best Place to Work by Fortune, and the 10th Most Admired Company in the World by Fortune.
- Salesforce's main services are tools for case, task and issue management.
- It also gives customers tracking abilities for their raised cases and conversation feature for social networking websites, provides

analytical tools and other services including email alert, Google search, and access to customers' entitlement and contracts.

- They also partner with companies like IBM, Accenture, and Sagezza to help integrate Salesforce's cloud-based services into their businesses.

7. Human resource management is a ----- .

A Continuous Process

B One shot function

C Discrete Process

D None of the above

Solution

- Human resource management is a continuous process .
- It is not a one shot function , rather it is a never ending exercise .
- In the words of George R. Terry , " The human resource function cannot be turned on and off like water from a faucet , it can not be practised only one hour each day or one day a week .
- Personnel management requires a constant alertness and awareness of human relations and their importance in everyday operations .

8. ----- arises when the bond links members of the social group to one another and to the group as a whole.

A Group norms

B Group communication

C Group cohesiveness

D Group structure

Solution

Group cohesiveness:

- Group cohesiveness refers to the degree of attachment between the members of the group.
- It is one of the characteristic features of the group which is very significant from the behaviouristic point of view.
- It arises when the bond links members of the social group to one another and to the group as a whole.

9. According to ----- . " Personnel Management is the recruitment , selection , development , utilization and accommodation of human resources by organisation " .

A Reed Richardson

B Kurt Lewin

C W.E. Deming

D French

Solution

1. According to French . " Personnel Management is the recruitment , selection , development , utilization and accommodation of human resources by organisation " .
2. In the views of French , personnel management is concerned with the proper utilisation of human resources in the organisation .
3. According to George R , Terry . " Personnel management is concerned with the obtaining and maintaining of a satisfactory and a satisfied workforce . " Terry has emphasised the view that personnel management is not only concerned with employing sufficient number of workers but also satisfying their needs . He has considered the supply of workforce and meeting their requirements as an important task of personnel management .

4. According to C.H. Northcott , " Personnel management is an extension of general management , that of promoting and stimulating every employee to make his fullest contribution to the purpose of the business . "

10. **Methods of job evaluation are.**

A Analytical Methods

B Non Analytical Methods

C Both (a) and (b)

D None of these

Solution

Non-analytical Job Evaluation Methods

1. Ranking Method:

- This is the simplest and an inexpensive job evaluation method, wherein the jobs are ranked from the highest to the lowest on the basis of their importance in the organization.
- In this method, the overall job is compared with the other set of jobs and then is given a rank on the basis of its content and complexity in performing it.
- Here the job is not broken into the factors, an overall analysis of the job is done. The main advantage of the ranking method is, it is very easy to understand and is least expensive.
- But however it is not free from the limitations, it is subjective in nature due to which employees may feel offended, and also, it may

not be fruitful in the case of big organizations.

2. Job Grading Method:

- Also known as Job-Classification Method.
- Under this method the job grades or classes are predetermined and then each job is assigned to these and is evaluated accordingly.
- For Example Class, I, comprise of the managerial level people under which sub-classification is done on the basis of the job roles such as office manager, department managers, departmental supervisor, etc.
- The advantage of this method is that it is less subjective as compared to the ranking method and is acceptable to the employees.
- And also, the entire job is compared against the other jobs and is not broken into factors.
- The major limitation of this method is that the jobs may differ with respect to their content and the complexity and by placing all under one category the results may be overestimated or underestimated.

Analytical Job Evaluation Methods*

1. Factor-Comparison Method:

2. Under this method, the job is evaluated, and the ranks are given on the basis of a series of factors Viz. Mental effort, physical effort, skills required supervisory responsibilities, working conditions, and other relevant factors.
3. These factors are assumed to be constant for each set of jobs.
4. Thus, each job is compared against each other on this basis and is ranked accordingly.
5. The advantage of this method is that it is consistent and less subjective, thus appreciable by all.
6. But however it is the most complex and an expensive method.

7. Point-Ranking Method:

8. Under this method, each job's key factor is identified and then the subfactors are determined.
9. These sub-factors are then assigned the points by its importance.
10. For example, the key factor to perform a job is skills, and then it can be further classified into sub-factors such as training required, communication skills, social skills, persuasion skills, etc.
11. The point ranking method is less subjective and is an error free as the rater sees the job from all the perspectives.
12. But however it is a complex method and is time-consuming since the points and wage scale has to be decided for each factor and the sub factors.

