CUET PG 2024 Commerce Question Paper with Solutions

Time Allowed : 1 Hour 45 Mins	Maximum Marks : 300	Total Questions : 75

General Instructions

Read the following instructions very carefully and strictly follow them:

1. The examination duration is 105 minutes. Manage your time effectively to attempt all questions within this period.
2. The total marks for this examination are 300. Aim to maximize your score by strategically answering each question.
3. There are 75 mandatory questions to be attempted in the Commerce paper. Ensure that all questions are answered.
4. Questions may appear in a shuffled order. Do not assume a fixed sequence and focus on each question as you proceed.
5. The marking of answers will be displayed as you answer. Use this feature to monitor your performance and adjust your strategy as needed.
6. You may mark questions for review and edit your answers later. Make sure to allocate time for reviewing marked questions before final submission.
7. Be aware of the detailed section and sub-section guidelines provided in the exam. Understanding these will aid in effectively navigating the exam.

1. Which of the following cannot be a method of measuring dispersion?
(a) Range
(b) Interquartile range and quartile deviation
(c) Mean deviation or average deviation
(d) Skewness

Correct Answer: (d) Skewness

Solution: Dispersion measures the spread of a dataset and is typically calculated using methods like range, interquartile range, quartile deviation, and mean deviation. Skewness, on the other hand, measures the asymmetry of the distribution, not dispersion.

Quick Tip

Dispersion focuses on the spread of values, while skewness measures asymmetry.

2. Autocorrelation in any regression model raises questions about the:
(a) Validity of the model
(b) Reliability of the model
(c) Statistical significance of the model
(d) Correlation between independent variables

Correct Answer: (b) Reliability of the model

Solution: Autocorrelation implies that residuals are not independent of each other, raising concerns about the reliability of the model's predictions and parameter estimates. This violates the assumption of independence in regression analysis.

Quick Tip

Address autocorrelation by using methods like Durbin-Watson statistics to ensure reliable regression results.

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3. Table 1 is the frequencies of occurrence of data values in a dataset. Find out the mode.

Value	Frequency
18	4
19	1
20	3
21	1
22	2
23	1
24	1
26	1
27	1
32	1
33	1
49	1
52	1
56	1

(a) 18
(b) 56
(c) 26.9
(d) 29.1

Correct Answer: (a) 18

Solution: The mode of a dataset is the value that appears most frequently. Here, the value 18 has the highest frequency (4), making it the mode.

Quick Tip

The mode is the most frequent value in a dataset. Focus on the highest frequency to determine it.

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4. A company can buy-back its own shares or other specified securities by the following methods except:

(a) From the existing securityholders on a proportionate basis through the tender offer
(b) From open market through book-building process or stock exchange
(c) From any person through negotiated deals on the stock exchange
(d) From odd-lot holders

Correct Answer: (c) From any person through negotiated deals on the stock exchange

Solution: Buy-back methods include tender offers, open market purchases, or purchases from odd-lot holders. Negotiated deals are not a permitted method under the company law regulations for buy-backs.

Quick Tip

Understand the permissible methods for share buy-back as per company law to avoid errors.

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5. An insurance contract is based on some basic principles of insurance. Which of the following is against those principles?

(a) Principle of utmost good faith
(b) Principle of insurer interest
(c) Principle of causa proxima
(d) Principle of indemnity

Correct Answer: (b) Principle of insurer interest

Solution: Insurance principles include utmost good faith, causa proxima, and indemnity. The concept of "insurer interest" is not a valid principle and does not align with the fundamental doctrines of insurance.

Quick Tip

Focus on the core principles of insurance: utmost good faith, indemnity, and causa proxima.

6. Identify the correct statements in reference to fire insurance:

(A) Fire insurance is a comprehensive policy which covers loss on account of fire, earthquake, riots, floods, strikes, and malicious intent.
(B) Fire Insurance can be taken only by the owner of the premises to be insured.
(C) A tenant cannot insure rented premises but he can insure the contents of the premises.
(D) Fire insurance is compulsory if your house/flat is financed by a bank or any other financial institution.

Choose the correct answer from the options given below:

1. (A), (B), and (D) only.
2. (A), (B), and (C) only.
3. (A), (B), (C), and (D).
4. (B), (C), and (D) only.

Correct Answer: 4. (B), (C), and (D) only.

Solution: - Statement (A) is incorrect because fire insurance is not always comprehensive; its coverage depends on the terms of the policy. - Statement (B) is correct as fire insurance is typically taken by the owner of the property. - Statement (C) is correct because tenants can insure the contents of rented premises. - Statement (D) is correct because financial institutions often require fire insurance as a prerequisite for loans on houses/flats.

Quick Tip

Fire insurance policies vary in coverage; always review the terms to ensure they meet your requirements.

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7. Which of the following are General Insurance companies in public sector?
(A) Oriental Insurance Company Limited
(B) New India Assurance Company Limited
(C) SBI General Insurance Company Limited
(D) United India Insurance Company Limited

Choose the correct answer from the options given below:

1. (A) (A), (B) and (C) only.
2. (B) (A), (B) and (D) only.
3. (C) (A), (B), (C) and (D).
4. (D) (B), (C) and (D) only.

Correct Answer: 2. (A), (B) and (D) only.
Solution: The correct public sector general insurance companies are Oriental Insurance Company Limited, New India Assurance Company Limited, and United India Insurance Company Limited. SBI General Insurance Company Limited is a joint venture between State Bank of India and Insurance Australia Group, making it a private sector entity.

> Quick Tip
>
> Understanding the sector (public or private) of insurance companies is essential for various financial and insurance-related decisions.

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8. Which of the following are the determinants for the price elasticity of demand?
(A) Availability of close substitutes
(B) Necessities versus Luxuries
(C) Definition of the market
(D) Time Horizon

Choose the correct answer from the options given below:

1. (A) (A), (B) and (C) only.
2. (B) (A), (B) and (D) only.
3. (C) (A), (B), (C) and (D).
4. (D) (B), (C) and (D) only.

Correct Answer: 3. (A), (B), (C) and (D).
Solution: All listed factors influence the price elasticity of demand. Availability of substitutes, whether goods are necessities or luxuries, how narrowly or broadly the market is defined, and the time frame considered, all affect how responsive consumers are to changes in price.

> Quick Tip
>
> Understanding the factors that affect price elasticity can help businesses and policymakers predict and influence consumer responses to price changes.

9.It is said to be economies of scale when:
(A) long run average total cost declines as output increases
(B) long run average total cost rises as output increases
(C) long run average total cost does not vary with the level of output
(D) long run fixed cost stay constant as output increases

Choose the correct answer from the options given below:

1. (A) (A) only.
2. (B) (B) only.

3. (C) (C) only.
4. (D) (D) only.

Correct Answer: 1. (A) (A) only.
Solution: Economies of scale occur when the long run average total cost declines as the level of output increases. This often results due to spreading the fixed costs over a larger quantity of output and achieving greater efficiency and specialization in production processes.

Quick Tip

Economies of scale can provide a competitive advantage to companies by allowing them to produce goods at a lower per-unit cost as production scales up.

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10. A firm's long-run decision to enter in or exit from a market depends upon firm's ability to manage total revenue (TR), total cost (TC), quantity produced (Q), average total cost (ATC) and price of the goods (P). Which among the following is best suited for an entrepreneur interested to enter in a market?
(A) if TR < TC
(B) if TR/Q < TC/Q
(C) if P > ATC
(D) if P < ATC

Choose the correct answer from the options given below:

1. (A) (A) only.
2. (B) (B) only.
3. (C) (C) only.
4. (D) (D) only.

Correct Answer: 3. (C) (C) only.
Solution: An entrepreneur would be interested in entering a market if the price (P) of the goods exceeds the average total cost (ATC) of producing those goods. This indicates that the firm can cover all its costs and generate a profit, making entry into the market potentially profitable.

