



Test yourself on:



XAT

DECISION MAKING

Practice Questions
With Explanations!

PART
#4



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Read the situation below and answer the 3 associated questions:

Rakesh, who hailed from Dhanbad, worked in Jamshedpur with SPCIL, a government construction company. Although HR policies concerning job security & work-life balance attracted Rakesh to SPCIL, over time he found his work monotonous with no growth opportunities. However, the proximity to Dhanbad enabled him to visit his parents at his convenience.

Recently Rakesh applied to Grow and Prosper (G&P), a multinational company engaged in construction related operations, making inroads into many Indian states. G&P interviewed Rakesh and offered him three times his current salary at SPCIL. [XAT 2020]

Q.1 While considering G&P's offer, Rakesh pondered over the following facts:

1. A recent government policy made poor performance punishable by salary reduction or dismissal.
2. The first assignment at G&P is a bridge construction project in a village near Dhanbad.
3. With his current savings, Rakesh need not depend on regular income for at least six months.
4. Though an exemplary performer, Rakesh has hardly been recognized at SPCIL.
5. Based on the annual performance review at G&P, Rakesh will either earn double the salary or get fired.

Which of the following combinations of the above facts will BEST help Rakesh decide on joining G&P?

- A. 1, 4, 5 | B. 5, 4, 2 | C. 1, 3, 4 | D. 4, 3, 5 | E. 2, 4, 3

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Q.2 While mulling over the offer, Rakesh consulted Manikandan, his trusted senior at SPCIL. Manikandan, who had friends in G&P, disclosed that it preferred government employees for its projects in Jharkhand, Bihar and Chhattisgarh. “Once the project is completed, G&P may not need your skills,” observed Manikandan. Which of the following, if true, will BEST enable Rakesh to decide on the offer?

- A. Manikandan stopped both of his sons from taking up private-sector jobs, given his loyalty to the government.
- B. Senior-level employees at G&P, who began their career in similar projects, are now confined to their desk at the head office for almost a decade.
- C. As G&P also planned to enter two Southern states, it has decided to recruit people from those states.
- D. During the interview, G&P quizzed if Rakesh would sustain his relationship with his former colleagues at SPCIL.
- E. Through social media, Rakesh discovered that Manikandan’s contact, who had left SPCIL to join G&P, is no longer with G&P.

[XAT 2020]

Q.3 Rakesh, in his current job, came across incidences of bribing by private sector officials. He wondered if he might have to bribe government officials while at G&P. He reflected on his interview with G&P:

1. The interviewers were puzzled how Rakesh could manage his EMIs with his current income.
2. One interviewer was constantly probing how Rakesh managed to meet his project deadlines with little cooperation from his subordinates.
3. “What would you do if your project has a fortnight’s deadline and it takes a month to obtain a permit?,” asked another interviewer.
4. A question that intrigued Rakesh was, “Should a pack of dacoits share their loot with one of their gang, who had killed a bystander against their motto ‘Thou shalt not kill’?”

Which of the following sequences of the above statements is in the MOST appropriate DESCENDING order of bribing undertones?

- A. 1, 3, 2, 4 | B. 3, 4, 1, 2 | C. 3, 1, 2, 4 | D. 4, 1, 2, 3 | E. 4, 3, 2, 1

Read the situation below and answer the 3 associated questions:

Two industrial towns, Jayanagar and Ramnagar, about 15 kms. apart, are similar in land area, population, ethnic diversity and per capita incomes. Jagdeep Singh owns a bakery named Le Baguette in Jayanagar. He specializes in croissants, masala bread and whole wheat bread; eggless cakes are also a favorite.

Among the four bakeries in Jayanagar, Jagdeep's bakery with a market share of 30% is second only to the oldest Le Croissant bakery whose market share is 40%. Le Croissant commands a loyal customer base and does not offer eggless varieties.

[XAT 2020]

Q.4 Jagdeep has decided to open a branch in Ramnagar. Which of the following facts about Ramnagar will BEST support his decision?

- A. Before starting his own bakery, Jagdeep was supplying bread to most bakeries in Ramnagar.
- B. 3% of Le Baguette's current revenue comes from Ramnagar.
- C. Le Croissant's Ramnagar branch struggles with a market share of 10%.
- D. Jagdeep has managed to acquire a big space in Ramnagar at a nominal rent.
- E. Ramnagar is served by 4 bakeries, with the two largest bakeries having market shares of 55% and 25% respectively.

Read the situation below and answer the 3 associated questions:

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Q.5 Jagdeep wishes to open a 100% eggless branch in Ramnagar. To explore feasibility, he collected the following facts:

1. Eggless products account for 30% of Le Baguette's sales.
2. At least 20% of all bakery sales in Ramnagar is from eggless products.
3. The eggless varieties of Le Baguette contain minute traces of egg.
4. Le Baguette makes 3% of its revenue from Ramnagar customers & all of it comes from eggless products.
5. Le Croissant's Ramnagar branch struggles with a market share of 10%.

From the combinations below, in the DESCENDING order of effectiveness, choose the one that BEST supports Jagdeep's decision.

