



Paper - II
COMMERCE

Booklet Code

B

SUBJECT CODE : 09

Test Booklet No.

386

Roll No. :

Roll No. (in

OMR Sheet

Name and Signature of Invigilator/s

Signature : _____

Name : _____

Time : 2 Hours

Maximum Marks : 200

Number of Pages in this Booklet : 24

Number of Questions in this Booklet : 100

Instructions for the Candidates

- Write your roll number in the space provided on the top of this page.
- This paper consists of hundred (100) multiple-choice type of questions.
- At the commencement of examination, the test booklet will be given to you. In the first 5 minutes, you are requested **To Open the Booklet and Compulsorily Examine it as Below:**
 - To have access to the Test Booklet, tear off the paper seal on the edge of the cover page. Do not accept a booklet without sticker seal or open booklet.
 - Tally the number of pages and number of questions in the booklet with the information printed on the cover page. Faulty booklets due to pages/questions missing or duplicate or not in serial order or any other discrepancy should be got replaced immediately by a correct booklet from the invigilator within the period of 5 minutes. Afterwards, neither the Test Booklet will be replaced nor any extra time will be given.
 - After the verification is over, the Test Booklet Number should be entered in the OMR Sheet and the OMR Sheet Number should be entered on this Test Booklet.
- Each item has four alternative responses marked (A), (B), (C) and (D). You have to darken the circle as indicated below on the correct response against each item.
Example : (A) (B) ● (D)
where (C) is the correct response.
- Your responses to the questions are to be indicated in the **OMR Sheet kept inside this Booklet**. If you mark at any place other than in the circles, the OMR Sheet will not be evaluated.
- Read the instructions given in OMR Sheet carefully. Fill the Booklet Code of Paper-II in OMR Sheet **Compulsorily**.
- Rough Work is to be done in the end of this booklet.
- If you write your name or put any mark on any part of the OMR Answer Sheet, except for the space provided for the relevant entries, which may disclose your identity, you will render yourself liable to disqualification.
- You have to return the OMR answer Sheet to the invigilators at the end of the examination compulsorily and must NOT carry it with you outside the Examination Hall.
- You can take away test booklet and carbon copy of OMR Answer Sheet after the examination.
- Use only Blue/Black Ball point pen.**
- Use of any calculator, electronic gadgets or log table, etc. is prohibited.**
- There is no negative mark for incorrect answer.**

09-B

(1)

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1. The ethical principle of contributive liberty highlights that one should- "never take any action that" :
- (A) is not in long-term self-interest
- (B) violates the law representing minimal moral standards of our society
- (C) abridges the agreed-upon and accepted rights of others
- (D) Interferes with the liberty of others without a good reason
2. Organise the following functions of Human Resource Management in sequential order:
- (A) HR Planning, Training, Recruitment, Performance Appraisal, Retirement
- (B) HR Planning, Recruitment, Training, Performance Appraisal, Retirement
- (C) HR Planning, Recruitment, Performance Appraisal, Training, Retirement
- (D) HR Planning, Performance Appraisal, Recruitment, Training, Retirement
3. Given below are two statements, one labelled as Assertion (a) and the other labelled as Reason(r). Read the statements and choose the correct answer from the codes given below :
- Assertion (a) : Bell Curve is being used by many firms to lay off employees.
- Reason (r) : As it helps firms to categorise in different categories based on their performance.
- Code :
- (A) Both (a) and (r) are true but (r) is not a correct reason of (a)
- (B) Both (a) and (r) are true and (r) is a correct reason of (a)
- (C) (a) is correct and (r) is not correct
- (D) (a) is incorrect and (r) is correct
4. Which of the following is not one of the bases of Power?
- (A) Referent Power
- (B) Coercive Power
- (C) Knowledge Power
- (D) Legitimate Power



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5. The Reserve Bank of India recently came out with the draft guidelines for allowing derivatives trading in the CDS in over-the-counter (OTC) markets. What is the full form of CDS?