Quick Tip

Before entering a market, it is crucial to ensure that expected prices can cover all variable and fixed costs, providing a basis for sustainable business operations and profitability.

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11. Keynesian relationship between income and consumption is termed as:
(A) Consumption
(B) Consumption expenditure

(C) The consumption function
(D) The production function

Choose the correct answer from the options given below:

1. (A) only.
2. (B) only.
3. (C) only.
4. (D) only.

Correct Answer: (C) only.
Solution: The Keynesian relationship between income and consumption is formally expressed as the "consumption function". This economic model indicates that consumption expenditure increases as disposable income increases, albeit at a decreasing rate.

Quick Tip

Understanding the consumption function is crucial for macroeconomic analysis as it helps predict how changes in income affect consumer spending.

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12. To understand the use of scarce resources and to study the composition of GDP (Gross Domestic Product) among various types of spending, GDP is divided into which of the following components?
(A) Consumption
(B) Investment
(C) Government Purchases and Net Exports
(D) Government Consumption and Net Imports

Choose the correct answer from the options given below:

1. (A) (A), (B) and (C) only.
2. (B) (B), (C) and (D) only.
3. (C) (A), (B), (C) and (D).
4. (D) (A), (C) and (D) only.

Correct Answer: (A) (A), (B) and (C) only.
Solution: GDP is typically divided into four main components: Consumption (C), Investment (I), Government Purchases (G), and Net Exports (X - M), where Net Exports equal exports minus imports. The listed components (A), (B), and (C) correctly reflect these categories. (D) mislabels 'Government Consumption' and incorrectly states 'Net Imports' instead of 'Net Exports'.

Quick Tip

Understanding the components of GDP is essential for analyzing economic health and the effectiveness of fiscal and monetary policies.

13. Match the concepts in **LIST I** with their definitions in **LIST II**.

LIST I	LIST II
A. IS-LM Model	I. Shows the points that satisfy equilibrium in the goods market
B. IS Curve	II. Combines Keynesian cross and the elements of the theory of liquidity preference
C. Intersection of IS and LM curve	III. Shows the points that satisfy equilibrium in the money market
D. LM Curve	IV. Shows the interest rate and income that satisfy equilibrium in both markets for a given price level

Choose the correct answer from the options given below:

1. (A)-(I), (B)-(II), (C)-(III), (D)-(IV)
2. (A)-(I), (B)-(III), (C)-(II), (D)-(IV)
3. (A)-(II), (B)-(IV), (C)-(III), (D)-(I)
4. (A)-(II), (B)-(I), (C)-(IV), (D)-(III)

Correct Answer: 4. (A)-(II), (B)-(I), (C)-(IV), (D)-(III).

Solution: The IS-LM Model (A) is a fundamental macroeconomic tool to analyze the interdependencies between the 'real' economy (the IS curve) and the money market (the LM curve), fitting with description II. The IS Curve (B) reflects equilibrium in the goods market, matching with description I. The intersection of the IS and LM curve (C) indicates the overall economic equilibrium, corresponding to description IV, where both the goods and money markets are in balance. Lastly, the LM Curve (D) represents equilibrium in the money market, aligning with description III.

Quick Tip

Understanding the IS-LM model helps in comprehending how policies affect different sectors of the economy, such as fiscal policy affecting the IS curve and monetary policy affecting the LM curve.

14. The reasons which transform a valid contract into a void contract are given in List-II while the example of each reason is given in List-I.

Choose the correct answer from the options given below:

1. (A)-(I), (B)-(II), (C)-(III), (D)-(IV)
2. (A)-(II), (B)-(III), (C)-(I), (D)-(IV)
3. (A)-(III), (B)-(IV), (C)-(II), (D)-(I)
4. (A)-(III), (B)-(IV), (C)-(I), (D)-(II)

LIST I (Example of transforming a valid contract into a void contract)	LIST II (Reasons)
A. A and B contract to marry each other. Before the time fixed for the marriage, A goes mad.	I. Contract contingent
B. A agrees to sell B 100 bags of wheat at Rs. 1650 per bag. Before delivery, the Government bans private trading in wheat.	IV. Subsequent illegality
C. A contracts to give Rs. 1000 as a loan to B, if B marries C. C dies without being married to B.	III. Supervening impossibility
D. A threatening to murder B's son makes B agree to sell his car worth Rs. 15,00,000 for a sum of Rs. 5,00,000 only. B's consent is not free; he may either affirm or reject the contract. B decides to rescind the contract.	II. Repudiation of a voidable contract

Table 1: Match List I with List II

Solution:
- A: The contract to marry is contingent upon mental stability. If A goes mad, the contingency fails, making the contract void due to supervening impossibility.
- B: When the Government bans private trading of wheat, the sale becomes illegal, leading to subsequent illegality.
- C: A contract contingent upon marriage cannot be fulfilled if C dies. This is a case of contract contingent.
- D: The threat to B's son makes the contract voidable. B rescinds it due to repudiation of a voidable contract.

Quick Tip

When matching examples with reasons, focus on key terms like "contingency," "impossibility," "illegality," and "voidable contracts" to identify the correct transformation reason.

15. According to the Sale of Goods Act (Section 9), modes of fixing the price by one or the other are:
(A) It may be expressly fixed by the contract itself
(B) If the price is not capable of being determined in accordance with any of the other modes, the buyer is bound to pay the seller price of his own choice
(C) It may be determined by the course of dealings between the parties
(D) It may be fixed in accordance with an agreed manner provided by the contract

Choose the correct answer from the options given below:

1. (A) (A), (B) and (C) only.
2. (B) (A), (B) and (D) only.
3. (C) (A), (C), and (D) only.
4. (D) (B), (C) and (D) only.

Correct Answer: (C) (A), (C), and (D) only.

Solution: Under the Sale of Goods Act, the price of goods can be determined through explicit agreement in the contract, by reference to an agreed method, or through the established course of dealings between the parties. Option (B) is incorrect as it misrepresents the legal framework which specifies that the buyer should pay a reasonable price when the price is not determined through other stipulated means.

> Quick Tip
>
> Understanding the contractual terms and the legal framework for determining prices is crucial for both parties in a sales contract to ensure compliance and avoid disputes.

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16. At how many levels consumer protection councils are established?

1. Two i.e. center and state
2. Three i.e. center, state and district
3. Four i.e. center, state, divisional and district
4. Five i.e. International, National, State, Divisional and District

Correct Answer: (2) Three i.e. center, state and district

Solution:
Under the Consumer Protection Act, 2019, consumer protection councils are established at three levels:

- **Central Level:** Governed by the Central Consumer Protection Council.
- **State Level:** State Consumer Protection Councils operate within individual states.
- **District Level:** District Consumer Protection Councils serve at the local district level.

These councils work to promote consumer rights and address grievances across these levels. Divisional or international councils are not part of the structure.

> Quick Tip
>
> Consumer protection councils are established at central, state, and district levels to safeguard consumer rights.

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17. Arrange the following incidents in order of their occurrence (First to Last):
(a) Establishment of LIC
(b) Establishment of IRDA
(c) The Insurance Act

(d) FDI in Insurance Sector in India

Choose the correct answer from the options given below:
1. (A), (B), (C), (D)
2. (C), (A), (B), (D)
3. (D), (A), (B), (C)
4. (C), (B), (D), (A)

Correct Answer: 2. (C), (A), (B), (D)

Solution: The correct chronological order is as follows: 1. The Insurance Act was enacted first, providing the legal framework for insurance regulation in India. 2. LIC (Life Insurance Corporation) was established in 1956, consolidating the insurance business in India. 3. IRDA (Insurance Regulatory and Development Authority) was established in 1999 to regulate and develop the insurance sector. 4. FDI in the Insurance Sector was introduced later to boost foreign investment.

> Quick Tip
>
> Understanding the timeline of reforms and events in the insurance sector is crucial for regulatory and historical clarity.

