

# **DECISION MAKING | PROBLEM SOLVING**

**Concept Builder and Tests**

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# 1

# Decision Making and Problem Solving

In this chapter, you will:

- Understand the process of Decision Making.
- Learn the steps involved in Decision Making.
- Use different Decision Making Techniques.

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## I. INTRODUCTION

Decision making is a cognitive (mental) process in which a particular course of action is selected after considering several alternatives. The course of action selected should have the maximum probability of success or effectiveness and be consistent with our goals, desires and values. Every decision making process results in a final outcome or choice. The outcome or choice can either be an action or an opinion of choice.

In order to be able to comprehend decision making, we must first understand what a decision is.

A decision is the act or process of deciding or making up one's mind to pursue a particular course of action. It involves five steps.

- There is a goal
- There are many ways of arriving at that goal
- There is a set of options
- Options are evaluated according to certain pre-determined criteria
- One of the options is selected

### **Example:**

- You are hungry and looking forward to having lunch.
- You can cook a simple meal at home, order a takeaway or go to a restaurant.
- You are feeling too lazy to cook and there are only a few takeaways in your area whose food you do not particularly like. Therefore, you decide to go to a restaurant.
- There are several restaurants offering a variety of cuisine, but you are in the mood for Chinese food.
- There are several Chinese eateries and you eventually choose the one which is air conditioned and would not be too crowded at this hour.

Thus, your decision to satisfy your hunger has been met by going through these five steps.

### **i. Kinds of decisions**

There are several kinds of decisions.

- **Whether decisions:** These are the Yes/No, either/or decision that must be made before we begin identifying the alternatives.  
Examples: shall I buy a house? Should I go on a holiday? These kinds of decisions are made by weighing pros and cons. The PMI technique discussed later is ideal for this kind of decision making.
- **Which decisions:** These decisions involve several alternatives from among a set of possibilities; the correct alternative being based on how well it measures up to some predefined criteria.  
Example: Which mall should I go to for shopping?
- **Contingent decisions:** These are decisions that have been put on hold until some condition has been met.

Examples: I will watch that film if I can leave office early OR I will study management if I do not qualify in the UPSC examinations etc.

## **ii. Who are decision makers**

Decision makers are those who have been vested with the authority, possess the capacity or have the inclination to select a particular course of action among several alternatives that will result in a final choice or outcome. It is quite easy to mistake decision making to imply that it is the prerogative of senior executives/officers in large organisations, but unknown to most of us, all of us take decisions every day of our lives. Should we travel by bus or train to office? What should we eat for dinner? When should I shop for new clothes? These are a few examples of decision making that all of us would have encountered in our daily lives.

Since we take decisions every day of our lives, whether personal or at work, decision making is the foundation of our lives. In order to be effective decision makers we need to first understand the decision making process.

## **iii. Decision Making Process**

In order to arrive at the correct decision, break down the decision making process into these steps.

### **▪ Identify the Problem**

Develop a clear picture of the problem that needs to be resolved. Try and understand the decision that needs to be made and articulate/state it unambiguously (desired end result). If you can do this, you are on your way to making the correct decision.

### **▪ Identify all the alternatives**

Any decision offers multiple possible courses of action. Sometimes, the alternatives aren't obvious, while at other times there are so many alternatives that it is difficult to consider them all. Take into consideration all the alternatives that you have, from the most obvious to the obscure and make sure that you have identified all the possible alternatives, within the time frame allotted for the decision.

### **▪ Evaluate the alternatives**

Once you have included all possible options, analyze each one. Weigh the pros and cons of each option, the implications of deciding in favour of that option and whether or not that option will meet the desired end result. If necessary, rank the options in order of your preference.

### **▪ Make the decision**

Once you have identified and evaluated the alternatives, you should have narrowed your choice of alternatives to two or three (not more). Try and narrow it further by gauging which of these options meet the desired end result most successfully. If necessary, take a bit of time to choose the final option. Then, choose the best option and make the Final decision.

### **▪ Action**

Once you have made the decision, act upon it immediately. Monitor the progress of your decision and see whether it is effective in meeting the desired end result. Do not be disheartened if it doesn't, to a certain degree. Your experience in making the decision will stand you in good stead for future decisions to problems that will be similar to the one that you have just tried to resolve. Remember, that there is no such thing as an ideal decision. Decision making is not choosing between right and wrong, but between several alternatives.

## **iv. Decision Making is a Recursive Process**

A critical factor that must be realized is that decision making is a Non-Linear Recursive process, that is most decisions are made by moving back and forth between the choice of criteria (the

characteristics we want our choice to meet) and the identification of alternatives (set of possibilities). The available alternatives influence the criteria that we apply to them and similarly the criteria that we establish may influence the alternatives that we consider. An example will clarify this.

Suppose someone wants to decide: Should I buy a car? This is a whether decision (Yes/No). A linear approach would involve weighing the pros and cons (what are the advantages and disadvantages of buying a car?) and then moving to the next part of the decision making process, which is, the selection of criteria (fuel efficient, good pick up, power steering, automatic gear box etc). Next we would identify alternatives likely to have these criteria (Models V, X, Y and Z all possess the criteria mentioned). We would thus have a scheme like this.

Decision whether.....select criteria.....identify alternatives.....match criteria to alternatives....  
Make choice

However, our decision to buy a car may really be a contingent decision. *I will buy a car only if I like its style and looks* (in addition to the other criteria earlier identified such as fuel efficient, good pick up, power steering and automatic gearbox). It will thus be influenced by the identification of alternatives, which is a later step in the process. We immediately add these criteria, (style and looks) to our criteria list. We may now find that we have to add new alternatives to meet these criteria of style and looks (if Models V, X, Y and Z have styles we do not find very attractive). Thus our decision making process continues to move back and forth as it progresses in what will eventually be a linear direction but which in its actual working is highly recursive.

## **I. WHY DECISION MAKING IS CHALLENGING**

### **i. Decision Making Environment**

Decisions are made within a decision environment which can be defined as the collection of information, alternatives and goals *available at the time of the decision*. An ideal decision making environment would include all possible information, all of it accurate and with every alternative mentioned. However, both information and alternatives are constrained because the time and effort or resources required to gain information and identify alternatives are limited. After all, decisions must be made within a certain time frame. The effort constraint is due to the limits of manpower, money and priorities. Since decisions have to be made within this constrained environment, we can infer that the major challenge of decision making is uncertainty. Thus a major goal of decision analysis is to reduce uncertainty. Therefore, it is undeniable that most decisions involve a certain amount of risk.

This limited decision making environment results in two things. Firstly, it explains why hindsight is better and much more accurate in making decisions than foresight. This is because as time passes, the decision environment continues to grow and expand. New information and new alternatives- relevant to the decision that has been made- appear.

The second point follows from the first. Since the decision environment continues to expand over time, it is often advisable to delay the decision making until close to the deadline. As time passes, new information and better alternatives often appear, therefore delaying decision making until close to the end makes eminent sense. However, as time passes some alternatives may no longer be available. Too much information may become available resulting in decision paralysis- since one must sift through all available information. This may result in poorer decision making (since the first bits of information are often forgotten when arriving at the decision) or delayed decision making. Thus, it helps to set a cutoff date for the decision.

### **ii. Effects of Quantity on Decision making**

Too much information may often be counterproductive to arriving at a good decision. Too much information results in a delay in the decision because of the time required to analyse the excess information. Decision making ability may even decline because the entire information cannot be

assessed properly. Since the mind has to deal with so much information, some of the information, (especially the early ones) may be lost.

The quantity of information that the mind can deal with is limited. Therefore, information required for a decision, should be consciously selected keeping this in mind.

**iii. Decision streams**

Decisions are never taken in isolation. Decisions are made in the context of other decisions. Many decisions made earlier have led to the current decision and have made the current decision both possible as well as limited. Many other decisions will follow it.

Example 1: When you decide to go to a particular multiplex to watch films, you had made the decision to live nearby; you know the bus routes to the multiplex and back home. You cannot frequent this particular multiplex if it is 300 km away. By deciding to live where you do, you have enabled and disabled a host of other decisions.

In short, all decisions follow from previous decisions, enable many future decisions and prevent other future decisions. If you decide to marry Sita, you can no longer marry Gita. However, just as a decision results in a loss of freedom, it also creates new freedoms, new choices and new possibilities. Therefore, making a decision is both constraining as well as liberating.

**II. DECISION LEVELS**

We know that some decisions are more important than others in terms of their immediate impact or long term significance. In order to understand the significance of a decision, every decision can be broadly classified into three levels.

▪ **Strategic**

These types of decisions concern the direction, long term goals, philosophies and values of the person/organization. These decisions are the most difficult because they reach so far into the future and are of critical importance to the future of the person/organization.

▪ **Tactical**

These tend to be decisions that support strategic decisions. They are generally medium term with moderate consequences.

▪ **Operational**

These are everyday decisions. Their impact is usually immediate and short term.

**III. DECISION MAKING TECHNIQUES**

The following is a list of easy, practical techniques that can be applied to all decisions, simple or complex.

1. A T-chart is a graphic representation of alternatives required for a decision to be made. In one form it can be the positive or negative attributes about a particular choice. For example, what are the advantages and disadvantages of buying a sports utility vehicle vis-à-vis an ordinary car.

Advantages	Disadvantages
Can travel on rough surfaces	More expensive maintenance
Spacious	Higher price
Room for luggage	Lower mileage

Drawing up such a chart ensures that both the positive as well as the negative attributes about a particular choice (in this case purchasing a SUV) are taken into consideration.

In another form, two choices are listed, with the good or positive attributes of each.

Example: Suppose a content e-learning company is deciding whether to develop most of its content inhouse or outsource it.

Outsource content	In house content
Higher quality work	Better knowledge of product
Expertise of ideas	Faster product
Pay according to output	Surety of output

More than two choices can be listed and a list of negative attributes can be added as well. This will ensure more clarity in decision making.

- PMI is another popular technique. It stands for Plus, Minus and Interesting. First, you list all the plus or good points of the idea, then the minus or negative points and finally all the interesting points, such as consequences, areas of curiosity or uncertainty or attributes that you do not want to identify as either good or bad at this point (consequences that some people may view as good and others as bad- for example). Most people believe that they list the pluses and minuses of a decision before making it, but in actual practice, many people make a decision or come to an opinion before they consider the evidence in an orderly way. Only after making a decision, do they hunt around for reasons to support it. Considering the evidence on both sides before committing themselves to a position will have a major impact on the quality of decision making.

example: suppose that you are on the board of an NGO and your group has decided to improve the roads in a small village. You as Chairman must present the alternatives, which are that you have enough gravel either to pave half the roads completely or to fix the worst spots and holes in all the roads. If you stand up and say, "Well that's it; what do you think?" you'll get the usual off-the-cuff first impression opinions, backed up later by whatever arguments those who have committed to them can dredge up. But suppose you say, "Let's make two PMI lists, first one of all the good and bad points for paving half the roads completely, and then one for the good and bad of fixing the worst problems on all the roads. Then we will have all the ideas and reasons before us when we make a decision." This way, you will be pooling your ideas and working together without the threat of being wrong or the need to defend your first opinion.

- Buriden's Ass: This is derived from an old fable about an ass placed between two or more equally nice bales of hay. The ass couldn't decide which bale to eat because they were both so attractive and it ultimately starved to death from indecision. This method of decision making is used when one is confronted between two or more equally attractive alternatives or choices. When two or more alternatives are very desirable, we are blinded as to their drawbacks. The Buriden's Ass method focuses on the drawbacks of the alternatives by listing all the negative points of each decision. This enables the decision maker to see the alternatives from another perspective and helps him to arrive at a better decision.

These techniques are useful for the "whether" decisions, or in other words the Yes/No, either/or decisions.

The following techniques are useful for the "which" decisions which involve several alternatives and several criteria.

- Measured Criteria: In this technique list the criteria that you want your decision to meet and assign points to each criterion based on its relative importance. After this is done, each alternative is given a certain number of points according to how fully it meets this criterion.

Example: You are due to travel to a destination far away from your home city. You have five criteria; Speed, safety, comfort, food and journey experience and four alternatives which are train, plane, car and bus. Plane is ranked the maximum 20 points in the speed criteria while train comes second with 9 points. Once all the alternatives have been assigned their due points for each criterion, all the points for each alternative are added and the alternative with the highest number of points is chosen. In this case, it is the car (66 points).



	Maximum possible points	Train	Plane	Car	Bus
Speed	20	9	20	7	6
Safety	20	9	17	7	6
Comfort	20	17	10	14	10
Food	20	12	5	19	15
Journey experience	20	8	5	19	11
TOTAL	100	55	57	66	48

#### 5. Decision Matrix or Weighted decision table

This is a more sophisticated version of the measured criteria method. Here each criterion is given a weight according to its importance to the decision (unlike the example above where each criterion had the same weight-20). The alternatives are ranked and the total points are added up. The alternative with the highest points is the chosen alternative.

#### IV. GROUP VS INDIVIDUAL DECISION MAKING

In choosing whether to make an individual or Group decision we must evaluate the advantages as well as disadvantages that groups generally bring to any decision making process. A group has superior total knowledge and information as compared to its individual members. It offers a greater variety of approaches and more innovative ideas. Most importantly, a group decision provides increased acceptance from among its members which can lead to higher employee morale.

On the other hand, Group decision making has certain disadvantages associated with collective action. Chief among them, group members may be impelled by social pressures to conform to the majority or dominant view among the group- even if that view runs counter to the member's belief or opinion. This is known as "Group think". Also, since decision making meetings are subject to time limits or time constraints, groups display a tendency to be impatient and arrive at a decision quickly, even if it is not of the highest quality.

