

XAT PAPER: (04-01-2015)

Decision Making and Analytical Reasoning

Section B: Decision Making and Analytical Reasoning

Answer questions 29-31 on the basis of information given in the following case.

Mr. Dipangshu Barua, a young IT professional, ~~came early~~ to office to assist his boss in the preparation for an important client presentation. ~~When he~~ switched on his computer, he saw an email from Mr. Patel. The email was as follows:

January 2, 2015

Dear Mr. Barua,

This email serves as a follow-up of my ~~conversations~~ with you on December 1, 2014. I have already conveyed need for improvement in ~~your behaviour~~ as desired by your project leader and colleagues. They are yet to notice any ~~visible improvements~~. I am apprehensive that your failure to act may warrant further action ~~leading to dismissal~~. I will continue to monitor and assess your performance over the next three ~~months~~ to determine whether improvements meet the expectations. At the same time, I would ~~like to re-affirm~~ that you are very valuable for our organization.

Best Wishes,
Mr. A. Patel
HR Director

29. Initially, the e-mail distracted Dipangshu but he ~~decided to~~ focus on the job. Which of the following options might best explain his decision to do so? TCYonline.com
- A. Mr. Patel would soon be transferred to another ~~department~~.
 B. Last week, Mr. Dipangshu has been assigned to a ~~new team~~ in the same project.
 C. Three days back, Mr. Dipangshu has been ~~assigned~~ a new project similar to his final year engineering project.
 D. His friend has been hospitalized for the last three ~~months~~.
 E. Failing to perform in the client meeting might ~~further complicate~~ things.
30. The scheduled presentation went off smoothly. ~~Back at his~~ cabin, Dipangshu read Mr Patel's e-mail once more and pondered over it. During the last ~~meeting~~ he tried hard to put forward his explanation but Mr. Patel had not allowed him to speak. ~~Dipangshu~~ was thinking of meeting Mr. Patel once again but was doubtful whether that would help. ~~Incidentally~~, he had a job offer from a start-up with a comparable salary. If Dipangshu was to join the ~~new job~~, he had to accept the offer within the next two weeks. However, he cannot think of a life ~~without a job~~. Dipangshu was confused!

Which of the following options would be the best ~~move~~ for Dipangshu?

- A. Talk to Mr. Patel and highlight the initiatives he has taken but at the same time start applying for other jobs.
- B. Reject the offer from the start-up. Use the next three months to find a better job, but continue in the present job.
- C. Resign from this organization right now.
- D. Accept the offer, only if the start-up gives a salary hike, else keep prospecting.
- E. Accept the offer with a request to give him a 10% salary hike.

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After a couple of weeks, Mr. Patel came to know that Dipangshu's project leader Mr. John, a very competent senior executive, may have wilfully influenced his team members to file a wrong complaint against Dipangshu. Mr. John may have done it because Dipangshu has refused to tow John's line. Mr. Patel also came to know that Dipangshu was thinking of quitting this job. He felt regretful about his letter to Dipangshu. He wanted to resolve the complicated situation. He was contemplating following five actions in his mind.

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- I. Talk to Mr. John about Dipangshu and convey to him that losing a bright employee would cost the organization dearly.
- II. Catch up with Mr. John during coffee break and convey that Dipangshu has a very good track record.
- III. Chat with Dipangshu during coffee break.
- IV. Catch up with Dipangshu during coffee break and convey that the organization values him.
- V. Arrange a meeting among Mr. John, Dipangshu and himself to sort out the differences.

Which of the following is the best sequence of actions for resolving the problem?

- A. I, III, V
- B. II, III, V
- C. I, II, IV
- D. I, IV, V
- E. III, IV, V

Answer questions 32-33 on the basis of information given in the following case.

MBA entrance examination comprises two types of problems: formula-based problems and application-based problems. From the analysis of past data, Interesting School of Management (ISM) observes that students good at solving application-based problems are entrepreneurial in nature. Coaching institutes for MBA entrance exams train them to spot formula-based problems and answer them correctly, so as to obtain the required overall cut-off percentile. Thus students, in general, shy away from application-based problems and even those with entrepreneurial mind-set target formula-based problems.

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Half of a mark is deducted for every wrong answer.

32. ISM wants more students with entrepreneurial mind-set in the next batch. To achieve this, ISM is considering following proposals:

I. Preparing a question paper of two parts. Part A and Part B of duration of one hour each. Part A and Part B would consist of formula-based problems and application-based problems, respectively. After taking away Part A, Part B would be distributed. The qualifying cut-off percentile would be calculated on the combined scores of two parts.