- (A) Credit Default Swap
(B) Credit Deposit System
(C) Cash Derivative System
(D) Currency Deposit System

- (B) Selling concept believes that the customers would not buy enough of the firm's product until forced
(C) Product concept believes that consumers value product quality, its performance, and features
(D) Marketing concept assumes that the firm must find right products for the customers rather than right customers for a product

6. Match the item of List-I with List-II and choose the correct combination :

	List-I (Functions)		List-II (Regulations)
P	Credit Control	1	MCA
Q	Corporate Control	2	SEBI
R	IPO	3	IRDA
S	Insurance Sector	4	RBI

Codes :

	P	Q	R	S
(A)	4	1	2	3
(B)	4	2	1	3
(C)	3	4	2	1
(D)	3	2	4	1

8. Which of the following is not a part of 7s Framework as prescribed by McKinsey?

- (A) Shared Value (B) Skills
(C) Structure (D) Software

9. Consider the following statements :

- I. Brand equity means brand awareness and brand preference. ✓
II. Product lines have no role in marketing. ✗
III. Marketing Intelligence System strengthens marketing decision making. ✓
IV. AIDA Model is relevant to physical distribution.

7. Which of the following statements is false?

- (A) Holistic marketing is based on development, design, and implementation of marketing programs, processes, and activities that recognize their breadth and interdependencies

Select the correct answer from the following :

- (A) All the statements are false ✗
(B) Only III is true
(C) I, II, and IV are true
(D) Only I is true ✗

Paper-II

(4)

09-B



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10. Which of the following persons can opt for the composition scheme under sub-section (1) and (2) of Section 10 of the CGST Act, 2017, in the State of Delhi?
- Registered person whose aggregate turnover in the preceding financial year did not exceed Rs. 75 lakh.
 - Registered person whose aggregate turnover in the preceding financial year did not exceed Rs. 1.5 crore.
 - A person engaged in manufacture of pan masala, tobacco and manufactured tobacco substitutes.
 - A person engaged in the manufacture of ice cream, other edible ice, whether or not containing cocoa.
 - A person engaged exclusively in providing restaurant service.
 - A person engaged exclusively in supply of medicines.
- (A) I, II, III, V
(B) I, II, V, VI
(C) II, III, IV, V
(D) III, IV, V, VI
11. Where any cheque drawn by a person is dishonoured due to insufficiency of funds, such person shall be punished with :
- (A) Imprisonment for a term which may extend to two years
(B) With fine which may extend to twice the amount of the cheque
(C) Imprisonment for a term which may extend to two years, or with fine which may extend to twice the amount of the cheque, or with both
(D) No punishment
12. A dress is displayed int the showroom with a price tag attached to the dress. A buyer interested in the dress and ready to pag the price mentioned in the tag approached the shopkeeper for purchasing the dress. Which of the following statements is correct?
- (A) The shopkeeper can refuse to sell the dress as display of dress is just an invitation to offer
(B) The shopkeeper cannot refuse to sell the dress as the buyer has accepted the offer
(C) In case of refusal, the shopkeeper will be liable for breach of contract
(D) The shopkeeper cannot refuse to sell the dress but may charge higher price
13. Match List-I and List-II and select the correct answer from the codes given below :
- | | List-I
(Act) | List-II
(Year) |
|---|----------------------------|-------------------|
| P | Actuaries Act | 1 1999 |
| Q | FEMA | 2 2000 |
| R | Information Technology Act | 3 2006 |
| S | Environment Protection Act | 4 1986 |
- Codes :
- | | P | Q | R | S |
|-----|---|---|---|---|
| (A) | 1 | 2 | 3 | 4 |
| (B) | 3 | 1 | 2 | 4 |
| (C) | 3 | 2 | 4 | 1 |
| (D) | 4 | 1 | 2 | 3 |



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14. Find the probability of getting at least 5 times head on tossing an unbiased coin for 6 times by using binomial distribution :