- A. 5, 2, 1 | B. 2, 1, 3 | C. 2, 4, 1 | D. 4, 3, 2 | E. 5, 4, 1

[XAT 2020]

Q.6 From a newspaper, Jagdeep has learnt that Americans use their own ovens to bake ready-to-bake products, sold by some bakeries. This idea is apparently catching up in Indian metros as well.

Jagdeep wants to try this out in his bakery. He has gathered the following facts:

1. US bakeries that also sell ready-to-bake products earned higher revenues compared to those that do not.
2. Around 7% of Jagdeep's regular customers own baking ovens in their homes.
3. The sale of baking ovens in India is forecast to increase by 12% every year, for the next three years.
4. 50% of Jagdeep's regular customers are fulltime working couples.
5. In Indian metros, ready-to-bake products give higher profit margins compared to finished products.

Select the BEST of the following sequences of the above facts, in DESCENDING order of effectiveness, to support Jagdeep.

- A. 3, 4, 5, 1, 2
- B. 1, 5, 3, 2, 4
- C. 2, 5, 1, 3, 4
- D. 2, 3, 5, 1, 4
- E. 3, 2, 1, 4, 5

Read the situation below and answer the 3 associated questions:

A powerful, intelligent king Vanamali once ruled over an ancient kingdom, Vanarajya. The kingdom was known for its high mountains and sprawling plains, and ninety percent of its land was under forest cover. Trade in forest produce was the mainstay of its economy, supported by subsistence agriculture.

With the increase of population, over time the forest in the plains was cleared for agriculture. The forest in the mountains continued to supply nutrient-enriched water and abundant forest produce to the plains. As a result, agricultural yields were bountiful. The plains prospered as compared to the mountains. [XAT 2020]

Q.7 The increasing prosperity of the plains people tempted those in the mountains to divert forest land for agriculture. Vanamali was afraid that expansion of agriculture would result in deforestation of the mountains.

Which of the following is the BEST course of action for Vanamali to conserve the mountain forest?

- A. Urge the elders of the mountains to come up with agricultural practices that ensure no erosion of forest cover.
- B. Levy a tax on traded agricultural produce from the plains to cross-subsidize supplies to mountain people.
- C. Institute a mechanism that ensures plains people pay royalty, to be transferred to mountain people for maintaining forest cover.
- D. Constitute a committee to protect the forest with powers to punish those who fell trees.
- E. Declare a “Mountain Day” when plains people meet and thank mountain people for sustaining their agriculture

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Q.8 Vanamali, afraid of further deforestation, issued a diktat against felling of trees in the mountains. In due course, thanks to the booming agriculture, the king along with plains people began to prosper. However, mountain people became relatively poor, thanks to Vanamali's diktat.

Which of the following options should mountain people choose to BEST protect their long-term interests?

- A. Seek employment in the plains
- B. Stop the flow of rivers to the plains
- C. Charge a premium on forest produce and issue hunting permits
- D. Ignore Vanamali's diktat and divert forest land for agriculture
- E. Sell forest produce exclusively to the neighbouring kingdoms

Q.9 The village elders of the mountains had informed Vanamali about the presence of a precious metal in abundance under a large part of the forest. They pleaded with him to repeal his diktat and permit felling of trees for mining. Vanamali knew that the precious metal would make his kingdom prosper. However, he was worried that mining would reduce the flow of nutrients, water and forest produce to the plains. [XAT 2020]

Vanamali's advisor Vanapandit presented the following action plans for his consideration:

1. Repeal the forest diktat and charge hefty royalty for mining in the mountains
2. Permit mining in the mountains and enforce rainwater harvesting in the plains
3. Permit mining in the mountains and begin afforestation in the plains
4. Continue with the forest diktat in the mountains
5. Permit limited mining in rotation but maintain the forest diktat in the rest of the mountains

Which of the following sequences of action plans, in the DESCENDING order of their ability to contribute to Vanarajya's sustainable prosperity, will be the MOST appropriate for Vanamali?

- A. 5, 3, 2, 4, 1
- B. 3, 5, 2, 1, 4
- C. 5, 2, 4, 3, 1
- D. 4, 5, 2, 3, 1
- E. 4, 2, 5, 1, 3

The Small Shop, selling computer peripherals, is the only one of its kind in the remote village of Turturunk. Because online purchases take two weeks or more to arrive, The Small Shop is a quick stop for buying items such as pen drives and USB cables. Besides selling computer peripherals, The Small Shop also undertakes repairs of out-of-warranty products. [XAT 2020]

Q.10 The Small Shop which earlier recorded an annual increase of approximately 12% in revenues has been stagnating at 4% for the last three years, during which e-commerce sidelined brick and mortar outlets. The shop is struggling to increase profitability. In general, The Small Shop has been offering a discount on MRP to compete with ecommerce prices. Which of the following is the BEST reason for The Small Shop NOT to reduce the current discount offered to the customers?