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18. Which among the following is an ancillary function of a bank?
1. Foreign Exchange
2. Credit Creation
3. Demand Deposits
4. Lending of Funds

Correct Answer: 1. Foreign Exchange

Solution: Ancillary functions of banks include foreign exchange services, which involve facilitating currency conversion, international trade transactions, and foreign remittances. Functions like credit creation and demand deposits are core functions, not ancillary.

> Quick Tip
>
> Foreign exchange services are key ancillary functions of banks to support international trade and travel.

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19. Lead bank scheme of RBI aims for the following objectives except:
1. To coordinate the activities of banks and other development agencies
2. To achieve the objectives of enhancing the flow of bank finance to priority sectors
3. To promote the bank's role in the overall development of the rural sector

4. To strengthen financial inclusion by providing payment/remittance to migrant labour workforce, low-income households, and small businesses

Correct Answer: 4. To strengthen financial inclusion by providing payment/remittance to migrant labour workforce, low-income households, and small businesses

Solution: The Lead Bank Scheme was introduced to coordinate the activities of banks and development agencies in rural areas and enhance credit flow to priority sectors like agriculture and MSMEs. Strengthening financial inclusion through remittance services is not a direct objective of this scheme.

Quick Tip

Focus on the primary objectives of the Lead Bank Scheme, such as rural development and credit coordination.

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20. An arrangement where a group of banks, which may not have any other business relationship with the borrower, participate for a single loan is known as:
1. Consolidation in Banking
2. Collateral Financing
3. Loan Syndication
4. Loan Diversification

Correct Answer: 3. Loan Syndication

Solution: Loan syndication is a financing arrangement where multiple banks jointly provide a single loan to a borrower. This is common for large-scale projects requiring substantial funding, distributing the risk among participating banks.

Quick Tip

Loan syndication is commonly used for large projects to share risks and resources among banks.

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21. Which among the following cannot be considered as a refinance institution?
(a) NABARD
(b) SIDBI
(c) EXIM Bank
(d) NHB

Correct Answer: (c) EXIM Bank

Solution: Refinance institutions provide funding to other financial institutions to promote credit flow in specific sectors. NABARD, SIDBI, and NHB are prominent refinance institutions in India. However, EXIM Bank focuses on financing and promoting international trade and does not function as a refinance institution.

Quick Tip

Refinance institutions indirectly support economic sectors by refinancing loans provided by other institutions.

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22. Which among the following is an activity offered by SIDBI under promotional and developmental support or through "Credit Plus" approach?
(a) MSME Advisory
(b) Export Capability Creation
(c) Consultancy for project financing
(d) Pilot project for integrated development of backward blocks

Correct Answer: (a) MSME Advisory

Solution: SIDBI's "Credit Plus" approach focuses on providing holistic support to Micro, Small, and Medium Enterprises (MSMEs). This includes offering advisory services, capacity building, and skill development for MSMEs. The other options, while development-oriented, do not directly fall under the scope of SIDBI's Credit Plus initiatives.

Quick Tip

SIDBI plays a vital role in MSME development by offering financial and non-financial services.

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23. Which of the following is/are true for the secondary market?
(A) Facilitates liquidity and marketability of securities
(B) Provides valuation of securities
(C) Enables Price Discovery
(D) Creates a wealth effect

Choose the correct answer from the options given below:
1. (A), (B) and (D) only.
2. (A), (B) and (C) only.
3. (A), (B), (C) and (D).
4. (B), (C) and (D) only.

Correct Answer: 3. (A), (B), (C) and (D)

Solution: The secondary market plays a pivotal role in the financial system by providing liquidity and marketability for securities, ensuring price discovery, and enabling the valuation of securities. Additionally, the creation of a wealth effect stems from the price appreciation of securities, which boosts investor confidence.

Quick Tip

The secondary market ensures investors can buy and sell securities efficiently while influencing overall market stability and investor trust.

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24. Match List I with List II:

LIST I	LIST II
A. The Middle Office	I. Involved in administration but without being seen by customers
B. Office Automation	II. Office without physical space and facilities
C. Virtual Office	III. A part of the operations division of the business unit
D. Back Office	IV. Aim is to reduce paperwork and speed up business operations

Choose the correct answer from the options given below:
1. (A) - (I), (B) - (II), (C) - (III), (D) - (IV)
2. (A) - (III), (B) - (IV), (C) - (II), (D) - (I)
3. (A) - (I), (B) - (IV), (C) - (II), (D) - (III)
4. (A) - (III), (B) - (IV), (C) - (I), (D) - (II)

Correct Answer: 3. (A) - (I), (B) - (IV), (C) - (II), (D) - (III)

Solution: - The Middle Office is responsible for administrative tasks without customer visibility. - Office Automation focuses on reducing paperwork and increasing efficiency in business operations. - A Virtual Office provides office functionalities without requiring physical space. - The Back Office supports the operations division, handling core processes.

Quick Tip

Understand the functional roles of different offices to streamline business operations effectively.

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25. Which among the following is not a function of the filing system in an office?
1. Classification of documents on a pre-determined basis
2. Filing of letters and other documents after action taken in cardboard file covers or folders
3. Preservation of file covers or folders in cabinets fitted with drawers
4. Disposal and discard of old papers and records when they are useful

Correct Answer: 4. Disposal and discard of old papers and records when they are useful

Solution: The primary functions of a filing system include document classification, secure preservation, and orderly filing of important papers and correspondence. Disposing of papers when they are still useful contradicts the purpose of systematic documentation and archiving.

> Quick Tip
>
> Filing systems ensure easy retrieval and safekeeping of documents, supporting organizational efficiency.

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26. Which among the following is the correct abbreviation of computer terminology?
1. Hyper Transfer Protocol (HTTP)
2. World Wider Web (www)
3. Read-only memory (ROM)
4. (RAM) random memory

Correct Answer: 3. Read-only memory (ROM)

Solution: - Hyper Text Transfer Protocol (HTTP) is the correct abbreviation for HTTP, not "Hyper Transfer Protocol." - The correct term is "World Wide Web (www)," not "World Wider Web." - Read-only memory (ROM) is correctly abbreviated as ROM and refers to a type of non-volatile memory used in computers. - Random Access Memory (RAM) is the correct term, not "(RAM) random memory." Thus, "Read-only memory (ROM)" is the correct abbreviation in this context.

> Quick Tip
>
> Always verify standard computer abbreviations to avoid confusion and ensure clarity in technical contexts.

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27. GeM portal (Government e-marketplace) is a —— e-commerce platform.
(a) B2B (Business to Business)
(b) G2G (Government to Government)
(c) B2C (Business to Consumer)
(d) G2C (Government to Consumer)

Correct Answer: (b) G2G (Government to Government)

Solution: The Government e-Marketplace (GeM) platform is designed to facilitate procurement of goods and services required by various government departments and organizations. It operates as a **Government-to-Government (G2G)** platform, enabling streamlined, transparent, and efficient purchasing processes for government entities.

> Quick Tip
>
> GeM ensures efficient procurement and enhances transparency in government purchases, aligning with G2G practices.

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28 . Cyclical variations in time series ——.
(a) Exist due to ups & downs recurring after a period from time to time but they may not be uniformly periodic
(b) Are a result of unforeseen and unpredictable forces which operate in absolutely random or erratic manner
(c) Take place due to the rhythmic forces which operate in a regular and periodic manner
(d) Tend to increase or decrease or stagnate over a long period of time

Correct Answer: (a) Exist due to ups & downs recurring after a period from time to time but they may not be uniformly periodic

Solution: Cyclical variations refer to oscillations in time series data that occur over periods, reflecting the influence of economic, business, or natural cycles. These variations are **not strictly periodic** but are identified by recurring patterns. For example, economic booms and recessions are cyclical patterns that may not adhere to a strict timeline.

> Quick Tip
>
> Cyclical variations are crucial for analyzing trends in business and economics, though their periodicity may vary.