#### V. DECISION MAKING STYLES

There are four ways of arriving at a decision. They are:

1. Command- The leader makes the decision without involving the person or persons who will be executing it.
2. Consensus- This is a group decision where those affected by the decision are involved in the decision making process. The decision made is acceptable to some degree to all the members.
3. Consultation- The leader makes the decision after consulting with individuals, but without involving them as a group.
4. Convenience- The leader makes the easiest decision from the choices available without taking into consideration the quality of the decision.

#### VI. QUALITIES OF A GOOD DECISION MAKER

Having read the chapter thus far, one can easily infer what qualities a good decision maker should possess.

1. Ethical and Unbiased- It goes without saying, especially when a single person is involved in making a decision, that he should possess a strong moral conscience and approach the decision without any prejudices or biases. This is especially important in the Command and Convenience styles of decision making. A biased decision would probably lead to loss of morale and its consequent effects on the organization are too well known to be reiterated here.
2. Clarity in thought process- The person or persons involved in decision making should possess strong analytical, logical and reasoning ability. This is important in decisions that are complex and in order to arrive at a quality decision. Poor clarity in thought, especially in strategic decision making could prove extremely costly to an organization in the long run.

3. Adhering to rules- The person or person making a decision should possess sound knowledge of the rules and laws in the decision making environment which pertains to that particular decision. The person's intellectual abilities must be strong and he should be well conversant with the relevant laws pertaining to a particular decision in order to be able to make a good decision.
4. Grasp the crux of the matter- The person or persons involved in decision making should be able to analyse the problem and be able to decipher the root of the problem. Some problems can be broken down into components, while others are decisions which call for good overall reasoning ability. This is especially the case with the "Which" type of decision.
5. Optimal data utilisation- As explained before, having too little or too much information can be injurious to the decision making process. In this scenario, the decision maker should be able to sift through the information, identify which bits are relevant to the decision at hand and proceed accordingly. He should be wise enough not to reject any information without prior perusal, while at the same time he should not devote too much time and attention to information that does not directly impact on the decision making process.
6. Practicality- The decision maker should endeavour to make decisions which are useful and impact favourably on the organization. An ivory tower approach to decision making is unwarranted and will not help the organization progress in any way. However, in making decisions that are useful and impact directly on the organization, the decision maker should always adhere to rules and regulations surrounding the decision as well as the laws of the land.
7. Vision- Good decision makers must always possess a strong sense of vision, that is, they should be able to anticipate the future impact of their decisions on the organization and society at large. Decisions that impact favourably on the bottomline of an organization but unfavourably on the community and society are examples of a narrow mindset and poor vision.
8. Sustainability- Decisions that impact favourably on an organization but unfavourably on society are examples of unsustainable decision making. Also, decisions made with the assumption that the public/customers/suppliers are ignorant is another example of unsustainable decision making. Good decision makers make decisions that impact favourably on the customer/supplier/society at large so as to earn the good will which is so necessary for their sustenance.
9. Timely decision making- This is one of the most important factors that go into the making of a good decision maker. All decisions are constrained by time which is one of the reasons as to why decision making is so difficult. A good decision maker should not arrive at any decision without having been provided with sufficient information to be able to make a good decision. Secondly, the decision maker should arrive at the decision at the right time so as to be able to gain the maximum amount of information and be able to fix the alternatives. In an ideal scenario, a good decision maker should wait till the last possible instance before making a decision so as to be able to gain the maximum amount of information pertinent to the decision.
10. Prioritize- A good decision maker will always prioritize his decisions into strategic, tactical and operational, and know which decisions fall into each category. Since strategic decisions are the most important, he should devote the maximum time, resources and energy on these and so on.
11. Ability to see the Big Picture- A good decision maker knows that every decision leads to further decisions and so on. He should be able to visualise how any given decision will impact the organization or society. He should know his and his organization's role in the overall scheme of things. Without this ability he is liable to make narrow, selfish decisions which would make the organization's survival untenable.

## **VII. TYPICAL ERRORS MADE IN DECISION MAKING**

Decision making is central to the success of an organization, but as can be inferred from what has been mentioned hitherto in this chapter, it is littered with hazards. Some of the most common traps in decision making are:

1. **Anchoring-** This type of error occurs when we give disproportionate emphasis to the first piece of information that we receive. Our reaction to the first piece of information that we receive is so immediate that we fail to see the decision in its entirety, thereby distorting the quality of decision making.
2. **Status Quo-** In this type of error, we are biased towards maintaining the current scenario- either due to inertia or the potential consequences if the situation was to change.
3. **Sunk Cost-** In this error type, we tend to perpetuate the mistakes we have made previously, because the investment involved makes abandonment of previous decisions unthinkable.
4. **Confirmation bias-** In this error type, the tendency is to seek information to support a current predilection, to ignore opposing information, to justify past decisions (with the help of the biased information) and to support the continuation of the current favoured strategy.
5. **Over confidence-** This type of error occurs when the decision maker has an exaggerated belief in his ability to understand situations and make correct decisions.
6. **Framing-** This error occurs when the problem or situation is incorrectly stated, mostly, but not always, intentionally. How an issue or situation is seen or comprehended is important in providing the basis for developing an effective strategy or decision.
7. **Recent event-** In this error type, we give undue emphasis on the recent, possibly dramatic piece of information concerning the decision. It is similar to the Anchor except that it can occur at any time and cause an error in judgement.
8. **Prudence-** This error type occurs when we are over cautious and hence reluctant in arriving at a decision- for fear of risk. The decision maker feels both the current approach and alternative possibilities carry risks.
9. **Fragmentation-** This occurs in Group decision making when people are in disagreement with their peers or superiors. It is extremely corrosive and hinders effective analysis and decision making. It can worsen when one group dominates. Any move to break this is seen as an attempt to gain dominance for one side over another. It can become locked-in to the organization and hinder decision making on a long term basis.
10. **Groupthink** is opposite to Fragmentation. It occurs when the members of the group suppress their ideas and criticisms although they are not in support of the direction in which the group is moving. The group appears to be in agreement but is actually not. There are many reasons for this, but the fundamental one is the desire to conform to the group, for fear of consequences or a lack of confidence in confronting the dominant views of the group.

#### **VIII. DECISION MAKING TIPS**

Having understood the hazards of decision making we will now examine some solutions to avoid faulty or bad decisions being made.

1. **Be bold. Don't fear the consequences of decision making.-** This tip is particularly relevant to avoid "Groupthink". Too often, we tend to over-estimate the consequences, good or bad, of our choice. Many often tend to discount their ability to make the right choice. This results from the belief that a loss will hurt more than a gain will please. Remember, the worst case scenario will probably never occur.
2. **Trust your instincts-** As we gain experience, we evolve to make good decisions and manage them effectively. Thus, at times quick decisions work well because we have picked the key bits of information quickly and analysed it effectively.
3. **Playing devil's advocate-** Trying to find flaws in the analysis of information will help in improving decision making and help to avoid biases, including confirmation biases.
4. **Avoid irrelevant information-** This type of information leads to distortions as described in The Anchoring and Recent events.
5. **Reframe the decision-** This will help us to examine the information from a new perspective.
6. **Don't let the past hold you back-** This is especially important to avoid the Sunk cost error. Be bold enough to seek new alternatives.

7. Limit your options to a manageable number- The more options we have, the harder it becomes. This is the paradox of choice. Limit your options to a number that can be analysed thoroughly in the time allotted to make the decision.

## **IX. DECISION MAKING OUTCOME**

An important factor to note in decision making is that the quality of a decision is not related to its outcome. A good decision can either have a good or a bad outcome while a bad decision (one not based on adequate information or not reflecting the decision maker's preferences) may still result in a positive outcome.

**Example:** If you have done extensive research and analysis and decided to purchase a certain stock, then your decision is a good one, even if you were to lose money on your investment. However, if you were to buy a stock on sheer impulse, without doing any research or analysis, then your decision is a bad one, even though the stock may go up in value.

## **X. PROBLEM SOLVING**

### **A. INTRODUCTION**

In order to understand problem solving, we must first be able to know and identify what a problem is. The most basic and easily understood definition of a problem is "a state of difficulty that needs to be resolved". This state of difficulty makes it difficult to achieve a desired goal, objective or purpose.

**Example:** Traffic congestion during peak hours in Mumbai makes commuting to and from office a time consuming process.

Here, the problem (or state of difficulty) is traffic congestion which makes commuting a time consuming process.

Problem solving is the process of working through details of a problem (state of difficulty) in order to arrive at a solution. In order to solve the problem, one must identify the most important elements that influence the answer and work through a series of operations to determine a logical solution.

### **B. PROBLEM SOLVING VS DECISION MAKING**

Let us clarify what is meant by Problem solving and Decision making and how they relate to each other.

We have defined Problem Solving as the process of working through the details of a problem in order to arrive at a solution- through a series of operations or steps.

Decision making has been defined as a cognitive (mental) process in which a particular course of action is purposively selected after considering several alternatives.

Thus, we can see from the above definitions that decision making is a part of Problem solving and decision making occurs at every step of the problem solving process. When we try and solve a problem, several steps are involved- these steps are nothing but decisions.

**Example 1:** You are the principal of a reputed college. Your college has certain strict rules and regulations. If a student is found ragging someone, he is to be suspended for a week. However, the son of a trustee of the college is found ragging a junior. You know that if you punish this boy, the boy's father may take some action against you. You would -

- (a) Ignore whatever the boy does, since you do not want to risk losing your job.
- (b) Just talk to the boy and tell him that you wish him well and hence you do not want him to get into any trouble, since other parents may complain against him.
- (c) Suspend the boy for a week, since the rules were clearly explained to the students at the start of the academic year.
- (d) Request the father of the boy to speak to him and stop him from ragging other students.

**Explanation:** Since the rules were clearly stated at the start of the academic year, it implies that the students were forewarned. If you ignore the boy's acts, it will set a bad example and the other students will also be encouraged to rag their juniors. Hence, option (a) can be eliminated.

Options (b) and (d) will also not stop the boy from such activities in the future.

Hence, the correct answer is **option c**.

**Example 2:** You have been posted in a rural area as an administrative officer. You learn that the ratio of girls to boys in that particular village is very low. On probing further, you are shocked to learn that every time a girl child is born, she is killed by the family members themselves. All this is done very secretly and hence nobody has ever been caught. You would -

- (a) Call for a meeting with the villagers and explain to them the value of the girl child and request them to stop such a brutal act.
- (b) Set up a team to track such activities and announce to the villagers that strict legal action will be taken against any person who is caught.
- (c) Arrange for schemes which will provide financial assistance to parents of the girl child for her upbringing so that the parents are encouraged to let the child live.
- (d) Accept things as they are since the entire village supports this kind of an act and you alone will not be able to prevent such things from happening.

**Explanation:** The villagers have been murdering girl children. Such a crime cannot be ignored and it can neither be stopped by just talking to the villagers. Strict action must be taken to stop them. Hence, options (a) and (d) can be eliminated.

Option (c) can be implemented at a later stage so that it benefits the girl child. However, at this stage, the villagers need to be taught a lesson and hence warning them about a legal action is the best possible solution.

Hence, the correct answer is **option b**.

**Example 3:** You are the administrative head of an area, the residents of which are known for their street food habits. The area has around more than 150 roadside eateries dishing out vegetarian, non-vegetarian and Chinese delicacies to the residents. The roadside eateries, however, pose twin problems. The unhygienic environment exposes the food to open air and the throwing away of the left-overs on the roadside creates an unhealthy atmosphere in the surroundings. You would -

- (a) See to it that all such eateries are shut down.
- (b) Make the residents aware of the unhygienic conditions and request them to avoid eating at such places, so that the eateries will be forced to shut down, solving both the problems.
- (c) Ensure that the roadside eatery stall owners pass stringent health and hygiene tests and get a food license and also sign an agreement which will make them eligible for a fine if they litter the surroundings.
- (d) Taste some of the food items from each eatery and allow only those eateries to run that serve tasty food.

**Explanation:** The residents of the area are well known for their food habits, hence shutting down all the eateries will not solve the problem since the residents will be unhappy and the eatery stall owners will also lose their means of living. This eliminates option (a).

Option (b) can also be eliminated for similar reasons, since residents who love eating street food may not avoid it just because of hygiene reasons.

Option (d) is irrelevant since the problem is of hygiene and not of taste.

Only option (c) ensures that the food remains hygienic and the atmosphere in the surroundings are not unhealthy.

Hence, the correct answer is **option c**.

**Example 4:** You have been posted in a hospital in a rural area as a junior doctor. A man with high fever comes to the hospital for treatment. The nurses and staff tell you not to treat him and send him back since he is an HIV positive patient. You would -

- (a) Go ahead with the treatment even though the entire staff of the hospital opposes you and then hold an awareness campaign for the staff.
- (b) Refuse to treat the man at that moment since the staff does not co-operate, but hold an awareness campaign for the staff.
- (c) Agree with the opinion of the nurses and staff and tell the man to leave the hospital premises since there is danger of his spreading the infection.
- (d) None of these.

**Explanation:** HIV patients are not to be shunned. They should be treated with proper precaution to avoid any infection to others. As a doctor, your role will be to treat any patient who comes to you. Also, since the nurses and staff are ignorant, they need to be trained.

Hence, the correct answer is **option a**.

**Example 5:** You have been assured of promotion by your senior officer and you are very happy and excited about it since you worked really hard the past year and deserve it. However, soon after, you come to know that your senior officer is corrupt and has recruited many undeserving candidates since they bribed him. You would -

- (a) Ignore it, since if you complain, your promotion will be cancelled.
- (b) Complain about him to the anti-corruption bureau.
- (c) Wait for your promotion and then complain about him to the anti-corruption bureau.
- (d) Just quit your job since you cannot work under such a person.