(A) $4/24$ ✓
(B) $7/24$ ✓
(C) $3/24$
(D) $9/24$ ✓

15. For a moderately skewed distribution, which of the following relationship holds?

(A) Mean — Mode = 3 (Mean-Median)
(B) Median — Mode = 3(Mean-Median)
(C) Mean — Median = 3(Mean-Mode)
(D) Mean — Median = 3(Median-Mode)

16. Match List-I and List-II and select the correct answer from the codes given below :

List-I (Theory)	List-II (Proponents)
P Theory X/Y	1 Robert House
Q Hygiene Theory	2 David McClelland
R Path-Goal Theory	3 Douglas McGregor
S Achievement Theory	4 Herzberg

Codes :

	P	Q	R	S
(A)	3	4	1	2
(B)	3 ✓	4	2	1
(C)	1	4	3	2
(D)	2	4	1	3

17. Fayol believed in "Kindness and Justice in dealing their employees." This principle is known as :

(A) Initiative
(B) Order
(C) Unity of Direction
(D) Equity

18. Which of the following statements is false?

(A) Decentralisation is the granting of decision-making authority by management to lower-level employees ✓
(B) Decentralization increases as the degree, importance, and range of lower-level decision-making increase. ✓
(C) Decentralization increases as the degree of checking up by top management increases ✓
(D) Decentralization increases as the degree of checking up by top management decreases ✓



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19. Consider the following statements :

- I. Motorola's mobile phone business has been taken over by LG electronics. ✓
- II. The initial iPhone was designed with focus on best battery life and calling quality.
- III. Samsung, considered as one of most innovative companies, is based in South Korea.
- IV. Nokia was one of the early entrant and has been market leader in mobile phone market earlier. ✓

Which of the following is correct combination ?

- (A) I, II, III, and IV are correct ✓
- (B) I and III are correct ✗
- (C) III and IV are correct
- (D) II, III, and IV are correct

20. Which of the following statements is incorrect regarding Value Chain Analysis?

- (A) Evaluating each of the activities in a company's value chain for exploring opportunities
- (B) Prompting to consider all the steps involved from the point of view of subtracting or adding value to product/service
- (C) Network effects does not influence cost value proposition
- (D) Product differentiation helps in fulfilling the goal of translating the opportunity into a valuable proposition

21. In which form of the contract, the ownership passes to the buyer immediately?

- (A) Agreement to sell
- (B) Hire purchase
- (C) Sale
- (D) Lease agreement

22. What type of cyber-crime, its laws and punishments does section 66 of the Indian IT Act holds ?

- (A) Cracking or illegally hack into any system
- (B) Putting virus into the system
- (C) Software piracy
- (D) Stealing hardware components

23. The relevant date for determining the rate of exchange in case of imported goods is :

- (A) Date when the vessel leaves the exporter's port for India
- (B) Date of presentation of bill of entry
- (C) Date of examination of goods by proper officer
- (D) Date of deposit of duty

24. "Right to information" is defined under which section of RTI Act, 2005?

- (A) Section 2(e)
- (B) Section 2(f)
- (C) Section 2(j)
- (D) Section 2(g)



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25. Sequence the following as per the year of the Act in ascending order (old to new) :

- I. Income Tax Act
- II. Gift Tax Act
- III. Wealth Tax Act

- (A) II, III, I ✓
(B) III, II, I
(C) II, I, III ✓
(D) I, III, II ✓

26. Match List-I and List-II and select the correct answer from the codes given below :

	List-I (Type of Companies)	List-II (Section under Companies Act, 2013)
P	Banking Companies	1 2(68)
Q	Charitable Companies	2 8(1)
R	One Person Company	3 2(9)
S	Private Company	4 2(62)

Code :

	P	Q	R	S
(A)	1	3	4	2
(B)	2	4	3	1
(C)	3	2	4 ✓	1 ✓
(D)	4	3	2	1

27. In case of a Hindu Undivided Family, where the return of income cannot be signed by the Karta, the same can be signed by :

- (A) The next senior-most male member
(B) Karta's wife
(C) Any male member of the family ✓
(D) Any adult member of the family

28. Mr. Ramesh, a citizen of India, is employed in the Indian embassy in Australia. He is a non-resident for A.Y. 2023-24. He received salary and allowances in Australia from the Government of India for the year ended 31.03.2023 for services rendered by him in Australia. In addition, he was allowed perquisites by the Government. Which of the following statements are correct?