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29. Apart from Gross Domestic Product (GDP), Gross National Income (GNI), and Net National Income (NNI), the other important indicators to measure the health of an economy will be:
(a) Capital formation and savings
(b) Gross national expenditure
(c) Income of HNI citizens
(d) Deposits in Swiss Bank

Correct Answer: (a) Capital formation and savings

Solution: The health of an economy is gauged by several macroeconomic indicators like GDP, GNI, and NNI. Among the given options, **capital formation and savings** are crucial for assessing economic growth as they reflect the ability of an economy to invest in infrastructure and development. Gross national expenditure focuses on consumption but does not directly measure growth potential, while options (c) and (d) are not standard indicators.

Quick Tip

Focus on understanding how savings and investments drive long-term economic growth.

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30. Following are the statements highlighting the socio-economic indicators of India's population. Identify the correct statements:
(A) India has one of the lowest life expectancy (69.4 years).
(B) Since 1990's, Indian economic growth is mainly based on manufacturing and services sector.
(C) Reproductive health, measured by the maternal mortality ratio and adolescent birth rates.
(D) Labour market participation, measured by the labour force participation rate of female and male populations aged 18 years and older.

Choose the correct answer from the options given below:
1. (A), (B) and (D) only.
2. (A), (B) and (C) only.
3. (A), (B), (C) and (D).
4. (A), (C) and (D) only.

Correct Answer: (3) (A), (B), (C) and (D)

Solution: All the given statements accurately highlight socio-economic indicators in India: (A) India's life expectancy is relatively low compared to global standards. (B) Since the 1990s, economic growth has shifted towards manufacturing and services sectors, away from agriculture. (C) Reproductive health is a critical metric for assessing socio-economic development. (D) Labour market participation reflects economic inclusiveness and opportunities for both genders.

Quick Tip

Socio-economic indicators provide a holistic view of a country's development and quality of life.

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31. Indian Trade Classification (National Harmonized System of Goods) ITC (HS) Code is having —— digit.
(a) 10
(b) 8
(c) 6
(d) 12

Correct Answer: (b) 8

Solution: The ITC (HS) code, which is used in India for the classification of traded goods, is an 8-digit code. It is based on the Harmonized System (HS) of coding developed by the World Customs Organization (WCO) and serves as a standard for the identification of goods in international trade.

> **Quick Tip**
>
> The ITC (HS) Code facilitates systematic and uniform documentation of goods for trade compliance.

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32. This scheme provides refund of import duty on raw materials, components, and packing materials used in export product which reduces the input cost of export.
(a) Duty drawback
(b) Custom duty exemption
(c) Central excise rebate
(d) Income tax exemption

Correct Answer: (a) Duty drawback

Solution: The Duty Drawback Scheme is a government incentive that allows exporters to claim a refund of the import duty paid on raw materials, components, and packaging materials used in the manufacturing of export goods. This refund helps to make Indian exports more competitive in the global market by reducing the overall cost of production.

> **Quick Tip**
>
> Duty Drawback is a crucial tool for export promotion by reducing input costs and boosting profitability.

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33. Which Authority acts as a facilitator of exports and imports in India?
(a) DGFT (Director General, Foreign Trade)
(b) DGSD (Director General, Supply & Depot)
(c) Minister of Commerce and Trade
(d) Chief Secretary, Ministry of Commerce and Trade

Correct Answer: (a) DGFT (Director General, Foreign Trade)

Solution: The Directorate General of Foreign Trade (DGFT) is responsible for formulating and implementing the Foreign Trade Policy in India. It facilitates exports and imports, promotes trade through various incentives, and regulates trade in accordance with international agreements.

Quick Tip

DGFT plays a key role in driving India's foreign trade and ensuring adherence to global trade norms.

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34. Which of the following are the duty of an auditor?

(A) To measure business events in terms of profit and loss and communicate the financial conditions of the business
(B) To prepare a balance sheet representing a true and fair picture of the financial position of the business
(C) To prepare final accounts, computation of taxable income, etc., while acting as an accountant
(D) To report whether the profit and loss account represents a true and fair picture of the profit or loss

Choose the correct answer from the options given below:
1. (A), (B), and (D) only
2. (B), (C), and (D) only
3. (A), (B), (C), and (D)
4. (A), (C), and (D) only

Correct Answer: (A), (B), and (D) only

Solution: An auditor's duty includes analyzing financial statements, ensuring that the balance sheet reflects a true financial position, and reporting the fairness of profit and loss accounts. Preparing final accounts and computation of taxable income is the responsibility of an accountant, not the auditor.

Quick Tip

Auditors focus on verifying accuracy and compliance, while accountants handle preparation and computation tasks.

---

35. Clerical errors in the book of accounts are classified as:
1. Errors of omission and errors of commission
2. Compensating and non-compensating errors
3. Errors of duplication and errors of replication
4. Errors of principle and subjective errors

Correct Answer: Errors of omission and errors of commission

Solution: Clerical errors are generally categorized into errors of omission (leaving out transactions) and errors of commission (incorrectly recording transactions). These errors typically occur due to human oversight or misunderstanding.

Quick Tip

Review accounts periodically to minimize omissions and commissions in bookkeeping.

---

36. If internal control is ——, the auditor may confine his —— only to a representative number of transactions and avoid a detailed verification of every transaction which will be costly both in terms of time and money.
(a) Effective, audit procedures
(b) Low, practice
(c) Ineffective, audit procedure
(d) High, accounting work

Correct Answer: (a) Effective, audit procedures

Solution: When internal controls are effective, auditors rely on the control system and limit their detailed testing to a sample of transactions. This reduces time and cost associated with extensive audits. Effective controls ensure reliability and efficiency in financial reporting.

Quick Tip

Strong internal controls reduce the need for exhaustive transaction-level verification, optimizing audit efficiency.

---

37. Match List-I (Section) with List-II (Dealing with matters):

LIST I	LIST II
A. Sec.227	I. Right of auditor to attend general meeting
B. Sec.226	II. Reading and inspection of auditor's report
C. Sec.231	III. Qualifications and disqualifications of auditors
D. Sec.230	IV. Powers and duties of auditors

Correct Answer: (a) (III), (b) (IV), (c) (I), (d) (II)

Solution: The Companies Act outlines specific provisions for auditors:
- Sec.227 deals with the qualifications and disqualifications of auditors.
- Sec.226 grants auditors the right to attend general meetings.
- Sec.231 defines the powers and duties of auditors.
- Sec.230 emphasizes the importance of reading and inspecting the auditor's report.

Quick Tip

Auditors' roles and rights are crucial for ensuring financial transparency and compliance in organizations.

---

38. According to Income Tax Act, 1961, Assessee in default is a person who:
(a) Is deemed to be an assessee for some other person
(b) A person who has failed to fulfil his statutory obligations as per the Income Tax Act
(c) Is the person who is liable to pay the income tax during an assessment year
(d) Is the person by whom any tax or any other sum of money is payable under this Act

Correct Answer: (b) A person who has failed to fulfil his statutory obligations as per the Income Tax Act

Solution: An assessee in default is a person who has not complied with the statutory requirements laid out in the Income Tax Act. This includes failure to deduct or pay tax at the source or any other obligation under the Act. Such failure can lead to penalties or prosecution as specified in the Act.

Quick Tip

Understand the term "assessee in default" in the context of statutory tax obligations for clarity during assessments.

---

39. Long term capital gain is not exempted in which of the following case?
(a) Transfer of a residential house and investment in one residential house
(b) Transfer of agricultural lands
(c) Compulsory acquisition of land and building of industrial undertakings
(d) Transfer of assets

Correct Answer: (d) Transfer of assets

Solution: Exemptions under long-term capital gains are specific to particular transactions like reinvestment in residential properties, agricultural land, or compulsory acquisition for public projects. However, a general "transfer of assets" does not qualify for exemption unless explicitly specified under the Income Tax Act.

Quick Tip

Remember to check Section 54 and other related provisions for clarity on exemptions in long-term capital gains.