**Explanation:** Giving or accepting a bribe is an offence and as a responsible citizen of this country, it is your duty to try and stop it in whichever way you can. Hence, ignoring it is wrong.

Leaving your job will not solve the problem.

Waiting for your promotion and then complaining is also incorrect since it implies that you encourage corruption as long as it benefits you.

Hence, the correct answer is **option b**.

**Example 6:** You come to know that your cousin who is a doctor, uses his private hospital to carry out foetal sex determination and medical termination of pregnancy. You would -

- (a) Explain to him that it is illegal and that he should stop carrying out the tests.
- (b) Ignore and let him carry out the tests.
- (c) Complain to the police.
- (d) Blackmail him for money.

**Explanation:** Your cousin is carrying out an act which is illegal. Hence, you cannot ignore his acts. This eliminates option (b).

Blackmailing is also a crime. Hence, option (d) is eliminated.

Now, you may go to the police, however a better option in this case is option (a), since this will give your cousin a chance to mend his ways.

Hence, the correct answer is **option a**.

**Example 7:** You are asked to complete a very important assignment within the next 10 days. However, your mother falls ill the very next day and is admitted to the hospital. Even though she is out of danger, you are required to be by her bedside as there is nobody else to tend to her. She will be discharged only after a week. Your boss still expects you complete the assignment within the stipulated time since he feels that you are the best candidate for that task. You would

- (a) Explain your condition to your boss and tell him that you will not be able to complete the assignment in the given time.

- (b) Take permission from your boss to work from home/hospital so that the deadline is not affected.
- (c) Take leave from office for a week and tell your boss that you will work extra and complete the task in a day or two.
- (d) Ask your boss to hand over the task to someone else.

**Explanation:** Since you are given 10 days to complete the assignment, it will not be possible for you to finish it in a day or two. Hence, option (c) can be eliminated. Also, your boss feels that you are the best candidate for that task. So, handing over the task to someone else may not be a good option. Of the remaining options, option (b) is a better choice. Since your mother is out of danger, you can work from home/hospital. In this way, your work will also not be affected.

Hence, the correct answer is **option b**.

**Example 8:** You are the officer-in-charge whose team was appointed for rescue operations in the areas where bomb blasts recently occurred. You and your team put in your best efforts to ensure that all the injured were rushed to the hospitals. However, the next day it was found that, valuables worth lakhs of rupees were stolen from the site. You and your team are being held responsible for this, by the locals. You would -

- (a) Meet the locals personally and explain that your team was not responsible for it.
- (b) Hold a meeting with your team and convince them to refuse to carry out any other work in that area till the locals apologize to you.
- (c) Promise the locals that you will try your best to catch the culprit.
- (d) Hold a meeting with your higher authorities and tell them to set up an enquiry.

**Explanation:** Since the locals have accused you and your team of the theft, they will not be convinced if you try to just explain to them without any proof. Hence, option (a) can be eliminated. Refusing to work in that area is not a proper course of action since this is an emergency situation. This eliminates option (b).

Since you are the officer in charge of rescue operations, you are expected to do only that task and not look for the culprit.

Hence, the correct answer is **option d**.

**Example 9:** The government has received information that a battleship- of the Indian Navy- armed with guided nuclear missiles has been hijacked a few kilometres off the coast of Mumbai.

1. What should be the Indian government's response?
  - (a) Send trained naval commandos to bomb the ship.
  - (b) Send the local armed police since they are stationed in Mumbai and can reach the hijacked ship more quickly than the naval commandos.
  - (c) Wait for the hijackers to initiate communication before deciding on the next course of action.
  - (d) Send in the air force to bomb the hijacked ship.
2. The government comes to know that the ship has been hijacked by dreaded terrorists from a hostile neighbouring country and that they intend to use the nuclear weapons on board the ship- to create a devastating effect on the Indian mainland.

What should be the next step that the Indian government should take?

- (a) Try and reason with the terrorists on the one hand, while simultaneously launch fighter aircraft to destroy the ship.
- (b) Immediately sink the ship with missiles.
- (c) Launch a nuclear attack on the country from where the terrorists have originated.
- (d) Reason with the terrorists and try to convince them that launching nuclear missiles against India would not be to their (terrorists) advantage.

3. The Indian government has managed to convince the terrorists who have hijacked the ship to release one hostage. On board the ship are the Admiral of the Navy, the country's top (and only) thermonuclear expert, a Union minister and a small boy.

Whom should the government ask for to be released?

- (a) The Admiral      (b) Thermonuclear expert      (c) Union Minister      (d) The small boy

4. While the terrorists are threatening to launch nuclear weapons, Indian naval commandos storm the hijacked ship and find the Admiral of the Indian Navy surrounded by the terrorists. The commandos can eliminate all the terrorists but the Admiral would be shot as well.

What is the next step that the Indian naval commandos should take?

- (a) Negotiate with the terrorists for the Admiral's release.  
 (b) Eliminate all the terrorists.  
 (c) Eliminate all the terrorists as well as the Admiral.  
 (d) Wait for the terrorists to react before deciding on the next course of action.

**Explanations:**

- Option (b) can be eliminated. Without knowing who has hijacked the ship and/or their motives it would not be advisable to storm the ship. As mentioned, the ship is carrying nuclear weapons which can be used by the hijackers to deadly effect.  
Options (a) and (d) will result in many casualties among Indian naval personnel.  
Hence, the correct answer is **option c**.
- The ship has been hijacked by dreaded terrorists who intend to use the nuclear weapons against India. This will result in catastrophic loss of life. The only possible response for the Indian government would be to sink the ship immediately, without the slightest delay.  
Hence, the correct answer is **option b**.
- Since the country has only one thermonuclear expert, the government should request his release. He may also find some solution to deactivate the nuclear missiles.  
Hence, the correct answer is **option b**.
- Option (c) is a ridiculous option and can be eliminated immediately.  
Option (d) would be unwise. Their (naval commandos) success lies in quick action and not in any type of hesitation.  
Option (a) may not be feasible.  
Hence, the correct answer is **option b**.

**XI. SUMMARY**

- Read the case carefully.
- Identify the core problem/issue and the meaning of the entire case.
- Implement the Five step process outlined in the chapter
- Check to see if your answer is there among the options. If it is not there, locate the nearest option in terms of logical consistency
- Decision making questions generally have clues, which point to the right answer. Try and search for such pointers.

**TEST 1**

**Instructions for questions 1 to 9:** For each of the following cases, read the case and choose the best alternative.

1. Mr. Sunil Poddar's wife had a taste for expensive knick-knacks - imported toasters and solar powered fountains. The toaster has been discarded as it always burnt the middle of the toast and under-did the rest while the garden fountain developed a malfunction after a week and is since



lying in the tool shed. One day, an unsolicited catalogue arrives, addressed to his wife, from a very fancy and expensive store. What should Mr. Sunil Poddar do?

- (a) He should quietly get rid of it before his wife gets an opportunity to burn more holes in his pocket.
- (b) Give the catalogue to her when she gets home, say nothing, and wait for the next disastrous purchase.
- (c) Call up the store and request them not to send unsolicited catalogues in future.
- (d) Give the catalogue to her and request her to be careful when making the next purchase.

2. Mr. Hariharan, an engineer by training had inherited his father's factory located at the outskirts of Chennai. The factory produced medical sonographic instruments, which Mr. Hariharan believed were bought by hospitals to perform both diagnostic and therapeutic procedures. However, Mr. Hariharan also knew that the instruments could be used to determine the sex of an unborn fetus. Although illegal, this was a widespread practice prevalent throughout the country. He was well aware that the country had very high rates of female infanticide as well as abortion of female fetuses. Mr. Hariharan, being a man of conscience was greatly troubled that the machines that he made were possibly being used to commit murder with.

What should Mr. Hariharan do?

- (a) He should slowly but steadily diversify his product portfolio to other products.
- (b) He should sell his business to someone who does not possess his high moral conscience.
- (c) He should ensure that his machines and instruments are sold to designated hospitals/clinics only, which do not practice sex determination and avoid selling to quacks or dubious middlemen.
- (d) He should do nothing. After all he is making a lot of money.

3. Mr. Sinha, Executive Engineer of the PWD department, was in a morose mood. Once again work for a project had gone to the lowest bidder. Mr. Sinha knew all the consequences. The contractor- in order to make money from his bid amount- would take recourse to sub standard material. In his ten years of service, Mr. Sinha had seen the growth of what he called 'Third rate infrastructure'. All the roads, canals, dams and other public works built in his district were extremely shoddy and poor in quality. As a result, fresh tenders were called for, for repaving roads and maintenance every few years. Mr. Sinha suspected that this was a racket among a section of contractors (doing shoddy work and rebidding for fresh tenders for maintenance and repair) and the costs to the state were actually more than if the best techno-commercial bid had won the tender. Mr. Sinha had two proposals to make to his Chief Engineer which would replace the lowest bid approach. One, as mentioned before was the techno-commercial bid which had the drawback of being largely subjective and the second was the Phase-wise payment bid in which payment to the winning contractor (who bid the lowest amount) was to be made only after the successful completion of each phase- after the quality of the work done had been approved by a PWD engineer.

Which of the two decision making proposals is the Chief Engineer likely to find more attractive?

- (a) The techno-commercial bid because it would facilitate the introduction of new technologies in infrastructure development.
- (b) The Phase-wise payment bid because that would ensure quality work got done at a low price.
- (c) The techno-commercial bid because it was largely subjective and would confer more authority and decision making powers to the PWD department.
- (d) The Phase-wise payment bid; because in the guise of the introduction of the latest technologies (in the techno-commercial bid) by the contractors, they are likely to hike their bid amounts substantially.

4. Mr. J. Saigal is in a fix. As the Sub Divisional Officer he has just been informed of a theft that had occurred in his office. Akhay, the office peon, has been caught for stealing Rs 1000/- from an officer's wallet. On being questioned he replied tearfully that he had a large family to support and was unable to make ends meet. In addition his youngest daughter was very ill and he needed money to pay for her medical expenses. When asked as to why he had not put in a request for a loan in order to pay for his daughter's medical expenses, Akhay was unable to give a satisfactory reply. As the Officer in charge, what should be Mr. Saigal's decision?
- Mr Saigal has no choice but to abide by the rules concerning theft in a government office.
  - Since Akhay is poor and is facing financial difficulties Mr. Saigal should pardon him.
  - Mr. Saigal should pardon Akhay, after scolding him and lecturing him on the importance of being honest.
  - Mr. Saigal should do nothing and let the office staff deal with the matter.

5. Mr. Das, the District Medical officer, was in a foul mood. Once again, for the umpteenth time, the batch of polio vaccines that had arrived at his office was of substandard quality. Mr. Das, a conscientious doctor, knew that administering these vaccines to children would be of no use. However, the state's health department had issued a directive to all District medical officers to complete the next phase of polio immunization within the stipulated dates. Mr. Das would have no time to wait for a fresh batch of vaccines to arrive and at the same time maintain the stipulated dates.

What should be Mr. Das' decision?

- Mr. Das should inform the state's health authorities about the substandard quality of vaccines delivered and seek an extension to procure new vaccines.
  - Mr. Das should do nothing and quietly administer the vaccines. After all, he has to maintain his targets.
  - Mr. Das should refuse to administer the vaccines and quit his job.
  - Mr. Das should file a charge sheet against the concerned supplier with the local police station.
6. Rahul, a wildlife enthusiast is on an African trip. On the vast expanse of the Masai Mara plains he spots a cheetah. The cheetah is emaciated and barely able to stand. It is obvious that it is dying of starvation. The animal seems to be alone and without any pack to help it. Rahul knows that unless the cheetah is able to hunt for food it will die. Rahul has limited food supplies in his back pack.

Which of the following decisions is/are most appropriate?

- Rahul should offer his food supplies to the starving animal.
  - Rahul should alert the Forest officials in the area as to the animal's plight.
- (a) 1 only                      (b) 2 only                      (c) Both 1 and 2                      (d) Neither 1 nor 2
7. The Simlipal National Park has been facing drought for several years. As a result of a lack of rainfall in the area, the river running through the park has practically become dry. Since the river was the main source of drinking water for the animals in the park, without adequate water, animals are dying by the dozens every day. Wildlife enthusiasts are in an uproar. TV news channels have joined in (showing graphic images of dying animals) and so have powerful politicians of various hues. They claim that the forest officials should replenish the water level in the river by whatever means necessary, by pumping water into the river via water trucks or keeping pails of water in areas where animals come to drink. They are demanding quick action, without which, they warn, action may be taken against the negligent officials. The forest officials know that both these solutions are not feasible. In addition, the Forest Director, a man of 30 years' experience and a wildlife enthusiast himself, is of the opinion that droughts are natural

events and occur with regularity. Far from offering help to the distressed animals, he is of the opinion that droughts give life- they do not take it. During droughts, the animals who are sickly, lazy and lame are the ones who die in large numbers. This replenishes the gene pool of the animals and the animals that are the hardiest and the fittest survive- passing on their genes to their offspring. This, he explains, is nature's way of evolving life and should not be tampered with.

Which of the following decisions is/are most appropriate?

1. The Forest Officials should put pails of water near watering holes in order to appease the powerful politicians.
2. The Forest Officials should heed the Director's advice and let him deal with the matter with the higher authorities.

(a) 1 only                      (b) 2 only                      (c) Both 1 and 2                      (d) Neither 1 nor 2

8. With its existing airport stretched to capacity, Mumbai is in serious need of a new airport to be built within the next five years. The BMC has identified a site 50 km from the heart of the city, but no sooner had the site been made public, than a hue and cry ensued from the people living in the vicinity of the proposed new airport. Locals allege that the constant noise of planes landing and taking off would drastically reduce their quality of life. Further, medical professionals are of the opinion that children exposed to sound pollution in their early years may go on to develop psychological ailments in adolescence.

