ICAR AIEEA PG 2025 Agri Business Management Question Paper With Solutions

Time Allowed :120 Minutes	Maximum Marks :480	Total questions :120

General Instructions

Read the following general instructions carefully and adhere to them strictly:

1. **Duration of the Exam:** The total duration of the examination is 2 hours and 30 minutes.
2. **Total Marks:** The question paper carries a total of 480 marks.
3. **Number of Questions:** The paper contains 120 multiple-choice questions (MCQs)
4. **Question Paper Format:**
   - All questions are compulsory unless otherwise instructed.
   - Each question has four options, out of which only one is correct.
5. **Mode of Examination:** The examination is conducted in online mode (Computer-Based Test).
6. **Marking Scheme:**
   - Each correct answer carries 4 marks.
   - 1 mark will be deducted for each incorrect answer.
   - No marks will be awarded or deducted for unattempted questions.
7. **Medium of Paper:** The question paper will be bilingual (English and Hindi), except for the language section (if applicable).
8. **Electronic Devices:** Use of calculators, mobile phones, smartwatches or any electronic gadgets is strictly prohibited.

1. Which of the following is a primary function of management in agribusiness?

(A) Marketing

(B) Planning

(C) Financing

(D) Auditing

Correct Answer: (B) Planning

Solution:

In agribusiness management, the main functions are Planning, Organizing, Directing, and Controlling (PODC). Planning sets the objectives and charts the course of action to achieve them. Without planning, no management function can be carried out properly. Marketing, financing, and auditing are important activities but not core management functions.

> Quick Tip
>
> Remember PODC: Planning, Organizing, Directing, Controlling — a classic management question!

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2. In the context of agribusiness, SWOT analysis is used to assess:

(A) Financial statements

(B) Market share

(C) Internal and external factors

(D) Employee performance

Correct Answer: (C) Internal and external factors

Solution:

SWOT stands for Strengths, Weaknesses, Opportunities, and Threats. Strengths and Weaknesses are internal — related to company resources and capabilities. Opportunities and Threats are external — coming from the environment like market trends, policy changes, or competition. SWOT is a simple but powerful strategic tool used in agribusiness planning.

Quick Tip

SWOT = Internal (S, W) + External (O, T). Easy marks!

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3. Which financial statement shows a company's financial position at a specific date?

(A) Income Statement

(B) Balance Sheet

(C) Cash Flow Statement

(D) Retained Earnings Statement

Correct Answer: (B) Balance Sheet

Solution:

The Balance Sheet shows assets, liabilities, and shareholders' equity at a specific date. It follows the formula: Assets = Liabilities + Equity. It gives a snapshot of what the business owns and owes. Income Statement shows profit over a period; Cash Flow Statement tracks cash movement.

Quick Tip

Balance Sheet = Snapshot on a date. Income Statement = Performance over time.

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4. In marketing, the 4 Ps stand for Product, Price, Place, and:

(A) Promotion

(B) People

(C) Process

(D) Profit

Correct Answer: (A) Promotion

Solution:

The Marketing Mix is made up of 4 Ps: Product (what you sell), Price (at what cost), Place (where it's sold), and Promotion (how you communicate the product). Promotion includes advertising, PR, sales promotion, and personal selling to influence buying decisions.

Quick Tip

4 Ps = Product, Price, Place, Promotion — must-know for any marketing MCQ!

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5. Which is NOT a feature of a cooperative society?

(A) Voluntary membership

(B) Profit maximization

(C) Democratic control

(D) Service motive

Correct Answer: (B) Profit maximization

Solution:

Cooperative societies exist to serve their members — farmers, producers, or consumers — not to maximize profits. They work on voluntary and open membership, democratic control (one member, one vote), and service motive. Profit is not the main aim — members share surplus proportionally.

Quick Tip

Cooperative = Service-oriented, not profit-driven!

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6. In project appraisal, Net Present Value (NPV) is calculated by:

(A) Subtracting initial investment from total cash inflows

(B) Dividing cash inflows by initial cost

(C) Subtracting present value of outflows from present value of inflows

(D) Adding future inflows without discounting

Correct Answer: (C) Subtracting present value of outflows from present value of inflows

Solution:

NPV = PV of Cash Inflows – PV of Cash Outflows. It considers the time value of money — future cash flows are discounted back to present value using a discount rate. A positive NPV means the project is expected to generate profit above the cost of capital.

Quick Tip

NPV ¿ 0 = Accept project, NPV ¡ 0 = Reject project.

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7. Which pricing strategy sets a high initial price for a new product?

(A) Penetration pricing

(B) Skimming pricing

(C) Cost-plus pricing

(D) Psychological pricing

Correct Answer: (B) Skimming pricing

Solution:

Price skimming means launching with a high price to capture high-income segments first and recover RD costs quickly. As demand falls, prices are lowered to attract more price-sensitive customers. It's opposite to penetration pricing, which starts low to capture market share.

Quick Tip

Skim = High initial price. Penetrate = Low initial price.

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8. In supply chain management, the Just-In-Time (JIT) system aims to:

(A) Increase stock levels

(B) Reduce inventory holding costs

(C) Delay production

(D) Expand warehouse size

Correct Answer: (B) Reduce inventory holding costs

Solution:

The JIT system means ordering raw materials just when they're needed in production — no huge stockpiles. This cuts storage costs, reduces waste, and improves efficiency. Any delay in supply, however, can stop production, so reliable suppliers are key.

Quick Tip

JIT = Right material, right time, zero excess stock.

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9. Which is a method of primary data collection in market research?

(A) Company records

(B) Government reports

(C) Literature review

(D) Surveys

Correct Answer: (D) Surveys

Solution:

Primary data means fresh data collected for a specific purpose, directly from the source. Surveys, interviews, observations, and experiments are classic primary methods. Secondary data uses existing data like reports, journals, or published statistics.

Quick Tip

Primary = Direct. Secondary = Already exists.

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10. In financial ratios, the Current Ratio is:

(A) Current Assets / Current Liabilities

(B) Current Liabilities / Current Assets

(C) Total Assets / Total Liabilities

(D) Total Liabilities / Total Assets

Correct Answer: (A) Current Assets / Current Liabilities

Solution:

The Current Ratio checks if a firm can pay its short-term debts with its short-term assets. A ratio above 1 is good — it means the firm can pay current liabilities easily. It's a key measure of liquidity.

Quick Tip

Current Ratio high = good liquidity = less risk of default.