40. Which among the following is a demerit of direct tax?
(a) Certainty
(b) Equity
(c) Arbitrary
(d) Elasticity and productivity

Correct Answer: (c) Arbitrary

Solution: A major criticism of direct taxes is their potential for arbitrariness in assessment or enforcement, leading to perceived unfairness or inequity. This issue arises primarily when there is discretion in valuation or interpretation, making compliance more challenging for taxpayers.

Quick Tip

Focus on understanding both merits and demerits of direct taxes to build balanced knowledge in tax systems.

41. Under the Income Tax Act, 1961 a Hindu Undivided Family (HUF) consists of the following except:
(a) All persons lineally descended from a common ancestor and includes their wives
(b) Unmarried daughters
(c) A stranger who has been residing with the family since 10 years
(d) Head of the HUF "Karta"

Correct Answer: (c) A stranger who has been residing with the family since 10 years

Solution: A Hindu Undivided Family (HUF) comprises all persons lineally descended from a common ancestor, including their wives and unmarried daughters, with the "Karta" as the head. Strangers residing with the family do not constitute part of the HUF under the Income Tax Act, 1961.

Quick Tip

The HUF structure is exclusive to family members, ensuring tax benefits are confined to eligible descendants.

42. A company can remove a director before the expiry of the period of his office by passing:
(a) A special resolution
(b) An ordinary resolution
(c) A resolution by special notice

(d) A board resolution

Correct Answer: (b) An ordinary resolution

Solution: As per the Companies Act, a director can be removed by passing an **ordinary resolution** at a general meeting. However, a special notice must be given to the company and its members before moving the resolution. This ensures proper procedure is followed, respecting the rights of all stakeholders.

> Quick Tip
>
> Check the procedural requirements under the Companies Act before initiating the removal of a director.

---

43. Where title in shares of a company is in dispute, the matter has to be resolved by:
(a) Court
(b) Arbitrator
(c) Company Law Board
(d) Central Government

Correct Answer: (a) Court

Solution: Disputes regarding the title in shares of a company are legal issues that need to be resolved by a **court of law**. Courts have the jurisdiction to interpret ownership and settle disputes arising from claims over shares. The Company Law Board or other regulatory bodies do not have the authority to decide title disputes.

> Quick Tip
>
> Share title disputes require legal intervention; ensure proper documentation to avoid such conflicts.

---

44. Any general meeting held between two annual general meetings will be called:
(a) An extraordinary general meeting
(b) A board meeting
(c) A statutory meeting
(d) A class meeting

Correct Answer: (a) An extraordinary general meeting

Solution: An extraordinary general meeting (EGM) is any general meeting of a company's members that is not an annual general meeting (AGM). EGMs are convened to address urgent matters that cannot wait until the next AGM. These meetings often involve significant decisions, such as amendments to the company's constitution or urgent managerial decisions.

Quick Tip

Extraordinary general meetings are crucial for discussing and resolving issues that arise between two AGMs.

---

45. Out of the following statements, which one is incorrect as regards the Director Identification Number (DIN)?
(a) DIN is a unique identification number and once obtained is valid throughout the lifetime of a director
(b) DIN is mandatory for all directors of Indian companies whether they are citizens of India or not
(c) DIN is mandatory for directors of foreign companies having branch offices in India
(d) A single DIN is required for an individual irrespective of the number of directorships held by him

Correct Answer: (c) DIN is mandatory for directors of foreign companies having branch offices in India

Solution: Director Identification Number (DIN) is a unique identifier assigned to directors of Indian companies under the Companies Act, 2013. While DIN is mandatory for all directors of Indian companies, it is not required for directors of foreign companies that merely have branch offices in India. It simplifies the identification of directors for regulatory and compliance purposes and remains valid throughout the director's lifetime.

Quick Tip

DIN ensures streamlined compliance for Indian companies and avoids duplication of director identities.

---

46. Match List I with List II:

LIST I	**LIST II**
A. Actual Estimates	III. Estimates of expenditure and receipts of the preceding financial year.
B. Provisional Estimates	II. Estimates of revenue and expenditure of the current financial year.
C. Budget Estimates	I. Estimates of the coming financial year.
D. Advanced Estimates	IV. These estimates are made before the actual occurrence of economic activity.

Choose the correct answer from the options given below:

1. (A)-(I), (B)-(II), (C)-(III), (D)-(IV)

2. (A)-(III), (B)-(II), (C)-(I), (D)-(IV)
3. (A)-(IV), (B)-(II), (C)-(I), (D)-(III)
4. (A)-(III), (B)-(IV), (C)-(I), (D)-(II)

Correct Answer: 2. (A)-(III), (B)-(II), (C)-(I), (D)-(IV)

Solution: The correct matching of List I with List II is based on the definitions:
- Actual Estimates (A): Represent the finalized data of expenditure and receipts of the preceding financial year.
- Provisional Estimates (B): Indicate the estimated revenue and expenditure of the current financial year.
- Budget Estimates (C): Forecast the revenue and expenditure for the coming financial year as planned in the budget.
- Advanced Estimates (D): Are projections made before any actual economic activity has taken place.

> Quick Tip
>
> Remember, actual estimates are retrospective, while budget and advanced estimates are forward-looking financial terms.

---

47. Which of the following statement is true for Securities Transaction Tax?

(A) Levied on the buying or selling of shares in the stock market
(B) Also known as inheritance tax
(C) Imposed on the transaction of commodities in commodity exchanges
(D) Introduced in 2022-23

Correct Answer: (A) Levied on the buying or selling of shares in the stock market

Solution: Securities Transaction Tax (STT) is a direct tax imposed on the purchase and sale of securities listed on recognized stock exchanges in India. It is not related to inheritance or commodity exchanges and was introduced earlier than 2022-23. This tax ensures transparency and simplifies tax compliance for stock market transactions.

> Quick Tip
>
> STT applies only to equity and equity-related instruments traded on stock exchanges.

---

48. Financial year in India ends on:

(A) March 31st
(B) April 1st
(C) December 31st
(D) April 30th

Correct Answer: (A) March 31st

Solution: The financial year in India begins on April 1st and ends on March 31st of the following year. This accounting period is adopted by businesses, governments, and other entities for tax and financial reporting purposes. March 31st marks the closure of accounts for the financial year.

> Quick Tip
>
> The financial year in India runs from April 1st to March 31st, aligning with the fiscal policies and tax schedules.

---

49. All are the example of assigned revenue except:

(A) Entertainment tax
(B) Surcharge on stamp duty
(C) Surcharge on land revenue
(D) Custom duty

Correct Answer: (D) Custom duty

Solution: Assigned revenues refer to taxes and charges assigned by higher levels of government (state or central) to local governments for collection and utilization. Examples include entertainment tax, surcharge on stamp duty, and surcharge on land revenue. However, custom duty is a central tax and does not fall under the category of assigned revenue, as it is levied and collected exclusively by the central government.

> Quick Tip
>
> Custom duty is a central tax and not an assigned revenue, differentiating it from other state-level taxes and surcharges.

---

50. Match List I with List II:

Correct Answer: (A)-(II), (B)-(III), (C)-(I), (D)-(IV)

LIST I	LIST II
A. Service Tax	I. Levied on sales generated during inter-state trade and commerce in a country and subsumed under GST
B. Excise Duty	II. Actually borne by the customers and subsumed under GST
C. Central Sales Tax	III. Levied by the Central Government of India for the production, sale, or license of certain goods and it is replaced by the GST
D. Custom Duty	IV. Tax imposed on exports and imports of goods.

Solution:
- **Service Tax:** It is a tax on services provided by businesses, ultimately borne by the customers. Subsumed under GST.
- **Excise Duty:** This is imposed by the Central Government on the manufacture of goods, now replaced by GST.
- **Central Sales Tax:** Levied on inter-state trade, it has also been replaced by GST.
- **Custom Duty:** A tax imposed on imports and exports, this remains outside the GST framework.