11. Which of the following is the quarterly publication of NCUI?

A The Co-operator

B Indian Co-operative Review

C Sahakarana Journal

D Co-operative News

Solution

- Co - operative week in India is celebrated under the auspicious of NCUI
- NCCT was constituted by NCUI
- The monthly publication of NCUI is The co operator
- Indian co - operative review is a quarterly publication of NCUI
- The Gorhan committee report relates to NCUI

12. Match the following financing :

| LIST 1 | LIST 2 |
|---|---|
| 1 . The lease transaction and the leasing parties belong to the domicile of different countries | a . Investment banking |
| 2 . Venture Capital | b . Mutual funds or Institutional investors |
| 3 . Factoring | c . International lease |
| 4 . Merchant banking | d . conversion of credit bills into cash |

A 1 - c , 2 - b , 3 - d , 4 - a

B 1 - a , 2 - d , 3 - c , 4 - b

C 1 - a , 2 - c , 3 - d , 4 - b

D 1 - b , 2 - c , 3 - d , 4 - a

Solution

| LIST 1 | LIST 2 |
|---|---|
| The lease transaction and the leasing parties belong to the domicile of different countries | International lease |
| Venture Capital | Mutual funds or Institutional investors |
| Factoring | conversion of credit bills into cash |
| Merchant banking | Investment banking |

13. Credit rating in India is provided by -----?

A CRISIL

B ICRA

C CARE

D All of the above

Solution

- Credit rating is an act of assigning values to credit instruments by estimating or assessing the solvency, and expressing them through predetermined symbols.
- “Credit rating is designed exclusively for the purpose of granting bonds according to their investment quality”. Corporate or municipal debt rating is a current assessment of the credit worthiness of the obligator with respect of a specific obligation.

14. Which of the following is not related to Profit Maximization ?

1. Profit maximization is also called as wealth maximisation.
2. It leads to maximize the business operation for profit maximization.
3. Profit is the parameter of measuring the efficiency of the business concern.
4. Profit maximization objectives help to reduce the risk of the business

A 1 Only

B 1 & 2 Only

C 1 , 2 & 3 Only

D 1 , 2 , 3 & 4

Solution

Statement 1 is false because Profit maximization is also called as cashing per share maximization.

Wealth maximization is an entirely different concept.

Profit Maximization

- Main aim of any kind of economic activity is earning profit.

- A business concern is also functioning mainly for the purpose of earning profit.
- Profit is the measuring techniques to understand the business efficiency of the concern.
- Profit maximization is also the traditional and narrow approach, which aims at, maximizes the profit of the concern.

15. ----- helps to ascertain the gross profit and net profit of the concern

A **Income Statement**

B Position Statement

C Statement of Changes in Owner's Equity

D Statement of Changes in Financial Position

Solution

Income Statement

- Income statement is also called as profit and loss account, which reflects the operational position of the firm during a particular period. Normally it consists of one accounting year.
- It determines the entire operational performance of the concern like total revenue generated and expenses incurred for earning that revenue.
- Income statement helps to ascertain the gross profit and net profit of the concern.
- Gross profit is determined by preparation of trading or manufacturing a/c and net profit is determined by preparation of profit and loss account.

16. Investors, creditors, government organizations and other credit agencies normally do ----- type of analysis.

A Vertical Analysis

B Internal Analysis

C Horizontal Analysis

D External Analysis

Solution

External Analysis

- Outsiders of the business concern do normally external analyses but they are indirectly involved in the business concern such as investors, creditors, government organizations and other credit agencies.
- External analysis is very much useful to understand the financial and operational position of the business concern.
- External analysis mainly depends on the published financial statement of the concern.
- This analysis provides only limited information about the business concern.

17. Which of the following does not include in Long-term sources of financing?

A Deventure

B Long-term Loans

C Public Deposits

D Fixed Deposits

Solution

Long-term sources:

- Finance may be mobilized by long-term or short-term.
- When the finance mobilized with large amount and the repayable over the period will be more than five years, it may be considered as long-term sources.
- Share capital, issue of debenture, long-term loans from financial institutions and commercial banks come under this kind of source of finance.
- Long-term source of finance needs to meet the capital expenditure of the firms such as purchase of fixed assets, land and buildings, etc.

Long-term sources of finance include:

- Equity Shares
- Preference Shares
- Debenture
- Long-term Loans
- Fixed Deposits

18. Residual claims are only available to -----.

A Equity shareholders

B Preference shareholders

C Participating preference shareholders

D Debenture Holders

Solution

Features of Equity Shares

Equity shares consist of the following important features:

1. ***Maturity of the shares:*** Equity shares have permanent nature of capital, which has no maturity period. It cannot be redeemed during the lifetime of the company
2. ***Residual claim on income:*** Equity shareholders have the right to get income left after paying fixed rate of dividend to preference shareholder. The earnings or the income available to the shareholders is equal to the profit after tax minus preference dividend.