Which of the following decisions is most appropriate?

- (a) An alternative site, where there is no human habitation, should be identified, even if it is further away from the city.
  - (b) The government should go ahead and begin work on the project at the original site.
  - (c) The government should go ahead and begin work on the project at the original site, after offering suitable monetary compensation to the people who are likely be affected by the noise.
  - (d) The government should try and relocate the people to other areas- but not pay any compensation.
9. Mr. Bholanath Sen, an IFS officer posted in Washington DC is on extremely good terms with Sita, a young IFS officer. Over a period of time he discovers the fact that Sita is having an affair with an American intelligence (CIA) officer. Service rules prohibit IFS officers from marrying non-Indians.

Which of the following decisions is/are most appropriate?

1. Mr. Sen should do nothing. He is on good terms with Sita. Besides, no service rule has been broken.
2. Mr. Sen should disclose this information to his superiors since there is a possibility of Sita passing on vital information to Americans.

(a) 1 only                      (b) 2 only                      (c) Both 1 and 2                      (d) Neither 1 nor 2

## TEST 2

**Instructions for questions 10 to 16:** For each of the following cases, read the case and choose the best alternative.

10. Raghuvver is one of many farmers who own land in the Madhavpur district. Recently, a retail company approached him to sell his crops directly to them, at a higher price instead of to the local village wholesale association, an organization formed by the village farmers.

What should Raghuvver do?

- (a) In order to break away from his hand-to-mouth existence, he should sell all his crops to the company.
- (b) He should divide his crops and sell them to both agencies – this way he does not get caught and earns a higher profit.
- (c) He should reject the retail company's offer since he is a part of the village association and thus, cannot betray his brothers.
- (d) He should float the idea of booking higher profits by selling crops to the company in the village association meeting and try to convince all of them to reach a common verdict.

**11.** Mr. Gaurav Zaveri, the country's Finance secretary doodled on his blotter while he tried to think of a practical solution to the problem at hand. The problem was literally, the health of the country's currency. For the past year banks had sent his department regular reports about the huge increase in the number of soiled, mutilated and torn currencies that they had been receiving from their customers. Mr. Zaveri knew that the days of paper currency were coming to an end. However, he was unsure as to the next step- what to replace the paper notes with. His additional secretary, Mr. Iyer had suggested replacing paper currency with plastic currency. Plastic was in abundant supply in the domestic market and would solve the problem that paper notes perennially faced- that of being damaged. Mr. Iyer noted that most developed countries such as the USA and UK were following this practice. However, Mr. Dave, the Secretary- Banking and his batchmate in the Indian Administrative Service wanted a more radical solution to the problem. He suggested that the number of currency notes being issued should be gradually decreased and the use of cards, such as debit cards and credit cards should be actively encouraged. This would ensure the following benefits. Most, if not all shops and establishments would start accepting cards as paper currency started drying up. Secondly, for those without a debit or a credit card, this would encourage them to open bank accounts in order to avail of one if not both the cards (Debit cards are free with the opening of a bank account). This would serve as a fillip to the banking sector. Mr. Dave pointed out that although the national savings rate was close to 20%, only a third of the money from such savings were in the form of bank accounts. With more deposits, banks would be able to lend more money and this would eventually become a win-win situation economically. Mr. Dave also pointed out that the minting of plastic currency was expensive- a One rupee plastic note would cost Rs 2.50 to make (mint) if all the costs were to be included.

Although Mr. Dave's innovative proposal had some merit, Mr. Zaveri wondered how 30% of the nation's population, who had recourse to barely one meal a day would be in a position to open bank accounts. When Mr. Zaveri pointed out this fact to Mr. Dave, the Banking Secretary dismissed it airily and referred to the example of mobile telephony. Ten years ago, mobile phones were toys exclusively for the rich. With the massive drop in prices of handsets and call charges they were now accessible to all. The same principle would apply to cards, was his opinion.

Should Mr. Zaveri adopt plastic currency or cards as a substitute for paper currency?

- (a) He should adopt cards as this would be beneficial for the economy.
- (b) He should adopt plastic currency because 30% of the people would not be able to open bank accounts (and avail of cards).
- (c) He should adopt cards as plastic currency is expensive to mint.
- (d) He should adopt plastic currency because the USA and UK have done the same.

**12.** A remote state in the North eastern part of India is rich in forest and agricultural resources. This mountainous region is filled with teak and mahogany forests and has fertile soil ideal for tea cultivation. The state is very sparsely populated but the average income per head is the highest in the country. When the locals want to make money, they simply cut down the teak and mahogany trees, and sell them to contractors. These trees fetch a handsome price as teak and

mahogany wood are much sought after. However, the newly elected government in the state has as its Chief Minister, a young technocrat who has worked in various engineering projects around the world. He wants to replicate the conventional industrial model of development for his state. He wants huge paper and plywood mills, steel mills and even high technology companies for his state. This, he feels will give his people respect in the eyes of the nation and the international community. He feels his people- who are mainly simple tribals and who have lived for generations as an egalitarian harmonious community- are lacking in refinement and are very backward. Although the state has 100% literacy there are very few engineers or doctors or qualified professionals.

The new CM puts forth these proposals to community leaders in the state. The leaders are most sceptical of these proposals. They point out the demerits of industrialisation. The present egalitarian society would be torn apart and a rigid class hierarchy would be formed. Crime and alcoholism would be rampant. They also wondered if the simple tribals would be able to absorb higher education and become engineers and doctors within a couple of decades- as the CM envisaged.

Should the new Chief Minister ignore the community leaders and begin the process of industrialisation in his state?

- (a) No. The state is sparsely populated and does not need essential infrastructure or large industries.
- (b) Yes. The people of the state will have to take up more productive occupations than cutting down trees.
- (c) No. They are the richest people in the country.
- (d) Yes. They will have to become MBAs and engineers like people from other states.

13. Mr. S. Hariharan has been the Deputy Commissioner of a district for the last six months. Ever since his appointment, the villagers in his district have been entreating him to build paved roads connecting all the villages to the district headquarters so that their farm produce can be brought to market quickly. The district is rich in agricultural produce but much of the crop is being wasted due to a lack of motorable roads. However, the state's PWD department has informed him that due to budgetary constraints, they will be able to implement only one of the following:

**Decision 1:** They will be able to build good quality paved roads for only half the villages.

**Decision 2:** They will be able to build poor quality paved roads (which will quickly result in potholes and craters) for all the villages which will require repaving after two years.

Which of the above decisions is/are most appropriate?

- (a) 1 only
- (b) 2 only
- (c) Both 1 and 2
- (d) Neither 1 nor 2

14. Mr. D. Sen, the Indian ambassador to an East African country, receives a telephone call early one morning informing him that an Indian ship has been hijacked off the country's territorial waters and the pirates would like to negotiate with him on the terms and conditions that need to be met for the crew's release.

Which of the following decisions is most appropriate?

- (a) Mr. Sen should flatly refuse to negotiate with the pirates.
- (b) Mr. Sen should abide by his country's laws and norms regarding hijacking of Indian citizens at sea.
- (c) Mr. Sen should immediately agree to all the terms and conditions put forward by the pirates so as to ensure the safety of the crew.
- (d) Mr. Sen should stall so that he can gain valuable time in order to be able to receive additional inputs from his country's home ministry- on what decision to take.

15. Mr. A. Srivastava is the Deputy Commissioner of a district through which a major river flows, effectively cutting the district into two halves. The entire district has no bridge to connect the two halves and people who travel from one part of the district to another have to avail of the services of boatmen- whose ancestors have been plying this trade for centuries. Rows of eateries have also come up on both sides of the river- and they do brisk business. Mr. Srivastava is seriously considering sanctioning the building of a bridge to connect the two parts. This, he is sure, would facilitate trade and business and enhance economic activity in his district. However, his subordinates point out that the boatmen would lose their livelihoods and so also would the owners of the eateries on both sides of the river. Further, as per rules, Mr. Srivastava cannot offer compensation to those affected.

Which of the following decisions is/are most appropriate?

1. Since some people would be adversely affected by the building of a bridge, Mr Srivastava should not sanction the building of a bridge.
2. Mr Srivastava should sanction the building of a bridge only after he is in a position to offer alternative livelihoods to the boatmen.

(a) 1 only                      (b) 2 only                      (c) Both 1 and 2                      (d) Neither 1 nor 2

16. Mr. R. Prasad, a Superintendent engineer, was in charge of a project to expand the national highway in his district. A total of 350 km of roads (designated national highway) was proposed to be built in Prasad's district. However, as per the route plan drawn up, the road was supposed to pass through a disused temple. In order to build the road, the temple would either have to be demolished or relocated. Further, the NHAI (National Highways Authority of India) had strict deadlines on every phase of the project. If Mr. Prasad decided to build the highway around the temple (keeping the temple intact) he would risk spending more man days and not being in a position to maintain his deadlines.

Which of the following decisions is/are most appropriate?

1. Mr. Prasad should demolish the temple and build the road according to the original route plan. After all, the temple is disused and he has to maintain strict deadlines.
2. Mr. Prasad should have a formal meeting with NHAI officials and explain the situation.

(a) 1 only                      (b) 2 only                      (c) Both 1 and 2                      (d) Neither 1 nor 2

### TEST 3

**Instructions for questions 17 to 26:** For each of the following cases, read the case and choose the best alternative.

After the case questions/statements consisting of items relating to the passage are given. Evaluate each item separately in terms of the passage and mark option:

- (a) If an item is a MAJOR OBJECTIVE in making the decision; that is, it is the outcome or result sought by the decision maker.
- (b) If an item is a MAJOR FACTOR in arriving at the decision; that is, it is an important consideration, explicitly mentioned in the passage that is basic in determining the decision.
- (c) If an item is a MINOR FACTOR in making the decision; that is, it is a less important element bearing on or affecting a Major Factor, rather than a Major Objective directly.
- (d) If an item is a MAJOR ASSUMPTION made deliberately; that is, it is a projection or supposition made by the decision maker before considering the factors and alternatives.
- (e) If an item is an UNIMPORTANT ISSUE in getting to the point; that is, it is a factor that is insignificant or not immediately relevant to the situation.

Mr. Vikas Thakur, M.D. of Infoknow Pvt. Ltd., started his company in 1992 when the IT boom began in India. Since then, for the next 16 years, the company's profits steadily rose every year. But 2008 – 2009 has not been a good year for Infoknow Pvt. Ltd. Due to an economic crisis in the USA, they have not received any new projects. Some of their clients were planning to start an annual maintenance contract with Infoknow but postponed their plans given the state of the US economy. As a result, almost no new profits were generated in 2008 – 2009. Sales had fallen drastically and revenues had decreased by 35%. This has led to severe cut backs within Infoknow. Several employees were asked to leave. The work hours of all employees were increased by an hour every day. There was no salary appraisal and all bonuses were cancelled.

Vikas called a meeting with Smita who was the Head of HR in Infoknow. He discussed with her means to raise the motivation of the employees. Smita made many suggestions including introducing competitions such as employee of the week, complimenting the positive behaviour and achievements of the employees. She also requested Vikas to hold a meeting where all employees could be present and make everyone aware of the company's mission, purpose and goals. She also suggested a training program where the company would bear all costs of training employees so they could expand their skills-base across sectors, which will help them function across departments. Vikas told Smita that he would think over her suggestions and get back.

Next, Vikas met with Dheeraj who was the Head of Marketing to discuss revamping the Marketing strategy with current and future partners. They agreed on a three point agenda. They needed a way to figure out which segment of partners would be the most profitable to pursue. They also decided to identify price sensitivity of their partners. Both of them agreed that introducing new products and services could generate the kind of growth the company craved.

Vikas also met with Madhuri, Head of Sales, to identify a strategy to improve sales. They realised that the sales strategy of 80/20 sales team performance which the company had unintentionally taken up was causing major losses. They identified four factors to improve sales. Firstly, the sales recruiting would need to be transformed so that the sales recruiting process consistently produced top performers and strong middle performers. Secondly, the sales compensation plan should motivate employees to exceed targets, especially those of prospecting, achieving new business goals and maximizing penetration in each of their assigned accounts. Thirdly, they agreed that the sales training needed to be updated. Lastly, they decided to conduct inspection of sales activities wherein they would check the quantity and quality of an employee's activities.

Vikas took a day to sort the feedback these three meetings had generated and then called a meeting with all department heads to discuss the dismal performance of the company in the last two quarters.

17. Decrease in sales.
18. Declining revenues at Infoknow Ltd.
19. Low motivation of employees.
20. Bearing all training costs of employees.
21. The economic recession in the US.
22. Infoknow being too heavily dependent on the US market for its revenues.
23. Introducing new products and services will boost revenues.
24. Mr Vikas Thakur taking a week long vacation with wife and children.
25. Increase of working hours, no salary appraisals and cancellation of bonuses.
26. Introducing competitions such as employee of the week to improve morale.

**TEST 4**

**Instructions for questions 27 to 34:** For each of the following cases, read the case and choose the best alternative.

27. Mr. Mahimkar's department has entered into a 5-year contract with a major supplier. The contract has 2 years remaining on its term but the supplier has now asked Mr. Mahimkar to renegotiate the price of the contract because his labour and fuel costs have risen more than expected. If Mr. Mahimkar agrees to a price increase, it will increase the department's total costs substantially. The CAG (Comptroller and Auditor General) is likely to take a dim view of this during their annual audit.

Which of the following decisions is/are most appropriate?