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II. Preparing a question paper comprising Part A and Part B. While Part A would comprise formula-based problems, part B would comprise application-based problems, each having a separate qualifying cut-off percentile.

III. Assigning one mark for formula-based problems and two marks for application-based problems as an incentive for attempting application-based problems.

IV. Allotting one mark for formula-based problems and three marks for application-based problems, without mentioning this in the question paper.

Which of the following proposal (or combination of proposals) is likely to identify students with best entrepreneurial mind-set?

- A. II
 B. I & II
 C. I & III
 D. II & III
 E. II & IV

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33. ISM conducts a common entrance examination every year. This year, the question paper would comprise 60 questions with an equal mix of formula-based problems and application-based problems. All questions would carry equal marks. Babu is appearing for the examination. Before, appearing for the examination he gets the following information from coaching institutes:

I. Application-oriented problems take more time to solve in an examination hall. ✓

II. Chances of silly mistakes would be low in application-based problems. ✓

III. ISM would assist the students with bank loans to start a new venture.

IV. Options are generally confusing for formula-based problems. ✓

V. 'Practice makes a man perfect' can apply only to formula-based problems. ✓

VI. Students get very good campus jobs.

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Based on above information, which of the following options would help him to be better prepared for the examination?

- A. I & II
 B. I, III & V
 C. II, III & VI

- D. IV, V & VI
 E. I, II, IV & V

Answer question 34 on the basis of information given in the following case.

34. Innovative Institute of Business (IIB) has decided to be the first green campus in India. IIB Administration has advised all campus residents to reduce carbon footprints. IIB faculty members did a brainstorming and came up with the following suggestions:

- I. Replacing electricity source for street lights with solar panels.
- II. Replacing the existing buildings with environment friendly buildings.
- III. Organizing a seminar on 'Towards a Sustainable Future' involving all students, staff, and experts from around the country. TCYonline.com
- IV. Introducing a compulsory course on sustainability to increase awareness among students.
- V. Conducting an initial energy audit, to explore where IIB can reduce carbon footprints.

Which of the following options would be the most preferred sequence of actions to reduce carbon footprints on campus?

- A. II, IV, V
 B. IV, V, III
 C. V, I, II
 D. V, I, III
 E. V, III, I

Answer questions 35-38 on the basis of information given in the following case.

The Disciplinary Committee of National Political Party (NPP) is meeting today to decide on the future of two of their party members, Mr. Loyal and his son Mr. Prodigal. Mr. Prodigal is the prime accused in the brutal murder of Mr. Victim, an opposition party leader. Mr. Prodigal is in police custody and his appeal for bail has got rejected. Mr. Loyal claims that his son is innocent and Mr. Victim's death was the result of internal rivalry in the opposition party. Though Mr. Loyal is not accused in this case, his weakness for his son is well known. The media is blaming him for influencing key witnesses to protect his son. Severe criticism of this father-son duo, both by the media and some social activists, is damaging the image of the party. However, Mr. Loyal has significant followers within the party and is considered an asset to the party. Any harsh decision against Mr. Loyal would adversely affect the future of NPP and could even lead to a split in the party. This would benefit the opposition. TCYonline.com

35. Which of the following actions would adversely affect both NPP and Mr. Loyal, the most?
- A. Take no action against Mr. Loyal.
 B. Suspend Mr. Prodigal from the party with immediate effect.
 C. Expel Mr. Loyal from the party with immediate effect.

- D. Ban Mr. Loyal from entering party premises till ~~completion~~ of the court proceedings.
 E. Initiate an internal inquiry to find the truth.
16. At the Disciplinary Committee meeting, members ~~came up with~~ the following suggestions. Which of the following suggestions would harm the party, ~~the least~~?
- A. Maintain status-quo.
 B. Expel Mr. Prodigal from the party with immediate ~~effect~~ to maintain party's clean image.
 C. Initiate an internal inquiry to find the truth.
 D. Suspend Mr. Prodigal from the party with immediate ~~effect~~ but announce that he will be taken back if the court declares him innocent.
 E. Suspend both Mr. Loyal and Mr. Prodigal from ~~the party~~ with immediate effect.
37. Mr. Opportunist, a veteran member of NPP, stakes ~~his claims~~ to be nominated as an NPP candidate in the upcoming election. Mr. Opportunist ~~presented the~~ following arguments in favour of his candidature to the NPP Executive Committee

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- I. Mr. Loyal's candidature in the ~~upcoming~~ election will adversely impact NPP's chances. Hence, the party should not ~~nominat~~ him.
 II. The party should call a press conference to disown Mr. Loyal. This would enhance the party's image.
 III. The party would not be able to ~~take any~~ strong disciplinary action against Mr. Loyal, if he gets re-elected.
 IV. I have a lot of goodwill and ~~significant~~ followers in the constituency.
 V. None of my close relatives are into ~~active~~ politics.