> Quick Tip
>
> Custom Duty remains a separate tax on international trade, while Service Tax, Excise Duty, and Central Sales Tax have been integrated into GST.

---

51. A matrix having only m rows and one column is called:
(A) Row Matrix
(B) Column Matrix
(C) Square Matrix
(D) Scalar Matrix

Correct Answer: (B) Column Matrix

Solution: A column matrix is a matrix that consists of only one column and m rows. For example,

$$\begin{bmatrix} a \\ b \\ c \end{bmatrix}$$

is a column matrix.

> Quick Tip
>
> A column matrix always has one column and multiple rows.

---

52. Amit deposited Rs. 1200 to a bank at 9% interest p.a. Find the total interest

that he will get at the end of 3 years.
(A) Rs. 324
(B) Rs. 296
(C) Rs. 326
(D) Rs. 300

Correct Answer: (A) Rs. 324

Solution: The formula for simple interest is:

$$\text{Simple Interest (SI)} = \frac{P \times R \times T}{100}$$

Here, $P = 1200$, $R = 9\%$, $T = 3$ years.

$$\text{SI} = \frac{1200 \times 9 \times 3}{100} = 324$$

Thus, the total interest is Rs. 324.

Quick Tip

Always use the formula $SI = \frac{P \times R \times T}{100}$ for simple interest calculations.

---

53. For a certain establishment, the total revenue function R and the total cost function C are given by $R = 83x - 4x^2 - 21$ and $C = x^3 - 12x^2 + 48x + 11$ where $x =$ output. Obtain the output for which profit is maximum.
(A) 1.7
(B) 2.9
(C) 3.8
(D) 4.6

Correct Answer: (C) 3.8

Solution: Profit is given by $P(x) = R(x) - C(x)$. Substituting R and C:

$$P(x) = (83x - 4x^2 - 21) - (x^3 - 12x^2 + 48x + 11)$$

Simplifying,

$$P(x) = -x^3 + 8x^2 + 35x - 32$$

To maximize profit, find $\frac{dP(x)}{dx} = 0$:

$$\frac{dP}{dx} = -3x^2 + 16x + 35$$

Setting $\frac{dP}{dx} = 0$:

$$-3x^2 + 16x + 35 = 0$$

Solving this quadratic equation yields $x = 3.8$ as the point of maximum profit.

Quick Tip

For profit maximization problems, always differentiate the profit function and solve for critical points.

---

54. In order to maintain the organizational hierarchy arrange the following in ascending order (lower rank will come first):
(A) CEO
(B) Middle Management
(C) First Line Managers
(D) Rank and File Employees

Choose the correct answer from the options given below:
(A) (A), (B), (C), (D)
(B) (C), (D), (B), (A)
(C) (D), (C), (B), (A)
(D) (D), (B), (C), (A)

Correct Answer: (C) (D), (C), (B), (A)

Solution: The correct hierarchy from the lowest to the highest rank is: 1. Rank and File Employees 2. First Line Managers 3. Middle Management 4. CEO

Quick Tip

Hierarchy ensures clarity in roles and responsibilities within an organization.

---

55. Arrange the following in order of its sequence in decision-making process:
(A) Analyze the alternatives
(B) Generate multiple alternatives
(C) Recognize that a decision needs to be made
(D) Implement the selected alternative

Choose the correct answer from the options given below:
(A) (C), (A), (B), (D)
(B) (C), (B), (A), (D)
(C) (B), (A), (D), (C)
(D) (A), (B), (D), (C)

Correct Answer: (B) (C), (B), (A), (D)

Solution: The decision-making process begins with recognizing that a decision needs to be made. The steps are: 1. Recognize the need for a decision 2. Generate multiple alternatives 3.

Analyze the alternatives 4. Implement the selected alternative

Quick Tip

Follow a systematic approach in decision-making to ensure effective results.

---

56. Arrange the following contributors in developing management thought and theories in different time periods (Oldest to Newest):
(A) Henri Fayol
(B) Elton Mayo
(C) Chester Barnard
(D) Abraham Maslow

Choose the correct answer from the options given below:
(A) (A), (B), (C), (D)
(B) (B), (C), (D), (A)
(C) (B), (A), (D), (C)
(D) (C), (B), (D), (A)

Correct Answer: (A) (A), (B), (C), (D)

Solution:
The timeline of contributors is as follows: 1. Henri Fayol (1841–1925): Known for administrative management theory.
2. Elton Mayo (1880–1949): Developed the human relations approach.
3. Chester Barnard (1886–1961): Known for theories on organizational cooperation.
4. Abraham Maslow (1908–1970): Proposed the hierarchy of needs theory.

Quick Tip

Studying the timeline of contributors provides a clear understanding of the evolution of management theories.

---

57. According to the traditional control model approach, arrange the sequence of steps in the controlling process:
(A) Monitor ongoing organizational behavior and results
(B) Evaluate and take action
(C) Compare actual behavior and results against standards
(D) Establish standards

Choose the correct sequences of steps from the options given below:
(A) (A), (B), (C), (D)

(B) (A), (C), (B), (D)
(C) (D), (A), (C), (B)
(D) (D), (C), (A), (B)

Correct Answer: (C) (D), (A), (C), (B)

Solution: The correct sequence of steps in the controlling process is: 1. Establish standards 2. Monitor ongoing organizational behavior and results 3. Compare actual behavior and results against standards 4. Evaluate and take action

Quick Tip

Control processes ensure alignment with organizational goals through monitoring and corrective actions.

---

58. Four Ps concept takes the seller's view of the market, not the buyer's view. From the buyer's viewpoint, four Ps are described as four As. Match List-I (Four Ps) with List-II (Four As):

LIST I	LIST II
A. Product	II. Acceptability
B. Price	I. Affordability
C. Place	IV. Accessibility
D. Promotion	III. Awareness

Choose the correct answer from the options given below:
(A) (A)-(III), (B)-(II), (C)-(IV), (D)-(I)
(B) (A)-(I), (B)-(II), (C)-(III), (D)-(IV)
(C) (A)-(I), (B)-(II), (C)-(IV), (D)-(III)
(D) (A)-(II), (B)-(I), (C)-(IV), (D)-(III)

Correct Answer: (D) (A)-(II), (B)-(I), (C)-(IV), (D)-(III)

Solution: The Four Ps (Product, Price, Place, Promotion) align with the buyer's view as follows: - Product corresponds to Acceptability, focusing on meeting customer needs. - Price relates to Affordability, ensuring the product fits the buyer's budget. - Place corresponds to Accessibility, ensuring availability. - Promotion aligns with Awareness, creating knowledge about the product.

Quick Tip

The Four As focus on customer-centric marketing by aligning products with buyer needs and preferences.

---

59. Consumers go through five stages in the process of adopting a new product. Arrange the initial four stages in its correct sequence:
(A) Interest
(B) Awareness
(C) Trial
(D) Evaluation

Choose the correct answer from the options given below:
(A) (A), (B), (C), (D)
(B) (B), (A), (D), (C)
(C) (B), (A), (C), (D)
(D) (A), (C), (B), (D)

Correct Answer: (B) (B), (A), (D), (C)

Solution:
The process of adopting a new product follows these stages:
1. Awareness: The buyer becomes aware of the product.
2. Interest: The buyer seeks more information and develops interest.
3. Evaluation: The buyer assesses whether the product meets their needs. 4. Trial: The buyer tests or uses the product before making a decision.

Quick Tip

Understanding the adoption process helps in designing better marketing strategies to engage customers at each stage.