- (a) Mr. Mahimkar should negotiate the price and try to limit the increase to a minimum so that the department's costs are not significantly affected.
  - (b) Mr. Mahimkar should refuse to negotiate the price and hold the supplier liable to 'breach of contract' if supplies are affected.
  - (c) Mr. Mahimkar should agree to the price increase, on the condition that no further increase would be granted during the contract period.
  - (d) Mr. Mahimkar should refuse to negotiate the price, sue the supplier for breach of contract and blacklist the supplier.
28. Mr. Govind Vasudeva is the chairman of an NGO that works for the development and education of homeless children. Every year, he receives hundreds of nominations for volunteers to work in his NGO. However, only a handful of people choose to work all year round while the rest leave after a few sessions or keep coming and going fleetingly. Recently, Mr. Vasudeva received a request from one such person - a UPSC aspirant who has worked for just 2 sessions in the entire year - to grant him a certificate that would potentially help him clear the interview and become an IAS officer.
- What should Mr. Vasudeva do?
- (a) He should not grant him the certificate as the person has not worked much with his NGO and had selfish interests.
  - (b) He should not grant him the certificate as this will lead to a surge of more requests of such nature which will not be helpful to the company name.
  - (c) He should grant him the certificate as the person may have had a reason for not being regular and may come back to help the NGO in a greater capacity.
  - (d) He should grant him the certificate which clearly states the nature of his involvement with the NGO.
29. A state in Western India has decided to set up a state financial corporation which would provide seed capital to entrepreneurs and businessmen in the state. By starting this venture, the state hopes to lower the unemployment rate as well as give birth to local businesses. However, 5 years after this venture had begun, a state government review of the corporation's performance has been scathing in the extreme. Very few new businesses had come up during this period. Secondly, the main objective of the corporation, which was to provide loans to local entrepreneurs and businessmen at rates of interest lower than that of commercial banks, had also been considerably diluted. It was seen that loans were being availed of by large companies (who wanted the advantage of lower rates of interest) and worse still, they were using it for setting up projects and manufacturing facilities outside the state. Thirdly, the review noted with displeasure about the norm of the Chairman of the corporation being an IAS officer of the rank of Secretary, as it felt that bureaucrats lacked the requisite financial expertise to effectively manage what was essentially a financial organisation.



What corrective steps should the corporation take in order to achieve its main objectives of reducing unemployment and giving birth to local businesses?

1. It should recruit MBAs for the Chairman's position.
2. It should fund local start ups only.
3. It should stop giving loans to large companies because their operations are national in nature.

(a) 1 and 2 only    (b) 2 only    (c) 1 and 3 only    (d) 2 and 3 only

**30.** Consider the following:

The state's administration is mulling over the idea of constructing a new airport in its metropolitan capital city. The regular airport is congested and stretched to full capacity. Studies show that the number of passengers using air travel as a means of transportation is increasing at 15% every year. However, the new site identified in the outskirts of the city is in the middle of a mangrove forest. Environmentalists are up in arms at the prospect of tens of thousands of trees being cut down. They also point out that the wetlands- which host a very rich mix of plant and animal species and act as a natural water purification system- surrounding the forests will also be destroyed. The state's transport secretary, Mr. Solanki has been instructed by the government to arrive at a decision which would be feasible to all parties and which will not mitigate against sustainable development.

Which of the decisions is/are most appropriate?

1. Mr. Solanki should go ahead and give the green signal to build the airport.
2. Mr. Solanki should- after confirming the expected environmental damage from the environment ministry- look for alternative sites.
3. Mr. Solanki should explore the idea of whether additional capacity can be created from the existing airport- which would enable a delay in the necessity for building a new airport by a few years.
4. Mr. Solanki should try and convince the environmental groups that air travel is more important than frogs or mango trees.

(a) 1 only    (b) 2 and 3 only    (c) 4 only    (d) 1 and 4 only

**31.** Consider the following:

Gaurav, a cameraman for the TV channel *Animal Planet* is on a trip to Greenland for a "Greenland Special" series. With summer approaching and the ice sheet shrinking, he sees a baby walrus who is sitting on a piece of ice which is slowly sinking into the sea as the ice around it melts. The baby walrus is too small to know how to swim in the raging sea and is in danger of drowning. Its mother is far away and does not know the danger its young one is in. Gaurav, along with his two assistants will be able to save the baby walrus by hauling it up onto the ice sheet. However, Gaurav also knows that the baby walrus being filmed while drowning, would make for increased- if morbid- interest in the "Greenland Special" series among viewers.

Which of the following decisions is/are most appropriate?

1. Gaurav should do nothing and let nature take its course.
2. Gaurav should do nothing as filming the baby walrus while it is drowning would make for great viewing and consequently enhance his career.
3. Gaurav and his two assistants should radio for help.

(a) Both 1 and 2    (b) Both 2 and 3    (c) Both 1 and 3    (d) None of these

**32.** Mr. K. S. Singh, the Superintendent of Police (SP) has been inundated with requests for leave from his subordinates during the Diwali season. The previous year had been an especially hectic and eventful one and the SP had not sanctioned leaves for almost the entire force at his command. Although Mr. Singh had the authority to cancel all leaves for his subordinates at any

point in time, he was aware that the force under him could get demoralized and resentment against him could escalate out of control. Hence, the SP was reluctant to issue a diktat cancelling all leaves during the Diwali season. He also felt that many of his subordinates were seriously overworked and deserved a few days of rest and recuperation. After due deliberations Mr. Singh decided to sanction leave to a few subordinates.

Which of the following decisions is/are most appropriate?

1. The SP decided to sanction leave to those personnel who had taken the least number of leaves during the past two years.
2. The SP decided to sanction leave to those who had worked the maximum number of overtime days (number of days worked overtime).

(a) 1 only                      (b) 2 only                      (c) Both 1 and 2                      (d) Neither 1 nor 2

33. For the past nine months, Mr. Venkatraman, an officer of the Indian Foreign Service (IFS) has been posted in an economically backward country. As part of his duties Mr. Venkatraman has to attend official banquets in which invariably only non-vegetarian food is served. Mr. Venkatraman is a strict vegetarian.

Which of the following decisions is/are most appropriate?

1. Mr. Venkatraman should resign from the service.
2. Mr. Venkatraman should request the Foreign ministry for a transfer to some other country.

(a) 1 only                      (b) 2 only                      (c) Both 1 and 2                      (d) Neither 1 nor 2

34. Mr. Venkatraman's son Venkatesh is currently studying at the international school- where all the children of the diplomatic corps study. He constantly complains to his father that he is being bullied while at school, especially by European and American boys and has to put up with racial slurs.

Which of the following decisions is/are most appropriate?

1. Mr. Venkatraman should take his son out of this particular school and put him in some other school.
2. Mr. Venkatraman should bring this matter to the notice of the school authorities.

(a) 1 only                      (b) 2 only                      (c) Both 1 and 2                      (d) Neither 1 nor 2

### TEST 5

**Directions for questions 35 to 46:** Read each case and answer the questions that follow:

35. Mr. Tilak, a young IAS officer, has been posted as a District Magistrate in a remote backward district. He is horrified to learn that child marriages are rampant among a section of the community living there. According to Indian law, the legal age for marriage for boys is 21 years of age and for girls, 18 years. He immediately summons the community leaders and explains to them that since child marriages are illegal, they have to stop. However, the community leaders are adamant that this practice (child marriages) should continue since it is a custom that has been prevalent in their community for centuries.

Which of the following decisions is/are most appropriate?

1. Mr. Tilak should uphold the law and explain to the community leaders about the drawbacks of child marriages.
2. Mr. Tilak should take no action and allow this old custom to continue.

(a) 1 only                      (b) 2 only                      (c) Both 1 and 2                      (d) Neither 1 nor 2

36. Mr. Shailesh Ahuja, Secretary of the Urban Development department, has to nominate one employee from his team of four hundred for the 'Employee of the year' award. The recipient of the award will get cash and an opportunity to meet the Chief Minister. The rules clearly state that each Secretary can nominate only one person irrespective of their team strength. However, Mr. Ahuja is convinced that both Mr. Subramaniam and Mr. Santosh are worthy of this award.

How should Mr. Ahuja go about selecting the best nominee for the award?

- Mr. Ahuja should not waste a lot of time thinking about this dilemma and randomly select one of the two as the award does not have a direct bearing on his department's goals.
- He should consult other Secretaries to find out similar cases and how the others are going about selecting their nominees.
- He should select Mr. Subramaniam over Mr. Santosh as the former has just got married and is in need of extra finances while Mr. Santosh comes from a relatively affluent family.
- He should ask for permission to make an exception to the rule of selecting just one employee and nominate both Mr. Subramaniam and Mr. Santosh.

37. Ramesh recently bought a microwave oven from a store. When it arrived, he noticed that the invoice said 'paid', although in fact, he had not paid for it. When ordering it over the internet, he had clicked, 'sending money by post' and then forgotten to.

Which of the following decisions is/are most appropriate?

- Ramesh should immediately ring up the store and tell them that they have made a mistake and that he would be sending a cheque as payment soon.
  - Ramesh should do nothing. It is not his fault that the store is particularly inefficient. It is the store's responsibility to collect payment for all its sales.
- (a) 1 only                      (b) 2 only                      (c) Both 1 and 2                      (d) Neither 1 nor 2

The change in the UPSC examination syllabus came as a rude shock to Rakesh. Rakesh had already appeared for the UPSC examination twice and in the second attempt he had qualified for the Indian revenue service- an offer he had turned down. His father and uncle had been IAS Officers and he coveted this elite service. Further, he was 27 years old and all his school and college batchmates were in lucrative jobs in the private sector. The change in syllabus effectively negated Rakesh's advantage of having prepared for the examination twice before. Now he had to start preparations afresh. He wondered whether he should make one last attempt at the civil services or try for a prestigious private sector company.

38. Which of the following decisions is/are appropriate?

- Rakesh should not waste any more time on academics and join the private sector immediately since he is 27 years of age and his batchmates have already started working. He should not waste any more time as he will fall further behind.
- Rakesh should appear for the civil services examination one more time since he covets the Indian administrative service.

- (a) 1 only                      (b) 2 only                      (c) Both 1 and 2                      (d) Neither 1 nor 2

39. The UPSC duly details its new syllabus on its website and Rakesh finds out to his horror that one of the compulsory papers is composed of basic science and arithmetic questions to the tune of half the paper. Rakesh has been an arts student throughout since Class XI and is terrified of numbers and formulae.

What should be Rakesh's decision?

- Rakesh should still attempt the civil services examination one more time. After all, being an IAS officer is a job that he covets.
- Rakesh should give up all his hopes of being an IAS officer and join the private sector.

- (a) 1 only                      (b) 2 only                      (c) Both 1 and 2                      (d) Neither 1 nor 2

40. Rakesh's grandmother- who is particularly fond of Rakesh and dotes on him- is suddenly taken ill and is diagnosed with melanoma- a particularly lethal type of cancer. Doctors are of the opinion that she has only a year to live. His grandmother's main wish is to see Rakesh getting married before she "goes". The only way that Rakesh can fulfill his grandmother's wish is by joining the private sector and initiating correspondence with potential brides.

Which of the following decisions is/are appropriate?

1. Rakesh should fulfill his grandmother's wish by taking up a private sector job and preparing for the UPSC exam on the weekends.
2. Rakesh should completely ignore her grandmother's wish as she may eventually live much longer.

- (a) 1 only                      (b) 2 only                      (c) Both 1 and 2                      (d) Neither 1 nor 2

Om Chowdhury was one of the supervisors in the Fire and Safety (F&S) department of Bharat Steel- a large central undertaking. He was a distant cousin to Mr. Bhiwani, General Manager (Personnel & Administration). The Personnel and Administration department was given the responsibility of all personnel related decisions. It was often rumoured that Om had obtained the job due to his cousin's influence. However, Om was meticulous in the performance of his duties and didn't give anyone reason for complaint. It was known that Om was not much given to talking and kept to himself and to his duties.

All F&S supervisors reported to Mr. Rabindra, the shop-floor manager. The plant operated on a three-shift basis and Rabindra allocated the supervisors to different shifts. They were required to be present at all times during the shift operation and carry out scheduled checks of machinery and fire fighting equipments. For some reasons, Om was allocated the night shifts more often than other supervisors. Om accepted these allocations without any objection, while it was known that other supervisors would often plead and bargain with Rabindra to be allocated the day shifts. During the night shift, keeping awake and remaining mentally alert were some of the major challenges faced by the supervisors.

Of late, Rabindra observed signs of indifference from Om. On two occasions he found Om absent from his cabin. Rabindra heard from others that Om was often found in different parts of shop floor talking to employees. Rabindra called him to his office and reminded Om of his responsibilities. Om did not counter Rabindra. He promised that he would not be lax in his duties again. Rabindra also broached the subject with Mr. Bhiwani. Mr. Bhiwani called Om to his office and talked on a very personal basis. He reminded Om that their family relations made it uncomfortable to all concerned. Om nodded and agreed to do better. Soon his performance became that of a model supervisor. It was often found he went beyond his official duties to sort out problems of employees.

About three months later, Mr. Rabindra happened to visit the plant at night. As he looked into the F&S office, he found Om playing Solitaire on the office computer. Mr. Rabindra immediately fired Om.

41. The next morning Mr. Bhiwani called Mr. Rabindra and asked how he could fire an employee. He suggested that Mr. Rabindra reconsider Om's dismissal. "This decision has already been made. There will be no turning back," replied Mr. Rabindra.

The options below give combinations of the possible root cause of the problem and the justifications thereof. Given the details in the case, which one can be inferred to be the best option?

- (a) Hiring of Om. **Reason:** That ensured Om was perpetually casual towards his duties.
- (b) Om favouring to work during night shift. **Reason:** Absence of Rabindra ensured that Om could relax.

- (c) Rabindra's bias against Om. **Reason:** Rabindra had been assigning too many night shifts to Om while for other supervisors he was lenient.
- (d) Rabindra jumping to conclusions. **Reason:** He should have investigated whether Om had carried out his duties.