- (A) Salary, allowances and perquisites received outside India are not taxable in the hands of Mr. Ramesh, since he is non-resident
(B) Salary, allowances and perquisites received outside India by Mr. Ramesh are taxable in India since they are deemed to accrue or arise in India
(C) ✓ Salary received by Mr. Ramesh is taxable in India but allowances and perquisites are exempt
(D) Salary received by Mr. Ramesh is exempt in India but allowances and perquisites are taxable

29. Gratuity received by a government employee is _____.

- (A) Fully taxable
(B) Fully exempted
(C) Exempted upto Rs. 5,00,000
(D) Exempted up to Rs. 10,00,000



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30. Which of the following Acts is concerned with management of banking function in India?

- (A) Banking Regulation Act, 1949
- (B) Reserve Bank of India Act, 1934
- (C) Negotiable Instrument Act, 1881
- (D) Banking Companies (Acquisition) Act, 1970

31. Which of the following is a development bank?

- (A) Central Bank of India
- (B) National Housing Bank
- (C) Canara Bank
- (D) State Bank of India

32. Read the following statements and choose the correct option :

Statement (I) The IFSCA is a unified authority for the development and regulation of financial products, financial services and financial institutions in the International Financial Services Centre (IFSC) in India.

Statement (II) IFSCA is headquartered at GIFT City, Surat in Gujarat.

- (A) Statement (I) and (II) both are correct
- (B) Statement (I) is correct but (II) is incorrect
- (C) Statement (I) is incorrect but (II) is correct
- (D) Statement (I) and (II) both are incorrect

33. What is the purpose of the RBI Udgam portal?

- (A) To help customers to lodge complaints
- (B) To help customers find their unclaimed deposits
- (C) To help customers to report cyber frauds
- (D) Both (A) and (C)

34. Which risk arises when a bank is unable to conclude a large transaction in a particular instrument near the current market price?

- (A) Forex Risk
- (B) Market Liquidity Risk
- (C) Operational Risk
- (D) Credit Risk



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35. Which of the following is not an element of promotion mix?
- (A) Advertising
(B) Personal selling
(C) Packaging
(D) Pricing
36. _____ is based on personality traits, attitude, lifestyle, and values.
- (A) Demographic segmentation
(B) Behavioural Segmentation
(C) Psychographic Segmentation
(D) Both (B) and (C)
37. Which one from the following does not fall under Brand Element Choice Criteria?
- (A) Mindful
(B) Meaningful
(C) Likable
(D) Adaptable
38. Choose the correct sequence of activities that are carried out while setting effective pricing policy.
- (A) Set Pricing Objective; Estimating Costs; Analysing competitors offers; Determining Demand
(B) Set Pricing Objective; Determining Demand; Estimating Costs; Analysing competitors offers; Selecting the final price
(C) Set Pricing Objective; Analysing competitors price and offers; Estimating Profits; Determining Demand; Selecting the final price
(D) Set Pricing Objective; Estimating Costs; Determining Supply; analysing competitors price and offers; Selecting the final price
39. Which of the following are included in marketing mix?
- I. Product
II. Price ✓
III. Profit
IV. Place
V. Promotion
- Choose the composition from below :
- (A) I, II, III, IV ✗
(B) II, III, IV, V ✗
(C) I, III, IV, V
(D) I, II, IV, V ✓