---

60. Match List-I (Retailer Type) with List-II (Description):

LIST I	LIST II
A. Specialty store	I. A store that carries several products like clothing, home furnishing, household goods
B. Convenience store	II. A relatively large, low-cost, low-margin, high-volume, self-service operation designed to serve the consumer's total needs for grocery and household products
C. Supermarket	III. A store that carries a narrow product line with a deep assortment
D. Department store	IV. A relatively small store located near residential areas

Choose the correct answer from the options given below:

1. (A) - (II), (B) - (III), (C) - (IV), (D) - (I)
2. (A) - (II), (B) - (III), (C) - (I), (D) - (IV)
3. (A) - (III), (B) - (IV), (C) - (I), (D) - (II)
4. (A) - (IV), (B) - (I), (C) - (III), (D) - (II)

Correct Answer: Option 3: (A) - (III), (B) - (IV), (C) - (I), (D) - (II)
Explanation:
- Specialty store (A) focuses on a narrow product line with a deep assortment, such as a store that specializes in clothing or home goods, hence it matches with III. - Convenience store (B) is typically a small store located near residential areas, offering a limited selection of everyday

items, so it corresponds with IV. - Supermarket (C) carries a broad range of products, especially groceries and household goods, matching with I. - Department store (D) carries several product lines, typically clothing, home furnishings, and household goods, hence it aligns with II.

Quick Tip

When identifying retailer types, consider the breadth and depth of the product offerings. Specialty stores focus on depth within a narrow product line, while supermarkets offer variety but less depth in each category.

---

61. Arrange the alternative concepts under which organizations design their marketing strategies in order of evolution:
(A) Product Concept
(B) Production Concept
(C) Selling Concept
(D) Marketing Concept

Choose the correct answer from the options given below:
(A) (A), (B), (C), (D)
(B) (B), (C), (D), (A)
(C) (B), (A), (C), (D)
(D) (C), (B), (D), (A)

Correct Answer: (C) (B), (A), (C), (D)

Solution:
The evolution of marketing strategies is as follows:
1. Production Concept: Focuses on large-scale production and cost efficiency.
2. Product Concept: Emphasizes product quality and features.
3. Selling Concept: Centers on aggressive promotion and sales tactics.
4. Marketing Concept: Prioritizes customer needs and satisfaction.

Quick Tip

The marketing concept emphasizes creating value for customers, marking a shift from product-centric to customer-centric strategies.

---

62. Arrange the following steps of the selling process in the correct order:
(A) Prospecting and qualifying
(B) Preapproach then approach
(C) Presentation and demonstration
(D) Handling objections, closing, and follow-up

Choose the correct answer from the options given below:
(A) (A), (B), (C), (D)
(B) (B), (C), (A), (D)
(C) (B), (C), (D), (A)
(D) (C), (B), (D), (A)

Correct Answer: (A) (A), (B), (C), (D)

Solution:
The steps in the selling process are:
1. Prospecting and qualifying: Identifying potential customers and determining their needs.
2. Preapproach then approach: Gathering information and planning before making contact, followed by meeting the customer.
3. Presentation and demonstration: Explaining the product's value and features to persuade the customer.
4. Handling objections, closing, and follow-up: Addressing concerns, completing the sale, and maintaining a relationship.

Quick Tip

Effective selling involves building relationships through careful planning, presentation, and follow-up.

---

63. Which of the following are the possible objectives of Informative Advertising?
(A) Communicating customer value
(B) Telling the market about a new product
(C) Maintaining customer relationships
(D) Explaining how a product works

Choose the correct answer from the options given below:
(A) (A), (B), and (D) only
(B) (A), (B), and (C) only
(C) (A), (B), (C), and (D)
(D) (B), (C), and (D) only

Correct Answer: (A) (A), (B), and (D) only

Solution:
The objectives of informative advertising are:
- Communicating customer value: Highlighting the benefits of the product to customers.
- Telling the market about a new product: Creating awareness for a newly launched product.
- Explaining how a product works: Educating customers about the product's functionality.
Maintaining customer relationships (option C) is more aligned with relationship or reminder advertising rather than informative advertising.

Quick Tip

Informative advertising focuses on creating awareness and educating customers about the product.

---

64. Match List-I (Advertising Media) with List-II (Limitations):

LIST I	LIST II
A. Newspapers	III. Short life
B. Direct mail	I. Relatively high cost per exposure
C. Radio	IV. Fragmented audiences
D. Outdoor	II. Creative limitations

Table 2: Match List I with List II

Choose the correct answer from the options given below:
(A) (A)-(I), (B)-(II), (C)-(III), (D)-(IV)
(B) (A)-(II), (B)-(III), (C)-(IV), (D)-(I)
(C) (A)-(II), (B)-(IV), (C)-(III), (D)-(I)
(D) (A)-(III), (B)-(I), (C)-(IV), (D)-(II)

Correct Answer: (D) (A)-(III), (B)-(I), (C)-(IV), (D)-(II)

Solution: - Newspapers: Short life, as they are discarded after reading. - Direct mail: High cost per exposure due to personalized distribution. - Radio: Fragmented audiences due to varied channels and listener preferences. - Outdoor: Creative limitations because of space constraints.

Quick Tip

Each advertising medium has unique limitations that impact its effectiveness.

---

65. Advertising appeals should have which of the following characteristics:
(A) Entertaining
(B) Meaningful
(C) Distinctive
(D) Believable

Choose the correct answer from the options given below:
(A) (A), (B), and (D) only
(B) (A), (B), and (C) only
(C) (B), (C), and (D) only
(D) (A), (C), and (D) only

Correct Answer: (C) (B), (C), and (D) only

Solution:
Effective advertising appeals are:
- Meaningful: Conveying a clear and relevant message.
- Distinctive: Standing out from competitors.
- Believable: Gaining customer trust.
While entertainment may enhance appeal, it is not a primary characteristic of effective advertising.

> Quick Tip
>
> Focus on meaningful, distinctive, and believable appeals for impactful advertising.

---

66. Accounting standards deal with various aspects of accounting events. Arrange them in the proper sequence:
(A) The disclosures relating to these transactions and events
(B) Presentation of these transactions and events in the financial statements
(C) Recognition of events and transactions in the financial statements
(D) Measurement of these transactions and events

Choose the correct answer from the options given below:
(A) (A), (B), (C), (D)
(B) (B), (C), (D), (A)
(C) (C), (D), (B), (A)
(D) (C), (B), (D), (A)

Correct Answer: (C) (C), (D), (B), (A)

Solution:
The sequence is as follows:
1. Recognition: Identify events and transactions that qualify for financial reporting.
2. Measurement: Quantify these transactions in financial terms.
3. Presentation: Arrange them appropriately in financial statements.
4. Disclosure: Provide additional details for transparency.

> Quick Tip
>
> Follow the sequence: recognition, measurement, presentation, and disclosure for proper financial reporting.

---

67. If goods are invoiced to the branch at cost, the trading results of the branch

can be ascertained by which of the following methods:
(A) Debtors Method
(B) Trading and Profit and Loss Account (Final Account) method
(C) Stock and Debtors method
(D) Wholesale branches method

Choose the correct answer from the options given below:
(A) (A), (B), and (D) only
(B) (A), (B), and (C) only
(C) (B), (C), and (D) only
(D) (C), (D) only

Correct Answer: (B) (A), (B), and (C) only

Solution:
The following methods ascertain the trading results of branches invoiced at cost:
- Debtors Method: Tracks transactions and outstanding balances.
- Trading and Profit and Loss Account Method: Prepares financial statements for the branch.
- Stock and Debtors Method: Combines stock records and debtor balances.
Wholesale branches method is unrelated to cost invoicing.

Quick Tip

Use the appropriate method based on the branch accounting requirements and invoicing method.

---

68. Which among the following are true about Hire Purchase?
(A). The title to goods passes on last payment in hire purchase
(B). The seller can sue for price if the buyer is in default. He cannot take possession of the goods.
(C). The hirer is not responsible for risk of loss of goods if he has taken reasonable precaution because the ownership has not yet transferred.
(D). Component, other than cash price included in instalment is called Hire charges.

Choose the correct answer from the options given below:
1. (A), (B), and (D) only.
2. (B), (C), and (D) only.
3. (A), (C), and (D) only.
4. (A), (B), and (C) only.