A major public sector telecom company recently hired a new Chief Financial Officer to take charge of the company's finances. This move came against the backdrop of national and global economic crises. The CFO was entrusted with the responsibility of realigning the finances of the largest Strategic Business Unit which deals with network solutions to major corporate clients in the country. In the wake of the overall financial slump, many corporate clients had been delaying the payment of their recurring dues for the monthly network and internet services utilised. The local account managers handling those clients and their respective Regional Managers had been given the authority to maintain client relations and if necessary allow the delayed payments with a view to continue a long-term relationship with the company's key clients. However, the new CFO after taking stock of the situation decided to put an end to this practice. He sent a mail to every regional and local account manager asking them to discontinue services to the defaulting clients. In spite of such a strong communication, most major clients delayed their payments in the next month. As a response to this, the CFO resent his earlier mail asking for comments. In the next month, the single largest client defaulted on the payment and the Regional manager promptly asked the company to terminate services to that client. The Regional manager merely informed the client that the delay in payment was responsible for the termination of services and the service would be reconstituted on payment of the dues.

The client faced severe difficulties due to discontinuation of the internet and local network services. The CEO of that company wrote a scathing email to the Chairman of the telecom company. The CEO pointed out the sudden, mishandled and improperly communicated decision and its severe impact on his company's business. He pointed out that they were one of the largest clients of the telecom company. The CEO also hinted that his company would want to reconsider their future engagement. The Chairman decided to maintain the relations with that important client and yet protect his company's image. He promptly restarted the network services and yet requested the client to clear the dues within a week and to avoid major delays especially in these times of crisis. The client replied to this communication, agreeing to the specified norms. However, the Chairman decided to severely reprimand the Regional Manager and suspended him for 2 weeks. He also severely questioned the CFO for his error. At the next board of directors meeting, there was support for the Chairman's action in spite of protests by some senior directors who defended the CFO and the Regional Manager's actions.

42. Which of the following could be a probable reason for the Chairman to reprimand the CFO?
- (a) The CFO did not explain the exact nature of the financial crisis to all the other employees.
  - (b) The CFO misinterpreted the exact dimensions of the financial crisis.
  - (c) The CFO could have consulted the Chairman before taking any decisions.
  - (d) The CFO could have implemented his decisions on a case by case basis in consultation with the managers and their clients.
43. How can the Chairman's order suspending the Regional Manager be justified to the board?
- (a) The Chairman believes that the responsibility always lies with the on-field staff and not the administrative managers.
  - (b) The Chairman could not entirely blame the client or the CFO and thus he decided to make the Regional Manager the scapegoat.
  - (c) The Chairman expected the Regional Manager to have handled client relations better and to have taken a responsible decision to avoid this fiasco.
  - (d) The Chairman believed that the Regional Manager caused the client to end his association with the telecom company.

44. The Chairman's decision is vindicated because:
- (a) The client was happy that the Regional manager was reprimanded.
  - (b) The client accepted the new payment norms.
  - (c) The client threatened to discontinue with the telecom company.
  - (d) The board of directors supported the Chairman.
45. Assuming that the crisis continues, the future course of action by the Account managers and Regional managers would be:
- (a) Generate more business from new clients.
  - (b) Cut costs of their respective departments to meet the financial crunch.
  - (c) Impress upon their clients the need for prompt payment, especially in such hard times.
  - (d) Take punitive action against defaulting clients.
46. The client's action, and the Chairman's response to the same, display what important aspect of decision-making shown by the Chairman?
- (a) Upholding the guiding principles of a company.
  - (b) The customer is always right.
  - (c) Good client relations are subservient to good employee relations.
  - (d) Responsible actions by employees to achieve holistic business interests.

### TEST 6

**Directions for questions 47 to 55:** Read each case and answer the questions that follow:

Manisha is a clerk who has just been caught stealing Rs.1000 from the petty cash fund in her office. Her salary cheque was expected to be credited in her bank account on Monday, after which she intended to put the money back into the petty cash fund. The department has a strict policy that states that anyone who steals will be dismissed. Manisha's mother has been working in the same department in another section for the past 15 years and she has come to see Mr. Mehta- the Department Head- in person, to beg him not to "ruin Manisha's life". She also points out that she has seen many other employees take incidental office supplies like pencils and notepads home.

47. Which of the following decisions is/are most appropriate?
- (a) Rs 1000 will be deducted from Manisha's dues, and she will be dismissed from the job.
  - (b) Manisha will be dismissed from the job and Rs. 1000 will be recovered from her mother's salary.
  - (c) Manisha will be excused but with a strict warning that in future such behavior will lead to dismissal.
  - (d) Pending an investigation Manisha and her mother will be asked to give the details of all petty thefts in the company.
48. Is the way Manisha's mother conducted herself in this case correct?
- (a) Yes. Manisha's mother is trying to justify her daughter's actions and suggesting that many other employees stealing incidentals should have an impact on the decision to dismiss Manisha.
  - (b) Yes. When such organizational norms conflict with one's personal interests, family and friends need to be supported against the system.
  - (c) No. She is implying that as other forms of stealing have also happened, her daughter should not be dismissed; it is a false dichotomy and does not exist in this case.
  - (d) Yes. She has to protect her child and her future as a responsible adult.

Amit Mishra, the youngest cabinet minister of the newly elected coalition, glanced through the notes prepared by his secretary regarding the recent controversies on bowling, the most popular game of the country. While International Bowling Association (IBA) has agreed to implement Drug Testing Code (DTC) promoted by World Athletic and Games Federation, Bowling Club which controls the entire bowling related activities (unlike any other sports and games of the country) had some reservations regarding the initiative. Majority of the citizens waited for the international competitions eagerly and were fanatical about their country's participation in them. As a result of the popularity of the game, 70% of the total revenue associated with the game originates from the country. Hence Bowling Club has high bargaining power with IBA and can change any decision that is not aligned with its interests. Three most popular and senior players, including the captain, are against the application of DTC citing security reasons. A decision against the interests of these players may result in law and order problems throughout the country. Other players support the decision of their senior colleagues and if Bowling Club refuses to agree, players may support Counter Bowling Club, a new national level initiative promoted by an entertainment billionaire. Counter Bowling Club may threaten the monopoly of Bowling Club, if it succeeds to attract some popular bowling players.

Amit had completed his entire education from abroad before returning to join politics. He is a good soccer player and has major reservations against bowling. According to him, bowling has a negative influence on the country's youth and diverts their attention from productive work. He also considers drug testing as an essential feature for any sports and games across the world. As the new cabinet minister for Youth and Sports he needs to take some important decisions on this controversial issue.

49. If Amit's objective is to (i) create a good image of himself and (ii) create a long lasting positive impact, the best decision he should take is:
1. Popularise soccer in the country through endorsements by the popular players of bowling.
  2. Ban bowling.
- (a) 1 only                      (b) 2 only                      (c) Both 1 and 2                      (d) Neither 1 and 2
50. Identify the best rationale that may force Amit to take a decision in favour of IBA.
1. Top three international teams (and respective national clubs) are keen to implement DTC.
  2. Next World cup is scheduled to be held in a country which has adopted DTC as compulsory.
- (a) 1 only                      (b) 2 only                      (c) Both 1 and 2                      (d) Neither 1 and 2
51. According to DTC, each athlete/sportsperson needs to submit a schedule for three months (in advance) that specifies an hour each day when they can be randomly tested for drugs. DTC also assured the confidentiality of the submitted schedule by (i) limiting the access of player-supplied information to two senior officers, (ii) these officers will have the internet based access only to the schedule of those sports persons who are randomly selected for testing (and not of everyone) and (iii) introducing similar security features for DTC database as in case of financial institutions. Top three popular players realize that no reason other than security can help them to get a favourable decision from Amit. Hence during discussions, the best way/ ways to get Amit to agree to them is to show with conclusive evidence that:
1. Popular bowling players are included in the hit list of terrorist organisations.
  2. Recent report by World Bank rates the country among the top five nations where maximum amount of internet based data stealing occurs.
- (a) 1 only                      (b) 2 only                      (c) Both 1 and 2                      (d) Neither 1 and 2

Decisions are often 'risky' in the sense that their outcomes are not known with certainty. Presented with a choice between a risky prospect that offers a 50 percent chance to win Rs 200 (otherwise nothing) and an alternative of receiving Rs 100 for sure, most people prefer the sure gain, although the two prospects have the same expected value. (Expected value is the sum of possible outcomes weighted by their probability of occurrence.) Preference for a sure outcome over a risky prospect of equal expected value is called risk averse; indeed, people tend to be risk averse when choosing between prospects with positive outcomes. The tendency towards risk aversion can be explained by the notion of diminishing sensitivity. Just as the impact of a candle is greater when it is brought into a dark room than into a room that is well lit, the utility resulting from a small increase in wealth will be inversely proportional to the amount of wealth already in one's possession. It has since been assumed that people have a subjective utility function, and that preferences should be described using expected utility instead of expected value. According to expected utility, the worth of a gamble offering a 50 percent chance to win Rs 200 (otherwise nothing) is  $0.50 * u(\text{Rs } 200)$ , where  $u$  is the person's concave utility function. (A function is concave or convex if a line joining two points on the curve lies entirely below or above the curves, respectively). It follows from a concave function that the subjective value attached to a gain of Rs100 is more than 50 percent of the value attached to a gain of Rs 200, which entails preference for the sure Rs 100 gain and, hence, risk aversion.

Consider now a choice between losses. When asked to choose between a prospect that offers a 50 percent chance to lose Rs 200 (otherwise nothing) and the alternative of losing Rs 100 for sure, most people prefer to take an even chance at losing Rs 200 or nothing over a sure Rs 100 loss. This is because diminishing sensitivity applies to negative as well as to positive outcomes: the impact of an initial Rs 100 loss is greater than that of the next Rs 100. This results in a convex function for losses and a preference for risky prospects over sure outcomes of equal expected value, called risk seeking. With the exception of prospects that involve very small probabilities, risk aversion is generally observed in choices involving gains, whereas risk seeking tends to hold in choices involving losses.

Based on the above passage, analyse the decision situations faced by three persons: Babu, Babitha and Bablu.

52. Suppose instant and further utility of each unit of gain is same for Babu. Babu has decided to play as many times as possible, before he dies. He expected to live for another 50 years. A game does not last more than ten seconds. Babu is confused which theory to trust for making his decision and seeks the help of a renowned decision making consultant: Roy Associates. What should be Roy Associates' advice to Babu?
- Babu can decide on the basis of Expected Value hypothesis.
  - Babu should decide on the basis of Expected Utility hypothesis.
  - "Mr. Babu, I'm redundant".
  - Options (a), (b) and (c)
53. Babitha played a game wherein she had three options with following probabilities: 0.4, 0.5 and 0.8. The gains from three outcomes are likely to be \$100, \$80 and \$50. An expert has pointed out that Babitha is a risk taking person. Which option is Babitha most likely to favour?
- First
  - Second
  - Third
  - None of the above.
54. Continuing with pervious question, suppose Babitha can only play one more game, which theory would help in arriving at better decision?
- Expected Value.
  - Expected Utility.
  - Both theories will give same results.
  - Data is insufficient to answer the question.
55. Bablu had four options with probability of 0.1, 0.25, 0.5 and 1. The gains associated with each options are: \$1000, \$400, \$200 and \$100 respectively. Bablu chose the fourth option, hence he is:



- (a) Risk taking.                      (b) Risk averse.                      (c) Indifferent.                      (d) None of these.

**TEST 7**

**Instructions for questions 56 to 58:** For each of the following cases, read the case and choose the best alternative.

56. A local thug (bad element) has started illegal construction on your vacant plot. He has refused your request to vacate and threatened you of dire consequences in case you do not sell the property at a cheap price to him. You would  
**[UPSC CSAT 2011]**

- (a) Sell the property at a cheap price to him.      (b) Go to the police for necessary action.  
(c) Ask for help from your neighbours              (d) Negotiate with the goon to get a higher price.

57. You are the officer-in-charge of a village administering distribution of vaccine in an isolated epidemic hit village, and you are left with only one vaccine. There is a requirement of that vaccine from the Gram Pradhan and also a poor villager. You are being pressurized by the Gram Pradhan to issue the vaccine to him. You would  
**[UPSC CSAT 2011]**

- (a) Initiate the procedure to expedite the next supply without issuing the vaccine to either.  
(b) Arrange vaccine for the poor villager from the distributor of another area.  
(c) Ask both to approach a doctor and get an input about the urgency.  
(d) Arrange vaccine for the Gram Pradhan from the distributor of another area.

58. You are the chairperson of a state sports committee. You have received a complaint and later it was found that an athlete in the junior age category who has won a medal has crossed the age criteria by 5 days. You would...  
**[UPSC CSAT 2012]**

- (a) Ask the screening committee for a clarification.  
(b) Ask the athlete to return the medal.  
(c) Ask the athlete to get an affidavit from the court declaring his/her age.  
(d) Ask the member of the sports committee for their views.

59. You have to accomplish a very important task for your Headquarters within the next two days. Suddenly you meet with an accident. Your office insists that you complete the task. You would  
**[UPSC CSAT 2011]**

- (a) Ask for an extension of deadline.  
(b) Inform Headquarters of your inability to finish on time.  
(c) Suggest alternate person to Headquarters who may do the needful.  
(d) Stay away till you recover.

**Directions for the questions 60 to 65:** Given below are six items. Each item describes a situation and is followed by four possible responses. Indicate the response you find most appropriate. Choose only one response for each item. The responses will be evaluated based on the level of appropriateness for the given situation.