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40. Where the assessee is engaged in business of letting out properties, income there from would be assessable under the head :
- Income from salary
 - Income from house property
 - Profits and gains from business or profession
 - Income from other sources
41. Statutory limit u/s. 16 (ii) for deduction of entertainment allowance in case of a Government employee is :
- Rs. 5,000
 - 12.5% of employees' salary
 - 15% of employees' salary
 - Rs. 50,000
42. Under the Income -Tax Act, 1961, which of the following is not a marketing related intangible assets covered under Transfer Pricing?
- Brand names
 - Logos
 - Technical Know-how
 - Trade names
43. As per Section 92A of Income-Tax Act, 1961, which of the following does not qualify to be Associated Enterprise for Transfer Pricing?
- ABC Inc of USA holds 30% of voting power in XYZ (India) Pvt. Ltd.
 - ABC Ltd. of India holds 27% of voting power in PQR plc of UK
 - ABC Inc of USA holds 30% of voting power in ABC India Ltd. and 34% of voting power in ABC Plc of UK
 - ABC Inc of USA holds 25% of voting power in XYZ (India) Pvt. Ltd
44. Which of the following is not a correct statement?
- Tax evasion is using legal means to not pay tax
 - Tax evasion involves hiding and/or misrepresenting income
 - Tax avoidance is a legitimate way to minimize taxes
 - Tax avoidance can help companies to maximise after-tax income
45. _____ is the device which satisfies the requirements of the law but not in accordance with the intentions of the law.
- Tax evasion
 - Tax planning
 - Tax avoidance
 - Tax management
46. As per Notification No. 5/2022 dated 29.07.2022, w.e.f. 01/08/2022 the time-limit for e-verification of submission of ITR-V shall be _____ from the date of filing the return of income.
- 15 Days
 - 30 Days
 - 45 Days
 - 60 Days



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47. Daniel Goleman advocated the importance of Emotional Intelligence for successful leaders. Which of the following was not considered as a part of Emotional Intelligence by him?
- (A) Patience
- (B) Self-Regulation
- (C) Empathy
- (D) Motivation
48. Which of the following is not a component of Neuroticism as explained through Big Five Personality Traits?
- (A) Being Anxious
- (B) Being Temperamental
- (C) Being Moody
- (D) Being Affable
49. Which of the following statement is true?
- (A) Change Management is part of Organizational Development
- (B) Change Management and Organizational Development are similar concepts
- (C) Organizational Culture and Organizational Climate are one and the same thing
- (D) Organizational Behaviour is part of Organisational Development
50. Which of the following is not true about Separate Trading of Registered Interest and Principal of Securities (STRIPS)?
- (A) They are created out existing securities only
- (B) They are issued through auctions
- (C) They are eligible for SLR
- (D) They are the securities created by way of Separating the cash flows associated with a regular G-Sec
51. On what priority basis Screen-based trading system matches orders in NSEs screen based trading system?
- (A) Quantity/price
- (B) Time/price
- (C) Price/time
- (D) Price/quantity
52. Which of the following is not a money market instrument?
- (A) Commercial Paper
- (B) Certificate of Deposit
- (C) Public Deposits
- (D) Treasury Bill



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53. _____ budget is prepared in situations where demand forecasting is difficult.
- (A) Fixed
- (B) Flexible
- (C) Financial
- (D) Sales
54. When a firm is adjudicated as insolvent, which of the following by law is/are considered as Preferential Creditors ?
- (A) All debts due to Government or local authority
- (B) The salary of any clerk during four months prior the date of presentation of petition, not exceeding Rs 300 for each such clerk
- (C) Commission due to agent
- (D) Both (A) and (B)
55. Given below are two statements, one labelled as Assertion (a) and the other labelled as Reason (r). Read the statements and choose the correct answer from the codes given below :
- Assertion (a) : Dissolution of partnership necessarily mean the dissolution of the firm.
- Reasoning (r) : It involves complete breakdown of relationship among all partners and subsequent cessation of business.
- (A) Both (a) and (r) are false
- (B) Both (a) and (r) are correct
- (C) (a) is true, while (r) is not the correct explanation of (a)
- (D) (a) is false, but (r) is true
56. Contribution per unit is Rs 50. Fixed costs are Rs 2,00,000. Production and sales are 8000 units. When sales rise further what would be its impact?
- (A) Total contribution rises by an amount greater than profit
- (B) Total contribution rises by an amount smaller than profit
- (C) Total contribution and profit rise by same amount
- (D) Contribution margin drops



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57. Which among the following comes under economic environment?