Correct Answer: 1. (A), (B), and (D) only.

Solution:
- (A) True, in a hire purchase agreement, the title of the goods is transferred only when the last installment is paid.

- (B) True, in case of default, the seller can claim the price but cannot take possession of the goods without legal action.
- (C) False, the hirer is responsible for the risk of loss of goods even before the title is transferred if reasonable precautions were not taken.
- (D) True, hire charges are the additional amounts included in the installment besides the cash price of the goods.

Quick Tip

In a hire purchase agreement, ownership transfer occurs only after the final payment, but risk and responsibility are with the hirer during the contract.

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69. Match List I with List II:

LIST I	LIST II
A. GAAP	I. Covers the recognition, measurement, presentation, and disclosure of accounting transactions
B. IASB	II. Responsible for the approval of accounting standards and their modification for the purpose of applicability to companies
C. NFRA	III. Refers to a common set of accepted accounting principles, standards, and procedures that business reporting entities must follow
D. MCA	IV. Responsible for developing International Accounting Standards

Choose the correct answer from the options given below:
1. (A) - (I), (B) - (II), (C) - (III), (D) - (IV)
2. (A) - (II), (B) - (IV), (C) - (III), (D) - (I)
3. (A) - (III), (B) - (IV), (C) - (I), (D) - (II)
4. (A) - (III), (B) - (IV), (C) - (II), (D) - (I)

Correct Answer: 4. (A) - (III), (B) - (IV), (C) - (II), (D) - (I)

Solution:
- GAAP (Generally Accepted Accounting Principles): Refers to the common set of accepted accounting principles, standards, and procedures.
- IASB (International Accounting Standards Board): Responsible for developing International Accounting Standards.
- NFRA (National Financial Reporting Authority): Responsible for approving accounting standards and modifying them for application.
- MCA (Ministry of Corporate Affairs): Covers the recognition, measurement, presentation, and disclosure of accounting transactions.

Quick Tip

GAAP and IASB set the foundation for accounting practices, while NFRA and MCA implement and enforce the standards.

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70. Match List-I (Costing) with List-II (Industry where applicable):

LIST I	LIST II
A. Batch Costing	I. Oil Industry
B. Joint Cost	II. School
C. Operating Cost	III. Pharma Industry
D. Process Costing	IV. Refineries

Choose the correct answer from the options given below:
1. (A) - (I), (B) - (II), (C) - (III), (D) - (IV)
2. (A) - (II), (B) - (I), (C) - (III), (D) - (IV)
3. (A) - (III), (B) - (IV), (C) - (II), (D) - (I)
4. (A) - (III), (B) - (I), (C) - (II), (D) - (IV)

Correct Answer: 4. (A) - (III), (B) - (I), (C) - (II), (D) - (IV)

Solution:
- Batch Costing: Applicable in the Pharma Industry, where production occurs in batches.
- Joint Cost: Relevant to the Oil Industry, where costs are shared between multiple products.
- Operating Cost: Pertains to a School, as it refers to ongoing operational expenses.
- Process Costing: Used in Refineries, where products go through a continuous production process.

Quick Tip

Different industries adopt specific costing methods based on their production processes and product types.

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71. Match the Items shown in Financial Accounts:

LIST I	LIST II
A. Purely Financial Charges	II. Interest on bank loan, mortgage, and debentures
B. Appropriation of Profits	III. Dividend Paid
C. Writing off Intangible and Fictitious Assets	I. Dividend received
D. Pure Financial Incomes	IV. Amortisation

Choose the correct answer from the options given below:

1. (A) - (IV), (B) - (II), (C) - (I), (D) - (III)
2. (A) - (IV), (B) - (I), (C) - (II), (D) - (III)
3. (A) - (III), (B) - (II), (C) - (I), (D) - (IV)
4. (A) - (II), (B) - (III), (C) - (IV), (D) - (I)

Correct Answer: 2. (A) - (IV), (B) - (I), (C) - (II), (D) - (III)

Solution:
- Purely Financial Charges: These are related to expenses like interest, which is related to the cost of borrowing, categorized under Amortisation (IV).
- Appropriation of Profits: This refers to how profits are allocated, which is related to the Dividend Paid (I).
- Writing off Intangible and Fictitious Assets: This involves eliminating non-physical assets from the balance sheet, typically associated with Interest on bank loan, mortgage, and debentures (II).
- Pure Financial Incomes: These refer to income items like Dividend received (III).

Quick Tip

Financial accounts classify income and expenses into different categories such as financial charges, income, and profits, each with specific reporting methods.

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71. Match List-I (Term) with List-II (Explanation):

LIST I	LIST II
A. Formalization	III. The degree of definition in the roles that exist throughout an organization.
B. Span of control	IV. Scope of the work that any one person in the organization will be accountable for.
C. Command and control	II. Refers to the way in which people report to one another or connect to coordinate their efforts in accomplishing the work of the organization.
D. Specialization	I. Degree to which people are organized into subunits according to their expertise.

Choose the correct answer from the options given below:
1. (A) - (I), (B) - (II), (C) - (III), (D) - (IV)
2. (A) - (IV), (B) - (III), (C) - (II), (D) - (I)
3. (A) - (II), (B) - (III), (C) - (IV), (D) - (I)
4. (A) - (III), (B) - (IV), (C) - (II), (D) - (I)

Correct Answer: 4. (A) - (III), (B) - (IV), (C) - (II), (D) - (I)

Solution:
- Formalization (A): Refers to the degree of definition in roles across an organization (III).
- Span of Control (B): Refers to the scope of work and accountability of individuals within the organization (IV).
- Command and Control (C): Refers to how individuals report to one another and coordinate efforts (II).
- Specialization (D): Refers to organizing people according to their expertise within subunits (I).

Quick Tip

Understanding organizational structure helps in defining roles, responsibilities, and workflow within a company.

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73. Arrange the sequence of the following institution in order of the year of establishment (old to new):
(A) NABARD
(B) IDBI
(C) SIDBI
(D) IDFC

Choose the correct answer from the options given below:

1. (A) (B), (C), (D).
2. (B) (A), (C), (D), (B).
3. (C) (B), (A), (C), (D).
4. (D) (C), (B), (D), (A).

Correct Answer: Option 2: (B), (A), (C), (D).
Explanation: The institutions listed and their years of establishment are as follows:

- IDBI (Industrial Development Bank of India) - 1964
- NABARD (National Bank for Agriculture and Rural Development) - 1982
- SIDBI (Small Industries Development Bank of India) - 1990
- IDFC (Infrastructure Development Finance Company) - 1997

Arranging them in order of establishment (oldest to newest):
- (B) IDBI
- (A) NABARD
- (C) SIDBI
- (D) IDFC

Thus, the correct answer is Option 2: (B), (A), (C), (D).

Quick Tip

To remember the order of these institutions, focus on their main objectives: IDBI was the first to promote industrial growth, followed by NABARD, which focuses on agriculture and rural development, SIDBI focusing on small industries, and IDFC, which came in the late '90s focusing on infrastructure development.

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74. Trade Mark which hold a substantial financial value becomes:

1. Registered Trademark
2. Copyright
3. Brand
4. Patent

Correct Answer: (3) Brand

Solution: A trademark that holds substantial financial value becomes a **Brand**. Brands are valuable assets that are built over time and represent the identity, reputation, and market presence of a company.

Quick Tip

When a trademark develops financial value over time, it becomes synonymous with the business itself, thus transforming into a **Brand**.

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75. Employer's contribution to pension fund is specified u/s:

1. 80CCD
2. 80CCD (1B)
3. 80C
4. 10D

Correct Answer: (1) 80CCD

Solution: Employer's contribution to the pension fund is specified under **Section 80CCD**. This section provides tax benefits for contributions made by both the employee and the employer towards the pension scheme, helping to promote retirement savings.

Quick Tip

Section 80CCD specifically addresses pension fund contributions, including those made by the employer, and offers tax deductions under the Income Tax Act.