**Please attempt all the items. There is no penalty for wrong answers for these six items.**

60. You are the head of your office. There are certain houses reserved for the allotment to the office staff and you have been given the direction to do so. A set of rules for the allotment of the houses has been laid down by you and has been made public. Your personal secretary, who is very close to you, comes to you and pleads that as his father is seriously ill, he should be given priority in allotment of a house. The office secretariat that examined the request as per the rules turns

down the request and recommends the procedure to be followed according to the rules. You do not want to annoy your personal secretary. In such circumstances, what would you do?

[UPSC CSAT 2013]

- (a) Call him over to your room and personally explain why the allotment cannot be done.
- (b) Allot the house to him to win his loyalty.
- (c) Agree with the office note to show that you are not biased and that you do not indulge in favouritism.
- (d) Keep the file with you and not pass any orders.

61. While travelling; in a Delhi-registered commercial taxi from Delhi to an adjacent city (another State), your taxi driver informs you that as he has no permit for running the taxi in that city, he will stop at its Transport Office and pay the prescribed fee of Rupees forty for a day. While paying the fee at the counter you find that the transport clerk is taking an extra fifty rupees for which no receipt is being given. You are in hurry for your meeting. In such circumstances, what would you do? [UPSC CSAT 2013]

- (a) Go up to the counter and ask the clerk to give back the money which he has illegally taken.
- (b) Do not interfere at all as this is a matter between the taxi driver and the tax authorities.
- (c) Take a note of the incident and subsequently report the matter to the concerned authorities.
- (d) Treat it as a normal affair and simply forget about it.

62. A person lives in a far off village which is almost two hours by bus. The villager's neighbour is a very powerful landlord who is trying to occupy the poor villager's land by force. You are the District Magistrate and busy in a meeting called by a local Minister. The villager has come all the way, by bus and on foot, to see you and give an application seeking protection from the powerful landlord. The villager keeps on waiting outside the meeting hall for an hour. You come out of the meeting and are rushing to another meeting. The villager follows you to submit his application. What would you do? [UPSC CSAT 2013]

- (a) Tell him to wait for another two hours till you come back from your next meeting.
- (b) Tell him that the matter is actually to be dealt by a junior officer and that he should give the application to him.
- (c) Call one of your senior subordinate officers and ask him to solve the villager's problem.
- (d) Quickly take the application from him, ask him a few relevant questions regarding his problem and then proceed to the meeting

63. There is a shortage of sugar in your District where you are the District Magistrate. The Government has ordered that only a maximum amount of **30 kg sugar** is to be released for wedding celebrations. A son of your close friend is getting married **and your friend** requests you to release at least 50 kg sugar for his son's wedding. He expresses annoyance when you tell him about the Government's restrictions on this matter. He feels that since you are the District Magistrate you can release any amount. You do not want to spoil your friendship with him. In such circumstances, how would you deal with the situation? [UPSC CSAT 2013]

- (a) Release the extra amount of sugar which your friend has requested for.
- (b) Refuse your friend the extra amount and strictly follow the rules.
- (c) Show your friend the copy of the Government instructions and then persuade him to accept the lower amount as prescribed in the rules.
- (d) Advise him to directly apply to the allotting authority and inform him that you do not interfere in this matter.

64. You are in-charge of implementing the Family Planning programme in an area where there is a strong opposition to the present policy. You want to convince the residents of the need for keeping small families. What would be the best way of communicating this message?

**[UPSC CSAT 2013]**

- (a) By logically explaining to the residents the need for family planning to improve the health and living standards.
- (b) By encouraging late marriages and proper spacing of children.
- (c) By offering incentives for adopting family planning devices.
- (d) By asking people who have been sterilized or are using contraceptives to directly talk to residents.

65. You are a teacher in a University and are setting a question paper on a particular subject. One of your colleagues, whose son is preparing for the examination on that subject, comes to you and informs you that it is his son's last chance to pass that examination and whether you could help him by indicating what questions are going to be in the examination. In the past, your colleague had helped you in another matter. Your colleague informs you that his son will suffer from depression if he fails in this examination. In such circumstances, what would you do?

**[UPSC CSAT 2013]**

- (a) In view of the help he had given you, extend your help to him.
- (b) Regret that you cannot be of any help to him.
- (c) Explain to your colleague that this would be violating the trust of the University authorities and you are not in a position to help him.
- (d) Report the conduct of your colleague to the higher authorities.

## TEST 1

1. Not giving the catalogue to his wife would be unethical on Mr. Sunil Poddar's part. Eliminate option (a).

Option (c) will not solve the problem in hand about the catalogue that has arrived. Between options (b) and (d), option (d) would make for a better decision considering the disastrous purchases made earlier.

Hence, the correct answer is **option d**.

2. Option (d) can be eliminated immediately. The passage mentions him to be "greatly troubled" and his decision has to take that into account.

Option (b) can also be eliminated. This move would still trouble Mr. Hariharan.

Option (a) may not be feasible as compared to option (c). While option (c) is not an ideal answer it is the best from the "middle ground" point of view. This way, Mr. Hariharan gets to keep his business as well as assuage his conscience- albeit with reduced sales.

Hence, the correct answer is **option c**.

3. A tricky question but the answer is straightforward if one reads the passage thoroughly. Nowhere is it mentioned that techno-commercial bidding would result in the introduction of the new/latest technologies. The passage only infers that the quality of work in techno-commercial bidding will be higher than in the currently followed 'lowest amount being the winner' bid. We can eliminate options (a) and (d). Option (c) would imply a selfish motive on the part of the PWD department- the issue here is better quality work, not more powers to the department.

Hence, the correct answer is **option b**.

4. The situation is as follows. Akhay is caught stealing. He offers reasons for his misdemeanour (large family and daughter's medical expenses). However, the clinching factor which will determine the answer is why Akhay had not availed of a loan to meet his daughter's medical expenses. If Akhay had recourse to an honest way of getting money he had no business to ignore it and choose a dishonest method of acquiring money. Thus,

Mr. Saigal has no choice but to abide by the rules concerning theft. Any exception to this rule is likely to boomerang in future.

Hence, the correct answer is **option a**.

5. This is a clear case of misconduct on the part of the supplier. However, there is no reason for Mr Das to resign. Therefore, option (a) is more apt a decision than option (c).

Option (b) would be unethical on Mr. Das' part.

Option (a) scores over option (d) because option (a) brings to the notice of the state's health department - the extent and scale of the supplier's misconduct.

Hence, the correct answer is **option a**.

6. Rahul should try and offer the animal some relief by offering his food. Secondly, he should alert the forest officials in that area. Thus, his conscience will be clear- that he had done whatever was possible to save the animal.

Hence, the correct answer is **option c**.

7. Since the passage mentions that both the options (pumping in water via water trucks and putting pails of water in watering holes frequented by animals) are not feasible, statement 1 can be eliminated. It is at best symbolic and will not in any way save the animals' lives.

Statement 2 is a much more valid decision. The Forest Officials should heed the experience and wisdom of the Director (who is also a wildlife enthusiast) and leave him to tackle the politicians threatening action against the officials.

Hence, the correct answer is **option b**.

8. Option (b) can be immediately eliminated. Without addressing the genuine concerns of the people, it would be unwise for the government to move forward.

Option (c) can also be eliminated. Since it has been certified by medical professionals that children could develop psychological ailments later on in life due to the noise, monetary compensation would not be the correct way to solve this problem.

Option (d) is fine- as far as the first part goes- but without any inducements, why would people relocate?

Hence, the correct answer is **option a**.

9. Statement 1 would not be a correct decision for Mr. Sen to take. There is a possibility (no matter how remote) that vital information could be leaked to a foreign country. Therefore, Mr. Sen has no choice but to act. He is duty bound to inform his superiors of this relationship and leave it to them to sort out the matter.

Hence, the correct answer is **option b**.

## TEST 2

10. It is obvious that the village association was founded for a purpose and that dissolving it or going against it will eventually harm Raghuvveer's interests. Thus, we can eliminate options (a) and (b). Between options (c) and (d), option (d) is definitely a better alternative as there is hope for all farmers to increase the profits on their crops.

Hence, the correct answer is **option d**.

11. Since debit cards are free with the opening of bank accounts (as stated in the passage) the analogy between mobile telephony and bank accounts is inherently flawed. Mobile phones became accessible to the masses because of the drop in call charges and prices of handsets. Cards are already free with bank accounts and therefore their prices cannot go down further. Even if banks introduce zero balance savings accounts, it would be difficult to believe that people who have no recourse to food would be in a position to open a bank account (since they have no savings). Therefore, cards is not the answer and we can eliminate options (a) and (c). Between options (b) and (d), option (b) is the better and definitive answer as to why Mr. Zaveri cannot replace paper currency with cards.

Hence, the correct answer is **option b**.

12. The only way to answer this question is by eliminating the options. The passage does not give us the luxury of a direct Yes/No answer since it contains very valid reasons for and against industrialisation.

Option (a) can be easily eliminated. Although the state is sparsely populated, that doesn't mean that it doesn't need essential infrastructure. Option (c) does not give us a coherent reason as to whether this state of affairs is satisfactory or sustainable in the long run.

The "have to become" in option (d) renders it incorrect.

Option (b) gives a valid reason for industrialisation. Making money by cutting

trees is unsustainable and harmful in the long run.

Hence, the correct answer is **option b**.

13. Option (c) can be immediately eliminated since Mr. Hariharan cannot implement both the proposals put forward by the PWD department. Option (d) can also be eliminated as not doing anything is no solution to the problem at hand. Option (a) can be eliminated because it would be unfair to half the villages. Besides, it would still result in some agricultural losses for the villagers who are not connected.

Option (b) seems to be the most worthy of all the available options. Even if the quality of the roads is poor at least they are motorable and villagers will be able to transport their produce to urban centres relatively quickly. This will boost their income. It is better to build some kind of roads that will offer connectivity than no roads at all.

Hence, the correct answer is **option b**.

14. Option (a) would endanger the safety of crew members who are Indian citizens.

Option (c) would imply caving in meekly to the pirates' demands. Between options (b) and (d), option (b) is the better option since it encapsulates option (d) as well. The country's laws would surely have taken note of all factors in a hijacking- one of them being time taken to arrive at a decision.

Hence, the correct answer is **option b**.

15. Since more people would be positively affected- than negatively affected- by the building of the bridge, Mr. Srivastava should sanction the building of the bridge. However, he need not build the bridge *only* after he can find alternative livelihoods for the boatmen. Boatmen are in effect businessmen (the passage does not say that they are poor or are seeking assistance). We can therefore, eliminate statement 2.

Going by the principle of "the greatest good to the greatest number" Mr Srivastava should not go back on his plan to sanction the building of a bridge. This eliminates statement 1.

Hence, the correct answer is **option d**.

16. It would be unwise for Mr. Prasad to implement statement 1 (for fear of religious conflagration). Statement 2 is the best way forward, explain the situation to the NHAI and let them come up with the desired solution.

Hence, the correct answer is **option b**.

## TEST 3

17. The core issues facing the company are declining sales and revenues. Hence, the objective of the company is to increase sales and revenue while keeping the morale of the employees high. The decision to be taken is with respect to these objectives. The decrease in sales is a major factor that has forced this decision to be taken. Hence, it is a major factor.  
Hence, the correct answer is **option b**.
18. The objective of the company is to increase revenues. This objective has been necessitated due to the reducing revenues of Infoknow Ltd.  
Hence, this is a major factor.  
Hence, the correct answer is **option b**.
19. This is one factor which the MD and the HR Head want to address. Therefore, this is a major factor.  
Hence, the correct answer is **option b**.
20. This was suggested by the HR Head to the MD. Bearing all training costs would directly affect the training being conducted and the training would help increase employee productivity, morale and thereby revenues. Hence, this is a minor factor that affects the major factor - low employee motivation.  
Hence, the correct answer is **option c**.
21. This was a major factor responsible for declining sales and revenue for the company.  
Hence, the correct answer is **option b**.
22. The passage does not mention this explicitly.  
Hence, this is a major assumption.  
Hence, the correct answer is **option d**.
23. This is what the marketing head and Vikas hoped would happen - it is their assumption.  
Hence, the correct answer is **option d**.
24. This is unrelated to the major objective as well as the major factor.  
Hence, the correct answer is **option e**.
25. This is a secondary factor impacting a major factor viz. Low employee morale. Therefore, this is a minor factor.  
Hence, the correct answer is **option c**.
26. This is a factor impacting on a major factor - low employee morale. Therefore, this is a minor factor.  
Hence, the correct answer is **option c**.

## TEST 4

27. This is a legal issue concerning a 5-year contract and there is no room for renegotiation. The major supplier should have considered foreseeable circumstances that would have caused the increase. The supplier has no choice but to absorb the increased costs. If Mr. Mahimkar renegotiates and places his department in a position to increase costs then he has neglected his fiduciary responsibility to the state, to whom he owes a greater duty. The supplier will have to honour the contract or face being in breach of contract.  
Hence, the correct answer is **option b**.
28. Mr. Vasudeva needs to consider the work done by the UPSC aspirant and provide him a certificate for the same - for the quantity and quality of his involvement. Anything more or less would do injustice, either to the cause or to the volunteers. Option (d) contains the best course of action in the given scenario. Option (c) provides a far-fetched reason which may or may not be true. Options (a) and (b) border on the extreme. After all, the UPSC aspirant had worked for a few sessions. Therefore, he is entitled to a certificate.  
Hence, the correct answer is **option d**.
29. Statement 1 would have been correct if the option had 'bankers' instead of 'MBAs'. Statement 2 is a valid decision. The passage mentions that the corporation was set up to provide "seed capital" - implying loans to new ventures. Statement 3 is also a valid decision. The corporation was set up to provide seed capital for new businesses in the state.  
Hence, the correct answer is **option d**.
30. Statement 1 can be ruled out. Mr Solanki has been given a mandate to ensure sustainable development. Therefore, he cannot allow the new airport to come up in that particular area. Statement 2 is eminently feasible. If the development is not sustainable (to be confirmed by the environmental ministry), then he has to look for alternative sites for the airport. Statement 3 is also feasible as a stop-gap measure. If additional capacity can be created from the existing airport, Mr. Solanki will gain valuable time to be able to look for alternative sites and build a consensus among all concerned groups - for the new site.