- (A) Education
- (B) Population size
- (C) GDP
- (D) Lifestyle

58. Match List-I and List-II and select the correct answer from the codes given below :

	List-I	List-II
P	Absolute advantage	1 David Ricardo
Q	Comparative advantage	2 Adam Smith
R	Factor endowment	3 Heckscher-Ohlin
S	Competitive advantage	4 Michael Porter

Codes :	P	Q	R	S
(A)	2	1	3	4
(B)	1	3	2	4
(C)	3	4	1	2
(D)	4	3	2	1

59. Simplification of trade restriction related to import is an example of :

- (A) Globalisation
- (B) Privatisation
- (C) Disinvestment
- (D) Aggregation

60. Government policy about export and import is called :

- (A) Commercial Policy
- (B) Fiscal Policy
- (C) Monetary Policy
- (D) Credit Policy

61. What is the composition of the European Commission ?

- (A) Representatives of Member State governments
- (B) Individuals who are directly elected by the citizens of the Union
- (C) Individuals who are nominated by the President of the Commission and Member State and approved by Member States and the European Parliament
- (D) Individuals appointed by the European Court of Justice



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62. The probability of Type II error is expressed by :
(A) Alpha (B) Beta
(C) 1-Alpha (D) 1-Beta
63. The mean and coefficient of variation of a set of data is 10 and 5 respectively. The standard deviation is _____.
(A) 10 (B) 50
(C) 5 (D) 2
64. In a binomial distribution if n is fixed and $p > 0.5$ then the distribution is _____.
(A) skewed to left
(B) skewed to right
(C) symmetric
(D) Cannot say anything
65. A bag contains 3 red, 6 white and 7 black balls. If two balls are drawn at random the probabilities of getting both white balls shall be _____.
(A) $5/40$
(B) $6/40$
(C) $7/40$
(D) $14/40$
66. The Law of Statistical Regularity says that :
(A) Sample drawn from the population under discussion possesses the characteristics of the population
(B) A large sample drawn at random from the population would not possess the characteristics of the population
(C) A large sample drawn at random from the population would possess the characteristics of the population on an average
(D) An optimum level of efficiency can be attained at a minimum cost
67. If all the observations are increased by 10, then :
(A) SD would be increased by 10
(B) Mean deviation would be increased by 10
(C) SD and Mean deviation increased by 10
(D) SD and Mean deviation remain unchanged
68. Causation can be analysed by _____.
(A) Correlation Analysis
(B) Regression Analysis
(C) Time Series Analysis
(D) Variance Analysis



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69. _____ are the advantages enjoyed by a manufacturing unit when it adapts to new technology before its competitors.

- (A) Economies of Scope
- (B) Economies of Scale
- (C) Economies of Speed
- (D) Economies of Style

70. Which of the following statements is not correct regarding perfect competition?

- (A) Large number of buyers and sellers operate in perfect competition conditions ✓
- (B) There are no entry and exit barriers in perfect competition ✓
- (C) The buyers and sellers have complete knowledge about the prices ✓
- (D) The buyers and sellers do not have knowledge about the supply in the market

71. Which of the following statement is correct?

- (A) In oligopoly there are few sellers dealing with homogeneous products

(B) In oligopoly there is no competition among the rival firms

(C) In monopolistic competition there is a single seller

(D) In monopolistic competition demand curve is less elastic

72. International Arbitrage does not take place if :

(A) There is a price mismatch for the same asset in the market

(B) The market is in equilibrium

(C) The exchange rate differential is higher than the transaction cost

(D) Interest differential is not equal to a percentage of the spread between two currencies