3. ***Residual claims on assets:*** If the company wound up, the ordinary or equity shareholders have the right to get the claims on assets. These rights are only available to the equity shareholders.
4. ***Right to control:*** Equity shareholders are the real owners of the company. Hence, they have power to control the management of the company and they have power to take any decision regarding the business operation.
5. ***Voting rights:*** Equity shareholders have voting rights in the meeting of the company with the help of voting right power; they can change or remove any decision of the business concern. Equity shareholders only have voting rights in the company meeting and also they can nominate proxy to participate and vote in the meeting instead of the shareholder.
6. ***Pre-emptive right:*** Equity shareholder pre-emptive rights. The pre-emptive right is the legal right of the existing shareholders. It is attested by the company in the first opportunity to purchase additional equity shares in proportion to their current holding capacity.
7. ***Limited liability:*** Equity shareholders are having only limited liability to the value of shares they have purchased. If the shareholders are having fully paid up shares, they have no liability

19. ----- also known as debt finance which means the finance is mobilized from the creditors.

A **Creditorship Securities**

B Equity securities

C Derivative securities

D Hybrid securities

Solution

CREDITORSHIP SECURITIES

- Creditorship Securities also known as debt finance which means the finance is mobilized from the creditors. Debenture and Bonds are the two major parts of the Creditorship Securities.

Debentures

A Debenture is a document issued by the company. It is a certificate issued by the company under its seal acknowledging a debt.

Bonds

Bonds can be defined as the negotiable instrument, issued in relation to borrowing arrangement, that indicates indebtedness. It is an unsecured debt instrument, in which the bond investor extends credit to the issuer,

which in turn commits to repay the loan amount on the specified maturity date, along with interest throughout the life of the bond. The issuer can be the municipal corporation, government or company.

20. ----- refers to the company which possesses an excess of capital in relation to its activity level and requirements.

A Under capitalization

B Over Capitalization

C Water Capitalization

D None of the above

Solution

Over Capitalization

- Over capitalization refers to the company which possesses an excess of capital in relation to its activity level and requirements.
- In simple means, over capitalization is more capital than actually required and the funds are not properly used.
- According to Bonneville, Dewey and Kelly, over capitalization means, “when a business is unable to earn fair rate on its outstanding securities”

21. ----- is the mix of different sources of long-term sources such as equity shares, preference shares, debentures, long-term loans and retained earnings.

A Capital Budgeting

B Capital Structure

C Capital Securities

D Capital employment

Solution

Capital Structure

- Capital structure refers to the kinds of securities and the proportionate amounts that make up capitalization.
- It is the mix of different sources of long-term sources such as equity shares, preference shares, debentures, long-term loans and retained earnings.
- The term capital structure refers to the relationship between the various long-term source financing such as equity capital, preference share capital and debt capital.

- Deciding the suitable capital structure is the important decision of the financial management because it is closely related to the value of the firm.
- Capital structure is the permanent financing of the company represented primarily by long-term debt and equity.

22. -----may be defined as the capital structure or combination of debt and equity, that leads to the maximum value of the firm.

A Equity Capital structure

B Debt Capital structure

C Net Worth Capital structure

D Optimum capital structure

Solution

OPTIMUM CAPITAL STRUCTURE

- Optimum capital structure is the capital structure at which the weighted average cost of capital is minimum and thereby the value of the firm is maximum.
- Optimum capital structure may be defined as the capital structure or combination of debt and equity, that leads to the maximum value of the firm.

Objectives of Capital Structure

Decision of capital structure aims at the following two important objectives:

1. Maximize the value of the firm.

23. Match the following :

| List 1 | List 2 |
|-------------------|--|
| 1 . Implicit Cost | a .The combination of all sources of capital |
| 2 . Marginal Cost | b . The weighted average cost of new finance raised by the company |
| 3 . Future Cost | c . The expected cost of financing in the proposed project |
| 4 . Combined Cost | d . Imputed Cost is the implied cost |

A 1 - a , 2 - c , 3 - b , 4 - d

B 1 - c , 2 - b , 3 - d , 4 - a

C 1 - c , 2 - d , 3 - b , 4 - a

D 1 - d , 2 - c , 3 - b , 4 - a

Solution

| List 1 | List 2 |
|---------------|----------------------------------|
| Implicit Cost | Imputed Cost is the implied cost |

| List 1 | List 2 |
|---------------|--|
| Marginal Cost | The weighted average cost of new finance raised by the company |
| Future Cost | The expected cost of financing in the proposed project |
| Combined Cost | The combination of all sources of capital |

24. Which of the following formula is used to measure Realised yield approach?

A $(K_e = PVf \times D)$

B $(K_e = \frac{D}{N_p} + g)$

C $(K_e = \frac{D}{N_p})$

D $(K_d = (1-t)R)$

Solution

Realized Yield Approach*

- It is the easy method for calculating cost of equity capital.
- Under this method, cost of equity is calculated on the basis of return actually realized by the investor in a company on their equity capital.