Which of the following combinations would best ~~strengthen~~ the claim of Mr. Opportunist?

- A. I & III
 B. I & IV
 C. II & III
 D. III & V
 E. IV & V

38. The Disciplinary Committee has decided to ~~suspend~~ Mr. Loyal from the party because they felt he was influencing the judicial process. However, Mr. Loyal feels that the committee is biased and he is being framed. Now, election has been ~~announced~~. The last time, Mr. Loyal had won with a majority on account of his good work. Which of ~~the~~ following options is most likely to resurrect Mr. Loyal's immediate political career?

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- A. The main opposition party has invited Mr. Loyal to join the party and contest the election. Chance of winning is high.
 B. Not participating in the campaign and ~~instructing~~ his followers to stay away from the campaigning process.

- C. Ask his followers to support the NPP nominated candidate and display his loyalty to NPP.
 D. Mr. Loyal should contest as an independent candidate. But because of a split in votes, his chances of winning would be low.
 E. Influence the nomination process through his followers within NPP, to get one of his close associates nominated.

Answer question 39-41 on the basis of information given in the following case.

Bright Engineering College (BEC) has listed 20 elective courses for the next term and students have to choose any 7 of them. Simran, a student of BEC, notices that there are three categories of electives: Job-oriented (J), Quantitative-oriented (Q) and Grade-oriented (G). Among these 20 electives, some electives are both Job and Grade-oriented but are not Quantitative-oriented (JG type). QJ type electives are both Job and Quantitative-oriented but are not Grade-oriented, and QG type electives are both Quantitative and Grade-oriented but are not Job-oriented. Simran also notes that the total number of QJ type electives is 2 less than QG type electives. Similarly, the total number of QG type electives is 2 less than JG type and there is only 1 common elective (JQG) across three categories. Furthermore, the number of only Quantitative-oriented electives is same as only Job-oriented electives, but less than the number of only Grade-oriented electives. Each elective has at least one registration and there is at least one elective in each category, or combinations of categories. TCYonline.com

39. On her way back Simran met her friend Raj and shared the above information. Raj is preparing for XAT and is only interested in Grade-oriented (G) electives. He wanted to know the number of G-type electives being offered. Simran replied, "You have all the information. Calculate the number of G-type electives yourself. It would help your XAT preparation". Raj calculates correctly and says that there can be ___ possible answers.

Which of the following options would best fit the blank above?

- A. 3
 B. 5
 C. 8
 D. 9
 E. 11
40. Simran prefers J-type electives and wants to avoid Q-type electives. She noted that the number of only J-type electives is 3. Raj's preference is G-type electives followed by Q-type electives. However, they want to take as many common electives as possible. What is the maximum number of electives that can be common between them, without compromising their preferences?
- A. 3
 B. 4
 C. 5
 D. 7
 E. Not possible to answer from the above information.

41. Vijay and Raj want to avoid each other. Vijay is ~~interested~~ in J-type electives and wants to avoid Q-type electives. Raj's preference is G-type electives ~~followed~~ by Q-type electives. Raj noted that the number of only G-type electives is 2. Is there a ~~possibility~~ that they would not share any common elective(s)?
- A. Yes. There is a possibility.
 B. No. They would meet in one elective.
 C. No. They would not be able to avoid in two electives.
 D. No. They would meet in five electives.
 E. Cannot be solved with the information given.

20 → 7
 J, Q, G
 JQ, QG, GQ
 QG - C
 JQ - C
 JC

Answer questions 42-44 on the basis of information given in the following case.

A few years back Mr. Arbit and Mr. Boring started an oil refinery business. Their annual earning is currently just 50,000 million rupees. They are now exploring various options to improve the business. Mr. Xanadu, a salesperson from Innovative Technology Solutions (ITS), is trying to sell a new oil refinery technology to Mr. Arbit and Mr. Boring. This technology could potentially enhance their annual earning to 150,000 million rupees within a year. But they have to make one-time investment of 100,000 million rupees to implement the technology. If the technology is not successful, the investment would be lost. Mr. Arbit and Mr. Boring are discussing about possible risks of the investment. TCYonline.com