73. A foreign currency account maintained by a bank abroad is known as :

(A) Vostro Account

(B) Nostro Account

(C) Loro Account

(D) Foreign Bank Account



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74. Suppose the current account is in deficit and the private financial account is balanced, then_____.
- (A) either the country's exchange rate will appreciate or its monetary authorities will sell some of its foreign exchange reserves
- (B) the country will have deficit in its capital account
- (C) the country will have a surplus in its capital account
- (D) there will be no impact on capital account
75. TRIPS (Trade-Related Aspects of Intellectual Property Rights) agreement is administered by :
- (A) World Bank (WB) ✗
- (B) International Monetary Fund (IMF) ✗
- (C) World Trade Organization (WTO)
- (D) United Nations Conference on Trade and Development (UNCTAD)
76. _____ refers to goods imported from one country and exported to another country.
- (A) Entrepot trade
- (B) Third Party Trade
- (C) Export Trade
- (D) Counter Trade
77. Tariff, expressed as either a specific or an ad valorem rate, whichever is higher, is known as_____.
- (A) General Tariff
- (B) Compound Tariff
- (C) Mixed Tariff
- (D) Countervailing Tariff



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78. The value of the Special Drawing Rights (SDR) is based on a basket of five currencies. Which of the following currency is part of Basket?

- (A) Chinese Renminbi
(B) Russian Ruble
(C) Australian Dollars
(D) South African Rand

- (A) Inventory Management
(B) Receivable Management
(C) Cash Management
(D) Marketable Securities

79. Match the item of List-I with List-II and choose the correct combination :

List-I (Instruments)	List-II (Ranking in terms of Risk to Common Investor)
P Debentures	1 First Rank
Q Preference Shares	2 Second Rank
R Treasury Bills	3 Third Rank
S Equity Shares	4 Fourth Rank

Codes :

	P	Q	R	S
(A)	4	2	1	3
(B)	1	2	4	3
(C)	3	4	2	1
(D)	3	2	4	1

80. In Working Capital management, the term FLOAT is used in _____.

81. Read the following statements and choose the correct options :

Statement (I): Under the Net Present Value (NPV) method of Capital Budgeting, the funds released are assumed to be reinvested at a rate equal to the internal rate of rate of return that is, the same rate as the proposal itself offers.

Statement (II): Under the Internal Rate of Return (IRR) method of Capital Budgeting, the funds released are assumed to be reinvested at a rate equal to the cost of capital, that is, the required rate of return.

- (A) Statement (I) and (II) both are correct
(B) Statement (I) is correct but (II) is incorrect
(C) Statement (I) is incorrect but (II) is correct
(D) Statement (I) and (II) both are incorrect



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82. The value of net assets less purchase price in case of purchase of business against shares is adjusted in :
- (A) Capital Reserves
- (B) General Reserves
- (C) Goodwill
- (D) Capital Redemption Reserves
83. In consolidation of accounts of holding and subsidiary company _____ is eliminated in full.
- (A) current liabilities of subsidiary company
- (B) reserves and surplus of both holding and subsidiary company
- (C) mutual indebtedness
- (D) Both (A) and (B)
84. Who said, "Economics is a study of mankind in the ordinary business of life"?
- (A) Alfred Marshall
- (B) Lionel Robbins
- (C) Adam Smith
- (D) Amartya Sen
85. The law of diminishing returns applies to :
- (A) the long-run, but not the short-run
- (B) both the short-run and the long-run
- (C) the short-run, but not the long-run
- (D) neither the short-run nor the long-run
86. Oligopolistic competition is characterized by :
- (A) A few large firms and no entry barriers
- (B) A large number of small firms and no entry barriers X
- (C) A few dominant firms and substantial barriers to entry
- (D) One dominant firm and low entry barriers X

09-B



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87. Who is entitled at the time of loss or destruction of a note, bill or cheque ?