Formula : $(K_e = PVf \times D)$

25. Which of the following type of dividend is not published in India?

A Cash Dividend

B Bond Dividend

C Stock Dividend

D Property Dividend

Solution

Cash Dividend

- If the dividend is paid in the form of cash to the shareholders, it is called cash dividend.
- It is paid periodically out the business concerns EAIT (Earnings after interest and tax).
- Cash dividends are common and popular types followed by majority of the business concerns.

Stock Dividend

- Stock dividend is paid in the form of the company stock due to raising of more finance.
- Under this type, cash is retained by the business concern. Stock dividend may be bonus issue.

- This issue is given only to the existing shareholders of the business concern.

Bond Dividend

- Bond dividend is also known as script dividend.
- If the company does not have sufficient funds to pay cash dividend, the company promises to pay the shareholder at a future specific date with the help of issue of bond or notes.

Property Dividend

- Property dividends are paid in the form of some assets other than cash.
- It will distributed under the exceptional circumstance.
- This type of dividend is not published in India.

26. Which of the following statements are not an assumption of MM approach ?

1. Perfect capital market.
2. Investors are Irrational.
3. There are no tax.
4. The firm has Variable investment policy.
5. No risk or uncertainty.

A 1 & 2 Only

B 1 , 2 & 3 Only

C 2 & 4 Only

D 1 , 2 , 4 & 5 Only

Solution

Modigliani and Miller's Approach

- According to MM, under a perfect market condition, the dividend policy of the company is irrelevant and it does not affect the value of the firm.
- “Under conditions of perfect market, rational investors, absence of tax discrimination between dividend income and capital appreciation, given the firm's investment policy, its dividend policy may have no influence on the market price of shares”.

Assumptions

MM approach is based on the following important assumptions:

1. Perfect capital market.
2. Investors are rational.
3. There are no tax.
4. The firm has fixed investment policy.
5. No risk or uncertainty.

27. ----- is a strategy that uses several brand names on a service or good as a part of a strategic alliance.

A Umbrella Branding

B Ingredient Branding

C Salience Branding

D Co-Branding

Solution

Co-branding

- Co-branding is a strategy that uses several brand names on a service or good as a part of a strategic alliance.
- Co-branding is also known as brand partnership.
- It combines brand awareness, market strength, and positive association of two or more brands to force consumers to pay a higher premium price.
- For example, Citi AAdvantage cards give you American Airlines miles when a customer spends his money.

28. ----- is declaration by the acceptable level of quality , features , size and shape of the product.

A Periodisation

B Grading

C Subsidisation

D **Standardisation**

Solution

Standardisation

- Standardisation refers to fixing and maintaining the standards for quality , quantity , size and other features of the product .
- Standard is a description of a product by authority .
- Standardization means that goods are of a specified and uniform quality.
- It is a set of requirements as to the desired qualities in a product.
- It is a measurement of physical characteristics and specified quality of a product.
- Standards are set by both small as well as big business concerns.
- It refers to the procedure of setting up basic measures or standard to which the products must conform and taking steps to ensure that the

goods essentially produced adhere to these standards.

29. Which concept of marketing focuses on reducing costs by way of mass production?

A Product Concept

B Production concept

C Sales concept

D None of the above

Solution

CONCEPTS / ORIENTATIONS

1. Production Concept

- This concept focuses on reducing costs by way of mass production .
- The firm believes that by attaining economies of scale the business can maximise profits and reduce costs .

2. Product Concept

- A firm following this concept tries to introduce the best product , based on quality and features believes that customers can be better influenced by designing utilizes the continuous improvement product

- The concern for the improvement of the product precedes other factors of marketing .

3 . Sales Concept

- The focus of this concept is to manufacture the product , and then take maximum efforts to sell it in the target market
- The concept holds the view that sales volume cannot be increased by introducing a superior product
- Aggressive sales efforts by means of effective distribution channels and advertisements are highly essential to increase sales volume
- Firms which uphold this concept concentrate on intense sales promotion efforts .

30. ----- is the class of total population who are interested in purchasing the product offered by the firm ?

A Potential Market

B Qualified Market

C Penetrated market

D Available Market

Solution

Potential Market - It is defined as the class of total population who are interested in purchasing the product offered by the firm .

Available Market - It refers to the people in potential market who have the purchasing power to buy the product .

Qualified Available Market - It comprises consumers in the available market who are legally permitted to purchase the product .

Target Market - It comprises the portion of the qualified available market that the firm has decided to offer products .

Penetrated market - It comprises the consumers in the target market who have purchased the product offered by the firm .



(<https://www.entri.me>)



(<https://play.google.com/store/apps/details?id=me.entri.entri.me>)