42. Mr. Arbit is enthusiastic about this investment idea but Mr. Boring is a little sceptical. This impasse makes them approach a consultant. The consultant makes some observations. Which of the following observations, made by the consultant, might reduce Mr. Arbit's enthusiasm for the new investment idea?
- A. Investment is warranted only when benefits outweigh costs.
 B. Technology investments give higher earnings in future.
 C. Investment in technology leads to reduction of costs in the long run.
 D. Technology risks can be controlled.
 E. Business is all about taking risky decisions.
43. In order to sell the technology to Mr. Arbit and Mr. Boring, Mr. Xanadu is thinking of five possible sales pitches. Which of the following sales pitches would reduce uncertainties the most for Mr. Arbit and Mr. Boring?
- A. All other competitors are aggressively investing in risky technologies.
 B. If the technology succeeds, the annual earnings would grow 3 times from the next financial year and they would be able to recover the invested money within 1 year.
 C. Preliminary studies indicate that success rate of the technology is 85%.
 D. The R&D team of ITS is working to counter any possible downside of the technology.
 E. Business is all about taking risky decisions.

44. Mr. Arbit and Mr. Boring did not invest in the new technology, but the new technology is a big success. Repentant, they are now estimating the additional amount they would have earned (i.e. forgone earnings) had they invested in the new technology. However, the two owners differed on expected lifespan of the new technology. Mr. Arbit expected lifespan to be 5 years, whereas, Mr. Boring expected it to be 2 years. After the technology gets out-dated, the earnings from the business would drop back to 50,000 million rupees.

What would be the difference between two expected foregone earnings after 5 years of the technology investment, if yearly earnings are deposited in a bank @ 10%, compounded annually?

Note: Forgone Earnings = (Earnings from business with new technology) – (Earnings from business without new technology)

- A. 231,200 million rupees
 B. 331,000 million rupees
 C. 400,510 million rupees
 D. 431,000 million rupees
 E. 464,100 million rupees

Answer questions 45-48 on the basis of information given in the following case.

Life Saving Pharmaceuticals (LSP) is an India-based pharmaceutical company. Their business mostly revolves around a couple of generic drugs and a few patented drugs. LSP operates in 30 odd countries and more than 50% of their sales volume is from outside India.

45. If more than 50% of their sales volume is from generic drugs, which of the following options is definitely correct? (*Note: All percentages figures are with respect to total sales volume*)
- A. If sales volume of patented drugs in India is 43%, the sales volume of generic drugs in India will be less than 43%.
- B. If the sales volume of generic drugs in foreign countries is at least 24%, the sales volume of patented drugs in India will be above 24%.
- C. If the sales volume of patented drugs in India is 54%, the sales volume of generic drugs in foreign countries will be above 54%.
- D. If the sales volume of patented drugs in India is 29%, the sales volume of generic drugs in foreign countries will be above 29%.
- E. If the sales volume of generic drugs in India is at least 60%, the sales volume of patented drugs in foreign countries will be above 60%.

46. Mr. Sinha, a senior executive of LSP, observes that their business in India is not vibrant. LSP faces stiff competition from Indian and global players, except in rural areas. Interestingly, most of their sales in the rural areas are from cough syrup, used as sedatives by teenagers. Mr. Sinha is planning the following actions to improve business in the long run.

- I. Invest in development of new drugs.
- II. Increase sales of cough syrup in the rural ~~markets~~.
- III. Try and cut costs.
- IV. Recruit more medical representatives in ~~the rural areas~~.

Which of the following sequences is best arranged in ~~the descending~~ order of appropriateness?

- A. I, III, II
- B. II, I, III
- C. II, III, I
- D. IV, II, III
- E. V, III, I

47. Mr. Rastogi, HR head of LSP, is contemplating of ~~transferring~~ Mr. Jose, from India to their Luxembourg office. Mr. Jose's wife is also with ~~the~~ HR department of LSP. The couple is expecting their first child within next four months ~~and hence~~ they want to be together. Mr. Rastogi is wondering whether Mr. Jose would accept the ~~transfer~~. If he doesn't, Mr. Rastogi would have to send a less competent person for this job as early ~~as possible~~. The office in Luxembourg is very important for the company's future. It is at its ~~nascent~~ stage and does not yet have an HR department. Hence, it is not possible to transfer Mrs. Jose to Luxembourg.

Which of the following options would be most ~~appropriate~~, from the organization's perspective, to resolve the issue? TCYonline.com

- A. Giving a salary hike to Mr. Jose with a promise to ~~transfer~~ Mrs. Jose to Luxembourg in the near future.
- B. Giving Mrs. Jose option to work from home while in Luxembourg so that she can be with Mr. Jose.
- C. Giving Mr. Jose option to work from India for the ~~time~~ being so that he can be with Mrs. Jose in India.
- D. Giving a salary hike to Mr. Jose to compensate ~~for~~ Mrs. Jose's salary so that she can join Mr. Jose at Luxembourg, even with loss of pay.
- E. Asking Mr. Jose to accept the offer right now but ~~give~~ him up to six months to join Luxembourg office.