- (A) Drawee
- (B) Drawer
- (C) Payee
- (D) Holder

Codes :	P	Q	R	S
(A)	3	1	4	2
(B)	3	4	1	2
(C)	2	1	4	2
(D)	1	4	2	3

90. From the following data, calculate the liquidation :

Current Assets = 50,000; Current liabilities = 20,000; Inventory = 13,000; Prepaid expenses = 1,000

Codes :

- (A) 1 : 1
- (B) 1.5 : 1
- (C) 1 : 0.8
- (D) 1.8 : 1

88. Which of the following concepts advocates that inherent goodwill is not recorded in books of accounts?

- (A) Money Measurement Concept
- (B) Business Entity Concept ☒
- (C) Accrual Concept ☒
- (D) Historical Cost Concept

91. Standard costing cannot be used in which of the following cases?

- (A) Where management is inefficient
- (B) Where workers are inactive and slow
- (C) Where customized products are manufactured
- (D) Both (A) and (B)

89. Match the items given in List-I and List-II and select the correct combination :

List-I	List-II
P Buy back of Equity Shares	1 Operating Activity
Q Refund of income tax received	2 Investing Activity
R Short term Bank Deposits	3 Financing Activity
S Dividend received	4 Cash and Cash Equivalents

Paper-II

(20)

09-B

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92. Consider the following statements and select the correct statement :

- I. If an oligopolist increases his price, his rivals will follow. ✓
- II. If an oligopolist increases his price, his rivals will not follow. ✗
- III. If an oligopolist increases his price, his rivals will lower their prices. ✗
- IV. If an oligopolist decreases his price, his rivals will not react ✗

Codes :

- (A) I is correct
- (B) II is correct
- (C) I and III are correct
- (D) IV is correct

93. Which of the following does not fall under Macroeconomics?

- (A) National Income patterns
- (B) Market trends
- (C) Firm's Production potential
- (D) Global Economic crisis

94. Which of the following is not a factor to determine the supply of a commodity?

- (A) Any change in the prices of other products would influence the supply of a good by causing substitution of one product for another ✓
- (B) Price of the commodity is the most important factor. As the price rises, sellers like to sell more ✗
- (C) If the number of firms producing a good increases, the market supply would also increase ✓
- (D) The imposition of an excise duty causes a downward shift in supply ✓

95. Given below are two statements, one labelled as Assertion (a) and the other labelled as Reason (r). Read the statements and choose the correct answer from the codes given below :

Assertion (a) : Land and Labor are considered primary factors of production.

Reason (r) : Capital is labor stored-up.

Codes :

- (A) Both (a) and r are true but (r) is the not a correct reason of (a)
- (B) Both (a) and (r) are true and (r) is a correct reason of (a)
- (C) (a) is correct and (r) is not correct
- (D) (a) is incorrect and (r) is correct



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96. From the following statements of Assertion (a) and Reason (r), choose the correct option

Assertion (a) : Levered firm will have higher required return on equity.

Reason (r) : A levered firm has financial risk while an unlevered firm is not exposed to financial risk

- (A) Both (a) and (r) are correct but (r) is the correct explanation of (a)
- (B) Both (a) and (r) are correct and (r) is not a correct explanation of (a)
- (C) (a) is correct but (r) is not correct
- (D) Both (a) and (r) are not correct

97. A company issues 10 year 15 percent bonds of Rs. 100 each at par, repayable at par on maturity. What will be the after-tax cost of debt if the corporate tax rate is assumed to be 30 percent?

- (A) 15%
- (B) 10.50%
- (C) 4.50%
- (D) 19.50%

98. Which of the following is correct to compute the book value per ordinary share?

- (A) Total Assets/Number of Ordinary Shares
- (B) Net worth/Number of Ordinary Shares
- (C) Profit available to shareholders/Number of Ordinary Shares
- (D) Total Asset minus Current Liabilities/Number of Ordinary Shares

99. Which of the following factors are not considered in evaluating projects under multinational capital budgeting?

- (A) Exchange Rate Fluctuations
- (B) Sunk Costs
- (C) Inflation
- (D) Social Costs

100. Which of the following is not an example of compressed data?

- (A) Data array
- (B) Frequency distribution
- (C) Histogram
- (D) Ogive