- A. Even though e-commerce offers a greater range of choices, villagers prefer buying readily available products from The Small Shop.
- B. A new resident who earlier worked in the computer hardware industry is contemplating starting a business in Turturunk.
- C. A large fading sign prominently placed behind the shop's cash counter reads "in business and in life, always be fair".
- D. To cover insurance costs, e-commerce has begun charging a delivery fee from last year.
- E. Recently customers from a nearby village have started shopping at The Small Shop for low-end peripherals, accounting for around 3% of the shop's total revenues.

The Small Shop, selling computer peripherals, is the only one of its kind in the remote village of Turturunk. Because online purchases take two weeks or more to arrive, The Small Shop is a quick stop for buying items such as pen drives and USB cables. Besides selling computer peripherals, The Small Shop also undertakes repairs of out-of-warranty products. [XAT 2020]

Q.11 The Small Shop wants to increase the variety of products sold, including expensive ones. However, it is averse to accumulating unsold products, specifically of the expensive kind. Which of the following is the BEST option if The Small Shop wants to increase the variety of the products it sells?

- A. The Small Shop should get suppliers to courier its requirements to the shop whenever needed. The suppliers require that The Small Shop orders a minimum quantity every month.
- B. The Small Shop should focus only on low-end peripherals that currently contribute to 60% of its revenues.
- C. The Small Shop should acquire extra space at lower rentals available at a distance of three kilometers from its current location.
- D. The Small Shop should focus exclusively on high-end peripherals which contribute to 10% of its revenues but 25% of its profits.
- E. The Small Shop should make an arrangement with a retailer of the nearest city. The shop can spare one of its employees once a week to procure the weekly requirements.

The Small Shop, selling computer peripherals, is the only one of its kind in the remote village of Turturunk. Because online purchases take two weeks or more to arrive, The Small Shop is a quick stop for buying items such as pen drives and USB cables. Besides selling computer peripherals, The Small Shop also undertakes repairs of out-of-warranty products. [XAT 2020]

Q.12 An emerging brand offers a franchise to The Small Shop for repairing its products, on a condition that other brands are not to be repaired. Repairs currently account for 15% of its revenues.

Which of the following, if true, will BEST help The Small Shop to decide on the franchise?

- A. Revenues from repairs are expected to increase by about 3-5 percent annually.
- B. For the first three years, the emerging brand has offered to pay a fixed amount equal to the revenues earned from repairs the previous year.
- C. No big and reputed brand has shown any interest in franchising The Small Shop.
- D. The upcoming brand is very new and needs franchisees desperately.
- E. The Small Shop will have to send two of its employees for a three-month training if it wishes to be a franchisee. The emerging brand will bear the training cost.

Vindhya, Shabnam and Amala are interning at a software organization as part of the requirement of their B-school curriculum. The organization has allotted each of them a project based on their area of specialization. In the first meeting with the HR head, they are informed of a PPO possibility (pre-placement offer, i.e., an offer to join the company after their MBA), based on their performance. All of them are eager to convert their internship into a job offer. Each of them is assigned a mentor who evaluates the intern's performance along with the HR head.

Q.13 In the second week of her eight-week internship, Amala realizes that the project requires inputs from subjects she studied in her third trimester. However, during the third trimester, Amala was significantly distracted by an inter-college sports meet, affecting her grasp of the subjects.

Which of the following is the MOST appropriate way forward for Amala?

[XAT 2020]

- A. Amala should seek Shabnam's help who performed well in the third trimester.
- B. Amala, after studying the organization for a week, should design her own project and pitch it to her mentor.
- C. Amala should request her mentor to allocate a different project because of her limited familiarity with the inputs required.
- D. Amala should disclose to the mentor her limited understanding of the required inputs and seek his suggestions.
- E. Amala should realize that she may not get a PPO and so focus on networking with the experienced talent in the organization.

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Q.14 Vindhya's project is about understanding employee perception regarding the organization's HR policies. Against her own instinct, she is suggested by her mentor to interview only the good performers identified by his office because poor performers, he believes, usually crib against the policies. Which of the following courses of action will BEST enable Vindhya to provide the organization with a complete picture? [XAT 2020]

- A. Vindhya should completely comply with her mentor's suggestion.
- B. Vindhya should meet only those identified by her mentor, but also collect information from them as why their other colleagues are disgruntled.
- C. Vindhya should report this restraint to the HR head requesting her immediate intervention in the project.
- D. Vindhya should ignore her mentor's directive, collect data from all, but compile reports separately for the good performers and the poor performers.
- E. Vindhya should request the HR Head to allot her another mentor without divulging the reason.

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Q.14 Shabnam, who is working on sales executives' work-life balance, has collected the following details about their frequent travels:

1. Frequent meetings help strengthen relationships with key customers.
2. Travelling has no effect on the personal lives of the sales executives as most of them are single.
3. Travel enhances the financial health of the sales executives since their fixed salaries are low.
4. Frequent travel has no significant impact on market budget, given the current high margins from sales.
5. The sales executives have the autonomy to decide the frequency of their travel.

Shabnam thinks that the frequency of travel is higher than required. Which of the following combinations of the above reasons can enable Shabnam BEST substantiate her thinking? [XAT 2020]

- A. 1, 2 and 4 | B. 2, 3 and 5 | C. 1, 3 and 5 | D. 2, 3 and 4 | E. 3, 4 and 5

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