48. Mr. Khan used to work as the Vice President of LSP ~~India~~. However, he had resigned from LSP India for a better job in New York. In the meantime, ~~his~~ wife was promoted to head the HR of LSP India. Mrs. Khan had struggled hard to reach this ~~position~~ and was quite popular and respected within the organization. Mrs. Khan was ~~contemplating~~ whether she should give up her career and join him in New York. Mrs. Khan is considering the following actions: TCYonline.com

- I. Take a break for the time being and focus ~~on~~ personal life. Given her reputation, she can always get back to the same job, if required.
- II. Go to New York, on leave without pay ~~for~~ two months to help Mr. Khan settle down. After that she can come back and resume ~~her~~ responsibility in LSP India.

- III. Request Mr. Khan to look for an equivalent job in India.
- IV. Resign from LSP India, join Mr. Khan in New York, and look for a similar job there.
- V. Request LSP India for a similar position in LSP USA and follow Mr. Khan to New York.

Which of the following sequence of actions can be immediately taken by Mrs. Khan to maintain her work-life balance?

- A. I & II ↘
- B. I & III ↘
- C. I & IV ↘
- D. II & V
- E. III & V ↘

Answer questions 49-51 on the basis of information given in the following case.

Mohan's was a popular fast-food joint at Connaught Place, Delhi. Initially Mohan handled his business alone. His sons, Ram and Kishan, joined the business after graduating from college. Ram was entrepreneurial in nature. Subsequently, another branch of *Mohan's* was opened in Panipat. Mohan had chosen Ram to head the Panipat branch. Though Ram increased sales in a short time, he had stopped using premium quality organic vegetables, the speciality of *Mohan's*. Mohan and Kishan were not happy with his way of doing business.

Now, the foremost challenge for Mohan was to sort out this issue with Ram. Mohan knew that replacing Ram with Kishan was difficult as Kishan did not want to leave Delhi. However, giving a freehand to Ram might have long term negative consequences. Mohan was confused about the future course of actions.

49. Mohan sought the help of five consultants, who gave the following opinions:

- I. Organic vegetables might be a big success at Connaught place but awareness about organic vegetables is low among Panipat customers.
- II. The Connaught place model can be implemented in Panipat provided the business is prepared to face the consequences.
- III. Many high end restaurants in Panipat use organic vegetables. So, using organic vegetables will not be a differentiating factor.
- IV. Selling prices of their dishes in Panipat are significantly lower. Using organic vegetables will bring down profits.
- V. Premium quality organic vegetables are not easily available in Panipat.

Which of the following set of options would support Ram's argument of not using organic vegetables?

- A. I, III, IV
- B. II, IV, V

- C. III, IV, V
 D. II, III, IV, V
 All of the above

50. Mohan sought feedback from a few of his ~~business~~ friends, who were familiar with both the branches. Here is what they said:

- Businessman 1: Customers of Connaught ~~place~~ and Panipat are very different.
- Businessman 2: Customers in Panipat are ~~extremely~~ happy with Ram's behaviour.
- Businessman 3: Panipat branch does ~~not use~~ the same quality of ingredients but maintains good hygiene and taste.
- Businessman 4: Who knows, tomorrow ~~the~~ customers of Panipat might also appreciate what Connaught place customers appreciate ~~today~~!

If Mohan thinks all these are valid concerns, which ~~of the~~ following actions would be best for the business?

- A. Training Kishan to replace Ram in a few months.
 B. Not worrying about ingredients as long as business ~~grows~~.
 C. Bringing Ram to Connaught place branch.
 D. Naming the Panipat branch as 'Ram's', and ~~changing~~ it back to *Mohan's*, when needed.
 E. Asking Kishan to run the Panipat branch.

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51. After discussing with a few customers, Mohan ~~realised~~ that compromising on the quality of ingredients at Panipat branch may not be a good ~~idea~~ but at the same time he also realised that Panipat branch had grown fast. He was contemplating following five actions. Which of the following actions would be the best for the future of his business?

- A. Creating awareness campaign for organic vegetables in Panipat.
 B. Mohan himself should look after the Panipat branch.
 C. Close down the Panipat branch.
 D. Send Kishan to Panipat branch and bring Ram to Connaught place permanently.
 E. Hire a new person to run the Panipat branch.