Statement 4 is not feasible. It is unlikely he will be able to convince the environmentalists on the issues mentioned in the statement.

Hence, the correct answer is **option b**.

31. Statement 2 is self-contradictory. The first part is about doing nothing whereas the latter part of the statement is an outcome of filming - doing something. This helps eliminate options (a) and (b).  
Option (c) would have made logical sense with 'Either 1 or 3'. "Both 1 and 3" they nullify each other rendering it an obsolete choice.  
Hence the correct answer is **option d**.
32. Both statements 1 and 2 would appear to be fair ways of sanctioning leave as the most overworked personnel will be granted leave.  
Hence, the correct answer is **option c**.
33. Statement 1 is counterproductive and will not help Mr. Venkatraman in any way.  
Statement 2 looks all right at first glance but it would show Mr. Venkatraman in poor light - as a man who cannot adapt to difficult circumstances.  
Hence, the correct answer is **option d**.
34. Statement 1 seems feasible at first glance. However, there is no mention if the other school is equally good. Secondly, there is no guarantee that Venkatesh will not face the same problem there.  
Statement 2 is the correct decision. This is what Mr. Venkatraman should do.  
Hence, the correct answer is **option b**.

### TEST 5

35. The job of an administrator is not only to govern but to help bring about social change and eradicate age old social evils. By condoning this practice, Mr. Tilak risks keeping the community (especially its womenfolk) backward and illiterate.  
Hence, the correct answer is **option a**.
36. Analyzing the case, the most appropriate line of action for Mr. Ahuja would be to ensure that both his best employees get an equal opportunity to be the recipient of this award. However, since the rules clearly demand that only one employee be nominated, he should ask for permission before taking such a step. Option (d) fits the bill beautifully.  
Option (a) is incorrect in many ways, one of them being the possibility of harbouring discontent and distrust among his staff.  
Option (b) does not really test his managerial skills. It just involves emulating someone else without paying attention to the uniqueness of each case. Option (c) is incorrect because it is a decision based on a personal bias and it assumes that the cash bonus is the only thing at stake here. This action, if taken, will actually portray Mr. Ahuja in a very poor light.  
Hence, the correct answer is **option d**.
37. The ethical thing for Ramesh would be statement 1. The fact that the store is careless or inefficient doesn't imply that Ramesh can get away without paying.  
Hence, the correct answer is **option a**.
38. The key phrase in the passage is "coveted this elite service". Rakesh should pursue his dream otherwise he would probably harbour a deep regret for the rest of his life. As he has already invested time and resources to prepare, he can decide next year whether to look out for private companies if he doesn't get in this time.  
Hence, the correct answer is **option b**.
39. Nothing worthwhile comes easy. Rakesh covets the position of an IAS officer and he should make another attempt at the civil services examination. He may have a disadvantage since he is an arts student but then so will many others. Further the passage mentions 'basic' science and arithmetic - not advanced concepts and Rakesh should be able to master these subjects if he makes some effort.  
Hence, the correct answer is **option a**.
40. Statement 2 has a very strong and negative tone - 'completely ignore'. Even the reason given for ignoring her is loose.  
Statement 1 is a plausible solution to the problem; it is about finding the middle path.  
Hence, the correct answer is **option a**.
41. Om was casual towards his duties only for a little while and started acting responsibly as soon as he was reminded of his duties. This means that his casual attitude was not perpetual. Hence, we can safely eliminate option (a).  
Option (b) is absolutely wrong as Om never showed any preference or disliking towards the night shift.  
Rabindra happened to assign more night shifts to Om because Om never refused or bargained with him. Others used to bargain or plead with Rabindra to get the day shift. This does not show that Rabindra had a bias against Om. This eliminates option (c).

Rabindra jumped to the conclusion that Om was careless towards his duties when he saw him playing solitaire. He needed to investigate the matter before having notions about Om.

Hence, the correct answer is **option d**.

42. Here, the decision by the CFO appears to be flawed because he made a blanket rule (for all clients), which though useful in the short term, would not have yielded long term gains. Options (a) and (b) are misleading as the decision for restructuring the finances appears to be correct, but its implementation is being questioned.

Option (c) is impractical. The CFO was given a mandate and it is his job to implement it, not the Chairman's.

Option (d) is the most plausible course of action to take to maintain healthy finances as well as good client relations.

Hence, the correct answer is **option d**.

43. The Chairman attributed the actual responsibility of effectively communicating the need for prompt payment to the Regional Manager. The Regional Manager had the option of forcefully defending the client's importance to the CFO and also communicating the CFO's stand to the client. Most importantly the discontinuation of services without proper intimation was incorrect. The arbitrariness of that decision was improper.

Options (a) and (b) may appear correct at first glance, however they are not genuine. Both the options cannot be justified as being correct reasons for suspending the Regional Manager. Here, we have to assume the acumen of the Chairman.

Option (d) could have been a possible outcome - not a definite outcome.

Hence, the correct answer is **option c**.

44. The best interests of the company are in regular receipt of payments and maintaining good relations with their biggest clients. The Chairman's efforts helped achieve both these objectives. Hence, his response is vindicated by this outcome.

Option (a) is irrelevant as no clear indication of the same is evident from the passage.

Option (c) is a fact, but it was because of the Regional Manager's decision- not the Chairman's.

Option (d) is confusing, as the Board did not unanimously support the Chairman. Moreover, the limited support that the

Chairman received was only because his decision fulfilled the company's objectives.

Hence, the correct answer is **option b**.

45. The need of the hour is to regulate the payment schedule and continue good relations with their clients. This objective can be achieved only by close interaction with the clients and effectively communicating the need for prompt payments.

Option (a) will not solve the current problem.

Option (b), though important, is irrelevant as there is no mention of such a measure being necessary or possible.

Option (d) would be harmful to the long-term interests of the company.

Hence, the correct answer is **option c**.

46. The basic premise is accepting responsibility for the company's actions, apologizing and yet driving home the need for prompt payments. The Chairman's interaction indicates this critical aspect of business decision making.

Option (a) is out of context since we do not know what the guiding principles of the company are.

Option (b) would have been correct if the Chairman would have allowed the client to continue delaying payments.

Option (c) would have been correct if the Chairman would have sided with the CFO and Regional manager.

Option (d) means that employees must balance the company's interests along with that of their clients.

Hence, the correct answer is **option d**.

## TEST 6

47. The department's policy needs to be adhered to. No **leniency** is to be shown once theft is established.

Option (b) is **incorrect** as it penalizes her mother.

Option (c) contravenes company policy.

Option (d) is incorrect as it sidetracks the issue of Manisha's misdemeanour.

Hence, the correct answer is **option a**.

48. Option (c) correctly explains why Manisha's mother did not conduct herself correctly in this case.

Options (a) and (b) are mere rhetoric. They do not take into account the severity of the situation.

Option (d) is loosely worded and illogical.

Hence, the correct answer is **option c**.



49. Popularising soccer in the country through endorsements by the popular players of bowling makes little sense. One cannot see how players of bowling will succeed in popularizing soccer and help Amit's image. Therefore, statement 1 can be eliminated.

Banning bowling is a hugely counter-productive step since bowling is the most popular game in the country. His image as a politician will certainly not be good if he was to take this step. Therefore, statement 2 is eliminated.

Hence, the correct answer is **option d**.

50. Other teams being keen to implement DTC may not force Amit to take a decision in favour of drug testing since 70% of revenues associated with the game are generated in the country. Therefore, the country need not follow other teams' dictates. Therefore, statement 1 is eliminated.

If the next World cup is scheduled to be held in a country which has adopted drug testing, then it follows that, in order for the country to participate, its players must be tested. Otherwise, there is a strong possibility that the country may not be allowed to take part. We must also remember that bowling is the most popular game in the country and the people will be very annoyed if the country does not participate in the next World cup when the majority wait eagerly for international competitions. Statement 2 is valid.

Hence, the correct answer is **option b**.

51. Statement 1 which states "popular bowling players included in the hit list of terrorist organizations," will definitely call for security. Internet based data stealing possibility will definitely call for cyber security. Therefore, statement 2 is also valid.

Hence, the correct answer is **option c**.

52. Since the instant and further utility of each unit of gain is same for Babu, the result of using both Expected value hypothesis and expected utility hypothesis will be the same. Thus, Roy Associates can suggest either of the two to Babu.

Also, since his advice is same in both the cases, Babu will find that the advice of Roy Associates is redundant.

Hence, the correct answer is **option d**.

53. The gain in all the cases is the same. Now, it is given that Babitha is a risk taking person. Hence, she would opt for the most risky

option, i.e. the one with least probability of winning. The least probability is 0.4 in the first option.

Hence, the correct answer is **option a**.

54. There is no data stating whether Babitha won or lost the previous game. This data would have been helpful in determining whether we have to use the diminishing sensitivity for the positive or the negative outcome. This can further tell us whether to use Expected value theory or Expected utility theory.

Due to the lack of data, we cannot determine which theory to use.

Hence, the correct answer is **option d**.

55. If Bablu has chosen an outcome whose probability is 100%, then he is clearly risk averse.

Hence, the correct answer is **option b**.

### TEST 7

56. (a) and (d) are either bending to an anti-social element or dealing with the same.

(b) is better than (c) since the police is the appropriate authority to deal with such elements.

Hence, the correct answer is **option b**.

57. Without being unfair to either, you need to provide them both with the vaccine.

Hence, the correct answer is **option c**.

58. In this case the athlete has already won the medal so asking the screening committee for a clarification would not be a good idea. Asking for an affidavit does not change the fact that the athlete is over-age. Asking views from other members would result in wastage of time and the athlete may even get away with it.

If an athlete is over-age it is only correct that he returns the medal and the credit goes to some other athlete who deserves it.

Hence, the correct answer is **option b**.

59. It is important to accomplish the task. Hence option (c) is better than the others.

Hence, the correct answer is **option c**.

60. Option (b) can be eliminated immediately as you would be contravening the rules that you yourself have formulated.

Option (c), although correct in isolation will show some insensitivity on your part. Note the passage mentions that you do not want to annoy your personal secretary. Therefore, the rejection of his request for a house allotment has to be handled with some tact.

Option (d) will not solve the problem in any way. By sitting on the file, your personal secretary does not get the house that he wants and this will certainly annoy him – which you do not want to do.

The only way to tackle this dilemma is to call the personal secretary to your room and explain as to why the allotment cannot be made. At least by having a face to face conversation you will be showing that this matter is important enough to warrant your time and efforts.

Hence, the correct answer is **option a**.

61. Option (a) would have been a correct course of action – except for the fact that the passage mentions that you are in a hurry for your meeting. Therefore, you cannot afford to waste time in arguing with the clerk. Secondly, since this is a clear case of moral turpitude it should ideally be reported to the concerned authorities.

Option (b) – no action – is a weak response on your part and will open the gate to rampant corruption if many others also follow this course of ignoring the bribe being given.

Option (d), too, is completely incorrect as a course of action. By this action – of not taking any action – you are indirectly encouraging corruption which as a concerned citizen you simply cannot afford to do.

Since you are in a hurry, it is best that you note the incident and subsequently report the matter to the concerned authorities. This course of action will enable you to attend your meeting on time and at the same time will be an adequate response on your part to the bribe being given.

Hence, the correct answer is **option c**.

62. Option (a) would be extremely insensitive on your part – since the poor villager has been waiting for you for an hour.

Option (b), too, is very insensitive. The poor villager has come to meet you personally and has waited for a considerable period of time. He will be reassured only if you meet him personally. Option (c), may be correct in some ways but note that the poor villager has traveled from his village just to meet you since you are the number one authority in the district. He will be reassured only if he knows that you will personally look into his problem.

Option (d), while not an ideal solution is the best under the circumstances. By talking to him personally the villager will be reassured that his grievance will be looked into. At the

same time by spending only a few minutes with him you are in a position to attend an important meeting. Thirdly, by taking the application from him, you are showing him that you will study the problem in the future and try to solve it.

Hence, the correct answer is **option d**.

63. Option (a) would be illegal. It can be eliminated.

Option (b) would turn your friend into an enemy. The matter calls for more tact and sensitivity.

Option (d), too, would be insensitive. You being the District Magistrate and the final authority your close friend would expect you to address him directly – not pass the buck as it were.

By showing your close friend the copy of the government instructions and by “persuading” him to see reason you would probably be able to convince your close friends that rules are to be followed by everybody.

Hence, the correct answer is **option c**.

64. Option (a) will not work. “Logical explanations” will not be effective when there exists a strong opposition to the family planning programme.

Option (b) does not attempt to solve the strong opposition to the family planning programme. Like option (a), it is simply logical. We need something more.

Family planning incentives may or may not be effective in this regard since the opposition to this programme is fierce. We are not sure if incentives will succeed in overcoming entrenched attitudes. Therefore, option (c) can also be eliminated. The best method is detailed in option (d). Let those who have undergone **some** family planning measure talk about **their beneficial** experiences to the people in that area. **This method** is the only method which has any chance of succeeding.

Hence, the correct answer is **option d**.

65. Option (a) would be completely unethical.

Option (b), is a correct course of action but in view of the debt that you owe your friend would be an unsatisfactory response.

Option (d) would be too harsh – after all he is a very close friend who had helped you in the past.

By explaining your position in a face to face meeting, you stand a fair chance of convincing him that although you owe him a favour, this is one action that he cannot possibly take.

Hence, the correct answer is **option c**.